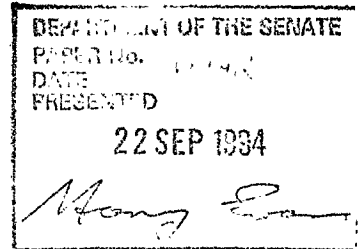
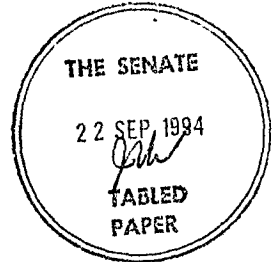


PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA



Report  
332



The Australian Government Credit Card.

SEPTEMBER 1994

Joint Committee of Public Accounts

**The Parliament of the Commonwealth of Australia**

**Joint Committee of Public Accounts**

**REPORT 332**

**The Australian Government  
Credit Card**

**September 1994**

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Canberra**

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  4. Appointed 12 May 1994
  5. Appointed 17 March 1994
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DUTIES OF THE COMMITTEE

The Joint Committee of Public Accounts is a statutory committee of the Australian Parliament, established by the *Public Accounts Committee Act 1951*.

Section 8(1) of the Act describes the Committee's duties as being to:

- examine the accounts of the receipts and expenditure of the Commonwealth including the financial statements transmitted to the Auditor-General under sub-section (4) of section 50 of the *Audit Act 1901*;
- examine the financial affairs of authorities of the Commonwealth to which this Act applies and of inter-governmental bodies to which this Act applies;
- examine all reports of the Auditor-General (including reports of the results of efficiency audits) copies of which have been laid before the Houses of the Parliament;
- report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- report to both Houses of the Parliament, any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question.

The Committee is also empowered to undertake such other duties as are assigned to it by Joint Standing Orders approved by both Houses of the Parliament.

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## LIST OF ABBREVIATIONS

AGCC	Australian Government Credit Card
Agency Heads	Refers to departmental secretaries as well as the heads of Commonwealth portfolio agencies who have equivalent powers and functions
ANAO	Australian National Audit Office
ASIC	Australian Standard Industry Classification
ATO	Australian Taxation Office
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAS	Department of Administrative Services
DoD	Department of Defence
DoF	Department of Finance
ESU	Efficiency Scrutiny Unit
RBA	Reserve Bank of Australia
Westpac	Westpac Banking Corporation

## CHAIRMAN'S FOREWORD

Few reports by the Auditor-General in recent times have generated as much public interest and comment as his two reports on the efficiency, effectiveness and use of the Australian Government Credit Card (AGCC).

The reports, *Audit Report No. 21, 1993-94, The Australian Government Credit Card - its debits and credits* and *Audit Report No. 41, 1993-94, The Australian Government Credit Card - Some Aspects of Its Use* were tabled in Parliament on 14 December 1993 and 27 June 1994 respectively. This Report reviews these two reports.

The introduction of the AGCC in 1987 was one of a series of financial and administrative reforms implemented by the Government around that time with a view to making public administration more efficient, and to support the move towards greater devolution of decision making in departments and agencies.

There are now some 16 000 holders of AGCCs in the Australian Public Service. In 1992-93 (the period under review by the Australian National Audit Office), there were approximately 650 000 transactions using the AGCC, for a total value of some \$418 million. These transactions represented some 3.5 to 5 per cent of the Government's annual procurement budget. The AGCC was generally intended to be used for small purchases (generally, less than \$1 000). The Audit Office's analysis shows that, while an estimated 88 per cent of card transactions were for payments under \$1 000, 74% of card expenditure was represented by transactions in excess of \$1 000.<sup>1</sup>

A particular point of concern raised in the audit reports was the incidence of fraud and misuse using the AGCC. The second audit report noted that since the introduction of the credit card, there have been 46 reported instances of fraud or misuse.

<sup>1</sup> Auditor-General, *Audit Report No. 21, 1993-94*, AGPS, Canberra 1993, p. 20.

The Committee takes this matter seriously as these cases reflect a breakdown of stewardship by Government agencies in the use of taxpayers' money. In the Committee's view, any fraud or misuse is too much and is unacceptable. However, in assessing what conclusions should be drawn from this as to the performance of the AGCC system as a whole, the Committee notes that over the same period there have been over 2.7 million transactions. The Committee also notes that the AGCC is simply a means of payment (quite separate from the decision to make the expenditure), and that fraud or misuse can occur under any payment system.

What the Committee has attempted to do is to take a dispassionate look at the operation of the AGCC system in the light of the two recent audit reports. The present credit card contract expires on 30 June 1995, and the Committee's review is an opportunity for it to offer suggestions for improvement in the new contract. The Committee's recommendations are intended to support a more intelligent and prudent use of the AGCC in future by cardholders, and facilitate more effective management of credit card operations within agencies.

I wish to record my appreciation of the support of other Committee members in carrying out this review. Also, on behalf of the Committee, I express our appreciation to the Australian National Audit Office, which carried out the audits, and to all witnesses who assisted the Committee's deliberations at the public hearing.

Les Scott, MP  
Chairman

## RECOMMENDATIONS

### Recommendation 1

The Department of Finance should retain responsibility for the management of the Australian Government Credit Card contract. (paragraph 4.7)

### Recommendation 2

The Department of Finance should amend *Finance Direction 30A* to include specific reference to the need to ensure that appropriate initial and follow up training courses and procedures are in place on the use of Australian Government Credit Cards. (paragraph 4.15)

### Recommendation 3

All agency heads should ensure that:

- (a) training courses and procedures relating to use of Australian Government Credit Cards within agencies specifically target the requirements of new cardholders; high use cardholders; and Settlement Account administrators; and
- (b) all existing AGCC holders and all new AGCC holders are supplied with a copy of the Department of Finance publication *'The Australian Government Credit Card (AGCC) - A Guide on Best Practice'*. (paragraph 4.16)

### Recommendation 4

The Department of Finance should:

- (a) explore, and where appropriate sponsor the trialing of, all reasonable options for the payment of AGCC holders' monthly statements with a view to developing a clear way ahead before inviting tenders for the next contract; and
- (b) ensure that any new settlement procedures be incorporated into the next AGCC contract, with provision - if feasible - for this framework to be adapted by agencies to suit the needs of their individual accounting systems and reporting requirements. (paragraph 4.25)

### Recommendation 5

All agency heads should:

- (a) ensure that all AGCC holders in their agencies are fully conversant with the requirements for cardholders in the use of the AGCC;
- (b) institute a program of random checking of supporting documentation for AGCC transactions as an integral part of that agency's internal control processes; and
- (c) introduce appropriate penalty mechanisms (eg withdrawal of AGCC privileges) for non-compliance with the requirements for the use of Australian Government Credit Cards. (paragraph 5.18)



Recommendation 6

All agency heads should:

- (a) ensure that credit cards are issued on the basis of need rather than status; and
- (b) review patterns of credit card usage annually with a view to cancelling cards which are not being used or where the level of usage is too low to justify continued allocation of a credit card. (paragraph 5.30)

Recommendation 7

All agency heads should adopt a cost effective approach to the use of Australian Government Credit Cards within their own organisation and, as well as having regard to the Department of Finance guidelines, should:

- (a) impose limits on each cardholder as to the total credit available in each billing period and on the value of any one transaction; and
- (b) monitor all high value transactions (say, above \$10 000) to ensure that Australian Government Credit Cards are being used in a cost-effective way. (paragraph 5.37)

Recommendation 8

All agency heads should:

- (a) ensure that Australian Government Credit Cards are used for travel related purposes only where there are appropriate systems in place to check against any travel allowance that might have been paid to the relevant cardholder and to check expenditure against entitlements; and
- (b) monitor the operation of such systems closely to ensure full compliance by cardholders. (paragraph 5.42)

Recommendation 9

The Department of Finance should:

- (a) establish a process for obtaining feedback from agencies concerning their experiences with the existing AGCC contract and their suggestions for any changes in the new contract;
- (b) examine options for incorporating new product developments and improved statistical analysis and management reporting into the new contract to obtain the best deal for the Commonwealth; and
- (c) ensure that the new contract provides the flexibility for the Commonwealth to take advantage of product and technological improvements which may emerge over the life of the contract. (paragraph 6.8)

Recommendation 10

The Department of Finance should:

- (a) develop and implement a strategy for providing ongoing support to agencies in the efficient operation of the AGCC system; and
- (b) carry out a comprehensive evaluation of the operation of the AGCC system at least once every three years. (paragraph 6.15)

Recommendation 11

The Department of Finance should develop general guidelines on the appropriateness or otherwise of expenditure by Government agencies on items such as travel, hospitality, conferences and other staff related activities, to provide a benchmark for individual agencies. (paragraph 6.20)

**1**

## INTRODUCTION

**Background to the Review**

1.1 Pursuant to section 8(1)(ab) of the *Public Accounts Committee Act 1951*, the Committee examines all reports of the Auditor-General, including efficiency audit reports.

1.2 The Auditor-General's *Audit Report No. 21, 1993-94, The Australian Government Credit Card - its debits and credits* was tabled in Parliament on 14 December 1993. The Report examines the efficiency and effectiveness of the Australian Government Credit Card (AGCC) system as a tool for making both purchases and payments. The Committee resolved on 9 May 1994 to examine the Report.

1.3 In a separate but related development, the House of Representatives Standing Committee on Industry, Science and Technology tabled in Parliament in March 1994 a report entitled: *Australian Government Purchasing Policies: Buying our Future*. The Report considered Australian Government purchasing policies with particular reference to maximising opportunities for participation by Australian industry. The Report contained a chapter on the AGCC and included several recommendations on its future use. The Public Accounts Committee considers that its own examination of the AGCC is warranted to allow a focus on financial management aspects, as distinct from industry policy considerations.

1.4 A follow up report to *Audit Report No. 21*, entitled *Audit Report No. 41, 1993-94, The Australian Government credit Card - Some Aspects of Its Use*, was tabled in Parliament on 27 June 1994. The Committee was briefed on both reports by the Auditor-General at a private meeting on 27 June 1994, and took evidence at a public hearing on 6 July 1994. Officers from the Australian National Audit Office (ANAO), Department of Finance (DoF), Department of Administrative Services (DAS), and Westpac Banking Corporation (Westpac) attended the hearing.<sup>1</sup>

### The Structure of the Report

1.5 This report begins with a background to the AGCC - its introduction, how the AGCC system operates, and the experience to date as highlighted by the two audit reports.

1.6 Chapter 3 provides a background to *Audit Report No. 21, 1993-94* - how the audit was carried out, the recommendations of the Report, and responses to them. The chapter also provides a similar background on *Audit Report No. 41, 1993-94*.

1.7 Chapter 4 discusses the main issues raised by the audit reports in light of evidence received in the departmental responses and at the public hearing.

<sup>1</sup> A list of witnesses can be found at Appendix I.

## THE AUSTRALIAN GOVERNMENT CREDIT CARD IN PERSPECTIVE

### Why the AGCC was Introduced

2.1 The AGCC had its origins in the Efficiency Scrutiny Unit (ESU) set up by the Government in 1986, and headed by Mr David Block. The task of the ESU was to recommend more efficient ways of conducting selected public sector programs.

2.2 One of Mr Block's recommendations was to introduce credit cards as a means of paying for small purchases (generally, less than \$1 000) by Government departments and agencies. The main benefits expected to flow from this initiative were:

- lower processing costs for the payment of accounts (through simplification of the payment process, and consolidation of multiple small payments into one monthly statement); and
- quicker payment to suppliers than under existing payment systems.

2.3 In 1987 the Government agreed to introduce the AGCC, and gave DoF responsibility for its introduction. Westpac Banking Corporation was subsequently appointed as the AGCC provider.

2.4 Introduction of the AGCC was but one of several initiatives around that time which were designed to modernise and make more efficient the Government's accounting and financial management, and to devolve the administration of programs from central offices to regional centres.

### How the AGCC Works

2.5 The AGCC is not, strictly speaking, a credit card (which implies that the cardholder has a line of credit, and that purchases made using that line of credit are repayable with interest and may be paid on a flexible repayment basis). It is, rather, a debit card (or charge card) and the monthly debit balance must be acquitted in full by a predetermined date. The present AGCC is based on Westpac's MasterCard Corporate Card system.

2.6 Credit cards are issued by departments to authorised personnel, who make purchases on behalf of the department, using the card. Use of the AGCC attracts a merchant's service fee, which ranges from 1.3 per cent to approximately 8 per cent of the transaction value.

2.7 Once a month each cardholder receives a statement from Westpac itemising all transactions for the period. After verification, the statement is aggregated with statements to other cardholders in the department or regional/area office (depending on how the department is structured), and a cheque is drawn to fund a 'Settlement Account' with the Reserve Bank of Australia (RBA) (each department may have one or several of these accounts).

2.8 Fifteen days after each statement date, Westpac direct debits (or 'sweeps' as it calls it) the Settlement Accounts to receive payment. This process should leave the Settlement Accounts with a nil balance after the monthly sweep:

- if the Settlement Account is overfunded at the time of sweeping, Westpac draws only the debit balance as per the monthly statements, leaving the account with a credit balance;
- if the Settlement Account is underfunded at the time of sweeping, Westpac draws the full debit balance as per the monthly statements, leaving the account overdrawn.

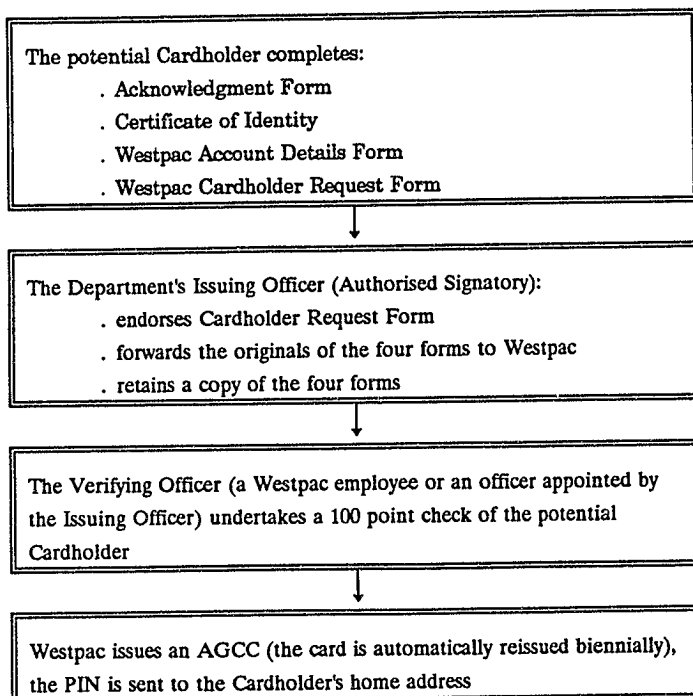
2.9 Because Westpac is paid in full and on time, there are no interest payments by the Commonwealth to Westpac. The Commonwealth does not pay interest to the RBA on any overdrawn Settlement Accounts.

2.10 The operation of the AGCC is shown in the following table, which has been derived from information provided by DoF.<sup>1</sup> It should be noted that systems for managing the AGCC in other departments may differ slightly.

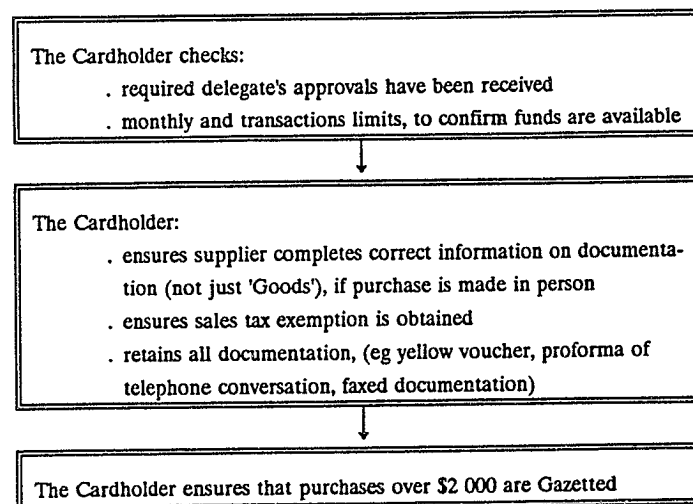
<sup>1</sup> Department of Finance, Financial Information and Resource Skills Training, *Plastic Magic - Australian Government Credit Card*.

TABLE 2.1 - THE CREDIT CARD IN ACTION

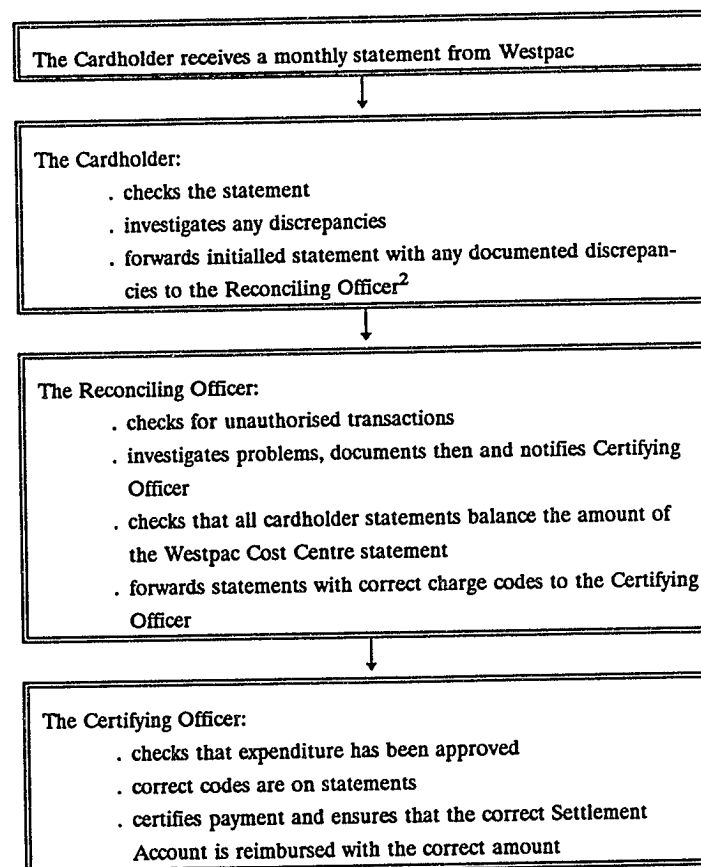
## THE DECISION TO ISSUE AN AGCC



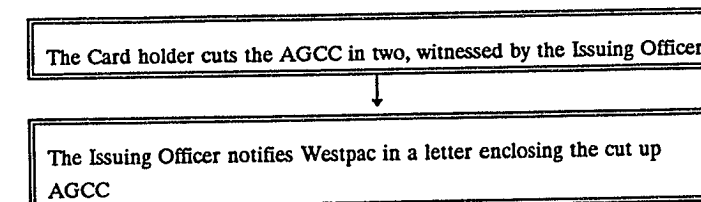
## THE DECISION TO USE THE AGCC



## VERIFICATION OF TRANSACTIONS



## THE DECISION TO CANCEL AN AGCC



<sup>2</sup> Reimbursement to Westpac cannot be delayed, discrepancies are resolved retrospectively with any reimbursement appearing as a credit on subsequent statements.

## The AGCC Experience

### Patterns of Usage

2.11 Based on analysis by ANAO for the period 1992-93, the following patterns/results of credit card use emerged, as reported in the first Audit Report *Audit Report No. 21, 1993-94, Department of Finance, The Australian Government Credit Card - its debits and credits*:

- there were nearly 16 000 AGCC holders with a total number of transactions of around 646 000 for the year, having a total transaction value of \$418 million;
- average transaction size for the AGCC was \$650 compared with \$95 for personal credit cards, and average annual turnover for the AGCC was \$26 200 compared with \$1 900 for personal credit cards;
- 88 per cent of *transactions* using the AGCC were for amounts less than \$1 000. However, 74 per cent of *expenditure* using the AGCC were for transactions greater than \$1 000;
- in a three month sample period, 9 per cent of cardholders accounted for 77 per cent of the expenditure, and 26 per cent of cardholders did not use their card;
- recurring payments to the same few suppliers comprised a large proportion of AGCC expenditure. In a three month sample period, payments on more than 50 occasions to the same supplier accounted for 2 per cent of suppliers but about 41 per cent of transactions (both by volume and value); and
- payments to suppliers covered a very broad range of products, services and industry classifications.

2.12 The total value of transactions using the AGCC represents only a small percentage of Government purchasing (this is to be expected as the AGCC is intended for smaller purchases). In 1992-93, the \$418 million spent using the AGCC represented between 3.5 and 5 per cent of the Government's annual procurement budget.

### Settlement Accounts

2.13 The Settlement Accounts at the RBA are the mechanism by which Westpac is paid. These accounts should be in credit immediately before the monthly sweep by Westpac, and reduced to zero by the sweep.

2.14 An ANAO survey of 419 Settlement Accounts for the month of May 1993 showed that about three quarters of them were out of balance after the May sweeping cycle. Of those out of balance, about two thirds were overdrawn, and one third overfunded. The total balance of overdrawn accounts was approximately \$35 million, and approximately \$1.3 million ~~for~~ overfunded accounts.<sup>3</sup> The net overdraft balances of the Settlement Accounts averaged about \$34 million during 1992-93.<sup>4</sup>

2.15 There is no interest penalty to the Commonwealth from overdrawn accounts, and hence no pressing need from that point of view to clear the accounts. However, it does complicate the reconciliation of Settlement Accounts, and points to inadequate internal control within agencies.

<sup>3</sup> Auditor-General, *Audit Report No. 21, 1993-94*, p. 35.

<sup>4</sup> Auditor-General, *Audit Report No. 21, 1993-94*, p. 40.

*Training*

2.16 The first Audit Report found that comparatively few cardholders had received any formal training in the use of the AGCC. In particular:

- introductory day or half day courses had been undertaken by only 35 per cent of card holders; and
- many card holders have held an AGCC for up to six years without initial or follow up training.

2.17 The ANAO found that many APS departmental managers questioned the need for formal training in the use of the AGCC. The ANAO argued in favour of formal training citing, amongst other things, the large average expenditure of card holders (\$26 000 p.a.) and the need for certain accountability requirements to be met in the expenditure of Commonwealth funds.<sup>5</sup>

*Risk Management and Fraud*

2.18 The ANAO identified a number of risk management issues associated with AGCC use. These included:

- *Cash advances* - The AGCC is intended to facilitate small purchases (typically, less than \$1 000). The ANAO was concerned that in 1992-93 there were over 900 cash advances to card holders;<sup>6</sup>
- *Description of goods* - The credit card voucher usually does not adequately describe the goods or services being purchased. This allows either merchant fraud or card holder fraud to occur;<sup>7</sup>

5 Auditor-General, *Audit Report No. 21, 1993-94*, p. 14-15.

6 Auditor-General, *Audit Report No. 21, 1993-94*, p. 55.

7 Auditor-General, *Audit Report No. 21, 1993-94*, p. 48.

- *'Double dipping'* - This is a particular concern with travel or hospitality expenses. An officer may use the credit card to pay for hotel accommodation, for which he/she has already received Travel Allowance;<sup>8</sup> and
- *Weak card security* - This is a problem associated with credit cards generally. For example, a person with knowledge of the number and expiry date of an AGCC held by someone else could fraudulently use the card by means of telephone purchasing.<sup>9</sup>

2.19 The ANAO also examined the incidence of fraud associated with AGCC use, and found it to be extremely low.<sup>10</sup> In its second report, ANAO stated that there had been 46 reported cases of fraud and misuse across all Commonwealth agencies from November 1987 to March 1994. These cases totalled between \$1.8 million and \$2 million.<sup>11</sup> Over the same period, some 2.7 million AGCC transactions took place for payments totalling about \$1.6 billion.<sup>12</sup>

**S u m m a r y**

2.20 While ANAO supported the continued, appropriate use of the AGCC, it was concerned that the earlier expectations about its benefits - especially lower processing costs for payment of Government purchases - had not materialised. It was also critical of many aspects of the operation of the AGCC at the micro level, and oversight and development of the AGCC system at the macro level.

8 Auditor-General, *Audit Report No. 21, 1993-94*, p. 58-61.

9 Auditor-General, *Audit Report No. 21, 1993-94*, p. 49.

10 Auditor-General, *Audit Report No. 21, 1993-94*, p. 51.

11 Auditor-General, *Audit Report No. 41, 1993-94*, AGPS, Canberra, 1994, pp. 50-51.

12 Auditor-General, *Transcript*, p. 230, (Canberra, 6 July 1994). The Auditor-General referred to a response by the Minister for Finance to a question without notice on 28 June 1994.

## THE AUDIT REPORTS ON THE AUSTRALIAN GOVERNMENT CREDIT CARD

### Audit Report No. 21, 1993-94, The Australian Government Credit Card - Its Debits and Credits

#### *The Purpose of the Audit*

3.1 The objectives of the audit were to assess the efficiency and effectiveness of the AGCC as a tool for making both purchases and payments. It was the first comprehensive review of the AGCC since its introduction in 1987.

#### *How the Audit Was Undertaken*

3.2 The principal auditee was DoF which was responsible for the introduction of the AGCC and remains responsible for management of the contract with Westpac.

3.3 Additionally, ANAO reviewed the operation of the AGCC in four major user agencies - the Department of Defence (DoD), the Australian Taxation Office (ATO), the Commonwealth Scientific and Industrial Research Organisation (CSIRO), and DAS. Together with DoF, these agencies account for about two thirds of the total transactions and four fifths of total expenditure, using the AGCC.<sup>1</sup>

3.4 Information gathering for the audit included:

- a telephone survey of 122 Settlement Account administrators;
- personal interviews with 91 AGCC holders;

<sup>1</sup> Auditor-General, *Audit Report No. 21*, p. 2.

- detailed evaluation of three months' AGCC transaction data supplied by Westpac;
- detailed analysis of twelve months' Settlement Account data supplied by the RBA;
- a survey of major credit card and charge card suppliers in Australia (to examine product features and developments); and
- a survey of credit card usage in the Australian State and Territory Governments, and also the Governments of the United States of America, Canada, New Zealand and the United Kingdom.

#### *The Report's Recommendations*

3.5 The Report contains twelve recommendations, of which the first five appear to be the more significant:

- *Recommendation 1* - This is to the effect that DoF should pass to DAS, as soon as possible, the responsibility for operational management aspects of the AGCC contract including training, leaving DoF with the development and policing of rules for AGCC use and associated fraud control;
- *Recommendation 2* - Training. DAS to be the sole provider of AGCC training; all new AGCC holders to attend a training course when they receive an AGCC; all Settlement Account Administrators to attend a training course every two years; existing AGCC holders spending more than \$50 000 per year to be asked to attend a training course;



- *Recommendation 3* - This is an ANAO optimal profile of transactions for the use of the AGCC. This profile takes into account other possible payment mechanisms (eg. cheque payment systems, electronic funds transfer), and represents something of a set of 'best practice' guidelines for the future use of the AGCC;
- *Recommendation 4* - That the system of Settlement Accounts be abolished. The ANAO proposes that payments be made direct to the card issuer; that there be an interest-free period of 30 days; and that interest be paid to the card issuer on overdue payments; and
- *Recommendation 5* - Risk management. The ANAO proposes that agencies and departments develop and implement their own risk management strategies; DoF to establish procedures on the reporting on the incidence of misuse of the AGCC; indemnity insurance to be included in the next AGCC contract; and cardholders to certify monthly statements and make annual declarations.

3.6 Recommendations 6-12 relate to steps which ANAO recommends be taken in advance of the new AGCC contract after the present contract expires in June 1995, and to features which should appear in the next AGCC scheme. In summary these are:

- DAS to monitor developments in credit cards and charge cards in advance of the next contract with particular reference to the procurement card system in the USA;
- DAS to develop an information paper detailing the Commonwealth's credit card requirements well in advance of the request for tenders;
- the specifications for the next AGCC contract to take into account product and technological developments that have occurred in the meantime;

- selection of the next AGCC supplier should, in part, be based on the extent to which the supplier's own merchant base corresponds with the 'most used' categories of the Australian Standard Industry Classification (ASIC);
- DAS to seek an indication of DoD's future needs for the AGCC (as this could materially affect the total volume of transactions);
- the next credit card contract to include provision for the credit card supplier to provide merchant services as well;<sup>2</sup> and
- the new AGCC to contain certain specified features (eg. improved reporting and statistical analysis; direct payments by agencies, to bypass the Settlement Account process; longer credit period; interest payable on late payments).

#### *Responses to Recommendations*

3.7 Apart from Recommendation No. 3 (dealing with 'best practice' for use of the AGCC), with which DoF 'largely agreed', DoF - as the principal auditee - did not agree with any other of the five major recommendations.

3.8 As to the other recommendations (Nos. 6-12), in each case DoF 'agreed in part'.

3.9 Other responding agencies - DoD, DAS, CSIRO, ATO and Westpac - were generally much more supportive of the Report's recommendations.

<sup>2</sup> See, *Audit Report No. 21, 1993-94*, pp. 66-68 for discussion of the potential for Commonwealth agencies to establish themselves as merchants and to accept payment by credit card for goods and services supplied.

*Assessment of Responses*

3.10 Both ANAO and DoF are central agencies with responsibility for ensuring good accounting practice and financial administration across government. The Committee noted the significant level of disagreement between the two agencies on fundamental aspects of how the AGCC system should work and on how the contractual arrangements for the future of the AGCC should be handled. Accordingly, the Committee sought to explore the main issues raised in the first Audit Report, with a view to offering advice to Government on the way ahead as the term of the present AGCC contract draws to a close.

3.11 Particular areas of interest to the Committee closely mirrored those covered by the five main recommendations:

- contract management (DoF or DAS?);
- training of AGCC users;
- 'best practice' guidelines for the use of the AGCC (noting that the AGCC is only one of several ways of effecting payment for purchases);
- the process for the settlement of monthly statements;
- development of risk management strategies; and
- the product features and operational arrangements that should apply to the next AGCC contract.

## Audit Report No. 41, 1993-94, The Australian Government Credit Card - Some Aspects Of Its Use

*The Purpose of the Audit*

3.12 The second audit was a project audit of a selected sample of AGCC transactions from the first audit. The purpose of the audit was to examine the use of the AGCC by individual AGCC holders and to contribute to the debate on the importance of public accountability and integrity in the Australian Public Service.<sup>3</sup> The second Audit Report details ANAO's findings on the sample of transactions sent to departments and agencies for review.

*How the Audit Was Undertaken*

3.13 During the course of the first audit, ANAO identified a number of transactions which it considered might be unusual or 'interesting'. The ANAO referred these transactions to departments and agencies for review and advised that it would be conducting an examination of a sample of these transactions.

3.14 The sample consisted of 1,866 AGCC transactions in a three month period between March and June 1993 totalling \$0.839 million, selected from the 650 000 AGCC transactions in 1992-93 totalling \$418 million. The transactions were drawn from specific usage categories. The sample covered 36 departments and agencies.

*The Report's Recommendations*

3.15 The Report contained four recommendations:

- *Recommendation 1* - That the AGCC only be used for travel in exceptional circumstances;

<sup>3</sup> Auditor-General, *Audit Report No. 41, 1993-94*, p. xiii.

- *Recommendation 2* - This was to the effect that Finance Direction 30B be amended to require departmental secretaries to develop guidelines for the appropriate use of the AGCC, particularly in relation to travel, hospitality, conferences and team building exercises, and some other uses;
- *Recommendation 3* - That Finance Direction 30A be amended to require that the AGCC only be used where it is the most efficient payment mechanism; and
- *Recommendation 4* - That DoF examine alternative law enforcement strategies, and select a more effective and cost effective strategy.

#### *Responses to Recommendations*

3.16 There was at least partial support from departments and agencies to all four recommendations. With regard to Recommendation 3, DoF responded to ANAO that Finance Direction 30A would be repealed and not replaced by a new Direction. This action has now been taken, as confirmed at the public hearing on 6 July 1994.<sup>4</sup>

<sup>4</sup> Mr I McPhee, First Assistant Secretary, Financial Management Division, Department of Finance, *Transcript*, p. 288 (Canberra, 6 July 1994). As a result the Finance Directions were renumbered with Finance Direction 30B, referred to in *Audit Report No. 41*, becoming Finance Direction 30A.

## 4

### THE ISSUES - THE CREDIT CARD SYSTEM

#### Introduction

4.1 As indicated in Chapter 1, the Committee conducted its public hearing on 6 July 1994. The Committee heard evidence from representatives from ANAO, DoF, DAS, and Westpac. This chapter discusses the main issues arising from the evidence presented in relation to the two Audit Reports on the AGCC.

#### Control of the AGCC Contract

4.2 The first recommendation of *Audit Report No. 21, 1993-94* was to the effect that DoF pass to DAS, as soon as possible, the responsibility for the operational management of the AGCC contract, including provision of AGCC-specific training. This would leave DoF only with the development and policing of rules for AGCC use and associated fraud control.

4.3 The main reason advanced by ANAO in support of its recommendation is what it perceives as a possible conflict of priorities and interests by DoF in its role as both a central coordinating agency with a financial regulatory role across government, and its role as contract manager for a particular administrative service (namely, the AGCC).<sup>1</sup> Other reasons were also put forward by ANAO. At the public hearing, the principal ANAO representative, Mr Warren Cochrane said:

<sup>1</sup> Auditor-General, *Audit Report No. 21, 1993-94*, p. 13.

*We were concerned throughout the audit that a number of cardholders were not happy with the support they were getting in a number of areas from the Department of Finance. We frequently received complaints about training for cardholders and, from the statistics we gathered, only about 35 per cent of cardholders had received training. But the recommendations for the Department of Administrative Services to take over the contract mainly resulted from recognising the strengths that the Department of Administrative Services has in some areas, such as being able to manage large contracts and being involved in the wider areas of purchasing activity in the Commonwealth. So DAS has some natural advantages in being able to support a major reform like the credit card.<sup>2</sup>*

4.4 The Department of Finance does not support this recommendation. In evidence before the Committee, the principal DoF representative, Mr Ian McPhee, stated:

*Under the Audit Act, the Minister for Finance is responsible for our banking arrangements and, clearly, the Department of Finance is responsible for other payment mechanisms. We institute systems of direct credit with the Reserve Bank and we provide for cheque payments, et cetera. That is all centralised. About 18 months ago, we established a cash management section to focus on the Commonwealth's broad cash management activities to try to give them a better focus. We have moved the responsibility for the administration of the AGCC contract to that particular section to give it a higher focus.*

*Importantly, our regional offices, which have a role in training and providing support to agencies in all states, are useful mechanisms to provide feedback to us on the use of the AGCC. ... We think that the advantages of Finance maintaining [the AGCC contract] are greater than the benefits which would be gained if it were transferred to DAS.<sup>3</sup>*

<sup>2</sup> Australian National Audit Office, *Transcript*, p. 272 (Canberra, 6 July 1994).

<sup>3</sup> Department of Finance, *Transcript*, pp. 289-290, (Canberra, 6 July 1994).

4.5 The issue for the Committee was not whether there have or have not been failings in the way DoF has managed the contract in the past, but which agency more appropriately has responsibility for such an activity. Amongst DoF's functions are: 'government financial administration and accounts, including administration of the Public Account'; and 'oversight of Commonwealth public sector financial management policy development'.<sup>4</sup> The Committee considers that continued management of the AGCC contract by DoF would be consistent with its financial administration role. Given that DoF has functions of both financial administration and financial policy oversight, the Committee sees no necessary conflict of priorities and interests between what ANAO calls DoF's 'regulatory role' and its 'service provider' role with respect to the AGCC.

4.6 With regard to DoF's financial administration role, it needs to be recognised that this role is played out in a devolved operating environment. As part of the financial management reforms of the late 1980s - of which the introduction of the AGCC is but one - financial administration and management was largely devolved to departments and agencies. As intended all along, this has placed strong restrictions on the degree to which a central agency like DoF can involve itself in the operational decisions of those departments and agencies. Adopting the principle that authority and responsibility go hand in hand, assessments of DoF's performance with regard to the AGCC experience need to bear in mind the now highly devolved nature of Government operations. The Committee sees no net advantage, in either a practical or theoretical sense, in transferring responsibility for AGCC contract management from DoF to DAS.

#### 4.7 Recommendation 1

*The Department of Finance should retain responsibility for the management of the Australian Government Credit Card contract.*

<sup>4</sup> Commonwealth Government Directory, *The Official Guide, June 1994 - August 1994*, AGPS, Canberra, 1994, p. 204.

## Training

4.8 One of the key findings of *Audit Report No. 21, 1993-94* was that only 35 per cent of AGCC holders had received training in the use of the credit card. The Report recommended that: DAS become the sole provider of AGCC training (assuming it is also the contract manager); all new AGCC holders attend a training course; and certain persons be targeted for training (eg. all Settlement Account Administrators, AGCC holders spending more than \$50 000 per annum).<sup>5</sup>

4.9 The Committee is not persuaded that DAS or any other single agency should be the sole provider of training for the AGCC. The efficient operation of the AGCC in agencies, within the overall guidelines and requirements set by DoF, is clearly a matter for individual agency heads. Also, as operational requirements vary from agency to agency, it is appropriate for agencies to tailor their training programs to meet their individual needs.

4.10 Nevertheless, the Committee considers that many of the problems identified in the two audit reports could have been avoided with better training of AGCC holders. To cite just two examples:

- Bomb suits and accessories at a value of nearly \$900 000 were purchased using an AGCC. The minimum merchant service fee on this transaction was \$11 600. The comparable cost for payment by cheque was \$13;<sup>6</sup> and
- Regular payments under a long term supply contract with one department was costing the contractor over \$200 000 per year where payments were made by credit card. The contractor negotiated for payment to be made by cheque within seven days of receipt of invoice, in return for which the Commonwealth received a 1.5% discount on each payment.<sup>7</sup>

<sup>5</sup> Auditor-General, *Audit Report No. 21, 1993-94*, Recommendation No. 2, p. xxii.

<sup>6</sup> Auditor-General, *Audit Report No. 21, 1993-94*, p. 23.

<sup>7</sup> Auditor-General, *Audit Report No. 41, 1993-94*, p. 30.

4.11 There is clearly a need for more and better training of AGCC holders. Given the role of DoF as the contract manager, the Committee considers that DoF has a particular responsibility to promote the training of AGCC users. The Committee notes that both DoF and DAS have developed training packages on the AGCC which can be used across all agencies. The DoF training courses are delivered through Finance Regional Offices and are targeted more at improving the accounting function; the DAS courses are targeted more at improving the purchasing function. The Committee also notes that the Finance Directions governing the use of the AGCC make no specific reference to the training requirements of AGCC holders before or after receiving an AGCC.<sup>8</sup> The Committee considers it essential that AGCC holders:

- have a clear understanding of their obligations as an AGCC holder;
- are conversant with the procedures for use of an AGCC within their agency; and
- have a good understanding of the costs and benefits of using the AGCC compared with alternative payment mechanisms in specific circumstances.

4.12 The Committee further considers that this is unlikely to be achieved without a systematic approach to the provision of training within agencies in the use of the AGCC.

4.13 Although the Committee sees it as a matter for agencies to determine their own specific training requirements, it suggests that particular attention be given to persons in the following categories:

- *New cardholders* - an officer should not be allowed to use an AGCC until they are adequately trained;

<sup>8</sup> Finance Direction 30A states that departmental secretaries must issue directions for the effective control and use of the Australian Government Credit Card. The Finance Directions define departmental secretaries as including persons with the powers and functions of Secretaries, as per the *Audit Act 1901*, section 2AB.

- *High use cardholders* - Analysis by ANAO highlighted the disproportionate use of the AGCC by some users. It found that 9 per cent of cardholders account for 43 per cent of the number of AGCC transactions and 77 per cent of the value of those transactions;<sup>9</sup>
- *Settlement Account administrators* - The reconciliation of Settlement Accounts has been a troublesome part of the AGCC accounting process to date (see following section). It is also an important aspect of ensuring proper accounting control and effective risk management with respect to the use of the AGCC. It is vital for the integrity of the process that Settlement Account administrators are properly trained.

4.14 One of the exhibits presented to the Committee by DoF was a document it had just completed, entitled *The Australian Government Credit Card (AGCC) - A Guide on Best Practice*.<sup>10</sup> This is an extremely useful document, and the Committee commends DoF on producing it. The wide dissemination of this best practice guide would greatly enhance the intelligent use of the AGCC. The guide can be used for ready reference, and sets out the context within which the specific procedures of individual agencies should be applied.

#### 4.15 Recommendation 2

*The Department of Finance should amend Finance Direction 30A to include specific reference to the need to ensure that appropriate initial and follow up training courses and procedures are in place on the use of Australian Government Credit Cards.*

<sup>9</sup> Auditor-General, *Audit Report No. 21, 1993-94*, Table 5, p. 32.

<sup>10</sup> DoF, *The Australian Government Credit Card (AGCC) - A Guide on Best Practice*, July 1994.

#### 4.16 Recommendation 3

*All agency heads should ensure that:*

- training courses and procedures relating to use of Australian Government Credit Cards within agencies specifically target the requirements of new cardholders; high use cardholders; and Settlement Account administrators; and*
- all existing AGCC holders and all new AGCC holders are supplied with a copy of the Department of Finance publication 'The Australian Government Credit Card (AGCC) - A Guide on Best Practice'.*

#### Settlement Accounts

4.17 The ANAO has recommended that the system of Settlement Accounts for ensuring that Westpac receives payment for the amount owing on cardholders' monthly statements be replaced by a system of direct payment from cardholders to Westpac. As an incentive for cardholders to make their payments in time, ANAO also proposes that cardholders pay interest on overdue accounts.<sup>11</sup>

4.18 It was apparent to the Committee, both from the audit reports and also from evidence presented at the public hearing, that the present administration of Settlement Accounts is unsatisfactory. Over a twelve month period from 1992 to 1993, ANAO found that Settlement Accounts were overdrawn somewhere between \$30 million and \$40 million in total each month immediately after the monthly Westpac sweep.<sup>12</sup>

4.19 On the question of whether the Settlement Accounts should be abolished and replaced by a system of direct debiting of cardholders, Mr Maurie Kennedy, from DoF said:

<sup>11</sup> Auditor-General, *Audit Report No. 21, 1993-94*, Recommendation No. 4, p. xxvii.

<sup>12</sup> Auditor-General, *Audit Report No. 21, 1993-94*, Figure 5a, p. 36.

*I understand it is an industry standard that corporate accounts operated by corporate clients normally have settlement accounts that are automatically debited on a due date. Within the Commonwealth context, there is both an overlying advantage and an overlying disadvantage. The overlying advantage is that in its vastness the Commonwealth will never be able to action credit card billing in a streamlined way. That is a hard fact of life, simply because of the geographic dispersion and so on. The Commonwealth will never be able to do that. To that extent, the settlement account is ultimately a cost effective way for the settlement of accounts between the Commonwealth in its totality and currently Westpac. That is the advantage.*

*The disadvantage, as I have referred to, is that there is a risk of the possibility of money being drawn from the Treasury that is not covered by an appropriation. That risk, I believe, is relatively insignificant but nonetheless it goes to the heart of government stewardship.<sup>13</sup>*

4.20 The Committee also heard evidence from Westpac representatives that a system of settlement accounts is quite normal for corporate account customers. The main difference appears to be that the Commonwealth is given 15 days grace to pay monthly statements whereas it is normally only seven days grace for Westpac's commercial and corporate customers.<sup>14</sup>

4.21 The question for the Committee is whether the Settlement Account system - which is clearly not working as well as it should be - should be replaced or be improved. If the system is replaced by adopting ANAO's preferred approach, the Commonwealth would find itself paying interest on overdue accounts. At present the Commonwealth does not pay any interest on AGCC transactions and, from Westpac's viewpoint, has no overdue accounts (because of the monthly sweep). A system of direct payments from cardholder to card issuer would also dramatically increase the number of payments to be

<sup>13</sup> DoF, *Transcript*, p. 294 (Canberra, 6 July 1994).

<sup>14</sup> Westpac Banking Corporation, *Transcript*, p. 326 (Canberra, 6 July 1994).

processed by the card issuer (which would ultimately be reflected in the card issuer's costing for the contract).

4.22 The main, and perhaps only, benefit of abolishing the Settlement Account mechanism is the monetary incentive to reconcile monthly statements arising from the interest payable on overdue amounts. Even if Settlement Accounts were abolished, there would still remain the need for agencies to verify transactions and reconcile accounts. But if the problem of unreconciled Settlement Accounts could be solved or at least lessened in some way, there would seem to be advantage in retaining the Settlement Account system which, after all, is the standard mechanism adopted by commercial organisations in relation to their corporate cards. Nevertheless, there are various other options which could be explored or developed. Some suggestions, which could be considered separately or in combination are:

- *A 'Claytons' system of interest payments* - Under this approach, the present Settlement Account mechanism would remain, and a calculation made of the interest that would be payable under ANAO proposal. Instead of this money being paid to the card issuer, it would be paid to Consolidated Revenue. In would be tantamount to DoF imposing a fine on agencies for late payment to Settlement Accounts. Whatever disadvantages this arrangement might have, it would provide a direct incentive to agencies to keep the monthly funding of their Settlement Accounts up to date;
- *A performance indicator approach* - As the Settlement Accounts are supposed to have zero balances immediately after the monthly sweep, the achievement of this could become a performance indicator for the manager responsible for a particular Settlement Account. A similar performance indicator approach could be applied to the verification and reconciliation of monthly statements. Depending on the management arrangements in each agency, there could be a system of periodic reporting on a range of performance requirements for financial managers, including reports on the state of the Settlement

Accounts and reconciliation of monthly AGCC statements. Thus a manager's efficiency in managing AGCC operations becomes part of the basis on which his/her performance as a manager is assessed; and

- *Partially separating the funding process from the verification/reconciliation process* - It is possible for the funding of the Settlement Accounts to be effected without prior scrutiny of every individual transaction. This should make it administratively easier to ensure that Settlement Accounts are funded within the 15 day timeframe. Given that most AGCC transactions are for relatively small amounts, agencies could adopt risk management strategies that involve detailed verification of only a sample of transactions (although agencies probably should verify all transactions for certain categories of expenditure, such as travel, hospitality).

4.23 The Committee is not in a position to offer a definitive solution to this problem. Clearly, further work needs to be done, and the forthcoming tendering for a new contract provides an ideal opportunity for DoF to work with existing user agencies and also with potential card providers to produce an improved outcome.

4.24 In this regard a useful approach might be to trial various means of settling AGCC accounts. The Committee understands that DoF, in conjunction with one major card user, has begun to trial a direct billing procedure, similar in some respects to that proposed by ANAO. DoF should encourage other agencies to trial the various options described above, and any other reasonable alternatives. Such trials may provide a guide as to the most effective and efficient system.

#### 4.25 Recommendation 4

*The Department of Finance should:*

- (a) *explore, and where appropriate sponsor the trialing of, all reasonable options for the payment of AGCC holders' monthly statements with a view to developing a clear way ahead before inviting tenders for the next contract; and*
- (b) *ensure that any new settlement procedures be incorporated into the next AGCC contract, with provision - if feasible - for this framework to be adapted by agencies to suit the needs of their individual accounting systems and reporting requirements.*



## THE ISSUES - RISK MANAGEMENT/FRAUD CONTROL

### Overview

5.1 A central area of concern on the part of ANAO about the efficiency and effectiveness of the AGCC system related to the incidence of fraud and misuse under the system and the accounting control and risk management mechanisms in place. The Committee examined this concern in some depth because of the seriousness of the matter from a public accountability viewpoint.

5.2 Of interest to the Committee was the assessment of DoF as to the overall incidence of fraud and misuse under the AGCC system. At the public hearing on 6 July 1994, Mr Kennedy from DoF said:

*There is a difference between stupid purchasing decisions to spend money on things that do not stand up to public scrutiny and how you pay for them. Credit card fraud does not necessarily cover these stupid, inappropriate or wrong purchases. The fact that the credit card is used is incidental.*

*Where credit card fraud has its focus is where people use the card because there are no checks and balances operating in their agency to buy things for themselves. That is fraud for personal enrichment, not a stupid purchase. If that is the focus of fraud, we have not noticed or we do not know whether there is any increase in that because of the existence of credit cards. We cannot compare it to any other form of personal enrichment or fraudulent behaviour through petty cash or ghosts on the payroll or any other fraud that milks the public purse.<sup>1</sup>*

<sup>1</sup> DoF, *Transcript*, p. 308 (Canberra, 6 July 1994).

5.3 A similar assessment was made by Mr Terry Fewtrell from DAS:

*It is fair to say that, in consideration of fraud matters, we do not look at the AGCC in any particularly different light. It is one mechanism by which fraud may be committed, but there are many others. We look at it in an overall sense, and we evaluate the risks that exist across the board in the various areas of DAS. We do not specifically target the AGCC as a fraud program, but the management of it and the putting in place of appropriate mechanisms is an integral part of our overall fraud program.<sup>2</sup>*

5.4 In answer to a follow up question as to the relative incidence of fraud using credit cards or cheques and any significant changes in that regard, Mr Fewtrell said:

*I would not say that there have been any changes or trends in that regard. It is quite clear that instances of fraud in DAS have involved the AGCC. But there are instances that have involved other mechanisms and issues. I do not think there is any trend apparent in that.<sup>3</sup>*

5.5 When asked a similar question, Mr Warren Cochrane from ANAO said:

*The main point that we are trying to make is that we do not know what the real level of fraud and misuse is in the credit card system, basically because the audit trail and the adequate management controls are not in place. The only thing we have really been able to confirm from our report is that the level of reported fraud and misuse is lower than what we suspect.<sup>4</sup>*

<sup>2</sup> Department of Administrative Services, *Transcript*, p. 316 (Canberra, 6 July 1994).

<sup>3</sup> DAS, *Transcript*, p. 316 (Canberra, 6 July 1994).

<sup>4</sup> ANAO, *Transcript*, pp. 282-283 (Canberra, 6 July 1994).

5.6 What the Committee was primarily interested in here was evidence that the AGCC was inherently more prone to fraud and misuse than other payment mechanisms. The Committee's purpose was not in any way to condone fraud or misuse where it occurred under the credit card system. Its purpose was to determine whether, from a risk management point of view, agencies need to direct relatively more effort into monitoring this particular payment system compared with alternative payment systems.

5.7 The Committee is inclined to the view that the AGCC is more open to fraud and misuse than other means of payment. The principal reason for this higher risk of fraud and misuse is that a decision to purchase can be made by the card holder alone and it is only after payment has been made that departmental checks are activated. This contrasts with, a cheque-based purchasing system where two or three people may be involved before payment is effected.

5.8 However, the Committee was provided with no factual evidence to indicate that the incidence of fraud or misuse in the purchasing of Government goods and services was any worse for purchases made using the AGCC compared with purchases made using alternative payment mechanisms. Even allowing ANAO's point that the actual level of fraud under the AGCC system is higher than the reported level of fraud, the same could equally be said for other payment mechanisms. In terms of the way that agencies allocate finite auditing resources to monitor the integrity of purchasing processes, the available evidence suggests the credit card system should be treated no differently from other payment systems.

5.9 A further point to consider is that a disproportionate allocation of resources to monitoring AGCC usage could impose an efficiency penalty by negating some of the potential benefits of the credit card system. On this, the Department of Defence - the largest single AGCC user - stated in its submission:

*In suggesting there is a need for the development of risk management strategies and reporting, ANAO seems to advocate a risk aversion policy rather than a considered risk management approach. One of the main reasons for introduction of the AGCC was that the Block Efficiency Scrutiny found that the cost of checking accounts was often in excess of their monetary value and it was cheaper to pay directly to the supplier by credit card. Additional risk aversion arrangements would add to the cost of operating the AGCC and this needs to be viewed in the context of the extremely low incidence of fraud in the use of the card.<sup>5</sup>*

5.10 Nevertheless, agency heads and departmental managers need to be conscious of the potential for fraudulent use of the AGCC.

#### Audit Trails

5.11 One of the contentions of ANAO about the AGCC system is that its audit trails are inherently weak. In its first Audit Report, ANAO stated:

*Together with the often inadequate description of items purchased or paid for, the complex reconciliation procedures do not provide a satisfactory audit trail. In these circumstances the propriety of decisions on spending public money cannot be attested.<sup>6</sup>*

5.12 In its second Audit Report ANAO concluded that the AGCC audit trail is inadequate and incomplete.<sup>7</sup> The ANAO reiterated this point in subsequent correspondence to the Committee, reporting that many AGCC holders interviewed did not retain their yellow mastercard dockets, let alone other documents.<sup>8</sup>

<sup>5</sup> Department of Defence, *Submission*, p. S226.

<sup>6</sup> Auditor-General, *Audit Report No. 21, 1993-94*, p. xv.

<sup>7</sup> Auditor-General, *Audit Report No. 41, 1993-94*, p. 12.

<sup>8</sup> ANAO, *Correspondence*, 29 July 1994.

5.13 An issue for the Committee to consider was whether the problems with audit trails for AGCC transactions were a problem of system design or system implementation. The Department of Finance's *Finance Circular 1987/22*, which was issued at the time of the introduction of the AGCC, sets out the requirements for ensuring an adequate audit trail:

*you may be authorised by your Minister to approve expenditure on his/her behalf. The use of the AGCC will constitute the exercise of this power with the attendant responsibility to ensure that it is a proper charge to public funds.*

*when using the card you must ensure that the merchant records a full and proper description on the sales docket of the items purchased, eg descriptions like "goods" are inadequate. Similarly where purchases are not made over the counter, eg by telephone, you will need to record adequately on your documentation the nature of the goods purchased.*

*you must record on all sales dockets and alternative internal documentation costing details for each transaction. These are to be forwarded to the officer responsible for payment of the monthly account in accordance with your department's instructions.*

*where appropriate, copies of dockets etc may need to be sent to areas responsible for asset/inventory control.<sup>9</sup>*

9 DoF, *Finance Circular 1987/22*, Section D, p. 2.

5.14 Clearly, if the above requirements are adhered to, a proper audit trail is established. This view was supported at the public hearing by Mr Fewtrell of DAS:

*In relation to the regulations regarding the operation of the AGCC, if the instructions that are set out in the secretary's accounting and administrative directions are followed, there is quite a good audit trail in relation to the AGCC. ... certainly it is superior to what may exist in other areas of expenditure.*

*We have looked at that in the past in some audits. Obviously, it could be improved. We have urged that action be undertaken, and action has been undertaken to improve and address various areas of the AGCC's operations in the department. The extent that we were able to identify all of the transactions referred to by ANAO and to explain what they related to is an indication that the audit trail is not too far off track.<sup>10</sup>*

5.15 Evidence given by Westpac at the public hearing on this issue was that:

*[The AGCC's] simplicity in use is often the chief reason for its criticism. However, Westpac believes that this is also its major strength. The transaction and consolidated reporting provided by the card give the opportunity for excellent management control, verification and adherence to any policies that are in operation. We therefore suggest its simplicity makes such auditing and control easier and thus more cost-effective than other forms of payment.<sup>11</sup>*

5.16 The Committee considers that the audit trail for the AGCC is designed to be at least as good as for other forms of payment. The Committee notes, however, that, at times the audit trail is inadequate in practice.

10 DAS, *Transcript*, p. 317 (Canberra, 6 July 1994).

11 Westpac, *Transcript*, p. 324 (Canberra, 6 July 1994).

5.17 The benefits of using the AGCC are its convenience, speed and ease of use. However, these same features also make it more possible for funds to be expended without adequate documentation than with other payment mechanisms. To some extent, this increased risk is the price to be paid for achieving the benefits. In the Committee's view, the challenge for agencies is to retain the benefits of using the AGCC while successfully managing the risk associated with its use. Evidence from ANAO's audit work indicates that some agencies have not managed this risk prudently. Agency heads need to focus more attention on this issue.

#### 5.18 Recommendation 5

*All agency heads should:*

- (a) *ensure that all AGCC holders in their agencies are fully conversant with the requirements for cardholders in the use of the AGCC;*
- (b) *institute a program of random checking of supporting documentation for AGCC transactions as an integral part of that agency's internal control processes; and*
- (c) *introduce appropriate penalty mechanisms (eg withdrawal of AGCC privileges) for non-compliance with the requirements for the use of Australian Government Credit Cards.*

#### 'Interesting' Transactions

5.19 At the public hearing, the Committee took up the matter of the 1,866 'interesting' transactions, which were a focal point of *Audit Report No. 41, 1993-94*.

5.20 The views of DoF were put by Mr McPhee:

*Can I touch on this area of interesting transactions because we had some concerns in the audit office in publishing the interesting transactions. We felt that a more considered approach would have been for them to ascertain, with the assistance of agencies, whether the transactions were for official purposes or not and, hence, get a more tailored or focused view of what was official and what was not. For instance, look at some of the headlines in the papers. This morning the lingerie issue got another run, and I would have to say that that was an official transaction. It was by the Commonwealth Rehabilitation Service. There was a woman undergoing hydrotherapy treatment. She had back pains and required a special reinforced bra to assist in the treatment. It was clearly an official expenditure, yet it features in the audit report. A lot of people out there who do not understand the background say, 'What's going on with the use of the credit card?' Equally, there were transactions with surfwear shops. These were for kneepads for entomologists crawling under buildings. There is a range of transactions.'*<sup>12</sup>

5.21 DAS was asked at the hearing for its comment on the 'interesting' transactions that referred to that Department. Mr Bill Peel from DAS said:

*... it still is the case that of the over 300 transactions in DAS that the Auditor-General has identified as 'interesting' and that have been published in the press as interesting with certain connotations attached to them, we believe that only two transactions are questionable. ... From a risk management perspective, one would have to question whether that is a reasonable score.'*<sup>13</sup>

<sup>12</sup> DoF, *Transcript*, p. 301 (Canberra, 6 July 1994).

<sup>13</sup> DAS, *Transcript*, p. 321 (Canberra, 6 July 1994).

5.22 The Committee notes that one particular 'interesting' transaction - the purchase of sunglasses using the AGCC - is referred to in the second report (Case Study No. 2) as being 'for issue to staff' as part of an 'exercise'.<sup>14</sup> Evidence from DoF shows that the transaction was for purchase of eyewear for use by Australian troops engaged in United Nations peacekeeping operations in Western Sahara.<sup>15</sup> Clearly, this expenditure was both official and appropriate.

5.23 On the whole, the evidence presented to the Committee indicated that a good proportion of the seemingly 'interesting' transactions ceased to be so interesting on closer examination and were in fact fully warranted. It is unfortunate that the media paid a disproportionate level of attention to these matters and that the reporting was often inaccurate.

5.24 Nevertheless, the Audit Report did reveal many transactions which were genuinely 'interesting', including instances of using the AGCC to pay for:

- personal expenses;
- official travel expenses for which Travelling Allowance had already been paid;
- official travel expenses over and above entitlement;
- goods procured for private use; and
- 'morale building' expenditure for the benefit of staff but of dubious benefit to the taxpayer.

5.25 A number of the 'interesting' transactions related to the use of the AGCC for travel expenses. This issue is taken up later in this chapter.

<sup>14</sup> Auditor-General, *Audit Report No. 41, 1993-94*, p. 12.

<sup>15</sup> DoF, *Submission*, p. S572.

5.26 The Committee notes that those transactions which were interesting from a public accountability point of view would have been just as interesting whether paid for by cash, cheque or any other means.

### Cards Not Being Used

5.27 The ANAO's investigations revealed that 26 per cent of AGCC holders made no use of their credit card during the 12 month period reviewed by ANAO.<sup>16</sup> At the public hearing the Committee asked DoF whether there should be a cleaning out process for unused cards. In reply Mr Kennedy from DoF said:

*I certainly agree. I suspect that some credit cards were issued to people as a matter of status. From the earliest Finance circulars onwards, it has never been our intention to do that and the cards were not designed for people other than those who had a requirement to use them, such as purchasing officers. Also, cards have been issued to individual officers for overseas travel, where logistically it is easier for them to use the cards for their expenses rather than draw travelling allowances in cash or in travellers' cheques. We do not do all that much overseas travelling. As a result, we may have issued a card very sensibly for the purpose of a trip and then it lies dormant.<sup>17</sup>*

5.28 Mr Robert Bishop of Westpac told the Committee in evidence that, as far as the general community is concerned, it is normal for around 25 per cent of credit cards to be 'inactive'.<sup>18</sup> However, information obtained from Westpac after the hearing indicates that the Commonwealth's proportion of unused cards is much higher than the usual proportion of unused credit cards within a large business enterprise.

<sup>16</sup> Auditor-General, *Audit Report No. 21, 1993-94*, p. 31.

<sup>17</sup> DoF, *Transcript*, p. 297 (Canberra, 6 July 1994).

<sup>18</sup> Westpac, *Transcript*, p. 336 (Canberra, 6 July 1994).

5.29 The Committee supports the view expressed by both ANAO and DoF that there be a cleaning out of inactive credit cards. In the Committee's view, unused credit cards pose an unnecessary risk of fraud against the Commonwealth (eg where the card is stolen or lost), and impose an unnecessary burden on those administering the system in agencies. There is also a deadweight financial loss from the annual card fee and support costs (based on ANAO's estimate for this of \$70 per card per year, the annual cost to the Commonwealth would be of the order of \$300 000).<sup>19</sup>

### 5.30 Recommendation 6

*All agency heads should:*

- (a) *ensure that credit cards are issued on the basis of need rather than status; and*
- (b) *review patterns of credit card usage annually with a view to cancelling cards which are not being used or where the level of usage is too low to justify continued allocation of a credit card.*

### Purchase Limits

5.31 The Committee considered the question of restrictions on AGCC use, particularly whether a modest upper limit should be imposed on individual transactions in the interests of restricting AGCC use to small purchases. Such an approach had been recommended by the House of Representatives Standing Committee on Industry, Science and Technology in a recent report on Government purchasing policies.<sup>20</sup> The Standing Committee had recommended that, inter alia, maximum individual purchases using the AGCC be limited to \$2 000.<sup>21</sup>

<sup>19</sup> ANAO, *Transcript*, p. 274.

<sup>20</sup> House of Representatives Standing Committee on Industry, Science and Technology *Australian Government Purchasing Policies: Buying our Future - First Report*, AGPS, Canberra, March 1994.

<sup>21</sup> HRSCIST, *Australian Government Purchasing Policies*, p. 97.

5.32 The main justification for imposing modest upper limits is cost effectiveness, not risk management. Since the merchant service fee on AGCC transactions is in proportion to the estimated value of the goods (between 1.3 per cent and 8 per cent) and the cost of issuing a cheque is the same regardless of the amount, then beyond a certain transaction size there is a cost penalty in using the AGCC which needs to be balanced against the convenience of the AGCC.<sup>22</sup>

5.33 Just where the crossover point lies is unclear. The first audit report put it at between \$420 and \$969.<sup>23</sup> This was based on a transaction cost of \$12.60 for producing a cheque and merchant service fees of 3% and 1.3% respectively. These figures were disputed by DoF, which argued that:

- transaction costs vary over time as accounting systems change; and
- costs for various methods of payment vary among agencies according to their accounting systems and procedures employed (DoF cited advice from the Department of Education, Employment and Training which conservatively estimated the cost of payment by cheque at \$150.<sup>24</sup>

5.34 This would make the crossover point lie between \$5 000 and \$11 538.<sup>25</sup>

5.35 Even allowing for some dispute as to where the limiting cases lie, the first audit report cited instances of individual transactions of several hundred thousand dollars, attracting merchant service fees of thousands of dollars.<sup>26</sup> In these cases, the use of the AGCC was clearly not cost-effective.

<sup>22</sup> Auditor-General, *Audit Report No. 21, 1993-94*, pp. 23-24.

<sup>23</sup> Auditor-General, *Audit Report No. 21, 1993-94*, p. 23 see Figure 4.

<sup>24</sup> DoF, *Submission*, p. S559.

<sup>25</sup> These calculations are based on merchant service fees of 1.3% and 3%, as used by ANAO in *Audit Report No. 21, 1993-93*.

<sup>26</sup> Auditor-General, *Audit Report No. 21, 1993-94*, p. 23.

5.36 The Committee does not favour the approach of setting public service wide limits on the value of AGCC transactions. Given the variation in the crossover point for cost-effectiveness, the Committee considers that agencies should retain a degree of flexibility in setting their own limits on the use of the AGCC. It is also important that reports be available on high value transactions so that any instances of ineffective use of the AGCC can be identified by managers. The Department of Finance's *The Australian Government Credit Card - A Guide to Best Practice* offers useful guidance on this matter.

#### 5.37 Recommendation 7

*All agency heads should adopt a cost effective approach to the use of Australian Government Credit Cards within their own organisation and, as well as having regard to the Department of Finance guidelines, should:*

- (a) *impose limits on each cardholder as to the total credit available in each billing period and on the value of any one transaction; and*
- (b) *monitor all high value transactions (say, above \$10 000) to ensure that Australian Government Credit Cards are being used in a cost-effective way.*

#### Travel Expenditure

5.38 The Committee considered the first recommendation contained in the second Audit Report, namely, that the AGCC only be used for travel in exceptional circumstances. In the view of ANAO:

*... adequate controls have not been developed to deal with the high risks associated with the use of the AGCC for travel. This audit has found an unacceptable level of potential misuse where the AGCC has been used for travel.<sup>27</sup>*

<sup>27</sup> Auditor-General, Audit Report No. 41, 1993-94, p. xvii.

5.39 Based on the second Audit Report, the main problems associated with AGCC use for travel purposes are:

- exceeding entitlements, where the AGCC is used to pay for expenses, for example accommodation, which exceed an officer's entitlements;
- 'double dipping', involving an officer using the AGCC to pay for expenses for which Travelling Allowance has been paid; and
- personal expenses being billed to the AGCC.<sup>28</sup>

5.40 At the public hearing, Mr Kennedy from DoF said:

*I am particularly appalled at what is referred to as 'double dipping' in the audit report. I do not know whether at law it would qualify as being a misuse of the card, but ethically there is no doubt in my mind that double dipping is an abhorrent practice. The responsibility in given situations of judging the alternative - that is what it is; the alternative - of either issuing a travel allowance for accommodation or using the card for accommodation rests with agencies. As far as the directions of the Department of Finance are concerned, they are covered in various paragraphs in our guide on best practice. Finance Direction 30A covers aspects which should be taken by departmental secretaries, including the policy on the use of the card for travel-related expenditure. A subparagraph states:*

*... where use of the card for travel is permitted, agencies should have systems in place, automated or otherwise, which allow AGCC expenditure on travel to be checked against any travel allowance that might have been paid to the relevant cardholder. In the absence of such systems, Finance would strongly advise agencies to not permit the AGCC to be used for travel within their organisations...*

<sup>28</sup> Auditor-General, Audit Report No. 41, 1993-94, p. 16.

That subparagraph is to cover both domestic and overseas travel, and the circumstances between the two are different.<sup>29</sup>

5.41 The Committee considers that, as a matter of principle, there is no particular reason to preclude the use of the AGCC for travel purposes, and indeed the advantages of convenience using the AGCC make it a suitable means of payment for such purposes. However, the Committee also notes the risks mentioned by ANAO, and considers that particular care needs to be exercised in monitoring the use of the AGCC for travel related expenditure.

#### 5.42 Recommendation 8

*All agency heads should:*

- (a) *ensure that Australian Government Credit Cards are used for travel related purposes only where there are appropriate systems in place to check against any travel allowance that might have been paid to the relevant cardholder and to check expenditure against entitlements; and*
- (b) *monitor the operation of such systems closely to ensure full compliance by cardholders.*

#### Cardholder Indemnity Insurance

5.43 One of the recommendations of the first Audit Report was that in the next AGCC contract, cardholder indemnity insurance be sought from card providers. The Report argued that such a measure would make it more attractive for departments to report AGCC offences so as to cover the losses incurred as a result of credit card fraud or misuse.<sup>30</sup>

<sup>29</sup> DoF, *Transcript*, pp. 297-298 (Canberra, 6 July 1994).

<sup>30</sup> Auditor-General, *Audit Report No. 21, 1993-94*, p. 57.

5.44 Westpac raised this issue at the public hearing:

*We would also like to confirm to you that Westpac offers a waiver of liability insurance to all customers at a small cost per card, per annum. The Commonwealth does not avail itself of this insurance option, preferring to self-insure against misuse. Our insurers, Westpac Insurance Services Limited, advise that the number of claims since 1985 for misuse on all Westpac corporate cards by our general corporate and commercial customers has been nominal. We believe that this suggests that the management control and auditing policy set by our corporate and commercial customers are, in general, adequate to ensure correct usage practices are adhered to.*

*Westpac recommends to corporate customers that a company policy for card usage be implemented and published to cardholders. Such a policy should cover spending criteria, transaction limits, budget control, management control responsibilities, and lost and stolen card processes. Our experience is that most companies have such a policy incorporated in the general employee expenditure policies.<sup>31</sup>*

5.45 After the hearing DoF advised the Committee that it had discussed the issue of indemnity insurance with Westpac. DoF advised that under the current AGCC contract:

- a special insurance policy would be required;
- the maximum exposure per annum would be of the order of \$500 000, with an excess of \$1 000 on individual claims; and
- premiums could range from \$10 to \$45 per card depending on a detailed examination of controls, histories etc (at current usage this would amount to \$150 000 to \$675 000 pa).<sup>32</sup>

<sup>31</sup> Westpac, *Transcript*, pp. 325-326.

<sup>32</sup> DoF, *Submission*, p. S882.



5.46 The Department further advised that it was unlikely to pursue the matter under the current contract but it might be worth while in the light of the tenders for the new credit card contract.<sup>33</sup>

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33 DoF, *Submission*, p. S882.

## 6

### THE ISSUES - THE FUTURE

#### The New Contract

6.1 The Committee was interested in exploring ways that the Commonwealth can take advantage of the fact that the present AGCC contract expires on 30 June 1995. At the public hearing, ANAO outlined its proposals for the next contract. Mr Cochrane from the ANAO said:

*In ANAO's opinion the essential features of the next contract should include: the development of an information paper well in advance of the next contract to inform industry of the potential Commonwealth business; provision for inclusion of operational and technological advances available in Australia and overseas; a selection method that takes account of the merchant base of the contractor; provision for the AGCC and credit card merchant facilities to the Commonwealth to form parts of the same contract; provisions for tenderers in the Commonwealth's card business to pay for having the contract; provision for improved reporting and statistical analysis of transactions; direct payment of the contractor by agencies with provision for electronic transfer between the Commonwealth agency using the card and the card issuer, thus eliminating the settlement accounts; an increase in the credit period from 15 to 30 days; and promotion of AGCC as a means of payment for small, irregular purchases, generally those under \$1 000.<sup>1</sup>*

6.2 In the Committee's view, the most promising areas for achieving greater benefit to the Commonwealth from the next contract are:

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1 ANAO, *Transcript*, page 271 (Canberra, 6 July 1994).

- new and emerging product developments, and improvements in transactions processing; and
- improved statistical analysis of transactions and management reporting.

6.3 Westpac outlined new developments and trends at the hearing. Mr Bishop from Westpac said:

*There are two major areas, which I think the whole industry is fairly aware of: the concepts of procurement cards and chip cards, previously known as smart cards. Procurement cards, in the truer sense, are still in the earliest stages of discussion. With regard to the schemes that every other issuer works in, there are some test programs being talked about and, obviously, we have a major interest in that discussion; but that is still in very early stages.*

*The chip card potentially has greater capability in the longer term, with the ability to load extra information into each individual card. So, many of the aspects of the program that we would be restricted from today, such as setting individual spend limits by card or individual purchase type limits by merchant - which are almost impossible to build into the open network that exists - would become increasingly possible with chip cards.*

*In relation to the chip card's stage of development, we are looking over probably the next 12 to 18 months with our of the schemes to start up a test program looking at chip cards. The reality of that being a functional activity is probably three years away on the scale that would be required to make it effective, but the technology is going that way. Australia will be one of the major early markets - apart from perhaps France and areas like that - bringing in the chip card on a major test.<sup>2</sup>*

<sup>2</sup> Westpac, Transcript, pp. 327-328 (Canberra, 6 July 1994).

6.4 The Committee notes that other financial institutions, such as the National Australia Bank and American Express, are also developing new products which could be considered for future operation of the AGCC.

6.5 Given these trends and the likely timing of their implementation, it would seem to be in the Commonwealth's interests to ensure that the new contract allow the Commonwealth to position itself to take advantage of product developments as they emerge. In particular, chip cards appear to offer the potential for improved expenditure control with low administrative costs.

6.6 As well as taking advantage of new developments, there appears to be scope for ensuring that the Commonwealth is making the most of existing technology, especially in the areas of statistical analysis and management reporting. Improvements in analysis and reporting should help agencies to:

- ensure the cost-effective use of the AGCC;
- facilitate verification and reconciliation processes; and
- enhance internal auditing and accounting control mechanisms.

6.7 Given DoF's position as a coordinating department, the Committee considers it essential that DoF obtain feedback from user agencies in the lead up to renegotiation of the AGCC contract.

### 6.8 Recommendation 9

*The Department of Finance should:*

- (a) *establish a process for obtaining feedback from agencies concerning their experiences with the existing AGCC contract and their suggestions for any changes in the new contract;*
- (b) *examine options for incorporating new product developments and improved statistical analysis and management reporting into the new contract to obtain the best deal for the Commonwealth; and*
- (c) *ensure that the new contract provides the flexibility for the Commonwealth to take advantage of product and technological improvements which may emerge over the life of the contract.*

### Relationship between the Department of Finance and Other Agencies

6.9 The principal auditee of the first Audit Report relating to the AGCC was the Department of Finance. Yet the responsibility for the efficient and effective implementation of the AGCC system at the agency level lies with the relevant agency head, not the Department of Finance. This section of the report looks at the accountability requirements of the coordinating agency in a devolved operating environment.

6.10 As a starting point, the Committee sees no reason to revisit the Government's policy of devolution. The only alternative to devolution is centralisation, and the Committee does not believe that a reversion to a more centralised decision making approach is in the best interests of the Australian public. The Committee's interest thus is in making devolution work more successfully.

6.11 In the Committee's view, the challenge is to ensure that the coordinating agency for the AGCC provides appropriate direction, guidance and other assistance such as:

- training packages;
- systems development and support;
- ad hoc problem solving of service-wide problems which may emerge (eg the Settlement Account problem); and
- evaluation and review

without undermining the responsibility and high degree of autonomy for individual agencies, which are the hallmarks of a devolved operating environment. These issues are relevant not only in the case under consideration by the Committee - that is, the AGCC system - but have application also for other service-wide initiatives that the Government has introduced or may shortly introduce (for example, accrual accounting).

### *Best Practice*

6.12 As indicated in Chapter 4, the Committee welcomes the publication by DoF of *The Australian Government Credit Card (AGCC) - A Guide on Best Practice, July 1994*. This builds on the Finance Circulars and Finance Directions which were issued at the commencement of the AGCC scheme, and provides a handy reference document in a user-friendly style. The Committee sees the publication of this document as an example of precisely the kind of support that DoF can provide to agencies - and is best placed to do rather than the agencies themselves - without compromising devolution. In the Committee's view, had such a document been in the hands of AGCC users much earlier, some of the problems highlighted by the audit reports may not have been as great.

*Evaluation*

6.13 Although the AGCC scheme has been in place since 1987, there does not appear to have been any systematic evaluation of the scheme during that time. The Efficiency Audit and the subsequent Project Audit undertaken by the Auditor-General represent the first systematic review and evaluation of the AGCC system, and the Auditor-General is to be commended for acting as a catalyst in focussing attention on the problems associated with the AGCC scheme.

6.14 A number of the problems identified in the audit reports - for example, with the Settlement Accounts - are problems which are more or less common to all agencies, and hence more amenable to a solution by the coordinating agency, which can draw on the experiences of many agencies and has an overview of the system as a whole. There is a case for coordinating agencies to obtain feedback by carrying out system-wide evaluations. This approach has the dual advantages of enabling the coordinating agency to satisfy itself that its system-wide responsibilities are being fulfilled, and also to offer solutions to problems which may be common to several 'user' agencies.

6.15 Recommendation 10*The Department of Finance should:*

- (a) *develop and implement a strategy for providing ongoing support to agencies in the efficient operation of the AGCC system; and*
- (b) *carry out a comprehensive evaluation of the operation of the AGCC system at least once every three years.*

*Secretaries' Directions*

6.16 One of the recommendations of the second Audit Report was to the effect that Finance Direction 30B be amended specifically to require departmental secretaries to develop directions for the appropriate use of the AGCC on such items as travel, hospitality, conferences and team building activities, flowers for staff and families, staff retirements and farewells, and sponsorships.<sup>3</sup>

6.17 While the Committee agrees that policies for these matters need to be set, the Committee is not attracted to ANAO's recommended approach. Firstly, independent determination by agencies of what is appropriate or not appropriate in their agency - outside of any overall framework - is bound to lead to inconsistencies, with the community asking why expenditure which is appropriate in one agency is a misuse of taxpayers' money in another. Secondly, from the point of view of economy of effort and rational allocation of resources, it seems sensible for these guidelines to be developed centrally, at least in the first instance.

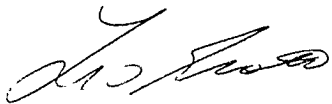
6.18 The Committee acknowledges that circumstances and needs vary from agency to agency, and that there is a need to allow some flexibility as to what is considered appropriate or inappropriate under different circumstances. Development of these guidelines centrally would not detract from the ability of departmental secretaries to exercise discretion and make allowances for the specific needs of their department. But it does provide them with a benchmark, and it relieves them from the burden of developing their guidelines from scratch.

6.19 The Committee is concerned that the absence of clear, public service wide guidelines and expenditure policy makes the AGCC an easy target for inaccurate or exaggerated media reporting. It would be very unfortunate if such reporting were to undermine public confidence in a system which is a very useful and, in many cases, a very cost-effective means of paying accounts.

<sup>3</sup> Auditor-General, *Audit Report No. 41, 1993-94*, p. xviii.

6.20 Recommendation 11

*The Department of Finance should develop general guidelines on the appropriateness or otherwise of expenditure by Government agencies on items such as travel, hospitality, conferences and other staff related activities, to provide a benchmark for individual agencies.*



Les Scott, MP  
Chairman  
21 September 1994



APPENDIX I - WITNESSES AT  
PUBLIC HEARING

Canberra, Wednesday 6 July 1994

*Australian National Audit Office*

Christopher E Bellamy, Senior Director, Efficiency Audit

Brian T Boyd, Senior Efficiency Analyst

Warren J Cochrane, Acting National Business Director

Michael K Lewis, Executive Director

Peter F White, Acting Group Director

*Department of Finance*

Norm Holcroft, Section Head, Financial Administration  
Advisory Branch

Maurice J Kennedy, Assistant Secretary, Financial  
Administration Advisory Branch

Ian McPhee, First Assistant Secretary, Financial Manage-  
ment Division

*Department of Administrative Services*

Trevor F Barrell, General Manager, Corporate Resources

Terence J Fewtrell, Acting General Manager, Performance  
Review and Audit Branch

William Peel, Acting General Manager, Policy and Develop-  
ment, Purchasing Australia

*Westpac Banking Corporation*

Robert G Bishop, Head of Cards

Peter A Gordon, Manager, Government and Corporate  
Cards

Anthony R Ritchie, Chief Manager, Card Marketing

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- 11. Department of Finance, *The Australian Government  
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1994.