Haydar Tuncer

From: s 22
Sent: Thursday, 17 December 2020 12:02 PM
To: Karen Chester
Cc: s 22
Subject: DRAFT REPORT and BRIEF - Commissioner Expenses and agreed actions to address the observations [SEC=OFFICIAL:Sensitive]
Attachments: Review of Commissioner Expenses Draft Report.pdf

Dear Karen

Please find attached the DRAFT report on commissioner expenses from the Pitt Group. The following brief provides some key context and includes the agreed actions to address the opportunities identified to strengthen the control framework around Commissioner expenses.

This report needs to be contextualised by further investigative processes to determine whether the identified potential breaches are in fact breaches

Background
ASIC sought to obtain assurance on whether Commissioner non-remuneration expenses and travel over the period July 2018 to September 2020 were in accordance with:

- Resource Management Instructions
- Internal policy (credit card policy, domestic travel, international travel)
- Rem Tribunal Determinations

This scope of this report did not consider potential direct procurement, other than on Commissioner's corporate credit cards, of personal Commissioner expenditure; for example, the engagement of taxation specialists to provide personal advice.

What this report delivers
There are two things this report identifies:

- potential instances of non-compliance which will be referred to the relevant responsible execs to confirm whether there has been, in fact, a breach
- opportunities to improve the control environment

Important context / qualifications

- the number of identified potential breaches represents a conservative (high) estimate – experience from prior compliance review indicates a much smaller number are likely to be determined to be actual breaches
- s 47C, s 47E (a)
- the Pitt Group have not spoken to either Commissioners or their EAs about these to seek additional documentation which may support the expenditure as being approved within policy or requirement
- all potential breaches are yet to be assessed by the responsible team who best understand the underlying legislation or requirements, intent and principles of the policy, how the requirements are applied in practice across ASIC staff more generally, and any idiosyncrasies in relation to statutory appointees

Key Observations

- No systematic issues for ASIC - the significant majority of Commissioner expenditure and allowances conforms with ASIC policies and Rem Tribunal Determinations
- However, up to 3.7% of expenditure items may represent non-conformant expenditure, with 3.4% relating to a single Commissioner
- Identified potential breaches are across, compliance with internal policy, travel allowances and personal expenditure

Key opportunities to improve ASIC systems and processes:

- Ensure policies related to Commissioners expenditure are consistent and complete. There are instances where it is unclear whether ASIC policies apply to Commissioners as well as policies not covering current practices (e.g. use of Ubers).

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- Develop and implement standard practices for acquittal of Commissioner's corporate credit cards. There is significant variance between Commissioners which has reduced the consistency and overall quality of acquittals.
- Develop appropriate controls to identify and report potential remuneration in accordance with Rem Tribunal Determinations.
- s 47C, s 47E (a) [redacted]

Actions to Strengthen the Control Environment (owner s 22 [redacted], Chief of Operations)

The following actions to implement controls or mitigants to address the process improvement opportunities:

- Development of a Commissioner / Commission EA handbook on how ASIC's credit card, international travel, and training policies (professional memberships) apply to Statutory appointees, and a guide to domestic flights, accommodation and allowances to comply with the Rem Tribunals. This handbook will have a single owner (SEL, responsible for keeping current across RT determination updates.
- Development and implementation of a tool that consolidates travel and allowances information to enable cross-referencing to credit card statements. s 47C, s 47E (a) [redacted].
- Implementation of process to standardise the credit card acquittal supporting documentation (instructions in the handbook)
- Implementation of a process for all personal credit card expenditure to be review by payroll (instructions in the handbook)

Regards,

s 22 [redacted]
Senior Executive Leader, Internal Audit

Executive assistant

s 22 [redacted]

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