



2007

PARLIAMENT OF TASMANIA

**AUDITOR-GENERAL  
SPECIAL REPORT No. 67**

**Corporate credit cards**

**June 2007**

*Presented to both Houses of Parliament in accordance with the provisions  
of Section 57 of the Financial Management and Audit Act 1990*

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14 June 2007

President  
Legislative Council  
HOBART

Speaker  
House of Assembly  
HOBART

Dear Mr President  
Dear Mr Speaker

**SPECIAL REPORT NO. 67**

**Corporate credit cards**

This report has been prepared consequent to examinations conducted under section 44 of the *Financial Management and Audit Act 1990*, for submission to Parliament under the provisions of section 57 of the Act.

The compliance audit examines the use and management of corporate credit cards across a range of public sector entities.

Yours sincerely

A handwritten signature in black ink, appearing to read 'H M Blake', with a stylized flourish at the end.

H M Blake

**AUDITOR-GENERAL**



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## Foreword

Corporate credit cards are a well established part of modern business, offering benefits to traders and their clients. Nevertheless, there are inherent risks that entities have to balance through developing and implementing suitable policies and procedures. We used Treasurer's Instructions No. 705 (*Tasmanian Government Card*) to frame this compliance audit that encompassed government departments, state-owned corporations and government business enterprises.

It is noted at the outset, that the errors we found were procedural in nature and transactions sampled were *bona fide* business dealings.

While we found that entities had credit card policies, varying error rates were identified in respect to some aspects of card use. There were examples of transactions lacking adequate documentation, card limits being exceeded, and delays in reconciling and processing transactions. Although we noted some exceptions regarding cardholders acknowledging their responsibilities we also identified an example of better practice that could be useful in other government businesses.

Changes to taxation reporting or increasingly sophisticated security measures are examples of changes in the external environment that could add to the cost of e-business including the corporate credit card. We did not find much evidence that entities regularly monitored and reviewed the costs and benefits of credit card systems.

H M Blake

Auditor-General

14 June 2007

## List of acronyms and abbreviations

Aurora	Aurora Energy Pty Ltd
DED	Department of Economic Development
DHHS	Department of Health and Human Services
DoE	Department of Education
DPAC	Department of Premier and Cabinet
DPIW	Department of Primary Industries and Water
DTAE	Department of Tourism, Arts and the Environment
FMAA	<i>Financial Management and Audit Act 1990</i>
Forestry	Forestry Tasmania
HoA	House of Assembly
Hydro	Hydro Tasmania
SES	Senior Executive Service
TAFE	TAFE Tasmania
TGC	Tasmanian Government Card
TI	Treasurer's Instructions
TI 705	Treasurer's Instructions No. 705 <i>Tasmanian Government Card</i>
Treasury	Department of Treasury and Finance



## **Executive summary**

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## Executive summary

Corporate credit cards enable major efficiencies to be achieved, particularly for low-value purchases, through the rationalisation of ordering, authorisation, reconciliation and payment procedures to creditors.

In April 2005 we tabled a report that examined compliance against Treasurer's Instructions No. 520 titled '*Tasmanian Government Card*'. In the intervening time, that Treasurer's Instruction has been reviewed and re-issued as No. 705. Although not all entities are required to comply with TIs, all are expected to issue their own detailed instructions covering specific agency policies and procedures applying to their agency's use of the TGC and these should reflect the provisions of TI 705.

This Report involved re-testing agencies covered in the 2005 report as well as a number of new agencies. The former group comprised:

- Department of Education (DoE)
- Department of Health and Human Services (DHHS)
- Department of Premier and Cabinet (DPAC)
- Department of Tourism, Arts and the Environment (DTAE – formerly Tourism, Parks Heritage and the Arts)
- Hydro Tasmania.

New agencies subject to this audit were:

- Department of Economic Development (DED)
- Department of Primary Industries and Water (DPIW)
- Parliamentary Offices – House of Assembly (HoA)
- TAFE Tasmania (TAFE)
- Aurora Energy Pty Ltd (Aurora)
- Forestry Tasmania (FT).

Our sample testing was for credit card transactions between July and September 2006. The specific areas of compliance that we tested were:

- policy frameworks
- accountability for transactions
- management review
- implementation of prior recommendations.

## *Audit opinion*

Although various errors were noted in relation to compliance with policies and guidelines, all transactions that we sampled were *bona fide* and related to legitimate business dealings.

### *Policy frameworks*

At government departments, internal procedures provided cardholders with more comprehensive guidelines on the use of the TGC when compared with TI 705. Internal credit card policies of non-departmental entities adequately addressed their responsibilities and accountabilities.

### *Accountability for transactions*

In relation to the authorisation of credit card purchases, the overall incidence of non-compliance by cardholders and managers was low.

Similarly, the level of purchases that fell outside agency guidelines or approved limits was not high.

Entities' credit card procedures provided adequate controls although some exceptions were noted with cardholders acknowledging their responsibilities. Also, delays in reconciling and processing transactions in one government agency were noted.

### *Management review*

All entities had a designated officer responsible for administering credit cards. However, there was little evidence that entities regularly monitor and review the costs and benefits of credit card systems.

### *Implementation of prior recommendations*

At each of the entities that we re-tested there was evidence that our earlier recommendations had been implemented in the form of revised policies or authorisation of transactions. Nonetheless, we noted instances of breakdowns in the application of those policies.

## *Recommendations*

In all, we made 17 recommendations that pertained to each specific area of compliance that we audited.



## Recommendations and management responses

## Recommendations and management responses

### List of recommendations

The following table reproduces the recommendations contained in the body of this report.

Rec No	Report section	Recommendation
1	2.1.1	Management should ensure that all accounting records are retained and easily retrievable.
2	2.1.2	In every circumstance tax invoices must be retained to support all credit card purchases and claims of GST input credits.
3	2.1.3	Australian Taxation Office requirements should be adhered to when claiming GST input credits.
4	2.1.4	Government departments should ensure compliance with Treasurer's Instructions in respect of missing credit card documents.
5	2.1.5	Cardholders should be provided with current and clear instructions on cost coding.
6	2.1.6	Forestry should ensure that all business units are aware of the requirement to certify credit card transactions as proof that the goods and services had been received.
7	2.1.6	Entities should ensure that all credit card purchases are certified by cardholders and correctly authorised.
8	2.1.6	Entities should ensure that controls lost as a result of changes to electronic processing are replaced by other compensating controls.
9	2.2.2.1	Entities should ensure that cardholders comply with all applicable policies and that compliance is actively monitored and enforced by management.
10	2.2.2.2	<p>Agencies should ensure that the TGC is not used for entertainment purposes by staff without formal approval from the Secretary of Treasury and approvals to incur entertainment expenses on the TGC are not delegated to other officers.</p> <p>Heads of Agencies are not exempt from the entertainment provisions of TI 705 and should obtain appropriate approval to incur entertainment expenses using the TGC.</p>

11	2.2.3	Cardholders should be reminded that splitting purchases to avoid exceeding transaction limits is prohibited.
12	2.2.4	Entities should ensure that cardholders adhere to all policy requirements.
13	2.2.4	DHHS and DPIW should implement procedures to ensure that approvals for exceeding travel limits are documented and given in advance, not retrospectively.
14	2.3.1	<p>Best Practice Finding</p> <p>At Aurora, card applicants are required to complete an online induction and test on the conditions of purchasing card use. A new card cannot be issued without an applicant successfully completing the test. We commend Aurora on this innovative approach to educating cardholders of their responsibilities and encourage other entities to consider implementing a similar system.</p> <p>Entities should consider following Aurora’s lead in educating cardholders about their responsibilities.</p>
15	2.3.2	DoE should implement procedures that ensure timely reconciliation and recording of credit card transactions.
16	3.2	Entities should review the cost-effectiveness of operating corporate credit cards on an ongoing basis.
17	3.2	Where considered cost effective, entities should take advantage of expense management applications available for monitoring credit card purchases.

## *Management responses*

### **Aurora Energy Pty Ltd**

We have reviewed the report and agree to all recommendations to the extent they relate to State Owned Corporations.

We are encouraged by the identification of a best practice approach by Aurora and intend to remedy shortcomings identified within your report. In fact, Aurora has taken the initiative over the last two months to comprehensively review our purchasing card policies and processes. As a result Aurora is currently in the process of:

- Issuing an updated policy which provides further clarity and stronger controls regarding use of, and eligibility for, purchasing cards.
- Implementing another company wide review of existing cardholders to ensure only eligible staff under the revised policy hold cards.
- Undertaking a comprehensive review of the credit limits attached to existing cards to ensure they are appropriate.
- Reengineering the existing administrative processes for card management and considering moving to an electronic administrative process, supported by appropriate paper document flows, to tighten management controls and compliance with taxation rules.
- Moving from a decentralised card management model to a centralised model, in line with improving efficiency and ensuring consistent controls over card usage.
- Introducing, in conjunction with Aurora Internal Audit, new analysis tools to monitor and review card activity.

The report also noted a number of issues in relation to Aurora, which we would like to comment on:

1. Incorrect claiming of almost \$700 of GST. Aurora will be considering whether or not these transactions represent isolated incidents, and consequently what further action may be required. We also note that a GST compliance review conducted in 2006 by the ATO found that Aurora complies with GST requirements, implying no systemic issue in relation to this tax. Additional training has also been scheduled for staff responsible for purchasing cards to ensure proper skill levels are maintained.
2. Aurora coding of prizes to three different accounts. Aurora is currently undertaking a major project designed to simplify and improve the organization's chart of accounts. This will be followed with relevant training in and monitoring of account coding. It is



anticipated that this will significantly improve any issues of inconsistent coding that may occur.

3. Non-compliance in relation to credit card purchases, such as lack of authorization and supporting documentation. Aurora considers this to be a breach of internal controls and actions to address this are included in the reengineering process referred to above.

4. Breaches of policy. Aurora will be re-issuing its purchasing card policy and ensuring that any areas of ambiguity are removed. New analytical processes will also assist in identifying such breaches at the time of occurrence.

5. Entertainment expenditure by Aurora staff is allowable in line with Aurora's Travel and Entertainment policy, which was revised and reissued in 2006. This effectively provided further clarity and also tightened the guidelines for staff. We will, however, review this policy again in light of the comments made in the report.

Aurora is confident that the actions it is taking will deal comprehensively with the recommendations of the Auditor-General. We remain committed to ensuring appropriate administrative and control procedures are in place and operating effectively.

## Department of Education

Comments on applicable recommendations are detailed below:

### **Recommendation 1**

The commentary relating to this recommendation could be interpreted as implying that the Department was not able to produce two statements that had been processed within the Department's accounting system. This is incorrect. At the time of the audit the two statements had not been processed. They were still with cardholders pending the provision of appropriate supporting documentation. The specific issue in relation to these two statements would be better described as the need for better Departmental protocols regarding the follow up of overdue statements

### **Recommendations 2, 7, 10 and 12**

In relation to these recommendations, the Department of Education has sought from each cardholder a signed acknowledgement that they have familiarised themselves with the conditions of use of corporate cards. In addition, the Department is to implement further controls to ensure compliance with the Department's policy.

### **Recommendation 5**

The Department of Education is investigating methods to assisting cardholders to apply appropriate cost coding. One strategy that will apply from the start of 2007-08 will be a simplified chart of accounts.

### **Recommendation 15**

The Department of Education acknowledges that in some instances corporate card statements were not processed in a timely manner. As referred to in relation to Recommendation 1, DoE will pursue improved protocols for following up on overdue statements or statements that are submitted with insufficient supporting data. A number of these instances were due to insufficient data being readily available to cardholders to undertake timely reconciliations. For example, some statements had travel related transactions that were not easily identified on the basis of the narration on the statement. This has been overcome through the recent provision of improved access to additional transaction reporting.

## **Department of Economic Development**

The department supports the overall intent of the recommendations in ensuring that corporate credit cards are used appropriately and in accordance with government and agency policies and procedures.

In regard to specific breaches noted in the report, the department is stringent in its application of the department's policies and procedures around the use of the corporate credit card. Officers who breach corporate credit card policies are formally reminded of the department policies.

In regard to fuel purchases, it is not always possible to use the government's BP card when purchasing fuel. There are several locations inter- and intra-state that do not have ready access to BP fuel stations. As indicated, officers breaching this policy are reminded of the requirements and any fuel purchases are closely reviewed to ensure that they were for valid business purposes.

In regard to entertainment expenditure, the department has in place stringent controls over this type of expenditure. Some accidental breaches occasionally occur due to misinterpretation of what constitutes entertainment. Cardholders are regularly reminded of circumstances in which purchases may be classified as entertainment.

It should be noted that in regard to the entertainment approval of the Secretary, initial versions of the Treasurer's Instructions were slightly ambiguous of the need for a Head of Agency to have approval to incur entertainment expenditure. This matter was immediately rectified once brought to the attention of the department.

Since completion of the audit, the department has obtained all of the missing cardholder acknowledgement forms.

It is our understanding that the requirement to have statutory declarations signed off at the Deputy Secretary level was never a formal requirement of the Treasurer's Instruction. This requirement was proposed in a recent review by the Department of Treasury and Finance but was not included in the final Instruction issued effective 1 May 2007.

## Department of Health and Human Services

The Department of Health and Human Services is pleased that there has been considerable improvement in the use and management of the TGC since the last audit, and will continue to address areas of non-compliance, as highlighted in the recommendations of the current report, through revised TGC Procedures and Guidelines, improved communication, and staff training/education.

## Department of Premier and Cabinet

In regard to Recommendation 16, the Department of Premier and Cabinet has recently reviewed its procurement methods and has determined that the corporate credit card is to be used as the primary method of purchasing certain items. Departmental procedures have been updated to reflect this approach.

## Department of Primary Industries and Water

It is acknowledged that the audit identified several deficiencies within the Department and across Government. Our internal policy governing the use of corporate credit cards is being further reviewed to ensure the recommendations are addressed. Furthermore, the recommendations have been communicated to relevant staff together with a strong reminder of the conditions of use and obligations that cardholders agree to upon issue of a card. State wide information sessions are also being planned to reinforce the policy and clarify any residual matters, particularly in the determination of what constitutes entertainment.

Management recognise the importance of proper record keeping in relation to credit card expenditure. In order to ensure this occurs, the Department recently implemented random checks of transactions on a monthly basis to ensure that:

- adequate supporting documentation is being kept;
- authorisation by the relevant manager; and
- GST treatment and GST records were correct.

These checks were implemented prior to the commencement of the audit and will continue on an ongoing basis.

## **Department of Tourism, Arts and the Environment**

The Department supports the general recommendations within the report and is putting additional resources and effort into addressing areas where exceptions have been highlighted, particularly in the area of GST compliance where the majority of exceptions highlighted have occurred. To support that, documentation that was previously held on a regional basis is now required to be submitted centrally to the Finance Branch for review and follow-up action as necessary. Tax Invoice requirements have also been specifically set out in the Department's Tasmanian Government Card Policy. The option of card cancellation will be considered where any individual breaches policy requirements.

In terms of some specific findings within the report the following comments are made:

### **2.1.6 Receipt of goods and services**

The Department will reinforce the requirement for cardholders to certify their transactions through the signing of their monthly statements. Whilst that did not occur for the exceptions highlighted, the transactions were authorised by the supervisor of the cardholder.

#### **2.2.2.1 Fuel purchases**

As noted within the report the exceptions highlighted mainly related to short-term vehicle hire. The Department purchases the vast majority of its fuel through the whole-of-government contract to obtain the benefits which primarily relate to the leased and owned vehicle fleet. Additional fuel cards will be obtained for use in relation to short-term vehicle hire although that does create an additional administrative burden through the management of a separate set of cards. Exceptions may still occur due to the 24-hour response requirements of some activities including fire suppression.

#### **2.2.2.2 Entertainment expenses**

The Department will reinforce the requirement for approved business transactions classified as entertainment not to be purchased on the Tasmanian Government Card. Of the exceptions highlighted, the largest item represented a dinner to celebrate the graduation of Indigenous Trainee Field Officers which was attended by the trainees and their guests, the trainee supervisors and mentors, the program Steering Committee and the General Manager Parks and Wildlife Service. Another transaction, as an example, related to the lunch component of a meeting for Tourism Tasmania sales and marketing staff and key industry Tasmanian sellers in Sydney to promote ongoing sales relationships and support of programs following the closure of the Tasmanian Travel Centre.

### 2.2.3 Transaction and credit card limits

The Department will reinforce the requirement for cardholders to not split transactions to avoid their individual transaction limit. It should be noted however that all cardholders also have a monthly transaction limit which mitigates the overall level of risk.

### 3.2 Monitoring

It is regarded that the use of the Tasmanian Government Card for purchasing is at least as effective as alternative methods for purchasing due to:

- the substantial number of small value transactions made using the Card;
- the regionalised nature of the Department;
- the fact that some suppliers strongly promote credit cards as their preferred payment method; and
- the benefit to suppliers (particularly Tasmanian businesses) given that they receive immediate payment.

Given this, a detailed analysis to measure the card's cost effectiveness is not considered warranted.

### Forestry Tasmania

[We] note the findings of the report in relation to Forestry Tasmania and advise that [we] will be reiterating to cardholders within the organisation of their requirements under and adherence to Forestry Tasmania' Credit Card Policy.

### House of Assembly

With regard to the reported errors for the House of Assembly, two (totalling \$901.75) were in relation to an assertion of inadequate documentation to support a claim for GST input tax credits. In these cases, tax invoices had not been obtained from the suppliers even though documentation evidencing the transactions was to hand. Whilst the House prefers tax invoices to support transactions to always be obtained, it is believed that tax input credits may still be claimed in accordance with GSTR 2000/26. The requirements of that ATO ruling have been met and so the House should not be precluded from claiming the input tax credits.

### Hydro Tasmania

#### 1.1.2 Non-departmental entities

Cash advance facility is not available to every cardholder. Only those employees travelling overseas or managing petty cash are allowed this facility.

### 2.1.1 Missing records

Since the introduction of the new credit card system in September source documentation is collected in numbered expense report envelopes. Completeness of documentation is continuously audited by sample. Transactions statements are now stored electronically

### 2.1.3 Claiming GST input credits

Under the new credit card system cardholders cannot submit their report until they have certified that they have submitted all tax receipts. If a large tax receipt is lost, cardholders are expected to obtain a copy.

### 2.1.6 Receipt of goods and services

Electronic routing and approval of credit card statements is considered to be of equal value to paper-based evidence. Systems controls are in place to control the routing of expense reports

### 2.2.2.1 Fuel purchases

The current arrangement with the bank is for purchases that result in a small breach of credit limit to be allowed but reported.

## TAFE

Overall, TAFE Tasmania notes the outcomes, recommendations, and TAFE Tasmania findings, outlined in the report. Furthermore, TAFE considers the Compliance Audit will provide further impetus to TAFE Tasmania's ongoing review of Credit Card management.

More specifically, TAFE Tasmania would like your office to note that:

- The draft Compliance Audit Report was prepared based on a sample of TAFE data for the period July to September 2006.
- Consequently, the sample period was prior to the implementation of TAFE's Credit Card Management System 'Spendvision', which has resulted in significantly improved TAFE performance and monitoring with regards to Credit Cards.
- Fuel purchases were a key failure as identified in Table 3. Since the audit, TAFE has instructed Westpac to bar fuel purchases from Service Stations on all TAFE credit cards.

## **Introduction**

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## Introduction

### *Background*

The Tasmanian Government Card (TGC)<sup>1</sup> was introduced in 1996 and since then government departments and other organisations have been able to realise the benefits of using corporate credit cards for lower-value purchases. Corporate credit cards offer considerable benefits not just to the participating entities through the rationalisation of procurement processes but also to suppliers through a reduction in administration costs and receiving speedier payments.

Westpac Banking Corporation (Westpac) is the contracted provider of the TGC to all government agencies, except for the House of Assembly that is using American Express. The majority of non-departmental entities are also using Westpac as their purchasing card provider with the exception of Forestry Tasmania, which contracted the Commonwealth Bank to be its supplier of banking services including the corporate credit card.

Despite the many benefits, corporate credit cards have the potential to increase the risk of misuse of funds through improper or unauthorised use if not managed properly. Requirements and guidelines on the management and use of the TGC are contained in Treasurer's Instruction No. 705 (TI 705)<sup>2</sup>.

TI 520 was revised after our first report on the use of corporate credit cards and reissued as TI 705 in November 2005 with later amendment in April 2007. This audit was in part a follow up on the level of compliance with the amended TI 705. In addition to the follow up work, the scope of the audit was extended to include six new entities.

### *Audit objective*

The objective of the audit was to establish that the operation of the Tasmanian Government Card (or equivalent) by state government agencies was in accordance with Treasurer's Instructions No. 705.

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<sup>1</sup> TGC, corporate credit card, credit card and purchasing card are terms used interchangeably throughout this report to describe the credit card facility.

<sup>2</sup> TI 705 titled *Tasmanian Government Card*, issued in November 2005 (superseding TI 520) prescribes the terms and conditions for the use of the TGC and has been enhanced by a *Tasmanian Government Card Policies and Procedures* document issued by Treasury clarifying appropriate use of the TGC. TI 705 was recently updated with changes taking effect from 27 April 2007.



## Scope

The audit examined management and control of corporate credit cards and reviewed credit card transactions covering a period of three months from July to September 2006 in the following entities:

### *Government departments*

- Department of Education (DoE)\*
- Department of Economic Development (DED)
- Department of Health and Human Services (DHHS)\*
- Department of Premier and Cabinet (DPAC)\*
- Department of Primary Industries and Water (DPIW)
- Department of Tourism, Arts and the Environment (DTAE)\*
- House of Assembly (HoA)

### *Government owned businesses*

- Forestry Tasmania (Forestry)
- Hydro Tasmania (Hydro)\*

### *State owned corporation*

- Aurora Energy Pty Ltd (Aurora)

### *Statutory authority*

- TAFE Tasmania (TAFE).

(\* Entities reviewed during the last credit card compliance audit (Special Report No. 54)

## Criteria

We applied the following audit criteria:

- compliance with TI 705
- accountability for transactions:
  - proper accounting for all credit card transactions
  - unauthorised or inappropriate use
  - adequacy of controls
- management review
- extent to which recommendations in the previous compliance audit report had been implemented.

### *Audit methodology*

The audit included:

- review of internal guidelines and policies on the use and administration of the corporate credit card in order to establish the level of compliance with TI 705
- detailed testing of selected purchases for the period under review, including adherence to monthly credit and transaction limits and ascertaining that credit cards are being used by authorised personnel only and within approved limits
- inquiries of key personnel responsible for the management and administration of the TGC to determine the level of management review of credit card transactions
- collecting evidence through survey questionnaires that inquired specifically about the extent to which recommendations made in Special Report No. 54 had been implemented.

### *Timing*

The planning for the audit commenced in December 2006 with fieldwork finalised in March 2007. The report was completed in April 2007.

### *Resources*

The total cost of the audit excluding report production costs was approximately \$60 300.

## **1 Policy framework**

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# 1 Policy framework

## 1.1 *Compliance with Treasurer’s Instruction No. 705*

Treasurer’s Instructions are issued under the *Financial Management and Audit Act 1990* (FMAA)<sup>3</sup>. It is the duty of each Head of Agency and officer to comply with requirements specified in Treasurer's Instructions. Government business enterprises, state-owned corporations and statutory authorities are entities that fall outside FMAA and therefore are not generally required to comply with Treasurer’s Instructions. However, we would expect the policies and procedures for the management of credit cards by these entities to be consistent with TI 705.

### 1.1.1 *Government departments*

Government policy on the use of the TGC is outlined in TI 705 (previously TI 520). It provides a policy framework on the use of the TGC and government departments are expected to develop and implement internal policies and guidelines specific to their own business environment. However, internal policies should not conflict with Treasurer’s Instructions.

HoA has fully adopted TI 705 instead of developing its own in-house policy. The remaining six government departments audited had their own policies in place. We noticed, that in relation to documentation, internal policies were stricter by requiring cardholders to provide tax invoices to validate purchases and to allow GST claims. Some departments also expanded the circumstances under which the TGC shall not be used, as illustrated in Table 1. We found that overall, internal procedures provided cardholders with more comprehensive guidelines on the use of the TGC when compared with TI 705 and that they did not conflict with it.

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<sup>3</sup> Section 23 of *Financial Management and Audit Act 1990*

**Table 1: Additional restrictions placed on TGC use**

Department	Restricted Purchases (in addition to those listed in TI 705)
DHHS	<ul style="list-style-type: none"> <li>○ Flowers and gifts</li> <li>○ Travel cost in excess of statutory limits</li> <li>○ Airfares</li> <li>○ Reimbursement of petty cash and advance accounts</li> </ul>
DPIW	<ul style="list-style-type: none"> <li>○ Travel cost in excess of statutory limits (unless approved by manager)</li> <li>○ Alcohol</li> <li>○ New mobile telephone numbers</li> <li>○ Expenditure that is subject to Fringe Benefits Tax</li> </ul>
DED	<ul style="list-style-type: none"> <li>○ Workers compensation-related expenses</li> </ul>
DoE	<ul style="list-style-type: none"> <li>○ Travel-related expenses</li> </ul>

### 1.1.2 Non-departmental entities

We noticed that purchasing card policies of non-departmental entities were generally less restrictive than those of government departments, especially in relation to the use of credit cards for hospitality and fuel purchases. Hydro and Aurora do not ban staff from using their credit cards for entertainment purposes or to purchase fuel for hire vehicles, providing they comply with general purchasing delegations and other policy requirements. By contrast, Forestry and TAFE both restrict the use of their corporate cards for hospitality to authorised staff at certain positions only and prohibit fuel purchases.

Hydro was the only entity that allowed authorised cardholders to use the corporate purchasing card for cash advances. This facility is used mainly by staff travelling overseas or to replenish petty cash floats. While there are compensating controls, in that the amount of cash is limited to the value of \$1 500 every seven days and authorised cards are protected by a PIN, the ability to withdraw cash exposes Hydro to an increased risk of inappropriate use of funds. It should also be noted that in contrast to purchases, cash advances attract immediate interest charges.

Overall, internal credit card policies of non-departmental entities adequately addressed their responsibilities and accountabilities.

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## **2 Accountability for transactions**

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## 2 Accountability for transactions

In total, we reviewed in excess of 700 transactions to ensure that:

- credit card purchases were properly accounted for
- credit cards were used by authorised personnel only and in accordance with applicable policies
- implemented controls were adequate.

Appendix 1 provides an overview of the audit testing that we conducted. For those entities covered in Special Report No. 54, there is also a comparison between then and now.

### 2.1 *Proper accounting*

Corporate credit cards entail additional risks compared with other, more conventional payment mechanisms. It is therefore vital that all purchases made using credit cards are adequately documented, verified by cardholders, approved by delegated officers and recorded correctly in financial systems.

#### 2.1.1 *Missing records*

Credit card purchases, like any other financial transactions, should be supported by appropriate source documentation. Generally, cardholders are required to attach supporting documentation to transaction statements. In this Report the term ‘reconciled transaction statement’ is used to describe multiple records relating to transactions incurred by a cardholder during a particular period of time, usually one month.

Some entities, as listed in Table 2, were unable to retrieve reconciled transaction statements containing purchases selected for our sample testing. Most of the particulars from the missing reconciled transaction statements could be verified by reference to transaction reports obtained from accounting systems. However, without sighting actual documentation our testing was incomplete and we regard the inability to locate financial records as a matter of serious concern. The absence of documentation exposes entities to misuse of corporate credit cards and could potentially lead to fraud.



**Table 2: Missing reconciled transaction statements**

Entity	Statement details	
	Number	Estimated value
Hydro	7	\$5 037
Aurora	4	\$1 380
DPIW	2	\$1 935
DoE	2	\$2 795

**Recommendation 1**

**Management should ensure that all accounting records are retained and easily retrievable.**

**2.1.2 Adequate supporting documentation**

All entities' policies require cardholders to obtain supporting documentation in the form of a tax invoice<sup>4</sup> to validate purchases and to allow GST claims. We found that a large number of transactions were not supported by valid tax invoices or lacked documentation to substantiate purchases. Lack of details prevents comprehensive review of purchases and may increase the risk of misuse of funds. Inadequate tax invoices may also lead to loss of revenue in the form of forfeited GST credits or, in cases where GST claims were supported by invalid tax invoices, entities may be exposed to potential financial penalties imposed by the Australian Taxation Office.

**Recommendation 2**

**In every circumstance tax invoices must be retained to support all credit card purchases and claims of GST input credits.**

**2.1.3 Claiming GST input credits**

We noticed that EFTPOS terminal slips were often the only documentation supporting credit card transactions. While TI 705 had originally stated that EFTPOS vouchers were adequate supporting documentation, these vouchers did not provide sufficient details of purchased items nor meet the requirements of a tax invoice. However, in April 2007 Treasury updated TI 705 requiring cardholders to obtain tax invoices for purchases over \$55.

<sup>4</sup> The Australian Taxation Office's *A New Tax System (Goods and Service Tax) Regulations 1999* specifies requirements for tax invoices.

In addition to GST claims being supported by invalid tax invoices, we observed instances where GST input credits were incorrectly claimed on GST-free purchases, such as international airfares, gift cards, medical services, tuition fees etc. For example, Aurora incorrectly claimed almost \$700; TAFE incorrectly claimed \$370; and DPIW incorrectly claimed around \$250.

**Recommendation 3**

**Australian Taxation Office requirements should be adhered to when claiming GST input credits.**

*2.1.4 Missing credit card documents*

At the time of our audit, the use of statutory declarations (authorised at the Deputy Secretary level) to support transactions in the absence of original documentation was required by TI 705. We found that DPIW and DHHS did not always comply with this requirement. At DTAE we noted that statutory declarations were authorised in bulk up to seven months after the date of the initial purchase.

In its revised form, TI 705 no longer calls for statutory declarations. Instead, the cardholder is to provide sufficient information regarding the transaction to satisfy an authorising officer. Details of the necessary information are included, as is advice regarding precautions with photocopies.

**Recommendation 4**

**Government departments should ensure compliance with Treasurer's Instructions in respect of missing credit card documents.**

Practices of non-governmental entities in situations where the original record of purchase is missing are different to those of government agencies and vary between individual organisations. Generally, cardholders are simply required to provide a note detailing the purchase. The substitute note is then approved during the review process by the appropriate manager.

*2.1.5 Classification of expenditure*

Accurate cost coding plays an important role in management control and facilitating efficient economic decision-making. Cost coding was reviewed for reasonableness, having regard for the nature of the purchase and the description of the selected expense account. We noticed that there were frequent occurrences of either purchases being costed to inappropriate expense accounts or costing of purchases of a similar nature to different expense accounts. For

example, at Aurora purchases of competition prizes were costed to three different expense accounts, including Purchased Services, Contracted Services and Prizes and Awards. Our testing revealed that inconsistent and inappropriate coding was more evident in organisations with large numbers of cardholders and decentralised processing systems.

**Recommendation 5**

**Cardholders should be provided with current and clear instructions on cost coding.**

*2.1.6 Receipt of goods and services*

Generally, internal policies required cardholders to reconcile their purchases to transaction statements and certify all expenditure prior to presenting reconciliations for approval by managers or supervisors. Certification by cardholders is an important control in determining whether goods and services had been received. Forestry had the largest level of non-compliance in this area. We found that 16 transactions, representing one quarter of the sample, were missing evidence of certification by cardholders. However, this was not a systemic finding as all but one of the instances of missing certification occurred within a single business unit.

**Recommendation 6 Forestry**

**Forestry should ensure that all business units are aware of the requirement to certify credit card transactions as proof that the goods and services had been received.**

Overall, the incidence of non-compliance in relation to authorisation of credit card purchases by both cardholders and managers was low. DTAE had the highest level of non-compliance in this area (six instances) followed by Aurora (five) and DHHS (four). We were pleased to note that both Hydro and DPAC had improved their authorisation processes since the last audit.

**Recommendation 7**

**Entities should ensure that all credit card purchases are certified by cardholders and correctly authorised.**

An increasing number of entities are moving towards implementing online accounting systems for recording and approving credit card purchases. As a result, most paper-based evidence is being replaced by evidence in electronic format only. This trend will require entities to review their policies and procedural guidelines to ensure that controls over the use of corporate credit cards remain adequate.

**Recommendation 8**

**Entities should ensure that controls lost as a result of changes to electronic processing are replaced by other compensating controls.**

## 2.2 *Authorised use*

As mentioned previously, corporate credit cards, whilst being effective for making payments in appropriate circumstances, are considered to be a risky payment mechanism. To minimise the risks, entities should ensure that credit cards are used by authorised personnel only and in accordance with appropriate policies and guidelines and within approved limits.

### 2.2.1 *Use by unauthorised personnel*

To ascertain that the use of credit cards is restricted to authorised personnel, we compared all cardholders included in our sample with current staff and cardholders listing: we found no exceptions. However, we noted one instance at Forestry where the purchasing card was used by a person other than the actual cardholder. We were able to confirm that the purchase was made with the knowledge of the cardholder. Nevertheless, such a practice increases the potential for fraud and misuse of credit cards.

### 2.2.2 *Prohibited purchases*

Some types of purchases are banned under TI 705 or internal policies. We noted policy breaches in relation to prohibited purchases at all entities, except HoA.

The most common breaches consisted of unauthorised purchases of fuel and entertainment as outlined in Table 3.

**Table 3: Breaches of policies by entity and expense type**

Agency	DHHS	DoE	DTAE	DED	DPIW	HoA	DPAC
Fuel	1	-	7	3	3	-	1
Entertainment	2	1	5	3	2	-	1
Other*	2		-	1	2	-	1

Entity	Hydro	Aurora	Forestry	TAFE
Fuel	-	4	2	7
Entertainment	-	-	-	1
Other*	5	1	-	-

\*Private expenses, transaction and credit card limits exceeded

### 2.2.2.1 Fuel purchases

Fuel cards supplied under contract are considered to be less susceptible to misuse by limiting their use to approved fuel and related products. In addition, these fuel cards provide a number of additional benefits including monitoring of fuel consumption per vehicle and per card and discounted pricing. TI 705 states that the TGC should not be used to purchase fuel for which there is a separate contract card already available. We found instances of fuel purchases using the TGC at all government agencies except DoE and House of Assembly.

Policies of both TAFE and Forestry also prohibit cardholders from using their cards to purchase fuel. We found instances of fuel purchases using the purchasing card at both entities.

Aurora employees are permitted to use their corporate card to refuel hire vehicles. However, they are required to attach a copy of the rental documentation to the fuel purchase docket as supporting evidence. Four out of five fuel purchases tested at Aurora did not comply with this requirement.

#### **Recommendation 9**

**Entities should ensure that cardholders comply with all applicable policies and that compliance is actively monitored and enforced by management.**

The majority of breaches in relation to fuel purchases occurred in situations where employees used their credit cards to refuel hire vehicles. We believe that where regular use is made of motor vehicle hire, it may be more cost effective to obtain a dedicated fuel card to be used with hired vehicles.

### 2.2.2.2 Entertainment expenses

There are certain community expectations with regards to the provision of entertainment<sup>5</sup> by government agencies and businesses operating with public funds. Consequently, TI 705 limits the use of the TGC for entertainment purposes to staff authorised by the Secretary of Treasury.

DTAE had the largest number of instances where the TGC was used for purchases of entertainment by staff without the necessary approval, followed by DED, DPIW and DHHS.

<sup>5</sup> The *Fringe Benefits Tax Assessment Act 1986* defines the term ‘entertainment’ as having the meaning given by section 32-10 of the *Income Tax Assessment Act 1997*.

We noted a common occurrence at DTAE where staff authorised to purchase entertainment on the TGC delegated their approvals to other cardholders. TI 705 does not allow for such delegations.

Furthermore, we observed that DED and DTAE failed to obtain appropriate approvals to incur entertainment expenses using the TGC for Secretaries of their respective departments. Retrospective approvals backdated to the time of appointments were obtained from Treasury.

A possible ambiguity existed in TI 705 and we noted that Treasury was committed to reviewing the TI. Proposed amendments included greater clarity regarding approval to use and authorise entertainment expenditure.

**Recommendation 10**

**Agencies should ensure that the TGC is not used for entertainment purposes by staff without formal approval from the Secretary of Treasury and approvals to incur entertainment expenses on the TGC are not delegated to other officers.**

**Heads of Agencies are not exempt from the entertainment provisions of TI 705 and should obtain appropriate approval to incur entertainment expenses using the TGC.**

In relation to entertainment, policies of non-departmental entities were less restrictive than those of government departments. TAFE's policy was similar to that of government departments in the way that the use of the purchasing card for entertainment purposes was limited to officers at the Senior Executive Service (SES) level with the prior approval from the Chief Executive Officer. At Forestry, the use of a corporate card for hospitality was limited to certain positions within the organisation. Both Hydro and Aurora adopted a completely different approach where purchases of entertainment were limited by budgetary controls and were at the discretion of cardholders and their managers.

**2.2.2.3 Private expenses**

Corporate credit cards should not be used for private purchases even if the cardholder intends to reimburse those expenses. We found a small number of exceptions where the TGC was used for personal transactions. In all such instances, except for parking fines discussed below, we found that cardholders reimbursed private expenses.

Our testing revealed that payments of parking fines appeared to be the commonest type of private expenditure. We consider any traffic

or parking fines staff incur while driving on official business to be of a private nature.

### 2.2.3 Transaction and credit limits

Cardholders have transaction and monthly credit limits set for their cards and should ensure that neither limit is exceeded (some entities have the transaction limit set at the same amount as the credit limit). We noted that generally, cardholders adhered to their credit limits.

However, we noted instances of payment splitting in order to beat transaction limits at DPIW, DTAE and DED. We viewed this splitting of purchases as being deliberate breaches of relevant credit card policies and delegation limits: a practice contrary to all agencies' guidelines that compromises controls over payments in general. Findings of payment splitting are detailed in Table 4.

**Table 4: Purchase splitting to avoid transaction limits**

Agency	Amounts Charged	Transaction Limit	Amount over limit (\$) and (%)
DPIW <sup>(a,b)</sup>	\$5 000.00	\$5 000	\$456.00
	\$456.00		9.1%
	\$500.00	\$500	\$24.90
	\$24.90		5%
DTAE <sup>(c)</sup>	\$3 366.39	\$5 000	\$1 732.78
	\$3 366.39		34.7%
DED <sup>(d)</sup>	\$2 000.00	\$3 000	\$1 002.90
	\$2 002.90		33.4%

(a) Computer software (\$5 456.00)

(b) Personal organiser (\$524.90)

(c) Conference charges (\$6 732.78)

(d) Conference charges (\$4 002.90)

#### **Recommendation 11**

**Cardholders should be reminded that splitting purchases to avoid exceeding transaction limits is prohibited.**

### 2.2.4 Other breaches

In addition to the issues discussed above, the following breaches were noted in specific agencies:

- Hydro's policy restricts cardholders from purchasing capital items above the value of \$500. We noted that

cardholders did not comply with this condition on three occasions. Furthermore, cardholders at Hydro should not be paying for expenditure that was incurred by another employee who also holds the corporate purchasing card. We found two instances, where cardholders breached this requirement.

- Hydro’s policy also prohibits making bulk payments and cardholders should pay for goods and services at the time of purchase. We noted one instance where a cardholder paid for multiple invoices in one transaction.
- DoE limits the use of the corporate purchasing card for accommodation and meals in lieu of travel allowances to officers at SES level only. We found three instances at DoE where accommodation was purchased by cardholders who were not at the SES level.
- DHHS and DPIW prohibit cardholders from using the TGC for travel expenses in excess of travel allowance rates, unless approved by the appropriate manager. Both agencies considered that retrospective authorisation by managers during the reconciliation process, or verbal approvals, sufficient to increase cardholders’ accountability for travel expenses.

**Recommendation 12**

**Entities should ensure that cardholders adhere to all policy requirements.**

**Recommendation 13 DHHS and DPIW**

**DHHS and DPIW should implement procedures to ensure that approvals for exceeding travel limits are documented and given in advance, not retrospectively.**

## 2.3 *Internal controls*

Internal controls are a series of integrated processes that aim to reduce the possibility that errors or irregularities will occur to a reasonable level.

TI 705 requires that agency internal controls should ensure that:

- Cardholders acknowledge their responsibilities in the use of the TGC.
- New cards are signed immediately by the cardholder.
- Lost or stolen cards are reported immediately.



- Cardholder acknowledgements are reconstituted upon the creation of new agencies.
- All transactions are accounted for, monthly statements are reconciled and transactions are recorded in the general ledger on a timely basis.
- All TGC transactions are in accordance with the Government's procurement policies.
- Disputed transactions are reported immediately and subsequent action by the service provider is followed up.
- Retrieval of TGCs are retrieved from separating employees before they depart.

In general, we were satisfied that entities' credit card procedures provided adequate controls and addressed the above requirements. However, the following issues were noted in specific entities:

### *2.3.1 Acknowledgement forms*

A key control in the management of credit cards is to ensure that all cardholders are aware of their responsibilities. Signed acknowledgement forms are evidence of accepting the conditions of credit card use by employees.

DPIW, DED, DHHS and HoA were unable to provide us with evidence that all cardholders selected for testing had signed acknowledgement forms. We noted that most cardholders for whom we were unable to locate acknowledgement forms were long-time employees who had their credit cards for a considerable period of time. However, entities should ensure that all records are retained and easily retrievable.

We were satisfied that Hydro rectified the issue of missing acknowledgement forms for cardholders whose employment predated the disaggregation of the former Hydro Electric Commission identified during the last audit.

#### **Best Practice Finding**

**At Aurora, card applicants are required to complete an online induction and test on the conditions of purchasing card use. A new card cannot be issued without an applicant successfully completing the test. We commend Aurora on this innovative approach to educating cardholders of their responsibilities and encourage other entities to consider implementing a similar system.**

**Recommendation 14**

**Entities should consider following Aurora’s lead in educating cardholders about their responsibilities.**

*2.3.2 Timely reconciliations and processing of transactions*

We would expect to find that entities ensure monthly statements are reconciled and transactions are recorded in the general ledger on a timely basis.

Timely reconciliation of monthly bank statements, including a review by management, is a key control in detecting unauthorised credit card use by the cardholder or a third party. At DoE, we noticed five bank statements from August and September 2006 that were unreconciled at the time of audit in March 2007.

Delayed recording of transactions can affect the accuracy and timeliness of management reports. We noticed delays of up to five months in recording transactions in the accounting system at DoE.

**Recommendation 15 DoE**

**DoE should implement procedures that ensure timely reconciliation and recording of credit card transactions.**

### **3 Management review**

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## 3 Management review

TI 705 recommends that the Head of Agency should nominate an administering or controlling officer for the TGC who is responsible for:

- ordering, collecting and cancelling cards
- updating policies and procedures
- ongoing education and training of cardholders
- reviewing the operation of the card facility within the Agency including reporting on its activities and ensuring that the TGC is cost effective.

Similar arrangements apply to non-departmental entities.

### 3.1 *Card administration*

We observed that all entities' policies were up-to-date and provided staff with detailed procedures concerning the issuing and cancelling of corporate credit cards. All entities had a designated officer responsible for administering credit cards.

### 3.2 *Monitoring*

As mentioned previously, corporate credit cards offer considerable benefits. We believe that these benefits should be assessed against the costs of administering corporate cards and the additional risks associated with credit cards. Some entities, including DED, Aurora and Hydro conduct reviews of individual cardholders to ensure that credit cards are held by staff with regular and demonstrated need to purchase goods and services. At DPAC, cardholders are required to surrender their cards for safekeeping at Finance if they are not scheduled to travel where the card was specifically issued for travel purposes. At DPIW, the usage of corporate credit cards is reviewed by internal audit, with the latest review conducted in 2004.

However, there was little evidence that entities monitor and review the costs and benefits of credit cards on a regular basis. Such analysis should ensure that purchasing cards remain a cost-effective payment method.

#### **Recommendation 16**

**Entities should review the cost-effectiveness of operating corporate credit cards on an ongoing basis.**

Credit card providers and business software companies offer a variety of expense management applications designed to manage and analyse financial data from credit card transactions. We noted that expense management applications were used more extensively by non-departmental entities than government departments. We would like to point out that in addition to providing basic transaction details (purchase date, merchant and cardholder details, transaction amount), these applications can produce a variety of reports including analysis of spending by merchant categories (restaurants, airlines, retail etc.), tracking spending by cardholders or suppliers, monitoring cost allocations to the general ledger and more.

**Recommendation 17**

**Where considered cost effective, entities should take advantage of expense management applications available for monitoring credit card purchases.**

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## **4 Implementation of prior recommendations**

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## 4 Implementation of prior recommendations

Special Report No. 54 (the Report) tabled in Parliament in April 2005 reviewed the use of corporate credit cards and made a number of recommendations. Entities that were part of that audit were requested to complete a follow-up questionnaire on the implementation of those prior recommendations.

However, rather than reporting on the basis of their self-assessments, we have included the previous auditees for re-testing. Our audit work confirmed the earlier recommendations were addressed to a varying degree. The situation with respect to error rates from 2005 can be compared to findings in the current audit through the detailed information provided in Appendix 1.

### *Department of Premier and Cabinet*

At DPAC, we noted a significant improvement in checking and authorising transactions by cardholders and their managers. While there was no evidence that the cost effectiveness of the TGC was being reviewed, we were informed that DPAC was in the process of reviewing its procurement processes, including the operation of the corporate credit card.

### *Department of Health and Human Services*

All recommendations made in the Report were addressed by the revised DHHS credit card policy. Clearly, there have been improvements in the management of the TGC since the last audit. It was noted that monthly reconciliations were reviewed by designated staff and breaches of purchasing policies were documented and brought to the attention of relevant cardholders and their managers.

### *Department of Education*

We were satisfied that DoE's credit card policy adopted our recommendation made in the Report. However, breakdowns in the application these policies, resulted in an increased level of non-compliance with both internal policies and TI 705.

### *Department of Tourism, Arts and the Environment*

DTAE's credit card policy now addresses all recommendations made in the Report. However, the level of non-compliance identified in the current audit indicated breakdowns in the application of these policies that need to be addressed on an ongoing basis.



### *Hydro Tasmania*

There was an improvement in certifying and authorising credit card transactions, partly resulting from the implementation of an electronic recording and approval of purchases. Hydro also rectified the issue of missing acknowledgement forms for cardholders whose employment pre-dated the disaggregation of the former Hydro Electric Commission identified in the Report.



## **5 Recent reports**

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## 5 Recent reports

<b>Year</b>	<b>Special Report No.</b>	<b>Title</b>
2003	45	Business names and incorporated associations: What's in a name?
2003	46	Leave in government departments
2003	47	Public sector web sites
2003	48	Grants to the community sector
2003	49	Staff selection in government agencies
2003	50	Police response times
2004	-	Ex-gratia payment to the former Governor Mr R W Butler AC
2004	51	Special purpose and trust funds: Department of Health and Human Services
2004	52	Internal audit in the public sector
2005	53	Follow-up audits
2005	54	Compliance audits
2005	55	Gun control in Tasmania
2005	56	TT-Line: Governance review
2005	57	Public housing: Meeting the need?
2005	58	FBT, Payment of Accounts and Bridges
2006	59	Delegations in government agencies, Local government delegations, Overseas travel
2006	60	Building security and Contracts appointing Global Value Management
2006	61	Elective surgery in public hospitals
2006	62	Training and development
2006	63	Environmental management and pollution control by local government
2006	64	Implementation of aspects of the <i>Building Act 2000</i>
2007	65	Management of an award breach and Selected allowances and nurses' overtime
2007	66	Follow-up audits June 2007

## **6 Future projects**

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## 6 Future projects

Details of performance and compliance audits that the Auditor-General is considering are:

<b>Building security: Part 2</b>	Continuing on from Special Report No. 60, the audit will examine physical security at public access sites such as schools, hospitals and libraries.
<b>Portable and attractive items</b>	Examines asset control activities at government departments with respect to items that are portable and attractive.
<b>Property in police possession</b>	Reviews management of confiscated and forfeited property by Tasmania Police.
<b>Creditor processing</b>	As a follow on from Special Report No. 58, which in part examined payment of accounts in agencies, this audit seeks to establish that the accounts payable processes within agencies are in accordance with Treasurer's Instructions.
<b>Procurement</b>	This audit examines whether procurement by government departments is in accordance with applicable Treasurer's Instructions. This audit follows on from Special Report No. 34.

## Appendix

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## Appendix: Corporate credit cards — audit tests

**Table A: Current findings and comparisons (entities reviewed in Special Report No. 54 – April 2005<sup>6</sup>)**

Organisation	DPAC		DHHS		DoE <sup>7</sup>		DTAE		Hydro	
	2006	2004	2006	2004	2006	2004	2006	2004	2006	2004
Internal policy	✓	✘	✓	✓	✓	✓	✓	✓	✓	✓
Internal policy enforces TI 705	✓	N/A	✓	✓	✓	✓	✓	✓	N/A	N/A

### Cardholding analysis

Number of active cards (June)	42	24	191	130	452	382	328	292	642	659
Number of staff <sup>8</sup> (June)	453	431	10 487	9 192	10 112	9 645	887	700	886	868
Percentage of staff with credit cards	9.3%	5.6%	1.8%	1.4%	4.5%	4.0%	37.0%	41.7%	72.5%	75.9%

### Summary of transactions tested:

Transactions tested	<i>Number</i>	58	44	82	20	93	95	76	68	60	67
	<i>Value (\$)</i>	35 600	11 500	69 470	24 170	46 080	13 485	46 305	14 030	67 840	296 310
Transactions with errors	<i>Number</i>	6	19	30	12	17	5	27	8	12	15
	<i>Rate</i>	10.3%	43.2%	36.6%	60.0%	18.3%	5.3%	35.5%	11.8%	20.0%	22.4%
	<i>Value (\$)</i>	825	9 375	20 770	20 380	9 495	170	8 490	78 275	10 150	78 275

<sup>6</sup> See Special Report No. 54 *Compliance audits: 2004–2005*, Chapter 3. Available at web site — <http://www.audit.tas.gov.au/publications/reports/specialreport/index.html>

<sup>7</sup> Includes Hobart College

<sup>8</sup> Indicates number of people, not FTEs.



**Table B: Current findings (entities not reviewed in 2005 audit)**

Organisation	HoA	DED	DPIW	TAFE	Forestry	Aurora
<b>Audit Criteria</b>						
Internal policy	✓	✓	✓	✓	✓	✓
Internal policy enforces TI 705	✓	✓	✓	✓	✓	✓

**Cardholding analysis**

Number of active cards (June)	2	122	438	241	119	555
Number of staff <sup>9</sup> (June)	20	252	1 175	1 162	548	1 042
Percentage of staff with credit cards	10.0%	48.4%	37.3%	20.7%	21.7%	53.3%

**Summary of transactions tested:**

Transactions tested	<i>Number</i>	28	65	70	68	65	76
	<i>Value (\$)</i>	7 400	53 440	47 730	71 570	20 385	61 125
Transactions with errors	<i>Number</i>	3	9	22	19	24	30
	<i>Rate</i>	10.7%	13.8%	31.4%	27.9%	36.9%	39.5%
	<i>Value (\$)</i>	930	4 665	19 225	8 475	6 570	18 320

<sup>9</sup> Indicates number of people, not FTEs.

