

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

Finance and Deregulation Portfolio

**Department/Agency:** Department of Finance and Deregulation

**Outcome/Program:** General

**Topic:** Corporate Credit Cards

**Senator:** Ryan

**Question reference number:** F89

**Type of question:** Written

**Date set by the committee for the return of answer:** Friday, 2 December 2011

**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 October 2011, the Department has 242 active credit cards:
  - 56 APS staff.
  - 90 EL staff.
  - 96 SES staff.
- b) Any suspected misuse, loss or theft of a Commonwealth credit card or credit voucher must be immediately reported to the Treasury, Tax and Asset Management team, the employee's supervisor and the bank that issued the credit card or credit voucher. 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 and credit vouchers include:
  - i. internal audit program;

- ii. management of cards undertaken by Treasury, Taxation and Asset Management Team/Shared Services Team (including maintenance of card/voucher holder register);
  - iii. authorisation of transactions by supervisors;
  - iv. regular review of credit card and credit voucher processes and operations; and
  - v. accountability (reconciliations and returning receipts/voucher stubs to processing area).
- d) In the event of fraudulent activity occurring:
- i. The card holder contacts the bank to cancel and reissue a new card.
  - ii. The card holder advises the Treasury, Tax and Asset Management team that the card has been involved in fraudulent activities, has been cancelled and a new card issued.
  - iii. A disputed items form is lodged with the bank who investigate the fraudulent activity.
  - iv. The bank advises when the investigation is complete and reverses the charge(s).
- e) As at 31 October 2011, the last reported instance of fraud was in June 2011 (EL staff member). 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 cardholder. The Commonwealth 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:
- Cash withdrawals are blocked and the card cannot be used in Automatic Teller Machines (ATM).
  - Staff members are to promptly acquit credit card charges in the Department's expense management system (iCMS) within thirty days of transaction date. Once a charge is acquitted it is reviewed and authorised by the employee's relevant delegate within iCMS. The authorisation process provides a 'probity' check of work-related expenses and ensures the correct coding of costs. When acquitting charges, staff members must submit supporting documentation associated with the purchase of goods or services to the relevant delegate for noting and appropriate action. When reviewing their transactions, staff members are to immediately advise the Treasury, Taxation and Asset Management Team of any disputed amounts.

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**Finance and Deregulation Portfolio**

**Department/Agency:** Australian Electoral Commission

**Outcome/Program:** General

**Topic:** Corporate credit cards

**Senator:** Ryan

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**Type of question:** Written

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**Number of pages:** 3

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- 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 card is misused?
- c. How is corporate credit card use monitored?
- d. What happens if misuse of a corporate credit card is discovered?
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- f. What action is taken to prevent corporate credit card misuse?

**Answer:**

a.

<b>Classification</b>	<b>Number</b>
SES	19
EL2	30
EL1	54
APS 6	167
APS 5	42
APS 4	25
APS 3	95
APS 2	38
APS 1	1
<b>Total</b>	<b>471</b>

- 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 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
2008-09	No credit card fraud reported		
2009-10	No credit card fraud reported		
March 2011	Staff member on contract Classification: APS 5	Credit card used for personal expenses	Employment terminated Approx \$1000.00
Aug 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. <b>No cash loss to the AEC</b> as the transaction was identified and cancelled within a short period of time.
Oct 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. <b>No loss to the agency.</b>

- f. The AEC's preventative controls for corporate card misuse include:
- i. 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.

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**Finance and Deregulation Portfolio**

**Department/Agency:** ComSuper  
**Outcome/Program:** General  
**Topic:** Corporate credit cards

**Senator:** Ryan

**Question reference number:** F89

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

**Answer:**

- a) ComSuper has 28 staff with credit cards, broken down by the following classifications:

APS 4	4
APS 5	4
APS 6	8
EL 1	3
EL 2	5
SES B1	3
CEO	1

- 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: F89**

**Type of question: Written**

**Date set by the committee for the return of answer: Friday, 2 December 2011**

**Number of pages: 1**

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**Answer**

- a) 16 staff (Chief Executive Officer, Chief Investment Officer, two Senior Executives, six Senior Portfolio Managers, one Portfolio Manager, three analysts, one manager 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.
- 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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**Finance and Deregulation Portfolio**

**Department/Agency:** Future Fund Management Agency  
**Outcome/Program:** General  
**Topic:** Corporate Credit Cards

**Senator:** Ryan

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**Answer:**

- a) 73. Classification ranges from FFMA Level 2 to FFMA Level 6.
- b) The General Manager determines the appropriate action, in accordance with internal policy and procedures.
- c) All statements require approval by the relevant manager and Head of Finance each month.
- d) The Head of Finance investigates any questionable 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.