**Model accountable authority instructions non-corporate Commonwealth entities**

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# Introduction

*You may like to draw on 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](https://www.legislation.gov.au/Details/C2017C00269) of the *Public Governance, Performance and Accountability Act 2013* (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 in understanding their duties and responsibilities, the instructions contain links to relevant legislative requirements, guidance material, delegations and other instructions.

## Duties and responsibilities of officials

[Sections 25 to 29](https://www.legislation.gov.au/Series/C2013A00123) 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 [Introduction to the PGPA Act for officials](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/introduction-pgpa-act-officials).

# Corporate governance

This part covers instructions to officials on the following topics relating to corporate governance:

* 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 purposes. To ensure the proper use of public resources, section 16 of the PGPA Act requires accountable authorities to establish appropriate controls that relate to the corporate governance of an entity.

## Risk management

This section provides instructions to all officials on risk management. Officials are responsible for the day-to-day management of risk in the performance of their duties and responsibilities.

Risk management is required by:

* section 16 of the PGPA Act, which requires the accountable authority to establish and maintain appropriate systems of risk oversight and management for the entity
* the [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management), which requires an entity to:
* have a risk management policy and a risk management framework
* articulate the roles and expectations of officials to manage risks
* ensure that responsibilities for managing risks and controls are determined, assigned and monitored.

Responsibility for the entity’s risk management framework may be allocated to a risk manager or a risk management team who have been appointed to provide guidance to others on managing risk.

#### Instructions – all officials

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| In every activity you undertake or decision you make regarding the use and management of public resources, you must actively manage risks by:* identifying key risks and responding appropriately to them
* reporting key risks to the responsible person
* complying with [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management)
* complying with [your entity’s] risk management framework.
 |

*Additional instructions could cover:*

* *key principles of the entity’s risk management framework, such as risk appetite of the entity.*
* *how officials can effectively assess and engage with risk, such as when to undertake risk analysis*
* *who is responsible for reporting key risks*
* *how key risks can be managed, depending on their size or nature, and in the context of the entity’s activities*
* *processes to assess risk for different types of activities (e.g. developing new policy proposals, undertaking procurement, developing grant guidelines, managing programs)*
* *templates to be used for risk assessment and management for different types of activities (e.g. implementing new programs, managing payments)*
* *processes for responding to identified risks in different circumstances*
	+ *specific risk reporting requirements (e.g. indemnities register)*
	+ *processes for maintaining and reviewing the entity’s risk management framework*
* *the objective of, and rationale for, managing risk in the entity, including how risks are communicated to the responsible minister*
* *how the management of risk interacts with other governance and assurance programs of the entity*
* *the entity’s approach to integrating the management of risk into its business processes*
* *how performance of the risk management function is measured.*

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| **Legislative requirements** | PGPA Act: s. 16 |
| **Policies of the Australian Government** | [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management) |
| **Guidance** | [General duties of accountable authorities](http://www.finance.gov.au/sites/default/files/resource-management-guide-no-200.pdf) |
| **Related AAIs** | [Working with others](#_Joining_up_with)[Fraud control](#_Fraud_control)[Insurance](#_AUDIT)[Disclosure of interests](#_Disclosure_of_interests)[Inter-entity cooperation and agreements](#_Inter-entity_cooperation_and) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **Other relevant documents** | *Where relevant, add links to:** *the 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* |

## 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 resource management framework has been designed to be flexible enough to allow government 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 of the PGPA Act)
* cooperate with others to achieve common objectives, where practicable (section 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)
* promote the proper use of resources in a way that is not inconsistent with the policies of the Australian Government (section 21 of the PGPA Act).

#### Instructions – all officials

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| All officials must consider appropriate opportunities for efficient and beneficial working with other entities inside and outside the Commonwealth (these opportunities can take different forms – there is no one size fits all approach to working with others). |

*Additional instructions could cover:*

* *the entity’s approach to embedding working with others within its operations (for example, by the appointment of a particular official or officials to ‘champion’ the cause of working with others within the entity, and engendering a culture supportive of working together)*
* *key principles of the entity’s approach to working with others (for example the entity does not join up simply for the sake of working with others, but for clear, measurable outcomes*
* *the appropriate processes and level of approval required to enter into arrangements for various joined up activities*
* *the development of different types of working with others which is suitable for the entity and its purpose, noting:*
	+ *there is generally no one size fits all model of working with others. Different circumstances and opportunities require different approaches. These approaches can operate on a spectrum of joined up relationships from the relatively informal cooperation based around meetings with other stakeholders/experts in a given area the entity is operating in to establishing joint teams of staff and sharing resources in a collaborative enterprise*
* *the development of different approaches to working with others will need to consider, requirements related to, for example, governance, accountability, planning, performance reporting and resourcing that are required under, for example the
 PGPA Act, and the application of government policy, if any, to particular activities*
* *how prospective participants in working with others activities can be approached (for example, what level of official/officer in the prospective participant’s hierarchy can be initially consulted on working with others)*
* *processes for identifying and managing risks in prospective joined up activities*
* *how the performance of joined up activities is measured.*

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| **Legislative requirements** | PGPA Act: s. 5, s.15, s.16, s.17, s.18, s.19, s.21, s.24. |
| **Guidance** | [General duties of accountable authorities](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/duties-accountable-authorities)[Prescribing Officials for non‑corporate Commonwealth entities](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/risk-internal-controls/prescribing-officials)[Other CRF Money](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/other-consolidated-revenue-fund-crf-money)[Entering arrangements and committing relevant money](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/entering-arrangements-committing-relevant-money)[Grants, Procurements and Other Financial Arrangements](https://www.finance.gov.au/government/commonwealth-grants) |
| **Related AAIs** | [Risk management](#_Risk_management) [Inter-entity cooperation and agreements](#_Inter-entity_cooperation_and) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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](https://www.legislation.gov.au/Series/F2014L00911)). 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.

#### Instructions – all officials

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| You must:* comply with the Commonwealth Fraud Control Policy
* 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*
* *how the guidance in Resource Management Guide No. 201 is to be applied in the entity*
* *the role of fraud control officers (if applicable)*
* *the entity’s fraud prevention processes, such as specific internal controls and integrating fraud prevention into policy and program design and implementation*
* *how the entity’s fraud control activities are monitored*
* *the process for reporting suspected fraud*
* *the process for investigating suspected fraud and when it is necessary to refer suspected fraud to a Commonwealth law enforcement agency (e.g. the Australian Federal Police)*
* *the requirements for recording suspected fraud, actions taken in handling the matter, and the outcomes of investigations or actions taken*
* *the actions to be taken following the identification of fraud (e.g. referring the matter for criminal prosecution, taking civil action, or applying administrative or disciplinary sanctions), and who is responsible for taking those actions*
* *a requirement for officials to undergo fraud awareness and prevention training and, where appropriate, fraud control or investigation training*
* *the measures to be put in place to ensure that external service providers are aware of the Australian Government’s and the entity’s position on fraud control, and to meet the standard of accountability required under the PGPA Act*
* *which entity’s fraud control plan applies if officials are undertaking activities for another Commonwealth entity.*

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| **Legislative requirements** | PGPA Act: s. 15PGPA Rule: s. 10 |
| **Policies of the Australian Government** | [Commonwealth Fraud Control Policy](https://www.ag.gov.au/Integrity/FraudControl/Pages/FraudControlFramework.aspx)[Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management) |
| **Guidance** | [Resource Management Guide No. 201: Preventing, detecting and dealing with fraud](https://www.finance.gov.au/government/managing-commonwealth-resources/preventing-detecting-dealing-fraud-rmg-201)[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 delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **Other relevant documents** | *Where relevant, add links to:** *your entity’s fraud control plan*
* *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 provides instructions to officials who arrange insurance for insurable assets and liabilities (through Comcover), or workers’ compensation insurance (through Comcare) or any other insurance arrangements with an insurance provider. Some commonly covered risks are:

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

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 notified immediately to Comcover and 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.

#### Instructions – all officials

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| You must:* disclose any insurance risks and report any potential insurance claim or incident to the insurer
 |

*Additional instructions could cover:*

* *how officials need to manage public resources in a way that minimises the risk of an insurance claim (e.g. quality assurance processes)*
* *who is responsible for overseeing and managing the entity’s insurance program with Comcover, Comcare or other insurers*
* *the processes for consulting with and obtaining advice from Comcover on recommended insurance coverage*
* *the processes for assessing insurance risks*
* *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*
* *the processes for determining whether a risk will be covered by current insurance policies and, if a risk is not covered, processes for consulting with Comcover about further coverage or commercial insurance*
* *insurance-related procedures relating 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 for committees (e.g. whether an indemnity will be offered, or whether insurance will be required, paid for or provided for directors, or committee members)*
* *how the insurer is notified about key events, such as changes to risks, new contingent liabilities or claims, and any thresholds that apply to making claims*
* *timeframes for reporting claims and incidents that might lead to an unplanned financial loss and could result in a claim*
* *the records to be maintained 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*
* *the process for filing an insurance claim*
* *how legal claims against the Commonwealth are to be managed, including who can be consulted (e.g. the entity’s internal legal area).*

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| **Legislative requirements** | PGPA Act: s. 16 |
| **Policies of the Australian Government** | [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management) |
| **Guidance** | [Comcover insurance](https://www.finance.gov.au/government/comcover/risk-services/management)[Comcare publications](http://www.comcare.gov.au/Forms_and_Publications) |
| **Related AAIs** | [Risk management](#_Risk_management) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

## Disclosure of interests

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](https://www.legislation.gov.au/Series/C2013A00123) and [sections 12 to 16D of the PGPA Rule](https://www.legislation.gov.au/Series/F2014L00911)*).* A similar requirement is contained in the Code of Conduct at [section 13(7)](https://www.legislation.gov.au/Series/C2004A00538) of the [Public Service Act 1999](https://www.legislation.gov.au/Series/C2004A00538)(PS Act)for theAustralian Public Service*.*

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 must 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.

The overriding principle for a declaration of a material personal interest is, ‘if in doubt, declare the interest’.

#### Instructions – all officials

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| 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 (and the Commonwealth) are not compromised.*

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| **Legislative requirements** | PGPA Act: s. 29PGPA Rule: ss. 12 to 16DPS Act: s13(7) |
| **Policies of the Australian Government** | [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management) |
| **Guidance** | [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)[Managing property](#_MANAGING_PUBLIC_PROPERTY) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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 *o*f the PGPA Act) in accordance with thePublic Governance, Performance and Accountability (Financial Reporting) Rule 2015 (the PGPA Financial Reporting Rule).
* Entities are required to keep records that explain the entity’s performance in achieving its purpose*s* ([section 37](http://www.finance.gov.au/resource-management/pgpa-act/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](http://www.finance.gov.au/resource-management/pgpa-act/37/) and [41](http://www.finance.gov.au/resource-management/pgpa-act/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. delegates, 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. 17AA*Auditor-General Act 1997*: s. 32 |
| **Related AAIs** | [Audit](#_INSURANCE) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **Guidance** | [Resource Management Guide No. 125: Commonwealth entities financial statements guide](https://www.finance.gov.au/publications/resource-management-guides-rmgs/commonwealth-entities-financial-statements-guide-rmg-125)Resource Management Guide No. [131: Developing good performance information](https://www.finance.gov.au/government/managing-commonwealth-resources/planning-reporting/commonwealth-performance-framework) |
| **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).

#### Instructions – all officials

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| 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 for reporting any non-compliance with the finance law to the audit committee*
* *processes involving the Auditor-General, such as reporting audit activities and responding to audit findings*
* *processes for providing information to the Auditor-General*
* *processes for providing information for inter-jurisdictional audits.*

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| **Legislative requirements** | PGPA Act: s. 15, s. 16, s. 19, s. 40, ss. 42 and 43, s. 45PGPA Rule: s. 17, s. 17AA[Auditor-General Act 1997](https://www.legislation.gov.au/Series/C2004A05248): s. 32 |
| **Policies of the Australian Government** | [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management) |
| **Guidance** | [Resource Management Guide No. 202: Audit committees](https://www.finance.gov.au/publications/resource-management-guides-rmgs/audit-committees-rmg-202)[Resource Management Guide No. 214: Notification of significant non‑compliance with finance law](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/risk-internal-controls/reporting-non-compliance) |
| **Related AAIs** | [Risk management](#_Risk_management)[Accounts, records and non-financial performance information](#_Accounts,_records_and) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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, grants and other commitments and arrangements

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

* approving commitments of relevant money
* arrangements relating to relevant money
* procurement
* grants
* inter-entity cooperation and agreements
* indemnities, guarantees, warranties and other contingent liabilities
* official hospitality
* official travel
* arrangements relating to other Consolidated Revenue Fund (CRF) money.

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 or other CRF money.

‘Relevant money’ is money that the Commonwealth or a corporate Commonwealth entity holds as cash or in a bank account (see section 8 of the PGPA Act).

‘Other CRF money’ is money that forms part of the Consolidated Revenue Fund but is not relevant money (see section 105(2*)* of the PGPA Act). Other CRF money can include money of a kind prescribed by the PGPA Rule.

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.

## Approving commitments of relevant money

To ensure the proper use of public resources, this section provides instructions to officials on:

* when you are required to seek approval for a commitment of relevant money
* if you are delegated or authorised to approve a commitment of relevant money, the options, risks and outcomes you must consider
* if you are not delegated or authorised to approve a commitment of relevant money, the information you must provide to the delegate or authorised official.

Section 23(3) of the PGPA Act gives an accountable authority the power to approve a commitment of relevant money. Accountable authorities usually delegate this power to officials. Section 18 of the PGPA Rule sets out requirements for officials who are delegated the authority to commit relevant money.

#### Instructions – all officials

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| If an approval for a commitment of relevant money is required, you must:* ensure that there is a sufficient appropriation
* ensure that the commitment of relevant money will be proper use of public resources
* not act inconsistently with any relevant policies of the Australian Government (e.g. coordinated procurement)
* not approve a commitment of relevant money unless you have been delegated the power to do so and you comply with any relevant directions in the delegation
* if you are not delegated the power, you must seek approval for the proposed commitment of relevant money from a delegate or an accountable authority
* record any approval of a commitment of relevant money in accordance with section 18 of the PGPA Rule
* if you provide verbal approval for a commitment of relevant money, you must record the approval in writing as soon as practicable after giving it
* if a commitment involves other CRF money, you must comply with the instructions [Arrangements for other CRF money](#_Arrangements_for_other).
 |

*Additional instructions could cover:*

* *the circumstances in which approval is required because an activity may result in a commitment of relevant money (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)*
* *what documentation an official prepares in order to meet the requirement of* section 18 *of the PGPA Rule when another person is the delegate who will approve the commitment.*

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

* *how to ensure that giving effect to a proposed commitment of relevant money would be a proper use of public resources*
* *whether the entity has a policy that requires approval to be obtained before an arrangement is entered into*
* *a requirement that delegates can only approve commitments of relevant money within the limits specified in the delegation*
* *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 a delegate can support the accountable authority in promoting the financial sustainability of the entity – for example, the delegate 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*
* *how to ensure that the proposed commitment of relevant money complies with relevant policies of the Australian Government, particularly the general resource management policies (e.g. policies that relate to grants or different types of procurement)*
* *how approvals for proposed commitments of relevant money are to be recorded for the purposes of section 18 of the PGPA Rule (e.g. different types of records (terms or basis of the approval) required for different types of commitments)*
* *any reporting requirements.*

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| **Legislative requirements** | PGPA Act: s. 15, s. 21, s. 23, s. 52, s. 105PGPA Rule: s. 18, s. 29 [Commonwealth Procurement Rules](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules)[Commonwealth Grants Rules and Guidelines](https://www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-guidelines) |
| **Guidance** | [Introduction to the PGPA Act for officials](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/introduction-pgpa-act-officials)[Approving commitments of relevant money](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/entering-arrangements-committing-relevant-money) |
| **Internal delegations** | *Add link to your accountable authority’s delegations* |
| **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*
 |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Inter-entity cooperation and agreements](#_Inter-entity_cooperation_and)[Procurement](#_Procurement_1)[Grants](#_Grants)[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)[Arrangements for other CRF money](#_PREVENTING_FRAUD) |
| **Contacts** | *Where relevant, add areas in your entity to contact for more information* |

## Entering into and administering arrangements

To ensure the proper use of public resources, this section provides instructions to officials on entering into and administering arrangements.

Section 23(1) of the PGPA Act gives an accountable authority the power to enter into, vary or administer an arrangement, on behalf of the Commonwealth, in relation to the affairs of the entity. Expenditure for purposes other than the ordinary services and functions of government needs to be authorised by specific legislation (e.g. section 32B of the [Financial Framework (Supplementary Powers) Act 1997](https://www.legislation.gov.au/Series/C2004A05251) (FFSP Act) or primary legislation).

Accountable authorities usually delegate powers to officials to enter into, vary or administer an arrangement.

An arrangement is a contract, agreement, deed or understanding(section 23 of the PGPA Act). This is a broad definition and includes a range of agreements, such as memoranda of understanding, standing offers and grant agreements. It also includes any arrangement that involves a contingent liability (i.e. a commitment that may give rise to a cost as a result of a future event), such as an indemnity or guarantee.

#### Instructions – officials who have been delegated power to enter into or vary arrangements

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| You must not enter into an arrangement unless it is within the scope of your delegation or authorisation.You must comply with the relevant legislation, rules and instructions that apply to the proposed arrangement, that is:* for acquiring goods and services – the Commonwealth Procurement Rules (see [Procurement](#_Procurement_1))
* for administering a grants program – the Commonwealth Grants Rules and Guidelines (see [Grants](#_Grants))
* for arrangements that include the provision of an indemnity, guarantee or warranty – the instructions [Indemnities, guarantees and warranties](#_Indemnities,_guarantees_and)
* for arrangements governed by other legislation, that other legislative scheme.

You must not vary an arrangement unless:* it is within the scope of your delegation or authorisation
* a new commitment of relevant money has been approved under [section 23](http://www.finance.gov.au/resource-management/pgpa-act/23/) of the PGPA Act, if required by these instructions.
 |

*Additional instructions could cover:*

* *how to ensure that entering into an arrangement will be a proper use of public resources*
* *the processes that officials are advised to undertake before entering into an arrangement – for example:*
* *confirming that any expenditure under the arrangement would be consistent with the purposes of the appropriation*
* *ensuring that, if the arrangement is not for the ordinary services and functions of government, it is authorised by legislation (e.g. section 32B of the* [FFSP Act](https://www.legislation.gov.au/Series/C2004A05251) *or primary legislation)*
* *whether the entity has a policy that requires approval to be obtained before entering into an arrangement*
* *a requirement that a signed contract, agreement or other arrangement be in place before work starts under an arrangement*
* *whether an arrangement may provide for payment in advance of performance of services or delivery of goods, and under what circumstances*
* *who has the authority to enter into different types of arrangements*
* *the requirements that apply when a delegate authorises another official to enter into arrangements on their behalf*
* *the reporting and publishing requirements for arrangements (including how to meet the additional procurement and grants reporting requirements)*
* *who has the authority to vary arrangements*
* *the process for determining whether an arrangement is for the ordinary services and functions of government*
* *when delegations under section 23 of the PGPA Act can be relied upon and when delegations under section 32B of the* FFSP Act *are required*
* *the requirements that apply when officials enter into arrangements that do not involve the commitment of relevant money.*

#### Instructions – officials who have been delegated power to administer arrangements

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| You must not administer an arrangement unless it is within the scope of your delegation or authorisation.You must manage an arrangement to:* ensure the proper use of public resources
* ensure that resources are used to achieve the purposes and outcomes of the entity.
 |

*Additional instructions could cover:*

* *the difference between administering an arrangement, which involves undertaking decision-making functions and requires a delegation, and purely administrative tasks such as processing a payment*
* *the requirements relating to the administration and management of arrangements*
* *who holds relevant delegations to administer arrangements within the entity (these officials may be broader than the officials who can enter into arrangements in relation to the affairs of the entity).*

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| **Legislative requirements** | PGPA Act: s. 15, s. 21, s. 23 s. 52PGPA Rule: s. 18FFSP Act: s. 32B[FFSP Regulations](http://www.comlaw.gov.au/Series/F1997B02816):Schedules 1AA and 1ABCommonwealth Procurement RulesCommonwealth Grants Rules and Guidelines |
| **Policies of the Australian Government** | [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management) |
| **Guidance** | [Introduction to the PGPA Act for officials](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/introduction-pgpa-act-officials)[Commitments of relevant money](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/entering-arrangements-committing-relevant-money) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Inter-entity cooperation and agreements](#_Inter-entity_cooperation_and)[Procurement](#_Procurement_1)[Grants](#_Grants)[Official travel](#_OFFICIAL_TRAVEL)[Official hospitality](#_OFFICIAL_TRAVEL)[Commonwealth credit cards and credit vouchers](#_Commonwealth_credit_cards)[Agreements with banks and managing bank accounts](#_Agreements_with_banks)[Arrangements for other CRF money](#_PREVENTING_FRAUD) |
| **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 provides instructions on procurement 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.

For more information on the Commonwealth’s procurement framework see the [Finance website](https://www.finance.gov.au/government/procurement)*.*

**Commonwealth procurement**

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 [Commonwealth Procurement Rules](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules) (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 these 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.

If a procurement is not for the ordinary services and functions of government, you must ensure it is authorised by other legislation, e.g. the [Financial Framework (Supplementary Powers) Regulations](https://www.legislation.gov.au/Details/F2019C00841). If in doubt, contact [insert your entity’s in-house legal team contact].

#### 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](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules)).
* use the Commonwealth Contracting Suite (CCS) for most procurements between $10,000 to $200,000 (Goods and Services Tax (GST) inclusive) where this is not sourced from an existing arrangement
* use any mandated whole-of-government arrangement ([list of these arrangements](https://www.finance.gov.au/government/procurement/whole-government-procurement-contracts-arrangements-initiatives))
* 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 $10,000 (GST inclusive)** **on AusTender within 42 days of entering (or amending) a contract**
* pay supplier invoices within 30 days in accordance with the Australian Government [supplier pay on-time or pay interest policy](https://www.finance.gov.au/publications/resource-management-guides-rmgs/supplier-pay-time-or-pay-interest-policy-rmg-417).

For Digital or ICT procurements, where an existing arrangement is not suitable, use the appropriate [Digital Sourcing Contract Template](https://www.dta.gov.au/help-and-advice/ict-procurement) on [BuyICT.gov.au](http://buyict.gov.au/). |

*Additional instructions could cover:*

* *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 – delegates entering into, varying or administering an arrangement

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| **For all procurements**Before entering into or varying a procurement arrangement, you must ensure that you have authority to enter into or vary a procurement arrangement (delegated or authorised by your accountable authority from section 23 of the PGPA Act or other specific legislation such as section 32B of the FFSP Act).Delegates must be satisfied, after making reasonable enquiries, that the procurement achieves value for money outcomes and complies with all CPR requirements. Procurement should:* use public resources in an efficient, effective, economical and ethical manner that is not inconsistent with the policies of the Commonwealth
* encourage competition and be non-discriminatory
* facilitate accountable and transparent decision making
* encourage appropriate engagement with risk and
* be 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)) and
* 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
* report new procurement arrangements or variations of a procurement arrangement in accordance with the CPRs.

**For procurements under $10,000 (GST inclusive)**[Division 1 of the CPRs](http://www.finance.gov.au/sites/default/files/2014%20Commonwealth%20Procurement%20Rules.pdf) apply.* for procurements valued under $10,000 (GST inclusive) where the goods and/or services cannot be sourced from a panel arrangement, you can obtain a quote or quotes via phone, online or email
* procurements from panel arrangements will have defined processes outside of those covered by this AAI
* use of credit cards as the payment mechanism where the supplier accepts them is required to *apply the supplier payment policy*
* procurements valued under $10,000 (GST inclusive) **are not** required to be reported on AusTender.

**For procurements valued at or above $10,000 and under $80,000 (GST inclusive)**[Division 1 of the CPRs](http://www.finance.gov.au/sites/default/files/2014%20Commonwealth%20Procurement%20Rules.pdf) apply.* for procurements valued at or above $10,000 and under $80,000 (GST inclusive) where the goods and/or services can’t be sourced from a panel arrangement, you should undertake market research and seek quote(s). Depending on the nature of the procurement one quote may be sufficient. If the market for the good or service is not familiar to you, you may need to conduct greater research and obtain additional quotes to be satisfied that you are achieving value for money with your chosen supplier
* if a contract is required, use:
	+ the *Commonwealth Contracting Suite* for general goods and services or
	+ the appropriate [Digital Sourcing Contract Template](https://www.dta.gov.au/help-and-advice/ict-procurement) on [BuyICT.gov.au](http://buyict.gov.au/) for Digital or ICT procurements, where an existing arrangement is not suitable.
* **report all contracts and amendments valued at or above $10,000 (GST inclusive) on AusTender within 42 days of entering (or amending) a contract**

**For procurements valued at or above $80,000 (GST inclusive)**[Division 1 and 2 of the CPRs apply.](http://www.finance.gov.au/procurement/procurement-policy-and-guidance/commonwealth-procurement-rules/cprs-additional-rules-for-procurements.html)* for procurements valued between $80,000 and $200,000 (GST inclusive) the Indigenous Procurement Policy includes a mandatory set aside. This means officials must check [Indigenous Business Direct](http://www.supplynation.org.au/indigenous_businesses/Indigenous_Business_Direct) to see if there is an Indigenous Business that could provide the goods or services being procured. If there is no Indigenous Business that represents value for money you can proceed with the process set out in these instructions.
* 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](http://www.finance.gov.au/procurement/procurement-policy-and-guidance/buying/policy-framework/procurement-policies/principles/)).
* the default for all procurements valued at or above $80,000 is open tender. For procurements valued at or above $80,000 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* of the CPRs applies or
	+ an *Appendix A exemption applies*.
* [Division 2 of the CPRs](http://www.finance.gov.au/procurement/procurement-policy-and-guidance/commonwealth-procurement-rules/cprs-additional-rules-for-procurements.html) includes the additional rules that apply when undertaking a procurement valued at or above $80,000 (GST inclusive) (the procurement threshold).
* Open tenders **must** be published on AusTender.
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**Managing procurement arrangements**

**Instructions – Officials with a delegation 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 (delegated or authorised by your accountable authority from section 23 of the PGPA Act or other specific legislation such as section 32B of the [FFSP Act](https://www.legislation.gov.au/Details/C2015C00191))
* 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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| **Legislative requirements** | [PGPA Act](http://www.comlaw.gov.au/Series/C2013A00123)*:* s. 23; s. 52, s. 60, s. 105B [PGPA Rule](http://www.comlaw.gov.au/Details/F2014L00911): s. 18[FFSP Act](http://www.comlaw.gov.au/Series/C2004A05251)*:* s. 32B[FFSP Regulations](https://www.legislation.gov.au/Series/F1997B02816)*:* Schedule 1AA and 1AB[Commonwealth Procurement Rules](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules)  |
| **Policies of the Australian Government** | *Procurement-connected policies**Supplier pay on-time or pay interest policy* |
| **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)[Entering into and administering arrangements](#_Entering_into_and) [Payments of relevant money](#_DRAWING_RIGHTS) |
| **Guidance** | [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 No.420 Mandatory use of the Commonwealth Contracting Suite for procurement under $200,000*[Resource Management Guide No.411 - Grants, procurements and other financial arrangement](https://www.finance.gov.au/publications/resource-management-guides-rmgs/grants-procurements-other-financial-arrangements-rmg-411)[Resource Management Guide No. 416 - Facilitating Supplier Payment Through Payment Card](https://www.finance.gov.au/publications/resource-management-guides-rmgs/facilitating-supplier-payment-through-payment-card-rmg-416)[Resource Management Guide No.417 - Supplier Pay On-Time or Pay Interest Policy](https://www.finance.gov.au/publications/resource-management-guides-rmgs/supplier-pay-time-or-pay-interest-policy-rmg-417) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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 instructions on grants administration. The objectives of grants administration are to:

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

For the purposes of the PGPA Act and the[Commonwealth Grants Rules and Guidelines](https://www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-guidelines), a grant is an arrangement for the provision of financial assistance by the Commonwealth or on behalf of the Commonwealth:

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

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. The Commonwealth Grants Rules and Guidelines apply to all forms of granting activity. However, there are various types of arrangements that may provide financial assistance but are not grants. The *Commonwealth Grants Rules and Guidelines* provide a list of these arrangements.

If you are unsure whether a particular arrangement is a grant, see[Resource Management Guide No. 411: Grants, procurements and other financial arrangements](https://www.finance.gov.au/publications/resource-management-guides-rmgs/grants-procurements-other-financial-arrangements-rmg-411).

Grants administration covers all grant processes, including:

* developing grant guidelines (i.e. planning and design)
* selecting grant recipients
* managing grant agreements (i.e. the ongoing relationship with grant recipients)
* reporting on grants
* review and evaluation.

These instructions also cover situations where a third party is responsible for grants administration.

#### Instructions – officials involved with grants administration

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| You must:* establish and document whether a proposed activity is a grant before applying the *Commonwealth Grants Rules and Guidelines*
* comply with relevant legislation and government policies, including:
* 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 (see [Disclosure of interests](#_Disclosure_of_interests))
* not use clauses in grant agreements that seek to limit, prevent or ban a not-for-profit organisation from advocating on policy issues.

You must use competitive, merit-based selection processes to allocate grants, unless specifically agreed otherwise by a minister, accountable authority or delegate. Where a method other than a competitive merit-based selection process is used, it is required that you document why this approach has been used. |

*Additional instructions could cover:*

* *how to determine that the outcome will be a proper use of public resources*
* *consultation with any central grants policy area in the entity or a grants hub*
* *a requirement that officials identify and consider relevant risks when planning and designing grant programs*
* *the steps officials need to consider to address the seven key principles that apply to grants administration*
* *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*
* *the collaboration and consultation arrangements that will occur within government and with non-government stakeholders, such as industry, small business and the not-for-profit sector, when developing or changing grant programs*
* *steps to avoid requesting information from grant applicants and recipients that has been collected within the Commonwealth 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 merit-based selection process, unless specifically agreed otherwise by a minister, accountable authority or delegate*
* *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, noting that not all granting activities will require a grant agreement*
* *the requirement to administer grants according to the terms and conditions of the relevant grant agreement*
* *the key policies of the Commonwealth that apply to grants administration*
* *the appropriate mechanisms for identifying and managing potential conflicts of interest for granting (see* [Disclosure of interests](#_Disclosure_of_interests)*)*
* *acquittal 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.*

#### Instructions – officials involved in developing grant guidelines

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| You must ensure that grant guidelines are:* developed for all new granting activities, and revised whenever significant changes are made to the granting activity
* consistent with the [Commonwealth Grants Rules and Guidelines](http://www.comlaw.gov.au/Details/F2014L00908/Download)
* made publicly available (including on GrantConnect when operational) except when there is a specific policy reason to not publicise the grant guidelines or the grant is provided on a one-off or ad hoc basis.

You must only release grant guidelines once the approval process for new or revised program guidelines has been completed. This process includes conducting a risk assessment of the granting activities and associated guidelines, in consultation with the relevant agency advice unit in Finance and the Department of the Prime Minister and Cabinet, to obtain agreement on the risk level of the granting activity. The assessed level of risk will determine the process for gaining approval to publish the guidelines. |

*Additional instructions could cover:*

* *the type of information that needs to be included in grant guidelines (see the checklist in* [Resource Management Guide No. 421](https://www.finance.gov.au/publications/resource-management-guides-rmgs/publishing-reporting-grants-grantconnect-rmg-421)*)*
* *who will need to be consulted within the entity and externally when developing new grant programs and grant guidelines*
* *the consultation methods that could be used*
* *the entity’s processes for undertaking a risk assessment for the granting activity and guidelines*
* *how an official can obtain approval for the release of grant guidelines, following the risk assessment (e.g. from the Finance Minister or Cabinet)*
* *how to clearly outline in the grant guidelines what constitutes a conflict of interest.*

#### Instructions – officials involved in entering into grants agreements

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| Before entering into a grant agreement (or making a grant payment if there is no agreement), you must ensure that:* you have legal as well as policy authority to enter into the grant
* the requirements for approval in these instructions have been met (see [Approving commitments of relevant money](#_APPROVING_SPENDING_PROPOSALS)).
 |

*Additional instructions could cover:*

* *use of the Commonwealth low-risk grant agreement template*
* *circumstances where an entity would make a grant payment without an agreement*
* *requirements to ensure that grant agreements do not contain provisions that would:*
* *prevent the publication of grant information*
* *seek to limit, prevent or ban a not-for-profit organisation from advocating on policy issues (in accordance with the* [Not-for-profit Sector Freedom to Advocate Act 2013](https://www.legislation.gov.au/Details/C2013A00056)*)*
* *when* [section 23](http://www.finance.gov.au/resource-management/pgpa-act/23/) *of the PGPA Act or section 32B of the* [FFSP Act](https://www.legislation.gov.au/Series/C2004A05251) *need to be used to enter into the grant, including the process to determine:*
* *whether a grant is for the ordinary services and functions of government*
* *if a grant is specified in, or is for the purpose of, a program listed in Schedule 1AA or 1AB of the* [FFSP Regulations](https://www.legislation.gov.au/Series/F1997B02816)
* *who has the authority to enter into a grant agreement, including:*
* *processes to ensure delegates consider proper use, whether a grant would be consistent with the purposes of the appropriation, and whether there is authority to enter into the grant*
* *any requirements that apply when a delegate authorises another official to enter into a grant on their behalf.*

#### Instructions – supporting the minister

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| You must ensure that [your entity’s minister] is advised of their responsibilities under the PGPA Act, paragraphs 4.10 to 4.12 of the [Commonwealth Grants Rules and Guidelines](http://www.finance.gov.au/resource-management/grants/) (CGRGs) and other relevant rules.Where a minister approves the proposed expenditure of relevant money for a grant in accordance with section 71 of the PGPA Act, they must be satisfied, after making reasonable inquiries, that the grant would be a proper use of public resources.You must ensure that [your entity’s minister] receives advice from [your entity] on the proposed grant, as required under paragraph 4.6 of the CGRGs before the minister makes a decision. Each time a minister who is a member of the House of Representatives approves a grant in respect of their own electorate, you must ensure that the minister writes to the Finance Minister advising of the details. This requirement does not apply where grants are awarded Australia-, state- or region-wide on the basis of a formula, and any of those grants fall in the minister’s electorate. Presiding officers of the departments of the Parliament are not required to report to the Finance Minister.You must ensure that [your entity’s minister], whether from the Senate or the House of Representatives, reports annually (by 31 March for the preceding calendar year) to the Finance Minister on all instances where they have approved any grants that the entity recommended be rejected and, if so, outline the basis of the approval for each grant. Presiding officers of the departments of the Parliament are not required to report to the Finance Minister. |

*Additional instructions could cover:*

* *how officials can ensure that ministers are advised of their responsibilities under the PGPA Act, the PGPA Rule and the Commonwealth Grants Rules and Guidelines (see the checklist for briefing ministers in* [Resource Management Guide No. 412](https://www.finance.gov.au/government/managing-commonwealth-resources/australian-government-grants-briefing-reporting-evaluating-election-commitments-rmg-412)*)*
* *how an official can ensure that the ministerial reporting requirements are met*
* *information that will need to be included, in addition to the minimum requirements for briefings to the minister.*

#### Instructions – officials involved in managing grants

*Instructions could cover:*

* *procedures and systems that can be used to identify and treat emerging risks continuously throughout the grants administration process*
* *how an official can build and maintain productive relationships with grant applicants and recipients and achieve government policy outcomes*
* *steps an official could take to periodically review decisions on proportionality to ensure that accountability and reporting requirements remain aligned to performance and risk considerations during grants administration*
* *a requirement that grant payments not be made unless and until a grant agreement is in effect, invoices are received or other requirements are met.*

#### Instructions – officials involved in reporting on grants

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| You must:* ensure that information on individual grants is published on [your entity’s website] within 21 calendar days of the grant agreement taking effect.
* consider whether public reporting of a grant would be contrary to the [Privacy Act 1988](https://www.legislation.gov.au/Series/C2004A03712), other statutory requirements, or the specific terms of the grant agreement – you must publish as much information as legally possible and must document the reasons for not reporting fully
* consider whether publishing grant information could adversely affect the achievement of government policy outcomes – if it is likely to adversely affect outcomes, an exemption from public reporting can be sought from the Finance Minister
* retain information on individual grants on [your entity’s website] or from 31 December 2017 on GrantConnect for at least two financial years – if this is not practicable, you must retain appropriate records of the information and ensure that these records are available on request
* identify whether a grant agreement contains special confidentiality provisions
* ensure that [yourentity] complies with any other grant reporting requirements established by the Parliament.
 |

*Additional instructions could cover:*

* *how officials can ensure that public reporting requirements are met e.g. identifying who is responsible for publishing grant information on the website or once operational on GrantConnect*
* *the other grant reporting requirements that officials must comply with (e.g. Senate Procedural Orders 13 – Entity contracts and 16 – Departmental and agency grants)*
* *how officials are to deal with personal information or sensitive information (in accordance with the* [Privacy Act 1988](https://www.legislation.gov.au/Series/C2004A03712)*)*
* *how an official can advise the accountable authority and record any non-compliance with the* [Commonwealth Grants Rules and Guidelines](https://www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-guidelines).

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| **Legislative requirements** | *PGPA Act:* s. 15*, s.* 21, s.23, s.52*,* s*.* 71 s.103*PGPA Rule:* s*.* 18, s*.* 29FFSP Act*:* s.32FFSP Regulations:Schedules 1AA and 1ABCommonwealth Grants Rules and Guidelines |
| **Policies of the Australian Government** | [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management) |
| **Parliamentary orders** | Senate Procedural Order 13 – [Entity contracts](https://www.aph.gov.au/Parliamentary_Business/Chamber_documents/Senate_chamber_documents/standingorders/d00)Senate Procedural Order 16 –[Departmental and agency grants](https://www.aph.gov.au/Parliamentary_Business/Chamber_documents/Senate_chamber_documents/standingorders/d00) |
| **Guidance** | [Resource Management Guide No. 411: Grants, procurements and other financial arrangements](https://www.finance.gov.au/publications/resource-management-guides-rmgs/grants-procurements-other-financial-arrangements-rmg-411)*Resource Management Guide No. 412: Australian Government grants: briefing and reporting*[Resource Management Guide No. 421: Publishing and reporting grants and GrantConnect](https://www.finance.gov.au/publications/resource-management-guides-rmgs/publishing-reporting-grants-grantconnect-rmg-421)[Resource Management Guide No. 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)[Arrangements for other CRF money](#_PREVENTING_FRAUD) |
| **Internal delegations** | *Add link to your accountable authority’s delegations* |
| **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 15requires 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.

An inter-entity agreement is an important mechanism for establishing and clarifying the way in which entities will work together and meet the requirements of the PGPA Act. Depending on the complexity of the arrangement, an inter-entity agreement may be:

* an exchange of letters (e.g. for the exchange of data)
* a service level agreement (e.g. for the provision of IT services) or
* a detailed memorandum of understanding (e.g. for a cross-portfolio reform such as Closing the Gap).

Inter-entity agreements need to address financial matters such as:

* accessing the appropriation of another entity
* a number of entities being able to pool separately appropriated money through the use of a special account
* joint contracting, such as one entity entering into a contract on behalf of the Commonwealth, where the services can be accessed by other entities.

The Commonwealth should not enter into an agreement with a corporate Commonwealth entity that allows the corporate Commonwealth entity to access an appropriation (including a special account) administered by a non-corporate Commonwealth entity.

#### 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, 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](https://www.legislation.gov.au/Series/F2015L00131)*.*

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

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| You must not enter into an inter-entity agreement that commits [your entity], or another entity’s current or future appropriation, unless you have been delegated the authority, or authorised by a delegate, to do so under section 23 of the PGPA Act or other legislation (such as section 32B of the [Financial Framework (Supplementary Powers) Act 1997](https://www.legislation.gov.au/Series/C2004A05251)).When using a special account to facilitate inter-entity activities, you must comply with the instructions on special accounts (see [Using special accounts](#_Using_special_accounts)).When undertaking activities that commit or might commit relevant money, you must comply with the requirements under section 18 of the PGPA Rule (see [Approving commitments of relevant money](#_APPROVING_SPENDING_PROPOSALS)). |

*Additional instructions could cover:*

* *the circumstances where it is appropriate to allow another entity to draw on your entity’s appropriation*
* *the specific limits and conditions that must be imposed in circumstances where another entity is authorised to make payments on your entity’s behalf and/or where your entity makes payments on behalf of another entity (e.g. goods and services tax issues, timing for payments, who is responsible for any debt recovery, free-of-charge resourcing implications)*
* *the accountability requirements that must apply when your entity accesses another entity’s appropriation, or where another entity accesses your entity’s appropriation.*

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| **Legislative requirements** | PGPA Act: s.15, ss.17 and18*,* s.21*,* s.23*,* s*.* 78, s.80[PGPA Financial Reporting Rule](https://www.legislation.gov.au/Series/F2015L00131)[FFSP Act](http://www.comlaw.gov.au/Series/C2004A05251)*:* s.32B[FFSP Regulations](http://www.comlaw.gov.au/Series/F1997B02816): Schedules 1AA and 1AB |
| **Guidance** |  |
| **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)[Entering into and administering arrangements](#_Entering_into_and)[Using special accounts](#_Using_special_accounts) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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 Commonwealth to provide an indemnity, guarantee or warranty.

Providing an indemnity, guarantee or warranty creates a contingent liability. A contingent liability is a commitment that may give rise to a cost as a result of a future event. Contingent liabilities are generally used to allocate risk between parties to an arrangement. Risk needs to be managed by the party that is best placed to manage it.

The Finance Minister has delegated the power in section 60 of the PGPA Act to provide (grant) an indemnity, guarantee or warranty on behalf of the Commonwealth to accountable authorities of non-corporate Commonwealth entities. The Finance Minister has not delegated the power to enter into loan guarantees.

#### 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 delegated power to grant an indemnity, guarantee or warranty on behalf of the Commonwealth. |

*Additional instructions could cover:*

* *how to identify and manage a contingent liability*
* *who can grant an indemnity, guarantee or warranty on behalf of the Commonwealth (e.g. the official delegated powers under* section 60 *of the* PGPA Act)
* *the requirements that apply if a delegate 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 Commonwealth)*
* *who an official needs to consult (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 delegated the power to enter into a guarantee, indemnity or warranty

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| You must:* comply with the directions in the delegation when entering into an arrangement that involves an indemnity, guarantee or warranty
* not provide an indemnity that would expressly meet the costs of civil or criminal penalties of the indemnified party
* not enter into an arrangement that involves an indemnity, guarantee or warranty with another non-corporate Commonwealth entity
* if the arrangement involves a loan guarantee, obtain written approval from the Finance Minister for the loan guarantee.
 |

*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.*

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| **Legislative requirements** | PGPA Act: s. 23 s. 52s. 60PGPA Rule: s. 18 |
| **Policies of the Australian Government** | [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management) |
| **Guidance** | [Resource Management Guide No. 414: Indemnities, guarantees and warranties issued by the Commonwealth](https://www.finance.gov.au/publications/resource-management-guides-rmgs/indemnities-guarantees-warranties-commonwealth-rmg-414)[Introduction to the PGPA Act for officials](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/duties/duties/introduction-pgpa-act-officials)[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)[Entering into and administering arrangements](#_Entering_into_and) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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 Commonwealth objectives. Official hospitality may include the provision of refreshments, entertainment, gifts of property, prizes or other benefits.

Generally, providing official hospitality will be part of the ordinary services and functions of government and the arrangement will be entered into under section 23 of the PGPA Act. In limited cases, officials may need to be delegated powers under section 32B of the [FFSP Act](https://www.legislation.gov.au/Series/C2004A05251) or other specific legislation to enter an arrangement to provide official hospitality.

For instructions relating to the gifting of relevant property, see [Managing property](#_MANAGING_PUBLIC_PROPERTY).

#### Instructions – all officials

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| You must:* not enter into an arrangement to provide official hospitality unless you have been delegated, or authorised to exercise, power to enter into such an arrangement
* act in accordance with the Commonwealth Procurement Rules 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 a delegate 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*,* s. 21*,* s*.* 23, s. 52, s. 66PGPA Rule: s. [18](http://www.finance.gov.au/resource-management/pgpa-rule/18/)[FFSP Act](https://www.legislation.gov.au/Series/C2004A05251): s. 32B[FFSP Regulations](http://www.comlaw.gov.au/Series/F1997B02816): Schedules 1AA and 1AB[Commonwealth Procurement Rules](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules)  |
| **Guidance** | [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)[Acquiring property (including receiving gifts and benefits)](#_Acquiring_property_(including)[Disposing of property (including gifting relevant property)](#_Disposing_of_property) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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 Commonwealth 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.

Arrangements for the purpose of official travel will generally be entered into under section 23 of the PGPA Act. In limited cases, officials may need to enter into an arrangement for official travel under section 32B of the [FFSP Act](https://www.legislation.gov.au/Series/C2004A05251), or other specific legislation.

#### Instructions – all officials

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| You must:* not enter into an arrangement for official travel unless you have been delegated, or authorised to exercise, power to enter into an arrangement of this type
* act in accordance with the Commonwealth Procurement Rules (CPRs) when procuring official travel (see [Procurement](#_Procurement_1)).

Where the government has established [coordinated procurements](https://www.finance.gov.au/government/procurement/whole-australian-government-procurement) for a particular travel activity, you must use the arrangement established for that activity, unless:* an exemption has been provided in accordance with the CPRs or reimbursement is to be provided to a third party (i.e. a non-Commonwealth traveller that cannot access coordinated travel procurements) for airfares, accommodation and/or car rental; or
* a travel allowance is to be provided for accommodation arrangements.

You must:* use the Australian Government’s contracted travel management company (TMC) to book domestic and ex-Australia international airfares under the Deed of Standing Offer for the Provision of Whole of Australian Government Travel Management Services unless the air travel is charter travel, in which case use of the TMC is recommended but not mandatory
* use the contracted accommodation program management services provider for domestic accommodation under the Deed for the Provision of Accommodation Program Management Services to the Australian Government
* use the contracted car rental service providers for domestic car rentals under the Deed for the Provision of Car Rental Services to the Australian Government
* use the contracted travel card and related services provider for card payment services under the Deed for the Provision of Travel and Related Card Services to the Australian Government
* not accrue reward and loyalty points (such as frequent flyer points), however status points may be accrued.
 |

*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)*
* *passport arrangements*
* *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.*

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| **Legislative requirements** | PGPA Act: s. [15](http://www.finance.gov.au/resource-management/pgpa-act/15)*,* s. [21](http://www.finance.gov.au/resource-management/pgpa-act/21)*,* s.[[23](http://www.finance.gov.au/resource-management/pgpa-act/23)](http://www.finance.gov.au/resource-management/pgpa-act/23), s. 52PGPA Rule: s. 18[FFSP Act](https://www.legislation.gov.au/Series/C2004A05251)*:* s. 32B[FFSP Regulations](http://www.comlaw.gov.au/Series/F1997B02816)*:* Schedules 1AA and 1AB[Commonwealth Procurement Rules](https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules) |
| **Policies of the Australian Government** | [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management)[Travel and credit card policies](https://www.finance.gov.au/government/procurement/buying-australian-government) |
| **Guidance** | [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 No. 404: Official domestic travel – use of the lowest practical fare](https://www.finance.gov.au/publications/resource-management-guides-rmgs/domestic-travel-policy-rmg-404)[Resource Management Guide No. 405: Official international travel – use of the best fare of the day](https://www.finance.gov.au/publications/resource-management-guides-rmgs/official-international-travel-use-best-fare-day-rmg-405)[Resource Management Guide No. 418: Payment terms for Australian Government travel arrangements – card services](https://www.finance.gov.au/publications/resource-management-guides-rmgs/payment-terms-australian-government-travel-arrangements-card-services-rmg-418)[Whole-of-Australian-Government Travel Services](https://www.finance.gov.au/government/procurement/whole-australian-government-procurement) |
| **Related AAIs** | [Risk management](#_Risk_management)[Approving commitments of relevant money](#_APPROVING_SPENDING_PROPOSALS)[Entering into and administering arrangements](#_Entering_into_and)[Procurement](#_Procurement_1) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

## Arrangements for other CRF money

An accountable authority may enter into an arrangement with a person outside the Commonwealth to handle other money that is not relevant money (other CRF money).

Other CRF money is money that forms part of the Consolidated Revenue Fund (CRF), other than relevant money or any other money of a kind prescribed by the rules (see section 105(2) of the PGPA Act).

A ‘person outside the Commonwealth’ is an individual or an organisation who is not an official or a minister, and who acts for or on behalf of the Commonwealth to use or manage money (i.e. as an agent of the Commonwealth). For example, a person may handle other CRF money because they have entered into an arrangement with the Commonwealth to collect fees or levies and make payments of the amounts collected.

Before entering into any arrangement, it is important to consider whether the arrangement could involve a person outside the Commonwealth handling other CRF money.

#### Instructions – all officials

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| You must not enter into an arrangement for the use or management of other CRF money (including the receipt, custody or expenditure) by a person outside the Commonwealth, unless:* you have the authority or delegation to enter into the arrangement
* the terms of the arrangement are, at a minimum, compliant with the requirements of section 29 of the PGPA Rule
* the arrangement would be a proper use and management of public resources and would not be inconsistent with the policies of the Australian Government
* you consider and manage all associated risks with handling other CRF money.

If the arrangement will also involve the commitment of relevant money (e.g. payment to a person outside the Commonwealth to collect, hold or spend other CRF money), you must ensure appropriate records are kept in accordance with section 18 of the PGPA Rule (see [Approving commitments of relevant money](#_APPROVING_SPENDING_PROPOSALS)). |

*Additional instructions could cover:*

* *the entity’s policy for deciding whether to allow persons outside the Commonwealth to handle other CRF money*
* *the processes, including documentation, to regulate the handling of other CRF money by persons outside the Commonwealth and the circumstances where this is appropriate.*

#### Instructions – officials with a delegation to make arrangements with persons outside the Commonwealth

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| When making an arrangement for the receipt, custody or expenditure of other CRF money by a person outside the Commonwealth, you must:* comply with any directions relating to the delegation
* be satisfied that the arrangement:
* promotes the proper use and management of the other CRF money
* complies with the requirements in section 29 of the PGPA Rule

You must not make an arrangement for other CRF money unless you are satisfied that the risks that might arise from the arrangement will be managed in the best interests of the Commonwealth. |

*Additional instructions could cover:*

* *requirements that need to apply to persons outside the Commonwealth who handle other CRF money under an arrangement, in addition to the mandatory requirements in* [section 29](http://www.finance.gov.au/resource-management/pgpa-rule/29/) *of the PGPA Rule – for example:*
* *legislation and rules that needs to apply*
* *any AAIs or procedures that needs to apply*
* *other Commonwealth policies that needs to apply*
* *information that needs to be provided (e.g. to help the entity meet its reporting requirements under the* PGPA Act)
* *whether subcontractors are permitted*
* *the duration of the arrangement – generally, an arrangement should not be longer than five years; the duration will depend on the need for certainty, balanced against the need for flexibility if circumstances change (such as price increases or decreases)*
* *how to identify and consider the risks that might arise in relation to an arrangement involving the handling of other CRF money – for example, it is advisable for the arrangement to specify how other CRF money will be identified and accounted for separately to other money held by the person*
* *requirements when the arrangement is terminated – it is recommended that the Commonwealth retains the right to give notice to terminate the arrangement at any time, and that the person is required to return any other CRF money in their custody to the entity in a timely manner*
* *requirements if the person outside the Commonwealth becomes insolvent*
* *the source of appropriation that can be used to fund an arrangement (noting that the special appropriation in* section 105 *of the PGPA Act will be rarely, if ever, required), and which appropriation will be debited and credited in relation to payments and receipts of other CRF money*
* *requirements relating to the potential for misuse or mismanagement of other CRF money.*

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| **Legislative requirements** | [PGPA Act](http://www.comlaw.gov.au/Series/C2013A00123): s. [*23*](http://www.finance.gov.au/resource-management/pgpa-act/23), s. [105](http://www.finance.gov.au/resource-management/pgpa-act/105/)[PGPA Rule](http://www.comlaw.gov.au/Details/F2014L00911): s. *29*[FFSP Act](http://www.comlaw.gov.au/Series/C2004A05251): s. 32B[FFSP Regulations](https://www.legislation.gov.au/Series/F1997B02816): Schedules 1AA and 1AB |
| **Policies of the Australian Government** | [Commonwealth Risk Management Policy](https://www.finance.gov.au/government/comcover/risk-services/management) |
| **Guidance** | [Other CRF money](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/other-consolidated-revenue-fund-crf-money)[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)[Working with others](#_Joining_up_with)[Disclosure of interests](#_Disclosure_of_interests)[Approving commitments of relevant money](#_APPROVING_SPENDING_PROPOSALS) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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 Commonwealth credit cards and credit vouchers
* discretionary compensation mechanisms
* 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.

Regardless of whether a payment is made from a departmental or administered appropriation, an official must ensure that:

* there is a sufficient available appropriation to cover the proposed payment
* there is legal authority to spend the relevant money
* the payment of the money is for the purpose for which it was appropriated.

## Payments of relevant money

The authority to administer an arrangement, including making a payment in accordance with an arrangement, comes from section 23 of the PGPA Act, or other specific legislation (for example, section 32B of the [FFSP Act](https://www.legislation.gov.au/Series/C2004A05251)). Accountable authorities usually delegate this function to officials. Officials who perform the purely administrative tasks necessary to facilitate a payment (for example, processing an electronic funds transfer request) do not require a delegation 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 the payment is made in accordance with these instructions. |

*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, and/or whether it is supported by an appropriation*
* *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 (e.g. the section* [*23*](http://www.finance.gov.au/resource-management/pgpa-act/23) *delegate or a beneficiary)*
* *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*
* *a requirement that officials comply with the government’s Supplier pay on-time or pay interest policy*
* *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*
* *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 a delegation, 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. 15and 16*,* s. 21*,* s. 23*,* s. 52, s. 71PGPA Rule: s. 18[FFSP Act](http://www.comlaw.gov.au/Series/C2004A05251): s. 32B[FFSP Regulations](http://www.comlaw.gov.au/Series/F1997B02816): Schedules 1AA and 1AB |
| **Policies of the Australian Government** | [Supplier pay on-time or pay interest policy](https://www.finance.gov.au/publications/resource-management-guides-rmgs/supplier-pay-time-or-pay-interest-policy-rmg-417) |
| **Guidance** | [Resource Management Guide No. 416: Facilitating supplier payment through payment card](https://www.finance.gov.au/publications/resource-management-guides-rmgs/facilitating-supplier-payment-through-payment-card-rmg-416)[Resource Management Guide No. 417: Supplier pay on-time or pay interest policy](https://www.finance.gov.au/publications/resource-management-guides-rmgs/supplier-pay-time-or-pay-interest-policy-rmg-417) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Procurement, grants and other commitments and arrangements](#_ACCOUNTS_AND_RECORDS) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

### Payment of amount owed to person at time of death (payment pending probate)

A payment pending probate relates to an amount that the Commonwealth owes to a person at the time of their death. The Finance Minister has delegated to accountable authorities the power in section 25 of the PGPA Rule to authorise payment of such an amount to the person without requiring production of probate of the will or letters of administration of the deceased person’s estate. Accountable authorities may sub-delegate this power to officials.

#### Instructions – all entity officials

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| You must not authorise a payment pending probate under section 25 of the PGPA Rule unless you have been delegated the authority to do so.If a payment pending probate has been authorised by your accountable authority or a delegate, you must ensure, before making the payment, that there is an available appropriation for the payment and that you have the authority to allow the payment. |

*Additional instructions could cover:*

* *who in the entity has the power to authorise payments pending probate*
* *the information required to support a proposal to authorise a payment pending probate.*

#### Instructions – officials with a delegation to authorise payments pending probate

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| When authorising a payment pending probate, you must comply with any directions in relation to the delegation from [your accountable authority].If [your entity] owes an amount to a person at the time of their death, you may authorise payment of that amount to the person who you consider can receive the payment, if you have been delegated the power to do so.When deciding who to pay, you must consider the people who are entitled to the property of the deceased person under that person’s will or the law relating to the disposition of the property of deceased persons. However, you are not bound to act in accordance with that law.You may authorise the payment without requiring production of:* probate of the will of the deceased person; or
* letters of administration of the deceased person’s estate.

Before authorising the payment, you must ensure that the payment is not covered by other legislation. |

*Additional instructions could cover:*

* *the types of payments covered by other legislation that must not be authorised as payments pending probate (e.g. leave entitlements under the* [Long Service Leave (Commonwealth Employees) Act 1976](https://www.legislation.gov.au/Series/C2004A01621)*)*
* *the circumstances where it is appropriate to authorise a payment pending probate*
* *whether the entity’s internal legal area must be consulted prior to authorising a payment pending probate*
* *the factors to consider when determining who to pay*
* *what evidence of death is required what evidence is required from the person receiving the payment pending probate to prove their relationship to the deceased*
* *the recordkeeping and reporting requirements that relate to payments pending probate.*

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| **Legislative requirements** | PGPA Act: ss. 15 and 16, s. 21, s. *23*, s. 52, s.103PGPA Rule: s. 18, s. 25Payments under other legislation (e.g. [Long Service Leave (Commonwealth Employees) Act 1976](https://www.legislation.gov.au/Series/C2004A01621)) |
| **Guidance** | [Resource Management Guide No. 402: Payment of amount owed to person at time of death](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/making-payment-amount-owed-person-time-death) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

##

## Commonwealth credit cards and credit vouchers

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

A Commonwealth credit card is a credit facility issued to a Commonwealth entity to enable it to purchase goods or services and withdraw cash on credit (i.e. with payment deferred to a later date) and includes:

* charge cards issued to buy goods or services on credit, with payment in full required at a later date (e.g. Diners Club or American Express cards)
* vendor cards (sometimes called ‘limited-purpose purchase cards’) provided by specific retailers (e.g. Cabcharge cards and fuel cards).

A credit voucher is a paper-based credit facility that generally comes with an attached spending limit (e.g. a Cabcharge e-tickets).

The Finance Minister has delegated to accountable authorities the power to enter into a limited range of borrowing agreements under section 56 of the PGPA Act. This includes the power to enter into an agreement for the issue and use of credit cards or credit vouchers, providing money borrowed is repaid within 90 days.

Debit cards, pre-paid credit cards and gift vouchers issued to a Commonwealth entity are not Commonwealth credit cards or credit vouchers and must be treated as if they were relevant money.

#### Instructions – all officials

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| Only the person issued with a Commonwealth credit card or credit voucher, or someone specifically authorised by that person, may use that credit card, credit card number or credit voucher.You may only use a Commonwealth credit card or card number to obtain cash, goods or services for the Commonwealth entity based on the proper use of public resources. You cannot use a Commonwealth credit card or card number for private expenditure.In deciding whether to use a Commonwealth credit card or credit voucher, you must consider whether it would be the most cost-effective payment option in the circumstances.Before using a Commonwealth credit card or credit voucher, you must ensure that the requirements in the instructions [Procurement, grants and other commitments and arrangements](#_ACCOUNTS_AND_RECORDS) have been met before entering into the arrangement.You must: * ensure that your use of a Commonwealth credit card or credit voucher is consistent with any approval given, including any conditions of the approval
* ensure that any Commonwealth credit cards and credit vouchers issued to you are stored safely and securely.
 |

*Additional instructions could cover:*

* *whether Commonwealth credit cards can be used for private expenditure coincidental to the cardholder’s work duties, including details of repayment requirements*
* *whether Commonwealth credit cards can be used for cash withdrawals, including details of any additional approval and reporting requirements*
* *when different types of Commonwealth credit cards and credit vouchers can 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 Commonwealth credit card or credit voucher (e.g. whether a contractor can use a Commonwealth credit card or credit voucher)*
* *the transaction limits for different types of Commonwealth 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 possession and their responsibilities in relation to the credit card*
* *how and when reconciliations against credit card or credit voucher statements occur*
* *the documentation required to confirm use of Commonwealth 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 credit card or voucher holder (e.g. approval of their own travel expenses)*
* *how Commonwealth 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 Commonwealth credit cards and credit vouchers when they are no longer required.*

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

*Additional instructions could cover:*

* *when and how card and voucher holder delegations and credit limits are reviewed*
* *a requirement to ensure that appropriate documentation and acquittal occurs*
* *a requirement to ensure that officials are not exceeding transaction limits.*

#### Instructions – officials authorised to issue Commonwealth credit cards

*Additional instructions could cover:*

* *who can be issued a Commonwealth credit card or credit voucher, including a Cabcharge card or voucher (e.g. officials only)*
* *whether other persons, such as contractors, may be issued Commonwealth credit cards or credit vouchers, the circumstances under which 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 Commonwealth credit card sign the relevant agreement and acknowledgement form*
* *maintaining a register of Commonwealth credit cards and credit vouchers issued to officials, including the card or voucher holder’s details*
* *the process for periodically reviewing entity credit card and credit voucher custody and use.*

#### Instructions – officials with a delegation to enter into borrowing agreements for Commonwealth credit cards and credit vouchers

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| When entering into a borrowing agreement for the issue to, and use by, the Commonwealth entity of credit cards or credit vouchers, you must:* have a valid delegation to enter into borrowing agreements
* ensure that the requirements in the instructions [Procurement, grants and other commitments and arrangements](#_ACCOUNTS_AND_RECORDS) have been met
* ensure that the procurement of the credit card and/or credit voucher services is in accordance with the [Procurement](#_Procurement_1) instructions and the Commonwealth Procurement Rules.

You must:* comply with Finance Minister directions in the delegation of the power in section 56 or any directions in the delegation from your accountable authority
* ensure that the borrowing agreement requires the money borrowed to be repaid within 90 days of the Commonwealth being notified of the amount borrowed.
 |

*Additional instructions could cover:*

* *who is responsible for entering into borrowing agreements for Commonwealth credit cards and credit vouchers*
* *the types of Commonwealth credit cards and credit vouchers that a delegate may enter into agreements for*
* *any limits that apply to the number of borrowing agreements that a delegate may enter into*
* *if loyalty programs (e.g. frequent flyer programs) must be excluded from borrowing agreements.*

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| **Legislative requirements** | PGPA Act: ss. 15 and 16, s. 23, ss. 25 to 29, s. 56 |
| **Guidance** | [Resource Management Guide No. 416: Facilitating supplier payment through payment card](http://www.finance.gov.au/publications/rmgs/credit-card-policy.html)[Resource Management Guide No. 418: Payment terms for Australian Government travel arrangements – card services](https://www.finance.gov.au/publications/resource-management-guides-rmgs/payment-terms-australian-government-travel-arrangements-card-services-rmg-418) |
| **Related AAIs** | [Risk management](#_Risk_management)[Fraud control](#_Fraud_control)[Disclosure of interests](#_Disclosure_of_interests)[Procurement, grants and other commitments and arrangements](#_ACCOUNTS_AND_RECORDS)[Agreements with banks and bank accounts](#_Agreements_with_banks_1) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

## Requests for discretionary financial assistance

This section provides instructions on the discretionary compensation mechanisms that the Commonwealth can use to provide assistance to individuals or other bodies who otherwise have no entitlement to a payment or other financial relief (e.g. through the settlement of claims under the *Legal Services Directions 2005*, or the payment of compensation in accordance with a statutory entitlement). Discretionary compensation mechanisms include:

* the Scheme for Compensation for Detriment caused by Defective Administration (CDDA Scheme)
* act of grace payments.

A decision under these mechanisms is at the discretion of the decision-maker.

### Scheme for Compensation for Detriment caused by Defective Administration

Accountable authorities (other than the departments of the Parliament) may compensate individuals or other bodies who:

* have experienced detriment (i.e. quantifiable financial loss) as a result of an entity’s defective administration
* have no other avenues of redress.

Ministers are responsible for making CDDA Scheme decisions; however, they may authorise accountable authorities, who in turn authorise officials, to approve CDDA Scheme payments.

#### Instructions – all officials

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| You must refer claims for compensation arising from defective administration to[the relevant minister or a person authorised by a minister] to decide such claims.If a CDDA Scheme payment has been approved by [a minister, or a person authorised by a minister], the official must ensure, before making the payment, that:* there is an available appropriation for the payment
* the minister has approved the payment under section 71 of the PGPA Act
* a record of the approval is kept in accordance with section 18 of the PGPA Rule (see [Procurement, grants and other commitments and arrangements](#_ACCOUNTS_AND_RECORDS)).
 |

*Additional instructions could cover:*

* *who within the entity has the authority to approve CDDA Scheme payments*
* *how to determine that the CDDA Scheme payment would be a proper use of public resources*
* *what constitutes ‘defective administration’ for the purposes of the CDDA Scheme, consistent with* [Resource Management Guide No. 409](https://www.finance.gov.au/publications/resource-management-guides-rmgs/scheme-compensation-detriment-caused-defective-administration-rmg-409)
* *circumstances that may require an application to be treated as a request for an act of grace payment (e.g. where the claim relates to issues other than purely administrative issues), consistent with* [Resource Management Guide No. 401,](https://www.finance.gov.au/publications/resource-management-guides-rmgs/requests-discretionary-financial-assistance-under-public-governance-performance-accountability-act-2013-rmg-401) *instead of an application under the CDDA Scheme*
* *the information to be provided by an applicant, and the form of an application*
* *the information to be provided in a proposal to support a decision to approve a CDDA Scheme payment*
* *what meets the requirements of detriment and the evidence required to support the case for detriment (note that an amount owing to the Commonwealth cannot be detriment)*
* *when detriment is likely to have been caused by defective administration*
* *how authorised officials are to assess the level of compensation, consistent with* [Resource Management Guide No. 401](https://www.finance.gov.au/publications/resource-management-guides-rmgs/requests-discretionary-financial-assistance-under-public-governance-performance-accountability-act-2013-rmg-401)
* *whether legal advice is required prior to proposing a CDDA Scheme payment*
* *ensuring CDDA Scheme decisions are rational, defensible and evidence-based, and that applicants are afforded procedural fairness*
* *implementing and documenting a decision relating to a CDDA Scheme claim*
* *whether conditions need to be imposed in relation to an offer of a payment under* the *CDDA Scheme (e.g. a deed of release)*
* *what appropriation CDDA Scheme payments must be paid from*
* *maintaining a register of all claims approved and paid out*
* *the information to be provided to a minister to meet the requirements of* section 71 *of the PGPA Act*
* *ensuring that all amounts paid under the CDDA Scheme are reported in accordance with the* [Public Governance, Performance and Accountability (Financial Reporting) Rule 2015](https://www.legislation.gov.au/Series/F2015L00131)
* *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** | [Constitution](https://www.legislation.gov.au/Series/C2004Q00685)*:* s. 61PGPA Act: s. 16, s. 21, s. 23, s. 25 s. 52, s. 71PGPA Rule: s. 18[PGPA Financial Reporting Rule](http://www.finance.gov.au/resource-management/pgpa-rule/) |
| **Guidance** | [Resource Management Guide No. 401: Requests for discretionary financial assistance under the Public Governance, Performance and Accountability Act 2013](https://www.finance.gov.au/publications/resource-management-guides-rmgs/requests-discretionary-financial-assistance-under-public-governance-performance-accountability-act-2013-rmg-401)[Resource Management Guide No. 409: Scheme for Compensation for Detriment caused by Defective Administration](https://www.finance.gov.au/publications/resource-management-guides-rmgs/scheme-compensation-detriment-caused-defective-administration-rmg-409) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

### Act of grace payments

The Finance Minister may authorise the making of one-off or periodic act of grace payments under section 65 of the PGPA Act. This power has been delegated with directions to the Finance Secretary and delegates within Finance.

If the Finance Minister or a delegate authorises ongoing act of grace payments or an act of grace payment that is subject to agreed conditions, the accountable authority of the relevant non‑corporate Commonwealth entity will derive authority to enter into an arrangement under section 23 of the PGPA Act.

Act of grace payments may be authorised in special circumstances, where a non-corporate Commonwealth entity’s conduct or Commonwealth legislation or policy has resulted in an unintended, inequitable, anomalous or otherwise unacceptable impact on the claimant’s circumstances – subject to some additional requirements for amounts in excess of $500,000 (see section 24 of the PGPA Rule). Act of grace payments are made in circumstances where the main obligation to the applicant is moral, rather than legal.

#### Instructions– all officials

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| You must not authorise an act of grace payment.You must ensure that all requests for act of grace payments are referred to the Discretionary Payments Team within the Department of Finance.You must ensure, when making the act of grace payment authorised by the Finance Minister or a delegate, that the payment is consistent with the decision.**[In those circumstance where there is an arrangement]**Where an act of grace payment involves either ongoing payments or is subject to agreed conditions, you must ensure, before entering into the arrangement, that:* you have been delegated the authority to enter into the arrangement under section 23 of the PGPA Act
* the requirements for section 18 of the PGPA Rule have been met (see [Procurement, grants and other commitments and arrangements](#_ACCOUNTS_AND_RECORDS)).

Before making an act of grace payment under an arrangement, you must ensure that:* you have been delegated the authority, or authorised by a delegate, to administer the arrangement under section 23 of the PGPA Act
* the requirements of the arrangement have been met
* the act of grace payment is supported by an appropriation.
 |

*Additional instructions could cover:*

* *how to demonstrate that an arrangement would be a proper use of public resources*
* *who is responsible for coordinating requests for act of grace payments and referring them to Finance*
* *preparing the relevant documentation to be forwarded to the Department of Finance in relation to an application for an act of grace payment*
* *what information is required to support an application, and the form of the application*
* *implementing a decision of the Finance Minister or a delegate to approve an act of grace payment*
* *how conditions are to be imposed, if conditions are attached to any authorised act of grace payment*
* *maintaining a register of all applications approved and paid out*
* *reporting act of grace payments in accordance with the* [Public Governance, Performance and Accountability (Financial Reporting) Rule 2015](http://www.finance.gov.au/resource-management/reporting-accounting/financial-reporting/)*.*

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| **Legislative requirements** | PGPA Act: s. 16, s. 21, s. 23, s. 25, s. 26, s 52, s. 65PGPA Rule: s. 18, s. 24[PGPA Financial Reporting Rule](http://www.finance.gov.au/resource-management/pgpa-rule/) |
| **Guidance** | [Resource Management Guide No. 401: Requests for discretionary financial assistance under the Public Governance, Performance and Accountability Act 2013](https://www.finance.gov.au/publications/resource-management-guides-rmgs/requests-discretionary-financial-assistance-under-public-governance-performance-accountability-act-2013-rmg-401) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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 delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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:

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

Relevant money is money that the Commonwealth 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
* money held on trust by the Commonwealth (for the benefit of persons outside the Commonwealth)
* money found on Commonwealth premises.

Relevant money does not include other Consolidated Revenue Fund (CRF) money (see [Arrangements for other CRF money](#_PREVENTING_FRAUD)).

## Agreements with banks and managing bank accounts

This section provides instructions for officials with a delegation to:

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

The Finance Minister has delegated the power in section 53 of the PGPA Act to accountable authorities to enter into transactional banking agreements on behalf of the Commonwealth, and to open and maintain bank accounts. Accountable authorities may delegate this power to officials.

#### Instructions – all officials

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| You must not:* enter into an agreement with a bank for banking business services; or
* open, maintain or close an entity bank account

unless you have been delegated the power to do so under [section 53](http://www.finance.gov.au/resource-management/pgpa-act/53/) of the PGPA Act. |

### Agreements with banks

#### Instructions – officials with a delegation 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 delegation 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 (under section 23 of the PGPA Act) in relation to an agreement for banking business services.*

### Managing bank accounts

#### Instructions – officials with a delegation 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 delegation 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 Commonwealth 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.*

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| **Legislative requirements** | PGPA Act: s. 53, s. 55PGPA Rule: s. 19, s. 20, s. 21 |
| **Guidance** | [Committing relevant money](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/entering-arrangements-committing-relevant-money)[Resource Management Guide No. 300: Banking of relevant money by Commonwealth entities](https://www.finance.gov.au/publications/resource-management-guides-rmgs/banking-relevant-money-received-ministers-officials-rmg-300)[Resource Management Guide No. 413: Banking of cash by non-corporate Commonwealth entities](https://www.finance.gov.au/government/managing-commonwealth-resources/banking-cash-commonwealth-entities-rmg-413) |
| **Related AAIs** | [Receiving and handling money](#_Receiving_and_handling)[Cash advances (including petty cash and change floats)](#_LOSS_OF_RELEVANT) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

## 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 Commonwealth. A person’s liability to pay such a debt is not avoided if they stop working for the entity. For further information on the management of debt, see [Managing debts and amounts owing to the Commonwealth](#_ARRANGEMENTS_RELATING_TO).

#### Instructions – all officials

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| If you receive relevant money, you must ensure the safe custody of the money.You must not misuse or improperly dispose of relevant money.If a loss of relevant money occurs while the money is in your custody, you will be liable to pay the Commonwealth an amount equal to the loss, unless you took reasonable steps to prevent the loss (see section 68 of the PGPA Act).If you cause or contribute to a loss of public money by misconduct, or a deliberate or serious disregard for reasonable standards of care, you will be liable to pay the Commonwealth an amount that reflects your share of the responsibility for the loss (see section 69 of the PGPA Act).If you are entering into an arrangement with a person outside the Commonwealth or a Commonwealth entity to handle other CRF money, you must comply with the instructions in [Arrangements for other CRF money](#_PREVENTING_FRAUD). |

*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 Commonwealth*
* *the handling of cheques (e.g. crossing them ‘non-negotiable’)*
* *the handling of money found on the entity’s premises (this money generally should be treated as administered revenue and remitted to the Official Public Account, as per the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015)*
* *the recordkeeping and reporting requirements that relate to the receipt of relevant money.*

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

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| If you receive relevant money that is bankable money, then unless specified in 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 an entity bank account, unless the money is to be retained as cash for the purposes of making payments in relation to the Commonwealth entity in accordance with any requirements in these instructions. |

*Additional instructions could cover:*

* *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 in relation to a Commonwealth entity.*

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

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| If you receive relevant money that is unbankable money, you must deal with it in accordance with any requirements prescribed in these instructions. |

*Additional instructions could cover:*

* *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.*

#### Instructions – officials responsible for reporting on the loss of relevant money

*Additional instructions could cover:*

* *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 delegate to pursue recovery of a debt, where applicable*
* *the recordkeeping and reporting requirements that relate to a loss of relevant money.*

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| **Legislative requirements** | PGPA Act: s. 26, s. 53, s. 55, s. 68, s.69, s. 70, s. 74, s. 74A, s. 78, s. 80PGPA Rule: s. 19, s. 20, s. 21, s. 27 |
| **Guidance** | [Committing relevant money](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/entering-arrangements-committing-relevant-money)[Resource Management Guide No. 300: Banking of relevant money by Commonwealth entities](https://www.finance.gov.au/publications/resource-management-guides-rmgs/banking-relevant-money-received-ministers-officials-rmg-300)[Resource Management Guide No. 413: Banking of cash by non-corporate Commonwealth entities](https://www.finance.gov.au/government/managing-commonwealth-resources/banking-cash-commonwealth-entities-rmg-413) |
| **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)[Arrangements for other CRF money](#_PREVENTING_FRAUD) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

## Cash advances (including petty cash and change floats)

This section provides instructions on cash advances, including petty cash and change floats. 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 a specific official to make payments in cash. It also includes money received for the purposes of reimbursing the petty cash or change float.

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

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| You may receive an amount withdrawn from an entity bank account to establish or replenish a cash advance approved by [your accountable authority] (or their delegate).You are responsible for the cash advance and must take reasonable steps to safeguard the money from loss.You must:* 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.

If you enter into an arrangement in relation to a cash advance, you must be delegated the power to do so under section 23 of the PGPA Act.If you authorise a proposed commitment of relevant money that will result in a payment of the cash advance, you must be delegated the power or authorised to do so under section 23 of the PGPA Act. |

*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).*

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| **Legislative requirements** | PGPA Act: s. *23* |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Accounts, records and non-financial performance information](#_Accounts,_records_and)[Approving commitments of relevant money](#_APPROVING_SPENDING_PROPOSALS)[Entering into and administering arrangements](#_Entering_into_and) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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 and borrowings

This section provides instructions on investing and borrowing relevant money. As a general rule, relevant money managed by the Commonwealth cannot be invested by an entity.

### Investments

The Finance Minister and Treasurer have delegated limited powers to a limited number of accountable authorities to invest relevant money in authorised investments on behalf of the Commonwealth (see section 58 of the PGPA Act). Accountable authorities can sub-delegate this authority. The investments that are authorised under section 58 are limited to a specific list of conservative investments outlined in section 22 of the PGPA Rule.

#### Instructions – officials with a delegation to invest relevant money

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| You must not invest relevant money on behalf of the Commonwealth unless you have been delegated the authority to do so by the Finance Minister or Treasurer under section 58 of the PGPA Act.When investing relevant money, you must comply with any directions in relation to the delegation from [your accountable authority].You must:* ensure that relevant money is only invested in authorised investments (section 22 of the PGPA Rule)
* ensure that the proceeds of an investment debited from a special account are, upon realisation, credited to that special account.

When investing relevant money from a special account, you must ensure that the investment is consistent with the purposes of that special account.When investing relevant money that is trust money, you must ensure that the investment is consistent with the terms of the trust.Prior to an investment maturing, you may authorise the reinvestment of the proceeds, upon maturity, in an authorised investment with the same entity.You must take all reasonable steps to obtain the maximum return available on authorised investments.Prior to making an investment or authorising a reinvestment that involves an amount of $15 million or more, you must provide details of the proposed investment or reinvestment to the Australian Office of Financial Management. |

*Additional instructions could cover:*

* *the processes delegates must follow to invest relevant money*
* *the appropriations (e.g. special accounts) that an investment can be debited from*
* *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*
* *the recordkeeping and reporting requirements for investments, including obligations to report investments 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)
* *[for Australian Office of Financial Management and Future Fund] details of approved investment activities (*[section 58](http://www.finance.gov.au/resource-management/pgpa-act/58/) *of the PGPA Act does not apply to these entities)*
* *[for Australian Office of Financial Management] the need for delegates to comply with the directions in relation to the delegation from the Treasurer.*

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| * *Legislative requirements*
 | *PGPA Act:* s. 58PGPA Rule: s. 22 |
| * *Guidance*
 | [Resource Management Guide No. 301: Investment by Commonwealth entities](https://www.finance.gov.au/publications/resource-management-guides-rmgs/investment-commonwealth-entities-rmg-301) |
| * *Related AAIs*
 | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Accounts, records and non-financial performance information](#_Accounts,_records_and) |
| * *Internal delegations*
 | *Where relevant, add link to your accountable authority’s delegations* |
| * *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

The Finance Minister has delegated to accountable authorities, under section 56 of the PGPA Act, very limited powers to enter into borrowing agreements for Commonwealth credit card or credit voucher services (see [Commonwealth credit cards and credit vouchers](#_Commonwealth_credit_cards)).

#### Instructions – officials with a delegation to enter into borrowing agreements for credit card or credit voucher services

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| You must not enter into a borrowing agreement on behalf of the Commonwealth unless you have been delegated the authority to do so under section 56 of the PGPA Act.You may only enter into a borrowing agreement for a credit card or credit voucher to be issued to, and used by, officials of [your entity] on behalf of the Commonwealth.When entering into a borrowing agreement, you must comply with the instructions on [Commonwealth credit cards and credit vouchers](#_Commonwealth_credit_cards). |

*Additional instructions could cover:*

* *the requirements that apply for entering into borrowing agreements, including who has the authority to enter into such agreements.*

#### Instructions – Department of Foreign Affairs and Trade officials with a delegation to enter into borrowing agreements for overdraft facilities

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| You may enter into agreements for the provision of overdraft facilities with overseas banks, provided the agreements require the money to be repaid within 90 days.When entering into an agreement for the provision of overdraft facilities with an overseas bank, you must comply with the directions in the delegation from the Finance Minister or any directions in relation to the delegation from [your accountable authority].You must ensure that any agreement is for a maximum amount of $1 million, with the sum of all agreements not totalling more than $10 million.You must ensure that the overdraft facility is only accessed in situations where funds cannot be transferred from Australia in time for a specific payment.When an agreement for overdraft facilities provides for the charging of fees by the bank, you must ensure that:* the account incurs only the bank’s standard fees and charges
* arrangements are put in place to debit any fees and charges to a departmental appropriation for the entity.

You must, at least annually, review all of [your entity’s] overdraft facilities and be satisfied of the continuing need for those facilities.You must ensure that any use of the delegation is reported to Finance within one week of the use. |

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| **Legislative requirements** | PGPA Act: s. 56 |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Accounts, records and non-financial performance information](#_Accounts,_records_and)[Commonwealth credit cards and credit vouchers](#_Commonwealth_credit_cards) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

## Using special accounts

This section provides instructions on the use and management of special accounts.

Special accounts are an appropriation mechanism to draw money from the Consolidated Revenue Fund for particular purposes. They are not bank accounts. Special accounts can be established by a determination made by the Finance Minister (see section 78 of the PGPA Act), or by another Act (see section 80 of the PGPA Act).

How money can be credited to, or debited from, a special account will depend on the purpose of the special account set out in the Finance Minister’s determination or the Act that establishes the special account.

#### Instructions – officials involved with the use and management of 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.You must ensure that amounts are only debited from a special account in accordance with the purposes for which the account was established.You must not use money from a special account to make a payment unless you are authorised to do so. Before making a payment, you must ensure that the balance of the special account is sufficient to cover the proposed payment (see [Making payments of relevant money](#_DRAWING_RIGHTS)).Moneys allocated to a special account must not be invested or earn interest, unless the authority to invest such moneys has been provided by the Finance Minister under [section 58](http://www.finance.gov.au/resource-management/pgpa-act/58/) of the PGPA Act.You must consult with Finance prior to establishing a special account. |

*Additional instructions could cover:*

* *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 special accounts, 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)*.*

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| **Legislative requirements** | PGPA Act: s. 78, s. 79, s. 80[PGPA Financial Reporting Rule](https://www.legislation.gov.au/Series/F2015L00131) |
| **Guidance** | [Resource Management Guidance No. 100: Guide to Appropriations](https://www.finance.gov.au/publications/resource-management-guides/guide-appropriations-rmg-100#-part-5-special-accounts-) |
| **Related AAIs** | [Making payments of relevant money](#_Making_payments_1)[Investments and borrowings](#_Investments_and_borrowings_1) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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 provides instructions on:

* charging for regulatory, resource and commercial activities in line with the Australian Government Charging Framework
* portfolio charging reviews.

These instructions do not cover intra- or inter-government charges, fines, penalties, general taxation, or [Freedom of Information Act 1982](https://www.legislation.gov.au/Series/C2004A02562) charges.

The Australian Government Charging Framework:

* helps determine whether it is appropriate to charge for a government activity
* encourages a common approach to planning, implementing and reviewing charging activities
* indicates how to classify each charging activity and the best policy, legislative and pricing approach for each activity
* incorporates and builds on the Australian Government Cost Recovery Guidelines, which apply to regulatory charging activities.

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

* the cost of administering a charging activity needs to be proportional to the revenue generated from the activity
* where the charging activity is provided to government and non-government stakeholders, charges need to be set on the same basis
* different pricing models can be used, depending on the specific charging activity being undertaken (more than one pricing model can be used for different aspects of an activity).

Undertaking a charging activity includes planning, developing, managing and reviewing a charging activity.

A key element of undertaking a charging activity is to identify and engage 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 – all officials

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| When planning, developing, managing and reviewing a charging activity, you must apply the Australian Government Charging Framework. Specifically, you must:* take account of the charging policy statement and charging considerations
* apply the six charging principles.

For each charging activity, you must consider:* whether policy approval is required from the Australian Government
* what statutory authority is required
* whether there is a need to align expenses and revenue
* maintaining appropriate up-to-date records, including the level of publicly available documentation and reporting.

You must provide information on existing or potential charging activities for the portfolio charging review. |

*Additional instructions could cover:*

* + *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 delegation*
	+ *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 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*
	+ *the process for providing input to a portfolio charging review*
	+ *whether there is internal guidance that officials need to follow when planning, developing, managing and reviewing charging activities.*

#### Instructions – officials undertaking regulatory charging activities

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| For each regulatory charging activity, you must:* have policy approval from the Australian Government to recover costs
* have statutory authority to charge
* ensure alignment between expenses and revenue
* maintain up-to-date, publicly available documentation and reporting, specifically:
	+ a cost recovery implementation statement must be completed, approved and published in line with the Australian Government Charging Framework for all regulatory charging activities, regardless of value, before charges commence
	+ regulatory charging expenses and revenue must be reported
		- at an aggregate level in the [your entity’s] financial statements, in accordance with the financial reporting rule
		- at the activity level on [your entity’s] website as part of the cost recovery implementation statement.

When developing or revising a regulatory charging activity, you must undertake a risk assessment. If a new policy proposal is being brought forward, the risk rating in the charging risk assessment must be agreed with the Department of Finance. |

*Additional instructions could cover:*

* + *how and when to update a cost recovery implementation statement, including relevant approvals*
	+ *when to undertake a charging risk assessment.*

### Portfolio charging review

Departments of state must conduct a review of existing and potential charging activities at least every five years, in accordance with the published schedule of portfolio charging reviews or at other times agreed by the Finance Minister.

The portfolio charging review is an opportunity to assess, compare and evaluate the performance of existing charging activities across the portfolio, including stakeholder engagement. The outcome of the review may include recommendations that existing charging activities be discontinued or amended or identify potential new charging activities.

The report must be submitted to the relevant minister and copied to the Finance Minister, in time for policy proposals to implement recommendations, if any, to be brought forward in the Budget.

#### Instructions – department of state officials involved in conducting a portfolio charging review

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| You must conduct a review of charging activities across the portfolio in accordance with the published [schedule of portfolio charging reviews.](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework)The review report must be submitted to [the responsible minister] and a copy provided to the Finance Minister. |

*Additional instructions could cover:*

* *how to coordinate a review of charging activities within the portfolio*
* *how to structure the review report*
* *the timelines for preparation of the review report, allowing enough time to coordinate the review across all portfolio entities and for the responsible minister and the Finance Minister to consider the review report in the context of the relevant federal budget*
* *how and when to engage with portfolio entities and other stakeholders, including the Department of Finance*
* *the consultation and approval process for the review report*
* *relevant budget guidance on charging*
* *guidance to entities on maintaining relevant financial and non-financial charging data required for the portfolio charging review.*

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| **Guidance** | [Resource Management Guide No. 302: Australian Government Charging Framework](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework)[Resource Management Guide No. 304: Australian Government Cost Recovery Guidelines](https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-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 delegations** | *Where relevant, add link to your accountable authority’s delegations and/or internal charging policy* |
| **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 Commonwealth

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

* Debt management recovery and non-recovery (write-off)
* waiver of amounts owing to the Commonwealth
* payment by instalments or deferral of the time for payment.

A debt is an amount owing to the Commonwealth that is known (or capable of being objectively determined) and is not disputed, due for payment now, and capable of being recovered in an action for debt (e.g. an official who is overpaid salary, or a person who has been overpaid a social security payment, may owe a debt to the Commonwealth).

An amount owing to the Commonwealth includes all debts owed to the Commonwealth, as well as amounts that are not yet due for payment (e.g. an invoice has been issued but payment is not due until the following month).

It is important that you can identify and distinguish between a debt and an amount owing. In relation to amounts owing to the Commonwealth, the general principle is that such amounts need to be paid in full immediately when they become due. However, in certain circumstances it may be appropriate to defer the time for payment, allow payment by instalments, waive the amount owing to the Commonwealth, or set off the amount owing to the Commonwealth in accordance with sections 63 and 64 of the PGPA Act.

The Finance Minister has delegated the power in section 63 *of the PGPA* Act to waive amounts owing to the Commonwealth or modify the terms and conditions on which an amount owing to the Commonwealth is to be paid (see [Waiver of amounts owing to the Commonwealth](#_WAIVER_OF_AMOUNTS)).

## Debt management (recovery and write-off)

This section provides instructions on the recovery and non-recovery (write-off) of debts. Accountable authorities are required to recover all debts for which they are responsible in accordance with the proper use and management of public resources (section 15of the PGPA Act) and section 11 of the PGPA Rule, unless:

* the debt has been written off as authorised by an Act
* they consider that the debt is not legally recoverable or
* recovery is not economical to pursue.

An accountable authority may delegate to officials their authority in section 11of the PGPA Rule to approve the non-recovery (write-off) of a debt.

A decision to write off a debt does not legally extinguish the debt. For example, if the debtor’s circumstances change in the future, the debt can be reinstated and pursued. The only way to legally extinguish a debt or other amount owing to the Commonwealth is for the Finance Minister (or delegate) to waive the amount owing under section 63 of the PGPA Act (see [Waiver of amounts owing to the Commonwealth](#_WAIVER_OF_AMOUNTS)).

#### Instructions – officials with a delegation to pursue debt recovery

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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 or Commonwealth entity.You must pursue recovery of each debt for which your accountable authority is responsible, except debts that are:* written off as authorised by an Act
* not legally recoverable; or
* not economical to pursue.
 |

*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.*

#### Instructions – all officials

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| You must ensure that a decision not to pursue the recovery of a debt is approved by your accountable authority or a delegate under section 11 of the PGPA Rule. |

*Additional instructions could cover:*

* *who has the authority to decide not to pursue recovery of a debt*
* *what needs to be included in a proposal to support a delegate’s decision not to pursue the recovery of a debt.*

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

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| You 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, s. 103(c)PGPA Rule: s. 11 |
| **Guidance** | [Resource Management Guide No. 401: Requests for discretionary financial assistance under the Public Governance, Performance and Accountability Act 2013](http://www.finance.gov.au/sites/default/files/rmg-401-requests-for-discretionary-financial-assistance-under-pgpa-act.pdf) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Requests_for_discretionary) [Waiver of amounts owing to the Commonwealth](#_WAIVER_OF_AMOUNTS)[Payment by instalments or deferral of the time for payment](#_PAYMENT_BY_INSTALMENTS_1) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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 the Commonwealth

A waiver is a special concession granted to an individual or other body that extinguishes a debt or other amount owing to the Commonwealth. 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). Waivers are a last resort in circumstances where the recovery of the debt would be inequitable or cause ongoing financial hardship.

The Finance Minister may waive an amount owing to the Commonwealth under section 63 of the PGPA Act (subject to some additional requirements for large amounts; see section 24 of the PGPA Rule). The Finance Minister has also delegated this power to the Secretary of Finance, and to the accountable authority of the Australian Securities and Investments Commission for use in limited circumstances.

#### Instructions – all officials

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| You must not approve the waiver of an amount owing under the PGPA Act unless you are delegated the power to waive the amount owing under section 63of the PGPA Act.You must ensure that all requests for waiver of a debt are referred to the Finance Minister. |

*Additional instructions could cover:*

* *who is responsible for coordinating requests for waiver of debts*
* *preparing the relevant documentation to be forwarded to Finance in relation to an application for debt waiver*
* *implementing and documenting a waiver decision*
* *the requirement to report waived debts in accordance with the* [Public Governance, Performance and Accountability (Financial Reporting) Rule 2015](https://www.legislation.gov.au/Series/F2015L00131)*.*

#### Instructions – all officials of Finance and the Australian Securities and Investments Commission

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| A decision to waive an amount owing to the Commonwealth must be made in accordance with the duties of accountable authorities, in particular under sections 15 and 21 of the PGPA Act.You must refer requests for waiver of an amount owing to your accountable authority or a delegate with the power to waive the amount owing under section 63 of the PGPA Act. |

*Additional instructions could cover:*

* *who has the authority to waive an amount owing within the entity, including circumstances where it is appropriate*
* *preparing relevant documentation to be forwarded to the Discretionary Payments Section in the Department of Finance, or relevant area in the Australian Securities and Investments Commission, in relation to an application for waiver (where the waiver is beyond the scope of the power delegated to the entity’s accountable authority)*
* *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](https://www.legislation.gov.au/Series/F2015L00131)*.*

#### Instructions – officials with a delegation to waive amounts owing

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| When waiving an amount owing under the PGPA Act, you must comply with the directions in the delegation from the Finance Minister or any directions in the sub-delegation from your accountable authority.The waiver may be conditional as modified by the Finance Minister or 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*
* *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. *21*, s. [63](http://www.finance.gov.au/resource-management/pgpa-act/63/), s. 64, s. 65, s. 103PGPA Rule: s. 11, s. 24[Public Governance, Performance and Accountability (Financial Reporting) Rule 2015](https://www.legislation.gov.au/Series/F2015L00131) |
| **Guidance** | [Resource Management Guide No. 401: Requests for discretionary financial assistance under the Public Governance, Performance and Accountability Act 2013](http://www.finance.gov.au/resource-management/discretionary-financial-assistance/act-of-grace-mechanism/information-for-entity-staff/) |
| **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 delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

## Payment by instalments or deferral of the time for payment

This section provides instructions on permitting payment by instalments or deferral of the time for payment. Amounts owing to the Commonwealth are generally required to be paid in full immediately when they become due. However, there may be circumstances that warrant allowing a payment to be made by instalments, or deferring the time for payment.

The Finance Minister has delegated the power in section 63 of the PGPA Act to all accountable authorities to modify the terms and conditions on which an amount owing to the Commonwealth is to be paid. Accountable authorities may sub-delegate this power to officials in their entity.

#### Instructions – all officials

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| You must refer requests to:* allow the payment by instalments of an amount owing to the Commonwealth; or
* defer the time for payment of an amount owing to the Commonwealth

to your accountable authority or a delegate with the relevant power under section 63 of the PGPA Act. |

*Additional instructions could cover:*

* *who has the authority to allow payment by instalments or defer the time for payment of an amount owing to the Commonwealth*
* *what needs to be included in a proposal to support a delegate’s decision to allow payment by instalments or defer the time for payment of an amount owing*
* *the requirement that decisions be made with regard to the duties of an accountable authority, in particular the duties in sections* [*15*](http://www.finance.gov.au/resource-management/pgpa-act/15) *and* [*21*](http://www.finance.gov.au/resource-management/pgpa-act/21) *of the PGPA Act.*

#### Instructions – officials with a delegation to allow payment by instalments or defer the time for payment

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| When allowing payment by instalments or deferring the time for payment of an amount owing to the Commonwealth, you must comply with the directions in the delegation from the Finance Minister or any directions in the sub-delegation from your accountable authority.**Cases of hardship**When considering cases of claimed hardship, you must require that the debtor provide sufficient evidence to satisfy you that it would be unreasonable to require repayment of the amount owing other than by instalments or at a deferred date. You must also have regard to the Commonwealth’s interests not being subordinate to other creditors of the same ranking.**Instalments**When authorising payment by instalments, you must impose conditions to ensure recovery of the amount owing as soon as reasonably practicable, having regard to the debtor’s ability to pay.**Interest**When authorising payment by instalments or deferring the time for payment, you must impose interest on the amount owing at the 90-day bank-accepted bill rate (available from the Reserve Bank of Australia). However, if this would cause undue financial hardship, you may impose a lesser rate of interest, or no interest, provided you record in writing your reasons for doing so.**Information to be given to debtor**When authorising payment by instalments or deferring the time for payment, you must inform the debtor in writing of:* the amount owing to the Commonwealth
* the date(s) when payment is due
* the interest rate (if any)
* any other matter you consider relevant
* the conditions of acceptance contained in the delegation from the Finance Minister.

You must also obtain written confirmation from the debtor that they accept all of the matters listed above. |

*Additional instructions could cover:*

* *the type of evidence required for a delegate to make a decision in cases of claimed hardship*
* *how a decision is made as to whether the Commonwealth’s interests are or are not being made subordinate to other creditors (e.g. a delegate may not allow payment by instalments or defer the time for payment simply because the debtor owes someone else money and wants to pay them first)*
* *the types of conditions a delegate must impose on a debtor when allowing payment by instalments*
* *the recordkeeping and reporting requirements relating to a delegate’s decision to allow payment by instalments or defer the time for payment.*

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| **Legislative requirements** | PGPA Act: s. 15, s. 21, s. [63](http://www.finance.gov.au/resource-management/pgpa-act/63/), s. 103PGPA Rule: *s. 11* |
| **Guidance** | [Resource Management Guide No. 401: Requests for discretionary financial assistance under the Public Governance, Performance and Accountability Act 2013](https://www.finance.gov.au/publications/resource-management-guides-rmgs/requests-discretionary-financial-assistance-under-public-governance-performance-accountability-act-2013-rmg-401) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Debt management (recovery and write-off)](#_RECOVERY_OF_DEBTS) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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 the proper use and management of relevant property, including acquisition, custody, use, loss and disposal.

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
* 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.

## Acquiring property (including receiving gifts and benefits)

This section provides instructions on:

* procuring relevant property (by lease or purchase)
* finding property on Commonwealth entity premises
* receiving gifts or donations

Acquisition of property under specific legislation, such as the acquisition of any interest in real property under the [Lands Acquisition Act 1989](https://www.legislation.gov.au/Series/C2004A03763), is subject to the provisions of the specific legislation.

### Procuring property

#### Instructions – officials responsible for procuring 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 Australian Government policy.
* comply with the requirements of section 18 of the PGPA Rule when approving proposed commitments of relevant money (see [Procurement, grants and other commitments and arrangements](#_ACCOUNTS_AND_RECORDS))
* act in accordance with the Commonwealth Procurement Rules, if relevant (see [Procurement](#_Procurement_1)).
 |

*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 delegations under the PGPA Act*
* *how to ensure that procuring the relevant property would be a proper use of public resources.*

### Finding property on Commonwealth entity premises

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

#### Instructions – officials who find property on Commonwealth entity premises

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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.You must not misuse or improperly dispose of any found property (see [Disposing of property found on Commonwealth entity premises](#_Disposing_of_property_1)). |

*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.*

### 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, s. 23, s. 52PGPA Rule: *s.* 18[Lands Acquisition Act 1989](https://www.legislation.gov.au/Series/C2004A03763)[Commonwealth Procurement Rules](https://www.finance.gov.au/procurement/procurement-policy-and-guidance/commonwealth-procurement-rules/) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests) [Procurement, grants and other commitments and arrangements](#_ACCOUNTS_AND_RECORDS) [Disposing of property found on Commonwealth entity premises](#_Disposing_of_property_1) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

## Custody, use and management of 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
* accountable forms
* bonds, debentures and other securities
* shares in a company.

#### Instructions – all officials

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| You must not misuse or improperly dispose of relevant property.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.You may only use relevant property for official purposes, unless permission for private use has been given. |

*Additional instructions could cover:*

* *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*
* *recordkeeping and reporting requirements relating to the use of relevant property*
* *maintaining an asset register (including who is responsible)*
* *who is responsible for preparing and approving a property management plan (in relation to real property) for the entity*
* *a requirement to collect and provide specific data relating to real property to the Department of Finance*
* *a requirement that officials who are involved in managing real property familiarise themselves and comply with the* [Commonwealth Property Management Framework](https://www.finance.gov.au/government/property-construction/commonwealth-property-management-framework)*, issued by the Department of Finance.*

### Use of Commonwealth entity vehicles

Most Commonwealth entities have vehicles that are owned or leased by the Commonwealth entity to be used by officials for official purposes. This does not include private-plated vehicles that are provided as part of a remuneration package, such as those under the Executive Vehicle Scheme, where separate arrangements exist.

Accountable authorities are required to ensure that officials promote the proper use, management and security of any Commonwealth vehicles they have custody of.

#### Instructions – all officials

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| You must not drive a Commonwealth entity vehicle unless prior agreement has been obtained.When driving a Commonwealth entity vehicle, you must:* 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.

You must 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.You may 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 used 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 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 (this may include a link to the instructions* [Commonwealth credit cards and credit vouchers](#_Commonwealth_credit_cards)*)*
* *a requirement to report lost or stolen fuel cards*
* *whether private vehicles can be used for official travel and, if so, what rules apply (this may include a link to the* [Official travel](#_OFFICIAL_TRAVEL) *instructions)*
* *the requirement that all vehicle leasing and fleet management services are sourced under the contractual arrangements administered by the Fleet Monitoring Body within Finance, where appropriate*
* *the insurance arrangements that must apply to all Commonwealth vehicles (including insurance arrangements where private vehicles are used for Commonwealth entity purposes)*
* *the recordkeeping (e.g. log book) and reporting requirements for the use of the Commonwealth entity vehicles.*

### Accountable forms

An accountable form is a form that, once completed, can be exchanged or negotiated for a benefit such as money, goods or services. Accountable forms include cheques, credit notes, official manual receipts, credit vouchers and miscellaneous charge orders.

While Cabcharge vouchers are accountable forms, they are also Commonwealth credit vouchers for the purposes of the PGPA Act. For instructions on using Cabcharge vouchers, see [Commonwealth credit cards and credit vouchers](#_Commonwealth_credit_cards).

#### Instructions – all officials

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| You must ensure the safe custody and control of any accountable forms in your possession. |

*Additional instructions could cover:*

* *which forms within the entity are deemed to be accountable forms*
* *which officials may be issued with accountable forms*
* *the requirements placed on officials who are issued with accountable forms*
* *the entity’s policy on the management and control of, and accounting for, accountable forms (including acquisition, security, stocktake, loss and disposal).*

### Bonds, debentures and other securities

Bonds, debentures and other securities are written documents 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 his or her work, it immediately becomes relevant property.

#### Instructions – all officials

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| If you receive any bonds, debentures or other securities, you must ensure that:* a receipt is issued for the bond, debentures or securities received
* a register is maintained of all bonds, debentures or securities received
* all reasonable steps are taken to safeguard the bonds, debentures or 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 (within a specified timeframe) to allow the issuing of a receipt and the updating of the register*
* *the treatment of bonds, debentures and other securities, including appropriate safeguards and storage arrangements*
* *the recordkeeping and reporting requirements that relate to bonds, debentures and other securities.*

### Acquiring shares and Commonwealth involvement in a company

Shares become relevant property when they are acquired by a Commonwealth entity. Shares may be represented by a certificate, but more generally are in electronic form only. Section 72 of the PGPA Act places a special requirement on ministers to inform the Parliament of any involvement in a company by a Commonwealth entity.

#### Instructions – officials who become aware of changes to the Commonwealth entity’s involvement in a company

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| --- |
| You must ensure that [your entity’s minister] is advised that he or 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
* has its rights as a member of a company or relevant body varied.
 |

*Additional instructions could cover:*

* *how officials are to assist the minister in informing the Parliament of the entity’s involvement in a company (including who is responsible).*

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| **Legislative requirements** | PGPA Act: s. 19, s. 72PGPA Rule: s. 26 |
| **Guidance** | n/a |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests)[Disposing of property](#_Disposing_of_property)[Commonwealth credit cards and credit vouchers](#_Commonwealth_credit_cards)[Official travel](#_OFFICIAL_TRAVEL) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **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* |

## Loss and recovery of property

Sections 68 and 69 of the PGPA Act deal with who is responsible for the loss of relevant property. In relation to relevant property, loss also includes deficiency, destruction or damage. Officials can be held responsible for a loss of relevant property, whether or not the property was in their custody at the time when it was lost.

A loss of property may result in a debt owed to the Commonwealth entity by an official or minister. A person’s liability to pay such a debt is not avoided just because they stopped working for the Commonwealth after the loss occurred. For further information on the management of debt, see [Managing debts and amounts owing to the Commonwealth](#_ARRANGEMENTS_RELATING_TO).

#### 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.If you do not take reasonable steps to prevent a loss of relevant property, and the loss occurs while the property is in your custody, you will be liable to pay the Commonwealth an amount equal to the loss.If you cause or contribute to a loss of relevant property by misconduct, or a deliberate or serious disregard for reasonable standards of care, you will be liable to pay the Commonwealth an amount that reflects your share of the responsibility for the 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 officials] as soon as practicable after becoming aware of the loss, destruction or damage’)*
* *the entity’s expectations for reasonable standards of care*
* *the security arrangements that must be implemented to minimise the loss or improper use of relevant property (including any special requirements for particular types of property).*

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

*Additional instructions could cover:*

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

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| **Legislative requirements** | PGPA Act: ss. 68 and 69 |
| **Related AAIs** | Risk management[Disclosure of interests](#_Disclosure_of_interests)[Managing debts and amounts owing to the Commonwealth](#_ARRANGEMENTS_RELATING_TO) |
| **Internal delegations** | *Where relevant, add link to your accountable authority’s delegations* |
| **Other relevant documents** | *Where relevant, add links to:** *related operational procedures or guidance in your entity*
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## Disposing of property (including gifting relevant property)

This section provides instructions on:

* disposal of relevant property generally (e.g. sale, trade-in, transfer to another Commonwealth entity, destruction, recycling or dumping)
* disposal of property found on Commonwealth entity premises
* gifting of relevant property.

For non-corporate Commonwealth entities, the Commonwealth’s general policy on the disposal of relevant property is that, wherever it is economical to do so, the property needs to be sold at market price or transferred (with or without payment) to another government entity within Australia (including state or territory governments) with a need for the property.

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](https://www.legislation.gov.au/Series/C2004A03763), is subject to the provisions of that legislation.

#### Instructions – all officials

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| You must not:* improperly dispose of relevant property
* make a gift of relevant property, unless it complies with the instructions [Gifting relevant property](#_Gifting_relevant_property)
* dispose of relevant property found on Commonwealth entity premises, except in accordance with the instructions [Disposing of property found on Commonwealth entity premises](#_Disposing_of_property_1).
 |

*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,](https://www.legislation.gov.au/Series/C2004A03763) *including any delegations under the Act.*

#### Instructions – officials responsible for the disposal of relevant property

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| You must ensure that relevant property is disposed of by:* transferring the property (with or without payment) to another government entity within Australia (including state or territory governments) with a need for the property
* selling the property at market value, where it is economical to do so; or
* seeking authorisation in writing from the Finance Minister (or a delegate) to gift the relevant property (see [Gifting relevant property](#_Gifting_relevant_property)).
 |

*Additional instructions could cover:*

* *a requirement that if the property cannot be transferred or sold, any disposal of the property must be a proper use of public resources*
* *a requirement that officials obtain the best net financial outcome for the entity or Commonwealth when disposing of property*
* *the appropriate avenues for selling relevant property (e.g. whether the internet may be used)*
* *how officials are to determine market price and whether selling the property at market value is economical*
* *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 recordkeeping and reporting requirements that relate to the disposal of relevant property (including documentation required to support the disposal).*

### Disposing of property found on Commonwealth entity premises

#### Instructions –officials responsible for the disposal of found property

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| You may only dispose of property (other than money) found on Commonwealth entity premises, or in containers, receptacle 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 with regard to the public interest. |

*Additional instructions could cover:*

* *a requirement to document the disposal of found property*
* *how long found property needs to be held before it is disposed of*
* *what constitutes a reasonable timeframe for an owner to claim the property before it can be disposed of*
* *what needs to be done 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).*

### Gifting relevant property

[Section 66](http://www.finance.gov.au/resource-management/pgpa-act/66/) of the PGPA Act sets out the circumstances where a gift of relevant property may be made by a minister or an official of a non-corporate Commonwealth entity. This section also provides the Finance Minister with the power to authorise in writing a gift of relevant property. This power has been delegated with directions to all non-corporate Commonwealth entity accountable authorities, who in most cases have sub-delegated it to certain officials.

#### Instructions– allofficials

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| You must not make a gift of relevant property unless:* the property was acquired or produced to be used as a gift
* the making of the gift is expressly authorised by law; or
* the Finance Minister or a delegate has given written authorisation to the gift being made under section 66 of the PGPA Act.

If you make an unauthorised gift of relevant property, you must personally pay the Commonwealth the value of the relevant property. |

*Additional instructions could cover:*

* *how to determine that a gift of relevant property would be a proper use 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 authorise a gift)*
* *the processes for determining the value of the relevant property*
* *the information that must be provided to a delegate to support their decision to approve a gift of relevant property.*

#### Instructions – officials with a delegation to authorise a gift of relevant property

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| When authorising a gift of relevant property, you must comply with the directions in the delegation from your accountable authority.You must have regard to the Commonwealth’s overarching principles for the disposal of relevant property, as outlined in the delegation from the Finance Minister.Despite the Commonwealth’s overarching principles for the disposal of relevant property, you may authorise a gift of relevant property where the property is:* genuinely surplus to the entity’s requirements, and of historical or symbolic significance to the proposed recipient
* holds other special significance for the proposed recipient and there are compelling reasons to justify its gifting to that recipient or
* of low value and otherwise uneconomical to dispose of, or the gifting supports the achievement of an Australian Government policy objective.

You must not authorise:* a gift of military firearms
* a gift that would create an onerous or undesirable precedent.

You need to ensure that the grounds on which you authorise a gift to a selected recipient are publicly defensible and documented.You must provide written authorisation for the gifting of relevant property.You must obtain a reasonable estimate of the market value of the property before authorising it to be gifted. If this is not possible, you must assign a notional value and record the basis for determining the value of the property. |

*Additional instructions could cover:*

* *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 recordkeeping 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 to consult the Department of Foreign Affairs and Trade.*

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| **Legislative requirements** | PGPA Act: s. 15, ss. 66 and 67[Lands Acquisition Act 1989](https://www.legislation.gov.au/Series/C2004A03763) |
| **Guidance** | [Resource Management Guide No. 203: General duties of officials](http://www.finance.gov.au/resource-management/accountability/officials/) |
| **Related AAIs** | [Risk management](#_Risk_management)[Disclosure of interests](#_Disclosure_of_interests) |
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