

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Budget Estimates Hearing 2009-10
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AGENCY/DEPARTMENT: COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

TOPIC: Credit Cards

REFERENCE: Written Question – Senator Abetz

QUESTION No.: BI-20

How many credit cards does the CSIRO hold, and who controls them?

What is the dollar limit on these credit cards?

What is the current gross debt of these cards?

How much annually is put through these cards?

Please provide a copy of the rules/guidelines surrounding their use.

ANSWER

CSIRO adopted the use of a credit card for purchasing in 1991 using the Australian Government Credit Card. CSIRO further adopted a policy in 1995 to use a travel card in lieu of paying a travel allowance. As a result, CSIRO currently has over 5,100 Visa credit cards and 4,700 Diners credit cards. Credit card applications are authorised by a CSIRO Officer with delegation 34a – “To authorise persons to use CSIRO corporate credit cards in accordance with policy and instructions”. CSIRO card holders are then responsible for the safe keeping and proper use of their CSIRO credit card.

85% of staff have a card limit of \$10,000 or less, although card limits range from \$1,000 to \$100,000. Limits are dependant on the cardholder’s position and corresponding financial delegation in the organisation.

The gross amounts for the month of April 2009 was \$2.8m for Diners and \$2.9m for Visa.

The total credit card spend for July 2008 to April 2009 is \$68.9million (Diners \$30.3million and Visa \$38.6million).

The current CSIRO Credit Card (CCC) policy establishes a framework for the use of credit cards by CSIRO staff and is to be read in conjunction with the CSIRO Procurement Policy. The CCC policy covers:

- Use of Cards - purchasing, travel, entertainment, cash, receipts, reconciliation
- Issue & Maintenance of Cards - delegation, recordkeeping, limits, loss or theft, staff transfer

A copy of CSIRO’s current CCC policy is attached (Attachment A).

Policy classification	Title	CSIRO Credit Card policy
	Level	Organisational – Operational (Level 2)
	Category	Financial
	Applies to	All CSIRO staff
	Issue status	Supersedes all previous policy/financial directions on Credit Cards.
Policy description	Overview and purpose	<p>The CSIRO Credit Card (CCC) policy establishes a framework for the use of credit cards by CSIRO staff and is to be read in conjunction with the CSIRO Procurement Policy (2005/01). The CCC is a payment mechanism, which provides a cost effective way to make payments other than by cheque, electronic funds transfer or paying with petty cash.</p> <p>It offers particular advantages, including convenience, the potential to significantly reduce paperwork and time, prompt payment to suppliers, and one stop electronic billing process.</p> <p>The CCC should normally be used for the payment of low value goods and services (generally less than \$3,000)</p>
	Policy review	To be reviewed annually.
Policy statements	Policy statement 1	The CSIRO Credit Card is a payment mechanism used to pay for the full range of goods and services required by CSIRO both within Australia and overseas. The CCC must not be used for private purchasing or to purchase items for other organisations, even if reimbursement to CSIRO is intended. All such transactions are regarded as misuse and carry severe penalties.
Key roles and responsibilities	Policy owners / authors	CSIRO Finance
	Accountability	Responsibility for implementation and accountability for compliance with Credit Card policy rests with line management: Executive Team, Business Unit Leaders, Functional Managers as appropriate.
Policy implementation and authority	Implementation date	1 July 2008
	Authority	Chief Finance Officer
Further references	Related Procedures and Guidelines	The policy should be read in conjunction with specific advice provided on CSIRO Procurement, Travel and People & Culture policy & processes.
	Other policy / references	<p>CSIRO Procurement Policy & Guidelines</p> <p>BETR Training – Working in CSIRO</p>

Policy statement 1

The CSIRO Credit Card is a payment mechanism used to pay for the full range of goods and services required by CSIRO both within Australia and overseas. The CCC must **not** be used for private purchasing or to purchase items for other organisations, even if reimbursement to CSIRO is intended.

Supporting information – Procedures

USE OF CARDS

Purchase of goods and services

1.1 - The CCC should normally be used for purchasing low value goods and services items (generally less than or equal to \$3,000) whenever this purchasing method is the most efficient and consistent with other policies eg procurement. Cardholders may purchase goods and services to the limit imposed on their individual cards and in accordance with the cardholder agreement.

1.2 - All card holders must be satisfied that the expenditure is for legitimate CSIRO purposes and supervisors may insist that evidence be provided to establish this.

1.3 - All purchasing methods are allowable, including over the counter sales, telephone, fax, e-mail and internet with secure sites.

1.4 - CSIRO **Visa** Cards should be used for **general purchasing**, and may be used by travellers when CSIRO Diners Club Card is not accepted.

1.5 - CSIRO **Diners Club** Cards must be used for the purchase of all **airline tickets**, and should be used for other **travel and entertainment** expenditure wherever possible.

1.6 - CCC's must **not** be used for private purchasing or to purchase items for other organisations, even if reimbursement to CSIRO is intended.

1.7 - CCC's must **not** be used for the internal purchase of CSIRO goods and services, eg. CSIRO conference/workshop registrations, CSIRO merchandise, Double Helix membership, etc.

1.8 - CCCs must not be used to pay for goods or services ordered through SAP.

1.9 - Authorisation must be obtained from the Delegate ([Delegation 34a](#)) prior to initiation of any direct debit arrangements.

Authority to Incur Expenditure (Delegation 40)

General Purchasing

2.1 - The Chief Executive has given approval for all Cardholders to have authority to incur expenditure ([Delegation 40](#)); however, the Delegate ([Delegation 34a](#)) may limit that authority consistent with local management arrangements. The limit may be a monetary value (actioned via the Card application in the case of CSIRO Visa Cards and/or the Cardholder Agreement), or the type of goods and services (actioned via the Cardholder Agreement).

2.2 - Cardholders who are given authority to incur expenditure need not obtain prior approval to incur expenditure against their CCC. They must, however, ensure that funds are available in the relevant budget before incurring expenditure, and adhere to CSIRO policy and any limitations imposed on their use of the Card.

2.3 - Cardholders who do not have the authority to incur expenditure must obtain approval on each occasion from an officer who holds authority to incur expenditure ([Delegation 40](#)) before using their Card. The officer who holds authority to incur expenditure must ensure that funds are available in the relevant budget before authorising expenditure, and the Cardholder must adhere to CSIRO policy and

any other limitations imposed on their use of the Card.

2.4 - Purchasing Officers who are using their CCC to purchase goods or services for other persons shall, even if they have authority to incur expenditure, obtain approval before proceeding with the purchase.

Travel Expenses

3.1 - All international travel must be approved in accordance with HR [Delegation 1.B.30](#). If a Cardholder has been given authority to incur expenditure on travel, there is no need to obtain approval prior to incurring expenditure for domestic travel.

3.2 - The Cardholder must ensure that funds are available in the relevant budget before incurring expenditure. Local arrangements may require staff to follow certain procedures before undertaking travel.

3.3 - If a Cardholder is not given authority to incur expenditure ([Delegation 40](#)) on travel, then approval must be obtained on each occasion from an officer who holds the authority to approve travel ([Delegation 64](#), or HR [Delegation 1.B.30](#)) before expenditure is incurred.

Officers using their CSIRO Diners Club card to book and pay for fares and accommodation for other persons shall do so only following approval from the relevant delegate.

Official Entertainment

4.1 - If a Cardholder has been given authority to incur expenditure on entertainment, then there is no need to obtain approval prior to incurring expenditure on entertainment. The Cardholder must record the names of guests and the purpose of the meal in accordance with the CSIRO policy on [Entertainment & Hospitality](#).

4.2 - If a Cardholder is not given authority to incur expenditure on entertainment, then approval must be obtained on each occasion from a delegate ([Delegate 35](#)) in accordance with the Entertainment and Hospitality Policy.

Hazardous Substances

4.3 - Hazardous substances (eg. chemicals) may be purchased using CCC's. It is a requirement under Commonwealth Occupational Health and Safety Regulations that a register be kept and maintained for the purchase of all hazardous substances (refer to [CSIRO Policy Circular 2002/15](#) for further information). Cardholders must ensure that all hazardous substances purchased are listed on their local site register.

Cash Withdrawals

4.4 - Cardholders are only permitted to obtain cash when authorised to do so on their Cardholder Agreement. This facility should largely be restricted to 'advances' for expenses associated with overseas travel. A full reconciliation of the 'cash advance' is required in all circumstances. Under no circumstances are cash withdrawals permitted as "top-ups" to other transactions, for example at EFTPOS machines or when checking out of hotels. Note that "cash" means both Australian and foreign currency and includes cheques.

Receipts

4.5 - All supporting invoices/vouchers and tax invoices must be obtained for acquisitions in excess of \$75.00 GST inclusive price, and, wherever possible, for transactions under \$75.00.

4.6 - Detailed receipts and invoices are used to reconcile the CCC transactions to substantiate CSIRO's GST Input Tax Credits, and can also be used to settle any dispute over "reasonable expenditure" in the case of travel. Details on expense management are available on the intranet at [Working in CSIRO - Managing Expenses](#).

4.7 - An ongoing list of transactions may be appropriate in circumstances where the original documentation is not immediately available, for example when transactions are carried-out by telephone. The [List of Transactions](#) [Word file, 20KB] can be reconciled against the CCC transactions in SAP.

Reconciliation

4.8 - Cardholders must certify, code and submit their monthly credit card expenditure in SAP under the Expenses tab, confirming that the costs were incurred for official purposes. Expense reports should be submitted as soon as practicable in accordance with management instructions.

4.9 - Itemised receipts MUST be retained and filed with the relevant statement/claim.

4.10 - Cardholders should:

- check the charges against receipts.
- if a transaction is incorrect you must notify the credit card company of the disputed charges without delay. Merchants are not permitted to charge credit cards for goods ordered until the goods have been despatched. Any breaches of this agreement should be promptly reported to the credit card company.
- if there are entertainment expenses charged to the account, the relevant information regarding the purpose and attendees is to be provided.
- indicate any assets, hazardous substances, equipment, accessories for equipment, attractive portable items and personal issue items which the Assets Manager or Health and Safety Advisor will need to record.
- print a copy of the expense report, attach original documentation to the report

4.11 - All documents and attachments are to be placed on an official file maintained by the cardholder. Files must be available for management review, audit and taxation review.

4.12 - The Cardholder' and supervisor must develop a process of performing random checks to confirm that expenditure is reasonable and that the costs are legitimate business expenses. Such random checks must be performed on at least a quarterly basis. It is expected that during each quarterly cycle that a reasonable number of all cardholder transactions would have been reviewed. The Delegate ([Delegation 34a](#)) and supervisors must also periodically review direct debit arrangements on at least a quarterly basis to ensure they are consistent with the Cardholder's role and that they are the most appropriate form of payment.

4.13 - Business Unit Finance Teams must perform random audits to ensure expenditures are reasonable and are consistent with approved delegations, that quarterly random checks are being performed between the cardholder and supervisor, and that all supporting documents are maintained in accordance with Credit Card Policy requirements, refer clause 5.6.

ISSUE & MAINTENANCE OF CARDS

Delegation

5.1 - The Delegate ([Delegation 34a](#)) has the authority to issue CCC's. The Delegate is also an Authorised Signatory whose authority to issue Cards is recognised by the Card provider.

5.2 - To obtain a CCC, an application form must be completed and signed by an Authorised Signatory for the relevant Billing Account. In the case of CSIRO Visa Cards, the form must also be signed by a Verifying Officer. The application form is then sent to the credit card provider, and a copy placed on the cardholder's official file. The application form establishes the relationship between the Cardholder and the credit card provider.

Cardholder Agreement

5.3 - Every holder of a CSIRO credit card (Diners and/or Visa) must have a signed cardholder

agreement. The Cardholder Agreement establishes the relationship between the Cardholder and CSIRO. It contains any limitations imposed on the Cardholder. The Cardholder and Authorised Signatory must both sign the Cardholder Agreement before any card is issued, and the original kept on file with a copy of the application form. One Cardholder Agreement is sufficient for all credit cards issued to a Cardholder; however, in some circumstances, more than one may be required. The Agreement clearly states that the cardholder must obtain receipts or invoices, where practical, for all expenditure on their CSIRO card(s). Also it is clearly stated that the cardholder agrees to reconcile their credit card statement.

Issue of cards

5.4 - ANZ will advise the relevant Account Manager when cards are available for collection at the nominated ANZ Bank branch. Only the Card Collection Officer can collect cards from the bank.

5.5 - Diners Club will send cards to the Cardholder or to the Account Manager, as requested on the card application.

Recordkeeping

5.6 - The official file should be titled HQ or Business Unit identifier, Visa and Diners Supporting Documentation / Employee Name or Group Name / Business Unit. These files are required to be kept for a statutory period of seven years from the date of the last transaction. Subject to local procedures, for practical reasons these files are to be stored with the cardholder until cessation, when they are then to be lodged with CSIRO Records Management.

Responsibility

5.7 - Business Unit Leaders are responsible for ensuring these procedures are followed and that their staff maintain adequate supporting documentation for all Visa and Diners. Line managers will be responsible for endorsing that the expenditure incurred by their staff is a reasonable business expense. All managers have a responsibility to check their staff's claims and to query or disapprove expenditure that is not considered work related or reasonable. Management should ensure that a process of spot checks is in place to ensure that these procedures are being complied with.

Transaction Limit

5.8 - For general purchasing, the maximum amount to be charged by Cardholders is \$3,000 per transaction, or where the Transaction Limit is lower, it is that lower amount. Purchasing Officers and Finance Officers may have higher Transaction Limits because they are familiar with CSIRO's written quotation procedures which apply above \$3,000, but other staff are limited to \$3,000 or less. The Transaction Limit is specified in the card application and/or the Cardholder Agreement.

Monthly Limit

5.9 - Monthly purchasing limit should reflect the expected usage of cards. For budget management and fraud control purposes, it is not acceptable for cards to have limits in excess of \$20,000 unless a clear need can be demonstrated. As a general rule, the monthly limit should be set at approximately twice the expected monthly expenditure levels.

Care of Cards

5.10 - Cardholders must take strict care of the CCC and treat it as they would a personal credit card. The Card must not be lent to other people, nor left unattended. Such action could make the Cardholder or CSIRO responsible in the event that the Card is misused, or lost and misused, and negate the liability normally taken by the issuing organisation. PIN numbers must be kept secure at all times.

Card Misuse

5.11 All cases that involve a possible misuse of a CCC will be investigated. A misuse of a CCC may constitute an offence under Section 28B of the *Commonwealth Authorities and Companies Act 2007* (Cth) CAC Act¹ that carries a penalty of up to 7 years imprisonment, and will lead to (i) the Card being

¹ Refer to: <http://www.comlaw.gov.au/ComLaw/Legislation/Act1.nsf/framelodgmentattachments/83B8740C152EC161CA257457007DA0F0>.

cancelled and (ii) the Cardholder required to pay restitution to CSIRO. CSIRO also has the right to deduct any expenditure incurred through misuse of CCC from salary payments or other moneys due to a Cardholder.

Cancellation and Transfer of Cards

5.12 - CCC's to be cancelled should be handed to the Account Manager, who must cut the card horizontally through the embossed numbers so that the signature and magnetic stripe remain intact. The Card must be returned to the Card company with a covering letter requesting cancellation.

5.13 - Cancelled Credit Cards remain open for 12 months to capture any charges from merchants slow to process their transactions.

5.14 – Direct debits (eg. telephone/internet charges) must be cancelled if a Credit Card is lost, stolen or cancelled.

5.15 - Credit Cards must be cancelled if they are lost or stolen, or if the cardholder is leaving the Organisation.

Loss or Theft of Cards

5.16 - Loss, theft or unauthorised transactions must be reported immediately to the Card company and to the relevant Account Manager. 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 Card company.

Card Fees

5.17 - No card fees are payable on CSIRO Visa Cards or CSIRO Diners Club Cards.

Relevant links

[CSIRO Procurement Policy & Guidelines](#)

[SAP Portal](#)

[CSIRO Authorities Manual](#)

[Credit Card Security over the Internet](#)

[Forms](#) - applications for Diners Club and ANZ Visa, changes to Signatories. Includes lists of Billing Accounts.

[ANZ Visa Credit Card Service Centre](#) - for queries, disputes, etc.

[Diners Club Credit Card Service Centre](#) - for queries, disputes, etc.

Glossary

The **Account Manager** is the CSIRO administrative officer who has day to day management responsibility for a Billing Account.

An **Authorised Signatory** is a person whose authority to issue CSIRO Credit Cards is recognised by the credit card provider. Authorised Signatories also hold [Delegation 34a](#), and have the authority to determine who is issued cards and the restrictions that may apply to a Cardholder.

A **Billing Account** is an account established for a Business Unit for a specific type of CSIRO Credit Card.

The **Billing Period** is the period delineated by the start and end of each monthly billing cycle.

A **Business Unit** is a team or individual with an approved budget.

The **Card Collection Officer** is a person to whom authority has been given by CSIRO and the Card provider to collect Cards on behalf of CSIRO. Only ANZ has Card Collection Officers.

A **Cardholder** is a CSIRO officer or contracted person in a line management position to whom a CSIRO Credit Card is issued.

The **Cardholder Agreement** is the agreement between the Cardholder and CSIRO in which the Delegate (Delegation 34a) specifies the conditions of use of the CSIRO Credit Card.

CSIRO Credit Card(s) are credit cards issued with the authority of the Delegate ([Delegation 34a](#)) where liability for charges is attached to CSIRO. CSIRO Credit Cards include the CSIRO Visa Purchasing Card and the CSIRO Diners Club Card.

The **Monthly Credit Limit** is the amount determined by the Authorised Signatory as the maximum value of transactions that a Cardholder may incur in each Billing Period and subsequent Settlement Period.

The **Settlement Period** is the time between the end of a Billing Period and when CSIRO's bank account is debited the total charges for that Billing Period.

The **Transaction Limit** is the maximum amount a Cardholder can charge in any one transaction.

The **Verifying Officer** is a person responsible for certifying the identification of Card applicants.