

QUESTION TAKEN ON NOTICE

SUPPLEMENTARY BUDGET ESTIMATES HEARING: 19 November 2013

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(SE13/0196) PROGRAMME – Internal Product

Senator Ludwig (written) asked:

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

Answer

a) Credit Card Misuse

If the corporate credit card is suspected of misuse, the matter is referred to the Director, Workplace Relations to investigate. Further information is provided at answer c) below.

b) Credit Card Monitoring

For both travel and purchasing cards:

- The credit card holder's supervisor, or another officer is required to physically sight and check credit card statements and all invoices/supporting documentation.
- The officer checking the supporting material is required to electronically review and sign-off the statement in the financial management system SAP.

c) Misuse of Corporate Credit Card – Action Taken

If inappropriate use is identified, the matter may be referred to the Australian Federal Police for assessment and further action. Any disciplinary action taken by DIBP is in accordance with the *Public Service Act 1999 (the Act)*. Section 15 of the Act allows an agency head or a duly authorised delegate to impose a range of disciplinary remedies, such as a reprimand, where minor breaches are discovered, to loss of employment in more serious cases.

d) Number of Instances of Credit Card Misuse

There have been no reported cases of fraudulent activity on corporate credit cards for the period 1 July 2013 to 30 November 2013.

e) Action to Prevent Misuse

- In order to obtain a credit card employees are required to undertake a course and attain 100% pass mark on a test relating to the policies and procedures in the use of the credit card.
- The cardholders are required to re-sit the test at the date of the card renewal, normally every three years.
- Cardholders who take leave for more than three months are required to surrender their card. If there is a requirement to hold a credit card on their return to work employees are required to re-sit the test.

MRT RRT:

Misuse of corporate credit cards is treated as possible fraud and/or q code of conduct issue. The MRT-RRT reviews all credit card statements and requires card holders to provide invoices and proof of goods or services received prior to approval by a delegate. There has been no misuse of corporate credit cards identified in the financial year to 31 October 2013.

Australian Customs and Border Protection Services

- a) When the misuse of a corporate credit card is suspected an investigation is conducted by the Integrity and Professional Standards (I&PS) Branch. Where I&PS detect instances of serious non-compliance with the use of a credit card (that is, activity that is potentially criminal in nature) the matter may be referred to the Australian Federal Police or the Commonwealth Director of Public Prosecutions.

Where the agency identifies continued non-serious non-compliance, the matter is referred to:

- i. the Chief Finance Officer to consider if administrative action should take place; that is removal of the credit card; and
 - ii. to Integrity and Professional Standards to assess possible discipline under the Code of Conduct.
- b) Most credit card holders are required to acquit their credit card within 3 days of the end of the billing period. A second official is required to authorise the entry of the transaction in the Expense Management System. Internal Audit also performs bi-annual substantive testing of all credit card transactions which includes using Computer Assisted Audit Techniques (CAATs) to identify any transactions which do not meet the specified criterion. Follow up action is taken when necessary.
 - c) See response for (a) above.
 - d) Between July 2010 and 30 November 2013, there was one instance of credit card misuse that has been detected and referred to I&PS for investigation. This instance of non-compliance involved a Customs Level 2 Officer using an official credit card to purchase personal items. This instance of misuse was reported in previous responses. The relevant officer was prosecuted and convicted of defrauding the Commonwealth on 25 June 2013. The Officer resigned.
 - e) The internal controls that are in place to prevent corporate credit card misuse include the following:
 - Officials are required to sign a Credit Card Holder Agreement stating that they agree to comply with the conditions set out in that Agreement;
 - Ensuring that only officers at Director (CL5, EL2 equivalent) and above can authorise corporate credit card applications after identifying that a legitimate business need exists for the staff members to hold a corporate credit card;
 - Undertaking bi-annual internal credit card audits which include substantive testing of credit card transactions using Computer Assisted Audit Techniques (CAATs). Any transactions identified that are outside of the normal expenditure pattern are reviewed and additional information is sought from credit card holders as required;

- ACBPS relies on internal policy documentation to educate staff and make them aware of their responsibilities as a credit card holder including what constitutes official expenditure and which transactions can be processed using the corporate credit card. These documents include the Chief Executives Instructions (CEIs), an Instructions and Guideline on corporate credit cards, the Corporate Credit Card Holder Agreement and other published resources on the Intranet which are circulated throughout ACBPS via correspondence and media;
- Internal system controls have been implemented which requires all acquitted transactions to be reviewed and authorised by an independent person before the transactions are posted in the Financial Management Information System;
- Limits are placed on the amount of monthly expenditure that can be incurred on a particular credit card. Individual transaction limits also apply to each card; and
- I&PS regularly conduct Fraud and Security Awareness Sessions that raise awareness of issues including credit card fraud.