Commonwealth Resource Management eLearning Program

Contact and Acknowledgement Information

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Program overview

Aim of this eLearning Program is to:

- help officials who use or manage public resources to understand their duties and responsibilities under the Public Governance, Performance and Accountability Act 2013 (PGPA Act)
- provide an understanding of what is required to meet these duties
- test officials on their understanding of their duties.

This program is made up of 4 core modules aimed at helping officials to meet the standards set by the PGPA Act.

The modules are:

1. [Introduction to the PGPA Act (module 1)](#), summarises the key requirements in the PGPA Act.
2. [Duties of officials (module 2)](#), sets out the behaviours that all officials are expected to meet.
3. [Officials’ responsibilities to manage public resources (module 3)](#), helps to clarify the roles and responsibilities of officials to ensure the proper use and management of public resources within your entity and more broadly across the Commonwealth.
4. [Using relevant money (module 4)](#), helps officials perform their roles and responsibilities by examining the most common way officials are likely to use or manage public resources.
Module 1: Introduction to the PGPA

This module is for officials of Commonwealth entities. The PGPA Act requires officials of Commonwealth entities to meet high standards of governance, performance and accountability. This module summarises the key requirements in the PGPA Act.

This module aims to give officials an understanding of the fundamental requirement in the PGPA Act, including:

- who the PGPA Act applies to
- what the PGPA Act covers
- the duties that apply to accountable authorities and officials of Commonwealth entities
- the increased focus on risk management in the use and management of public resources
- the enhanced Commonwealth planning and performance framework
- the increased focus on cooperation and partnering with others within and beyond government.

Overview of PGPA Act


Objectives of the PGPA Act:

- Government should operate as a coherent whole.
- A uniform set of duties applies to all resources handled by Commonwealth entities.
- Performance of the public sector is more than financial.
- Engaging with risk is a necessary step in improving performance.
PGPA Act hierarchy

PGPA Act

1. Mandatory for all Commonwealth entities
   1.1 Legislative instruments
      - Rules and instruments – Made by Finance Minister:
        o PGPA Rule 2014
        o Commonwealth Procurement Rules
        o Commonwealth Grant Rules and Guidelines
        o Commonwealth Financial Reporting Rules
      - Determinations – Made by Finance Minister:
        o to adjust annual appropriations
        o to establish, vary or revoke special accounts
   1.2 Directions
      - Made by Finance Minister in relation to any powers in the Act that the Finance Minister delegates to accountable authorities.
      - Made by Finance Secretary in relation to the form of Budget Estimates.

2. Mandatory for corporate Commonwealth entities
   2.1 Government Policy Orders
      - Made by Finance Minister to apply Australian Government policies to corporate Commonwealth entities and/or Commonwealth companies.

3. Mandatory for non-corporate Commonwealth entities
   3.1 Policy
      - Made from time to time by Cabinet, the Prime Minister ministers in relation to the use and management of public resources (e.g. Commonwealth policies related to coordinated procurement).

4. Entity’s internal controls and delegations
   4.1 Accountable authority instructions, operational procedures
   4.2 Internal controls direct officials on how to comply with the Act and other legal requirements in relation to the proper use and management of public resources.

Commonwealth entities and commonwealth companies

PGPA Act applies to:

1. Commonwealth entities:
   - non-corporate: no separate legal existence from the Commonwealth:
      - Departments of State
      - Parliamentary Departments
      - Entities listed in legislation or in the PGPA Rule.
corporate: separate legal personality from the Commonwealth body corporates established by a Commonwealth law.

2. Commonwealth companies:
   - Separate legal personality from the Commonwealth, established under the Corporations Act 2001.
     - 100 non-corporate Commonwealth entities
     - 73 corporate Commonwealth entities
     - 19 Commonwealth companies

The Flipchart of Commonwealth Entities and Companies provides more information.

**Public resources**

PGPA Act applies to public resources. Any resources that Commonwealth entities own, hold or manage, including:

- relevant property: property owned by the Commonwealth or a corporate Commonwealth entity
- relevant money: money held by officials or held as cash or in a bank account by the Commonwealth or a corporate Commonwealth entity
- appropriations: authority to draw money from the Consolidated Revenue Fund.

**Controls around use of public resources**

- A fundamental requirement for all Commonwealth entities is the proper use and management of public resources: efficient, effective, economical and ethical use or management of public resources – [Section 15 of PGPA Act](#).
- Non-corporate entities must also use or manage public resources in a way that is not inconsistent with the policies of the Australian Government – [Section 21 of PGPA Act](#).

**Accountable authorities**

The accountable authority of a Commonwealth entity is:

- the person (e.g. secretary, chief executive or single person board) or
- group of persons (e.g. the governing board) that has responsibility for, and control over, the entity's operations.

The accountable authority for:

- a Department is the Secretary or equivalent agency leader
- a listed entity is the person or persons set out in the PGPA rule
- a corporate Commonwealth entity the person(s) set out in the entity’s enabling legislation or the PGPA rules.

More information on the general duties of accountable authorities is in [Resource Management Guide No 200](#).
Uniform duties of accountable authorities
The PGPA Act confers on accountable authorities various responsibilities and powers to promote high standards of accountability and performance. This includes responsibility for the financial management of the entity and compliance with reporting requirements.

Your accountable authority will establish internal controls and risk management systems to ensure that officials in your entity – Sections 15-19 of PGPA Act:

- use and manage public resources properly
- use resources to achieve the purposes of your entity
- cooperate with others, where practicable
- do not impose unnecessary red tape on others.

More information on the general duties of accountable authorities is in Resource Management Guide No 200.

Reflection
What type of Commonwealth entity do you work for?

a. non-corporate Commonwealth entities
b. corporate Commonwealth entities
c. unsure

Name the accountable authority in your entity: _____

The accountable authority of a non-corporate Commonwealth entity will be:

- for Departments, the Secretary
- for other listed entity, the person or persons set out in the PGPA rule.

The accountable authority of a corporate Commonwealth entity will be:

- person(s) set out in the entity’s enabling legislation or the PGPA rule (generally the governing board).

More information on the general duties of accountable authorities is in Resource Management Guide No 200.

The Flipchart of Commonwealth Entities sets out Commonwealth entities and Commonwealth companies. The flipchart groups entities and companies by portfolio. The flipchart also provides useful information about the status of these entities and companies, including:

- governance structure or characteristics
- employment arrangements
- Government Financial Statistic (GFS) classification
- other requirements (e.g. corporate Commonwealth entities that are subject to the Commonwealth Procurement Rules (CPRs)).
Officials
The PGPA Act requires officials of Commonwealth entities to meet high standards of governance, performance and accountability.

Officials are individuals who are in, or form part of, a Commonwealth entity, including:

- accountable authorities
- employees, officers or members of the entity (e.g. members of a commission
- or members of a governing board)
- directors
- persons prescribed by an Act (e.g. statutory office holders) or the PGPA Rule.

Officials do not include:

- Ministers and judges
- most consultants and independent contractors (contractors who perform financial tasks for the Commonwealth can be deemed to be allocated officials)
- any others excluded by an Act or the PGPA Rule.

More information on the general duties of officials is in Resource Management Guide No 203.

Duties and responsibilities of officials
The PGPA Act requires officials to exercise a duty – Sections 25-29 of PGPA Act:

- of care and diligence
- to act honestly, in good faith and for proper purpose
- not to misuse position or information
- to disclose interests

Officials have a responsibility to:

- comply with finance law
- comply with the governance arrangements in your entity relating to the use and management of public resources
- use of public resources in an efficient, effective, economical and ethical manner within your entity and more broadly across the Commonwealth
- meet high standards of accountability.

If an official breaches the duties or responsibilities in the PGPA Act, then there may be:

- employment sanctions
- criminal sanctions for intentional/serious misuse of public resources.

More information on the general duties and responsibilities of officials is in Resource Management Guide No 203.

Proper use of relevant money considerations
The most common way officials use public resources is committing relevant money.

Before committing relevant money, officials should consider:
1. What are the internal controls in your entity that apply to the proposed use of the relevant money?
   - who can approve the commitment of relevant money (who has the delegated authority or is authorised)?
   - what records must be kept of the commitment?
   - how can you demonstrate the proposed commitment is efficient, effective, economical and ethical?

2. Is the proposed commitment consistent with the purposes of your entity?
   - what outcome is your entity seeking to achieve how will you measure whether the proposed spending will meet that outcome.

3. Do you have money to use?
   - non-corporates - do you have sufficient unallocated appropriation?
   - corporates - do you have sufficient available money?

4. For non-corporates (and some corporates) - what other rules or policies apply to the proposed use?
   - Commonwealth Procurement Rules (CPRs)
   - Commonwealth Grants Rules and Guidelines (CGRGs)

More information on the approving commitments of relevant money is in Resource Management Guide No 400.

Risk Management

One of the guiding principles of the PGPA Act is that engaging with risk is a necessary step in improving performance. The PGPA Act requires accountable authorities to establish and maintain appropriate systems of risk oversight, management and internal controls.

To support the requirements of the PGPA Act, and to allow Commonwealth entities to adopt a common approach to managing risk, a Commonwealth Risk Management Policy has been established.

Commonwealth Risk Management Policy – Section 16 of PGPA Act
Consistent with the PGPA Act, Commonwealth entities should align their risk frameworks and systems with the policy as a matter of good practice.

The Commonwealth Risk Management Policy:

- is principles-based to enable entities to tailor existing risk systems and practices to a level that is commensurate with the scale and nature of their risk profile
- sets out the risk management attributes necessary for entities to meet government expectations for managing risk under the PGPA Act
- seeks to embed risk management as part of the culture of Commonwealth entities so that the shared understanding of risk leads to well informed decision making.
More information can be found on the Commonwealth Risk Management Policy. Officials working in Commonwealth entities can also self-register at the Comcover Learning Centre to complete eLearning modules designed to encourage better practice in public sector risk management.

Reflection
To get an understanding of risk management, take a moment to think about the financial risks in your area:

1. Name the risk: ______
2. Name the possible impact to your department or team: ______
3. Name a way you can prevent or mitigate your risk: ______

It is important that we understand our risks to ensure that we appropriately use Commonwealth resources. Understanding your risks will assist in preventing the misuse of resources, or mitigate the impact if a misuse were to occur.

- For more information on risk management within your entity, start with your accountable authority instructions.
- For more information on the Commonwealth Risk Management Policy, go to the Comcover website.
- For further tools to help you consider risk management, officials working in Commonwealth entities can also self-register at the Comcover Learning Centre to complete eLearning modules designed to encourage better practice in public sector risk management.

Planning and performance
An enhanced Commonwealth performance framework is being developed to assist entities to better measure, assess and report performance from 1 July 2015.

The enhanced Commonwealth performance framework will:

- give officials tools for assessing and improving the delivery of programmes and services for which they are responsible
- support the production of good quality and informative data for accountable authorities, central departments, the Government, parliament and external stakeholders (i.e. annual performance statements).

The performance framework will help officials to:

- conceptualise and plan – Section 35 of PGPA Act
- measure and assess – Sections 37-38 of PGPA Act
- report and adjust – Sections 39-40 of PGPA Act / Section 46 of PGPA Act

Planning for 1 July 2015
All Commonwealth entities will be required to have a corporate plan for the 2015-16 financial year and beyond.

An entity’s corporate plan will:

- cover four years
• set out performance measures to assess an entity’s annual performance
• be linked to key priorities of the Government (where appropriate).

Cooperation and partnering
PGPA Act encourages officials to cooperate with others to achieve common objectives, where practicable.

‘Others’ includes other Commonwealth entities, other levels of government, and other public and private bodies and organisations including in the not-for-profit sector.

Your accountable authority is required to take positive steps to build a culture that encourages cooperation by – Sections 17-18 of PGPA Act:

• requiring officials to consider the red tape, compliance and risk impacts on others, including the cost of those impacts
• articulating your entity’s risk appetite in terms that recognise the risks that arise from joined-up activities.

Having regard to any instructions from your accountable authority on working with others, officials should:

• explore how you can join up with others to achieve the purposes of your entity
• when imposing requirements on others in relation to the use or management of public resources, consider:
  – the risks associated with that use and management
  – whether the proposed requirements address those risks, and
  – the effects of imposing those requirements.

Reflection
List some positive steps you think you can take to build a culture towards cooperation: _____

Some steps that you can take to encourage cooperation and partnering include:

• Explore networks that exist for a particular subject, e.g. iLearn Netmeet (network for eLearning). If one doesn’t exist consider creating one.
• If you see an example of good practice, share or promote it.
• Organise meetings or catch ups.
• Newsletters.

Summary of changes

Changes from FMA Act to PGPA Act

• Some new terminology
• Duties of accountable authorities and officials clarified
• Commonwealth entities empowered to remove red tape around using and managing relevant money
• New requirements
Importantly, the following key resource management frameworks did not change:
- procurement
- grants
- property/assets management.

Table of changes from the FMA Act to the PGPA Act

Changes from CAC Act to PGPA Act
- Some new terminology
- Duties of accountable authorities expanded
- Duties of directors extended to officials
- New requirements
  - commitment to spend relevant money
  - annual performance statements
- Enabling legislation of corporate Commonwealth entities amended to align with the PGPA Act.
- Table of changes from the CAC Act to the PGPA Act

Summary of this module
2. Application: The PGPA Act applies to:
   - all Commonwealth entities (it also applies some accountability requirements to Commonwealth companies)
   - any public resources that Commonwealth entities own, hold or manage such as relevant property, relevant money and appropriations
   - accountable authorities of Commonwealth entities by conferring various duties and functions, including responsibility for the financial management of the entity and compliance with reporting requirements
   - officials of Commonwealth entity, by establishing duties and responsibilities, particularly in relation to the use and management of public resources.
3. Risk management: The Commonwealth Risk Management Policy has been established to assist officials and entities to identify and appropriately manage risks associated with the use and management of public resources.
4. Planning and performance: The Commonwealth Performance Management Framework is being enhanced to help entities with performance and planning. All Commonwealth entities will be required to have a corporate plan and an annual performance statement for the 2015-16 financial year.
5. Cooperation and partnering: PGPA Act encourages officials, where practicable, to cooperate with others to achieve the purposes of the entity.

Module 1 complete

Well done, you have completed Module 1, Introduction to the Public Governance, Performance and Accountability Act 2013.
Module 2: Duties of officials

This module is for officials of Commonwealth entities. The PGPA Act requires officials of Commonwealth entities to meet high standards of governance, performance and accountability.

This module sets out the general duties that apply to all officials of Commonwealth entities, particularly in relation to the use or management of public resources.

This module aims to give officials an insight to:

- the high standards of governance, performance and accountability expected of officials
- the general duties imposed by the PGPA Act on all officials of Commonwealth entities
- how these duties complement any other duties in an official’s employment framework.

Who is an official of a Commonwealth entity

If you work in a Commonwealth entity then you are an official.

Officials include:

- employees, officers or members of the entity (e.g. members of a commission or members of a governing board)
- accountable authorities
- directors
- persons prescribed by an Act (e.g. statutory office holders) or the PGPA Rule.

Officials do not include:

- Ministers
- judges
- most consultants and independent contractors (however, a contractor who perform financial tasks for the Commonwealth can be an allocated official who will be subject to the PGPA Act)
- any others excluded by an Act or the PGPA Rule.

Responsibilities of officials

As an official you have a responsibility to:

- comply with finance law
- behave to a required standard
- comply with the governance arrangements in your entity, e.g. internal controls on the proper use and management of public resources
- meet high standards of accountability.

Officials are obliged to comply with the finance law

As an official you must comply with the finance law, which includes:

- PGPA Act
- PGPA Rule and any other instruments made under the PGPA Act (including any delegations and internal controls made by your accountable authority)
• Appropriation Acts.

Legislative instruments made under the PGPA Act

• Commonwealth Procurement Rules – Section 105B of PGPA Act
• Commonwealth Grants Rules and Guidelines – Section 105C of PGPA Act
• Commonwealth Financial Reporting Rule (not yet published)
• Finance Minister Determinations to:
  – adjust annual appropriations – Section 75 of PGPA Act
  – establish, vary or revoke special accounts – Sections 78-79 of PGPA Act
• Finance Minister Government Policy Orders to apply Government policies to:
  – corporate Commonwealth entities – Section 22 of PGPA Act
  – Commonwealth companies – Section 93 of PGPA Act
• Finance Minister authorisations for:
  – corporate Commonwealth entities to borrow money or invest relevant money
  – non-corporate Commonwealth entities to invest relevant money
  – Sections 57-59 of PGPA Act and Section 58 of PGPA Act

Other instruments made under the PGPA Act (not legislative instruments)

• Instructions given to officials of a Commonwealth entity by the accountable authority on any
  matter relating to the finance law – Section 20A of PGPA Act
• Finance Secretary directions regarding the form of Budget estimates to:
  – Commonwealth entities – Section 36 of PGPA Act
  – Commonwealth companies – Section 96 of PGPA Act
• Finance Minister authorisation of:
  – the waiver or set off of an amount owing to the Commonwealth or the terms on which the
    amount is to be paid to the Commonwealth – Sections 63-64 of PGPA Act
  – an act of grace payment – Section 65 of PGPA Act
  – a gift of relevant property – Section 66 of PGPA Act
• Finance Minister or responsible Minister determinations to modify the application of the PGPA
  Act to intelligence or security agencies or listed law enforcement agencies – Section 105D of
  PGPA Act

Failure to comply with the requirements of the finance law could result in the following penalties:

• civil sanctions imposed under the relevant employment framework, e.g. the Public Service Act
  Federal Police Act 1979. These employment frameworks provide for:
  – fines or reprimands
  – reductions in pay or classification
  – re-assignment of duties
  – termination of employment or appointment (for board members)
• criminal sanctions for intentional breach or misuse, e.g. sanctions under the Criminal Code.

**General duties for all officials**

As an official in a Commonwealth entity you must behave to a required standard. – Sections 25-29 of PGPA Act

The following general duties apply to all officials:

- care and diligence
- act honestly, in good faith and for proper purpose
- use of position
- use of information
- disclosure of material personal interests.

Officials must balance these five duties, i.e. you cannot focus on just one of the duties to the exclusion of the others.

These general duties are also in addition to any other legal duties that you may have in your employment framework or employment contract.

For more information on the general duties of officials see:

- Brochure for officials

**Officials’ general duties explained**

**Care and diligence**

As an official you must act with the same degree of care and diligence as a reasonable person would exercise if they were an official of the entity – Section 25 of PGPA Act.

The key consideration is whether you have taken reasonable steps, given the circumstances, to assess the consequences of your actions. This is called the "reasonable person test".

An example of not exercising care and diligence could be undertaking unfamiliar financial task in your entity without checking the legislative requirements, related guidance and your entity's internal controls.

**Care and diligence - scenario**

You manage a high-value procurement process that involves your entity entering into a contract with a private sector company. While on the internet one night at home, you visit the blog of an environmental group that you often visit. The blog details allegations of serious environmental breaches against the particular company. The company has not been charged with any offence as yet, but the blog says that investigations are ongoing.

What action should you take to demonstrate care and diligence?

Appropriate action in this case could include:
• investigating the allegations commensurate with the level of risk that this issue poses to your entity
• ensuring any particular course of action does not pose unreasonable contractual risks to your entity (for non-corporate entities and some corporate entities, any action must be consistent with the Commonwealth Procurement Rules)
• documenting your assessment process to ensure a clear audit trail
• communicating all relevant information to more senior staff including, where necessary, to your accountable authority.

More broadly, examples of not exercising care and diligence could include:

• not taking reasonable steps to inform yourself about a significant issue before making a decision
• knowingly performing actions that are inconsistent with your statutory obligations or undertaking an unfamiliar task without checking legislative requirements, related guidance and your entity’s internal processes and controls.

Duty to act honestly, in good faith and for proper purpose
As an official you must act in a sincere and honest way when working – Section 26 of PGPA Act.

The key consideration is whether your statement and/or the action you take is consistent with the aims and operations of your entity and will not reasonably be expected to result in detriment to your entity, the Commonwealth, or others.

Examples of not acting honestly, in good faith and for a proper purpose could include:

• providing information to a person in a way that intentionally deceives or misleads them or
• purporting to have authority to approve something when you knowingly do not.

Honesty, in good faith and for a proper purpose - scenario
You are a newly appointed IT asset manager in a Commonwealth entity, who has been approached by Lucy, one of your staff. Lucy asks to borrow a laptop projector to use for her daughter’s slumber party over the weekend. Lucy advises you that the last IT Asset Manager regularly allowed staff to take the laptop projector home. She is also one of your best employees and a very trustworthy person and has undertaken to cover costs in the event that the projector is damaged.

How would you act honestly, in good faith and for a proper purpose in this scenario?

Appropriate action in this case could include reviewing the guidelines in your entity on the use of entity assets. If your entity does not have a policy on the personal use of assets by staff, your entity will nevertheless require the proper use and management of all entity assets.

It is likely that the personal use of entity assets is not within the spirit of the proper use and management of assets in your entity (despite the precedence). If you decide to decline Lucy’s request you should explain to Lucy the reasons for refusing her request.

More broadly, examples of not acting honestly, in good faith and for a proper purpose could be:

• undertaking an activity that is outside the powers and functions of the entity
• purporting to have authority to approve something when you knowingly do not
• withholding relevant information with the intent to influence the decision of a delegate
• providing information to a person in a way that intentionally deceives or misleads.

**Duty in relation to use of position**
As an official, you must not improperly use the power conferred by your position to: – [Section 27 of PGPA Act](#)

• gain, or seek to gain, a benefit or advantage for yourself or for another person, or
• cause detriment to: the Commonwealth entity that employs you; the Commonwealth more broadly; or any other person.

You will contravene this duty if you engage in conduct with the intention of gaining a benefit or an advantage or causing detriment, regardless of whether the benefit or detriment actually occurs.

An example of misuse of position could be using your official title to seek a discount that benefits you personally or a member of your family.

**Use of position - scenario**
You are the finance manager of a Commonwealth entity that is about to tender for an accounting firm to assist with an internal audit. While in Melbourne you have a coffee meeting with Greg, a potential tender applicant. You pay for the coffees. While walking back to your cars after coffee, it starts to rain. Greg’s car is not far away and your car is 3 blocks down the road.

Greg offers you his umbrella, which has his accounting firm brand on, and says that you can keep it as he has 20 spare umbrellas back at the office.

What is the appropriate action to take here?

Receiving and using the umbrella might be perceived within your entity and externally to be favourable influence by Greg’s firm, even though you would love to accept it and stay dry. Some possible actions available to you include:

• accepting the loan of the umbrella, but returning it promptly or
• suggesting that Greg gives you a lift to your car.

More broadly, examples of misuse of position could be:

• using your official title to seek a discount that benefits you personally
• entering into a contract on behalf of your entity for the provision of goods or services by a family member or friend, without disclosing the potential material personal interest
• using Commonwealth resources for personal purposes without explicit approval.

**Duty in relation to use of information**
As an official, you must not improperly use information accessed, gained or made available by virtue of your employment or position in a Commonwealth entity to: – [Section 28 of PGPA Act](#)

• gain or seek to gain, a benefit or an advantage for yourself or for another person, or
• cause detriment to: the Commonwealth entity that employs (or previously employed) you, the Commonwealth more broadly, or any other person.
Misuse of information may also involve a breach of the duty of care and diligence, the duty to act honestly, in good faith and for a proper purpose, and the duty in relation to the use of position.

An example of misuse of information could be leaking financial information to the media that you accessed in performing your role.

**Use of information - scenario**

While working for a Commonwealth entity you meet John at a friend's barbeque. Discussing your work you mention that you are busy working on the Government’s climate change policy. John tells you that he runs a small renewable energy company that is keen to access the Government’s climate change funding.

John asks you if you know whether the Government is planning programs that could help companies like his.

What is the appropriate action to take here?

You may discuss information that is publicly available, e.g. you could advise John where the Minister has issued a media release noting that information on the Government’s program will be launched on your entity’s website.

However, you should not inform John of information that is confidential to Government and has not been publicly released. To reveal information gained through your role working on the climate change policy may result in John gaining an advantage over others and therefore a benefit.

More broadly, examples of misuse of information could be:

- leaking financial information to the media
- using protected financial data held by an entity for personal financial gain
- providing information to a person or company that gives, or potentially gives, that person or company a competitive advantage in a procurement tender.

**Duty to disclose material personal interests**

As an official you must report relevant material personal interests that relate to the affairs of the entity you work for – **Sections 25-29 of PGPA Act**. These interests could relate to:

- your personal role, or
- the overall purpose of your entity.

For example, a material personal interest could arise when:

- an official approving or recommending the approval of a grant is directly or indirectly involved with an organisation seeking the grant
- an official is on an employment selection panel that is interviewing a friend or family member for a position with the entity
- a member of an accountable authority is also a director of an organisation that is seeking to provide services to the entity.

The **PGPA Rule** set out how interests should be disclosed – **Sections 12-16D of PGPA Act**.

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The overriding principle for a declaration of interest is: if in doubt, declare the interest in accordance with the disclosure requirements in your entity.

**Disclosure of interests - scenario**

You are on a panel that is assessing the procurement tenders for your entity's new cleaning contract. One of the tenders, Mike, is a parent of one of your son's classmates. You do not socialise with Mike other than brief conversations at school events. You are only one of several people on the panel and have limited ability to influence the panel's decision. Members of the panel do not know that an applicant is known to you and there is little chance of them finding out.

What is the appropriate action to take here?

The appropriate action is to consider the interest disclosure requirements issued by your accountable authority. It may be necessary or prudent to:

- disclose the relationship in writing to your accountable authority
- offer to exclude yourself from the discussion of the merits of Mike’s tender application.

These steps can mitigate the risk of perceived conflict of interest if you develop a friendship with Mike in the future.

**Duties in the PGPA Act and other employment duties**

The general duties of officials in the PGPA Act are in addition to any other legal duties that you may have under your employment framework or employment contract.

For example a large number of officials must also comply with the Code of Conduct obligations under the *Public Service Act 1999* (PS Act):

- The Code of Conduct is broader than the PGPA Act when it comes to the duties of officials:
  - the Code of Conduct requires officials to avoid real or apparent conflicts of interest
  - among other things, the PGPA Act relates to standards of governance, performance and accountability across all Commonwealth entities
  - if an official meets the requirements of the PS Act, then you will ordinarily have met your duties under the PGPA Act.

- Australian Public Service Commissioner has issued directions and associated guidance material about the responsibilities that apply to APS employees and office holders under the PS Act, particularly the APS Values and Code of Conduct. Officials should also consider this guidance.

**Summary of this module**

1. Officials of Commonwealth entities are required to meet high standards of governance, performance and accountability.
2. The PGPA Act imposes the following general duties on all officials of Commonwealth entities, particularly in relation to the use and manage public resources:
   - care and diligence
   - to act honestly, in good faith and for proper purpose
   - use of position
– use of information
– disclosure of material personal interests.

3. These duties are in addition to any other duties in your employment framework or employment contract (e.g. the Public Service Act).

Module complete
Well done, you have completed Module 2, Duties of Officials.
Module 3: Officials’ responsibilities to manage public resources

This module is for officials of Commonwealth entities. The PGPA Act requires officials of Commonwealth entities to meet high standards of governance, performance and accountability.

This module helps officials to understand their responsibilities in relation to the use and management of public resource within their entities and more broadly across the Commonwealth. In particular, this module will help to identify the framework of internal processes and controls in their entity.

This module aims to give officials an insight to:

- the duties the PGPA Act imposes on your accountable authority to ensure the proper use and management of public resources
- the internal controls your accountable authority will establish to govern use and management of public resource in your entity
- how these controls help clarify the role and responsibilities of officials
- how these controls help officials comply with the finance law
- how these controls help officials ensure the proper use and management of public resources.

Responsibility to manage public resources

The PGPA Act requires Commonwealth entities to:

- meet high standards of governance, performance and accountability
- provide meaningful information to the Parliament and the public
- use and manage public resources properly
- work cooperatively with others to achieve common objectives, where practicable.

In managing the use of public resources:

- non-corporate entities will manage resources for and on behalf of the Commonwealth
- corporate entities will manage resources in their own legal name.

Where applicable, the enabling legislation of your entity can also influence the way that public resources are managed.

Duties of your accountable authority

To meet the objects of the PGPA Act, the Act imposes duties on your accountable authority to – Section 15-19 of the PGPA Act:

- govern your entity in a way that promotes:
  - the proper use and management of public resources
  - the achievement of the purposes of your entity
  - the financial sustainability of your entity
- establish systems relating to risk and control
- encourage partnering and cooperation with others
- keep your Minister and the Finance Minister informed.

For more information on the general duties of accountable authorities see the Resource Management Guide 200.

**Internal controls established by your accountable authority**

In order for your accountable authority to meet his or her duties, he or she will establish processes and controls to ensure officials in your entity maintain high standards of performance and accountability.

These internal controls will help you as an official to:

- know your role and functions
- comply with the finance law and
- ensure the proper use and management of public resources within your entity and more broadly across the Commonwealth, without stifling innovation.

**Form of internal controls**

The internal controls your accountable authority will establish can include:

- the delegation or authorisation of the powers to use and manage resources
- Accountable Authority Instructions (AAIs) or operational guidelines
- supporting administrative procedural requirements.

Your entity’s internal controls should be available on your intranet or from your finance area.

**Powers to use and manage public resources**

For Commonwealth entities, the powers to use and manage public resources are generally given to your accountable authority by:

- legislation and
- in the case of non-corporate Commonwealth entities, delegations from the Finance Minister.

The power for accountable authorities to use and manage public resources in:

- non-corporate Commonwealth entities – comes from the PGPA Act
- corporate Commonwealth entities – comes from your entity’s enabling legislation and/or the separate legal personality of the entity.

The powers include, but are not limited to, the power to:

- approve the commitment of relevant money and enter into arrangements
- repay amounts received
- grant certain indemnities or guarantees
- authorise gifts of relevant property
- recover debts owed to the Commonwealth or a corporate Commonwealth entity.
Delegation or authorisation of the powers to use and manage public resources

While legislation generally gives your accountable authority the powers to use and manage public resources, it is not possible for your accountable authority to make every decision relating to the use and management of the public resources of your entity. As a matter of administrative necessity, the PGPA Act or a corporate entity’s enabling legislation therefore enables accountable authorities to:

- delegate powers in the PGPA Act to officials of non-corporate Commonwealth entities or
- authorise officials of Commonwealth entities (corporate or non-corporate) to exercise powers on behalf of the accountable authority.

If you are delegated or authorised to use powers by your accountable authority, you must comply with any directions in the delegations or authorisations.

For more information on the powers and functions that your accountable authority has delegated or authorised within your entity, see your intranet or contact your finance area.

Form and content of instructions or operational guidelines

To guide you in the exercise of any powers that have been delegated to you or you are authorised to exercise, your accountable authority will issue internal controls setting out:

- matters you must consider
- control processes, including any approvals you must obtain
- records that you must keep.

Your accountable authority can give specific instructions or guidelines in relation to particular resource management activities in your entity such as:

- procedures for collecting and banking relevant money
- accessing appropriations
- commitments of relevant money
- management of relevant property
- any other areas in which your entity uses or manages public resources (e.g. travel or the recovery of amounts owing to the Commonwealth or your entity).

Risk management

The internal controls in your entity should establish appropriate systems of risk oversight and management. The risk management framework in your entity needs to:

- reflect your entity’s risk profile
- encourage appropriate risks to achieve the purposes of your entity as part of the proper use and management of public resources.

At a minimum your entity should have controls and processes for identifying, measuring, managing (e.g. insurance cover) and reporting material risks.

The Commonwealth Risk Management Policy and more information on risk management are on Comcover’s website. Officials working in Commonwealth entities can also self-register at the
to complete eLearning modules designed to encourage better practice in public sector risk management.

**Risk management - fraud control**

One type of risk that entities must manage is fraud. Your accountable authority is required to establish a fraud control plan together with appropriate mechanisms for:

- preventing fraud
- detecting incidents of fraud or suspected fraud
- investigating incidents of fraud or suspected fraud
- recording and reporting incidents of fraud or suspected fraud

For more information see the Commonwealth Fraud Control Framework including the fraud rule and policy.

**Complying with the internal controls in your entity - scenario**

You work in a health program area that is required to engage a contractor to supply medical devices to the community.

1. How do you determine who in your team can approve the commitment of the money and enter the contract?

Check your internal delegations or, if you work in a corporate entity, who is authorised to act on behalf of your entity. Note that in some entities the same person may be able to approve the proposed spending and sign the contract on behalf of the Commonwealth or your entity. Other entities may require different people to do these tasks.

2. If you have authority to commit the spending, what should you consider before approving the commitment?

You should consider the internal controls of your entity (i.e. the Accountable Authority Instructions or operational guidelines) that need to set out:

- the matters you must consider
- the approvals you must obtain
- the records you must keep.

In particular, you will need to make the case for why the proposed spending would be a proper use of public resources (considered more in Module 4 – Spending relevant money). This includes assessing the risks associated with the proposed spending, e.g. by weighing up the following factors:

- any foreseeable risk of harm from the arrangement versus the benefits from the arrangement
- the likelihood that the risk will actually cause harm to others
- any alternatives of lesser risk and the costs of those alternatives
- who is best placed to manage the risk.
Cooperation and partnering
Your accountable authority must encourage officials to cooperate with others to achieve common objectives, where practicable. To encourage this cooperation, the internal controls established by your accountable authority should:

- build a culture that encourages joining up with others to achieve the purposes of your entity
- articulate the risk appetite in your entity in terms that recognise the risks that arise from joined-up activities.

Others include:

- other Commonwealth entities
- other governments
- other public and private bodies and organisations including in the not-for-profit sector.

For more ideas and tools to support cooperation and partnering see the Government Collaborative Suite.

Working with other Commonwealth entities
When an official of one Commonwealth entity performs a task for one or more other Commonwealth entities:

- the relevant accountable authorities should determine which entity’s internal controls apply when that task is being performed
- the agreed approach can be set out in an arrangement between the entities (e.g. a Memorandum of Understanding).

For more information on collaborating with other Commonwealth entities and governments see the National Collaboration Framework.

Imposing requirements on others
To assist your accountable authority meet his or her duty to reduce red tape, officials should seek to impose reasonable requirements on others. Any requirements imposed on others must be based on:

- the risks associated with the use and management of resources
- the effects of imposing those requirements.

Officials can also consider:

- whether compliance and reporting requirements imposed on others are to ensure the proper use and management of public resources
- the red tape, compliance and risk impacts on others, including the cost of those impacts.

Cooperation and partnering – scenario
You work in a central department that is required to establish a standard reporting system that Commonwealth entities with regulatory responsibilities can use to collect and share information.

1. In order to develop the new system, what factors should you weigh up? _____
Some factors that you could consider:

- **Who:**
  - Which entities would use the system? Which entity’s business activities would benefit from a new reporting system?
  - Which entity is best placed to lead this process?
  - Do any entities have an established system that could be adapted and shared with other entities?
  - Who would be accountable for delivery and reporting?

- **What:**
  - What are the ICT base requirements?
  - What are the business lines that need the same or similar information?
  - What are the risks?
  - What would the final outcome look like?

- **How:**
  - How is best to collaborate with others and manage stakeholders?

**Summary of this module**

1. In undertaking your role and responsibilities as an official you must be guided by:
   - your general duties in the PGPA Act (module 2)
   - the controls and processes in your entity established by your accountable authority (this module 3).

2. Your accountable authority can:
   - delegate or authorise officials to exercise the powers to use and manage public resources
   - issue Accountable Authority Instructions (AAIs) or operational guidelines
   - establish supporting administrative procedural requirements.

3. These internal controls in your entity will help you:
   - know your role and responsibilities
   - comply with the finance law
   - ensure the proper use and management of public resources within your entity and more broadly across the Commonwealth.

**Module 3 complete**

Well done, you have completed Module 3, Officials’ responsibilities to manage public resources.
Module 4: Using relevant money

This module is for officials of Commonwealth entities. The PGPA Act requires officials of Commonwealth entities to meet high standards of governance, performance and accountability.

This module, Using relevant money, helps officials perform their roles and responsibilities under the PGPA Act in common situations, such as committing relevant money, entering into arrangements and making payments.

This module aims to give officials an understanding of the duties and responsibilities the PGPA Act establishes in relation to the use of relevant money. This includes:

- whether officials are authorised or are delegated the power to enter into an arrangement on behalf of their entity or the Commonwealth
- the matters officials should consider before entering into an arrangement to commit relevant money
- officials’ responsibility to administer arrangements and report on the use of the relevant money.

Uses of relevant money

Some ways that Commonwealth entities use relevant money include:

- spending relevant money (includes committing relevant money and entering into arrangements)
- collecting and banking relevant money — [Sections 53-55 of PGPA Act](#)
- borrowing money (subject to limits in the PGPA Act) — [Sections 56-57 of PGPA Act](#)
- investing relevant money (subject to limits in the PGPA Act) — [Sections 58-59 of PGPA Act](#).

A common way officials in Commonwealth entities will use and manage public resources is by spending relevant money on behalf of the Commonwealth or your entity. This may occur where you are required to:

- commit relevant money and/or
- enter into arrangements to make payments of relevant money.

'Relevant money' is money that an official holds or a Commonwealth entity holds as cash or in a bank account. 'Committing relevant money' is when a Commonwealth entity undertakes an activity or enters an arrangement that results in an obligation to pay relevant money. 'Arrangements' include contracts, agreements, deeds or understandings (this includes grant agreements, standing offers and even MOUs).

The PGPA Act governs the way officials spend relevant money.

Spending relevant money

The power to spend relevant money vests in the accountable authority of your entity. The PGPA Act requires your accountable authority to:

- promote the proper use of relevant money — [Section 15 of PGPA Act](#)
- establish systems of risk oversight and internal controls to ensure officials comply with the finance law. — [Section 16 of PGPA Act](#)
Non-corporate Commonwealth entities must also use relevant money in a way that is not inconsistent with the policies of the Australian Government – Section 21 of PGPA Act.

Your accountable authority can delegate the power to, or authorise, officials to spend relevant money. (see module 3 for more on internal controls in your entity).

**Authority to spend relevant money**

Who has authority to spend relevant money?

1. Accountable authorities of non-corporate Commonwealth entities – Section 23 of PGPA Act
   - the PGPA Act confers the power on accountable authorities to:
     - approve a commitment of relevant money and
     - enter into, vary and administer arrangements relating to the affairs of your entity, on behalf of the Commonwealth
   - other legislation establishes powers to enter and administer particular arrangements, e.g. Financial Framework (Supplementary Powers) Act 1997.

2. Accountable authorities of corporate Commonwealth entities
   - the enabling legislation and/or the separate legal personality of corporate entities provides the power to approve commitments of relevant money and enter into arrangements.

3. Officials of Commonwealth entities – Section 110 of PGPA Act
   - To confirm whether you can use relevant money, you will need to check:
     - in a non-corporate Commonwealth entity, your accountable authority’s delegations or authorisations
     - in a corporate Commonwealth entity, the authorisations in your entity.

**Authority to spend relevant money**

If you have the authority to spend or commit relevant money on behalf of the Commonwealth or your entity:

1. Your overarching duties as an official are to:
   - exercise care and diligence, i.e. have you taken reasonable steps, given the nature, significance, value and context of the proposed commitment – Section 25 of PGPA Act
   - act honestly, in good faith and for proper purpose when using relevant money, i.e. is the proposed commitment:
     - consistent with finance law
     - consistent with the aims and operations of your entity
   - not improperly use your position or information to gain or seek to gain, a benefit or an advantage or cause or seek to cause detriment (see module 2 for more on the duties of officials). – Sections 27-28 of PGPA Act

2. You should consider:
the operating environment and internal controls (e.g. Accountable Authority Instructions or operational guidelines) in your entity that relate to committing relevant money.

Internal controls that apply to spending relevant money
The PGPA Act requires your accountable authority to establish internal controls and processes for spending or committing relevant money that are appropriate to the operating environment of your entity (e.g. Accountable Authority Instructions or operational guidelines). Section 16 of PGPA Act / Section 20A of PGPA Act

The internal controls in your entity will direct or guide you in relation to the proper use of relevant money, i.e. help you consider whether the proposed use of relevant money will be efficient, effective, economical and ethical.

You cannot focus on one of these elements of proper use to the exclusion of others. You must balance all four elements of proper use.

Your entity’s internal controls should also:

- align closely with the internal financial delegations and authorisations to provide clear instructions on the internal requirements, government policies and rules that you must consider and comply with
- address the risks associated with the use of relevant money in your entity
- clarify any other requirements that apply to the proposed use of relevant money.

Proper use of relevant money

Efficient
Consider:

- whether the proposed commitment of relevant money is the most suitable resources being used to deliver the best results for your programme, your entity and the Commonwealth
- whether the opportunities for abuse, mismanagement, error, fraud, omissions and other irregularities are minimised.

For example, consider:

- unit costs
- other ways of achieving the particular purpose and objective.

Effective
Consider whether the proposed commitment is the most effective way to achieve the purpose or objectives of your programme, your entity and the Commonwealth.

- If your entity is established by legislation, the purpose and objectives of your entity usually corresponds to objectives and functions in your enabling legislation.
- If you work for a non-statutory entity (e.g. a Department of State) the purpose and objectives can be set out in instruments such as the Administrative Arrangements Order.
- From 1 July 2015, all Commonwealth entities will be required to have a corporate plan that will reflect the objectives of your entity. – Section 35 of PGPA Act
**Economical**
Consider whether the proposed commitment of relevant money:

- avoids waste
- is the best cost option to deliver the expected results

Also consider whether the proposed commitment of relevant money can be met from available appropriations or resources when invoices fall due.

Note that the PGPA Act requires your entity to keep your responsible Minister and the Finance Minister informed of significant issues or decisions. – [Section 19 of PGPA Act](#)

**Ethical**
Consider whether the proposed commitment of relevant money is consistent with the core beliefs and values of society would another person in a similar situation undertake a similar course of action?

The ethical use of money also involves:

- acting honestly, in good faith and for proper purpose, i.e. is the proposed commitment of relevant money: – [Section 26 of PGPA Act](#)
  - consistent with relevant laws, including the finance law and
  - consistent with the purpose and objectives of your entity
- not improperly use your position or information to gain or seek to gain, a benefit or an advantage or cause or seek to cause detriment – [Sections 27-28 of PGPA Act](#)
- managing conflicts of interests, and approving commitments based on the facts without being influenced by personal bias. – [Section 29 of PGPA Act](#)

**Efficient, effective, economical and ethical - scenario**
You are required to determine which training method would provide the best use of relevant money for providing training to officials in your entity. Two options have been identified:

1. face-to-face training for $10,000 or
2. develop an eLearning training module for $30,000.

In considering which option is most efficient, effective, economic and ethical what factors should you consider? _____

You could weigh up:

- how many people require training
- what level are the officials who require training
- is base level or advanced training required
- can the training be delivered on a single occasion or will it need to be delivered over an extended period of time
- the advantages and disadvantages of each option – for example eLearning can be used by a wide audience over a period of time, but face-to-face training creates a more interactive learning environment that may provide officials with a deeper understanding of the subject matter.
If the base level training is required for everyone in the entity over a 12 month period, which option will be the most efficient, effective, economic and ethical? _____

On the balance, option 2 – to develop an eLearning module – will be a more efficient, effective, economic and ethical approach.

**Recording approvals**
The PGPA Rule requires that an approval to commit relevant money must be recorded in writing. – Rule 18 of PGPA Rules

Your internal controls should clarify the record you are required to keep. The record will be proportionate to the significance, value, level of risk and sensitivities associated with the proposed commitment. For example, a written record could include:

- signed minutes, signed purchase orders or purchase order requests
- for low risk arrangements such as hiring a taxi to go to a meeting, the cab charge voucher and a receipt from the taxi driver could be sufficient to record the approval
- an electronic record of an approval such an email or a record in an information system that can be retrieved.

Your accountable authority should require higher level of documentation for higher risk activities, such as significant and/or high value procurements.

If you provide verbal approval for a commitment, you must record the approval as soon as practicable after giving it.

**Other requirements - approvals by Ministers**
The PGPA Act recognises that Ministers can approve certain commitments (for example grant programs). – Section 71 of PGPA Act

If you assist your Minister to consider and approve these commitments you must advise the Minister on:

- the proposed arrangement (e.g. the grant(s) being considered for approval)
- the requirements of the PGPA Act and rules (e.g. Commonwealth Grants Rules and Guidelines (CGRGs))
- any selection process and, where relevant, the merits of the proposed grant(s).

This is so your Minister can:

- satisfy himself or herself that the proposal constitutes a proper use of the money
- approve any grants are consistent with the requirements in the CGRGs.

**Procurements, grants and policies**
Depending on the type of commitment, you may also be subject to other requirements. Two common types of commitments by Commonwealth entities are procurement or grant arrangements:
- for procurements, non-corporate Commonwealth entities, and corporate Commonwealth entities listed in section 30 of the PGPA Rule, must comply with the Commonwealth Procurement Rules.
- for grants, non-corporate Commonwealth entities must comply with the Commonwealth Grants Rules and Guidelines.

**Entering into an arrangement**

The power to enter into an arrangement comes from:

- for non-corporate Commonwealth entities – [Section 23 of PGPA Act](#)
  - the PGPA Act or
  - other legislation (e.g. Financial Framework (Supplementary Powers) Act 1997)
- for corporate Commonwealth entities your entity’s enabling legislation, or the entity’s separate legal personality.

An official who has been authorised or delegated this power can enter into an arrangement:

- in a non-corporate Commonwealth entity, on behalf of the Commonwealth
- in a corporate Commonwealth entity, on behalf of your entity.

**Administering and varying arrangements**

Once you have entered an arrangement, your responsibility is to manage and administer that arrangement to ensure you are achieving the objectives of your programme, your entity and the Commonwealth.

The internal controls in your entity may distinguish between:

- tasks that involve decision-making (for example, variations to the arrangement) that will require the exercise of a delegation or authorisation and
- purely administrative tasks such as processing a contract payment of relevant money.

You may vary an arrangement if:

- it is within the scope of your delegation or authorisation and
- if required, any new or additional commitment of relevant money is approved in accordance with your internal controls.

Officials are generally authorised or delegated to do administrative tasks on behalf of their entity (e.g. make contract payments).

**Commitment considerations - scenario**

Your entity has decided that the most efficient, effective, economic and ethical way to provide training to officials is to develop an eLearning training module for $30,000.

Consider the following questions with regard to the internal controls in your entity:

1. Do you have the delegation or authorisation to commit $30,000? If not, who does? _____
If you work in a non-corporate Commonwealth entity, see your accountable authority’s delegations or authorisations. If you work in a corporate Commonwealth entity, see the authorisations in your entity.

2. Do your internal controls or delegations require approval to commit the $30,000? _____

If you work in a non-corporate Commonwealth entity, see your accountable authority’s instructions (AAIs). If you work in a corporate Commonwealth entity, see the operational guidelines in your entity. The AAIs or operational guidelines may include directions around committing relevant money.

3. What are risks associated with the proposed commitment? _____

Some risks could include:

- timing and delivery of the eLearning training module
- budgetary considerations, whether the activity can be delivered with the budget
- activity drift, whether the activity strays from the original purpose as it is being developed.

4. What other rules or policies could apply to the proposed commitment? _____

Does the proposed commitment involve any grants, procurements or indemnities which may be subject to other rules and requirements, for example the Commonwealth Grants Rules and Guidelines or the Commonwealth Procurement Rules.

**Performance reporting**

The PGPA Act requires your entity to report on how it achieves its financial and non-financial outcomes. During the year you are required to keep records to:

- track your entity’s performance and financial position
- measure and assess how your programme (and more broadly your entity) is achieving its objectives.

From 1 July 2015, this performance information will need to be included in your entities:

- annual performance statements
- annual financial statements.

These statements will be included in the annual report that your Minister will be required to table in Parliament each year from 15 October 2016 onwards.

**Reporting - scenario**

Your entity has decided that the most efficient, effective, economic and ethical way to provide training to officials is to develop an eLearning training module for $30,000. Consider the following questions with regard to the internal controls in your entity.

1. How will you measure progress and report on the outcomes for this arrangement? _____

What KPIs will you establish? What ongoing reporting will be necessary? How will you assess and report on the performance?
2. What information would Parliament and the public want to know about the arrangement?

Committing $30k is unlikely to attract Parliament’s interest, some information Parliament could be interested in for larger commitments:

- is there policy and legislative support for the activity?
- was the activity delivered within the budget set for it?
- did the project achieve its objectives?

Summary of this module
1. The most common way officials in Commonwealth entities encounter the PGPA Act is by committing relevant money.
2. Before entering into an arrangement, officials should consider:
   - who has the authority to commit relevant money
   - the proper use of the money, whether the proposed commitment will be efficient, effective, economical and ethical
   - the internal controls in your entity relating to commitments
   - what other rules or requirements may apply, e.g. CPRs or CGRGs
   - what approval is required to commit the relevant money.
3. Officials who are authorised or are delegated the power can enter an arrangement on behalf of their entity or the Commonwealth.
4. Officials are then responsible for administering the arrangement and reporting on the use of relevant money.

Further guidance
To assist officials with the proper use of relevant money, officials should have regard to:

- RMG-400 – Approving commitments of relevant money
- RMG-203 – General duties of officials

Module 4 complete
Well done, you have completed Module 4, Using relevant money.

Program complete
Congratulations, you have now completed the CRM eLearning Program!