

Senate Community Affairs Legislation Committee

SUPPLEMENTARY ESTIMATES - 18 OCTOBER 2012 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: Credit Cards

Question reference number: HS 116

Senator: Boyce

Type of question: Written

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Question:

- a) Provide a breakdown for each employment classification that has a corporate credit card.
- b) Please update if there have been any changes since Budget Estimates 2012-13 (May 2012):
 - 1) What action is taken if the corporate credit card is misused?
 - 2) How is corporate credit card use monitored?
 - 3) What happens if misuse of a corporate credit card is discovered?
 - 4) Have any instances of corporate credit card misuse have been discovered? List staff classification and what the misuse was, and the action taken.
 - 5) What action is taken to prevent corporate credit card misuse?
- c) For 2011-12, how many instances of corporate credit card misuse were there? List staff classification and what the misuse was, and the action taken.

Answer:

- a) Corporate Credit Card Holders

Classification	Cardholders	Net Change since May 2012
APS 1 - 6	1,128	-125
EL1	186	-6
EL2	233	-36
SES Band 1	127	-6
SES Band 2	34	+1
SES Band 3	7	-2
Secretary	1	0
Total	1,716	-174

- b) There have been changes in the number of corporate credit cards. These are shown in the table at (a).
- 1) If a corporate credit card is misused, the matter is reviewed by the financial governance team and a breach recorded. If the misuse is the result of ignorance or human error, the card holder is counselled and the SES official he/she reports to is advised. Depending on the circumstances, the card may be removed or the limit decreased. If the misuse is an intentional act, the matter is referred to People Services for formal investigation and potential code of conduct action.
 - 2) Corporate credit card use is monitored by the following means:
 - i. Shared Services reviews each transaction for compliance with the Department of Human Services financial framework.
 - ii. The line manager of each card holder reviews each transaction of the respective card holder. A copy of the relevant tax invoice is available to the line manager at this review point. This process is part of the work flow in the financial management system.
 - iii. The financial governance team reviews samples of credit card transactions as part of the compliance quality assurance program.
 - 3) Refer to (1) above.
 - 4) There have been 31 instances of misuse of a corporate credit card reported in the current financial year (2012-13). The levels of the card holder for these transactions are as follows:

APS Level	Instances of misuse
EL2	1
EL1	1
APS 4	29

In 29 of the 31 instances, the corporate credit card was used by one individual (APS 4) for personal expenditure. An internal investigation was undertaken and the matter is expected to be referred to the Commonwealth Director of Public Prosecutions.

In one of the two remaining instances, the corporate credit card was used for personal expenditure by an individual. In the other instance, personal items were purchased on an internet site previously used for a corporate purchase, but the staff member forgot to change the account details. Arrangements were made to recover the amount of the payments for these two instances, and the individuals, line managers and SES were notified of the breach.

- 5) To prevent the misuse of corporate credit cards, DHS:
 - i. requires an SES official to approve the issue of a corporate credit card to a particular official;
 - ii. will not give a corporate credit card to an official unless training has been undertaken;
 - iii. undertakes an annual review of corporate credit cards to ensure that a continuing business need exists for each card; and
 - iv. monitors all corporate credit card transactions and issues a breach if any issues are identified.
- c) There were 23 instances of misuse of a corporate credit card reported for the 2011-12 financial year. The levels of the card holder for these transactions were as follows:

APS Level	Instances of misuse
SES Band 1	3
EL2	2
EL1	2
APS 6	2
APS 5	4
APS 4	10

In ten of the 23 instances, the corporate credit card was used by one individual (APS 4) for personal expenditure. An internal investigation was undertaken and the matter is expected to be referred to the Commonwealth Director of Public Prosecutions.

Of the remaining 13 instances, eight were accidental private expenditure and five were personal use of the corporate credit card. Arrangements were made to recover the amount of the 13 instances above and the individuals, line managers and SES were notified of the breach.