

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

Corporate

Question No. 174

Senator Ludwig asked the following question at the hearing on 24 February 2014:

- 1) Provide a breakdown for each employment classification that has a corporate credit card.
- 2) Please update details of the following?
 - i. What action is taken if the corporate credit card is misused?
 - ii. How is corporate credit card use monitored?
 - iii. What happens if misuse of a corporate credit card is discovered?
 - iv. Have any instances of corporate credit card misuse have been discovered since Supplementary Budget Estimates in November 2013? List staff classification and what the misuse was, and the action taken.
 - v. What action is taken to prevent corporate credit card misuse?

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

1. 706 employees currently hold a credit card. All employees can apply for a credit card which will be approved if there is a compelling business requirement.
- 2 (i) The Department's response to this question defines misuse as obtaining financial gain by deception. Where a corporate credit card is misused the matter is investigated and appropriate action is taken, including possible prosecution or other administrative or civil sanctions. In addition, action is taken to recover funds and the fraud is reported as a breach to the Australian Institute of Criminology.
- (ii) All purchases must be approved by an authorised officer who is senior to the credit card holder. The Department also conducts regular sample testing of credit card transactions to identify personal use. Credit card transactions are posted daily in the Financial Management Information System and the "merchant code" advises the type of purchase. New merchant codes are investigated.
- (iii) Refer to the Department's response to part 2 (i) above.
- (iv) No credit card misuse have been discovered since Supplementary Budget Estimates in November 2013
- (v) The Department has established a number of internal controls to prevent credit card misuse. Each credit card holder is required to sign a corporate credit card agreement acknowledging their obligation to use the card for proper purposes. Further instructions are provided in the Chief Executive Instructions and incorporated into training available to all Departmental officers. All credit cards are issued with a monthly credit card limit commensurate with staff responsibilities. Every month all transactions are acquitted by the credit card holder and approved by an authorised officer who is not the credit card holder. On an annual basis credit card holders are required to certify their compliance with the Financial Management Act 1997 as part of the Department's certificate of compliance processes. The Department also conducts regular sample testing of credit card transactions to identify personal use. Staff are encouraged to report all instances of suspected fraud to their supervisor, the Department's Governance Section, or anonymously via the Department's Report a suspected fraud web form.