

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation, Climate Change, Science, Research and Tertiary Education Portfolio
Budget Estimates Hearing 2013-14
3 and 4 June 2013

DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION, CLIMATE CHANGE, SCIENCE, RESEARCH AND TERTIARY EDUCATION

TOPIC: Credit Cards

REFERENCE: Written Question – Senator Bushby

QUESTION No.: BI-144

1. Provide a breakdown for each employment classification that has a corporate credit card.
2. 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 INDUSTRY, INNOVATION, CLIMATE CHANGE, SCIENCE, RESEARCH AND TERTIARY EDUCATION

1. The Department had 2,480 corporate credit cards as at 31 May 2013. The breakdown of staff with credit cards by classification is as follows: Senior Executive Service (including the Departmental Secretary) - 102; Executive Level – 1,230; and Australian Public Service Officers – 1,148.
2.
 - a), b), c) and e) – please refer to AI-250.
 - d) Please refer to SI-184 and AI-146 for information on credit card misuse from 1 July 2012 to 31 January 2013. Instances of credit card misuse for the period 1 February 2013 to 31 May 2013 will not be available until end July 2013.

AUSTRALIAN INSTITUTE OF ABORIGINAL AND TORRES STRAIT ISLANDER STUDIES (AIATSIS)

1. AIATSIS had 21 corporate credit cards as at 31 May 2013. The breakdown of staff with credit cards by classification is as follows: Senior Executive Service - 3; Executive Level 2 - 7; Executive Level 1 - 7; and Australian Public Service Officers - 4.
2.
 - a) A breach is recorded in our Breaches register, which is reported to Management and our Audit and Risk Committee.

- b) Usage is monitored monthly by managers, delegates and the Finance and Budgets Manager in the form of monthly acquittals and reviews.
- c) A breach is recorded in our Breaches register. The credit card user is informed of the breach, which is then reported to Management and our Audit and Risk Committee. If further incidents occur the credit card may be cancelled.
- d) Please refer to SI-184 and AI-146 for information on credit card misuse from 1 July 2012 to 31 January 2013. For the period 1 February 2013 to 31 May 2013 there has been one instance of accidental credit card misuse. An acting EL1 inadvertently used their corporate credit card to make a personal purchase. The staff member repaid the expenditure and the incident was recorded on the Breaches Register.
- e) Credit card holders provide receipts and invoices for monthly acquittals which are signed off by their delegate. Credit card statements are also reviewed further by the Finance team for delegate, procurement and coding accuracy.

AUSTRALIAN INSTITUTE OF MARINE SCIENCE (AIMS)

- 1. AIMS had 112 credit cards as at 31 May 2013. The breakdown of staff with credit cards by classification is as follows: Chief Executive Officer (CEO) - 1; General Manager - 1; AIMS Officer Level (AOL) 7-8 - 23; AOL 5-6 - 43; and AOL 3-4 - 44.
- 2.
 - a), b), c) and e) – please refer to AI-250.
 - d) Please refer to SI-184 and AI-146 for information on credit card misuse from 1 July 2012 to 31 January 2013. For the period 1 February 2013 to 31 May 2013 there has been one instance of accidental misuse of corporate credit card for personal expenditure by a Level 7 AIMS staff member. The inadvertent use was reported, the amount immediately reimbursed and no further action was taken.

AUSTRALIAN NUCLEAR SCIENCE AND TECHNOLOGY ORGANISATION (ANSTO)

- 1. ANSTO had 225 corporate credit cards as at 31 May 2013. The breakdown of staff with credit cards by classification is as follows: CEO - 1; ANSTO Executive Team - 13; and general ANSTO staff - 211.
- 2.
 - a), b), c) and e) – please refer to AI-250.
 - d) Please refer to SI-184 and AI-146 for information on credit card misuse from 1 July 2012 to 31 January 2013. There have been no instances of credit card misuse for the period 1 February 2013 to 31 May 2013.

AUSTRALIAN RESEARCH COUNCIL (ARC)

1. ARC had 44 credit cards as at 31 May 2013. The breakdown of staff with credit cards by classification is as follows: CEO - 1; Senior Executive Service - 6; Executive Level - 17; and Australian Public Service - 20.
2.
 - a), b), c) and e) – Please refer to AI-250.
 - d) Please refer to SI-184 and AI-146 for information on credit card misuse from 1 July 2012 to 31 January 2013. There have been no instances of credit card misuse for the period 1 February 2013 to 31 May 2013.

AUSTRALIAN SKILLS QUALITY AUTHORITY (ASQA)

1. ASQA had 127 credit cards as at 31 May 2013. The breakdown of staff with credit cards by classification is as follows: Commissioners - 3; Senior Executive Service - 2; Executive Level - 55; and Australian Public Service - 67. The increase from previous reported periods has been due to the implementation of Phase 2 WOG travel requirements.
2.
 - a), b), c) and e) – Please refer to AI-250.

Please refer to SI-184 and AI-146 for information on credit card misuse from 1 July 2012 to 31 January 2013. For the period 1 February 2013 to 31 May 2013 there have been five instances where unauthorised expenditure was placed on a corporate credit card.

Please refer to the table below for a breakdown of the staff classification, and nature of misuse.

Classification	Nature of Misuse	Action taken
Commissioner	One instance of unauthorised expenditure	Relevant officer has been notified. Amount has been recovered.
EL 2	One instance of unauthorised expenditure	Relevant officer has been notified. Amount has been recovered.
EL 1	Two instances of unauthorised expenditure	Relevant officer has been notified. Recovery process is underway.
APS 4–6	One instance of unauthorised expenditure	Relevant officer has been notified. Recovery process is underway.

COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION (CSIRO)

1. CSIRO had 5,014 credit cards as at 31 May 2013. The breakdown of staff with credit cards by classification is as follows:

Classification	Number of Cards
Contractor	8
CSOF1	1
CSOF2	85
CSOF3	702
CSOF4	1145
CSOF5	979
CSOF6	956
CSOF7	617
CSOF8	425
CSOF9	37
Hon. Fellow	15
Hon. Officer	2
Joint Venture	4
Misc. Staff	8
Post Retire. Fellow	7
Stud Phd	5
Stud Post Grad	6
Visiting Scientist	12
Grand Total	5014

2.

- a) The action to be taken if a CSIRO credit card is misused is outlined in Credit Card policy and procedure and the Code of Conduct policy. All cases that involve a possible misuse of a credit card will be investigated. The actions could include the recovery of expenditure, and a range of actions including counselling or reprimand of the staff member, the cancellation of the card through to the termination of employment. Allegations of suspicions of fraudulent activities must also be reported to the Agency Security Advisor/Fraud Control Officer. Misuse of a credit card may constitute an offence under Section 28B of the *Commonwealth Authorities and Companies Act 2007* that carries a penalty of up to seven years imprisonment.
- b) All credit card expenditure needs to be monitored and approved by the cardholder's supervisor. In addition project leaders regularly review expenses coded to projects to ensure that transactions are legitimate and monthly reports are available to management to assist in monitoring credit card use. CAC officers are required to provide assurance on credit card use within their area of responsibility. Finance officers conduct periodic audits on a sample of credit card expenses as part of an internal compliance program.
- c) The Agency Security Advisor/Fraud Control Officer performs a preliminary assessment of the alleged case of fraud to obtain sufficient facts to determine whether there is reasonable cause to believe an offence has been committed, or attempted to be committed. If sufficient facts exist, the matter is referred to the Australian Federal Police (AFP) for advice as to how they would prefer CSIRO to proceed. If the AFP chose not to investigate, the matter will proceed in accordance with CSIRO's credit card policy and procedure.
- d) Please refer to SI-184 and AI-146 for information on credit card misuse from 1 July 2012 to 31 January 2013. For the period 1 February 2013 to 31 May 2013, CSIRO operating units reported 78 instances of transactions relating to the personal, non-CSIRO use of a CSIRO-

issued credit card by the cardholder. Reimbursements have been received for 77 transactions, one reimbursement is pending.

Classification	Misuse
CSOF3	9
CSOF4	15
CSOF5	18
CSOF6	13
CSOF7	14
CSOF8	7
CSOF9	1
Hon. Officer	1
Grand Total	78

- e) The CSIRO's Executive Team, Chiefs of Divisions, Portfolio Leaders, Flagship Directors and General Managers have responsibilities under the CAC Act and related Regulations and Orders, to provide assurance that the CSIRO is complying with the CAC Act. This is achieved through a tri-annual compliance return which requires the reporting of all instances of credit card misuse, as defined under Section 28B of the CAC Act. Through this activity, a greater awareness and understanding of what is acceptable expenditure and what constitutes misuse is disseminated from senior management throughout the organisation.

The CSIRO's credit card policy and procedure articulate to all credit card users their obligations as a card holder, and what constitutes misuse. Acceptable credit card use is further highlighted through a cardholder agreement, signed by each prospective card holder when requesting a card.

In addition, in 2012-13, the CSIRO introduced a monthly compliance process whereby monthly reviews of credit card expenditure by a sample of staff are performed and any errors or instances of misuse brought to the attention of management and staff. The review reinforces what is acceptable expenditure and further educates staff on what constitutes misuse.

IP AUSTRALIA

1. IP Australia had 543 credit cards as at 31 May 2013. The breakdown of staff with credit cards by classification is as follows: Senior Executive Service - 8; Executive Level - 199; and APS Level - 336.
2.
 - a) All corporate credit card Financial Management and Accountability (FMA) Act 1997 non compliances are recorded on a non-compliance register and the number of non-compliances are reported on the certificate of compliance.
 - b) The Corporate Credit Card Administrator reviews the corporate credit card statements each month. There is also a biannual corporate credit card review.
 - c) If corporate credit card misuse is discovered the Corporate Credit Card Administrator records the misuse on the non-compliance register, the corporate credit card holder and their

supervisor are notified of the non-compliance and the corporate credit card holder may be required to pay back the money.

- d) Please refer to SI-184 and AI-146 for information on credit card misuse from 1 July 2012 to 31 January 2013. For the period 1 February 2013 to 31 May 2013 there were two instances of corporate credit card misuse which relate to the accidental use of the corporate credit card for personal expenditure. Officials are reminded of their obligations when using the Commonwealth credit card and debt recovery action is taken. The break down by staff classification is: EL1 and APS Officer 1.
- e) In order to prevent credit card misuse there is ongoing training including an E-learning corporate credit card module that must be successfully completed before staff are issued with a corporate credit card, in addition to corporate credit card procedures and face to face training.

TERTIARY EDUCATION QUALITY AND STANDARDS AGENCY (TEQSA)

1. TEQSA had 63 corporate credit cards as at 31 May 2013. The breakdown of staff with corporate credit cards by classification is as follows: Public Office Holder – 5; Senior Executive Service - 4; Executive Level - 35; and APS Level – 19.
2.
 - a) TEQSA has Credit Card Rules that sets out the rules and procedures relating to the issue and use of corporate credit cards. The actions undertaken if the corporate credit card is misused are:
 - staff are required to reimburse TEQSA for the amount used on the card;
 - staff are reminded of their corporate credit card responsibilities; and
 - depending on the severity of the misuse, the corporate credit card will be taken away from the staff member and dealt with in accordance with the APS Code of Conduct.
 - b) TEQSA regularly monitors the usage and credit card limits issued to staff by ensuring the credit card register is updated, appropriate Corporate Card Responsibilities forms are completed and monthly acquittal of credit card transactions are undertaken by the cardholders.
 - c) Please refer to the response to question 2 (a).
 - d) Please refer to SI-184 and AI-146 for information on credit card misuse from 1 July 2012 to 31 January 2013. For the period 1 February 2013 to 31 May 2013 there have been two instances of corporate credit card misuse by an EL2 officer and an APS6 officer which relate to accidental usage for personal purchases . The amounts were refunded by the officers and the officers were reminded of their responsibilities as corporate credit card holders along with responsibilities as APS employees.
 - e) In addition to the response in 2(a), TEQSA staff are reminded of their credit card responsibilities (including through agency training and making the policy readily available) and TEQSA has a clear set of rules and procedures relating to the issue and use of the Corporate Credit Cards. TEQSA manages the issue and use of credit cards centrally and undertakes checks of transactions to ensure compliance.

CLEAN ENERGY REGULATOR (CER)

1. CER had 111 credit cards as at 31 May 2013. The classifications are as follows.

Classification	Number of staff
APS4	14
APS5	13
APS6	20
EL1	20
EL2	26
SES1	14
SES2	3
CEO	1
Total	111

2.

- a), b), c) and e) –Please refer to Question No. 138 provided to the Environment and Communications Legislation Committee from the 2012-13 Additional Estimates.
- d) Please refer to Question No. 138 provided to the Environment and Communications Legislation Committee from the 2012-13 Additional Estimates for the period 1 July 2012 to 28 February 2013. For the period 1 March 2013 to 31 May 2013 there were four instances of misuse by three EL1 officers and one EL2 officer which relate to the accidental use of the corporate credit card for personal expenditure. Officials are reminded of their obligations when using the Commonwealth credit card and debt recovery action is taken.

CLIMATE CHANGE AUTHORITY (CCA)

1. CCA had 19 credit cards as at 31 May 2013. The breakdown of staff with credit cards by classification is as follows: CEO - 1; Senior Executive Service - 3; Executive Level - 4; and Australian Public Service Officers – 11⁷

2.

- a), b), c) and e) –Please refer to Question No. 138 provided to the Environment and Communications Legislation Committee from the 2012-13 Additional Estimates.
- d) As at 31 May 2013 there has been no misuse of credit cards.