

Internal Audit of Australian Government Credit Cards

Department of Infrastructure and Regional
Development

14 March 2014



Building a better
working world

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Date 14 March 2014

Private and confidential

Internal Audit of Australian Government Credit Cards

Dear Anne,

Thank you for providing EY with the opportunity to conduct an internal audit of Australian Government Credit Cards (AGCCs) within the Department of Infrastructure and Regional Development (the Department).

As part of this internal audit, we have assessed the effectiveness of the controls implemented by the Department relating to the use of AGCCs, against legislative and internal policy requirements.

This internal audit:

- ▶ assessed the Department's current AGCC policies and procedures against the requirements of the FMA Framework and relevant ANAO better practice, including policies relating to travel expenditure;
- ▶ examined whether the use of AGCCs by departmental staff is in line with government policies and internal departmental procedures, including the use of AGCCs for travel expenditure; and
- ▶ identified any underlying causes of non-compliance to recommend potential process or behavioural improvements that could be made to increase the efficiency and/or effectiveness of the Department's AGCC and travel policies and procedures.

Internal Audit has assessed the control environment implemented by the Department for the use of AGCCs to be in line with legislative requirements, in that it is supported by policies and procedural guidance, system controls, and monitoring and reporting processes are in place.

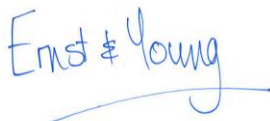
Internal Audit found the Department's AGCC control environment to be in line with ANAO better practice as outlined in their recent reports; however, Internal Audit has also identified some opportunities to further strengthen the Department's control environment with regard to internal policies and procedures as outlined in the findings of the attached internal audit report.

The Department has a positive culture of compliant behaviour. This is demonstrated by the results of detailed testing of AGCC transactions, including travel expenditure, identifying limited instances of non-compliance.

The attached internal audit report outlines the detailed findings and recommendations. All recommendations have been agreed by management.

We would like to take this opportunity to thank all of the participants of this internal audit for their cooperation and timely provision of information.

Yours sincerely



Ernst & Young

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1. Executive Summary

The Department of Infrastructure and Regional Development (the Department) provides staff with Australian Government Credit Cards (AGCCs) for the purchase of business related items and travel expenses. The Department spends approximately \$7.2 million a year on AGCC expenses which amounts to approximately 7 percent of supplier expenditure.

The issue and usage of the Department's AGCCs is governed by the Financial Management and Accountability Act 1997 (FMA ACT) and Regulations. The Department's Chief Executive Instructions (CEIs) on AGCCs, procurement and travel, also outline specific internal policies which govern staff in their usage of their corporate AGCCs; this includes specific policies relating to overseas travel expenditure.

From 17 June 2013, changes were made to the Credit Card CEI and Practical Guide such that credit cardholders are no longer required to maintain credit card supporting documentation on an official registry file. Instead, where supporting documentation is required, it is to be scanned and attached within the Department's online my Workplace system.

1.1 Objective

The objective of this internal audit was to assess the effectiveness of the controls implemented by the Department relating to the use of AGCCs, against legislative and internal policy requirements.

This internal audit:

- ▶ assessed the Department's current AGCC policies and procedures against the requirements of the FMA Framework and relevant ANAO better practice, including policies relating to travel expenditure;
- ▶ examined whether the use of AGCCs by departmental staff is in line with government policies and internal departmental procedures, including the use of AGCCs for travel expenditure; and
- ▶ identified any underlying causes of non-compliance to recommend potential process or behavioural improvements that could be made to increase the efficiency and/or effectiveness of the Department's AGCC and travel policies and procedures.

1.2 Key Risks and Implications

In developing the scope of this internal audit, the following key risks have been considered.

Enterprise Risk 03 - Organisational Failure: A major or systemic breakdown in process, misallocation or mismanagement of resources or a significant IT or system failure leads to government objectives or outcomes not being met or being poorly implemented.

More specifically, the following relevant key risks are aligned to Enterprise Risk 03

- ▶ Failure to adequately manage and monitor finances and related issues
- ▶ Delays or compliance breaches related to approvals processes and delegations
- ▶ Failure to audit and evaluate performance and/or correct performance issues

1.3 Audit Response Type

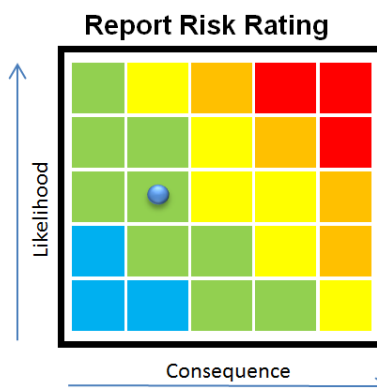
On the basis of the scope of this engagement, and the risks and controls being tested, a standard internal audit is the most appropriate audit response. Accordingly, the audit report has been written as a report of factual findings and recommendations. The process undertaken to select this audit response and report type is detailed in Appendix C - Audit Response Menu.

1.4 Internal Audit Findings and Recommendations

Internal Audit has assessed the control environment implemented by the Department for the use of AGCCs to be in line with legislative requirements, in that it is supported by policies and procedural guidance, system controls, and monitoring and reporting processes are in place. However, as part of this assessment, Internal Audit has identified areas to further strengthen the control environment supporting the use of AGCCs against internal policy requirements.

On the basis of the risks presented in the findings of this report, the 'Possible' likelihood of these risks arising, and the 'Minor' consequences of their impact on the Department, Internal Audit's assessment utilising the Department's risk matrix of these findings is 'Low', as depicted in Figure 1.

Figure 1: Report Risk Rating



A control framework that is consistent with legislative requirements and reflects better practice

This internal audit assessed the Department's AGCC policies and procedures against the requirements of the FMA Framework¹, and found that the Department's current AGCC practices are consistent with legislative requirements. From 1 July 2014 the FMA Framework will be replaced by the Public Governance, Performance and Accountability (PGPA) Act 2013 and associated Rules. With regard to the use of credit cards and general expenditure of public money, it is not anticipated that the PGPA Act and draft Rules will result in major changes to current legislative requirements. Internal Audit has also assessed the Department's AGCC policies and procedures against the requirements of the PGPA Act and draft Rules, and found that the Department's AGCC policies and procedures would be expected to be consistent with legislative requirements when the changes come into effect from 1 July 2014.

This internal audit also included an assessment of the Department's AGCC policies and procedures against the key findings and recommendations of the ANAO's recent reports on the use and management of credit cards³. This assessment found that the Department's processes and controls are consistent with ANAO better practice in relation to the use of AGCCs, including strong practices in relation to the monitoring and reporting of AGCC use. Internal Audit believes that the Department's credit card management framework represents better practice compared with observed credit card practices in other Commonwealth Government Agencies.

A strong culture of compliance

This internal audit included data analytics of 26,171⁴ credit card transactions from 660 AGCC holders, extracted from the Department's credit card system, myWorkplace, for the period 1 January to 15 August 2013. Initial results of data analytics were reviewed and target areas were selected for detailed transaction testing through consultation with key stakeholders from within the Department. Detailed transaction testing was conducted across the results of 11 data analytics tests, and from the results of those tests a total sample⁵ of 481 transactions was selected for detailed testing. A

¹ Key legislation relating to credit cards includes FMA Act sections 38, 44 and 60, and FMA Regulations 7–12 and 21.

² At the time internal audit fieldwork was conducted the Rules supporting the PGPA Act were still in draft form.

³ ANAO Audit Report No.35, 2012-13 *Control of Credit Card Use*; ANAO Audit Report No.37, 2007-08 *Management of Credit Cards*

⁴ This represents 100 percent of the available data for this time period.

⁵ As per the approved Internal Audit Plan, the sample was selected using a risk based approach which was determined from the initial results of data analytics. Appendix A outlines the full internal audit approach.

summary of high level data analytics and detailed transaction testing is outlined in Section 3 of this report.

Testing examined the use of AGCCs, including the use of AGCCs for travel expenditure, against government policies and internal departmental procedures, including CEIs and Practical guides. Table 1 below outlines the findings from detailed transaction testing.

Table 1: Detailed transaction testing

Non-compliance finding	No. of instances of non-compliance	Comments
Split transaction – where an invoice was paid for in two transactions to avoid breaching the cardholders transaction limit.	1	The cardholders transaction limit was \$5,000. The invoice was \$8,051.80 and was paid for in two transactions of \$4,025.90 on the same day.
Transactions were identified as gifts, however it was unclear whether these gifts were for an approved business purpose.	23	The Department's policies surrounding the purchasing of gifts are inconsistent with accepted procedures. This finding is further explored in Section 2.2 of this report.
Purchases over \$5,000 that did not undertake a procurement process.	2	These expenses related to external training, conferences and meeting expenses.
Transactions did not have sufficient supporting documentation.	8	6 instances relate to transactions undertaken prior to 17 June 2013, when the current practices were introduced. Of those six transactions, only one was valued higher than \$82.50, however prior to 17 June 2013 Departmental policy was to retain hard copy evidence of all AGCC expenditure. 2 instances occurred since the introduction of the new system.
The <i>Corporate Credit Card Request Form</i> was unable to be provided.	10	In all of these instances the cardholder originally obtained their card several years ago (some cardholders up to ten years ago), prior to the current processes for the issue of AGCCs and limit increases being in place. Internal Audit assessed the current processes and controls for the issue of AGCCs and increases in limits as adequate and observed compliant behavior since the commencement of current policies and procedures.
No evidence of an approved AGCC limit increase.	13	
No evidence that the cardholder attended the required training.	11	
Total	68	

Further detail regarding the above noted instances of non-compliance has been outlined in Section 2 of this report.

The transactions selected for detailed testing were specifically targeted, after initial data analytics, as areas posing a higher risk of non-compliance. The levels of non-compliance noted above are considered low compared to the total population of transactions (26,171) analysed as part of this internal audit and in conjunction with the following considerations:

- ▶ From the full population of 26,171 AGCC transactions assessed, there were 23 transactions identified as purchases of gifts. This non-compliance is a result of inconsistency between current policy and purchases of gifts that are considered acceptable by the Department (refer to section 2.2 for further information).
- ▶ From a population of 26,171 AGCC transactions, one instance of transaction splitting and two instances of purchases over \$5,000 were found to be non-compliant.
- ▶ Missing documentation relating to approved *Corporate Credit Card Request Forms*, limit increases and evidence of training, relate to processes undertaken prior to the implementation of the current control environment. Testing of these controls since the implementation of current processes did not detect any non-compliance.
- ▶ Since the implementation of mandatory uploading of supporting documentation only two instances of non-compliance were detected.
- ▶ Travel expenditure transactions in relation to meals were identified for testing as part of initial data analytics. Meal transactions with a higher than average spend were targeted. No issues were detected as all large transactions related to meals for large groups of staff, for which the average spend per person was consistent with the overall average meal cost for the population.
- ▶ Travel expenditure transactions in relation to accommodation at five star hotels were identified as part of initial data analytics. All transactions tested appeared reasonable and consistent with general accommodation transactions.

These low levels of non-compliance indicate that there is a strong culture of compliance across the Department.

Internal audit believes that the Department's strong culture of compliant behaviors has been driven by the following individual and organisational factors:

- ▶ Staff are provided with information regarding their responsibilities at the time of receiving their card, and credit card policies and procedures are readily available on the Department's intranet. In addition, cardholders receive system generated reminders when they have transactions requiring acquittal, as well as notification when their acquittals become overdue.
- ▶ The Department has provided cardholders with sufficient resources to allow them to fulfil their responsibilities. This includes a system for acquitting, storing supporting documentation and approving transactions, and sufficient time to complete transaction acquittals.
- ▶ The Department's AGCC policies and procedures empower cardholders to use their judgment in determining the reasonableness of expenditure rather than placing sanctions over specific types of expenditure. This provides staff with the incentive and motivation to comply with policies and procedures in order to retain this autonomy. In addition to this, cardholders who have been found to be non-compliant receive feedback through the Department's disciplinary process.
- ▶ The Department supports cardholders through assisting the development of the right competencies and the opportunity to apply these skills through providing training to all cardholders prior to issuing their cards, and providing staff with appropriate management support through the Credit Card Team.

Summary of recommendations

Internal Audit's assessment of the Department's AGCC process controls identified potential control improvements which are outlined in Table 2 below. Table 2 also outlines the instances of non-compliance from detailed transaction testing that require further action by the Department. All recommendations have been agreed by management.

Table 2 contains a summary of the internal audit findings, implications for the business and the risk rating. Detailed findings are outlined in section 2 of this report.

Table 2: Summary of Internal Audit Findings and Recommendations

Finding 1	Implication	Risk Rating ⁶
<p>The Department has a comprehensive quarterly reporting process for the monitoring and identification of AGCC non-compliance that reflects better practice. Instances of non-compliance, including the identification of repeat offenders, are monitored and actioned by the Credit Card Team on a case by case basis; however the Department has not documented their process for the review and disciplinary action taken over instances of non-compliance.</p>	<p>When control processes and procedures are not documented there is risk that the process will either not be performed when it should or be performed inconsistently, and the control becomes ineffective.</p>	<p>Low based on a likelihood of 'Possible' and a consequence of 'Insignificant'</p>
<p>Recommendation 1</p>		
<p>It is recommended that the Department document its process for assessing the need for disciplinary action, as well as the process for taking disciplinary action, in response to non-compliant use of AGCCs.</p>		
Finding 2	Implication	Risk Rating ⁷
<p>The Department's practical guide for the use of AGCCs does not allow for the purchases of gifts for staff. Results from initial data analytics found 23 transactions that had been allocated to the GL account entitled 'Gifts'. It was unclear from the information provided as to the purpose of these purchases.</p>	<p>Lack of clear definitions regarding the reasonableness of AGCC expenditure increases the risk of misuse and instances of non-compliance with policies and procedures.</p>	<p>Low based on a likelihood of 'Likely' and a consequence of 'Insignificant'</p>
<p>Recommendation 2</p>		
<p>It is recommended that the Department update its Credit Cards Practical Guide to provide cardholders with further guidance regarding when it is appropriate to purchase gifts as business expense.</p>		

⁶ Risk Ratings are presented in Appendix B Risk Rating and Definition

⁷ Risk Ratings are presented in Appendix B Risk Rating and Definition

Finding 3	Implication	Risk Rating ⁸
<p>Internal Audit has identified 15 instances of non-compliance with AGCC policies and procedures that require further review, and where relevant, disciplinary action to be taken by the Department. These areas of non-compliance include:</p> <ul style="list-style-type: none"> ▶ Transaction splitting; ▶ Transactions over \$5,000 (excluding travel) that did not use a procurement process; and ▶ Missing/insufficient supporting documentation. 	<p>There is a risk of further non-compliant behaviour by cardholders if non-compliance goes undetected and/or no disciplinary action is taken.</p>	<p>Low based on a likelihood of 'Likely' and a consequence of 'Minor'</p>

Recommendation 3

It is recommended that the Department:

- (a) assess the above identified instances of non-compliance with AGCC policies and procedures, and action them according to the Department's current non-compliance disciplinary processes; and
- (b) as part of the next Financial Operations Quarterly Reporting, remind staff of their responsibilities in relation to the above non-compliance findings .

Finding 4	Implication	Risk Rating ⁹
<p>The Department's current process for the issue of AGCCs to non-ongoing employees and contractors is the same process for the issue of AGCCs to ongoing and non-ongoing employees.</p> <p>At the time that fieldwork was conducted for this internal audit, the Department was not able to provide a listing of current AGCCs held by non-employees, nor were they able to provide a listing of terminated non-employees who had held an AGCC.</p> <p>In the absence of system reporting capabilities for AGCCs held by non-employees, the control environment would be further strengthened by the Department maintaining and monitoring a register of non-employees who hold AGCCs.</p>	<p>There is a risk that funds are unable to be recovered from non-employees in the event of misuse, leading to financial and possible reputational implications</p>	<p>Low based on a likelihood of 'Possible' and a consequence of 'Insignificant'</p>

Recommendation 4

It is recommended that the Department improve the control over AGCCs issued to non-employees by improving monitoring through maintaining a register of all non-employees who hold a Departmental AGCCs.

The detailed scope and approach for this internal audit is contained in Appendix A. Appendix B outlines the consequence and likelihood ratings which have been used to assign risk ratings to the findings.

Appendix E includes the list of personnel consulted, and Appendix F details the documents and reference sources reviewed for the purposes of this Internal Audit.

⁸ Risk Ratings are presented in Appendix B Risk Rating and Definition

⁹ Risk Ratings are presented in Appendix B Risk Rating and Definition

1.5 Summary

Internal Audit assessed the control environment implemented by the Department for the use of AGCCs to be in line with current, and planned changes to, legislative requirements that govern the use of AGCCs in that it is supported by policies and procedural guidance, system controls, and monitoring and reporting processes are in place. Additionally, Internal Audit found the Department's AGCC control environment to be consistent with ANAO better practice regarding the use and management of AGCCs.

While Internal Audit found the Department's AGCC control environment to be consistent with legislative requirements and ANAO better practice, our assessment of the end-to-end AGCC process did identify an opportunity to strengthen controls surrounding the issue of AGCCs to non-employees.

This internal audit utilised the Behavioural Auditing Approach BEAM, outlined in Appendix D, to examine the underlying behavioural and cultural factors impacting on compliance with AGCC and travel policies and procedures. It was noted that the Department has a positive culture of compliant behavior, with results of detailed testing of AGCC transactions, including travel expenditure, identifying limited instances of non-compliance. Other observations made by Internal Audit with regard to cardholder and approver behaviors include:

- ▶ A strong culture of compliance is driven through the issue of automated reminder notices prior to the due date of acquittals, as well as when acquittals become overdue. This is further shown through 95 percent compliance with acquittal timeframes and 92 percent compliance with approval timeframes;
- ▶ Cardholders are aware of the policies and procedures relating to the use of AGCCs and travel, as well as their responsibilities as cardholders and approvers;
- ▶ Staff find the Credit Card Team accessible and helpful; and
- ▶ Cardholders and approvers consider the requirement to upload supporting documentation to be a useful process, especially in facilitating the review of supporting documentation during approval. This is demonstrated through limited instances of non-compliance being detected through detailed transaction testing relating to supporting documentation.

The Department's four Lines of Defence were assessed as part of this internal audit. Opportunities for improvement in the Department's AGCC control environment have been aligned to this model. As detailed in Table 3 below, the findings in this report present opportunities for the Department to improve against Line One (Business and support control processes and systems). The remaining three lines of defense, Line 2 (Management Control Self-Assessment), and Line 4 (Governance) have been assessed as consistent with better practice as outlined by the ANAO and as observed by Internal Audit compared to other Commonwealth Government Agencies.

Table 3: Assessment against the four lines of defence

Lines of Defence	1 Business and support control processes and systems	The detailed findings and recommendations, in section 2 of this report, identify opportunities for improvement to strengthen the Department's AGCC control environment. This will be done through documenting and strengthening existing policies and procedures, specifically relating to the review and disciplinary action taken of identified non-compliance and further defining the purchase of gifts.
	2 Management control self-assessment	Management's self-assessment processes over AGCC controls are comprehensive and reflect better practice.
	3 Internal assurance	This internal audit has provided the internal assessment of the Department's control environment.
	4 Governance	The overall governance structures supporting the AGCC control environment is consistent with better practice as outlined by the ANAO and as observed by Internal Audit compared to other Commonwealth Government Agencies.

2. Detailed Findings and Recommendations

2.1 Disciplinary action in response to non-compliance

Finding 1: Process documentation supporting disciplinary action

The Department's *Credit Card CEI* states that "Non-compliance with some policies may result in disciplinary action being taken under the *Public Service Act 1999*, or if fraud or other criminal offences result then prosecution could occur under the *Financial Management and Accountability Act 1997* or the *Crimes Act 1914*. Accountability for actions resides with individual employees¹⁰." and

"The Chief Financial Officer or Chief Operating Officer may cancel a credit card if the credit card holder consistently fails to comply with this CEI¹¹".

The Department has a comprehensive quarterly reporting process for the monitoring and identification of AGCC non-compliance that reflects better practice. Instances of non-compliance, including the identification of repeat offenders, are monitored and actioned by the Credit Card Team on a case by case basis. Possible outcomes of this process may include, but are not limited to:

- ▶ The issue of a breach notice by the Credit Card Team;
- ▶ Escalation of an issue to the cardholders supervisor, and/or the relevant General Manager; and
- ▶ Cancellation of the credit card, as approved by the CFO or COO.

The Department has not documented their process for the review and disciplinary action taken over instances of non-compliance. A documented disciplinary action process will drive positive behaviours by improving information provided to cardholders and their application of correct policies and procedures. In addition, application of processes will be more consistent and reduce the risk of disputes.

Implication for risk from finding:

When control processes and procedures are not documented there is risk that the process will either not be performed when it should or be performed inconsistently, and the control becomes ineffective.

Risk Rating:

Internal Audit has assessed this risk as being 'Low' based on a likelihood of 'Possible' and a consequence of 'Insignificant'. The Department's risk ratings define a Low risk as..."*Existing controls and monitoring are mostly effective and managed. Continuous improvement is an accepted part of monitoring to determine cost effectiveness of additional treatments. Incident reporting is part of normal process*".

Control specific recommendations and business benefit:

It is recommended that the Department document its process for assessing the need for disciplinary action, as well as the process for taking disciplinary action, in response to non-compliant use of AGCCs.

¹⁰ Section 9 of the Department's *Credit Cards CEI*.

¹¹ Section 10 of the Department's *Credit Cards CEI*.

<i>Finding 1: Process documentation supporting disciplinary action</i>		
<i>Management Action Plan</i>	<i>Due Date</i>	<i>Responsible</i>
Agreed. The Department will document its existing process for both assessing the need for, and disciplinary action to be taken in response to non-compliance.	30 June 2014	Warren Orlandi, Financial Controller

2.2 Non-compliance with Departmental AGCC policies

<i>Finding 2: Purchasing of Gifts on AGCCs</i>		
<p>The Department's <i>Practical Guide</i> for the use of AGCCs states that AGCCs... "<i>cannot be used to pay for any non-business expenditure e.g. flowers or gifts to staff</i>"¹².</p> <p>Through discussions with key stakeholders, Internal Audit was informed that there are occasions where gifts will need to be purchased for official purposes, however current guidance does not clearly define when the purchase of a gift is considered a reasonable business expense. Updating policies and procedures with clearer guidance will improve the information provided to cardholders and drive the correct behaviours with regard to purchasing gifts.</p> <p>Results from initial data analytics over 26,171 transactions found 23 transactions that had been allocated to the GL account entitled 'Gifts' with a total value of \$3,044.34. The Department was unable to provide evidence to show that these transactions constituted a reasonable business expense.</p>		
<p>Implication for risk from finding: Lack of clear definitions regarding the reasonableness of AGCC expenditure increases the risk of misuse and instances of non-compliance with policies and procedures.</p>		
<p>Risk Rating: Internal Audit has assessed this risk as being 'Low' based on a likelihood of 'Likely' and a consequence of 'Insignificant'. The Department's risk ratings define a Low risk as "<i>Existing controls and monitoring are mostly effective and managed. Continuous improvement is an accepted part of monitoring to determine cost effectiveness of additional treatments. Incident reporting is part of normal process</i>".</p>		
<p>Control specific recommendations and business benefit: It is recommended that the Department update its Credit Cards Practical Guide to provide cardholders with further guidance regarding when it is appropriate to purchase gifts as business expense.</p>		
<i>Management Action Plan</i>	<i>Due Date</i>	<i>Responsible</i>
Agreed. The Department will examine its processes for reviewing transactions identified as gifts to make sure they are appropriate business expenditure and providing feedback to officers where appropriate.	30 June 2014	Cheryl-Anne Neavarro, Deputy Chief Financial Officer

¹² Department's Practical Guide – Credit Cards.

Finding 3: Instances of non-compliance with AGCC policies and procedures requiring action by the Department

This internal audit included data analytics of 26,171 credit card transactions from 660 AGCC holders, extracted from the Department's credit card system, myWorkplace, for the period 1 January to 15 August 2013. Initial results of data analytics were reviewed and target areas were selected for detailed transaction testing through consultation with key stakeholders from within the Department. Detailed transaction testing was conducted across the results of 11 data analytics tests, and from the results of those tests a total sample¹³ of 481 transactions was selected for detailed testing. Testing examined the use of AGCCs, including the use of AGCCs for travel expenditure, against government policies and internal Departmental procedures, including CEIs and Practical guides.

The following results of detailed transaction testing, show in Table 4 require further action to be taken by the Department¹⁴:

Table 4: Non-compliance requiring further action by the Department.

Non-compliance finding	No. of instances	Departmental AGCC policy or procedural requirement
Transaction splitting, whereby a single transaction was paid in one or more payments to avoid breaching the AGCC limit.	1	Credit Card Practical Guide: <i>Transactions must not be split to keep individual transactions within the \$5,000 limit for use of credit cards.</i>
Purchases over \$5,000 (excluding travel) that have not followed required procurement processes.	2	Credit Card Practical Guide: <i>Purchases (excluding travel) of \$5,000 and over require a purchase order.</i>
Missing/insufficient supporting documentation to support AGCC expenditure.	8 ¹⁵	Credit Card Practical Guide: <i>Supporting documentation, in the form of a tax invoice, is required for all purchases valued at \$82.50 or more. The supporting documentation must be attached in the myWorkplace system at the time of acquittal.</i> <i>All transactions that relate to a taxi trip must have documentation attached in myWorkplace regardless of the value</i> <i>Statutory Declaration must be completed for</i>

¹³

As per the approved Internal Audit Plan, the sample was selected using a risk based approach which was determined from the initial results of data analytics. Appendix A outlines the full internal audit approach.

¹⁴

Additional results of detailed transaction testing not requiring action have been outlined in section 3 of this internal audit report.

¹⁵

Internal Audit note that 6 of the above mentioned 8 instances of missing/insufficient documentation relate to transactions undertaken prior to 17 June 2013, when the current practices were introduced. Of those six transactions, one was valued higher than \$82.50, however prior to 17 June 2013 Departmental policy was to retain hard copy evidence of all AGCC expenditure.

Finding 3: Instances of non-compliance with AGCC policies and procedures requiring action by the Department

		<i>missing invoices related to taxi trips and all purchases over \$82.50 (including GST)</i>
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The above instances of non-compliance have not been previously identified and addressed by the Department in accordance with their non-compliance disciplinary processes. Providing feedback to cardholders of their non-compliance and reinforces correct behaviours, provides them with the incentive to improve practices and reduce future instances of non-compliance.

Implication for risk from finding:

There is a risk of further non-compliant behaviour by cardholders if non-compliance goes undetected and/or no disciplinary action is taken.

Risk Rating:

Internal Audit has assessed this risk as being '**Low**' based on a likelihood of 'Likely' and a consequence of 'Minor' due to the low instances and financial value of the non-compliance detected. The Department's risk ratings define a Low risk as...*"Existing controls and monitoring are mostly effective and managed. Continuous improvement is an accepted part of monitoring to determine cost effectiveness of additional treatments. Incident reporting is part of normal process"*.

Control specific recommendations and business benefit:

It is recommended that the Department:

- (a) assess the above identified instances of non-compliance with AGCC policies and procedures, and action them according to the Department's current non-compliance disciplinary processes; and
- (b) as part of the next Financial Operations Quarterly Reporting, remind staff of their responsibilities in relation to the above non-compliance findings .

<i>Management Action Plan</i>	<i>Due Date</i>	<i>Responsible</i>
Agreed. The Department will: <ul style="list-style-type: none"> (a) consider all identified instances of AGCC non-compliance and take appropriate disciplinary action, and document all action taken; and (b) include a reminder of AGCC responsibilities with regard to the identified areas of non-compliance in the next Financial Operations Quarterly Reporting. 	30 June 2014	Warren Orlandi, Financial Controller

2.4 The issue of AGCCs to non-employees

Finding 4: Arrangements for the provision of AGCCs to non-employees

The Department's CEI's¹⁶ state that... "*Executive Directors and General Managers must consider requests for the issue of a credit card to only ongoing and non-ongoing employees, and provide approvals as appropriate. Special consideration may be given to contractual staff under exceptional circumstances*".

The Department's current process for the issue of AGCCs to non-ongoing employees and contractors is the same process for the issue of AGCCs to ongoing and non-ongoing employees. This means that non-employees are issued AGCCs through an approved *Corporate Credit Card Request Form*, are required to undergo training and sign a cardholder undertaking as their agreement of their responsibilities for the use of their AGCC. When non-employees end their contract with the Department they are also required to follow an exit procedure that requires the sign off from the Credit Card Team that, where applicable, all AGCC transactions have been acquitted and the AGCC returned.

At the time that fieldwork was conducted for this internal audit, the Department was not able to provide a listing of current AGCCs held by non-employees, nor were they able to provide a listing of terminated non-employees who had held an AGCC. As a result, Internal Audit was not able to test the control environment for the issue and return of AGCCs to non-employees. However, Internal Audit notes that these controls were tested for the employees of the Department and no instances of non-compliance were detected.

In the absence of system reporting capabilities for AGCCs held by non-employees, these controls would be further strengthened by the Department maintaining and monitoring a register of non-employees who hold AGCCs.

Implication for risk from finding:

There is a risk that funds are unable to be recovered from non-employees in the event of misuse, leading to financial and possible reputational implications.

Risk Rating

Internal Audit has assessed this risk as being '**Low**' based on a likelihood of 'Possible' and a consequence of 'Insignificant'. The Department's risk ratings define a Low risk as..."*Existing controls and monitoring are mostly effective and managed. Continuous improvement is an accepted part of monitoring to determine cost effectiveness of additional treatments. Incident reporting is part of normal process*".

Control specific recommendations and business benefit

It is recommended that the Department improve the control over AGCCs issued to non-employees by improving monitoring through maintaining a register of all non-employees who hold a Departmental AGCCs.

¹⁶ Section 28(a) of the Department's Credit Card CEI.

<i>Finding 4: Arrangements for the provision of AGCCs to non-employees</i>		
<i>Management Action Plan</i>	<i>Due Date</i>	<i>Responsible</i>
Agreed. The Department will investigate the option for a system based control over the issue of AGCCs to non-employees, and make a decision on implementation based on the cost versus the risk to the Department of financial loss.	30 June 2014	Marilyn Prothero, Chief Financial Officer

2.5 Other observations

The following observations were noted by Internal Audit as part of fieldwork:

- ▶ Internal Audit tested a sample of ten transactions identified through data analytics as being over the cardholder's transaction limits. While this constitutes non-compliant behaviour, the Department's quarterly reporting processes had previously identified all ten instances and issued non-compliance breaches to cardholders in accordance with their non-compliant disciplinary processes.
- ▶ Internal Audit tested a sample of 17 transactions where cardholders had identified that they had used their AGCC in error to pay for a personal expense. In all 17 instances all funds had been repaid by the cardholder in a timely manner.
- ▶ Internal Audit tested a sample of six transactions identified through data analytics as being over \$5,000 (excluding travel) and not using the Department's procurement processes as required by policy. Four of the six transactions had been previously identified by the Credit Card team, breach notices were issued in three instances, and the fourth transaction was reversed by the cardholder.

The above findings show a strong culture of compliant behavior, especially with regard to the identification and auctioning of non-compliance by the Credit Card Team as well as the identification and repayment of personal expenses by cardholders.

3. Data Analytics and Detailed Testing

3.1 High level Data Analytics Results

This internal audit included data analytics over all credit card transactions, extracted from the Department’s credit card system, myWorkplace, for the period 1 January to 15 August 2013. Table 5 details total number of transactions and cardholders that were included in the data analytics.

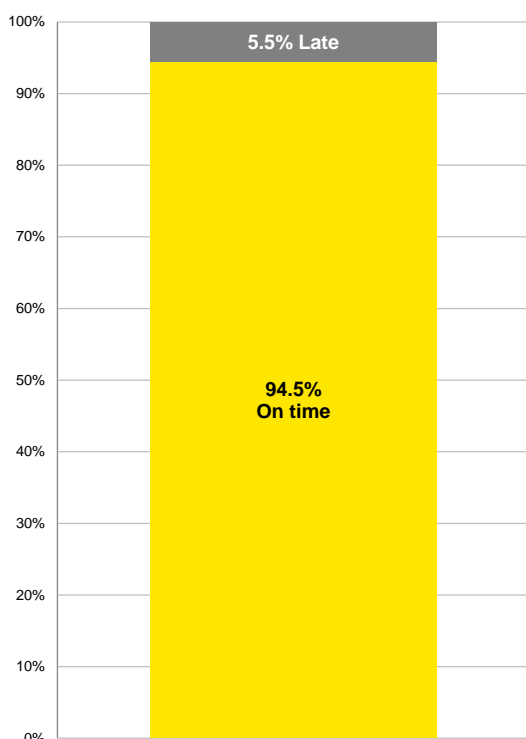
Table 5: Number of transactions and Summary of detailed transaction testing

Total number of transactions	Total number of cardholders
26,171	660

3.1.1. Analysis of timeliness of credit card acquittals and approvals

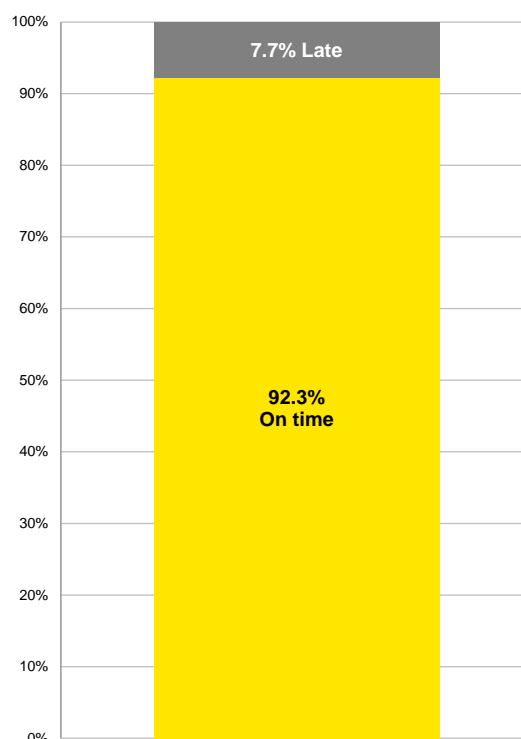
As depicted in Figures 2 and 3, 94.5% of all acquittals were completed by the 10th day of the month after which the transactions were incurred; and 92.3% of all approvals were completed by the 15th day of the month, respectively.

Figure 2: Acquittal timeliness



Acquittal status	No. of transactions	% of total transactions
On time	24,738	94.5%
Late	1,433	5.5%

Figure 3: Approval timeliness



Approval status	No. of transactions	% of total transactions
On time	24,738	92.3%
Late	1,433	7.7%

- ▶ The average number of days that **acquittals** were late was **9.70 days**.
- ▶ The average number of days that **approvals** were late was **10.35 days**.

These results indicate a high level of compliance with Departmental acquittal timeframes by both cardholders and approvers.

3.1.2. Analysis of Credit card Expenditure

- ▶ Figure 4 depicts the proportional credit card expenditure between domestic travel, international travel, and other purchasing transactions.
- ▶ Figure 5 depicts the proportional number of credit card transactions between domestic travel, international travel, and other purchasing transactions.
- ▶ Figure 6 depicts the proportional credit card expenditure by division.

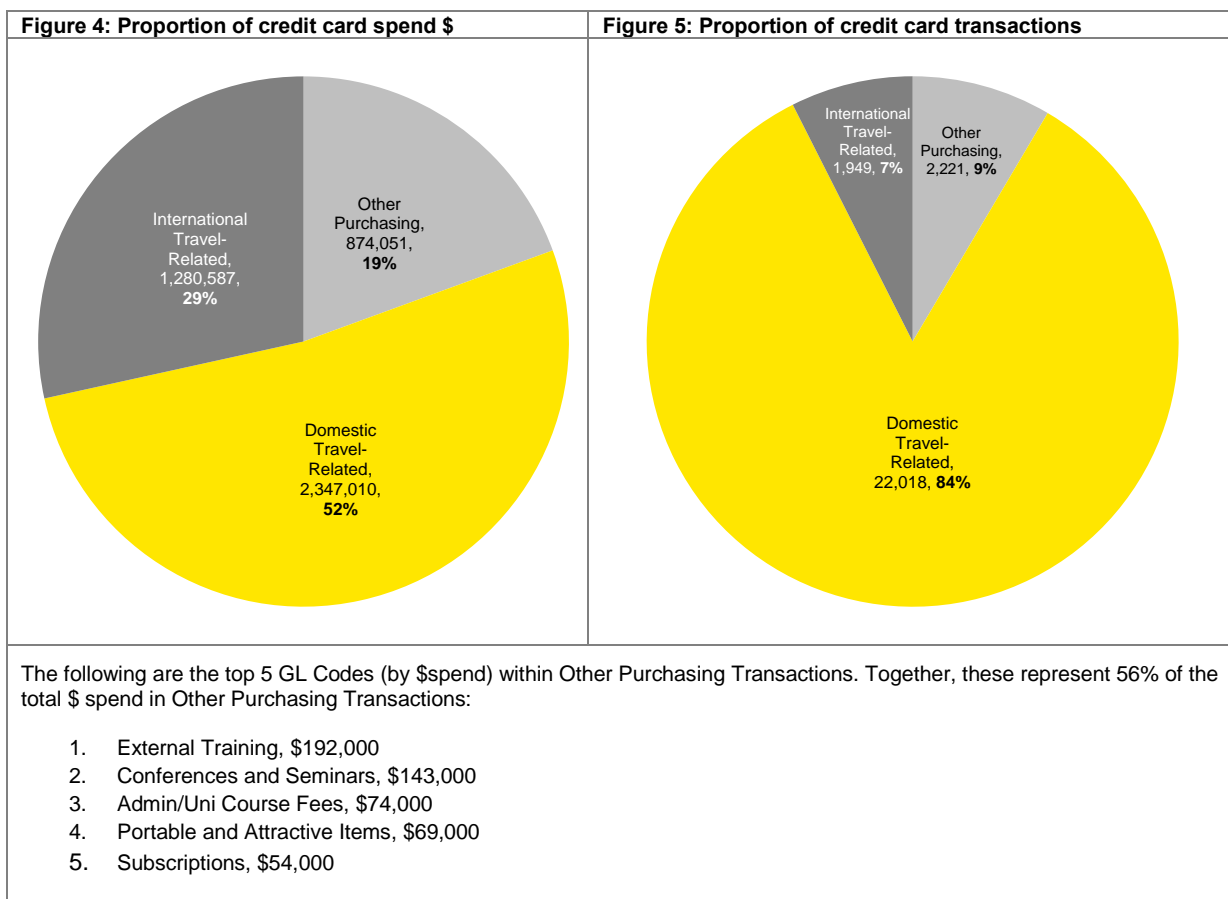
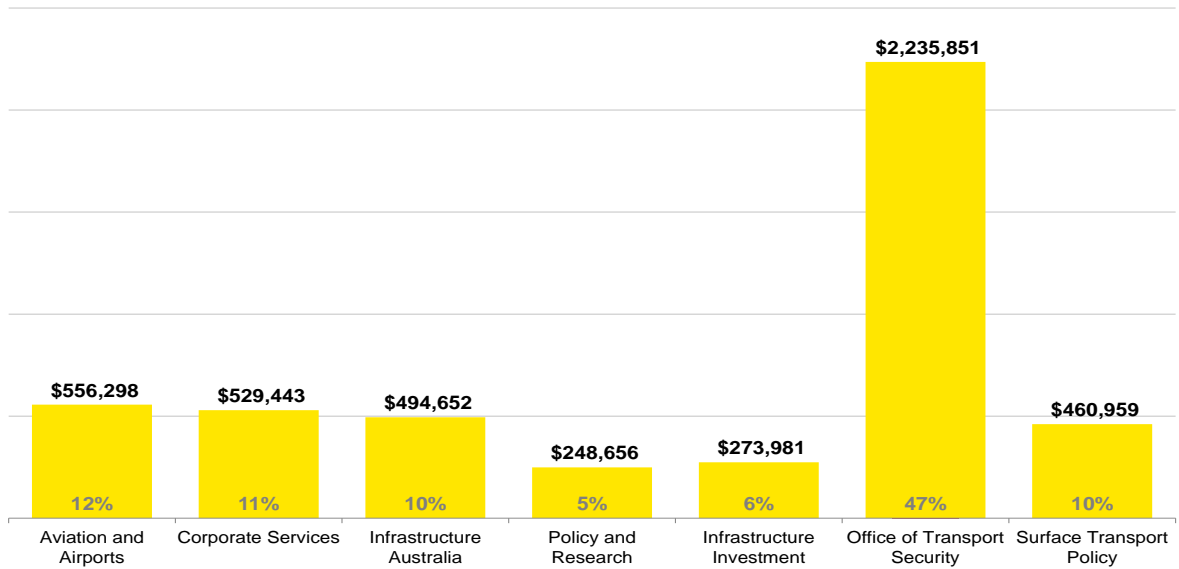


Figure 4 and 5 show the Department's proportion of credit card expenditure by total value and number of transactions respectively. Approximately 80 percent of AGCC expenditure is travel related.

Figure 6: Percentage of total credit card spend by Division



The Office of Transport Security (OTS) accounts for almost half of the Department's AGCC expenditure. This result was in line with Departmental key stakeholder expectations due to the nature of the OTS's role and the high level of travel they undertake.

3.3 Detailed testing

Table 6 below outlines the 11 detailed transaction tests undertaken by Internal Audit. These tests were identified by initial data analytics over the full population of 26,171 transactions for the period 1 January to 15 August 2013, and in consultation with key stakeholders from within the Department.

Table 6: Summary of detailed transaction testing

Analytics test performed	Description of test performed	No. of transactions selected for detailed testing
Duplicate Claims	Identify instances where an employee has made more than one claim on the same date for the same amount to the same merchant.	16
Transaction Splitting	Identify all instances where an employee had a transaction on the same day, with the same merchant, and the results of these transactions added to greater than the cardholder's transaction limit.	10
Transactions over transaction Limit	Identify all instances where a transaction \$ amount is greater than the cardholder's transaction limit	10
Personal Expenditure	To identify all transactions that are related to Personal Expenditure	17
Gifts	To identify all transactions that are related to Gifts	23
Purchases over \$5,000 (excluding travel) that did not undertake a procurement process	To identify all transactions that are over \$5,000 and are un-related to Travel	6
Fuel Purchases	Identify all transactions that may relate to the purchase of fuel.	10
Accommodation at Five Star Hotels	Identify all transactions for accommodation at 5-Star hotels.	10
Non SES - Business Class Travel	Identify all instances where a Non-SES staff member flew business class.	10
Meals transactions	Identify instances where meals transactions were higher than the average meal expense.	10
End-to-end review of AGCC processes for 25 cardholders ¹⁷ , including a full reconciliation of one month of transactions.	This involved examining: <ul style="list-style-type: none"> • Approval of the issue of AGCC; • Appropriate delegate approval of expenditure; • Appropriateness of transactions; • Timely and comprehensive completion of transaction acquittals; • Proper and adequate retention of expenditure evidence; and • Complete reconciliation of all items within one month's transaction listing. 	359
Total:		481

Instances of non-compliance detected through the above testing are outlined in Table 1 (page 3) of this report.

¹⁷ Top 20 spenders were targeted as part of this test, with the exclusion of any officers who were part of Infrastructure Australia.

Appendix A Internal Audit Scope and Approach

1.1 Objective and Scope

The objective of this internal audit was to assess the effectiveness of the controls implemented by the Department relating to the use of AGCCs, against legislative and internal policy requirements.

The internal audit:

- ▶ assessed the Department's current AGCC policies and procedures against the requirements of the FMA Framework and relevant ANAO better practice, including policies relating to travel expenditure;
- ▶ examined whether the use of AGCCs by departmental staff is in line with government policies and internal departmental procedures, including the use of AGCCs for travel expenditure; and
- ▶ identified any underlying causes of non-compliance and recommend potential process or behavioural improvements that could be made to increase the efficiency and/or effectiveness of the Department's AGCC and travel policies and procedures.

The scope of the audit was limited to transactions occurring between 1 January 2013 and 15 August 2013. The focus of the Internal Audit was on assessing whether credit cards have been used appropriately and in accordance with requirements to ensure the Internal Audit can usefully inform future practice.

1.2 Approach

Our approach involved the following four tests to assess control effectiveness:

Test 1: Review of documentation and process

Review and assessment of relevant internal AGCC and travel policies and procedures against legislative policies and procedural guidance including the FMA Framework and ANAO Better Practice.

Gain an understanding of the processes relating to the use and acquittal of credit card expenses.

Test 2: Understanding the data

Document the end to end process to identify the key risks and controls in place within the AGCC and travel processes, in order to identify the parameters to test compliance of AGCC usage against internal policies and procedures to assess whether the transactions are being appropriately and consistently applied.

Use data analytics to identify transactions which deviate significantly from expected practice and undertake a more thorough examination of these transactions. The use of data analytics may also identify unusual trends in expenditure which will guide the sample selection. The data analytics over individual transactions may include (but not limited to):

- ▶ duplicate claims for the same time period;
- ▶ splitting of transactions;
- ▶ identify expenses from Friday evening, Saturday, Sunday or Public Holidays;
- ▶ perform analytics for top spenders;
- ▶ identify transactions which may cause reputational damage; and
- ▶ identify cases where two employees have the same AGCC expense type for the same date.

We consulted with the relevant stakeholders, the Chief Finance Officer (CFO), Chief Operating Officer (COO) and Internal Audit Manager to determine the next appropriate tests.

Test 3: Transaction testing

As part of our audit procedures we conducted compliance testing on transactions occurring identified from the data analytics which warrant further review on a targeted sample of card holders. The sample was selected using a risk based approach determined from the results of the data analytics and examined:

- ▶ the approval of the issue of AGCCs to departmental staff;
- ▶ appropriate delegate approval of expenditure provided to card holders;
- ▶ the appropriateness of transactions i.e. for business purposes, for general AGCC purchases and travel expenditure (one month per cardholder);
- ▶ timely and comprehensive completion of transaction acquittals;
- ▶ proper and adequate retention of expenditure evidence;
- ▶ termination of AGCCs; and
- ▶ complete reconciliation of all items within the transaction listing.

Test 4: Behavioural Auditing Approach

Using the EY Behavioural Auditing Approach, BEAM, (outlined in Appendix B) an examination of the results of tests 1 – 3 was undertaken in order to identify any underlying cultural or behavioural factors impacting levels of non-compliance with AGCC and travel policies and procedures. This included:

- ▶ an examination of organisational and individual factors impacting compliance, such as, availability of information, adequacy of resources, staff incentives, staff competency, practical application and motivation of individuals;
- ▶ discussions with a sample of AGCC users to gain an understanding of their AGCC and travel management processes, and in particular, to determine their knowledge of compliance requirements, level of training and factors impacting their timely execution of compliance controls;
- ▶ determining any potential efficiencies and procedural improvements that could be applied to AGCC management; and
- ▶ review of individual transactions to determine their appropriateness in accordance with the Department's policy.

Appendix B Departmental Risk Ratings and Definitions

The legend of priorities is based on the risk rating system as defined in the table below.

Table 4: Legend of risk ratings

Risk ranking	Action required
Severe	Controls and monitoring processes are inoperative or do not exist and it is likely that the circumstances will occur and cause major disruption to, or failure of, the Department's ability to deliver a major service. The risk MUST be avoided unless effective controls can be established.
High	If realised, the risk is likely to cause significant disruption or failure of the Department's ability to deliver a major service. The risk must be mitigated; effective control measures MUST be implemented and monitored, including regular reports to executive management.
Medium	Existing controls and monitoring are not completely effective and may benefit from improvement/replacement. Controls are actively managed as part of an existing process and exception or failure reporting processes to next management level exist.
Low	Existing controls and monitoring are mostly effective and managed. Continuous improvement is an accepted part of monitoring to determine cost effectiveness of additional treatments. Incident reporting is part of normal process.
Very low	Existing controls and monitoring are effective and actively managed. Additional treatment is unlikely to be cost effective.
BPI	Business process improvement opportunity. A suggested improvement in efficiency or better practice.

The risk ratings are based on the likelihood and impact ratings, which are outlined in the subsequent tables below.

Table 5: Risk ratings

Rating	Consequences				
	Insignificant	Minor	Moderate	Major	Extreme
Almost certain	11. Low	16. Medium	20. High	23. Severe	25. Severe
Likely	7. Low	12. Low	17. Medium	21. High	24. Severe
Possible	4. Low	8. Low	13. Medium	18. Medium	22. High
Unlikely	2. Very low	5. Low	9. Low	14. Medium	19. High
Rare	1. Very low	3. Very low	6. Low	10. Low	15. Medium

Table 6: Likelihood ratings

Rating	Likelihood
5 (Almost certain)	The event is a regular activity for the organisation and a failure will often occur within a 12 month planning time frame
4 (Likely)	The event is an infrequent or ad hoc activity for the organisation but a failure will probably occur within a planning cycle
3 (Possible)	The event may occur within the foreseeable future
2 (Unlikely)	The event may occur at some time but not likely to occur in the foreseeable future
1 (Rare)	The event will only occur in exceptional circumstances or as a result of unusual events

Table 7: Consequence ratings

Rating	Reputation	Resources	Business continuity	Security/compliance
5. Extreme	<ul style="list-style-type: none"> Royal Commission Complete loss of stakeholder confidence Ministerial / Secretarial resignation Adverse international media reports 	<ul style="list-style-type: none"> Greater than 10% impact on budget Multiple deaths or large number of injuries to staff, clients and/or the public Establishing an indemnity exceeding \$100M which is not approved by Comcover Incident causes a significant reduction in staff retention and recruitment 	<ul style="list-style-type: none"> Loss of service capacity for more than 1 week Destruction or disastrous long term damage to most assets Epidemic causes long term large scale staff absences, death or dismemberment 	<ul style="list-style-type: none"> Breach of Constitution Security incident causes death and destruction Security incident compromises the integrity of critical Government IT infrastructure
4. Major	<ul style="list-style-type: none"> Parliamentary Inquiry Serious loss of stakeholder confidence Adverse national media report on inefficiency / inadequacy Allegations of departmental cover-ups Environmental disaster/emergency with incidental adverse media coverage Serious embarrassment to Minister and Government 	<ul style="list-style-type: none"> Up to 5% impact on budget Skilled staff shortages leads to significant additional cost Work accident leads to staff/client hospitalisation Establishing an indemnity of \$10-\$20M which is approved by Comcover 	<ul style="list-style-type: none"> Loss of service capacity for up to 4 days Loss of large number of staff Destruction or serious damage to key physical or information assets Change of Government leads to unsupported program changes 	<ul style="list-style-type: none"> Breach of Commonwealth law and regulations (including Standards) Permanent disability to staff/clients because of improper work practices Undetected long term fraud (discovered by accident rather than process) Sensitive information leaks
3. Moderate	<ul style="list-style-type: none"> Ministerial question in Parliament Substantial adverse publicity or loss of some stakeholder confidence Air/Sea/Road accident leads to some Ministerial involvement 	<ul style="list-style-type: none"> Up to 3% impact on budget Skilled staff shortages leads to significant additional cost Work accident leads to staff/client hospitalisation Establishing an indemnity of \$10M-\$20M which is approved by Comcover 	<ul style="list-style-type: none"> Loss of service capacity for up to 3 days Permanent loss of key staff Damage to physical and information assets including backups 	<ul style="list-style-type: none"> Failure to comply with directions and instructions Systemic fraud of significant value
2. Minor	<ul style="list-style-type: none"> Some adverse publicity Major review of current policies and procedures instigated Minor loss of stakeholder confidence Ministerial response or interest 	<ul style="list-style-type: none"> Up to 2% impact on budget Staff member sustains severe sprain or broken bone requiring medical attention Staff absences increase sufficiently to cause delays Establishing an indemnity of less than \$10M which is approved by Comcover 	<ul style="list-style-type: none"> Loss of service capacity for up to 2 days Temporary loss of key staff 	<ul style="list-style-type: none"> Failure to comply with Guidelines Security systems or processes not being adhered to
1. Insignificant	<ul style="list-style-type: none"> Internal impact only No adverse publicity or Ministerial involvement No stakeholder conflict Managed by existing policies 	<ul style="list-style-type: none"> Staff member sustains minor cuts or abrasions requiring time off work No impact on targets 	<ul style="list-style-type: none"> Loss of service capacity for up to 1 day 	<ul style="list-style-type: none"> Failure to comply with internal instructions

Appendix C Audit Response Menu

The Audit Response Menu (ARM) provides a sophisticated and broad approach to planning and delivering internal audit engagements. It is based on the complexity and nature of the risk and controls being audited. The purpose of using the ARM is to identify the most appropriate audit response to the specific requirements and objectives. The figure below provides a 'snapshot' of all the internal audit engagement responses which can be delivered as required. However, on the basis of the scope of this engagement, and the risks and controls being tested, a compliance audit is the most appropriate audit response, with a written report on factual findings and recommendations the appropriate audit report type.

Figure 1: Process for developing audit responses for audit engagements

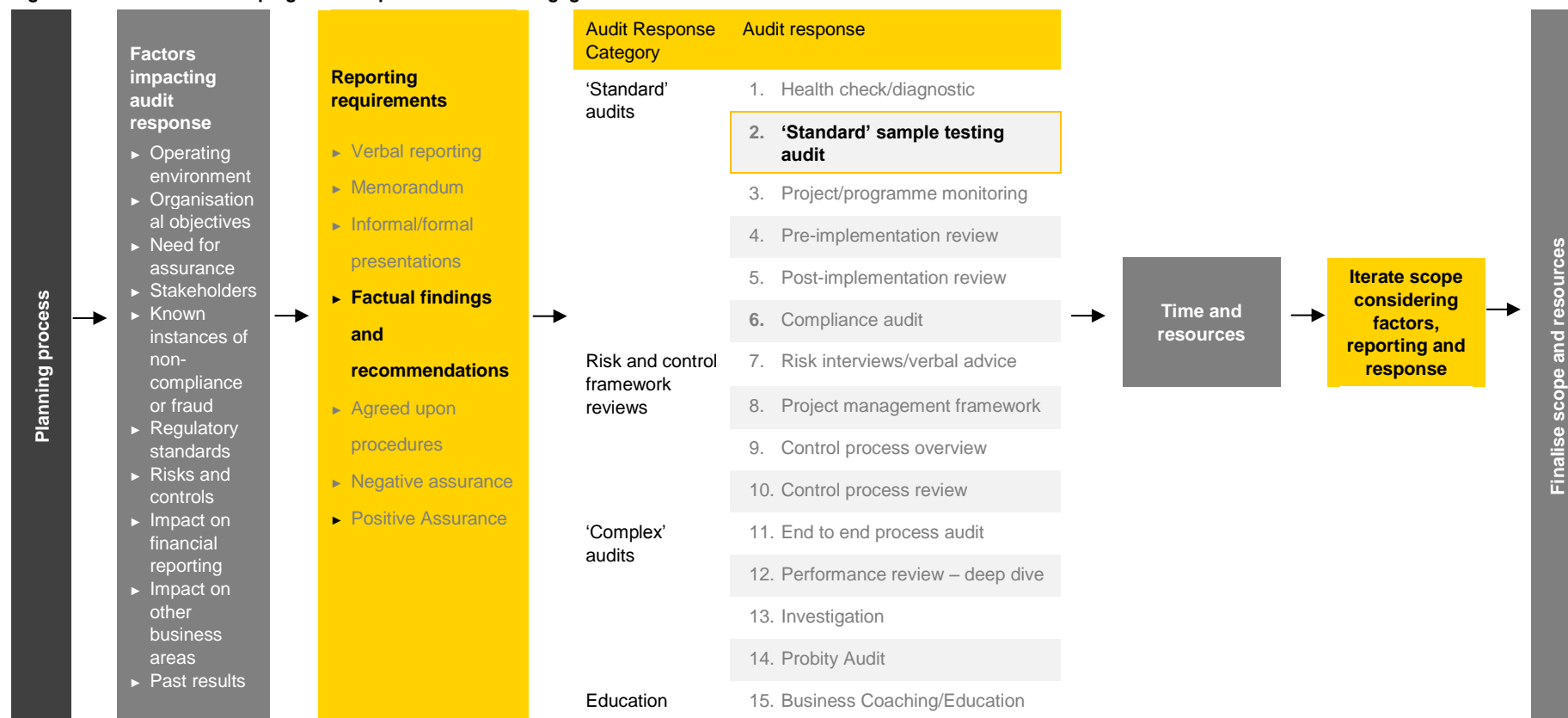


Table 8: Audit Response Descriptions

Type of audit	Audit Response Strategy	Reasons for applying this response
Standard	1. Health Check / Diagnostic	This response will be used when: <ul style="list-style-type: none"> management has, or is considering, a change in business processes or responsibilities and require assistance in assessing the control environment; and management has identified an issue and requires work to be done to ascertain whether the concern is systemic.
	2. "Standard" Internal Audit	To provide feedback on the effectiveness of controls in place to manage key risks. This Response Strategy needs to be differentiated from strategies 3 and 12 respectively. 3 is high level, whereas 12 is more in-depth.
	3. Project / Program Management Review	To provide commentary on the robustness of the business unit's project governance processes; and to assess Benefits Realisation.
	4. Pre-Implementation Review	When management is in the process of undertaking a major transaction or project and requires feedback prior to the go live date.
	5. Post-Implementation Review	To provide comfort over the control environment following the go-live date of a major transaction/project.
	6. Compliance Audit	To provide comfort that contractual or regulatory obligations are being met. This could involve reporting to third parties as well as internal parties.
Risk Framework Reviews	7. Risk Interviews	When management requires 'real time' feedback with regard to the management of key risks, without carrying out substantive fieldwork. This strategy could be a preliminary identification for more in-depth work, depending on the outcome of the Risk Interviews.
	8. Target / Project Monitoring	To be performed for projects/initiatives that are on-going where continuous feedback is required on risk management.
	9. High Level Process Overview	To provide management with comfort as to how the process under review is functioning at a macro level. Depending on the significance of findings, an audit response of this nature may serve as a precursor for more in-depth audit responses. This Audit Response Strategy needs to be differentiated from the 'Standard Internal Audit' and the "End-to-End" Process Audit.
Complex	10. Control Framework Review	Where feedback is required on the effectiveness and appropriateness of a framework, usually by benchmarking against leading practice.
	11. End-to- End Process Audit	When comfort is required over a core process that impacts multiple business units, geographical areas and/or multiple reporting periods. This contrasts to audit response 6 which is for a single process, single location/site etc.
	12. "Deep Dive"	To provide a more in depth level of comfort over both operational and IT controls, including the underlying data.
	13. Investigation	Investigations should be conducted where concerns are raised regarding the following: <ul style="list-style-type: none"> improper conduct; fraud; misappropriation of assets; unethical Behaviour; whistle blowing reports; and disputes.
	14. Probity Audit	To act as an independent party in managing perceptions relating to potential conflicts of interest. This strategy will be used for major tendering initiatives.
Education	15. Business Coaching / Education	Proactive measure working as business partner to impart leading practice, knowledge and skills. Examples of areas where this may be applied include: <ul style="list-style-type: none"> fraud awareness training; risk management workshops; and internal controls training.

Appendix D Behavioural Auditing Approach

As part of this internal audit we have considered the underlying behaviours and culture upon which controls have been built and implemented. The six behavioural aspects of the effectiveness of controls identified using the model are presented in the two figures below. To embed sustainable change and an improved control environment, our recommendations have considered the behavioural root cause of issues.

Figure 2: Behavioural Auditing Methodology



Table 9: Descriptions of the six elements of BEAM

Success Factors	Description
Information	Good information is information provided to the right people in the right level of detail and on time to help them to carry out their responsibilities efficiently and effectively. Information seeks to understand the quality and sources of policy and procedure information that supports individuals in doing their jobs and to identify where there is a need for different information or where information developed would be worth considering throughout the organisation
Resources	A good practice business environment is one where the organisation identifies and provides adequate resources to help people fulfil responsibilities within the organisation, and to achieve organisational objectives. Resources seek to understand whether you are being provided with the right resources to support individuals in the day-to-day activities.
Incentives	Providing employees with appropriate feedback, incentives and rewards makes for a better business environment as individuals are motivated to achieve organisational objectives. Incentives seek to understand whether employees are being provided with the right feedback and rewards to motivate performance in their roles.
Competencies	Management support of employee growth and competence increases the likelihood of employee's commitment and adherence to policies and procedures and the overall direction of the organisation. Competencies seek to understand whether employees are being provided with the appropriate management support to enable them to understand the skills and competencies required in their day-to-day activities.
Application	Where people are made aware of their responsibilities supported to improve and provided with the necessary information to be able to make educated decisions for themselves. Application seeks to understand whether individuals/teams are supported by management in their day-to-day activities.
Motivation	A good business provides equitable support and reward for individual performance. Clear links exist between the efforts of the individual, the team and the organisation as a whole. Motivation seeks to understand whether individuals/teams are being motivated to perform their day-to-day activities.

Appendix E Personnel consulted during this internal audit

The table below contains the list of stakeholders consulted as part of this internal audit.

Table 10: Personnel consulted during this audit

Name	Position	Date Consulted
David Banham	Chief Operating Officer	20 December 2014
Marilyn Prothero	Chief Financial Officer	17 December 2014
Andrew Jaggers	Executive Director	19 February 2014
Richard Farmer	General Manager	14 February 2014
Warren Orlandi	Financial Controller	Ongoing between 9 December 2013– 14 February 2014
Olivia Sutton	Financial Operations Manager	Ongoing between 9 December 2013– 14 February 2014
Rachel Black	Business Manager	12 February 2014
Michele Pearce	Aviation Compliance Manager	13 February 2014
Lee Schuster	Credit Card Team Leader	Ongoing between 9 December 2013– 14 February 2014
Lauren Sette	Executive Assistant	14 February
Eleisha Hickey	Business Management Unit	3 December 2013
Gaby Berzins	Business Management Unit	3 December 2013

Appendix F Documents and reference sources reviewed

The table below lists the documents and reference sources sighted during this internal audit.

Table 11: Documents and reference sources reviewed

Documents and other reference sources reviewed	
▶	ANAO Better Practice, <i>Control of Credit Card Use 2013</i>
▶	ANAO Better Practice, <i>Management of Credit Cards 2008</i>
▶	CEI Credit Cards
▶	Practical Guide Credit Cards
▶	Credit Card Fact Sheet
▶	CEI Travel
▶	International Travel Information Checklist
▶	WoAG Travel Fact Sheet
▶	Finance Circular 2012-04 - Use of the Lowest Practical Fare for Official Domestic Air Travel
▶	Finance Circular 2012-05 Best Fare of the Day for International Air Travel
▶	Guide to International Travel for Departmental Officers July 2013
▶	CEI Procurement
▶	Practical Guide Procurement

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As the services covered by this project are not being performed under the requirements of the Corporations Act, the services do not constitute an external audit, or an engagement to perform agreed-upon procedures in accordance with the Australian Auditing Standards.

The services are being undertaken at the request of the Department of Infrastructure and Regional Development to examine the adequacy of internal controls outlined in the scope and approach sections of this document.

The Department of Infrastructure and Regional Development is fully and solely responsible for making implementation decisions, if any, and to determine further course of action with respect to any matters addressed in any advice, recommendations, services, reports or other work product or deliverables provided by us.

The Department of Infrastructure and Regional Development is responsible for maintaining an effective internal control structure. The purpose of our report will be to assist the Department of Infrastructure and Regional Development in discharging this obligation.

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected by us. Further, the internal control structure, within which the control procedures that we will examine are located, will not be reviewed; therefore no view will be expressed by us as to its effectiveness. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Our report will be prepared for the use of the Department of Infrastructure and Regional Development. We disclaim all liability to any other third party for all costs, loss, damage and liability that the other third party may suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other third party or the reliance upon our report by the other third party including your external auditor. We understand that whilst our work does not negate the primary obligations of your external auditor, the work we undertake may be accessed by the external auditor for their information only. Any reliance on our report will require separate consent by EY, The Department of Infrastructure and Regional Development and your external auditor.