

Financial Administration Manual (FAM)

Chapter 1016-7

Departmental Credit Cards

Identification

Date of Issue 27 May 2016

- Suppression**
- FAM Chapter 1016-7, Departmental Credit Cards, issued 13 July 2004
 - CANFORGEN 031/08 AP 7 01/08 041909Z FEB 08 – Policy Amendment Advance Notice – Mandatory Use Of Payment Card
-

Approval Authority This FAM chapter is issued under the authority of the Director Financial Policy (DFP).

Enquiries Enquiries are to be forwarded to DFP through the functional financial chain of command.

Document Contents This document contains the following topics:

Topic	Page
Overview	2
Responsibilities	4
Type and Use of Credit Cards	8
Issuance and Control	10
Payment	12
Review and Verification	12
References	13
Annex A – List of Current Departmental Credit Cards	14

Overview

Purpose	<p>1. The purpose of this policy is to highlight common rules and generic responsibilities required for the cost effective and secure use of all approved credit cards (Departmental Credit Cards) used within the Department of National Defence (DND). It does not stipulate the particular terms or conditions of use of any specific card type as that information is contained in various card-specific FAM chapters.</p>
Context	<p>2. Departmental Credit Cards (e.g. Payment, Travel, and Fleet Cards) are payment tools for which DND is partially or fully liable for outstanding balances. Their use may generate savings related to the processes for paying for the procurement of goods and services. However, the issuance of a Departmental Credit Card in no way implies the delegation of any contracting or procurement authority. Responsibility Centre (RC) Managers must therefore ensure that all delegation principles and financial authorities are applied in accordance with the Delegation of Authorities for Financial Administration for the Department of National Defence (DND) and the Canadian Armed Forces (CAF).</p> <p>3. Other types of credit-card-like payment or billing cards that have been approved by DND, and for which the DND is liable, fall within the context of this policy. This primarily consists of third party commercial cards that are issued by suppliers for the purpose of documenting purchases under a supply arrangement or standing offer (e.g. cards issued to aircraft by fuel suppliers). Requests for such cards shall be fully substantiated through Level One (L1) Comptrollers and submitted to Assistant Deputy Minister (Materiel) (ADM (Mat)) Director General Materiel Systems and Supply Chain (DGMSSC), Fuels and Lubricants (F&L) for approval.</p>
Consequences	<p>4. In instances of non-compliance, the Deputy Minister of National Defence (DM) is responsible for taking corrective actions that are consistent with the Treasury Board (TB) <i>Framework for the Management of Compliance</i> with those responsible for implementing the requirements of this FAM chapter.</p> <p>5. In support of the responsibility of the DM to implement the TB <i>Policy on Internal Control</i> and related instruments, the Chief Financial Officer (CFO) or, in the case of a CAF member, the military chain of command, at the CFO's direction, must ensure corrective actions are taken to address instances of non-compliance with the requirements of this FAM chapter. Corrective actions can include requiring additional training, changes to procedures and systems, the suspension or removal of delegated authority, disciplinary action, and other measures as appropriate.</p>

Losses of Public Money or Property	<p>6. Individuals will be held responsible for any losses of Public Money or Property resulting from negligence, lack of controls or criminal acts. All losses shall be reported to the Commanding Officer (L1 Comptroller if in the National Capital Region), and to the Regional Departmental Accounting Office (RDAO) Comptroller.</p> <p>7. Individuals are reminded that <i>Financial Administration Act</i> (FAA) sections 76 to 81 – Civil Liabilities and Offences, as well as the Criminal Code sections 121 – Frauds against the Government, 122 – Breach of Trust, 322 – Theft and 380 – Fraud may apply and they should be familiar with the TB's <i>Directive on Losses of Money or Property</i>.</p>
Document Retention	<p>8. All supporting financial documentation, such as contracts, receipt documents, invoices, emails, Defence Resource Management Information System (DRMIS) transactions, FAA certifications and all other relevant documents in both paper and electronic form must be retained for a minimum of current year plus six years as per the Library and Archives Canada, Section 1, Part 4 - Comptrollership Function of the Retention Guidelines for Common Administrative Records of the Government of Canada. When criminal, disciplinary or recovery action is taken, all documentation must be retained and protected for six years after the process is completed. For additional information on the retention and disposition of information resources of business value, refer to the Defence Subject Classification and Disposition System (DSCDS).</p> <p>9. Unless otherwise directed by the RDAO Comptroller, all original supporting documents are to be retained by the office performing FAA Section 34 certification. Documents supporting FAA Section 33 certification shall be retained by the office that performed the FAA Section 33 certification. Life cycle management of information resources of business value continues to apply regardless of the movement of staff, managers or organizational changes.</p>
FAM Chapter Publications	<p>10. Given the complexity and scope of operations within DND, this FAM chapter provides the overarching policy framework under which the series of FAM chapters is issued in order to assist users in the effective use of each type of credit card:</p> <ol style="list-style-type: none">a. Assigned Payment Cards (formerly Standard Acquisition Cards) (FAM Chapter 1016-7-1);b. Asset Payment Cards (formerly Corporate Acquisition Cards) (FAM Chapter 1016-7-2);c. Individual Designated Travel Cards (IDTC) (formerly Individual Travel Cards) (FAM Chapter 1016-7-3);d. Department Travel Expense Card (DTEC) (formerly Group Travel

Cards) (FAM Chapter 1016-7-4);

- e. Departmental Travel Expense Account (DTEA) (FAM Chapter 1016-7-5); and
- f. Fleet Cards (FAM Chapter 1016-7-6).

11. In the case of other types of credit-card-like payment or billing cards, the principles of this and the closest related card-specific FAM chapter must be applied to the use of the card, in addition to any policies or procedures established ADM (Mat)/DGMSSC/F&L at the time they grant approval for the card(s).

Responsibilities

General

12. Responsibilities related to Departmental Credit Cards vary depending on the category of card. Each card-specific FAM chapter provides a listing of specific responsibilities associated to key individuals. In addition to the responsibilities for specific card types:

The ...	Shall be responsible and accountable for ...
DM	The appropriate and legitimate use of Departmental Credit Cards as a method of payment for Public Fund expenditures.
CFO	<ul style="list-style-type: none"> a. Overseeing the implementation and monitoring of this policy; b. Ensuring a monitoring system is in place to periodically review compliance with this policy; c. Bringing any significant difficulties, gaps in performance or compliance issues to the DM's attention, as well as recommendations to address them; and d. Reporting significant performance or compliance issues to the Office of the Comptroller General.
Director General Financial Operations (DG Fin Ops)	<ul style="list-style-type: none"> a. Overseeing the day-to-day application of this policy; b. Ensuring that an appropriate process is in place to promote departmental compliance with this policy; c. Ensuring departmental compliance with this policy is monitored; and d. Bringing any significant difficulties, gaps in performance or compliance issues to the CFO's attention, as well as providing recommendations on

The ...	Shall be responsible and accountable for ...
	how to address them.
DFP	<ul style="list-style-type: none"> a. Defining and developing policies in support of the use and control of Departmental Credit Cards; and b. Providing policy interpretation assistance to CFO, Director Financial Controls (DFC), Corporate Departmental Accounting Office (CDAO), L1 Comptrollers, DGMSSC and Program Administrators.
Policy Office of Primary Interest (OPI) (see Annex A)	<ul style="list-style-type: none"> a. Defining and developing policies in support of the use and control of specific credit card types; and b. Providing policy interpretation assistance for specific credit card policy to CFO, DFC, CDAO, L1 Comptrollers, and Program Administrators.
DFC	<ul style="list-style-type: none"> a. Documenting and evaluating financial controls governing the Departmental Credit Card program; and b. Developing and maintaining the financial control frameworks for departmental credit card business processes.
Program Administrator (see Annex A)	<ul style="list-style-type: none"> a. Establishing and issuing procedures related to the control of Departmental Credit Cards that they administer; b. Co-ordinating and managing the Departmental Credit Card program; c. Verifying that the credit card provider consolidated invoices are accurate and ensuring payments are made in a timely manner; d. Liaising with credit card providers to ensure smooth operation of the Departmental Credit Card Program; and e. The management and re-allocation of credit card provider rebates.
CDAO	<ul style="list-style-type: none"> a. Supporting the implementation of this policy; b. Monitoring potential misuses of cards and delinquent accounts; c. Assisting RDAOs with unresolved or disputed items; d. Monitoring RDAO compliance with this FAM chapter; and

The ...	Shall be responsible and accountable for ...
	e. Supporting the RDAOs in the development of procedures to fulfill their responsibilities identified in this policy.
Financial Community Management (FinCommMgmt)	Determining training requirements.
L1 Advisor	Ensuring that this policy is properly applied within their organization.
L1 Comptroller	<p>Ensuring that:</p> <ul style="list-style-type: none"> a. All staff within their organization who are involved with Departmental Credit Cards: <ul style="list-style-type: none"> i. Fully understand this policy; and ii. Are provided with support in interpreting and applying this policy; and b. All processes and controls related to Departmental Credit Cards are working effectively.
RDAO Comptroller	<ul style="list-style-type: none"> a. Ensuring that this policy is fully implemented for their region; b. Administering the Departmental Credit Card program within their region in accordance with the applicable card-specific FAM chapter; c. Ensuring that periodic reviews are performed to ascertain that the departmental credit card control frameworks of RC Managers are functioning; d. Co-ordinating the review of card misuse and delinquency at least annually, or as directed by CDAO; e. Monitoring compliance to this policy and to all applicable financial management policies; and f. Ensuring that an annual review of the need for departmental cards is conducted in their region.
Regional Card Co-ordinator	<ul style="list-style-type: none"> a. Assisting RC Managers and/or Cardholders with: <ul style="list-style-type: none"> i. Completion of required application forms to create or modify accounts; and ii. The resolution of errors or discrepancies between the Cardholder, vendor(s) and/or credit card provider;

The ...	Shall be responsible and accountable for ...
	<ul style="list-style-type: none"> b. Liaising with credit card providers to ensure smooth operation of the Departmental Credit Card program at the local level; c. Controlling the issue and cancellation of credit cards; d. Maintaining Cardholder master data in DRMIS; and e. Monitoring for potential misuse.
RC Manager	<ul style="list-style-type: none"> a. Identifying and recommending, which of their DND employees/CAF members should be issued a card in accordance with card specific policy and procedure requirements; b. Ensuring the Cardholder is aware of their obligations and financial limitations in regard to the proper use of the card; c. Informing the Cardholder of the administrative consequences (in accordance with para 5) should the card be misused; d. Ensuring that expenditure initiation and commitment procedures are carried out prior to card use as per FAM 1016-2, Expenditure Initiation and Commitment Control – FAA Section 32; e. Ensuring that the account verification and certification procedures are carried out as per FAM 1016-3, Account Verification – FAA section 34; f. Reviewing and reassessing the Cardholder's need for a Departmental Credit Card on an annual basis; g. Reviewing and investigating card usage sporadically during the year, in addition to actioning such requests from the RDAO comptroller; and h. Advising CDAO of the appointment of a Departmental Credit Card Custodian within their unit as required.
Custodian	<ul style="list-style-type: none"> a. Controlling the issue and use of Corporate Cards; b. Ensuring proper Transaction Authority is either held by, or has been provided to, the temporary card holder prior to card issue; c. Informing the Cardholder of their obligations in regard to the proper use of the card; d. Maintaining control and purchase registers in accordance with the policy and procedure

The ...	Shall be responsible and accountable for ...
	<p>requirements for the specific card type;</p> <p>e. Performing the account reconciliation in accordance with the policy and procedure requirements for the specific card type; and</p> <p>f. Securing the card when not in use.</p>
Cardholder	<p>a. Completing all requisite training prior to receipt of a Departmental Credit Card;</p> <p>b. Ensuring they hold or obtain Transaction Authority prior to each card use;</p> <p>c. Ensuring that terms and conditions of the agreement with the credit card provider are respected by following the requirements of the card-specific FAM chapter;</p> <p>d. Complying with relevant departmental policies;</p> <p>e. Performing the account reconciliation in accordance with the policy and procedure requirements for the specific card type; and</p> <p>f. Securing cards when not in use.</p>

Type and Use of Credit Cards

Categories of Departmental Credit Cards

13. Depending on the organization's operational requirements and the type of cards needed, RC Managers have the flexibility of requesting and issuing the following categories of Departmental Credit Cards:

- a. Standard Cards, which are issued in the name of an individual; and/or
 - b. Corporate Cards, which are issued in the name or identification number of an organizational asset (e.g. ship or aircraft).
-

Use of Departmental Credit Cards

14. Unless otherwise authorized by DFP, approved Departmental Credit Cards and authorized credit-card-like payment or billing cards (e.g. third party commercial credit cards) must only be used for official government purposes as authorized in their respective FAM chapter in order to comply with the terms of their respective agreements. Additional information on specific terms and conditions can be obtained by contacting Policy OPIs or Program Administrators identified at Annex A through the functional financial chain of command. Additionally, except where allowed for specific travel cards, Departmental Credit Cards must not be used to obtain cash advances.

15. Payment cards come in two types: the Assigned Payment Card that is a form of Standard Card; and, the Asset Payment Card that is a form of Corporate Card. The purpose of Payment Cards is to provide a convenient and practical method of paying for goods and services that are acquired through the contracting or purchasing processes. Although not mandatory, their use is strongly encouraged when it is efficient, economical and operationally feasible to do so. Both payment card types offer significant opportunities for savings by reducing or eliminating non-value-added payment activities within the Procure to Payment processes.

16. An IDTC is a form of Standard Card that is issued in the name of an authorized individual and is used to pay for approved travel related expenses while on travel status, or as otherwise permitted under the card-specific FAM chapter. An IDTC may also be used to pay for pre-approved hospitality expenses while on travel status. The IDTC shall not be used to pay for relocation, or related expenses.

17. A DTEC is a form of Standard Card that is issued in the name of an authorized individual within a responsibility centre (who is not necessarily the person travelling). It is used to pay for authorized government travel expenses of individuals or groups composed of Public Service employees or CAF members. It may also be used to pay for travel expenses of external individuals (i.e. who are not Public Service employees or CAF members) where underlying authority and travel authorization exists, excluding contractors and volunteers. The DTEC may be used to purchase traveller cheques or to prepay travel expenses where authorized.

18. A DTEA is a form of Corporate Card that is considered a ghost account, meaning that the credit card provider issues no plastic cards. It is issued in the name of a Unit and is used to pay for authorized common carrier transportation (i.e. commercial air, rail, sea or ground) tickets purchased through the government approved supplier. Related travel service provider service charges are also paid by DTEA. These accounts exist solely for billing purposes between the official travel service provider and DND.

19. A Fleet Card is a form of Corporate Card that is issued in the name or identification number of a DND asset. They are used for the payment of fleet expenses. Fleet Cards offer Cardholders and fleet managers access to a wide variety of fleet services including fuel, emergency services, tires and a wide range of repair services.

**General
Restrictions**

20. In addition to specific rules contained in the FAM chapter related to each type of credit card, the following general restrictions shall apply:

- a. A Cardholder can only be issued one Standard Card per credit card provider, except where specified otherwise in the card-specific FAM chapter;

- b. Only a DND indeterminate employee or a regular force CAF member may be assigned the duties and responsibilities of a Corporate Card Custodian ;
 - c. A Corporate Card Custodian must not use Corporate Cards under any circumstances;
 - d. For security reasons, only a Corporate Card Custodian can hold multiple cards from the same credit card provider; and
 - e. For specific requirements and temporary use, a Corporate Card may be signed out to an individual who is in possession of a Standard Card from the same credit card provider.
-

Reward / Loyalty Programs

- 21. When using a Departmental Credit Card, Cardholders shall not accept and/or redeem reward/loyalty program points or any other benefit that may be offered to them by the credit card provider or by the merchant with whom they are transacting unless specifically authorized in card-specific FAM chapter.
-

Issuance and Control

General

- 22. The issuance of Departmental Credit Cards requires that each level of recommendation and approval be carried out with prudence. It is incumbent on RC Managers to carefully assess the requirement for any card since all transactions linked to their unit or organization will ultimately affect their budgets.
-

Eligibility

- 23. RC Managers may only request that a Departmental Credit Card be issued to the following categories of DND employees/CAF members:
 - a. DND indeterminate employees;
 - b. DND term employees with a minimum of six months continuous employment completed at the time of card request;
 - c. CAF members of the Regular Force;
 - d. CAF members of the Reserve Force on Class B or C service with a minimum of six months continuous service completed at the time of the request;
 - e. Indeterminate government employees of another Government of Canada Department seconded or assigned to a DND position; or
 - f. Locally-engaged staff abroad hired by the department for an indeterminate period.

Notes:

1. Reserve Force Class A members with a history of consistent attendance over a minimum continuous period of six months may be issued a departmental credit card in exceptional circumstances if the RDAO Comptroller obtains written approval from the applicable Program Administrator.
 2. CAF members of the Reserve Force on Class B or C service who are operationally deployed for a period of less than 6 months may also be issued a Departmental Credit Card provided the conditions at Note 1 apply.
 3. Unless otherwise stated in each card-specific FAM chapter, employees of the Staff of the Non-Public Funds, Canadian Forces; Interchange Canada participants; employees of Crown Corporations; and Foreign Military personnel shall not be issued a Departmental Credit Card.
24. An individual may only be issued a Standard Card or Corporate Card after they have acknowledged their accountability for transactions processed with the card in accordance with the card-specific FAM chapter.
-

Card Request

25. The request process includes the completion of a formal application form requiring different levels of recommendation and approval, and may also include functional or financial limits. Normally the RC Manager will originate the departmental credit card request. However, in some instances, the establishment of some Departmental Credit Cards may require more senior management involvement.

Security and Control

26. Safekeeping of the IDTC is the sole responsibility of the Cardholder to whom it is issued. When not in use, all other Departmental Credit Cards, including the DTEA and Travel Authorization Number (TAN) register are to be secured in accordance with the National Defence Security Orders and Directives, and the card-specific FAM chapter.

27. In regards to Corporate Cards, the use of both a control and a purchase register are mandatory, as specified in the card-specific FAM chapter.

Lost or Stolen

28. The Cardholder must immediately inform the credit card provider, the RC Manager and the Regional Card Co-ordinator if a card is lost or stolen, or when erroneous or fraudulent transactions are noted.

Cancellation

29. Unless otherwise stated in each card-specific FAM chapter, a

Departmental Credit Card shall be cancelled upon request of the RC Manager, the RDAO Comptroller, the Program Administrator or DFP if it is determined that the card is no longer required, is being misused or if it has been lost or compromised. It shall also be cancelled when a Cardholder:

- a. Takes leave without pay for a period greater than 6 months;
 - b. No longer works for the unit or organization; or
 - c. As required in the card-specific FAM chapters.
-

**Consequences
of Misuse and
Delinquency**

30. Information on the activity pertaining to the usage of all Departmental Credit Cards will be used by DND to verify that Cardholders are in compliance with policies. RC Managers will be advised of delinquencies and potential misuses of Departmental Credit Cards and shall be required to investigate. Corrective action can include additional training, changes to procedures and systems, suspension or removal of delegated authority, administrative and/or disciplinary action.

Payment

General

31. Since most credit card billings are considered low risk transactions, Program Administrators must ensure that procedures are in place and functioning so that payments are effected promptly in order to:

- a. Take advantage of the valuable rebates and incentives offered by credit card providers; and
- b. Avoid interest charges.

32. As previously stated, DND is ultimately liable for all authorized and legitimate charges against Departmental Credit Cards. Therefore, under no circumstances are departmental credit card accounts to become delinquent. CDAO and RC Managers shall ensure that all accounts under their purview are paid by the statement due date or in accordance with the terms and conditions of the contract. Should an account become delinquent, DND could incur substantial charges and the credit card provider could cancel or revoke the account.

Review and Verification

General

33. An annual review of a Cardholder's continuing need for a Standard Card or a unit's need for a Corporate Card shall be co-ordinated by the CDAO or RDAO Comptroller as required by the card-specific FAM chapter. If a continuing need cannot be substantiated, the card or the account shall be

cancelled. Similarly, a periodic verification shall be conducted by the CDAO or RDAO Comptroller to determine if the cards are being used in accordance with departmental policies. Records of the annual review and periodic verification shall be retained for audit purposes.

References

Source References

- *Financial Administration Act*
 - *TB Directive on Travel Cards and Travellers Cheques*
 - *TB Directive on Acquisition Cards*
 - *Receiver General Manual Chapter 9*
 - National Defence Security Orders and Directives
 - FAM Chapter 1016-2, Expenditure Initiation and Commitment Control – FAA Section 32
 - FAM Chapter 1016-3, Account Verification – FAA Section 34
-

Related References

- CFAO 202-4, Public Funds – Reporting Losses, Deficiencies or Overages
 - DAOD 7021-1, Conflict of Interest
 - FAM Chapter 1016-4, Manage Payments – FAA Section 33
 - Defence Subject Classification and Disposition System
 - *TB Framework for the Management of Compliance*
 - *TB Directive on Losses of Money or Property*
 - *TB Policy on Internal Control*
-

Annex A
to FAM Chapter 1016-7

List of Current Departmental Credit Cards

The following table lists the current categories of officially recognized credit cards of the Department of National Defence as well the Policy Offices of Primary Interest (OPIs) and Program Administrators for each credit card type.

Type	Purpose	Policy OPI	Program Administrator
Assigned Payment Cards (SPC)	Goods and Services	DFP	CDAO
Asset Payment Cards (CPC)	Goods and Services	DFP	CDAO
Individual Designated Travel Card (IDTC)	Authorized Individual Travel Expenses	DFP	CDAO
Departmental Travel Expense Card (DTEC)	Authorized Group Travel Expenses	DFP	CDAO
Departmental Travel Expense Account (DTEA)	Commercial Air and Rail Travel Expenses	DFP	CDAO
Fleet Card (ARI)	Vehicle Operating Expenses	DGMSSC	F&L