

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
ATTORNEY-GENERAL'S DEPARTMENT

Portfolio

Question No. 162

Senator Humphries asked the following question at the hearing on 24 May 2012:

Credit Cards

- a) Provide a breakdown for each employment classification that has a corporate credit card. Please update if there have been any changes since Additional Estimates 2011-12 (February 2012):
- 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?

The answer to the honourable senator's question is as follows:

Attorney-General's Department

- a) 628 employees hold a corporate credit card. All employees can apply for a credit card which will be approved provided there is a strong business requirement. The number of cards on issue to officers of the Department has reduced by 21.
- b) Please refer to the reply to Question Number 84 from 14 February 2012.
- c) The Department monitors corporate credit card use using the following controls:
- An official's Division Head or above, must approve the issue of a corporate credit card, the purpose for which it may be used and the monthly credit limit.
 - Credit card statements must be approved each month by an independent authorised official who is not the credit card holder.
 - Credit card transactions are posted daily in the Financial Management Information System. The 'merchant code' listed in the transaction indicates the type of purchase, with all new merchant codes undergoing an approval process.
 - Business Managers review credit card expenditure within their respective business areas on an ongoing basis with any anomalies investigated, and if required, referred to for further investigation in accordance with the Department's Fraud Control Plan.
 - Every credit card holder within the Department is required to complete a survey once per annum regarding their use of their credit cards. The survey assesses compliance against the financial framework and reminds the official of their responsibilities.
 - Internal audits are also conducted under the guidance of the Audit and Risk Management Committee to assess compliance with the Commonwealth financial framework and the effectiveness of internal controls.
- d) Please refer to the reply to Question Number 84 from 14 February 2012.

- e) Please refer to the reply to Question Number 84 from 14 February 2012. There have been no additional instances since then.
- f) The Department prevents corporate credit card misuse by adopting the following controls:
- Before an official can be issued with a corporate credit card, they must complete an ‘agreement and acknowledgement by card holder’ form, which includes a warning stipulating that any credit card use must be for official and approved purposes only.
 - Credit card holders must complete an online training module on the Financial Management Information System, and attend a credit card information session and a ‘spending public money’ training session. These sessions familiarise credit card holders with their obligations under the Commonwealth financial framework.
 - Further instructions on credit card use are provided in the Chief Executive Instructions and the Financial Guidance and Procedure Manual.
 - All credit cards are issued with a specific transaction and monthly credit card limit commensurate with the responsibilities of the credit card holder.
 - Credit card statements must be approved each month by an independent authorised official who is not the credit card holder.
 - Officials are encouraged to report all instances of suspected fraud to their supervisor, the Department’s Strategic Planning and Governance Section, or anonymously via the Department’s ‘report a suspected fraud’ web form.

Australian Institute of Criminology

- a) 5 Employees: APS3 x 1; APS4 x 1; APS5 x 1; APS6 x 1; EL2 x 1
- b) Employee would be formally counselled and depending on severity of the misuse potentially dismissed.
- c) Through monthly review and reconciliation by Finance section and delegate review.
- d) Director/CFO notified and action taken immediately to counsel employee and/or cancel card.
- e) No.
- f)
- Only an authorised official may use a corporate credit card.
 - Training is provided before staff are issued with a corporate credit card which includes advice on appropriate use of Credit cards, financial delegation and this requires users to sign-off on a card user acknowledgement form. They must ensure that the requirement of FMA Regulations 7-12 have been met, including ensuring that a spending proposal has been approved before entering into the arrangement.
 - Monthly reconciliations and review of credit card use also assist in preventing misuse of credit cards.

Australian Federal Police

a)

Department/Agency	Number per classification of card holders
AFP Band 1	1
AFP Band 2	357
AFP Band 3	1,135
AFP Band 4	1,169
AFP Band 5	888
AFP Band 6	431
AFP Band 7	725
AFP Band 8	218
AFP Band 9	276
SES	82
Special Member, Seconded and Contractors	40
Total	5,310

b) –d) No change since response to QoN 114 from October 2011.

e) No instances of fraudulent (criminal) misuse were discovered during the period 29 February 2012 to 22 June 2012.

On 15 June 2012, a former AFP member was sentenced in the Southport Magistrates Court for 204 counts of fraud contrary to s.135.1 *Criminal Code Act 1995*.

The fraud totalled \$15,122.59 and related to unauthorised transactions on their AFP corporate credit card. The offences were committed between 26 May 2008 and 8 April 2009 and whilst still a member of the AFP.

The former member was sentenced to 9 months imprisonment suspended after serving 1 month and to be placed on a 2 year good behaviour bond of \$5,000.

f) No change since response to QoN 114 from October 2011.

Insolvency & Trustee Service Australia

a)

Department/Agency	Classification of card holders
Insolvency & Trustee Service Australia	18 Employees: APS3-2; APS5-4; APS6-2; EL1-5; EL2-1; SES-4

b) –f) No changes.

c) No changes.

d) No changes.

e) No misuse discovered since Additional Estimates.

f) No changes.

High Court of Australia

a)

Department/Agency	Classification of card holders
High Court of Australia	High Court Employee 2 – 1 High Court Employee 4 – 3 High Court Employee 5 - 1 High Court Employee 6 – 3 Executive level 1 – 2 Senior Executive Staff – 1 Public Office Holder – 1

b) –f) No change

Australian Commission for Law Enforcement Integrity

a)

Australian Commission for Law Enforcement Integrity	Classification of card holders
1	Integrity Commissioner
1	Senior Executive
7	Executive Level 2
9	Executive Level 1
4	APS6
3	APS5
3	APS4
28	TOTAL Credit Card Holders

b) - f) There have been no changes since Additional Estimates 2011-12 (February 2012)

Australian Security Intelligence Organisation

Department/Agency	Classification of card holders
ASIO	APS 4 – SES

- b) Depending on the nature of the misuse, staff may be counselled, have the credit card withdrawn or face other serious disciplinary action.
- c) All transactions against a corporate credit card are approved by line managers. ASIO's Finance Team conducts spot checks and regular random audits of credit card transactions are also carried out.
- d) Depending on the nature of the misuse, staff may be counselled, have the credit card withdrawn or face other serious disciplinary action.
- e) No instances of malicious misuse have been identified. Misuse of corporate credit cards has been identified at various classification levels. These identified misuses primarily consist of officers mistakenly using their corporate credit card for personal transactions or instances where the use of the corporate credit card was unavoidable (i.e. in an emergency situation). When a corporate credit card is misused, line managers are notified, staff are counselled and, in some cases, the credit card may be cancelled and withdrawn from use by the staff member.

- f) To prevent the misuse of corporate credit cards, ASIO staff sign a 'User Agreement' with terms and conditions of use. Staff are also provided with training on appropriate usage, and all credit cards have transaction and card limits. All transactions against corporate credit cards are approved by line managers.

Australian Human Rights Commission

a)

Department/Agency	Classification of card holders
Australian Human Rights Commission	6 x Statutory Office Holders 1 x SES Band 2 2 x Executive level 2 2 x Executive Level 1 1 x APS Level 6 2 x APS Level 5 2 x APS Level 4

b) -f) No change

Office of the Australian Information Commissioner

(a)

Department/Agency	Classification of card holders
Office of the Australian Information Commissioner	2 x Statutory Office Holders 2 x SES Band 1 1 x Executive Level 2 1 x APS Level 6 3 x APS Level 5

b) -f) no change

Office of Parliamentary Counsel

a)

Department/Agency	Classification of card holders
Office of Parliamentary Counsel	Two staff with the following classifications: Agency Head (First Parliamentary Counsel) and 1 x SES Band 1 (Chief Finance Officer)

- b) Any instances of misuse are reported to a member of the Senior Management Team and investigated in accordance with the Commonwealth Fraud Control Guidelines.
- c) Corporate credit card use is monitored by the Accountant.
- d) See answer to b) above.
- e) No.
- f) The following controls are in place to prevent corporate credit card misuse:
- Instructions and guidance is provided by OPC's Chief Executive Instructions and procedural guidelines;
 - Cardholder agreements and acknowledgement forms are signed by each cardholder;
 - The card issuing official and the Accountant cannot be issued with a credit card;
 - Monitoring of cardholder use and a reporting mechanism is in place;

- Corporate credit card use is not the preferred option of payment for procurement of goods and services and purchases using the corporate credit card must undergo the same approval processes as other procurements; and
- Cardholders cannot withdraw cash from the card or use the card for private expenditure.

Administrative Appeals Tribunal

a)

Department/Agency	Classification of card holders
Administrative Appeals Tribunal	<p>20 staff of the Tribunal have a corporate credit card:</p> <ul style="list-style-type: none"> • SES1 x 1 • EL2 x 5 • EL1 x 5 • APS6 x 3 • APS5 x 2 • APS4 x 4 <p>The Registrar also has a corporate credit card.</p>

b)-f) No change since Additional Estimates 2011-12 response

Australian Government Solicitor (AGS)

a)

Department/Agency	Classification of card holders
Australian Government Solicitor (AGS)	73 selected business support and legal staff hold AGS corporate credit cards

- b) AGS has no experience of misuse of credit cards by employees. AGS employees are subject to AGS's Code of Conduct, which would be applied in any relevant situation.
- c) Line managers of card holders monitor the monthly accounts and approve payments to the card provider.
- d) See response to part b).
- e) See response to part b).
- f) AGS's internal controls draw attention to the requirements of cardholders and ensure independent review of payments. Transaction limits are created and enforced by the card provider.

AUSTRAC

a)

Department/Agency	Classification of card holders
AUSTRAC	<p>43 cardholders:</p> <ul style="list-style-type: none"> ▪ 2 x APS 4 ▪ 2 x APS 5 ▪ 3 x APS 6 ▪ 9 x EL 1 ▪ 14 x EL 2 ▪ 10 x SES 1 ▪ 2 x SES 2 ▪ 1 x CEO

b) The Chief Finance Officer (CFO) is advised and cardholder is contacted for reimbursement, the staff member is counselled and the funds are fully recovered. Where credit card misuse is considered intentional, the agency security advisor is informed and a code of conduct review may be initiated.

c) – f) No changes since additional Estimates 2011-12 (February 2012).

National Native Title Tribunal:

a)	<p>Classification of card holders</p> <p>8 corporate cards issued, of which 1 is issued to a Statutory Holder of Public Office, remaining cards issued to APS employees who are required to undertaken corporate procurement for the NNTT. (see below for breakdown)</p> <p>Classification of card holders:</p> <ul style="list-style-type: none"> • 1xHolder of Public Office • 1x Executive Level • 1x APS Level 6 • 4x APS Level 4 • 1x APS Level 3 • <p>All other corporate cards since last QoN (February 2012) has been cancelled.</p>
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b)-f) No changes since additional Estimates 2011-12 (February 2012)

Family Court of Australia

a)

Department/Agency	Classification of card holders
Family Court of Australia	<p>37 staff have a corporate credit card. Their classifications are:</p> <ul style="list-style-type: none"> 1 CEO 2 SES2 3 SES1 6 EL 2 7 EL1 2 APS 6 2 APS 5 7 APS 4 7 APS 3

b) – f) No change since Additional Estimates 2011-12 (February 2012)

Federal Magistrates Court

a)

Department/Agency	Classification of card holders
Federal Magistrates Court	<p>5 staff have a corporate credit card. Their classifications are:SES 1, EL 1.3, APS 3.3, APS 3.1, APS 4.3</p>

b)-f) No change since Additional Estimates 2011-12 (February 2012).

CrimTrac

a)

Department/Agency	Classification of card holders
CrimTrac	4 x APS4 1 x APS5 1 x APS6 5 x EL1 13 x EL2 2 x SES1 1 x CEO

- b) The action will depend on the nature of the misuse and circumstances. Action may include card cancellation, criminal action in the case of fraud, action for breach of APS code of conduct, training or no action.
- c) Credit card use is monitored monthly via reconciliation of credit card statements and supervisor review of all transactions. There is also periodic review of credit cards held by the agency.
- d) The action will depend on the nature of the misuse and circumstances. Action may include card cancellation, criminal action in the case of fraud, action for breach of APS code of conduct, training or no action.
- e) CrimTrac did not identify any instances of credit card misuse for financial year to 30 April 2012.
- f) CrimTrac has clear policies on the use of credit cards. Credit card holders are required to acknowledge the credit card terms of use and policy, undertake training and credit card use is monitored.

The Office of the Director of Public Prosecutions (CDPP)

- a) As at 30 April 2012, 24 staff in the CDPP has a corporate credit card. The number of card holders has not changed since February 2012.

CLASSIFICATION	QUANTITY
Director	1
Executive Level 1	8
APS 6	4
APS 5	6
APS 4	3
APS 3	2
TOTAL	24

- b) Appropriate action in accordance with the Financial Management Act 1997, Financial Management Regulations 1997, the Chief Executive's Instructions, CDPP's Fraud Control Plan and the CDPP Code of Conduct.
- c) Individual credit card holders must retain all documentation associated with any purchase and payment to support their individual monthly statement. Monthly reviews and reconciliations of card holder's credit card statements are independently performed.

- d) See (b)
- e) No.
- f) See (c)

Australian Law Reform Commission

a)-f) There have been no changes to the ALRC’s corporate credit card policies since Additional Estimates 2011-12 (February 2012).

Australian Crime Commission

a)

Department/Agency	Classification of card holders
Australian Crime Commission	88 staff hold a corporate credit card and their classification ranges as per the breakdown below: <ul style="list-style-type: none"> • APS3 x 1 • APS4 x 7 • APS5 x 8 • APS6 x 2 • EXEC L1 x 2 • EXEC L2 x 28 • SES L1 x 11 • SES L2 x 2 • Secondees x 3 • CEO x 1

b) –f) No changes since Additional Estimates 2011-12 (February 2012).

Federal Court of Australia

a)

Department/Agency	Classification of card holders
Federal Court of Australia	<ul style="list-style-type: none"> • SES Band 1 x 2 • EL2 x 7 • EL1 x 10 • APS6 x 9 • APS5 x 7 • APS4 x 7 • APS3 x 2

b)–f) No changes since Additional Estimates 2011-12 (February 2012).

Australian Customs and Border Protection Service

a)

Department/Agency	Classification of card holders
Australian Customs and Border Protection Service	<ul style="list-style-type: none">• Chief Executive Officer x 1• SES Band 3 x 2• SES Band 2 x 10• SES Band 1 x 38• Customs Level 5 (EL2) x 157• Customs Level 4 (EL1) x 239• Customs Level 3 (APS 6) x 318• Customs Level 2 (APS 5) x 300• Customs Level 1 (APS 4) x 93

b) If it is identified that there is a suspect corporate credit card transaction, 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 the National Director People and Corporate Services and the line manager to consider if Administrative Action should take place; that is, removal of the credit card and discipline under the Code of Conduct.

c) Credit card holders are required to acquit their credit card within five days of the end of the billing period. A second official is required to authorise the entry of the transaction into the Financial Management Information System (FMIS). Internal Audit also performs bi-annual substantive testing of all credit card transactions which includes using Computer Assisted Audit Techniques to identify any transactions which do not meet the specified criterion. Follow up action is taken when necessary.

Internal Audit and I&PS conduct reviews of credit card usage and misuse issues within the credit card system.

d) See response for (b).

e) Since July 2010 through to 30 Apr 2012, there was one instance of credit card misuse that has been detected and referred to the I&PS area for investigation.

The misuse detected was:

- In April 2011 an allegation of misuse involving an official credit card to purchase personal items was referred to I&PS. This instance of non-compliance involves a Customs Level 2 Officer. This matter is currently with the Commonwealth Director of Public Prosecutions.
- f) 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. Any transactions identified that are outside of the normal expenditure pattern are reviewed and additional information is sought from credit card holders as required;
- Customs and Border Protection 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, 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 Customs and Border Protection 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 FMIS;
- Managers review credit card expenditure within their respective business areas on an ongoing basis, with any misuses being reported to the Executive and I&PS;
- 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
- Internal Audit and I&PS conduct regular non-compliance activities related to credit card usage and fraud and security awareness information sessions that raise awareness of issues including credit card fraud.