

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
ADDITIONAL BUDGET ESTIMATES 2011-2012

Finance and Deregulation Portfolio

Department/Agency: Department of Finance and Deregulation

Outcome/Program:

Topic: Credit Cards

Senator: Ryan

Question reference number: F111

Type of question: Written

Date set by the committee for the return of answer: Friday, 30 March 2012

Number of pages: 2

Question:

- a) How many staff in each department and agency have a corporate credit card? What is their classification?
- b) What action is taken if the corporate credit card is misused?
- c) How is corporate credit card use monitored?
- d) What happens if misuse of a corporate credit card is discovered?
- e) Have any instances of corporate credit card misuse have been discovered? List staff classification and what the misuse was, and the action taken.
- f) What action is taken to prevent corporate credit card misuse?

Answer:

- a) As at 31 January 2012, the Department has 236 active credit cards:
 - 54 APS staff
 - 86 EL staff
 - 96 SES staff
- b) Any suspected misuse, loss or theft of a Commonwealth credit card must be immediately reported to the Chief Financial Officer Division, the employee's supervisor and the bank that issued the credit card. The card is cancelled with the bank and a new one reissued. The bank advises when the investigation is complete and reverses the charge(s).
- c) The key controls in relation to the use of Commonwealth credit cards include:
 - i. internal audit program;
 - ii. management of cards undertaken by the Chief Financial Officer Division (including bi-annual reviews and maintenance of a card holder register);
 - iii. authorisation of transactions by supervisors;
 - iv. regular review of credit card processes and operations; and

- v. accountability via reconciliations through the Department's expense management system (iCMS) including returning receipts/voucher stubs to the Chief Financial Officer Division.
- d) In the event of fraudulent activity occurring:
- i. the card holder contacts the bank to notify fraudulent activity, and if required cancel and reissue a new card;
 - ii. the card holder advises the Chief Financial Officer Division that the card has been involved in fraudulent activities, and/or has been cancelled with a new card to be issued;
 - iii. a disputed items form is lodged with the bank who investigate the fraudulent activity;
 - iv. the bank advises the card holder and Chief Financial Officer Division when the investigation is complete and reverses the charge(s).
- e) In the last twelve months two instances of fraud have occurred, in June 2011 and November 2011 on the same executive level staff member's card. In both instances the credit card had been skimmed and used for overseas purchases. The card was immediately cancelled with the bank and a new card was issued to the card holder on each of the occasions. The bank investigated and reversed the charges. Prior to this the last reported instance of fraud was in 2009.
- f) The following actions are taken to prevent corporate credit card misuse:
- i. card holder instructions, responsibilities and consequences of use are outlined in the Department's Chief Executive Instructions and Operational Guidelines;
 - ii. each card holder is required to acknowledge responsibilities;
 - iii. each card holder is required to promptly review and acquit charges through the Department's expense management system (iCMS) within thirty days of transaction date and notify the Chief Financial Officer Division of any discrepancy;
 - iv. charges are authorised by the appropriate delegate with a probity check conducted against supporting documentation;
 - v. cash withdrawals are blocked and the card cannot be used in Automatic Teller Machines (ATM).

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Finance and Deregulation Portfolio

Department/Agency: Australian Electoral Commission

Outcome/Program:

Topic: Credit Cards

Senator: Ryan

Question reference number: F111

Type of question: Written

Date set by the committee for the return of answer: Friday, 30 March 2012

Number of pages: 3

Question:

- a) How many staff in each department and agency have a corporate credit card? What is their classification?
- b) What action is taken if the corporate credit card is misused?
- c) How is corporate credit card use monitored?
- d) What happens if misuse of a corporate credit card is discovered?
- e) Have any instances of corporate credit card misuse been discovered in the last 12 months? List staff classification and what the misuse was, and the action taken.
- f) What action is taken to prevent corporate credit card misuse?

Answer:

- a) The AEC has 479 active credit cards:
 - 389 APS staff
 - 70 EL staff
 - 20 SES staff
- b) Suspected misuse of corporate credit cards is reported to the Fraud Control Officer. The standard process for handling all suspected fraud incidents is in accordance with the Fraud Control Plan which is based on the Australian Government Investigation Standards. Steps in the process include:
 - i. Collection of all available data;
 - ii. Assessment of whether further action is required including if the incident is to be referred to the Australian Federal Police or investigated internally; and
 - iii. Action taken.
- c) Corporate credit card use is monitored through the AEC's Expense Management System, iCMS, which records every transaction against every credit card. Every card holder's supervisor must authorise each transaction.

Additionally, the iCMS system produces reports of transactions that occur on Saturday and Sunday that can be used by supervisors to review these transactions separately.

d) Refer answer b.

e)

Date	Staff classification	Details of credit card misuse	Action taken
March 2011	Staff member on contract Classification: APS 5	Credit card used for personal expenses	Employment terminated Approx \$1000.00
August 2011	Permanent employee WA State Office Classification: APS 6	Credit card stolen and used by third party.	Matter referred to AFP who declined to investigate. No cash loss to the AEC as the transaction was identified and cancelled within a short period of time.
October 2011	Permanent employee National Office Classification: APS 6	Cancelled card used for travel	Card was defaced, but was still accepted by a cab driver and put through the manual machine. Visa informed and the cost refunded to the AEC. No further action taken. No loss to the agency.

f) The AEC's preventative controls for corporate credit card misuse include:

- i. the cardholder must sign an acknowledgement form that details their responsibilities and consequences of any misuse;
- ii. fraud and ethics training is a part of the AEC's induction package and annual refresher training; and
- iii. Fraud Control Plan and other related documentation on the intranet for staff information.

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
ADDITIONAL BUDGET ESTIMATES 2011-2012

Finance and Deregulation Portfolio

Department/Agency: ComSuper
Outcome/Program: General
Topic: Credit Cards

Senator: Ryan

Question reference number: F111

Type of question: Written

Date set by the committee for the return of answer: Friday, 30 March 2012

Number of pages: 2

Question:

- a) How many staff in each department and agency have a corporate credit card? What is their classification?
- b) What action is taken if the corporate credit card is misused?
- c) How is corporate credit card use monitored?
- d) What happens if misuse of a corporate credit card is discovered?
- e) Have any instances of corporate credit card misuse been discovered in the last 12 months? List staff classification and what the misuse was, and the action taken.
- f) What action is taken to prevent corporate credit card misuse

Answer:

- a) There are 32 cardholders within ComSuper.
 - 18 APS staff
 - 9 EL staff
 - 5 SES staff
- b) The Credit Card Officer is responsible for reporting any apparent misuse to the Financial Compliance Officer, the Chief Financial Officer and the Chief Governance Officer. Under their direction, action is taken in accordance with internal policies and procedures. Legal action may be taken under Section 60 of the FMA Act.

If the corporate credit card has been fraudulently tampered with (e.g. an unknown person not related to the organisation has gained control of the corporate credit card), whoever initially becomes aware of the issue must report it to the Credit Card Officer. The Credit Card Officer then has the responsibility to notify the credit card provider of the situation and request that the corporate credit card be cancelled.

- c) When the corporate credit card statements are issued by the credit card provider, all corporate credit card holders are required to acquit and provide supporting

documentation for each transaction. This information is supplied to the Credit Card Officer who will then review each transaction against its supporting documentation. Any transactions that may be breaching policy are actioned according to organisational policies and procedures as specified above.

- d) A staff member who becomes aware of any misuse of a corporate credit card must immediately report it to the Credit Card Officer. Action is then taken in accordance with the procedures outlined above in part b.
- e) ComSuper has not had any instances of apparent misuse.
- f) Organisational policies and procedures are specified above in order to deal with the matter at hand.

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Finance and Deregulation Portfolio

Department/Agency: Commonwealth Superannuation Corporation

Outcome/Program:

Topic: Credit cards

Senator: Ryan

Question reference number: F111

Type of question: Written

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Number of pages: 1

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- f) What action is taken to prevent corporate credit card misuse?

Answer:

- a) Eighteen staff (Chief Executive Officer, Chief Investment Officer, three Senior Executives, six Senior Portfolio Managers, one Portfolio Manager, one senior analyst, two analysts, two managers and one administration officer).
- b) In accordance with credit card usage policy, the credit card may be withdrawn and the individual will be responsible for any costs incurred resulting from failure to comply with the Conditions of Use.
- c) In accordance with credit card usage policy, users must provide declarations by credit card holders, and reconciliations are performed as invoices become due.
- d) See answer to b) above.
- e) No instances of corporate credit card misuse have been discovered.
- f) Continuous reconciliation of accounts and monitoring of use in accordance with policy; see answer to c) above. Subject to regular internal audit.

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ANSWERS TO QUESTIONS ON NOTICE
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Finance and Deregulation Portfolio

Department/Agency: Future Fund Management Agency

Outcome/Program: General

Topic: Corporate Credit Cards

Senator: Ryan

Question reference number: F111

Type of question: Written

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Answer:

- a) 79. Classification ranges from FFMA Level 2 through FFMA Level 6.
- b) The General Manager of the FFMA will determine appropriate action, in accordance with internal policies and procedures.
- c) All statements require approval of the relevant manager of the card user and are reviewed by the CFO each month.
- d) The CFO investigates any questionable credit card transactions and reports to the General Manager all significant breaches.
- e) No.
- f) All staff are provided with the relevant Chief Executive Instruction on the use of credit cards when they commence employment. All staff are required to sign off annually by July, that they have complied with the agency's policies, including the use of credit cards.