

**Senate Standing Committee on Economics**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry, Innovation, Science, Research and Tertiary Education Portfolio  
Additional Estimates Hearing 2011-12  
15 February 2012

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY, INNOVATION, SCIENCE, RESEARCH AND TERTIARY EDUCATION

**TOPIC:** Credit Cards

**REFERENCE:** Written Question –Senator Bushby

**QUESTION No.:** AI-250

1. How many staff in each department and agency have a corporate credit card? What is their classification?
2. What action is taken if the corporate credit card is misused?
3. How is corporate credit card use monitored?
4. What happens if misuse of a corporate credit card is discovered?
5. Have any instances of corporate credit card misuse have been discovered? List staff classification and what the misuse was, and the action taken.
6. What action is taken to prevent corporate credit card misuse?

**ANSWER**

**DEPARTMENT OF INDUSTRY, INNOVATION, SCIENCE, RESEARCH AND TERTIARY EDUCATION**

1. The department had 1,797 corporate credit cards as at 29 February 2012. The breakdown of staff with credit cards by classification is as follows: Senior Executive Service (including the departmental Secretary): 59, Executive Level (EL) 871, Australian Public Service (APS) Officers 867.
2. The action to be taken if a departmental credit card is misused is outlined in the department's Chief Executive's Instructions (CEIs) and code of conduct polices. These include the recovery of the expenditure, and could also include a range of actions from a reprimand to the termination of employment. Allegations or suspicions of fraudulent activities must also be reported to the Fraud Control Officer. The incidence of misuse of credit cards (breaches) is also reported in the department's Certificate of Compliance under section 60 of the *Financial Management and Accountability Act 1997*.
3. Credit cardholders are required to obtain the approval of a delegate, provide evidence of expenditure (receipts) and acquit the expenditure.
4. All breaches relating to the misuse of credit cards are to be reported to the delegate and action is taken in accordance with the department's CEIs and code of conduct polices. These include the recovery of the expenditure, and could also include a range of actions from a reprimand to the termination of employment.

5. There were 13 instances of misuse from 1 July 2011 to 29 February 2012 which relate to the accidental use of the corporate credit card for personal expenditure. Invoices have subsequently been raised to recover this expenditure. The break down by staff classification is: EL nine instances and APS Level four instances.
6. Officials are informed of their responsibilities by signing an agreement which outlines their obligations. Debt recovery action is taken for any misuse. At the conclusion of investigations into credit card misuse, feedback and recommendations to prevent recurrences are provided to senior management. In addition, the department conducts regular fraud awareness training.

#### **AUSTRALIAN INSTITUTE OF ABORIGINAL AND TORRES STRAIT ISLANDER STUDIES (AIATSIS)**

1. AIATSIS had 20 credit cards as at 29 February 2012. The breakdown of staff with credit cards by classification is as follows: Principal Executive Officer: 1, Senior Executive Service: 1, Executive Level (EL): 15 and Australian Public Service: 3.
2. The credit card is placed on hold and the matter is followed up with the individual officer.
3. Due to a limited number of corporate credit cards, cards are monitored centrally by the Finance area.
4. The credit card is placed on hold and the matter is followed up with the individual officer.
5. One staff member (EL1) inadvertently used a corporate credit card to make a personal purchase. The staff member immediately notified their supervisor and the Finance area and reimbursed the expenditure. The incident was recorded on the Breaches Register.
6. Education of staff regarding the use of a credit card. Credit card agreements are signed prior to issuing of credit cards and a review of credit cards is undertaken on a regular basis by the Finance area.

#### **AUSTRALIAN INSTITUTE OF MARINE SCIENCE (AIMS)**

1. AIMS had 102 credit cards as at 29 February 2012. The breakdown of staff with credit cards by classification is as follows: Chief Executive Officer (CEO): 1, Chair of Board: 1, Senior Contractor :1, AIMS Officer Level (AOL) 7-8: 21, AOL 5-6 : 39, and AOL 3-4 : 39.
2. All occurrences of suspected misuse of corporate cards are reported to the staff member's supervisor and the Chief Financial Officer (CFO). The CFO investigates the reason for misuse and reports to the management group on a monthly basis. The CEO and management group decide if any further action is required.
3. Credit card use is monitored by statement acquittals being received monthly and then reconciled. Card holders acquit their statements providing receipts for all transactions.

Once completed, they are signed off by their supervisor and handed to the credit card officer in Finance, who checks that all receipts are present.

4. Any instances of misuse of credit card are reported to the CFO and the employee's delegate and actions taken in accordance with the AIMS Credit Card Guidelines.
5. AIMS procedures and individual card holders have identified cases of misuse of the credit cards. All cases of misuse have been as a result of accidental use for private expenditure and AIMS has a process to document and correct these occurrences. There have been no instances of fraudulent use of credit cards.
6. AIMS has clear procedures in place to prevent corporate credit card misuse. This includes:
  - Credit cards are not issued to every staff member.
  - A staff member has to have a legitimate reason for requiring a credit card.
  - Credit card limits are kept to a minimum and are balanced monthly.
  - All transactions require a receipt and are acquitted monthly. The acquittals must be signed off by the supervisor and are then sent to the credit card officer for reconciliation and costing.
  - Credit card acquittals are regularly audited by AIMS internal and external auditors.

#### **AUSTRALIAN NUCLEAR SCIENCE AND TECHNOLOGY ORGANISATION (ANSTO)**

1. ANSTO had 203 credit cards as at 29 February 2012. The breakdown of staff with credit cards by classification is as follows: Chief Executive Officer: 1, Senior Executive Service: 12, Executive Level (EL): 83 and Australian Public Service: 107.
2. Documented Expense and Human Resource policies control the use of the credit cards and transaction activity. Misuse can result in withdrawal of card and if warranted dismissal.
3. All expenses must be acquitted in the finance system via the SAP expense management module. This requires authorisation by a supervisor with an appropriate delegation limit.
4. Any instances of misuse require an internal investigation involving Security and Safeguards and Human Resources to be conducted with warnings to the individual. This could include termination if the misuse is considered to be a serious breach of documented policies. All staff sign Conditions of Use documents prior to issue of the credit card.
5. Nil misuse identified.
6. All credit card transactions must be acquitted in the finance system via the SAP expense management module. This requires authorisation by a supervisor with an appropriate delegation limit. Due diligence is also conducted on expense claims submitted.

## **AUSTRALIAN RESEARCH COUNCIL (ARC)**

1. ARC had 57 credit cards as at 29 February 2012. The breakdown of staff with credit cards by classification is as follows: Chief Executive Officer: 1, Senior Executive Service: 8, Executive Level (EL): 22 and Australian Public Service: 26.
2. The user is required to repay the expenditure and complete a statutory declaration. They are reminded of their responsibilities and are referred to the appropriate policies and procedures. Depending on the circumstance, other appropriate action may be taken.
3. Credit card statements are reconciled each month and authorised by an appropriate delegate.
4. In addition to answer 3, the misuse is reported in the annual ARC Certificate of Compliance.
5. Nil.
6. Appropriate training is provided to all ARC credit card holders, this includes staff acknowledging an understanding of, and committing to uphold, relevant policies and procedures.

## **COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION (CSIRO)**

1. CSIRO had 5,068 credit cards as at 29 February 2012. The breakdown of staff with credit cards by classification is as follows:

| <b>Classification</b>  | <b>Number of credit cards</b> |
|------------------------|-------------------------------|
| Committee Member       | 1                             |
| Contractor             | 7                             |
| CSIRO Officer 2        | 84                            |
| CSIRO Officer 3        | 719                           |
| CSIRO Officer 4        | 1,134                         |
| CSIRO Officer 5        | 992                           |
| CSIRO Officer 6        | 927                           |
| CSIRO Officer 7        | 637                           |
| CSIRO Officer 8        | 409                           |
| CSIRO Officer 9        | 48                            |
| Fellow Research        | 2                             |
| Honorary Fellow        | 21                            |
| Honorary Officer       | 8                             |
| Joint Venture          | 44                            |
| Miscellaneous Staff    | 5                             |
| Post Retirement Fellow | 3                             |

|                        |              |
|------------------------|--------------|
| Student: PhD           | 5            |
| Student: Post Graduate | 5            |
| Visiting Scientist     | 17           |
| <b>Total</b>           | <b>5,068</b> |

- The CSIRO credit card policy states the following in relation to credit card misuse:

#### Card Misuse

All cases that involve a possible misuse of a credit card will be investigated. Misuse of a credit card may constitute an offence under Section 28B of the *Commonwealth Authorities and Companies Act 2007* that carries a penalty of up to seven years imprisonment, and will lead to (i) the card being cancelled and (ii) the cardholder required to pay restitution to CSIRO.

#### Loss or Theft of Cards

Loss, theft or unauthorised transactions must be reported immediately to the credit card company and to the local Finance Officer. When a card is lost or stolen CSIRO carries the liability for unauthorised use up to a limit of \$50, until the incident is reported to the credit card company.

- All credit card expenses must be reviewed and endorsed by the cardholder's supervisor. Project leaders regularly review expenses coded to projects to ensure transactions are legitimate. Finance officers conduct periodic audits on credit card expenses.
- The Agency Security Adviser (ASA) / Fraud Control Manager performs a preliminary assessment/investigation of the alleged case of fraud to obtain sufficient facts for which there is a reasonable cause to believe an offence has been committed, or attempted to be committed. If sufficient facts exist the matter is referred to the Australian Federal Police (AFP) for advice as to how they would prefer CSIRO to proceed. If the AFP choose not to investigate the matter the cardholder may face misconduct charges under the Code of Conduct and the CSIRO Terms and Conditions of Service.
- None reported within the last 9 months.
- CSIRO employees are provided with and agree to follow the existing policy on the use of credit cards prior to the corporate card being issued to them. Refer to answer for question 3 for additional information.

### **IP AUSTRALIA**

- IP Australia had 507 credit cards as at 29 February 2012. The breakdown of staff with credit cards by classification is as follows: Senior Executive Service: 8, Executive Level (EL): 194 and APS Level: 305.

2. All corporate credit card *Financial Management and Accountability (FMA) Act 1997* non compliances are recorded on the non compliance register and reported on the certificate of compliance.
3. All monthly corporate credit card statements are reviewed by the credit card official upon receipt of the monthly statement from the cardholders and an additional biannual review is undertaken.
4. If misuse of the credit card is discovered when the credit card official is doing their review they record the non compliance on the non compliance register.
5. There have been five instances of FMA credit card non compliance identified this financial year up until the end of February 2012.
  - Two instances where the incidental allowance was overdrawn by \$0.60 and the money was recovered from the credit card holders. (APS).
  - One instance where the staff member purchased personal items to the value of \$36.20. The non compliances were discussed with the credit card holder and the money was paid back. (APS)
  - One instance where the staff member on secondment in Geneva charged airfares to his credit card without delegate approval (value of \$1,732.91). Delegate approval was granted after the event. (EL)
  - One instance where the staff member purchased meals while on part day domestic travel to the value of \$26.20. The non compliance was discussed with the credit card holder and the money was paid back. (SES)
6. In order to prevent credit card misuse there is ongoing training including an E-learning corporate credit card module that must be successfully completed before staff members are issued with a corporate credit card. This is in addition to internet articles, procedures and face to face training.

Please note – as this information is as at 29 February 2012 this does not include Outcome 3 and associated Agencies which are transferring from the Department of Education, Employment and Workplace Relations due to the recent Machinery of Government.