**Model accountable authority instructions (AAIs) Corporate Commonwealth entities**

Contents

[Model accountable authority instructions (AAIs) Corporate Commonwealth entities 1](#_Toc467663711)

[Introduction 3](#_Toc467663712)

[Duties and responsibilities of officials 3](#_Toc467663713)

[1. Corporate governance 4](#_Toc467663714)

[Risk management 4](#_Toc467663715)

[Working with others 6](#_Toc467663716)

[Fraud control 7](#_Toc467663717)

[Insurance 8](#_Toc467663718)

[Entities insured by Comcover and Comcare 8](#_Toc467663719)

[Entities not covered by Comcover and/or Comcare 10](#_Toc467663720)

[Disclosure of interests 11](#_Toc467663721)

[Accounts, records and non-financial performance information 13](#_Toc467663722)

[Audit 15](#_Toc467663723)

[2. Procurement and other arrangements 17](#_Toc467663724)

[Approving commitments of relevant money 17](#_Toc467663725)

[Procurement 19](#_Toc467663726)

[Entities subject to the Commonwealth Procurement Rules (CPRs) 20](#_Toc467663727)

[Entities that are not subject to the Commonwealth Procurement Rules 23](#_Toc467663728)

[Grants 26](#_Toc467663729)

[Inter-entity cooperation and agreements 28](#_Toc467663730)

[Indemnities, guarantees and warranties 30](#_Toc467663731)

[Official hospitality 32](#_Toc467663732)

[Official travel 33](#_Toc467663733)

[3. Making payments 35](#_Toc467663734)

[Payments of relevant money 35](#_Toc467663735)

[Corporate credit cards and credit vouchers 37](#_Toc467663736)

[Discretionary financial assistance 40](#_Toc467663737)

[Taxation obligations 41](#_Toc467663738)

[4. Managing money 43](#_Toc467663739)

[Receiving and handling money 43](#_Toc467663740)

[Handling cash advances 44](#_Toc467663741)

[Receiving or managing appropriations 45](#_Toc467663742)

[Collecting money on behalf of the Commonwealth 47](#_Toc467663743)

[Agreements with banks and managing bank accounts 48](#_Toc467663744)

[Agreements with banks 49](#_Toc467663745)

[Managing bank accounts 49](#_Toc467663746)

[Investments 50](#_Toc467663747)

[Borrowing 51](#_Toc467663748)

[Charging 52](#_Toc467663749)

[5. Managing debts and amounts owing to the entity 55](#_Toc467663750)

[Debt management 55](#_Toc467663751)

[Non-recovery (write-off) of debt 56](#_Toc467663752)

[Waiver of amounts owing to a Commonwealth entity 56](#_Toc467663753)

[6. Managing property 59](#_Toc467663754)

[Procuring or acquiring relevant property 60](#_Toc467663755)

[Receiving gifts and benefits 60](#_Toc467663756)

[Finding property on Commonwealth entity premises 61](#_Toc467663757)

[Custody, use and management of relevant property 62](#_Toc467663758)

[Disposing of relevant property (including gifting) 65](#_Toc467663759)

[Loss and recovery of relevant property 67](#_Toc467663760)

# Introduction

*You may like to use the text below for an introduction to your entity’s accountable authority instructions.*

These accountable authority instructions (AAIs) are issued by the [insert name of accountable authority position or body] under *section 20A* of the [Public Governance, Performance and Accountability Act 2013](https://www.legislation.gov.au/Series/C2013A00123) (PGPA Act) to officials on matters relating to the use of public resources in the delivery of policies, programs and services. These instructions apply to:

* officials in [insert name of your entity]
* officials of other entities that use or manage public resources for which the [insert name of accountable authority position or body] of [insert name of your entity] is responsible.

To assist officials to understand their duties and responsibilities, the instructions contain links to relevant legislative requirements, guidance material, authorisations and other instructions.

To find the meaning of any words or terms in these AAIs see the online[PGPA glossary](https://www.finance.gov.au/about-us/glossary/pgpa)*.*

## Duties and responsibilities of officials

*Sections 25 to 29* of the PGPA Act impose the following duties on all officials:

* a duty of care and diligence
* a duty to act in honesty, good faith and for a proper purpose
* a duty in relation to use of position
* a duty in relation to use of information
* a duty to disclose interests.

To meet these duties, officials are expected to exhibit a minimum standard of behaviour in exercising their powers or performing their functions. An official must comply with the finance law, which includes the PGPA Act, the[Public Governance, Performance and Accountability Rule 2014](https://www.legislation.gov.au/Series/F2014L00911) (PGPA Rule), any other instruments made under the PGPA Act (including these instructions), and an Appropriation Act.

For more information on these duties, see [Resource Management Guide 203: General duties of officials](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties).

# Corporate governance

This part covers instructions to officials on the following topics relating to governance of [your entity]:

* risk management
* working with others
* fraud control
* insurance
* disclosure of interests
* accounts, records and non-financial performance information
* audit.

Corporate governance forms part of the broader governance frameworks established by an accountable authority to manage risk and achieve an entity’s purpose. To promote the proper use of public resources in [your entity], section 16 of the PGPA Act requires the accountable authority to establish appropriate controls that relate to the corporate governance of [your entity].

## Risk management

*It is important that entities develop risk management frameworks and systems that are tailored to the needs of their organisation and commensurate with the nature and severity of the risks faced. Corporate Commonwealth entities are not required to comply with the* [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management)*, but can use the Policy to review and align their systems of risk management as a matter of good practice. The Policy provides encourages entities to engage with risk, demonstrate innovative thinking and establish and maintain appropriate systems of risk oversight and internal control.*

This section provides instructions to all officials in relation to risk management. You are responsible for the day-to-day management of risk in the performance of your duties and in all aspects of your work. Effective risk management is integral to [your entity’s] culture, good corporate governance and sound management practice. When effectively implemented, risk management is everyone’s business and communicates to officials what risks they need to avoid, and what risks they can take.

Risk management is the activities and actions taken to ensure that an entity is conscious of the risks it faces, makes coordinated and informed decisions in managing those risks and identifies potential opportunities.

Understanding the benefits of risk management ensures officials are better able to identify, evaluate and manage threats and opportunities.

[Your entity’s] approach to managing risk ensures there is:

* improved ability to identify, evaluate and manage threats and opportunities
* improved accountability and better governance
* better management of complex and shared risks
* improved financial management
* improved organisational performance and resilience
* confidence to make difficult decisions
* decreased potential for work health and safety risks
* decreased potential for unacceptable or undesirable behaviours such as fraud and harassment.

**Instructions – all officials**

|  |
| --- |
| You must refer to and act in accordance with [your entity’s] risk management framework to ensure that your risk management practices are aligned to your entity’s appetite and tolerance for risk, and consistent with your entity’s methodology to assess and treat risks |

*Additional instructions could cover:*

* *your entity’s articulated appetite for risk*
* *your entity’s approach to integrating the management of risk into its business processes*

|  |  |
| --- | --- |
| **Legislative requirements** | PGPA Act: s.16 |
| **Guidance** | [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management)[Resource Management Guide No. 200: General duties of accountable authorities](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/duties-accountable-authorities)[Resource Management Guide No 211: Implementing the Commonwealth Risk Management Policy – Guidance](https://www.finance.gov.au/government/comcover/risk-services/management)[Comcover’s risk management information sheets](https://www.finance.gov.au/government/comcover/risk-services/management/risk-resources)[Comcover’s risk management education and professional development program](https://www.finance.gov.au/government/comcover/education) |
| **Related AAIs** | [Working with others](#_Risk_management)[Fraud control](#_Fraud_control)[Insurance](#_AUDIT)[Disclosure of interests](#_Disclosure_of_interests)[Procurement](#_Procurement_2) [Grants](#_Grants_1) [Inter entity co-operations](#_Inter-entity_cooperation_and) [Indemnities, guarantees and warranties](#_Indemnities,_guarantees_and_1)  |
| **Internal authorisations** | *Include links to authorisations in your entity and established internal governance arrangements e.g. records or minutes of outcomes from your entity’s executive board/ audit committee or risk committee.*  |
| **Other relevant documents** | *Include links to:** *your entity’s risk management framework including*
	+ *related operational procedures or guidance in your entity*
	+ *relevant forms and templates (internal or external)*
* *your entity’s Corporate Plan*
* *your entity’s work health safety plan or strategy*
* *your entity’s fraud control plan*
 |
| **Contacts** | *Include contact details of the area in your entity to contact for further assistance.*  |

## Working with others

This section provides instructions to officials on working with others to achieve the purposes of an entity and the objectives of the Government.

A Commonwealth public sector that works together effectively, and joins up readily with other levels of government and with the private and not-for-profit sectors, is more likely to deliver better outcomes for Australians and apply public resources more efficiently and effectively.

The Commonwealth resource management framework has been designed to be flexible enough to allow Commonwealth entities to cooperate with others and, where practicable, requires the accountable authority to lead the entity in working cooperatively with other government and non‑government entities, to achieve common objectives. For example the PGPA Act requires the accountable authority to:

* govern their entity in a way that promotes proper use and management of public resources taking into account how their decisions affect the resources and financial sustainability of their entity and public resources more broadly ([section 15](http://www.finance.gov.au/resource-management/pgpa-act/15/)of the PGPA Act)
* cooperate with others to achieve common objectives, where practicable([section 17](http://www.finance.gov.au/resource-management/pgpa-act/17/)of the PGPA Act)
* consider the risks of allowing others to use and manage public resources and consider the effects of imposing requirements related to the use of public resources on others (section 18 of the PGPA Act)
* where the policies of the Australian Government have been applied to corporate Commonwealth entities by a government policy order made under section 22 of the PGPA Act, promote the proper use of resources in a way that is not inconsistent with any [relevant policies of the Australian Government](https://www.finance.gov.au/government/managing-commonwealth-resources/pgpa-legislation-associated-instruments-policies) that apply to corporate Commonwealth entities.

#### Instructions – all officials

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| You are encouraged to consider appropriate opportunities to establish cooperative and beneficial working arrangements with other entities inside and outside the Commonwealth public sector (these opportunities can take different forms – there is no one size fits all approach to working with others). |

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| **Legislative requirements** | PGPA Act: s.5, s.15, s.16, s.17, s.18, s.19, s.22 |
| **Guidance** | [Resource Management Guide 200: General duties of accountable authorities](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/duties-accountable-authorities) |
| **Related AAIs** | [Risk management](#_Risk_management_1)  |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Fraud control

This section provides instructions to officials involved in fraud control. Accountable authorities are required to take all reasonable measures to prevent, detect and deal with fraud relating to their entities (section 10 of the PGPA Rule). Fraud control includes:

* conducting regular fraud control assessments
* implementing a fraud control plan that deals with identified risks
* ensuring that the risk of fraud is taken into account in planning and conducting the activities of the entity
* ensuring fraud incidents and arrangements are reported appropriately.

Corporate Commonwealth entitiesmust comply with the fraud rule. While not bound by the *Commonwealth Fraud Control* Policy or Commonwealth fraud guidance, both documents are good practice for corporate Commonwealth entities and it is expected that your entity will implement the fraud guidance and fraud policy where appropriate in meeting the requirements of the fraud rule.

#### Instructions – all officials

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| --- |
| You must act in accordance with [your entity’s] fraud control plan. |

*Additional instructions could cover:*

* *who is responsible for:*
	+ *developing, maintaining and updating the entity’s fraud control plan*
	+ *regularly coordinating the entity’s fraud control assessment*
	+ *coordinating fraud reporting mechanisms*
* *the role of fraud control officers (if applicable)*
* *how the guidance in Resource Management Guide 201 is to be applied in the entity.*

|  |  |
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| **Legislative requirements** | PGPA Act: s.15, s.16PGPA Rule: s.10[Public Interest Disclosure Act 2013](https://www.legislation.gov.au/Series/C2013A00133)  |
| **Guidance** | [Resource Management Guide 201: Preventing, detecting and dealing with fraud](https://www.ag.gov.au/CrimeAndCorruption/FraudControl/Pages/FraudControlFramework.aspx)[Resource Management Guide 203: General duties of officials](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/introduction-pgpa-act-officials)Good practice:* Commonwealth Fraud Control Policy
* Commonwealth Risk Management Policy
 |
| **Related AAIs** | [Risk management](#_Risk_management_1) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *your entity’s fraud control plan*
* *your entity’s risk management framework*
* *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Insurance

*This section has been divided into two sets of model instructions for:*

* *corporate Commonwealth entities insured by Comcover and Comcare*
* *corporate Commonwealth entities not insured by Comcover and/or Comcare.*

### *Entities insured by Comcover and Comcare*

This section provides instructions to officials about insurance for insurable assets and liabilities through Comcover, and workers’ compensation insurance through Comcare. The risks normally covered by this insurance include, but are not limited to:

* property loss, destruction or damage
* general liability and professional indemnity
* motor vehicle loss, destruction or damage
* personal accident and travel
* expatriate, and
* workers’ compensation claims.

It is an entity’s responsibility to ensure that appropriate coverage is maintained at all times and that changes to assets, liabilities and insurable risks generally are immediately notified to Comcover and potential workers’ compensation claims to Comcare and these risks or claims are incorporated into the entity’s insurance program. Comcover is not responsible for insurable risks that have not been included in the entity’s insurance program.

As with any insurance, this cover will have limits, excess thresholds and other conditions attached. For example, there is the usual duty to disclose matters relevant, it is then the insurer’s decision whether to accept the risk insured, and on what terms (i.e. the duty of full disclosure). There will be circumstances where an entity is not covered, for example where a claim results from a contractual breach or an unlawful act.

#### Instructions – officials responsible for insurance matters

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| You must:* disclose any insurance risks and report any potential insurance claim or incident to Comcover.
* report any potential workers’ compensation claim or incident to Comcare.
 |

*Additional instructions could cover:*

* *how to manage public resources in a way that minimises an insurance claim*
* *consultation and obtaining advice from Comcover on recommended insurance coverage*
* *insurance risk assessment processes*
* *a requirement that officials disclose to the entity’s insurance managers, all changes to insurance declarations (e.g. purchases, leases and disposals of buildings and infrastructure) to enable adequate insurance cover to be obtained*
* *processes to determine whether a risk will be covered by current insurance policies and if a risk is not covered, processes to liaise with Comcover regarding further coverage or commercial insurance*
* *key strategies to minimise the risks of insurance claims, such as quality assurance processes*
* *insurance procedures with regards to contract management (e.g. preferred minimum public liability, professional indemnity and other insurance coverage to be obtained by contractors)*
* *policies relating to indemnification by or of the entity*
* *insurance procedures with regards to committees (e.g. whether an indemnity will be offered, or whether insurance will be required, paid for or provided)*
* *how your insurer is notified about key events, such as changes to risks, new contingent liabilities, or claims*
* *a requirement that officials report all claims and incidents that might lead to an unplanned financial loss and could result in a claim to the insurer, including the timeframe for doing so*
* *maintaining records in relation to insurable risks, such as significant incidents, amounts claimed from insurers, amounts paid as excess and measures taken to manage and minimise insurable risks*
* *insurance claims processes*
* *how legal claims against the entity are to be managed, including who to consult (e.g. the entity’s internal legal area)*
* *steps that officials could take to assist their entity’s compliance with the PGPA Rule including:*
	+ *undertaking a risk assessment to determine the appropriate level of insurance cover for their liabilities*
	+ *engaging a licensed insurance broker for advice on the class and quantum of cover required*
	+ *based on the advice received, exercising discretion on the level of insurance obtained.*

### *Entities not covered by Comcover and/or Comcare*

Corporate Commonwealth entities that are not covered by Comcover and/or Comcare are responsible for obtaining general insurance cover for their accountable authorities and/or officials against liability claims.

When obtaining insurance, entities must act in accordance with section 23 of the PGPA Rule. Section 23 restricts corporate Commonwealth entities from insuring their officials against liabilities relating to breach of duty. This restriction is consistent with section 27N of the former *Commonwealth Authorities and Companies Act 1997* and section 8(7)(b) of Comcover’s Statement of Cover, and reflects the principle that public resources must not be used to protect officials for actions that are not legal under the finance law. For further information on the general duties of officials in the PGPA Act, see RMG No. 203: General duties of officials*.*

Any insurance coverage that purports to insure a person against, or exempt a person from, a liability is void to the extent that it contravenes section 23 of the PGPA Rule.

#### Instructions – officials responsible for insurance matters

|  |
| --- |
| You must ensure that:* your entity arranges with an insurer for appropriate insurance coverage
* the insurance coverage does not purport to insure officials of your entity against liabilities arising from breach of duty under the PGPA Act
* your entity discloses any insurance risks and reports any potential insurance claim or incident to the insurer.
 |

*Additional instructions could cover:*

* *how to manage public resources in a way that minimises an insurance claim*
* *consultation and obtaining advice from the insurer on recommended insurance coverage*
* *insurance risk assessment processes*
* *a requirement that officials disclose to the entity’s insurance managers, all changes to insurance declarations (e.g. purchases, leases and disposals of buildings and infrastructure) to enable adequate insurance cover to be obtained*
* *processes to determine whether a risk will be covered by current insurance policies and if a risk is not covered, processes to liaise with the insurer regarding further coverage or commercial insurance*
* *key strategies to minimise the risks of insurance claims, such as quality assurance processes*
* *insurance procedures with regards to contract management (e.g. preferred minimum public liability, professional indemnity and other insurance coverage to be obtained by contractors)*
* *policies relating to indemnification by or of the entity*
* *insurance procedures with regards to committees (e.g. whether an indemnity will be offered, or whether insurance will be required, paid for or provided)*
* *how your insurer is notified about key events, such as changes to risks, new contingent liabilities, or claims*
* *a requirement that officials report all claims and incidents that might lead to an unplanned financial loss and could result in a claim to the insurer, including the timeframe for doing so*
* *maintaining records in relation to insurable risks, such as significant incidents, amounts claimed from insurers, amounts paid as excess and measures taken to manage and minimise insurable risks*
* *insurance claims processes*
* *how legal claims against the entity are to be managed, including who to consult (e.g. the entity’s internal legal area)*
* *steps that officials could take to assist their entity’s compliance with the PGPA Rule including:*
	+ *undertaking a risk assessment to determine the appropriate level of insurance cover for their liabilities*
	+ *engaging a licensed insurance broker for advice on the class and quantum of cover required*
	+ *based on the advice received, exercising discretion on the level of insurance obtained.*

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| --- | --- |
| **Legislative requirements** | PGPA Act: s.62PGPA Rule: s.23[Work Health and Safety Act 2011](https://www.legislation.gov.au/Details/C2016C00887)[Safety Rehabilitation and Compensation Act 1988](https://www.legislation.gov.au/Series/C2004A03668) |
| **Guidance** | [Comcover insurance](https://www.finance.gov.au/government/comcover/insurance)[Comcare publications](https://www.finance.gov.au/government/comcover) |
| **Related AAIs** | [Risk management](#_Risk_management_1) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Include links to:** *your entity’s risk management framework*
* *your entity’s work health safety plan or strategy*
* *related operational procedures or guidance in your entity*
* *relevant insurance forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Disclosure of interests

*This section is for setting out the procedures in your entity for officials to disclose personal interests. Note that in addition to the duty in the PGPA Act, officials may also have duties to disclose interests under entities your entity’s enabling legislation or, if officials in your entity are employed under the Public Service Act 1999 (PS Act), in the Code of Conduct at section 13(7) of the PS Act.*

This section provides instructions on the requirement that officials disclose material personal interests relating to the affairs of the entity (section 29 of the PGPA Act and sections 12 to 16D of the PGPA Rule).

The overriding principle for a declaration of a material personal interest is, ‘if in doubt, declare the interest’ in accordance with the appropriate process. Taking this step should protect both the official and the Commonwealth entity.

The term ‘material personal interests’ could directly relate to an official’s personal role or, more broadly, to the overall purpose of the entity. Materiality depends on the size and nature of the interest and the surrounding circumstances. Material personal interests are not confined to financial or similar interests. To be material, a personal interest would be of a type that can give rise to a real or perceived conflict of interest.

The phrase ‘relating to the affairs of the entity’ is also meant to be read broadly. For example, it includes activities of the entity that involve collaboration with other entities inside or outside government.

#### Instructions – all officials

|  |
| --- |
| You must disclose a material personal interest that relates to the affairs of the entity in accordance with these instructions. |

*Additional instructions could cover:*

* *who is responsible for developing, overseeing and managing (including updating) the entity’s process for the disclosure of material personal interests*
* *a requirement to promulgate instructions and/or policy on disclosure of interests (including to whom material personal interests are to be disclosed)*
* *a requirement to maintain a register of interests, and the appointment of an official who is responsible for keeping it up to date*
* *the circumstances that may be deemed a conflict of interest and need to be disclosed by officials – for example:*
* *when an official or family member is a party to a contract, or involved in a transaction, with the entity for goods or services (noting* [AASB Standard 124 Related Party Disclosures](http://www.aasb.gov.au/admin/file/content105/c9/AASB124_07-15.pdf)*)*
* *when an official or family member has a material personal interest in a transaction between the entity and another entity in which the official or a family member is directly or indirectly involved*
* *when an official or family member is engaged in some capacity or has a material personal interest in a business or entity that competes with the entity*
* *situations that may create the appearance of a conflict, or the presence of conflicting interests for officials of the entity, such as the acceptance of gifts (see also* [Managing property](#_MANAGING_PUBLIC_PROPERTY)*)*
* *what course of action the entity and/or officials could take after an interest is disclosed, so that the best interests of the entity are not compromised.*

|  |  |
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| **Legislative requirements** | PGPA Act: s.29PGPA Rule: ss.12 to 16D[Public Interest Disclosure Act](https://www.legislation.gov.au/Series/C2013A00133) |
| **Guidance** | [Resource Management Guide 203: General duties of officials](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/introduction-pgpa-act-officials) |
| **Related AAIs** | [Risk management](#_Risk_management_1)[Managing property](#_MANAGING_PUBLIC_PROPERTY) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Accounts, records and non-financial performance information

This section provides instructions to officials responsible for collecting and maintaining the accounts, records and non-financial performance information for the entity:

* entities are required to keep accounts and records that properly record and explain the entity’s transactions and financial position (section 41 of the PGPA Act) in accordance with the[Public Governance, Performance and Accountability (Financial Reporting) Rule 2015](https://www.legislation.gov.au/Series/F2015L00131) (PGPA Financial Reporting Rule)
* entities are required to keep records that explain the entity’s performance in achieving its purposes (section 37 of the PGPA Act)
* the Finance Minister and the responsible minister are entitled to full and free access to the accounts, records and performance information of an entity (sections 37 and 41 of the PGPA Act)
* the Commonwealth Auditor-General may also direct an official to provide information (section 32 of the [Auditor-General Act 1997](https://www.legislation.gov.au/Series/C2004A05248)).

#### Instructions – all officials

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| --- |
| You must:* maintain appropriate accounts, records and non-financial performance information to meet the requirements of the PGPA Act, the PGPA Rule and the PGPA Financial Reporting Rule
* collect and maintain performance information that demonstrates how public resources have been used to achieve the purposes of [your entity]
* comply with any lawful request by the Finance Minister, the responsible minister or the Commonwealth Auditor-General for access to the entity’s accounts and records.
 |

*Additional instructions could cover:*

* *specific financial reporting requirements:*
	+ *who has overall responsibility for ensuring that accounts and records are kept as required by the PGPA Financial Reporting Rule (e.g. the chief financial officer) and the role of the unit assisting the responsible official*
	+ *responsibilities of particular officials (e.g. cost centre managers and branch or division managers)*
	+ *acquitting or reporting particular activities (e.g. end-of-day cash-ups for payment areas and Cabcharge reconciliations)*
	+ *processes for each stage in the financial reporting cycle (e.g. end-of-month and end-of-year reporting)*
	+ *keeping proper records in the entity’s financial management information system (if any)*
* *specific performance information requirements:*
	+ *collecting and analysing performance information (e.g. through data mining, benchmarking, surveys, peer reviews and comprehensive evaluations)*
	+ *measuring performance (quantitative and/or qualitative) to demonstrate the efficient and effective use of public resources or conduct and delivery of an activity (noting that performance reporting must be cost-effective)*
	+ *presenting information in a way that tells a clear and accurate performance story to diverse audiences for diverse purposes.*

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| **Legislative requirements** | PGPA Act: s.37, s.38, s.41PGPA Financial Reporting RulePGPA Rule: s.17AAAuditor-General Act 1997: s.32 |
| **Guidance** | [Resource Management Guide 125: Commonwealth entities financial statements guide](https://www.finance.gov.au/government/financial-reporting-accounting-policy/financial-reporting-commonwealth-entities)[Resource Management Guide 131: Developing good performance information](https://www.finance.gov.au/government/managing-commonwealth-resources/planning-reporting/commonwealth-performance-framework) |
| **Related AAIs** | [Audit](#_INSURANCE) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *your entity’s corporate plan and portfolio budget statement*
* *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Audit

This section provides instructions to officials on their entity’s audit program. The accountable authority must establish an audit committee (section 45 of the PGPA Act) and may also establish internal audit functions to help ensure that the entity is governed in a way that:

* promotes the proper use and management of public resources
* promotes the achievement of the purposes of the entity
* promotes the financial sustainability of the entity.

Externally, the PGPA Act stipulates that the Auditor-General:

* must audit the annual financial statements of the entity (sections 42 and 43)
* may be requested to audit the annual performance statements of the entity (section 40).

The Department of Finance issued RMG 202: Audit committees to assist entities to prepare an audit committee charter in line with the requirements in the PGPA Act and section 17 of the PGPA Rule. This rule requires, among other things, that the functions of an audit committee include reviewing the appropriateness of the accountable authority’s financial reporting, performance reporting, system of risk oversight and management, and system of internal control.

#### Instructions – all officials

|  |
| --- |
| You must cooperate with:* [your entity’s] internal audit function (if applicable)
* [your entity’s] audit committee
* the CommonwealthAuditor-General represented by officials of the Australian National Audit Office.
 |

*Additional instructions could cover*:

* *processes for officials to support audit committee meetings (e.g. preparing agenda papers and appearing before the committee)*
* *processes involving the Auditor-General, such as reporting audit activities and responding to audit findings*
* *processes for providing information to the Auditor-General.*

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| **Legislative requirements** | PGPA Act: s.15, s.16, s.19, s.40, s.41, s.42, s.43, s.44, s.45PGPA Rule: s.17, s.17AAAuditor-General Act 1997: s.32 |
| **Guidance** | [Resource Management Guide 202: Audit committees](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/risk-internal-controls/audit-committees)[Australian Securities Exchange Corporate Governance Council, Corporate governance principles and recommendations ( 3rd edition, March 2014)](https://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf) |
| **Related AAIs** | [Risk management](#_Risk_management_1)[Accounts, records and non-financial performance information](#_Accounts,_records_and) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

#  Procurement and other arrangements

This part covers instructions to officials on the following topics relating to spending money:

* approving commitments of relevant money
* procurement
* grants
* inter-entity cooperation and agreements
* indemnities, guarantees, warranties and other contingent liabilities
* official hospitality
* official travel.

Corporate Commonwealth entities are legally separate from the Commonwealth. The accountable authority of a corporate Commonwealth entity has the power to enter into arrangements from the enabling legislation of the entity and/or their separate legal personality.

Accountable authorities are required to promote the proper use and management of the public resources for which they are responsible (see section 15 of the PGPA Act). Consistent with this duty, an accountable authority can establish controls to ensure that officials consider the proper use (i.e. efficient, effective, economical and ethical use) of public resources when making decisions that involve:

* commitments of relevant money or
* entering into arrangements relating to relevant money.

‘Relevant money’ is money that the corporate Commonwealth entity holds as cash or in a bank account (see section 8 of the PGPA Act). Relevant money becomes ‘committed’ when an entity undertakes an activity that results in an obligation to pay relevant money. Examples include entering into an arrangement under which relevant money will become payable, including obligations that are contingent upon certain events occurring, such as indemnities, guarantees and warranties.

Using and managing relevant money in accordance with these instructions in one way officials can demonstrate they are meeting their duties under sections 25 to 29 of the PGPA Act.

## Approving commitments of relevant money

*The duty of accountable authorities to promote the proper use of relevant money (section 15 of the PGPA Act) applies to the commitment of relevant money. Where officials are authorised to approve the commitment of relevant money, these instructions can promote the proper use of that money. For example, the instructions can identify high risk or high cost arrangements that will require an approval to commit relevant money as a separate step before an official can enter into an arrangement.*

Generally an approval to commit relevant money occurs when an official enters into an arrangement on behalf of your entity. This section provides instructions to officials on:

* when you are required to seek an approval for a commitment of relevant money that is separate from entering into an arrangement
* if you are authorised to approve a commitment of relevant money, the options, risks and outcomes you must consider
* if you are not authorised to approve a commitment of relevant money, the information you must provide to the authorised official.

#### Instructions – all officials

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| For every commitment of relevant money, you must:* ensure that the entity has a sufficient money to cover the commitment
* not approve a commitment of relevant money unless you have been authorised to do so and you comply with any relevant directions in the authorisation
* if you are not authorised, you must seek approval for the proposed commitment of relevant money from an authorised official or your accountable authority
* record any approval of a commitment of relevant money, including if you provide verbal approval for a commitment of relevant money, record the approval in writing as soon as practicable after giving it.
 |

*Additional instructions could cover:*

* *the circumstances in which an approval to commitment relevant money is required as a separate step to entering into an agreement (e.g. releasing a request for tender)*
* *the appropriate processes for approving a commitment of relevant money (e.g. the process for low-value and low-risk arrangements, the types of arrangements that must always be approved, and any relevant dollar thresholds that apply)*
* *who has the authority to approve different types of proposals for the commitment of relevant money*
* *the timing for when a proposed commitment of relevant money needs to be approved (e.g. before approaching the market, or before a ministerial announcement)*
* *processes to identify whether a proposed commitment of relevant money will have tax consequences*
* *any additional requirements that apply to arrangements that may result in a commitment of relevant money (e.g. what internal approvals are required before releasing a request for tender).*

*Additional instructions for officials who have been authorised to approve commitments of relevant money could cover:*

* *matters an official must consider when determining when a proposed commitment of relevant money will be a proper (efficient, effective, economical and ethical) use of public resources*
* *any circumstances that will require an official to obtain an approval to commit relevant money as a separate step before entering into an arrangement*
* *a requirement that the official can only approve commitments of relevant money within the limits specified in the authorisation*
* *whether an official can approve proposed commitments of relevant money that relate to their own work duties (e.g. official travel)*
* *whether additional approval requirements apply to proposed commitments of relevant money that relate to official hospitality and official travel*
* *how the role played by an official can support the accountable authority in promoting the financial sustainability of the entity – for example, the official may:*
* *be required to assess whether there is available relevant money for the proposed commitment*
* *need to be able to access records of all liabilities, commitments and expenses against current and future funding*
* *any reporting requirements.*

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| **Legislative requirements** | PGPA Act: s.15, s.22, s.52  |
| **Guidance** | [Resource Management Guide 203: General duties of officials](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/introduction-pgpa-act-officials)[Commonwealth Procurement Rules](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules)[Resource Management Guide 400, Approving commitments of relevant money](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/entering-arrangements-committing-relevant-money) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Procurement](#_Procurement_1)[Indemnities, guarantees and warranties](#_Indemnities,_guarantees_and)[Payments of relevant money](#_Payments_of_relevant)[Taxation obligations](#_TAXATION_OBLIGATIONS)[Agreements with banks and managing bank accounts](#_Agreements_with_banks) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Procurement

*This section has been divided into two sets of model instructions:*

* *the first set is for corporate Commonwealth entities that are listed in* [section 30](http://www.finance.gov.au/resource-management/pgpa-rule/30/) *of the PGPA Rules and are required to adhere to the Commonwealth Procurement Rule (CPRs)*
* *the second set is for corporate Commonwealth entities that are not subject to the CPRs, although these entities are encouraged to develop procurement arrangements that are modelled on the CPRs as a matter of good procurement practice.*

### Entities subject to the Commonwealth Procurement Rules (CPRs)

Procurement:

* begins when a need has been identified and a decision has been made on the need to purchase a good or service
* continues through the processes of risk assessment, seeking and evaluating alternative solutions, the awarding of a contract, the delivery of and payment for the goods and services and, where relevant, the ongoing management of the contract and consideration of disposal of goods
* also includes the acquisition of goods and services on behalf of another entity or a third party.

Officials of corporate Commonwealth entities prescribed in section 30 of the PGPA Rule must comply with:

* the ‘rules for all procurements’ listed in Division 1 of the *Commonwealth Procurement Rules* (CPRs) and
* the ‘additional rules’ listed in Division 2 of the *CPRs* when the expected value of the procurement is at or above $400,000 and when an Appendix A exemption has not been utilised.

The Commonwealth operates a devolved procurement framework where Commonwealth entities are responsible for undertaking their own procurement processes in order to meet their business needs. The CPRs set out the basic rule set that applies to entity procurement activities.

The CPRs are a legislative instrument issued by the Finance Minister under *section 105B*(1) of the PGPA Act. Australia is party to a range of free trade arrangements, and relevant international obligations have been incorporated into the CPRs.

Achieving value for money is the core rule of Commonwealth procurement. When conducting a procurement, officials must consider the relevant financial and non-financial costs and benefits of each submission including, but not limited to; quality of the goods and services, fitness for purpose, relevant experience and performance history, flexibility of the proposal, environmental sustainability and whole of life costs to inform a value for money assessment.
For more information on the Commonwealth procurement framework see the [Finance website.](https://www.finance.gov.au/government/procurement)

#### Instructions – all officials

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| The central procurement team in [your entity] is your first point of contact for all procurement advice. Contact [insert group mailbox/phone number].You must:* estimate the expected value of the procurement before deciding the appropriate procurement method. There are currently two procurement methods: open tender, and limited tender (further information is in the *CPRs*)
* consider whether there is an existing non mandatory arrangement available that you can use for the procurement (such as a panel)
* **report all contracts and amendments valued at or above $400,000 (GST inclusive)** **on AusTender within 42 days of entering (or amending) a contract**
 |

*Additional instructions could cover:*

* *using mandated whole-of-government arrangements (*[list of these arrangements](https://www.finance.gov.au/government/procurement/whole-australian-government-procurement)*)*
* *using the appropriate*[Digital Sourcing Contract Template](https://www.dta.gov.au/help-and-advice/ict-procurement%22%20%5Ct%20%22_blank) on [BuyICT.gov.au](http://buyict.gov.au/) *for Digital or ICT procurements, where an existing arrangement is not suitable*
* *the use of* [Commonwealth Contracting Suite](https://www.finance.gov.au/government/procurement/commonwealth-contracting-suite-ccs) *for low risk procurements*
* *where your entity has mandated the use of an internal panel, officials must use it (include link to your entity’s mandated panel arrangements).*

#### Instructions – authorised officials entering into, varying or administering an arrangement

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| Before entering into or varying a procurement arrangement, you must ensure that you have authority to enter into or vary a procurement arrangement (authorised by your accountable authority from under enabling legislation or other specific legislation).Authorised officials must be satisfied, after making reasonable enquiries, that the procurement achieves value for money outcomes and complies with all CPR requirements, this includes being satisfied that the procurement:* uses public resources in an efficient, effective, economical and ethical manner that is not inconsistent with any [relevant policies of the Australian Government](https://www.finance.gov.au/government/managing-commonwealth-resources/pgpa-legislation-associated-instruments-policies)
* encourages competition and is non-discriminatory
* facilitates accountable and transparent decision making
* encourages appropriate engagement with risk and
* is commensurate with the scale and scope of the business requirement.

You must:* determine if the terms in a procurement arrangement need to be kept confidential and identify in the arrangement the terms that must be kept confidential (see [Confidentiality Throughout the Procurement Cycle](https://www.finance.gov.au/government/procurement/buying-australian-government/confidentiality-throughout-procurement-cycle))
* ensure the procurement arrangement requires contractors to agree to the public disclosure of the names of any subcontractors and to inform the relevant subcontractors that their names may be publicly disclosed
* ensure sufficient documentation is retained to demonstrate processes and approvals were appropriate to the scope and scale of the procurement
* not enter into a procurement arrangement where there is no end date, unless it allows for periodic review and the ability to be terminated by [*your entity*] where it no longer represents value for money.

**For procurements valued at or above $400,000 (GST inclusive)**[Division 1 and 2 of the CPRs apply.](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules)* you must check whether any of the procurement-connected policies are relevant to your procurement (a list of these policies is on the [Finance website](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules))
* the default for all procurements valued at or above $400,000 is open tender. For procurements valued at or above $400,000 you must use an open tender process unless:
	+ an existing panel arrangement is used which has generally been established by an initial open tender approach
	+ a [limited tender condition set out in paragraph 10.3](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/additional-rules) of the CPRs applies or
	+ an [Appendix A exemption applies](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/appendix-exemptions).
* Open tenders must be published on AusTender.
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***Managing procurement arrangements***

**Instructions – officials with an authorisation to administer a procurement arrangement**

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| You must:* maintain documentation for each arrangement (for example, a written contract, purchase order or email) proportionate to the scale, scope and risk of the procurement
* ensure that you have authority to administer a procurement arrangement (authorised by your accountable authority under enabling legislation or other specific legislation)
* to achieve value for money, actively manage each arrangement to ensure that risk treatments are appropriate and contracted outcomes are achieved
* make available, on request, the names of subcontractors engaged by a contractor in respect of a procurement arrangement.
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| **Guidance** | [Resource Management Guide 400, Approving commitments of relevant money](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/entering-arrangements-committing-relevant-money) [Resource Management Guide 411, Grants, procurements and other financial arrangements](https://finance.govcms.gov.au/government/commonwealth-grants/commonwealth-grants-rules-guidelines)[AusTender reporting requirements](https://www.finance.gov.au/government/advertising/austender-reporting-requirements)[Procurement guidance material](https://www.finance.gov.au/government/procurement/buying-australian-government/confidentiality-throughout-procurement-cycle) |
| Related AAIs | [Risk management](#_Risk_management)[working with others](#_Joining_up_with)[Disclosure of interests](#_Disclosure_of_interests)[Approving commitments of relevant money](#_APPROVING_SPENDING_PROPOSALS)[Payments of relevant money](#_DRAWING_RIGHTS) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents**  | *Where relevant, add links to:* * *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information*  |

### Entities that are not subject to the Commonwealth Procurement Rules

*Entities that are not prescribed under section 30 of the PGPA Rule are not required to follow the Commonwealth Procurement Rules (CPRs), however the principles in the CPRs have been developed to reflect best procurement practice and entities are encouraged to consider them when making procurement decisions. Entities should be mindful that procurements must be undertaken in accordance with any instructions issued by the accountable authority. These instructions are intended to help accountable authorities to meet their obligations under the PGPA Act, including to promote the proper use of public resources and to maintain appropriate internal controls.*

This section provides guidance on procurements which covers the entire process of buying goods and services. Procurement:

* begins when a need has been identified and a decision has been made on the need to purchase a good or service
* continues through the processes of risk assessment, seeking and evaluating alternative solutions, the awarding of a contract, the delivery of and payment for the goods and services and, where relevant, the ongoing management of the contract and consideration of disposal of goods
* also includes the acquisition of goods and services on behalf of another entity or a third party.

#### Instructions

*Instructions could cover:*

* *assessing value for money by considering both financial and non-financial costs and benefits, including but not limited to:*
	+ *the quality of the* goods *and services*
	+ *fitness for purpose of the proposal*
	+ *a* potentialsupplier’s *relevant experience and performance history*
	+ *flexibility of the proposal (including innovation and adaptability over the lifecycle of the* procurement*)*
	+ *environmental sustainability of the proposed* goods *and services (such as energy efficiency and environmental impact)*
	+ *whole-of-life costs*
* *how procurement thresholds apply to the entity*
* *how to achieve and promote proper use of public resources, (i.e. promoting efficient, effective, economical and ethical use of public resources; encouraging competition and non‑discriminatory processes; and making decisions in an accountable and transparent manner)*

***In relation to entity specific requirements:***

* *the role of any internal procurement teams, and when to consult with them*
* *mechanisms for conducting a procurement assessed as a high-risk procurement*
* *internal requirements relating to the approval of procurement documentation, such as timing, approval process and who can agree to different steps (for example, approach to market)*
* *internal requirements relating to approvals using system based forms, such as FMIS*
* *when to use internal templates*
* *when to use streamlined processes for procurements*
* *the approvals required for the procurement, including any entity specific authorisations*
* *if required, the need for quotes and the form and number of quotes required internal requirements relating to contract management*
* *minimum documentation requirements for the different types of procurement methods*
* *requirements for recording procurement decisions and documentation utilising a suitable record management system*
* *requirements for the disposal of tender and procurement documentation*
* *determine what is sufficient documentation, such as Cabcharge or petty cash vouchers.*

***Planning a procurement:***

* *In determining the scale, scope and risk, you may consider the need for the procurement together with the whole-of-life financial and non-financial costs*
* *undertake risk identification assessment and management, having regard to the risk profile of the procurement (i.e. risk treatment should be proportionate to the risk and scope of the procurement) including, where appropriate, the need for risk mitigation/management plans*
* *internal probity and ethics requirements, such as notification procedures and, where appropriate, any processes relating to probity review*
* *internal security and confidentiality requirements*
* *when to seek specialist advice to help understand the capabilities and constraints of the market*
* *when cooperative entity procurement may be appropriate, including the mechanisms to work with other entities to undertake cooperative procurement*
* *associated contract management requirements, including procurement contract governance, performance, relationship and financial management*
* *if relevant, any requirements for establishing a complaints mechanism to manage procurement complaints in an equitable and non‑discriminatory manner*

***Approaching the market***

* *essential information that must be included in the documentation to be provided to potential suppliers*
* *clearance processes to approach the market*
* *confidentiality requirements, mechanisms to deal with potential conflicts of interest, and if/when to involve a probity advisor*
* *use of limitation of liability and standard clauses*
* *providing a draft procurement contract and statement of compliance with the request documentation*

***Assessing Tenders***

* *dealing with unintentional errors*
* *when to undertake a financial viability assessment of the preferred supplier*
* *the processes for advising unsuccessful tenders*
* *mechanisms to handle complaints from unsuccessful tenders*

***Contract Management***

* *who is responsible for ongoing contract management*
* *internal requirements relating to contract management*
* *when to seek legal advice on procurement contracts*
* *maintaining appropriate documentation, such as procurement contract or purchase order*
* *when to develop a contract management plan*
* *when a variation to a procurement contract end date is allowable to provide for late delivery of goods or completion of services, providing the procurement contract allows for such a variation and the variation does not lead to a material change in the scope of the procurement.*

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| **Guidance** | [Procurement guidance material](http://www.finance.gov.au/procurement/procurement-policy-and-guidance/buying/) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents**  | *Where relevant, add links to:* * *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information*  |

## Grants

*This section provides model instructions for corporate Commonwealth entities that administer grants arrangements. Corporate Commonwealth entities are not required to adhere to the* [Commonwealth Grants Rules and Guidelines](https://finance.govcms.gov.au/government/commonwealth-grants/commonwealth-grants-rules-guidelines) (CGRGs)*, unless the entity is administering a grant on behalf of a non-Corporate Commonwealth entity. While the CGRGs do not otherwise apply to corporate Commonwealth entities, they can be used as a matter of good practice.*

The objectives of grants administration are to:

* promote proper use and management of public resources
* collaborate with the non-government sector
* manage risks appropriately and contribute to the management of shared risks
* achieve the policy outcomes of government.

Granting activities can take a variety of forms, including payments made as a result of competitive or non-competitive selection processes; where particular criteria are satisfied; or on a one-off or ad hoc basis. However, a grant arrangement is generally an arrangement:

* under which relevant money is to be paid to a recipient other than the entity
* which is intended to assist the recipient to achieve its goals
* which is intended to help address one or more of the entity’s objectives
* under which the recipient may be required to act in accordance with specified terms or conditions.

#### Instructions – Officials involved in grants administration

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| You must use competitive, merit-based selection processes to allocate grants, unless specifically agreed otherwise by a minister or accountable authority. Where a method other than a competitive merit-based selection process is used, you must document why a different approach has been used.If your entity manages a grant on behalf of the Commonwealth, you must:* act in accordance with the Commonwealth Grants Rules and Guidelines
* have regard to the seven key principles in Part 2 of the *Commonwealth Grants Rules and Guidelines* that apply to grants administration
* disclose information that the government requires to be notified
* disclose any current or prospective personal interest that might create a conflict of interest
* not use clauses in grant agreements that seek to limit, prevent or ban a not-for-profit organisation from advocating on policy issues.
 |

*Additional instructions could cover:*

* *how to determine that the outcome will be a proper use of public resources*
* *a requirement that officials identify and consider relevant risks when planning and designing grant programs*
* *a requirement to clearly define and document the operational objectives of a granting activity, which can be clearly linked to the delivery of government outcomes*
* *how to apply the proportionality principle when designing a granting activity so that its key features are appropriate to the scale, nature and complexity of the activity and the risks involved*
* *steps to avoid requesting information from grant applicants and recipients that has been collected by the entity and is available to officials*
* *the entity’s policy for advertising grant opportunities*
* *the items to be considered when determining the type of application and selection process, noting that it is preferable to use a competitive, merit-based selection process, unless specifically agreed otherwise by a minister, accountable authority or authorised official*
* *the documentation required to support grant recipient selection processes*
* *the choice of an appropriate grant agreement based on the assessed risk of the granting activity*
* *the requirement to administer grants according to the terms and conditions of the relevant grant agreement*
* *any policies of the Australian Government that apply to grants administration*
* *the appropriate mechanisms for identifying and managing potential conflicts of interest (see* [Disclosure of interests](#_Disclosure_of_interests)*)*
* *acquittal and performance reporting requirements for grants, having regard to proportionality, risk and availability of other information*
* *the entity’s performance and financial monitoring framework used to determine the extent to which desired outcomes have been achieved and whether the relevant accountability procedures associated with the grants have been complied with.*

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| **Legislative requirements** | PGPA Act: s.*15* |
| **Guidance** | [Commonwealth Grants Rules and Guidelines](https://finance.govcms.gov.au/government/commonwealth-grants/commonwealth-grants-rules-guidelines)[Commonwealth Risk Management Policy](https://finance.govcms.gov.au/government/comcover/risk-services/management)[Resource Management Guide 412: Australian Government grants: briefing and reporting](https://www.finance.gov.au/government/managing-commonwealth-resources/australian-government-grants-briefing-reporting-evaluating-election-commitments-rmg-412)[Resource Management Guide 415: Commonwealth grants and procurement connected policies](https://www.finance.gov.au/publications/resource-management-guides-rmgs/commonwealth-grants-procurement-connected-policies-rmg-415) |
| **Related AAIs** | [Risk management](#_Risk_management)[Inter-entity cooperation and agreements](#_Inter-entity_cooperation_and)[Disclosure of interests](#_Disclosure_of_interests)[Approving commitments of relevant money](#_APPROVING_SPENDING_PROPOSALS) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Inter-entity cooperation and agreements

*This section provides instructions to officials about working cooperatively with other Commonwealth entities.*

Sections 17 and 18 of the PGPA Act impose duties on accountable authorities to:

* encourage officials to cooperate with others to achieve common objectives
* consider the administrative requirements that their entity imposes on others.

Further, section 15 requires an accountable authority, when making decisions for the purposes governing the entity, to take into account the effect of those decisions on public resources generally.

On a day-to-day basis, officials from different Commonwealth entities work together to undertake a number of activities, including to deliver government services, make payments, formulate national policies, implement complex reforms, and exchange information and specialist expertise. Entities can tailor inter-entity agreements to suit the specific situation and range of requirements. For example:

* the provision of services, such as IT services could be undertaken through a service level agreement
* the respective responsibilities of entities involved in a cross-portfolio reform (e.g. Closing the Gap) could be outlined in a memorandum of understanding (MoU).

The power for corporate Commonwealth entities to enter into agreements (including contracts) is normally set out in the entity’s enabling legislation, or would otherwise be implied from the separate legal personality of the corporate Commonwealth entity. Where a corporate Commonwealth entity enters into an agreement with another Commonwealth entity (whether corporate or non-corporate) such an agreement will, generally, be legally binding on the parties as they are separate legal persons.

#### Instructions – all officials

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| When developing an inter-entity agreement, you must clearly articulate:* the objectives of the agreement, including desired outcomes and timeframes
* the roles and responsibilities of the parties
* the details of the activities, including specifications of services or projects to be undertaken
* the resources and timeframe to be applied by parties and resource management framework issues
* the approach to identifying and sharing the risks and opportunities involved
* which entity collects performance reporting data
* agreed modes of review and evaluation
* agreed dispute resolution arrangements.

You must ensure that an inter-entity agreement addresses accountability requirements, including the requirements in the [*PGPA Act*](http://www.finance.gov.au/resource-management/pgpa-act/), to enable your accountable authority to meet their responsibilities under the resource management framework. |

*Additional instructions for inter-entity agreements could cover:*

* *how to determine which entity’s AAIs will apply to officials when undertaking inter-entity activities*
* *a requirement that inter-entity agreements contain appropriate provisions to allow the entity to meet its requirements under the* resource *management framework (e.g. requirements relating to appropriations, outcomes, performance reporting and financial statements)*
* *any entity policies for developing, endorsing and managing inter-entity agreements*
* *how officials are to determine whether an inter-entity agreement needs to be formalised*
* *who has the authority to enter into inter-entity agreements, including any limits*
* *the internal scrutiny requirements that apply to inter-entity agreements*
* *situations where legal advice must be sought before entering into an inter-entity agreement*
* *a requirement that inter-entity agreements clearly state whether or not the agreement is legally binding (in full or in part, and which parts)*
* *a requirement that the accountable authority be provided with all inter-entity agreements entered into by the entity*
* *a requirement to maintain an up-to-date register of all inter-entity agreements to improve consistency and monitor the progress of agreements*
* *monitoring and reviewing inter-entity agreements, including termination of agreements*
* *a requirement that inter-entity agreements are endorsed (e.g. by signature of relevant parties) prior to activities commencing*
* *the reporting requirements that relate to inter-entity activities, including performance reporting, Senate Estimates information and financial reporting in accordance with the* Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*.*

#### Instructions – officials establishing inter-entity agreements that involve financial commitments

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| You must not enter into an [arrangement](#Arrangement) that commits relevant money, unless you are [authorised](#Authorisation) to do so. |

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| **Legislative requirements** | PGPA Act: s.15, ss.17 and 18*PGPA Financial Reporting Rule* |
| **Guidance and resources** | [Audit Report No. 41 2009–10: Effective cross-agency agreements](https://www.anao.gov.au/work/performance-audit/effective-cross-agency-agreements) |
| **Related AAIs** | [Risk management](#_Risk_management)[working with others](#_Joining_up_with)[Accounts, records and non-financial performance information](#_Accounts,_records_and)[Approving commitments of relevant money](#_APPROVING_SPENDING_PROPOSALS)[Using special accounts](#_Using_special_accounts) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *The Official Public Account team within Finance provides guidance for entities on how to gain access to appropriations across the Australian Government, and to facilitate payments between entities.**Where relevant, add areas in your entity to contact for more information* |

## Indemnities, guarantees and warranties

This section provides instructions for officials entering into an arrangement that requires the entity to provide an indemnity, guarantee or warranty.

Indemnities, guarantees and warranties (and certain liability caps in contracts) may give rise to a contingent liability. That is, a commitment that may give rise to a cost as a result of a future event. Often, these types of arrangements are used to allocate risk between parties to an arrangement.

The PGPA Act does not establish specific requirements for granting indemnities, guarantees or warranties by corporate Commonwealth entities. Subject to any requirements in an entity’s enabling legislation regarding the granting of indemnities, guarantees or warranties, corporate Commonwealth entities have the same powers that other entities with body corporate status have to enter these types of arrangements. However, in managing these arrangements with contingent liabilities, an accountable authority continues to be subject to the general duties of accountable authorities in the PGPA Act.

####  Instructions – all officials

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| You must not enter into an arrangement that includes an indemnity, guarantee or warranty unless you have been authorised power to grant an indemnity, guarantee or warranty by your accountable authority. |

*Additional instructions could cover:*

* *how to identify and manage a contingent liability*
* *who can grant an indemnity, guarantee or warranty on behalf of the entity (e.g. the official who is authorised)*
* *the requirements that apply if an authorised official authorises another official to enter into arrangements on their behalf (e.g. if the official is authorised to enter into an arrangement involving a contingent liability on behalf of the entity)*
* *who an official needs to consult with (e.g. the entity’s legal section) before entering into an arrangement that may include indemnities, guarantees or warranties*
* *the circumstances in which an indemnity, guarantee or warranty must be avoided (e.g. because it would set an undesirable precedent)*
* *a requirement that officials assess and document the risks associated with an arrangement that consists of, or includes, an indemnity, guarantee or warranty.*

#### Instructions – officials authorised to provide a guarantee, indemnity or warranty

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| You must comply with the directions in the authorisation when entering into an arrangement that involves an indemnity, guarantee or warranty. |

*Additional instructions could cover:*

* *types of contingent liabilities that are allowable*
* *circumstances in which contingent liabilities must be avoided (e.g. because it would set an undesirable precedent)*
* *requirements that must be addressed before granting a contingent liability – for example:*
* *when a risk assessment (and the development of a risk management plan) will be required to consider who is best placed to manage the risks*
* *what are the other options; and*
* *whether the benefits outweigh the risks*
* *the process to follow if an arrangement includes a contingent liability that is assessed as being low risk and low value*
* *requirements that must be addressed for all other arrangements granting contingent liabilities, including financial limits, time limits, and termination and subrogation clauses*
* *the entity’s processes and requirements for:*
* *determining the likelihood of a contingent liability crystallising and the most probable cost that would result*
* *monitoring instruments involving contingent liabilities and managing associated risks*
* *recordkeeping for contingent liabilities*
* *reporting on material contingent liabilities (e.g. in a register, including who is responsible for maintaining the register)*
* *the security requirements that apply to contingent liability instruments and associated documents.*

|  |  |
| --- | --- |
| **Legislative requirements** | PGPA Act: s.15, s.16, s.52, s.61 |
| **Guidance** | [Resource Management Guide 203: General duties of officials](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/introduction-pgpa-act-officials) |
| **Related AAIs** | [Risk management](#_Risk_management) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Official hospitality

This section provides instructions to officials involved in official hospitality. Official hospitality generally involves the use of public resources to provide hospitality to persons other than entity officials to facilitate the achievement of one or more entity objectives. Official hospitality may include the provision of refreshments, entertainment, gifts of property, prizes or other benefits.

For instructions relating to the gifting of relevant property, see [Managing property](https://www.finance.gov.au/government/property-construction/commonwealth-property-management-framework).

#### Instructions – all officials

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| You must not enter into an arrangement to provide official hospitality unless you have been authorised to exercise, power to enter into such an arrangement.For corporate Commonwealth entities subject to the the CPRs (see section 30 of the PGPA Rule), you must act in accordance with the CPRs when procuring goods or services to provide official hospitality (see [Procurement](#_Procurement_1)).Any decision to spend relevant money on official hospitality must be publicly defensible. |

*Additional instructions could cover:*

* *how to assess whether an arrangement to provide official hospitality represents a proper use of public resources*
* *what is considered official hospitality in the entity and with whom (e.g. whether business catering, working lunches, celebratory events, the purchase of flowers or wreaths, or staff development programs are included)*
* *who can approve official hospitality (including any spending limits)*
* *the process for approving an arrangement to provide official hospitality*
* *the recordkeeping and reporting processes for official hospitality*
* *whether special requirements apply for official hospitality involving a minister*
* *whether an authorised official can approve official hospitality if they may personally benefit from that hospitality*
* *whether alcohol can be provided as part of official hospitality and what rules, if any, apply to the provision of alcohol*
* *whether the entity’s premises can be used for the provision of official hospitality and, if so, under what circumstances*
* *whether hospitality can be provided if the majority of beneficiaries are officials of the entity*
* *the requirements that apply if an official receives official hospitality while also receiving a travel allowance*
* *the requirements that apply to representation allowances for officials posted overseas*
* *how payment of gratuities (tips) is to be treated*
* *the fringe benefits tax requirements that apply to the provision of official hospitality.*

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| **Legislative requirements** | PGPA Act: s.15[Commonwealth Procurement Rules](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/appendix-exemptions)  |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Procurement](#_Procurement_1)[Acquiring property (including receiving gifts and benefits)](#_Acquiring_property_(including)[Disposing of property (including gifting relevant property)](#_Disposing_of_property) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Official travel

Official travel is any travel where a Commonwealth entity is ultimately responsible for any of the direct or indirect costs associated with that travel (noting the exceptions for using the coordinated travel procurements). This includes travel by officials, contractors and consultants to undertake work duties at the direction of the employer to achieve one or more entity objectives.

Official travel should only be undertaken when there is a demonstrated business need and when other communication tools, such as teleconferencing and videoconferencing, are an ineffective option.

#### Instructions – all officials

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| --- |
| You must not enter into an arrangement for official travel unless you have been authorised to exercise, power to enter into an arrangement of this type.For corporate Commonwealth entities subject to the the Commonwealth Procurement Rules (CPRs) (see section 30 of the PGPA Rule), you must act in accordance with the CPRs when procuring official travel services (see [Procurement](#_Procurement_1)). |

*Additional instructions could cover:*

* *when travel is appropriate and in what circumstances*
* *the entity’s process for approving travel, including who in the entity can approve travel*
* *the entity’s travel policies for domestic and overseas travel, including:*
* *flights, hire cars, accommodation*
* *insurance (travel, medical, Comcover or alternate insurance arrangements)*
* *passport arrangements*
* *use of travel cards or travel contracts*
* *pre-departure medical check-ups and vaccinations*
* *determining whether the travel arrangements are the most efficient use of public resources*
* *internal recordkeeping*
* *the process for reimbursing official travel costs*
* *the use of travel booking agents*
* *the entity’s policy on domestic and international travel arrangements.*

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| **Legislative requirements** | PGPA Act: s.15, s.52[Commonwealth Procurement Rules](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/appendix-exemptions) |
| **Related AAIs** | [Risk management](#_Risk_management)[Approving commitments of relevant money](#_APPROVING_SPENDING_PROPOSALS)[Procurement](#_Procurement_1) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

# Making payments

This part covers instructions to officials on making payments of money, including the following topics:

* payments of relevant money
* the use of entity credit cards and credit vouchers
* providing discretionary financial assistance
* taxation obligations.

These instructions apply to all payments, including manual and automated payments. A payment involves the transfer of cash, the issuing of instructions to process an electronic funds transfer, the execution and issuing of a cheque, the use of a debit card, or the transfer of funds through another process.

## Payments of relevant money

The authority to administer an arrangement, including making a payment generally comes from the entity’s enabling legislation. Accountable authorities usually authorise officials to exercise this function. Officials who perform the purely administrative tasks necessary to facilitate a payment (for example, processing an electronic funds transfer request) do not require authorisation if they are acting under the direction of another official and are not exercising any independent judgment.

#### Instructions – all officials

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| --- |
| You must not make a payment of relevant money unless:* you have been authorised to do so by the accountable authority; or by an official empowered by the accountable authority to authorise other officials to make payments
* there is a sufficient available funds to cover the proposed payment
* the payment is in accordance with any directions.
 |

*Additional instructions could cover:*

* *the entity’s processes for authorisation of payments, batch runs or automated payment systems, where applicable, such as:*
* *any checks that may be required before a payment can be made – this could include checking the legal authority to make the payment*
* *who can authorise the payment of accounts or statutory payments, including batch runs*
* *any documents that must be provided before a payment, where the official who authorised the payment also previously approved the relevant arrangement, or where they may benefit from the payment*
* *whether an official may authorise an account for payment in which they have been involved*
* *the processes to ensure an account is paid in accordance with the terms and conditions specified in the relevant arrangement*
* *any monetary limits that apply in relation to authorising the payment of an account*
* *invoicing processes (e.g. the entity’s requirements for a correctly rendered invoice)*
* *the entity’s standard payment terms (e.g. within 30 days of the satisfactory receipt of goods and services and the receipt of a correctly rendered invoice)*
* *where payment terms and conditions are not specified in the arrangement, the processes to ensure that an account is paid in accordance with the entity’s standard payment terms*
* *the ability of one official to authorise another official to perform purely administrative and/or processing tasks*
* *the circumstances where it is appropriate to allow another Commonwealth entity or third party to make payments of relevant money on your entity’s behalf (e.g. service delivery arrangements, salary packaging arrangements)*
* *whether payments in advance of the delivery of goods and services may be made and, if so, in what circumstances*
* *whether discounts on the payment of accounts can be accepted and, if so, in what circumstances*
* *if your entity manages a special account on behalf of the Commonwealth, officials must pay money from that account in accordance with the purpose of the special account*
* *the entity’s preferred methods for making a payment (e.g. electronically)*
* *how credit notes are to be handled (e.g. offset against the amount owing)*
* *how payments to an overseas entity are to be handled*
* *the entity’s requirements relating to reconciliation (e.g. whether officials must reconcile their usage of mobile phones, credit cards or other items upon receipt of an account)*
* *the difference between administrating an arrangement, which involves undertaking decision-making functions and requires an authorisation, and purely administrative tasks such as processing a payment*
* *maintaining records of payments (if applicable)*
* *additional internal controls, such as:*
* *the use of charge codes or cost centres*
* *ensuring that the account has not already been paid*
* *processes to confirm the identity of a payment recipient.*

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| **Legislative requirements** | PGPA Act: ss.15 and 16, s.52, s.71  |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Procurement and other arrangements](#_ACCOUNTS_AND_RECORDS) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more advice* |

## Corporate credit cards and credit vouchers

This section provides instructions about the use of corporate credit cards and credit vouchers.

Debit cards, pre-paid credit cards and gift vouchers are not corporate credit cards. They should be treated as relevant money.

A ‘corporate credit card’ is a credit card a Commonwealth entity uses to obtain cash, goods or services on credit (i.e. with payment deferred). Two types of credit cards are:

* ‘charge cards’ that authorise the holder to buy goods or services on credit, with payment in full required to be made at a later date (e.g. Diners card and AMEX)
* ‘vendor cards’ (sometimes called “limited-purpose purchase cards”), a charge card provided by specific retailers (e.g. travel cards and fuel cards).

A ‘credit voucher’ is a paper based credit card that generally comes with an attached spending limit (e.g. a Cabcharge voucher)

The use of a corporate credit card or credit voucher is a borrowing by the Commonwealth entity (i.e. an advance of money that must be repaid in accordance with contractually agreed terms). Section 57 of the PGPA Act prevents corporate Commonwealth entities from entering into borrowing agreements unless:

* expressly authorised by an Act (such as their enabling legislation)
* authorised by the Finance Minister in writing or
* authorised by the PGPA Rule.

Section 57 of the PGPA Act and section 21A of the PGPA Rule authorise corporate Commonwealth entities to borrow money if it is obtaining credit by credit card, credit voucher, or similar credit facility, and the borrowed amount is repaid within 90 days.

An accountable authority or an authorised official can enter into a single overarching borrowing agreement for each form of credit card or credit voucher. Officials then act on the relevant borrowing agreement by using a card or voucher issued under that agreement – each credit card and credit voucher is not a separate borrowing agreement.

#### Instructions – all officials

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| --- |
| You may only use credit card, credit card number or credit voucher that has been issued to you or that you are specifically authorised to use. You must:* ensure that any corporate credit cards or credit vouchers issued to you are stored safely and securely
* ensure that your use of a corporate credit card or credit voucher is consistent with any approval given, including any conditions of the approval
* consider whether using a corporate credit card or credit voucher would be a proper use of public resources (for example, whether it would be the most cost-effective payment option in the circumstances)
* that any requirements in AAI – *Approval and commitment of relevant money*, have been met before using a corporate credit card or credit voucher to commit relevant money.
 |

*Additional instructions could cover:*

* *whether corporate credit cards can be used for coincidental private expenditure, coincidental to the cardholders’ work duties, including details of repayment requirements*
* *whether corporate credit cards can be used for cash withdrawals, including details of any additional approval and reporting requirements*
* *when different types of corporate credit cards and credit vouchers can or should be used (e.g. whether a travel card must be used for all official travel)*
* *whether there are any additional conditions on who can use a corporate credit card or credit voucher (e.g. whether a contractor can use a corporate credit card or credit voucher)*
* *the transaction limits for different types of corporate credit cards and credit vouchers (e.g. if a Cabcharge can only be used for fares under $200)*
* *the documentation required for credit card and credit voucher holders to acknowledge their responsibilities*
* *how and when reconciliations against credit card or credit voucher statements must occur*
* *the documentation required to confirm use of corporate credit cards and credit vouchers*
* *any additional approvals that are required for proposed commitments of relevant money that relate to allowances or benefits involving the card or voucher holder (e.g. approval of their own travel expenses)*
* *how corporate credit cards and credit vouchers are to be stored, including the security requirements before the cards or vouchers are issued to officials, as well as the security requirements imposed on holders*
* *better practice storage requirements when a credit card is in an official’s custody (e.g. keeping it in a separate part of a wallet to personal credit cards)*
* *a requirement for officials to return corporate credit cards and credit vouchers to secure locations when the cards are not required for spending*
* *a requirement for officials to return corporate credit cards and credit vouchers when they leave the employ of the entity.*

#### Instructions – officials responsible for supervising corporate credit card and credit voucher holders

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| --- |
| 1. You must:
* clarify when and how card and voucher holder authorisations and credit limits are reviewed
* ensure that appropriate documentation and acquittal occurs
* ensure that officials are not exceeding transaction limits.
 |

*Additional instructions could include:*

* *who can be issued a corporate credit card or credit voucher, including a Cabcharge card or voucher (e.g. officials only);*
	+ *where other persons, such as contractors, may be issued corporate credit cards or credit vouchers, the circumstances when this is appropriate and the controls required to manage their use*
* *who can issue different types of credit cards and credit vouchers*
* *who is eligible to be issued with different types of credit cards and credit vouchers (e.g. who can use a charge card, fuel card or Cabcharge voucher)*
* *a requirement that officials issued with a corporate credit card sign the relevant agreement and acknowledgement form*
* *maintaining a register of corporate credit cards and credit vouchers issued to officials, including the card or voucher holder’s details*
* *standard payment plans or schedules*
* *the process for periodically reviewing entity credit card and credit voucher use.*

#### Instructions – officials authorised to enter into borrowing agreements for corporate credit cards and credit vouchers

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| You must: * be authorised to enter into borrowing agreements
* ensure that the requirements in AAI – *Approval and commitment of relevant money* have been met
* if your entity is subject to the CPRs, ensure that the procurement of the credit card and/or credit voucher services is in accordance with the CPR (see AAI ‑ *Procurement*).

If the authority for the borrowing is section 21A of the PGPA Rule, ensure you comply with the requirements of that section. |

*Additional instructions could cover:*

* *who is responsible for entering into borrowing agreements for corporate credit cards and credit vouchers*
* *the types of corporate credit cards and credit vouchers that an authorised official may enter into agreements for*
* *any limits that apply to the number of borrowing agreements that an authorised official may enter into*
* *whether loyalty programs (e.g. Frequent Flyers) must be excluded from borrowing agreements.*

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| --- | --- |
| **Legislative requirements** | PGPA Act: s.15, s.16, ss.25 to 29, s.57PGPA Rule: s.21A |
| **Guidance** | [ANAO Report No. 37 2007–08: Management of credit cards](https://www.anao.gov.au/work/performance-audit/management-credit-cards) |
| **Related AAIs** | [Risk management](#_Risk_management)[Fraud control](#_Fraud_control)[Disclosure of interests](#_Disclosure_of_interests)[Procurement and other arrangements](#_ACCOUNTS_AND_RECORDS)[Agreements with banks and bank accounts](#_Agreements_with_banks_1) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Discretionary financial assistance

*The PGPA Act does not impose any rules on corporate Commonwealth entities in relation to the payment of discretionary financial assistance. This section can be adapted to establish appropriate instructions for officials in your entity.*

From time to time the case may be made for a payment of discretionary financial assistance. This section provides instructions where discretionary financial assistance needs to be considered.

#### Instructions – all officials

*Instructions could cover:*

* *who within the entity has the authority to approve discretionary payments*
* *how to determine that the discretionary payment would be a proper use of public resources*
* *the information to be provided by an applicant*
* *the information to be provided in a proposal to support a decision to approve a discretionary payment*
* *when detriment is likely to have been caused by defective administration*
* *whether legal advice is required prior to proposing a discretionary payment*
* *implementing and documenting a decision relating to a discretionary payment*
* *what is the entity’s source of funding to support discretionary payments*
* *maintaining a register of all claims approved and paid out*
* *processes to approach the Finance Minister (through Finance) when necessary*
* *ensuring that the cause of an administrative defect is identified and corrected (including by determining which area of the entity is responsible for ensuring it is corrected).*

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| **Legislative requirements** | PGPA Act: s.16  |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity*  |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Taxation obligations

This section provides officials with instructions on how to maintain appropriate records and how to meet fringe benefits tax and goods and services tax obligations.

#### Instructions – all officials

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| You must maintain appropriate records for the required duration and provide information as requested to enable the entity to meet its taxation obligations.Before seeking approval for a proposed commitment of relevant money, you must:* consider the potential fringe benefits tax (FBT) implications of the proposed commitment
* ensure that the price to be charged for the goods and/or services is inclusive of goods and services tax (GST), where applicable.

You must ensure that a valid tax invoice is obtained for each purchase to enable the entity to claim input tax credits for the purposes of GST, where applicable.You must ensure that all contracts for the acquisition or sale of goods and services by the entity appropriately address taxation issues. |

*Additional instructions could cover:*

* *who is responsible for ensuring that appropriate procedures are in place to meet the entity’s taxation obligations, including payments and preparation of the entity’s annual FBT return and monthly business activity statement*
* *a requirement for an entity to hold an Australian Business Number (ABN)*
* *a requirement to clearly state the conditions for any GST payment in the contract (e.g. payment for goods and/or services vs. reimbursement of expenses incurred)*
* *what types of accounts and records must be kept by officials to enable the entity to meet its taxation obligations (including who is responsible for coding transactions in the entity’s financial management information system)*
* *the activities that officials must provide information on for the purposes of FBT (e.g. car benefits, entertainment benefits, study assistance, car parking benefits)*
* *what must be included to make an invoice compliant for tax purposes (e.g. name of supplier, ABN, price of taxable supply, date of issue, etc.)*
* *what officials must do where a supplier does not provide an ABN*
* *how officials are to address taxation issues in contracts (e.g. requiring that the contractor complies with relevant tax legislation).*

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| **Legislative requirements** | PGPA Act: s.41[Fringe Benefits Tax Assessment Act 1986](https://www.legislation.gov.au/Series/C2004A03280)[A New Tax System (Goods and Services Tax) Act 1999](https://www.legislation.gov.au/Series/C2004A00446) |
| **Related AAIs** | [Approving commitments of relevant money](#_APPROVING_SPENDING_PROPOSALS)[Accounts, records and non-financial performance information](#_Accounts,_records_and) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

# Managing money

This part covers instructions to officials on the proper management of relevant money, including the following topics:

* receiving and handling relevant money
* agreements with banks and managing bank accounts
* investments and borrowings
* charging.

Relevant money is money that the corporate Commonwealth entity holds as cash or in bank accounts and includes:

* Australian currency, foreign currency and cheques in any currency
* money raised by, or on behalf of, the Commonwealth in a variety of ways, including by appropriations, taxes, borrowings, loan repayments, rebates, levies and fees and charges
* money held on trust by the entity (for the benefit of persons other than the entity)
* money found on the entity’s premises.

## Receiving and handling money

This section provides instructions for officials who receive relevant money that:

* can be deposited in a bank (bankable money)
* is not bankable (unbankable money).

Officials are required to ensure the security of any relevant money that is in their custody. A loss of relevant money may result in a debt owed to the entity. A person’s liability to pay such a debt is not avoided if they stop working for the entity.

#### Instructions – officials who receive or handle bankable money

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| --- |
| If you receive relevant money, you must:* ensure the safe custody of the money
* not misuse or improperly dispose of relevant money.

If you receive relevant money that is bankable money, then unless directed by these instructions, you must deposit the money in a bank before the end of the next banking day.You must ensure that relevant money is only ever deposited into the relevant entity bank account, unless the money is to be retained as cash for the purposes of making payments in relation to the entity in accordance with any requirements in these instructions (e.g. cash advances, petty cash and/or change floats).If a loss of relevant money occurs while the money is in your custody, you will be liable to pay the entity an amount equal to the loss, unless you took reasonable steps to prevent the loss.If you cause or contribute to a loss of relevant money by misconduct, or a deliberate or serious disregard for reasonable standards of care, you will be liable to pay the entity an amount that reflects your share of the responsibility for the loss. |

*Additional instructions could cover:*

* *which officials can collect, or enter into arrangements to collect, relevant money*
* *passing received money to an appropriate official to ensure the proper banking of relevant money (including specific timeframes in which this must be done)*
* *safeguarding relevant money until it is banked or passed to an appropriate official, including what constitutes ‘reasonable steps’ to prevent a loss of relevant money, and the entity’s expectations for reasonable standards of care*
* *the security arrangements that must be implemented to minimise the loss or inappropriate use of relevant money*
* *the requirement to issue a receipt for the amount of the relevant money received*
* *a requirement to report a loss of relevant money (e.g. ‘You must report any loss or deficiency of relevant money to the [relevant officials] as soon as practicable after becoming aware of it’)*
* *the circumstances where officials must decline to receive money because receiving the money is not in the interests of the entity*
* *the handling of cheques (e.g. crossing them ‘non-negotiable’)*
* *the handling of money found on the entity’s premises and its remittance to the Official Public Account if necessary*
* *the recordkeeping and reporting requirements that relate to the receipt of relevant money, as per the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015)*
* *different time periods in which bankable money must be deposited in a bank (e.g. where there are special circumstances (such as remoteness) that mean that the money cannot be banked before the end of the next banking day)*
* *dealing with bankable money that is not to be banked because it is to be held as cash for the purposes of making payments for the entity*
* *the requirements for dealing with unbankable money (such as unbankable currency), including, where necessary, appropriate safeguards and storage arrangements*
* *any currencies that are considered to be not bankable money or where banking the money would be uneconomical as it would involve significant costs or administrative difficulty to bank*
* *which officials are responsible for dealing with a loss of relevant money and deciding on appropriate follow-up actions*
* *the entity’s process for inquiries to be undertaken where an official may have contributed to the loss of relevant money*
* *a requirement to notify an appropriate authorised official to pursue recovery of a debt, where applicable*
* *the recordkeeping and reporting requirements that relate to a loss of relevant money.*

### Handling cash advances

Cash advances are typically used as change floats or to cover minor expenses that cannot be conveniently or cost-effectively processed for payment by cheque, electronic funds transfer or credit card. A cash advance is relevant money that has been withdrawn from an entity bank account and provided to an official to make cash payments.

It also includes money received for the purposes of reimbursing the petty cash or change float, and money held in safes, cash registers and payment machines that the entity may use for cash transactions at a shopfront (e.g. for members of the public to pay fines in person).

#### Instructions – officials authorised to hold cash advances

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| --- |
| If you receive an amount withdrawn from an entity bank account to establish or replenish a cash advance approved by your accountable authority or their authorised official, you must:* take reasonable steps to safeguard the money from loss
* comply with any other directions from your accountable authority in relation to the cash advance.

You must not:* make a payment from a cash advance, unless you are authorised to do so
* make a payment for any purpose other than that for which the cash advance was established.

You must be authorised to:* enter into an arrangement in relation to a cash advance or
* commit relevant money that will result in a payment of the cash advance.
 |

*Additional instructions could cover:*

* *the purposes for which cash advances may be established (e.g. to provide change or to cover the minor running costs of the entity) and any requirements that apply to a cash advance*
* *the monetary limits for the use of each type of cash advance*
* *a requirement to keep advance money separate from other money*
* *the storage and security requirements for cash advances*
* *the maintenance of records relating to a cash advance (including the need to periodically acquit the advance).*

### Receiving or managing appropriations

*This section is only relevant for corporate Commonwealth entities that receive money from appropriations or manage appropriations (such as special accounts) on behalf of the Commonwealth.*

This section provides instructions for officials who are authorised to receive amounts that have been appropriated for the entity or to manage appropriations, including special accounts, on behalf of the Commonwealth.

Where the activities of a corporate Commonwealth entity are funded by an annual appropriation, the relevant portfolio department of state will draw the money from the Consolidated Revenue Fund (CRF) and pay the money to the entity. Once an appropriation amount has been deposited in the entity’s bank account, it becomes relevant money that may be used by the entity at the discretion of the accountable authority.

Sometimes a corporate Commonwealth entity can manage or administer a special appropriation on behalf of the Commonwealth, e.g. a special account. Special accounts are a type of special appropriation where money can be collected by an entity and set aside to be spent for particular purposes. All amounts credited to a special account are held on behalf of the Commonwealth, and not on behalf of the entity, and must be managed according to the special account conditions (set out in legislation or a determination made by the Finance Minister).

#### Instructions – officials authorised to receive appropriations

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| You must agree with your portfolio department of state a schedule for the timing and amounts of payments of appropriations provided by legislation for your entity (if any), to be deposited in a nominated entity bank account. The schedule must be informed by your entity’s estimated cash forecasts. |

#### Instructions – officials authorised to use and manage special accounts

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| You must ensure that:* only those amounts that have been identified for crediting to a special account are credited to it
* amounts are only debited from a special account in accordance with the purposes for which the account was established
* an amount to the credit of a special account is not made to make a payment unless the government has authorised your entity to do so
* before making a payment, the balance of the special account is sufficient to cover the proposed payment (see [Making payments of relevant money](#_DRAWING_RIGHTS)).

You must contact the Department of Finance before investing any money in a special account. |

*Additional instructions could cover:*

* *the management of appropriations or CRF money by financial officials and line area officials, as amounts belonging to the Commonwealth and not to the entity*
* *the need to contact Finance at first instance if a special account is being proposed to be established, amended or ceased*
* *the requirement that officials consult with the entity’s chief financial officer or finance area before requesting the establishment of a special account*
* *the requirement that only authorised officials can make a payment from the special account*
* *the requirement to ensure that a special account never has a negative (notional) balance*
* *the recordkeeping and reporting requirements for annual and special appropriations, including reporting special accounts, in the entity’s financial statements, as per the* [*Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*](https://www.legislation.gov.au/Series/F2015L00131) *(FRR).*

### Collecting money on behalf of the Commonwealth

*This section is relevant for corporate Commonwealth entities that collect money on behalf of the Commonwealth.*

This section provides instructions for officials who are authorised to collect money on behalf of the Commonwealth.

Any money collected by a person or organisation (such as a corporate Commonwealth entity) acting on behalf of the Commonwealth or as its agent, belongs to the Commonwealth not to the entity. This includes:

* money than can only be collected if authorised by Commonwealth statute (e.g. taxes, levies, statutory fees, charges and fines)
* amounts owed to the Commonwealth (e.g. borrowings, loan repayments)
* moneys otherwise held on behalf of the Commonwealth (e.g. bequests or amounts held in trust).

When received, the money collected on behalf of the Commonwealth automatically becomes part of the Consolidated Revenue Fund (CRF). The money needs to be deposited in the Official Public Account (OPA) at the Reserve Bank of Australia as soon as is practicable, including any interest or investment returns the money has accrued while held by the entity or its agent. An entity is not entitled to use the money for its own purposes (e.g. to pay employees or make payments to carry out entity activities) prior to remitting it to the OPA.

#### Instructions – officials authorised to manage money

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| For all moneys that the entity collects as an agent of the Commonwealth; collects by legislative authority, including taxes, levies, statutory fees, charges and fines; or otherwise holds on behalf of or in trust for the Commonwealth, you must:* remit this money in its entirety to the OPA as soon as is practicable
* remit any interest or investment returns earned on this money to the OPA as soon as is practicable
* not use this money for any expenditure on behalf of your entity or any other party prior to remitting it.

The money may be remitted directly to the OPA upon receipt, or deposited in the entity’s bank account prior to transfer. The money is not required to be placed in a separate bank account to the entity’s own bank account, however, it may be desirable to track and record any amounts received on behalf of the Commonwealth. |

|  |  |
| --- | --- |
| **Legislative requirements** | PGPA Act: s.26, s.54, s.68, s.69, s70PGPA Rule: s.19, s.20, s.21 |
| **Guidance** | [Resource Management Guide 300: Banking of relevant money by Commonwealth entities](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/banking-money) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Accounts, records and non-financial performance information](#_Accounts,_records_and)[Agreements with banks and managing bank accounts](#_RECEIVING_RELEVANT_MONEY)[Cash advances (including petty cash and change floats)](#_LOSS_OF_RELEVANT)[Managing debts and amounts owing to the Commonwealth](#_ARRANGEMENTS_RELATING_TO) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Agreements with banks and managing bank accounts

*Corporate Commonwealth entities are legally separate from the Commonwealth. The accountable authority of a corporate Commonwealth entity has the power to establish and maintain banking arrangements under the enabling legislation of your entity and/or the separate legal personality of your entity.*

This section provides instructions for officials who are authorised to:

* enter into agreements with banks
* open and maintain bank accounts.

#### Instructions – all officials

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| You must:* not deposit bankable money into any bank account other than an entity account unless the money is not required to be banked under section 20 of the PGPA Rule (Otherwise dealing with bankable money received by officials)
* not open, maintain or close an entity bank account unless you have been authorised to do so by your accountable authority, or, by an official authorised by the accountable authority to authorise other officials to open, maintain or close entity bank accounts.

Bankable money must be deposited before the end of the next banking day, or in accordance with the instructions of the accountable authority of the entity (see section 19 of the PGPA Rule (Banking of bankable money received by officials). |

*Additional instructions could cover:*

* *a time period in which bankable money must be deposited in a bank*
* *dealing with bankable money that is not to be banked because it is to be held as cash for the purposes of making payments in relation to a Commonwealth entity*
* *the requirements for dealing with unbankable money*
* *what are the steps for an* [*official*](#staff_member) *to open or close a bank account, including instructions on who can open or close a bank account*
* *what are the steps for an official to enter into an agreement for banking business services, including instructions on who has the authority enter into such an agreement*
* *record keeping and reporting requirements that apply to the use of bank accounts*
* *officials reporting any non-compliance with the banking requirements under the* [*PGPA legislation*](#FMA_legislation)
* *the circumstances where it is appropriate to open or close an entity bank account*
* *the requirements for establishing bank accounts (e.g. the appropriate types of accounts and which banks are suitable)*
* *what terms and conditions could be included in an agreement for banking business services, including the preferred duration of agreements*
* *the requirements for reconciliation of bank accounts, including frequency*
* *which officials can be given signing authority on an entity bank account*
* *how bank accounts that are accessed by persons outside of the entity are to be managed (for example direct debits by other parties).*

### Agreements with banks

#### Instructions – officials authorised to enter into agreements with banks

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| --- |
| You may only enter into an agreement with a bank for banking business services in Australia, unless your entity is permitted to open and maintain bank accounts outside Australia.When entering into an agreement with a bank, you must comply with the directions in relation to the authorisation from your accountable authority.You may only enter into an agreement with a bank for overdraft drawings if the agreement provides for each drawing to be repaid within 30 days. |

*Additional instructions could cover:*

* *how to determine that an agreement would be a proper use of public resources*
* *which banks an agreement for banking business services can be made with*
* *terms and conditions that need to be included in an agreement for banking business services, including the preferred duration of agreements*
* *officials taking merchant fees and charges into account when considering whether to approve a proposed commitment of relevant money (in accordance with the relevant instructions) in relation to an agreement for banking business services.*

### Managing bank accounts

#### Instructions – officials authorised to open and maintain bank accounts

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| You may only open and maintain entity bank accounts in Australia, unless your entity is permitted to open and maintain bank accounts outside Australia.When opening and maintaining an entity bank account, you must comply with the directions in the authorisation from your accountable authority. |

*Additional instructions could cover:*

* *the circumstances in which it is appropriate to open or close an entity account*
* *any particular requirements for opening or closing a bank account, including the types of accounts and banks that are suitable*
* *which officials can be given signing authority on an entity bank account*
* *how bank accounts that are accessed by persons outside the entity are to be managed*
* *who is responsible for transferring money between accounts or withdrawing money to establish a cash advance*
* *the requirements for reconciliation of bank accounts, including frequency*
* *recordkeeping and reporting requirements that apply to the use of bank accounts.*

|  |  |
| --- | --- |
| **Legislative requirements** | PGPA Act: s.54, s.55PGPA Rule: s.19, s.20, s.21 |
| **Guidance** | [Resource Management Guide 300: Banking of relevant money by Commonwealth entities](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/banking-money) |
| **Related AAIs** | [Receiving and handling money](#_Receiving_and_handling)[Cash advances (including petty cash and change floats)](#_LOSS_OF_RELEVANT) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Investments

Corporate Commonwealth entities must not invest relevant money for which the entity is responsible unless the money is ‘not immediately required for the purposes of the entity’. If the money is not immediately required for the purposes of the entity, an accountable authority can invest this money in accordance with section 59 of the PGPA Act and section 22A of the PGPA Rule.

If there is uncertainty as to whether an investment complies with section 59 of the PGPA Act, an entity should seek Finance’s advice about the proposed investment and, if necessary, seek the Finance Minister’s approval for the particular class of investment.

When making investments of money not immediately required, accountable authorities of corporate Commonwealth entities are subject to the general duties of accountable authorities, in particular sections 15 and 16 of the PGPA Act.

#### Instructions – all officials of corporate Commonwealth entities

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| --- |
| You must:* not invest relevant money unless the money is not immediately required for the purposes of the entity
* when investing relevant money that is trust money, ensure that the investment is consistent with the terms of the trust
* when investing relevant money, comply with any directions in the written approval from the Finance Minister (if applicable) and the authorisation from your accountable authority
* when a spending limit provision in the entity’s enabling legislation expressly states it applies to a contract for the investment of money, comply with that provision.
 |

*Additional instructions could cover:*

* *who has the authority to invest relevant money*
* *the total amount that may be invested and any related investment conditions (e.g. duration of investments, availability of working cash)*
* *the acceptable risk profile for the entity’s investments*
* *for Government Business Enterprises (GBEs): the type of investments that are consistent with sound commercial practice*
* *the record keeping and reporting requirements for investments, including reporting investments in the entity’s financial statements, as per the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015.*

|  |  |
| --- | --- |
| **Legislative requirements** | PGPA Act: s.59PGPA Rule: s.22A[PGPA (Financial Reporting) Rule](https://www.legislation.gov.au/Series/F2015L00131) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Borrowing

*This section covers borrowing that an entity engages in, other than by credit cards or credit vouchers.*

Under section 57 of the PGPA Act, a Corporate Commonwealth entity may only borrow money if expressly authorised by an Act (e.g. the entity’s enabling legislation), or authorised by the Finance Minister in writing, or authorised by the PGPA Rule (as at 1 July 2016 the PGPA Rule did not prescribe requirements related to borrowing by corporate Commonwealth entities).

Entities that are authorised to borrow under their enabling legislation must conduct their borrowing within the terms of their enabling legislation. Entities that are not authorised to borrow under legislation may only borrow when they are authorised to do so by the Finance Minister.

#### Instructions – all officials

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| You must not enter into a borrowing agreement on behalf of your entity unless your entity:* is empowered to borrow under legislation, any borrowing must be in accordance with the terms and conditions of that legislation and
* has the power to borrow money.

Where the Finance Minister has authorised, in writing, your entity to borrow, you must comply with the terms and conditions contained in the Finance Minister’s authorisation.Where your entity has the power to borrow you must not enter into a borrowing agreement on behalf of your entity, unless you have been authorised by your accountable authority to do so. |

*Additional instructions could cover:*

* *entering into borrowing agreements, including who is authorised to enter such agreements*
* *borrowing limits and the charging of fees by banks*
* *reviewing all of the entity’s borrowing arrangements and the continuing need for those facilities (review on an annual basis)*
* *the record keeping and reporting requirements for borrowings, including reporting in the entity’s financial statements, as per the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015.*

|  |  |
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| **Legislative requirements** | PGPA Act: s.57[PGPA (Financial Reporting) Rule](https://www.legislation.gov.au/Series/F2015L00131) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Charging

*This section is only relevant for corporate Commonwealth entities that charge for services. While the Australian Government Charging Framework is not mandatory for corporate Commonwealth entities, entities may nevertheless follow the Charging Framework as a matter of good practice.*

This section provides instructions for officials on charging for regulatory, resource and commercial activities.

In accordance with the requirements of the PGPA Act relating to proper use and management of public resources, charging is appropriate only where it is cost-effective and efficient. For example, where:

* the cost of administering a charging activity is proportional to the revenue generated from the activity
* the charging activity is provided to government and non-government stakeholders on the same basis
* different pricing models are used, depending on the specific charging activity being undertaken.

Undertaking a charging activity includes planning, developing, managing and reviewing a charging activity, while identifying and engaging with risk at each stage of the charging process. Officials may use the [charging risk assessment template](http://www.finance.gov.au/resource-management/charging-framework/risk-assessment-template/) to assess the risk of a new or amended charging activity.

#### Instructions

*Instructions could cover:*

* *Factors to consider when determining whether to charge individuals, non-government organisations or other government entities for the provision of goods, services or regulatory activities, including:*
	+ *whether there is a Government decision that sets out how to charge for a specific activity*
	+ *whether charging requires express statutory authorisation (this may not be required in relation to payments between Commonwealth entities)*
	+ *any internal charging policies of the entity*
	+ *who in the entity needs to be consulted when considering a new charging activity or amending an existing charging activity*
	+ *what approvals are needed internally to charge for an activity, including who holds the relevant authorisation*
	+ *when it is appropriate to charge for an activity*
	+ *how to classify a charging activity*
	+ *how to determine the most appropriate pricing model*
	+ *the preferred costing methodology for charging activities*
	+ *when to seek legal advice*
	+ *when to seek policy authority from the government to charge for an activity*
	+ *the appropriate legal authority to introduce or amend a charging activity*
	+ *how and when to engage with stakeholders on charging*
	+ *when to update charges*
	+ *the process to evaluate charging activities*
	+ *strategies to manage and identify risks of a charging activity*
	+ *processes for providing input to a portfolio charging review if approached by your portfolio department*
	+ *processes for remitting money that the entity collects on behalf of the Commonwealth under a statutory charging authority, back to the Official Public Account*
	+ *any other internal guidance that officials need to follow when planning, developing, managing and reviewing charging activities*
	+ *whether and when to undertake a charging risk assessment.*

|  |  |
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| **Guidance** | [Resource Management Guide 302: Australian Government Charging Framework](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework/charging-framework)[Resource Management Guide 304: Australian Government Cost Recovery Guidelines](http://www.finance.gov.au/resource-management/charging-framework/) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Accounts, records and non-financial performance information](#_Accounts,_records_and) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

# Managing debts and amounts owing to the entity

This part covers instructions to officials on the management of debts and amounts owing to the corporate Commonwealth entity, and includes the following topics:

* debt management and the recovery of debts
* non-recovery (write-off) of debts
* waiver of amounts owing to the Commonwealth entity.

Generally, a ‘debt’ is:

* a sum of money owing to the Commonwealth entity
* a known amount (or capable of being objectively determined) that is not being disputed
* due for payment now and
* capable of being recovered in an action for debt.

For example, an official who has been overpaid a salary, or a supplier who has been overpaid on an invoice, may owe a debt to the Commonwealth entity as a result of the overpayment. An ‘amount owing’ includes all debts owed to the Commonwealth entity, as well as amounts that are not yet due for payment (e.g. an invoice has been issued but payment is not due until next month).

Accountable authorities are required to ensure the proper use and management of public resources (section 15 of the PGPA Act), this includes recover debts for which they are responsible. An accountable authority may authorise officials to approve the non-recovery (write-off) of a debt.

## Debt management

#### Instructions – all officials

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| You must:* cease any incorrect or ongoing overpayments as soon as you are made aware of them, and determine the amount owing to the Commonwealth entity
* pursue recovery of each debt for which your accountable authority is responsible, except debts that are written off by an accountable authority or an authorised official.

You must ensure that a decision not to pursue the recovery of a debt is approved by your accountable authority or authorised official. |

*Additional instructions could cover:*

* *the proper account and recordkeeping obligations for each debtor*
* *the requirement to pursue debts that are not paid within the entity’s normal terms and conditions (including timeframes for commencing pursuit)*
* *the appropriate accounting and reporting treatment of outstanding and doubtful debts*
* *who is authorised to allow payment by instalments and in what circumstances*
* *who has the authority to decide not to pursue recovery of a debt*
* *what needs to be included in a proposal to support an authorised official’s decision not to pursue the recovery of a debt.*

### Non-recovery (write-off) of debt

#### Instructions – officials authorised to approve non-recovery of a debt

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| An authorised official may approve the non-recovery of a debt where:* the non-recovery has been authorised by an Act
* you are satisfied that the debt is not legally recoverable or
* you consider that it is not economical to pursue recovery of the debt.
 |

*Additional instructions could cover:*

* *how to determine that a decision not to pursue the recovery of a debt is in accordance with the proper use and management of public resources*
* *the entity’s policy on how a decision is made as to whether a debt is legally recoverable, including whether legal advice is required*
* *the threshold for debts to be considered not economical to pursue*
* *the documentation required to support a decision not to pursue the recovery of a debt*
* *the appropriate accounting and reporting treatment of debts that have been written off.*

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| **Legislative requirements** | PGPA Act: s.15[Public Governance, Performance and Accountability (Financial Reporting) Rule 2015](https://www.legislation.gov.au/Series/F2015L00131) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Requests_for_discretionary)  |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity*  |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

### Waiver of amounts owing to a Commonwealth entity

A waiver is a concession granted to an individual or other body that extinguishes a debt or other amount owing to the Commonwealth entity. This means that the amount owing is completely forgiven and can no longer be recovered (even if the debtor’s circumstances change in the future). Accountable authorities of corporate Commonwealth entities have discretion to waive amounts owed to their entity, subject to any requirements contained in their enabling legislation. Waivers may be considered appropriate where, for example, the recovery of a debt would be inequitable or cause ongoing financial hardship.

#### Instructions – all officials

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| --- |
| You must refer requests for waiver of an amount owing to your accountable authority or an official authorised with the authorisation to waive the amount owing. |

*Additional instructions could cover:*

* *who has the authority to waive an amount owing within the entity, including circumstances where it is appropriate*
* *implementing and documenting a waiver decision*
* *the requirement to report waived amounts in accordance with the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015.*

#### Instructions – officials authorised to waive amounts owing

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| When waiving an amount owing, you must comply with any directions in the authorisation from your accountable authority. |

 *Additional instructions could cover:*

* *the types of amounts that may be waived, including relevant limits*
* *the circumstances where waiver of an amount owing is appropriate*
* *if, and the circumstances where, a deferral of time for a payment, or the payment by instalments is appropriate*
* *the circumstances where a partial waiver of an amount owing is appropriate*
* *the information required to consider an application for waiver, including its form*
* *the requirement to ensure a decision is rational, defensible and evidence-based, and the applicant has been given procedural fairness.*

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| --- | --- |
| **Legislative requirements** | PGPA Act: s.15, s.16[Public Governance, Performance and Accountability (Financial Reporting) Rule 2015](https://www.legislation.gov.au/Series/F2015L00131) |
| **Guidance** | [Resource Management Guide 200: General duties of accountable authorities](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/duties-accountable-authorities) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Debt management (recovery and write-off)](#_RECOVERY_OF_DEBTS)[Payment by instalments or deferral of the time for payment](#_PAYMENT_BY_INSTALMENTS_1) |
| **Internal authorisations** | *Where relevant, add link to your accountable authority’s authorisation* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

# Managing property

This part covers instructions to officials on:

* procuring or acquiring relevant property
* receiving gifts and benefits
* finding property on Commonwealth entity premises
* custody, use and management of relevant property
* disposing of relevant property (including gifting)
* loss and recovery of relevant property.

Relevant property is property (other than relevant money) that is owned or held by the Commonwealth or a corporate Commonwealth entity, or any other thing prescribed by the PGPA Rule (*see* [section 8](http://www.finance.gov.au/resource-management/pgpa-act/8/) of the PGPA Act). It includes:

* real property (i.e. land and buildings)
* other goods or assets such as:
* equipment and furniture
* stationery and office supplies
* vehicles and fuel
* clothing and uniforms
* IT and telecommunications assets
* intellectual property and other intangible items
* heritage and cultural assets
* military equipment
* documents and/or data that represent value, such as shares, bonds, debentures and other securities
* accounts and records.

Relevant property also includes:

* leased property and property held by the Commonwealth or a corporate Commonwealth entity on behalf of someone else
* gifts given to the Commonwealth entity and its officials.

There are specific legislation and policies that apply to the acquisition, ownership, management and disposal of particular types of relevant property. Acquisition of property under specific legislation is subject to the provisions of the specific legislation. For example, relevant property which involves land, buildings and/or public works may be subject to the following:

* the *Lands Acquisition Act 1989*
* the *Public Works Committee Act 1969*.

## Procuring or acquiring relevant property

#### Instructions – officials authorised to procure property

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| When procuring relevant property, you must:* act in a proper manner (efficient, effective, economical and ethical) and in a way that is not inconsistent with any [relevant policies of the Australian Government](http://www.finance.gov.au/resource-management/pgpa-legislation/government-policy-orders/)
* act in accordance with the instructions on procurement (see Procurement).
 |

*Additional instructions could cover:*

* *the requirement that the procurement of an interest in land (e.g. by lease or purchase) must be handled in accordance with* [the Lands Acquisition Act 1989](https://www.legislation.gov.au/Series/C2004A03763) *(subject to the exceptions created by that Act), including any authorisations under the PGPA Act*
* *how to ensure that procuring the relevant property would be a proper use of public resources.*

### Receiving gifts and benefits

Officials, in the course of their work, may be offered gifts such as souvenirs, bottles of wine and personal items, or benefits such as sponsored travel, hospitality, accommodation or entertainment.

Generally, officials cannot accept gifts or benefits in the course of their work. However, there may be circumstances where it is appropriate to accept a gift or benefit – for example, where refusal could cause cultural offence, where an item of token value is offered by way of public thanks, or where attendance at an event is an important means of developing and maintaining relationships with key stakeholders. Officials need to carefully consider the appropriateness of a gift or benefit before accepting or rejecting it.

Gifts provided to officials in the course of their work immediately become relevant property when received.

#### Instructions – all officials

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| --- |
| You must not:* ask for, or encourage, the giving of gifts to yourself or other officials
* accept a gift of money (except in exceptional circumstances)
* accept a gift or benefit that influences, or could be perceived to influence, your decision or action on a particular matter.

If you decide to accept a gift or benefit, your decision must be defensible and able to withstand public scrutiny. You must have regard to the general duties of officials in deciding whether to accept a gift. |

*Additional instructions could cover:*

* *the entity’s policy for receiving gifts and benefits (including clarifying in what circumstances accepting a gift or benefit may be appropriate), hospitality or sponsorship*
* *any restrictions on the acceptance of gifts and benefits by members of an official’s family*
* *a requirement to inform an appropriate official when offered gifts or benefits*
* *a requirement to maintain a register of gifts and benefits accepted (including estimated value)*
* *whether gifts or benefits can be received in relation to tenders or contract negotiations*
* *whether gifts of an inconsequential nature may be retained, or purchased from the entity, by the official (including relevant thresholds)*
* *[where it is relevant] the exceptional circumstances where an official may receive a gift of money and the process for handling such money (e.g. return it to the entity) or, if a commemorative coin, whether it may be kept.*

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| **Legislative requirements** | PGPA Act: s.15, ss.16, s.23, s.52 PGPA Rule: s.18[Lands Acquisition Act 1989](https://www.legislation.gov.au/Series/C2004A03763)[Commonwealth Procurement Rules](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/appendix-exemptions) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests) [Procurement and other arrangements](#_ACCOUNTS_AND_RECORDS) [Disposing of property found on Commonwealth entity premises](#_Disposing_of_property_1) |
| **Internal authorisations** | *Where relevant, add link to your accountable authority’s authorisation* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Finding property on Commonwealth entity premises

Property found on Commonwealth entity premises is relevant property and must be dealt with in a proper manner consistent with section 15 of the PGPA Act. The same is true of property found in an aircraft, vessel, vehicle, container or receptacle that is under the control of the Commonwealth entity.

#### Instructions – officials who find property

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| You are responsible for the security of any property that you find on your entity’s premises or in other containers and vehicles that are under the control of your entity. You must:* take reasonable steps to safeguard any found property
* not misuse or improperly dispose of any found property.
 |

*Additional instructions could cover:*

* *who an official must notify when property is found*
* *a requirement to pass found property on to an appropriate official, including the timeframe for doing this (e.g. on the day the property is found, or if not practicable, on the next working day)*
* *a requirement that an appropriate official make reasonable efforts to locate the owner of any found property*
* *the appropriate storage and safeguarding requirements for found property.*

## Custody, use and management of relevant property

This section provides instructions on the proper use, management and security of any relevant property that officials receive or have custody of, including:

* vehicles belonging to or leased by a Commonwealth entity
* bonds, debentures and other securities
* shares in a company.

#### Instructions – all officials

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| You are responsible for the security of any relevant property you receive, or have custody of, and must take reasonable steps to safeguard the property from loss or damage.You must:* only use relevant property for official purposes, unless permission for private use has been given.
* not misuse or improperly dispose of relevant property.
 |

*Additional instructions could cover:*

* *what constitutes appropriate or inappropriate use of relevant property*
* *what types of relevant property are to be in the custody of officials*
* *establishing “custody” where applicable (i.e. requiring officials to sign a written acknowledgement, when receiving relevant property, that they will take strict care of the property)*
* *whether incidental private use of relevant property is allowed (e.g. use of IT resources and telephones) and who has the authority to agree to this*
* *the circumstances where an official may remove relevant property from Commonwealth entity premises and the relevant conditions (e.g. taking home work laptops)*
* *a requirement for officials to report improper use of relevant property to an appropriate official*
* *the record keeping and reporting requirements relating to the use of relevant property*
* *a requirement to maintain an asset register (including who is responsible).*

#### Instructions – officials that use a Commonwealth entity vehicle

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| You must:* not drive a Commonwealth entity vehicle, unless prior agreement has been obtained
* when driving a Commonwealth entity vehicle:
	+ hold a valid driver’s licence appropriate for the class of vehicle and country where you are driving
	+ comply with all relevant traffic laws, ordinances and regulations, including parking restrictions, of the country where you are driving
* not drive a Commonwealth entity vehicle if you are not medically fit to drive or are taking prescribed or non-prescribed drugs that can impair your driving ability
* only use a Commonwealth entity vehicle for official purposes, unless permission for private use has been given.
 |

*Additional instructions could cover:*

* *who is responsible for the management of Commonwealth entity vehicles (including agreeing to their use)*
* *which officials are allowed to drive Commonwealth entity vehicles and under what circumstances*
* *whether incidental private use of a Commonwealth entity vehicle is allowed and who can approve this*
* *possible FBT implications for the official where a Commonwealth entity vehicle is use for private purposes*
* *whether a Commonwealth entity vehicle can be garaged at an official’s home or other private premises and who can approve this*
* *what officials are to do if they are involved in an accident (e.g. report the accident to police, complete a Commonwealth entity accident report)*
* *the Commonwealth entity’s policy regarding traffic or parking infringements, or circumstances where a person is found not to have been fit to drive a Commonwealth vehicle*
* *a requirement to use Ethanol blended fuel (E10) in vehicles, where appropriate*
* *a requirement that officials issued with a fuel card use it wherever possible*
* *a requirement to report lost or stolen fuel cards*
* *whether private vehicles can be used for official travel and if so, what rules apply*
* *the insurance arrangements that must apply to all Commonwealth entity vehicles (including insurance arrangements where private vehicles are used for Commonwealth entity purposes)*
* *the record keeping (e.g. log book) and reporting requirements for the use of the Commonwealth entity vehicles.*

#### Instructions – officials managing bonds, debentures and other securities

Bonds, debentures and other securities are written documents or digital data that are evidence of an obligation to pay money to fulfil a debt or other obligation. “Other securities” in this context means other documents similar to bonds and debentures, such as shares. When an official receives a bond, debenture or other security in the course of their work, it immediately becomes relevant property.

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| If you receive any bonds, debentures or other securities, you must ensure that:* a receipt is issued for the securities received
* a register is maintained of all securities received
* all reasonable steps are taken to safeguard the securities.
 |

*Additional instructions could cover:*

* *who is responsible for the custody of bonds, debentures and other securities*
* *the requirement to pass a bond, debenture or other security onto an appropriate official to allow the issuing of a receipt and the updating of the register (including timeframe)*
* *the treatment of bonds, debentures and other securities, including appropriate safeguards and storage arrangements*
* *the record keeping and reporting requirements that relate to bonds, debentures and other securities.*

#### Instructions – officials involved with changes to the entity’s involvement in a company

Shares become relevant property when they are acquired by the Commonwealth entity. Shares may be represented by a certificate, but more generally are in electronic form only. Section 72 of the PGPA Act requires ministers to inform the parliament of any involvement in a company by a Commonwealth entity. The particulars of the notice to parliament are set out in section 26 of the PGPA Rule.

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| You must ensure that your minister is advised that he/she must inform the parliament if your entity:* forms, or participates in forming, a company or a relevant body
* becomes, or ceases to be, a member of a company or a relevant body
* acquires shares in a company (either by purchase or subscription) or disposes of shares in a company
* has its rights attaching to company or relevant body shares varied or
* has its rights as a member of a company or relevant body varied.
 |

*Additional instructions could cover:*

* *how officials could assist the minister in informing the parliament of the Commonwealth entity’s involvement in a company (including who is responsible).*

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| **Legislative requirements** | PGPA Act: s.15, s.16, s.72PGPA Rule: s.18 |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests) [Procurement and other arrangements](#_ACCOUNTS_AND_RECORDS) [Disposing of property found on Commonwealth entity premises](#_Disposing_of_property_1) |
| **Internal authorisations** | *Where relevant, add links to authorisations in your entity* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
* *relevant forms and templates (internal or external)*
* *any other relevant documents*
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| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Disposing of relevant property (including gifting)

Commonwealth entities can dispose of relevant property a number of ways, such as by sale, gift, trade-in, transfer to another Commonwealth entity, destruction, recycling or dumping.

Disposal of property under specific legislation, such as the disposal of any interest in real property by the Commonwealth under the *Lands Acquisition Act 1989,* is subject to the provisions of that legislation.

#### Instructions – officials authorised to dispose of relevant property

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| You must not:* improperly dispose of relevant property
* make a gift of relevant property, unless it complies with the instructions on Gifting Relevant property
* dispose of relevant property found on Commonwealth entity premises, except in accordance with the instructions.

You must ensure that, where economical to do so, relevant property is disposed of by:* transferring the property (with or without payment) to another Commonwealth entitywith a need for the property or
* selling the property at market price.
 |

*Additional instructions could cover:*

* *a requirement to obtain approval from an appropriate official prior to disposing of relevant property (including who is able to approve disposal)*
* *the information that must be provided to support a proposal to dispose of relevant property*
* *the requirement that the disposal of land is handled in accordance with the Lands Acquisition Act 1989, including any authorisations under the Act*
* *a requirement that if the property cannot be transferred or sold, any disposal of the property is disposed of considering the proper use of public resources*
* *a requirement that officials obtain the best net financial outcome for the entity when disposing of property*
* *the appropriate avenues for selling relevant property (e.g. whether the internet may be used)*
* *a requirement to update the asset register following disposal of relevant property (including who is responsible)*
* *how proceeds of a disposal are to be managed*
* *the record keeping and reporting requirements that relate to the disposal of relevant property (including documentation required to support the disposal).*

#### Instructions – officials authorised to dispose of found property

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| You may only dispose of property (other than money) found on Commonwealth entity premises or in other containers or vehicles that are under the control of the Commonwealth entity, if the property is not claimed by its owner within a reasonable timeframe.You must dispose of the property by sale, unless doing so is impracticable or undesirable in the public interest.  |

*Additional instructions could cover:*

* *a requirement to document the disposal of found property*
* *length of time property held before being disposed of*
* *what constitutes a reasonable timeframe for an owner to claim the property before it can be disposed of*
* *what to do with live plants or animals, perishable goods, or articles that are, or could be, dangerous or noxious*
* *what constitutes dangerous or noxious property*
* *instances where it would be impracticable or undesirable to dispose of property by sale*
* *the requirements relating to assessing a claim of a previous owner and determining the amount payable (including who is responsible for doing so).*

#### Instructions – officials authorised to gift relevant property

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| When approving a gift of relevant property, you must comply with the directions in the authorisation from your accountable authority.If you make an unauthorised gift of relevant property you must personally pay the entity the value of the relevant property. |

*Additional instructions could cover:*

* *how to determine that a gift of relevant property would be a proper use and management of public resources*
* *the circumstances where particular officials are able to gift relevant property*
* *any requirements before an official acquires property to be used as a gift*
* *the requirements for seeking authorisation to make a gift of relevant property (including who has the authority to approve a gift)*
* *the processes for determining the value of the relevant property*
* *the information that must be provided to an authorised official to support their decision to approve a gift of relevant property*
* *the circumstances where gifting relevant property is acceptable*
* *[for entities where it is relevant] the circumstances where gifting relevant money is acceptable*
* *what constitutes an undesirable precedent for the entity*
* *a requirement to maintain a register of all gifts of relevant property*
* *the record keeping requirements to support a decision to gift relevant property*
* *how to determine the appropriateness of a gift to a foreign national, foreign organisation or foreign government, and whether DFAT should be consulted.*

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| **Legislative requirements** | PGPA Act: s.15, s.16, s.72PGPA Rule: s.18 |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests) [Procurement and other arrangements](#_ACCOUNTS_AND_RECORDS) [Disposing of property found on Commonwealth entity premises](#_Disposing_of_property_1) |
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 |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Loss and recovery of relevant property

#### Instructions – all officials

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| You are responsible for the security of any relevant property you receive, or have custody of, and must take reasonable steps to safeguard the property from loss.  |

*Additional instructions could cover:*

* *a requirement to report a loss of relevant property (e.g. “You must report any loss (including loss of value), destruction or damage of relevant property to the [relevant official] as soon as practicable after becoming aware of it”)*
* *the Commonwealth entity’s expectations for reasonable standards of care*
* *the security arrangements that must be implemented to minimise the loss or improper/misuse of relevant property (including any special requirements for particular types of property).*

#### Instructions – officials responsible for coordinating reports on a loss of relevant property

*Instructions could cover:*

* *which officials are responsible for dealing with a loss of relevant property and deciding on appropriate follow-up actions (including any restitution)*
* *the Commonwealth entity’s policy for inquiries where an official may have contributed to the loss of relevant property*
* *a requirement to notify an appropriate official to pursue recovery of a debt, where applicable*
* *the record keeping requirements that relate to a loss of relevant property.*

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| **Legislative requirements** | PGPA Act: s.15, s.16, s.72PGPA Rule: s.18 |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests) [Procurement and other arrangements](#_ACCOUNTS_AND_RECORDS) [Disposing of property found on Commonwealth entity premises](#_Disposing_of_property_1) |
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