

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**BUDGET ESTIMATES (ADDITIONAL HEARINGS) 2013-2014**

Prime Minister and Cabinet Portfolio

**Department/Agency:** Office of the Commonwealth Ombudsman

**Outcome/Program:**

Outcome 1. Fair and accountable administrative action by Australian Government agencies by investigating complaints, reviewing administrative action and inspecting statutory compliance by law enforcement agencies.

**Topic:** Credit Cards

**Senator:** Senator Ludwig

**Question reference number:** 190

**Type of question:** Written

**Date set by the committee for the return of answer:** 11 April 2014

**Number of pages:** 3

**Question:**

(1) Provide a breakdown for each employment classification that has a corporate credit card.

Please update details of the following:

(2) What action is taken if the corporate credit card is misused?

(3) How is corporate credit card use monitored?

(4) What happens if misuse of a corporate credit card is discovered?

(5) 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.

(6) What action is taken to prevent corporate credit card misuse?

**Answer:**

(1) Forty staff members within the Office have a corporate credit card. Eligibility is based on a business need:

<b>Employment Classification</b>	<b>Number of Cards</b>
Ombudsman	1
Deputy Ombudsman	1
SES	5
EL 2	7
EL 1	10
APS 6	3
APS 5	6
APS 4	5
APS 3	2
<b>Total</b>	<b>40</b>

- (2) The Office will investigate all cases of suspected misuse. Relevant actions may include:
- education and awareness training for individual;
  - cancellation of card where necessary;
  - referring offenders to appropriate agencies where necessary,
  - seeking civil, administrative or disciplinary penalties where appropriate, and
  - recovering the proceeds of any fraudulent activity.
- (3) Office card use is monitored in a number of ways:
- all credit card holders are required to reconcile their credit card statement monthly, which includes providing invoices or receipts supporting the transaction and seeking approval from their supervisor,
  - the Finance Section within the Office reviews all credit card statement acquittals and provides assurance over transaction anomalies, and
  - the Office undertakes an annual review of credit card use to ensure a credit card is needed by the official and that the transaction limits are appropriate.
- (4) Once misuse of a corporate credit card is suspected the Office's Chief Financial Officer (CFO) is notified. Where appropriate, the cardholder is also notified and the credit card is cancelled. If there is suspected fraud, the Office will conduct an investigation, and consider the kinds of actions referred to above at Question 2 in the case of misuse or abuse.
- (5) From the beginning of the 2013-14 financial year to 28 February 2014, two (2) instances of misuse of Office corporate credit cards by staff was identified. Details are provided as follows:

<b>Staff Classification</b>	<b>Misuse</b>	<b>Action</b>
EL 1	No Regulation 9 sought prior to using card for excess baggage from Qantas Airways for an Indonesian delegation travelling from Melbourne to Sydney. The amount was \$80.00.	Official reminded of the <i>Financial Management and Accountability Act 1997 (FMA)</i> framework and requirements.
APS 6	No Regulation 9 sought prior to using card for the purchase of passport photos from Australia Post. There was a misunderstanding of the scope of approval (just for passport itself). The amount was \$16.95.	Official reminded of the FMA framework and requirements

(6) Actions to prevent misuse of corporate cards include:

- the Office's Chief Executive's Instructions provide specific guidance to staff on credit card issue and usage,
- credit cards are only issued to staff based on an identified need which must be agreed by the CFO prior to issue,
- all credit card holders are required to sign on obtaining a card and annually thereafter a form detailing the conditions of use for the credit card,
- all credit card holders are required to reconcile their credit card statement monthly, which includes providing invoices or receipts supporting the transaction and having the statement signed by their supervisor,
- the Finance Section reviews all credit card statements to ensure they are completed and that the amount on the statement and amount paid to the bank agree,
- the Office undertakes an annual review of credit card use to ensure a credit card is needed by the official and that the transaction and monthly limits are appropriate,
- credit cards are cancelled promptly when an officer leaves the Office,
- cash is not able to be withdrawn from our Office credit cards,
- certain vendors are barred from use by the credit card provider, and
- APS Values training is provided to all staff.