

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment portfolio

Question No: 149

Hearing: Supplementary Budget Estimates

Outcome: Corporate

Programme: Corporate Strategies Division

Topic: Portfolio Wide – Credit Cards

Hansard Page: N/A

Question Date: 27 November 2013

Question Type: Written

Senator Ludwig asked:

Please update details of the following?

- 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:

Department of the Environment (the Department)

- a) Costs are recovered, and all incidents are investigated, recorded in a corporate register and reported in the annual Certificate of Compliance report. Any non-compliance is reported to the Secretary and Executive Board via the Departmental Audit Committee and divisional management. Any individuals involved are counselled on the appropriate use of corporate credit cards and credit vouchers. Depending on the nature of the incident, corporate card services may be withdrawn and the matter may be referred to the internal section responsible for professional standards.
- b) Corporate credit card monthly statements are managed and monitored through the Department's Expense Management System. Once the statement is reconciled, the reconciliation, with receipts, is workflowed to an independent officer for certification. The cardholder's supervisor is also required to monitor usage of the card by their staff and report all instances where corporate card use has not been consistent with policy requirements.
- c) If an incidence of corporate card misuse is identified it is referred to the appropriate manager for investigation and action as per policy and procedures. The manager is responsible for ensuring all adopted recommendations are enacted; refer to response to question (a).
- d) Yes; six instances of misuse have been identified since Budget Estimates, May 2013.
 - An EL2 officer accidentally used their card for a personal purchase (\$577.09).

- Two EL1 officers accidentally used their card for a personal purchase (\$56.34 and \$25.98).
- An EL1 officer incorrectly used their card for the acquisition of goods (\$890.72 and \$211.14).
- An APS5 officer incorrectly used their card for the acquisition of goods (\$19.90).

All amounts owing to the department have been repaid.

e) Detailed policy and procedures are in place to promote best practice in the use of corporate credit cards. This includes:

- a Chief Executive Instruction on corporate credit cards;
- the department's Financial Delegations Instrument;
- a chapter in the departments Finance Practice Manual;
- the Corporate Card Administrator's internal procedures manual; and
- regular (approximately monthly) corporate card bulletins that are distributed to cardholders. The bulletin addresses hot issues and provides reminders/pointers on best practice.

Before a corporate credit card is provided to an officer they must:

- have approval to hold a corporate credit card;
- complete and pass the Financial Delegations tutorial and quiz; and
- sign a user agreement form.

In addition, individual corporate credit cards are tailored to business requirements with strict transaction and monthly limits, as well as use of merchant codes for cards issued specifically for targeted purchases such as taxi and parking.

Director National Parks (DNP)

- a) If misuse occurs, costs would be recovered and staff reminded of policy or if necessary, a fraud investigation would be conducted.
- b) Corporate card use is monitored by monthly reconciliations conducted by the corporate cardholder. Receipts of all payments are to be attached to the statement and approved by the relevant delegate.
- c) If misuse of the corporate card is identified, the issue would be directed to the appropriate area to manage as the policy and processes determine. Refer to response to question (a).
- d) Yes; two instances of misuse have been identified since Budget Estimates, May 2013.
 - An SES1 officer accidentally used their card for personal use (\$71.11).
 - An EL2 officer accidentally used their card for personal use (\$454.61).

All amounts owing to DNP have been repaid.

e) Each cardholder must complete an e-learning tutorial and quiz. The cardholder is required to sign a mandatory cardholder agreement accepting the boundaries set by the Corporate Card Policy. Each cardholder is assigned a delegation which is approved by the relevant financial delegate and is required to comply with the DNP Procurement Policy.

Bureau of Meteorology (the Bureau)

- a) To date, no misuse has been detected. In the event misuse was detected, all funds would be required to be returned to the Bureau and relevant action under the Bureau's CEIs and the *Financial Management and Accountability Act 1997* and Regulations would be undertaken.
- b) Supervisors review all credit card purchases and reconciled monthly statements.
- c) If misuse was suspected or discovered it would be reported to the Fraud Liaison Officer and credit card administrator for investigation and appropriate action.
- d) No instances of misuse have been discovered, since Budget Estimates, May 2013.
- e) Officers are required to sign a declaration on application for a corporate credit card that they acknowledge and understand the conditions upon which a corporate credit card will be issued. Checks are undertaken to ensure that all documentation and reconciliations are processed correctly.

Clean Energy Regulator (the Regulator)

- a) Misuse is handled on a case by case basis in accordance with the Australian Public Service Code of Conduct.
- b) Use of credit cards is monitored through monthly reconciliations completed by the card holder which are then approved by the cardholder's manager. Credit card holders are required to obtain approvals to all spending proposals prior to undertaking any purchases, and credit cards are periodically reviewed to ensure they are still required and the limits are appropriate
- c) Refer to response to question (a).
- d) No instances of misuse have been discovered since Budget Estimates, May 2013.
- e) The Chief Executive Officer has issued instructions on the use of corporate credit cards. In addition, all staff issued with a corporate credit card sign an 'Acknowledgement Form' which outlines their responsibilities with regards to their credit card use. Cardholders are required to reconcile their expenditure monthly and have their reconciliation approved by their manager.

Climate Change Authority (the Authority)

- a) The circumstances are investigated; in cases of error the officer is reminded of their responsibility and the error corrected. In cases of deliberate misuse, the steps outlined in the Authority's Fraud Control Plan would be followed.
- b) All corporate credit cards are reconciled to statements with original receipts and approved by the Director Corporate Services. All reconciliations are provided to General Manager Corporate Services for review and approval.
- c) The circumstances are investigated; in cases of error the officer is reminded of their responsibility and the error corrected. In cases of deliberate misuse, the steps outlined in the Authority's Fraud Control Plan would be followed.
- d) No instances of misuse have been discovered since Budget Estimates, May 2013.

- e) Officers are required to sign a declaration on receipt of a corporate credit card that they acknowledge and understand the conditions for use. Credit cards issued to non-SES officers are held securely when not in use. Monthly reconciliations are undertaken.

Great Barrier Reef Marine Park Authority (the Authority)

- a) Instances of misuse are subject to review in accordance with the Authority's Fraud Control Guidelines.
- b) Credit Card usage is subject to monthly reconciliation and review by the officer's supervisor. Use is also monitored as part of the internal audit program.
- c) Misuse is investigated in accordance with the Authority's Fraud Control Guidelines.
- d) No instances of misuse have been discovered since Budget Estimates, May 2013.
- e) When staff are issued with a corporate credit card they must sign an agreement to abide by the terms of use. Credit card usage is subject to monthly reconciliation and supervisor oversight. Credit card use is included in the internal audit program.

Murray-Darling Basin Authority (the Authority)

- a) In the event of misuse of a corporate credit card, the usage would be investigated and a report would be prepared in accordance with the Authority's policies. Appropriate action would be undertaken, in line with the outcome of the investigation. This may include a range of criminal, civil, administrative and disciplinary remedies (including under the *Financial Management and Accountability Act 1997*, the *Public Service Act 1999*, the *Criminal Code Act 1995* and the *Crimes Act 1914*).
- b) Corporate credit card use is monitored by a range of means including:
 - cardholders, who are required to reconcile their cards on a monthly basis;
 - supervisors, who are required to endorse and sign the reconciled statements;
 - a periodic transaction review by the Finance & Administration Section;
 - a monthly report to Executive;
 - the quarterly (and annual) reporting in relation to the Certificate of Compliance survey, which captures any breaches of the MDBA's credit card usage policy; and
 - Internal Audit review and testing.
- c) Refer to response to question (a).
- d) Yes; three instances of misuse have been identified since Budget Estimates, May 2013.
 - Two EL2 officers accidentally used their card for a personal purchase (\$20.20 and \$11.83).
 - An EL1 officer accidentally used their card for a personal purchase (\$615).All amounts owing to the Authority have been repaid.

- e) The Authority has developed and implemented a number of internal processes and controls to mitigate the risk of misuse of Corporate Credit Cards including:
- induction of staff and ongoing awareness training in relation to APS Values, Code of Conduct, ethics and fraud;
 - clear policy, practical guidance and forms on credit card use;
 - a Certificate of Compliance reporting process;
 - maintenance of a Fraud Control Plan;
 - pre-commitments by all cardholders who, prior to receiving a corporate credit card, are required to sign an agreement confirming that they will abide by the Authority's policies and procedures in relation to credit card use;
 - the existence of a Whistleblower Policy; and
 - effective segregation of duties and system access controls in relation to expenditure approvals.

National Water Commission (the Commission)

- a) The misuse of the corporate credit card is initially reviewed by the Fraud Control Officer to determine the reason for the breach and what further action, if any, should be taken. All action is undertaken in accordance with the Commission's Fraud Control Plan, Commonwealth Fraud Control Guidelines and the AFP Case Categorisation and Prioritisation Model.
- b) Corporate credit use is monitored by the cardholder's manager who is required to approve expenditure on the monthly credit card statement. The Commission's Chief Finance Officer has a general oversight role on credit card use.
- c) Refer to response to question (a).
- d) No instances of misuse have been discovered since Budget Estimates, May 2013.
- e) Staff are required to sign a declaration on their application for a corporate credit card that they acknowledge and understand the conditions upon which a credit card will be issued. Staff are required to acquit, on a monthly basis, all their credit card transactions and provide receipts for expenditure. This acquittal is authorised by a financial delegate. Staff are also required to undertake training on the use of corporate credit cards as part of annual fraud and risk training.

Sydney Harbour Federation Trust (the Trust)

- a) The Trust has a Fraud Plan in place as well as detailed Finance Instructions issued by the Trust (Board). The Fraud Plan and Financial Instructions require the Trust to undertake an internal investigation. An official who becomes aware of an apparent misuse of the corporate credit card must report the matter immediately to the Deputy Executive Director or Executive Director or if circumstances require the Audit Committee or the Chair of the Trust. Where there is a possibility that the misuse is fraud then the relevant authorities would be notified and would investigate the possibility of criminal action against the officer. The officer will also be disciplined under a breach of the Trust policies and Code of Conduct, which may lead to a formal warning or dismissal.

- b) Each officer is required to provide appropriately signed invoices/receipts for each purchase showing on their credit card statement. Appropriately delegated officers are required to acknowledge that the goods and services have been received and that the spending of public money is approved. The credit card reconciliation is reviewed by the cardholder's supervisor or the Finance area for the Executive Director. The Deputy Executive Director ensures that arrangements are in place for individual monthly statement reconciliations and ensures the credit card settlement account is reconciled. They also monitor high value transactions and reviews patterns of credit card usage annually with the view of cancelling cards with low usage or not being used.
- c) Refer to response to question (a).
- d) No instances of misuse have been discovered since Budget Estimates, May 2013.
- e) In addition to the monitoring highlighted in question (b), the Trust also requires all credit cardholders to sign a cardholder agreement and ensures that they are aware of the conditions set out in the cardholder agreement and the Finance Instructions. Each card also has a maximum transaction limit as well as a card limit, which is reviewed regularly. The Trust also undertakes general fraud awareness training for all Trust staff. The aim of the training is to highlight the responsibility of all staff in detecting and reporting instances of possible frauds, as well as providing the appropriate reporting lines for fraud. Delegate training is also provided to assist delegates in meeting their requirements under the Trust's financial framework and delegation instrument.