Resource Management Guide No.206

Accountable Authority Instructions – Non-corporate Commonwealth Entities
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This guide contains material that has been prepared to assist Commonwealth entities and companies to apply the principles and requirements of the Public Governance, Performance and Accountability Act 2013 and associated rules, and any applicable policies. In this guide the: mandatory principles or requirements are set out as things entities and officials 'must' do; and actions, or practices, that entities and officials are expected to take into account to give effect to those and principles and/or requirements are set out as things entities and officials 'should consider' doing.
<table>
<thead>
<tr>
<th>Audience</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key points</td>
<td>4</td>
</tr>
<tr>
<td>Resources</td>
<td>4</td>
</tr>
<tr>
<td>Part 1 – The Commonwealth’s resource management framework</td>
<td>5</td>
</tr>
<tr>
<td>Part 2 – Key legislative requirements</td>
<td>6</td>
</tr>
<tr>
<td>Part 3 – Scope of the AAl</td>
<td>7</td>
</tr>
<tr>
<td>Part 4 – Developing and maintaining AAl</td>
<td>8</td>
</tr>
<tr>
<td>Part 5 – Introducing the Model AAl</td>
<td>8</td>
</tr>
<tr>
<td>Part 6 – The Model AAl - Table of Contents</td>
<td>10</td>
</tr>
</tbody>
</table>
Accountable Authority Instructions - Non-corporate Commonwealth Entities

Audience

This guide is relevant to all non-corporate Commonwealth entities. It is particularly relevant to Chief Financial Officers (CFOs) and their staff, and officials of an entity who are responsible for the entity’s internal controls and processes.

Key points

This Guide:

- is relevant to non-corporate Commonwealth entities.
- gives guidance on using the Model Accountable Authority Instructions (AAIs) – a tool designed to assist non-corporate Commonwealth entities in developing their accountable authorities’ internal instructions.
- outlines the nature and purpose of AAIs and how accountable authorities employ these instructions in their entity to help them meet their obligations under the PGPA Act and Rules.
- gives key information for entities in developing and maintaining AAIs.

Resources

This guide is available on the Department of Finance website at www.finance.gov.au.

Other relevant publications include:


Resource Management Guide No. 203, *General duties of officials*
Part 1 – The Commonwealth’s resource management framework

1. Non-corporate Commonwealth entities operate within an environment that is made up of legislation, legislative instruments and government policy. Within this context, the resource management framework consists of the legislation and policy governing the management of Commonwealth resources.

2. Accountable Authority Instructions (AAIs) provide a mechanism for accountable authorities to apply the key principles and requirements of the resource management framework to the operations of their respective entities.

The Commonwealth’s resource management framework
Part 2 – Key legislative requirements

Duties of Accountable Authorities

3. The PGPA Act, requires an accountable authority to ensure systems and processes are in place to properly manage public resources. Of relevance is the duty to govern a Commonwealth entity in particular ways (section 15) and the duty to establish and maintain systems relating to risk and control (section 16). For further information on the duties of accountable authorities, see Resource Management Guide No. 200, General duties of accountable authorities.

4. Section 16 requires an accountable authority to establish and maintain appropriate systems of risk oversight and management and an appropriate system of internal controls. The accountable authority is expected to create an operating environment that supports the proper use and management of public resources, without stifling innovation, in pursuit of both the public good and the purposes of the entity for which it is responsible. At a minimum, entities need to have controls and processes for identifying, measuring, managing and reporting material risks.

5. Accountable authorities commonly issue AAI’s and associated operational guidance, such as business rules or guidelines, to meet their obligations under the PGPA Act.

Duties of Officials

6. The accountable authority’s duties operate in concert with the general duties that officials are required to meet, to support the proper use and management of public resources. In undertaking their roles and functions, including in following the accountable authority’s instructions, officials must act in accordance with their general duties under the PGPA Act.

7. There are five general duties, which are set out in sections 25 to 29 of the PGPA Act. They are:
   - 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.

8. These general duties applying to officials in the PGPA Act provide a uniform set of expected behaviours that covers all officials in meeting high standards of governance, performance and accountability. For further information on the duties of officials, see Resource Management Guide No. 203, General duties of officials.

9. The Model AAI’s have been developed with the aim of assisting the accountable authority to meet his/her duties under the PGPA Act by providing a tool that, together with general duties of officials under the PGPA Act, helps promote the proper use and management of public resources in its Commonwealth entity.
Section 20A of the PGPA Act - AAI

(1) The accountable authority of a Commonwealth entity may, by written instrument, give instructions to an official of the entity about any matter relating to the finance law.

(2) The accountable authority of a Commonwealth entity may, by written instrument, give instructions to an official of another Commonwealth entity in relation to:
   (a) the official approving the commitment of relevant money for which the accountable authority is responsible; and
   (b) the official banking, or otherwise dealing with, relevant money for which the accountable authority is responsible; and
   (c) the official debiting or crediting an appropriation for which the accountable authority is responsible; and
   (d) any matter prescribed by the rules that relates to the official dealing with public resources for which the accountable authority is responsible.

(3) An instruction under subsection (1) or (2) is not a legislative instrument.

10. Section 20A of the PGPA Act authorises accountable authorities to give instructions to officials in their entities on any matter necessary or convenient for carrying out or giving effect to the Act or the rules.

11. In effect, an accountable authority may issue instructions on any matter that promotes the efficient, effective, economical and ethical use of the public resources for which he or she is responsible. This includes instructions relating to the proper use of relevant money, relevant property and other resources.

12. As instruments made under the authority of the PGPA Act, AAI are part of finance law and are binding on all officials. They can compel officials to comply with particular processes or additional requirements, but should not seek to vary the application of the PGPA Act and rules.

Part 3 – Scope of the AAI

13. As the authority to issue AAI comes from the PGPA Act, AAI should only be made on matters that are within the scope of the Act and rules. An accountable authority may also issue AAI on matters covered by the resource management policies of the Commonwealth, such as travel and cost recovery, to the extent that these matters are within the scope of the PGPA Act and rules (i.e. involve the management of public resources).

14. AAI apply to all officials of an entity. That said, it may be appropriate for certain instructions to apply only to particular areas or officials within an entity. Any instruction that applies to specific officials or areas, such as an instruction directed at delegates, should clearly specify who it applies to.

15. Where an official of one Commonwealth entity performs a task for one or more other Commonwealth entities, the relevant accountable authority should determine which entity's AAI apply when that task is being performed. The agreed approach should be incorporated into the Memorandum of Understanding (MOU) or other agreement that establishes the arrangement between the entities.
Part 4 – Developing and maintaining AAs

16. AAs should be accessible to all officials at all levels of the entity. They should be written in simple, plain language and provide clear instructions on the key requirements of the resource management framework and the rules that apply to resource management within the particular entity. The Model AAs are based on these principles.

17. Ideally, AAs should not contain detailed procedural requirements. This information should be provided through other documents that provide step-by-step operational guidance.

18. Entities should ensure that AAs are closely aligned with the internal financial delegations issued to officials of the entity. In particular, officials who exercise a delegation under the PGPA legislation should be provided with clear instructions on the relevant policies and rules that apply to them.

19. Ideally, AAs should be supported by complementary operational guidance that details specific entity processes and procedures. As AAs give effect to the PGPA Act and rules, only the key matters that apply to resource management should be included in AAs. Detailed step-by-step procedures should be included in operational guidance.

20. Officials should be able to rely on AAs and any related operational guidance to undertake a particular task, rather than be required to read the relevant legislation and a range of related guidance documents. This also ensures that the accountable authority maintains and sets the appropriate controls and procedures relevant to the entity’s objectives.

21. Entities should regularly review their AAs and operational guidance to ensure that they remain relevant and appropriate. These reviews provide an opportunity to analyse templates, forms and processes to ensure that current instructions and guidance are suitable and up-to-date.

Part 5 – Introducing the Model AAs

Introduction

22. These Model AAs cover the core topics that are applicable to the majority of officials in most non-corporate Commonwealth entities. As a tool, the Model AAs seek to improve consistency across entities and help all officials to understand and comply with the key requirements of the resource management framework. They are essentially a summary of the key requirements of the resource management framework.

23. The Model AAs are not designed to be prescriptive or exhaustive, as individual entity requirements may differ, AAs should be tailored to meet these requirements. The Model AAs provide accountable authorities with the flexibility to issue additional instructions commensurate with the entity’s needs and with the risks involved with undertaking particular functions.

24. Officials, who are responsible for developing an entity’s AAs, are encouraged to use the Model AAs as the basis for their instructions, rather than attempting to interpret the PGPA legislation themselves. Using the Model AAs will reduce the risk of misinterpreting the requirements of the resource management framework. The Model AAs are also designed to promote consistency across the Commonwealth, to allow officials to easily work, or transfer, between entities.

25. Each of the Model AAs contains three parts:
   - an introduction, providing background information on the topic, the authority to issue it and links to key guidance and references
   - the model instructions (text in the grey shaded boxes) on the core requirements of the topic
suggestions on additional entity guidance (grey text in the boxes) that may be included where relevant to suit an entity's specific needs.

Using the Model AAIs

26. The wording of the model instructions, in the grey text boxes, should generally not be changed. If a minor change is required to reflect an important difference within a particular entity, for example where an accountable authority uses a specific title, the entity should carefully consider any rewording and may wish to consult with Finance. Changing the wording of the model instructions may result in an entity misinterpreting the PGPA legislation.

27. Within the Model AAIs, a word in bold text is linked to a defined term in the glossary. The glossary contains terms that are defined in the PGPA legislation or other resource framework guidance, and terms which have a specific meaning in the context of the Model AAIs.

28. While designed to be read as standalone documents, the Model AAIs link to existing guidance material. Within the Model AAIs, underlined text is linked to the primary reference source, such as the legislation, the delegation, resource management framework guidance or another Model AAI.

29. The Model AAIs are designed to assist entities to develop their own instructions and operational guidance. An accountable authority may issue additional instructions within an existing Model AAI topic or, where an activity does not fit within an existing topic, as a separate AAI. Alternatively, if an entity does not undertake one or more of the functions covered in the Model AAIs, the entity may choose to exclude that topic.

30. The Model AAIs include suggestions relating to matters that are not explicitly covered by the PGPA legislation, but may be covered by resource management policies or relate to an issue where an accountable authority may wish to issue additional instructions, as described in the grey text within the boxes. For example, the additional instructions may relate to resource management policy requirements, such as how officials can book fares that comply with the Whole-of-Australian-Government travel policies on “lowest practical fare”. Entities may also wish to include additional instructions that reflect directions contained in their internal delegation instruments.
<table>
<thead>
<tr>
<th>MODEL AAI TOPIC</th>
<th>SUBTOPICS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANAGING RISK AND INTERNAL ACCOUNTABILITY</td>
<td>Accountability for managing risk</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Disclosure of interests</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Fraud risk management and control</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Audit</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Accounts and Records</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
<td>21</td>
</tr>
<tr>
<td>APPROVAL AND COMMITMENT OF RELEVANT MONEY</td>
<td>Approving commitments of relevant money and entering into arrangements</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>Guarantees, indemnities, warranties, on behalf of the Commonwealth</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Official hospitality</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>Official travel</td>
<td>33</td>
</tr>
<tr>
<td>PROCUREMENT</td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>GRANTS</td>
<td></td>
<td>45</td>
</tr>
<tr>
<td>COMMONWEALTH CREDIT CARDS AND CREDIT VOUCHERS</td>
<td></td>
<td>52</td>
</tr>
<tr>
<td>MAKING PAYMENTS OF RELEVANT MONEY</td>
<td>Making payments</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>Discretionary compensation mechanisms</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Taxation obligations</td>
<td>63</td>
</tr>
<tr>
<td>MANAGING RELEVANT MONEY</td>
<td>Receiving relevant money</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td>Banking</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td>Loss and recovery of relevant money</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>Cash advances (including petty cash and cash floats)</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>Investments and borrowings</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Special accounts</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td>User charging</td>
<td>74</td>
</tr>
<tr>
<td>ARRANGEMENTS RELATING TO OTHER CRF MONEY</td>
<td></td>
<td>75</td>
</tr>
<tr>
<td>MANAGING DEBT</td>
<td>Recovery of debts</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>Non-recovery (write-off) of debts</td>
<td>81</td>
</tr>
<tr>
<td></td>
<td>Waiver of amounts owing to the Commonwealth</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>Payment by instalments or deferral of the time for payment</td>
<td>84</td>
</tr>
<tr>
<td>MANAGING RELEVANT PROPERTY</td>
<td>Acquiring relevant property</td>
<td>87</td>
</tr>
<tr>
<td></td>
<td>Disposing of relevant property</td>
<td>89</td>
</tr>
<tr>
<td></td>
<td>Custody, use and management of relevant property</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>Loss and recovery of relevant property</td>
<td>95</td>
</tr>
<tr>
<td>WORKING WITH OTHER COMMONWEALTH ENTITIES</td>
<td></td>
<td>96</td>
</tr>
<tr>
<td>GLOSSARY OF TERMS</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>
MANAGING RISK AND INTERNAL ACCOUNTABILITY

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to non-corporate Commonwealth entities. It provides instruction to officials on activities relating to corporate governance, including:

- managing risks;
- fraud risk management and control;
- audit;
- accounts and records; and
- insurance.

Section 15 of the PGPA Act imposes a duty of accountable authorities, to govern a Commonwealth entity in a way that promotes the ‘proper’ use and management of the public resources for which the accountable authority is responsible. This includes managing, committing, and spending relevant money and managing relevant property. Consistent with this duty, accountable authorities must establish appropriate controls that relate to the corporate governance of the entity, as a crucial part of managing public resources.

Corporate governance relates to the general duties of accountable authorities under Chapter 2 of the PGPA Act and is part of the broader governance frameworks established by an accountable authority to manage risk and achieve an entity’s objectives, functions or role.

Sections 16 to 19 of the PGPA Act highlight the role and importance of the accountable authority of a Commonwealth entity to establish and maintain appropriate risk frameworks and systems that ensure:

- the development of an entity’s risk management framework, supporting systems and control framework that is fit for purpose, giving consideration to the complexity (or maturity) of the entity;
- cooperation with stakeholders to achieve common objectives;
- consideration of the requirements imposed on others, to ensure that specific risks are placed with those best placed to manage the risk; and
- the communication of risk, and an entity’s ability to manage specific risks, with the responsible Minister.

Duties of officials

Sections 25 to 29 of the PGPA Act set out the general duties that apply to officials of all Commonwealth entities particularly in their management and use of public resources. There are five general duties, which are:

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

These general duties provide a uniform set of expected behaviours that covers all officials in meeting high standards of governance, performance and accountability. These duties are in addition to any other legal duties that an official may have under their employment framework or through an employment contract.
Risk management

Chapter 2 of the PGPA Act places a duty upon an accountable authority to govern its Commonwealth entity in a way that promotes the proper use and management of public resources. In doing so, an accountable authority needs to actively manage risk in order to promote the efficient, effective, economical and ethical use of public resources. Further, under section 21 of the PGPA Act the accountable authority of a non-corporate Commonwealth entity must govern the entity in a way that is not inconsistent with policies of the Australian Government. The principles of sound risk management underpin the resource management framework and should inform decision-making. For example, the Commonwealth Procurement Rules and Commonwealth Grants Rules and Guidelines, identify risk management practices as core principles of procurement and grants administration.

The international standard on risk management (AS/NZS ISO 31000:2009) defines risk management as "coordinated activities to direct and control an organisation with regard to risk”. The Commonwealth Risk Management Policy requires accountable authorities to put in place appropriate frameworks to manage risk and maintain the appropriate control frameworks to manage the uncertainties faced by the entity.

To fulfil its obligations under the PGPA Act, the accountable authority of an entity must:

- have an appropriate system of oversight and maintain the entity’s risk management and control framework;
- articulate the roles and expectations of officials to manage risks; and
- ensure the responsibility for the management of risk and controls is determined assigned and monitored.

To support such an approach the accountable authority should endorse the entity’s risk management framework and ensure their frameworks and systems are aligned with the Commonwealth risk management policy by:

- linking between the entity’s approach to the management of risk and its strategic plans and objectives; and
- clarifying key accountabilities and responsibilities for managing risk.

The principles of good risk management practices underpin the PGPA framework and should inform the behaviours and financial decisions of an entity.

Key Guidance

| Resource Management Guide No 200, General duties of accountable authorities |
| Resource Management Guide No 201, Preventing, detecting and dealing with fraud |
| Resource Management Guide No 202, Audit Committees |
| Resource Management Guide No 203, General duties of officials |
| Resource Management Guide No 212, Prescribing officials for non-corporate Commonwealth entities |
| Commonwealth Risk Management Policy |
| Commonwealth Procurement Rules |
| Commonwealth Grants Rules and Guidelines |
| Commonwealth Fraud Control Policy |
| ANAO Better Practice Guide Fraud, Control in Australian Government Entities |
| ANAO Better Practice Guide, Public Sector Internal Audit |
| ANAO Better Practice Guide, Public Sector Audit Committees: Independent assurance and advice for Accountable Authorities |

Key References

| PGPA Act: s15, s16, s21, s45 |
| PGPA Rule: s10, s12 to s16D, s17 |
ACCOUNTABILITY FOR MANAGING RISK

Accountability and responsibility for a Commonwealth entity’s performance lies with the accountable authority. This includes accountability for the Commonwealth entity’s management of risk. While senior managers and the accountable authority are ultimately accountable for the management of risks, it is the responsibility of all officials to undertake the management of risk.

<table>
<thead>
<tr>
<th>Key Guidance</th>
<th>Key References</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Commonwealth Risk Management Policy</em></td>
<td></td>
</tr>
</tbody>
</table>

Instructions – All officials

- You must actively manage risks that are part of your day-to-day work by:
  - complying with the Commonwealth entity’s enterprise risk management framework;
  - identifying key risks and appropriately responding to them; and
  - reporting key risks to the responsible person.

In developing additional entity instructions, you may wish to include instructions on:

- key principles of the Commonwealth entity’s enterprise risk management framework;
- how officials effectively assess and engage with risk, such as when to undertake a cost benefit analysis, and how risks are managed depending on their size, nature, etc;
- identifying the responsible person for reporting key risks;
- managing “key risks”, in the context of your Commonwealth 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 risk in different circumstances;
- specific risk reporting requirements (e.g. *indemnities* register); and
- processes for maintaining the Commonwealth entity’s enterprise risk management framework and business continuity plan.

Instructions – Officials responsible for risk management activities

Overall accountability for risk management is with the accountable authority. Responsibility for the implementation of the Commonwealth entity’s enterprise risk management framework may be allocated to a risk manager or risk management team who have been appointed to sponsor or provide guidance to others on managing risk.

- You must develop and maintain a written risk management policy, which:
  - clearly defines the responsibility for managing risk;
  - is endorsed by the entity’s accountable authority;
  - describes the attributes of the entities risk culture it seeks to develop;
  - defines the linkage between the entity’s approach to the management of risk and its strategic plans and objectives; and
  - contains an outline of key accountabilities and responsibilities for managing risk and implementing the entity’s enterprise risk management framework.
to ensure the entity’s framework and risk profile remain current and relevant.

- You must ensure that a systematic approach to managing risk is integrated in all business processes;
- You must ensure that the risk management framework promotes the development of a positive risk culture;
- You must implement arrangements to communicate risk in a timely and effective manner to internal and external stakeholders;
- You must implement arrangements to proactively understand and contribute to the management of shared risks;
- You must maintain an appropriate level of capability to both implement your entity’s risk management framework and manage its risks;
- You must review your entity’s risks, its risk management framework and the application of its risk management practices, on a regular basis and implement changes arising from such reviews.

In developing entity instructions, you may wish to include instructions on:

- the objective and rationale for managing risk in the entity, including how this is communicated to the entity’s responsible Minister;
- how the management of risk interfaces with other governance and assurance programs within the entity;
- the entity’s approach to integrating the management of risk into its existing business processes; and
- the rationale by which the management of risk performance is measured.
DISCLOSURE OF INTERESTS

Section 29 of the PGPA Act places a duty on all officials to disclose material personal interests relating to the affairs of the entity. It is fundamental to good governance that material personal interests are raised and dealt with effectively. Failure to do so can undermine confidence and trust in the Commonwealth entity concerned and potentially the Commonwealth more broadly.

The duty to disclose applies only to material personal interests. Materiality depends on the size and nature of the interest and the surrounding circumstances. Material personal interests should not be 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’ should 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 should be: if in doubt, declare the interest in accordance with legislative requirements and instructions of your accountable authority.

The PGPA Rule provides in sections 12 to 16C the requirements and consequences, where applicable, for disclosure of material personal interests that relate to the affairs of the entity (section 16D deals with the effect of a contravention of the duty to disclose interests). The key section in the PGPA Rule, for developing AAIs, will generally be section 16 of the PGPA Rule. Section 16 provides that an official who has a material personal interest that relates to the affairs of the entity must disclose that interest in accordance with any instructions given by the accountable authority of the entity.

<table>
<thead>
<tr>
<th>Key Guidance</th>
<th>Key References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Management Guide No. 203: General duties of officials</td>
<td>PGPA Act: s29 PGPA Rule: s12 to s16D</td>
</tr>
</tbody>
</table>

Instructions – All officials

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

In developing entity instructions, you may wish to include instructions on:

- the official(s) that has responsibility for the development, oversight and management (including updating) of the entity’s process for the disclosure of material personal interest;
- the promulgation to officials of the entity instructions and/or policy on disclosure of interests;
- to whom officials disclose material personal interests to;
- the appointment of an official(s) of the entity to manage disclosures of interests;
- the maintenance of a register of interests, requirements to keep it up to date and officials that have the responsibility for this;
- articulating circumstances that may be deemed a conflict of interest and need to be disclosed by officials, for example:
  - where an official, or family member, is a party to a contract, or involved in a transaction with the Commonwealth entity for goods or services;
  - where an official, or family member, has a material personal interest in a transaction between the Commonwealth entity and another entity in which the official, including a family member, is a director, officer, agent, partner, associate, employee, trustee, personal representative, receiver, guardian, custodian or other legal representative;
  - where 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 Commonwealth entity.

- instructions in respect of situations that may create the appearance of a conflict, or the presence of a duality of interests for officials of the entity, and when those circumstances should be disclosed by officials, and to whom they should be disclosed;
- where interests are disclosed what course of action the entity and/or officials should take so that the best interests of the entity (and Commonwealth) are not compromised; and
- the acceptance of gifts from other entities or individuals that can result in a conflict or duality of interest where the circumstances of the gift are such that it may be inferred the action was intended to influence, or could influence, an official of the entity in the performance of their duties (see also AAI Acquiring Relevant Property – Receiving gifts and benefits).
FRAUD RISK MANAGEMENT AND CONTROL

Section 10 of the **PGPA Rule** (Preventing, detecting and dealing with fraud) provides that the **accountable authority** must take all reasonable measures to prevent, detect, and deal with **fraud** relating to the **Commonwealth entity**. This includes conducting regular fraud risk assessments, developing and implementing a fraud control plan that deals with identified risks and ensuring that the risk of fraud is taken into account in planning and conducting the activities of the entity.

Further, section 10 of the PGPA Rule provides that the accountable authority must have appropriate mechanisms for:

- preventing fraud, including ensuring that officials in the entity are made aware of what constitutes fraud;
- detecting fraud, including a process for officials of the entity and other persons to confidentially report suspected fraud to the entity;
- investigating or otherwise dealing with fraud or suspected fraud; and
- recording and reporting incidences of fraud or suspected fraud.

The **Minister** for Justice has issued guidance (**Resource Management Guide No 201, Preventing, detecting and dealing with fraud (RMG 201)**) about the control of fraud, fraud risk assessments, fraud control plans and reporting of fraud.

**RMG 201** establishes the fraud control framework for Commonwealth entities, and will provide the primary reference point for accountable authorities in relation to fraud control. Within this context, Commonwealth entities develop their own practices, plans and procedures.

According to **RMG 201**, fraud against the Commonwealth means “dishonestly obtaining a benefit, or causing a loss, by deception or other means”. Fraud risk management and control involves all activities aimed at preventing, detecting, investigating and responding to fraud. These can include processes such as officials training, appointment of Fraud Control Officers and prosecuting offenders.

Officials must act in accordance with their general duties under the PGPA Act which provide a uniform set of expected behaviours that covers all officials in meeting high standards of governance, performance and accountability. For further information on the duties of officials, see **Resource Management Guide No.203, General duties of officials**.

### Key Guidance

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<th>Key References</th>
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<tbody>
<tr>
<td>Resource Management Guide No 201, Preventing, detecting and dealing with fraud</td>
</tr>
<tr>
<td>Resource Management Guide No 203, General duties of officials</td>
</tr>
<tr>
<td>ANAO Better Practice Guide Fraud, Control in Australian Government Entities</td>
</tr>
<tr>
<td>Commonwealth Fraud Control Policy</td>
</tr>
</tbody>
</table>

### Key References

| Resource Management Guide No 201, Preventing, detecting and dealing with fraud |
| Resource Management Guide No 203, General duties of officials |
| ANAO Better Practice Guide Fraud, Control in Australian Government Entities |
| Commonwealth Fraud Control Policy |

### Instructions – All officials

- You must act in accordance with the **Commonwealth entity’s** fraud control plan.

In developing additional entity instructions, you may wish to include instructions on:

- the officials responsible for developing, maintaining and updating the Commonwealth entity’s fraud control plan;
- how the better practice guidance in Resource Management Guide No 201, Preventing, detecting and dealing with fraud, is to be applied in the entity;
- role of Fraud Control Officers (if applicable);
- the Commonwealth entity's fraud prevention processes, such as specific internal controls;
- how the Commonwealth entity's fraud control activities are monitored;
- the process for reporting suspected fraud;
- the process for investigating suspected fraud and when suspected fraud should be referred to a law enforcement Commonwealth entity (e.g., the Australian Federal Police);
- the requirements that relate to recording suspected fraud, actions taken in handling the matter and the outcomes of subsequent investigations or actions taken;
- taking action 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;
- the requirements for officials to undertake fraud awareness and prevention training, and where appropriate, fraud control or investigation training;
- who is responsible for coordinating the annual report to the Minister on fraud risk and fraud control in the Commonwealth entity;
- who is responsible for regularly coordinating the Commonwealth entity's fraud risk assessment, which should be undertaken at least once every two years;
- the measures an official should put in place to ensure that external service providers are aware of the Australian Government and the Commonwealth entity's position on fraud control, and to meet the standard of accountability required under the PGPA Act; and
- which Commonwealth entity's fraud control plan applies if officials are undertaking activities for another Commonwealth entity.
AUDIT

Section 45 of the PGPA Act requires accountable authorities of all Commonwealth entities to ensure that the entity has an audit committee. Section 17 of the PGPA Rule prescribes the minimum functions and membership of the audit committee. From 1 July 2015 the majority of the members of the audit committee must not be officials of the entity. The audit committee helps the Commonwealth entity to comply with obligations under the finance law (the PGPA Act, the PGPA Rule and the PGPA Financial Reporting Rule (FRR)). The audit committee provides a forum for communication between the accountable authority, senior managers of the Commonwealth entity and the internal and external auditors of the Commonwealth entity i.e. the Commonwealth Auditor-General.

<table>
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<th>Key Guidance</th>
<th>Key References</th>
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<tbody>
<tr>
<td>Resource Management Guide No 202, Audit Committees</td>
<td>PGPA Act: s45</td>
</tr>
<tr>
<td>ANAO Better Practice Guide, Public Sector Internal Audit</td>
<td>PGPA Rule: s17</td>
</tr>
<tr>
<td>ANAO Better Practice Guide, Public Sector Audit Committees: Independent</td>
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<td>assurance and advice for Accountable Authorities</td>
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Instructions – All officials

- You must cooperate with:
  - your Commonwealth entity’s internal audit function (if applicable);
  - your Commonwealth entity’s audit committee; and
  - the Commonwealth Auditor-General represented by officials of the Australian National Audit Office.

In developing additional entity instructions, you may wish to include instructions on:

- processes for audit committee meetings, such as agenda papers, appearing before the committee, and the audit program;
- processes involving the Auditor-General, such as reporting audit activities and responding to audit findings; and
- processes for providing information to the Commonwealth Auditor-General.
ACCOUNTS AND RECORDS

Section 41 of the PGPA Act requires an accountable authority to ensure that the accounts and records of their entity are kept that properly record and explain the entity's transactions and financial position. Section 41 also requires the form of these records conform with requirements in the rules and facilitates the preparation of annual financial statements and audit reports. It also establishes that the Finance Minister and the responsible Minister are entitled to full and free access to the accounts and records of each Commonwealth entity, subject to any Commonwealth law that prohibits disclosure of particular information.

Section 32 of the Auditor-General Act 1997 provides the Commonwealth Auditor-General with the power to direct an official to obtain information that the Auditor-General requires.

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<th>Key References</th>
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<tr>
<td><strong>PGPA Financial Reporting Rule</strong></td>
<td>PGPA Act: s41</td>
</tr>
<tr>
<td><strong>RMG 125 Commonwealth Entities Financial Statements Guide</strong></td>
<td></td>
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<tr>
<td><strong>ANAO Better Practice Guide, Preparation of Financial Statements by Public Sector Entities</strong></td>
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<tr>
<td><strong>ANAO Better Practice Guide, Public Sector Financial Statements: High-quality reporting through good governance and processes</strong></td>
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Instructions – All officials

- You must maintain appropriate accounts and records to meet the requirements of the PGPA Act, PGPA Rule and the PGPA Financial Reporting Rule (FRR).
- You must comply with any lawful request by the Finance Minister, the responsible Minister and the Commonwealth Auditor-General for access to the Commonwealth entity’s accounts and records.

In developing additional entity instructions, you may wish to include instructions on:

- the officials that have overall responsibility for ensuring that accounts and records are kept as required by the FRR (e.g. the CFO);
- the role of the unit assisting the official responsible for maintaining the Commonwealth entity's accounts and records;
- specific acquittal or reporting requirements that relate to particular activities or business units (e.g. end of day cash ups for payments areas, Cabcharge reconciliations);
- specific financial reporting requirements that apply to particular officials (e.g. delegates, cost centre managers, branch/division managers);
- the processes for providing information for inter-jurisdictional audits;
- end of month processes;
- hard close processes;
- start/end of financial year processes;
- FMIS requirements (if any) to ensure that proper records are kept.
INSURANCE

Non-corporate Commonwealth entities are required to arrange insurance of insurable assets and liabilities through Comcover, and to arrange workers compensation insurance through Comcare. The risks normally covered, but not limited to, include:

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

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

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

Key Guidance

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<th>Key References</th>
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<tr>
<td>Commonwealth Risk Management Policy</td>
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Instructions – All officials

- You must disclose any insurance risks and report any potential insurance claim or incident to the insurer.

In developing additional entity instructions, you may wish to include instructions on:

- how officials should manage public resources in a way that minimises the risk of an insurance claim.
- the official that has responsible for the oversight and management of the entity's insurance program with Comcover, Comcare or other insurers;
- consultation and obtaining advice from Comcover on recommended insurance coverage;
- insurance risk assessment processes;
- a requirement that officials disclose to the entity’s insurance managers, all changes to insurance declarations (e.g. purchases, leases and disposals of buildings and infrastructure) to enable adequate insurance cover to be obtained;
- processes to determine whether a risk will be covered by current insurance policies and if a risk is not covered, processes to liaise with Comcover regarding further coverage or commercial insurance;
- key strategies to minimise the risks of insurance claims, such as quality assurance processes;
- insurance procedures with regards to contract management (e.g. preferred minimum public liability, professional indemnity and other insurance coverage to be obtained by contractors);
- policies relating to indemnification by or of the entity;
- insurance procedures with regards to committees (e.g. whether an indemnity will be offered, or whether insurance will be required, paid for or provided);
- how your insurer is notified about key events, such as changes to risks, new contingent liabilities, or claims and any thresholds that apply to making claims;
- a requirement that officials report all claims and incidents that might lead to an unplanned
financial loss and could result in a claim to the insurer, including the timeframe for doing so;
- maintaining records in relation to insurable risks, such as significant incidents, amounts claimed from insurers, amounts paid as excess and measures taken to manage and minimise insurable risks;
- insurance claims processes; and
- how legal claims against the Commonwealth are to be managed, including who should be consulted (e.g. the entity's internal legal area).
APPROVAL AND COMMITMENT OF RELEVANT MONEY

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to non-corporate Commonwealth entities. It provides instruction to officials on approving and committing relevant money and entering into, varying or administering arrangements. It includes instructions in relation to:

- approving proposed commitments of relevant money and entering into arrangements;
- guarantees, indemnities, warranties and other contingent liabilities;
- official travel; and
- official hospitality.

Proper use of public resources

Section 15 of the PGPA Act imposes a duty on accountable authorities to promote the proper use and management of public resources for which they are responsible. Consistent with this duty, accountable authorities should establish controls that ensure officials consider the proper use (i.e. efficient, effective, economical and ethical use) of public resources when making decisions regarding the commitment of relevant money.

Before committing relevant money

Before you commit relevant money, you must be satisfied that:

- you have authority to enter into the commitment;
- you have acted in accordance with the Commonwealth Procurement Rules or Commonwealth Grants Rules and Guidelines, where relevant; and
- you have not acted inconsistent with the policies of the Australian Government.

For non-corporate Commonwealth entities, the authority to enter into, vary or administer an arrangement generally comes from legislation. The authority can come from section 23 of the PGPA Act or other specific legislation.

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

For non-corporate Commonwealth entities, where a commitment of relevant money relates to the ordinary services and functions of government, the authority to enter into, vary or administer an arrangement is conferred on accountable authorities by section 23 of the PGPA Act. Accountable authorities can delegate this power to officials.

Section 18 of the PGPA Rule (Approving commitments of relevant money) sets out the requirements that apply to all Commonwealth entity officials approving the commitment of relevant money.

Expenditure for purposes other than the ordinary services and functions of government should be authorised by specific legislation (for example, section 32B of the FFSP Act).

Officials may need to be delegated powers under specific legislation to enter into and administer arrangements under that legislation. For example, section 32B of the FFSP Act provides the Commonwealth with the power to enter into, vary or administer an arrangement or a grant of financial assistance ONLY if the arrangement or grant is either specified in, is in a class of arrangements or grants specified in, or is for the purposes of a program specified in Schedule 1AA or Schedule 1AB to the FFSP Regulations. An official will need to be delegated
powers under section 32B of the FFSP Act to enter into, vary or administer an arrangement of this type.

**What is a commitment of relevant money?**

Relevant money becomes ‘committed’ when the Commonwealth entity undertakes an activity that results in an obligation to pay relevant money. For example, 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.

Accountable authorities should establish controls that identify which proposed commitments require approval before the arrangement is entered into (or a payment is made), based on risk and proportionality appropriate to the circumstances of the entity. These processes should be consistent with the accountable authority's duty to promote the proper use of public resources.

**What is an arrangement?**

Section 23 of the PGPA Act refers to an arrangement as including a contract, agreement, deed or understanding. This is a broad definition and includes a range of agreements, such as MOUs, 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.

An official must be delegated powers to enter into an arrangement.

**Who can enter into an arrangement?**

Arrangements may be entered into, varied and administered under section 23 of the PGPA Act or other specific legislation.

Section 23 of the PGPA Act provides an accountable authority of a non-corporate Commonwealth entity with the power to enter into, vary or administer an arrangement, on behalf of the Commonwealth, in relation to the affairs of the entity. It also allows Commonwealth entities to work cooperatively in a range of areas, including where one Commonwealth entity enters into an arrangement and the services can be accessed by other Commonwealth entities.

Delegations are an important way in which accountable authorities enable officials within their Commonwealth entity or another Commonwealth entity to enter into arrangements.

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<th>Key Guidance</th>
<th>Key References</th>
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<tr>
<td><em>Commonwealth Procurement Rules</em></td>
<td>PGPA Act: s15, s21, s23, s60</td>
</tr>
<tr>
<td><em>Commonwealth Grants Rules and Guidelines</em></td>
<td>PGPA Rule: s18</td>
</tr>
<tr>
<td>Resource Management Guide 400, Approving commitments of relevant money</td>
<td>FFSP Act: s32B, FFSP Regulations: Schedule 1AA, 1AB</td>
</tr>
<tr>
<td>Resource Management Guide No 404, Official Domestic Travel - Use of the</td>
<td></td>
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<td>Lowest Practical Fare</td>
<td></td>
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<tr>
<td>Resource Management Guide No 405, Official International Travel - Use of</td>
<td></td>
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<td>the Best Fare of the Day</td>
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<td>Resource Management Guide No 414, Indemnities, Guarantees and Warranties</td>
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APPROVING COMMITMENTS OF RELEVANT MONEY AND ENTERING INTO ARRANGEMENTS

Section 15 of the PGPA Act imposes duties on accountable authorities regarding the governance of their entity; including managing their entity in a way that promotes the proper use and management of public resources.

Section 23 of the PGPA Act confers on accountable authorities of non-corporate Commonwealth entities the power to approve proposals for the commitment of relevant money.

Section 18 of the PGPA Rule (Approving commitments of relevant money) sets out the core legal requirements that apply to approvals for the commitment of relevant money. Section 18 of the PGPA Rule applies to all Commonwealth entities under the PGPA Act and to all officials involved in the commitment of relevant money.

The PGPA framework allows flexibility in the approval of relevant money that allows an accountable authority to apply controls that are appropriate to its entity and specific circumstances. In determining what controls to apply to approval processes an accountable authority should identify and assess the risks and balance these with the efficiency of operations to achieve appropriate processes for the commitment of relevant money.

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<th>Key References</th>
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<td>PGPA Rule: s18</td>
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Approving Commitments of Relevant Money

Instructions – All officials

- You must not approve a proposed commitment of relevant money, unless you have been delegated powers to do so.
- Proposed commitments of relevant money must be approved consistent with any written requirements specified in these instructions or the terms of the relevant delegation.
  - When required, you must seek approval for a proposed commitment of relevant money from a delegate or an accountable authority.
- Approvals for proposed commitments of relevant money must be properly recorded.

In developing additional entity instructions, you may wish to include instructions on:

- the appropriate processes for the approval and commitment of relevant money e.g. the process for low-value and low-risk arrangements, if certain types of arrangements 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 should be approved (e.g. before approaching the market, or before a Ministerial announcement);
- 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 (RFT));
- 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 RFT documentation); and
- what official should do to prepare relevant documentation to be forwarded to a delegate to seek approval to meet section 18 of the PGPA Rule (Approving commitments of relevant money).
### Instructions – Officials who have been delegated power to approve proposed commitments of relevant money

- You must comply with the requirements of section 18 of the **PGPA Rule** (Approving commitments of relevant money), and approve the proposed commitment of **relevant money** consistent with any written requirements, specified in these instructions or the terms of the relevant delegation.
  - if a commitment of relevant money involves **procurement**, you must ensure it complies with the CPRs (see AAI - Procurement).
  - if a commitment of relevant money involves a **grant**, you must ensure it complies with the CGRGs (see AAI - Grants).
- If you provide verbal approval for a commitment of relevant money, you must record in writing the approval as soon as practicable after giving it (section 18 of the PGPA Rule).
- You may **approve a commitment of relevant money subject to conditions**.

In developing additional entity instructions, you may wish to include instructions on:

- how to ensure that giving effect to a proposed commitment of relevant money would be a **proper** use of **public resources**;
- whether the Commonwealth entity has a policy that requires approval to be obtained prior to an arrangement being entered into;
- a requirement that **delegates** can only approve proposed commitments of relevant money within the limits specified in the Commonwealth entity’s delegation;
- whether an **official** is able to 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**;
- whether a delegate can provide overarching approval for a number of arrangements, the limited circumstances when this could occur and any additional requirements (e.g. acquitting expenditure to the approval provided);
- how approvals for proposed commitments of relevant money are to be recorded (e.g. are different types of records required for different types of commitments);
- how a delegate must later record verbal approval of a proposed commitment of relevant money for the purposes of section 18 of the PGPA Rule;
- the record keeping and reporting requirements for section 18 of the PGPA Rule (e.g. should the terms or basis of the approval be recorded, based on proportionality);
- 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; and
  - the delegate may 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; and
- the key Australian Government policies that apply to different types of proposed commitments of relevant money (e.g. what policies are most important for grants or different types of procurement).
**Entering into arrangements**

**Instructions – Officials who have been delegated power to enter into arrangements**

- Before entering into an arrangement, you must ensure it is within the scope of your delegation or authorisation.
- If the arrangement involves procurement, you must act in accordance with the CPRs (see AAI - Procurement).
- If the arrangement involves a grant, you must act in accordance with the CGRGs (see AAI - Grants).
- You must not vary an arrangement, unless:
  - it is within the scope of your delegation or authorisation; and
  - a new commitment of relevant money has been approved under section 23 of the PGPA Act, if required by these instructions.

In developing additional entity instructions, you may wish to include instructions on:

- the processes that officials should 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);
- how to ensure that entering into the arrangement will be a proper use of public resources;
- whether the Commonwealth entity has a policy that requires approval to be obtained prior to entering into the arrangement;
- a requirement that a signed contract, agreement or other arrangement is in place before work commences under the arrangement;
- whether an arrangement may provide for payment in advance of performance/delivery, and under what circumstances;
- the requirements relating to the administration and management of arrangements;
- who has the authority to enter into different types of arrangements;
- the requirements that apply where a delegate authorises another official to enter into arrangements on their behalf;
- who has the authority to vary arrangements;
- the reporting and/or publishing requirements for arrangements (including how to meet the additional procurement and grants reporting requirements);
- the requirements that apply where officials enter into contracts, agreements or other arrangements, which do not involve the commitment of relevant money;
- what process should be adopted to determine whether an arrangement is for the ordinary services and functions of government; and
- 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.

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

- If you are administering an arrangement, you must ensure that you have authority to do so.
  - The power to administer an arrangement can come from section 23 of the PGPA Act or other specific legislation.
  - The power to administer an arrangement must be delegated to you, or you must be authorised to exercise that power, by your accountable authority.
  - The arrangement must be within the scope of the relevant delegation.

In developing additional entity instructions, you may wish to include instructions on:

- 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.

- who holds relevant delegations to administer arrangements within your Commonwealth entity (these people may be different to the people who can enter into an arrangement in relation to the affairs of the entity); and
- requirements for documenting **authorisations** for others to sign-off on invoices or make payments on your behalf.
GUARANTEES, INDEMNITIES, AND WARRANTIES, ON BEHALF OF THE COMMONWEALTH

Section 60 of the PGPA Act authorises the Finance Minister to grant an indemnity, guarantee or warranty on behalf of the Commonwealth. This power has been delegated by the Finance Minister to accountable authorities of non-corporate Commonwealth entities. However, the Finance Minister has not delegated the power to enter into loan guarantees. A delegate cannot grant an indemnity that would expressly meet the costs of civil or criminal penalties of the indemnified party.

Contingent liabilities are commitments that may give rise to a cost as a result of a future event. They often result from indemnities, guarantees, warranties and certain liability caps in contracts. Contingent liabilities are generally used to allocate risk between parties to an arrangement. The Commonwealth's policy is that risk should be managed by the party best placed to manage it.

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Instructions – All officials

- 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.

In developing additional entity instructions, you may wish to include instructions on:

- how to identify and manage a contingent liability;
- who can grant an indemnity, guarantee or warranty on behalf of the Commonwealth (i.e. the official delegated powers under section 60 of the PGPA Act); and
- 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 should consult with (e.g. the entity’s legal section) prior to entering into an arrangement that may include indemnities, guarantees or warranties;
- the circumstances where an indemnity, guarantee or warranty should be avoided (e.g. because it would set an undesirable precedent); and
- 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 grant a guarantee, indemnity or warranty

- When entering into an arrangement that involves an indemnity, guarantee or warranty, you must comply with the directions in the delegation.
- If the arrangement involves a loan guarantee, you must obtain written approval from the Finance Minister for the loan guarantee under PGPA Act section 60 (this power has not been delegated to accountable authorities).
- You cannot enter into an arrangement that involves an indemnity, guarantee or warranty with another non-corporate Commonwealth entity.

In developing additional entity instructions, you may wish to include instructions on:

- a requirement that, before granting an indemnity, warranty or guarantee, other options are considered and an assessment has been made that the benefits outweigh the risks;
- who an official must consult with (e.g. the entity’s legal section) prior to entering into an arrangement that may include indemnities, guarantees or warranties;
• what types of contingent liabilities are allowable;
• the circumstances where an indemnity, guarantee or warranty should be avoided (e.g. because it would set an undesirable precedent);
• a requirement that officials assess the risks associated with an arrangement that consists of or includes an indemnity, guarantee or warranty;
• a requirement that officials do not enter into an arrangement that involves an indemnity, guarantee or warranty unless other options have been examined and the benefits outweigh the risks;
• a requirement that officials develop and implement a risk management plan based on the risk assessment;
• whether an arrangement that involves a contingent liability can be entered into if it does not comply with the Resource Management Guide No 414: Indemnities;
• the provisions that should be considered for inclusion in an indemnity, guarantee or warranty instrument (e.g. financial limits, time limits, termination and subrogation clauses);
• how an official is to determine the likelihood of an indemnity, guarantee or warranty crystallising and the most probable cost that would result;
• the entity’s arrangements for monitoring instruments involving indemnities, guarantees or warranties and managing associated risks;
• a requirement that a register of all material indemnities, guarantees or warranties is maintained, including details of who is responsible for maintaining the register;
• the security requirements that apply to indemnity, guarantee or warranty instruments and associated documents;
• the record keeping and reporting requirements relating to the indemnity, guarantee or warranty (e.g. the FRR and Budget Papers); and
• the process to be followed if an arrangement includes a **contingent liability** which is assessed as low-risk and low-value.
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 entity objectives. Official hospitality may include the provision of refreshments, entertainment, gifts of property, prizes or other benefits. In the majority of cases for non-corporate Commonwealth entities, providing official hospitality will be for the ordinary services and functions of government and entered into under section 23 of the PGPA Act. In limited cases, non-corporate Commonwealth entity officials may need to be delegated powers under section 32B of the FFSP Act or other specific legislation to enter an arrangement for the purposes of providing official hospitality.

For instructions relating to the gifting of relevant property, see AAI–Managing relevant property.

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Instructions – All officials

- 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.
- You must not enter into an arrangement to provide official hospitality unless the requirements in these instructions have been met (see AAI - Approval and commitments of relevant money).
- You must act in accordance with the CPRs when procuring goods or services to provide official hospitality (see AAI - Procurement).
- Any decision to spend relevant money on official hospitality must be publicly defensible.

In developing additional entity instructions, you may wish to include instructions on:
- how to assess that an arrangement to provide official hospitality represent a proper use of public resources;
- what is considered official hospitality in the entity (e.g. whether business catering/sustenance, working lunches, celebratory events, the purchase of flowers or wreaths and/or officials development programs are included);
- what types of hospitality can be provided and to whom;
- who can approve official hospitality (including any limits);
- the process to approve an arrangement to provide official hospitality;
- whether additional approvals are required where an arrangement relates to the provision of official hospitality;
- whether special requirements apply for official hospitality involving a Minister;
- whether an delegate can approve official hospitality where they may personally benefit from that hospitality;
- the factors to be considered to satisfy an official that official hospitality is publicly defensible (e.g. the primary purpose of the hospitality is work-related, it facilitates the conduct of public business, and the costs are reasonable and appropriate for the situation);
- who is able to attend an official hospitality event (e.g. limited to those whose attendance would benefit the entity);
- whether alcohol can be provided as part of official hospitality and what rules, if any, apply to the provision of alcohol;
- whether Commonwealth entity premises can be used for the provision of official hospitality.
hospitality, and if so, under what circumstances;
• whether an entity officials member's premises can be used for the provision of official hospitality, and if so, under what circumstances;
• whether hospitality can be provided in circumstances where the majority of beneficiaries are officials of the entity;
• the requirements that apply where an official receives official hospitality whilst also receiving a travel allowance;
• the requirements that apply to representation allowances for officials posted overseas;
• how payment of gratuities (tips) are to be treated;
• how conflict of interest issues are addressed when providing official hospitality;
• the FBT requirements that apply to the provision of official hospitality;
• the acquittal requirements that apply to official hospitality; and
• the record keeping and reporting requirements that apply in relation to official hospitality.
OFFICIAL TRAVEL

Official travel is any travel where a Commonwealth entity is 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 entity objectives. Arrangements for the purpose of official travel will generally be entered into under section 23 of the PGPA Act. In limited cases you may need to enter an arrangement for official travel under section 32B of the FFSP Act, or other specific legislation.

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

<table>
<thead>
<tr>
<th>Key Guidance</th>
<th>Key References</th>
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<tr>
<td>Resource Management Guide No 400, Approving commitments of relevant money</td>
<td>PGPA Act: s15, s21, s23</td>
</tr>
<tr>
<td>Resource Management Guide No 404, Official Domestic Travel - Use of the Lowest Practical Fare</td>
<td>PGPA Rule: s18</td>
</tr>
<tr>
<td>Resource Management Guide No. 405 - Official International Travel - Use of the Best Fare of the Day</td>
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<tr>
<td>Resource Management Guide No -418, Payment Terms for Australian Government Travel Arrangements – Card Services</td>
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<tr>
<td>WoAG Travel Advices</td>
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</table>

Instructions – All officials

- 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 (e.g. under section 23 of the PGPA Act or specific legislation).
- You must not enter into an arrangement for official travel unless the requirements in these instructions have been met (see AAI - Approving commitments of relevant money and entering into arrangements).
- You must act in accordance with the CPRs when procuring official travel (see AAI - Procurement).
- Where the Government has established coordinated procurements for a particular travel activity, you must use the arrangement established for that activity, unless an exemption has been provided or reimbursement is to be provided to a third party (i.e. a non-Commonwealth entity 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 QBT - 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.
  - use the contracted accommodation program management services provider for accommodation arrangements under the Deed for the Provision of Accommodation Program Management Services to the Australian Government.
  - use the contracted car rental services providers for car rental arrangements 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 Card and Related Services to the Australian Government.
In developing additional entity instructions, you may wish to include instructions on:

- who can approve different travel arrangements (e.g. hire cars, domestic airfares, international airfares);
- the circumstances where travel is appropriate;
- the process to approve an arrangement for official travel;
- the approvals that are required for international travel;
- the process for approval of international travel by the relevant Cabinet Minister (for example, that proposals for travel by a significant delegation of officials be submitted for consideration);
- whether a delegate can approve their own travel;
- the entity’s policy on airline lounge memberships and use;
- the travel cover provided under Comcover’s Statement of Cover, and how to access assistance under Comcover’s Overseas Medical and Travel Assistance arrangements;
- the requirement that to be eligible for cover under the Statement of Cover the activities of travellers on official business must be consistent with the nature of travel approved by the delegate;
- the requirement under the Whole of Australian Government Travel Arrangements that frequent flyer points must not be accrued through official travel and must not be used for private purposes;
- the entity’s policy on class of travel (i.e. business class, economy class), noting for non-corporate Commonwealth entities, the directions in International Travel Policy for a business class or lower class airfare to be selected;
- the entity’s policy on domestic accommodation arrangements;
- the use of travel or booking agents, such as the contracted TMC;
- the use of travel cards or travel contracts;
- car hire arrangements;
- whether private vehicles can be used for official travel and if so, what rules apply (including insurance arrangements);
- passport arrangements (including circumstances where an official passport must be used);
- whether any medical requirements apply to official travel (e.g. vaccination requirements for international travel);
- the requirements relating to use of travel allowances and/or reimbursement arrangements;
- the use of petty cash for travel purposes;
- whether coincidental private travel is allowed and, if so, what rules apply;
- whether an official’s family can access accommodation or other benefits provided as part of official travel;
- the acquittal requirements that apply to official travel;
- the record keeping and reporting requirements that apply to official travel;
- a requirement that officials, contractors and consultants comply with the government policies on domestic and international travel;
- whether it is better value for money to book and pay for the travel arrangements of other persons rather than reimbursing them for travel expenses;
- whether other persons should be required to adhere to the government’s policies on domestic and international travel, where the cost of travel is to be met by the entity (e.g. by way of reimbursement);
- whether international accommodation should consist of a room (and not a suite) noting for non-corporate Commonwealth entities, the directions in the International Travel Policy; and
PROCUREMENT

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to non-corporate Commonwealth entities. This AAI, together with the AAI–Approval and committing relevant money provides instruction to entity officials on undertaking a procurement and entering into a procurement contract.

What is procurement?

Procurement includes the whole process of acquiring goods or services. It begins when an entity has identified a need to procure a good or service, continues through to the signing of the procurement contract and its ongoing management, including expiry, termination and/or consideration of disposal.

Procurement also covers a situation where an entity acquires goods or services on behalf of another entity or a third party.

If you are unsure whether a particular financial arrangement is a procurement or another type of activity, see Resource Management Guide No 411, Grants, procurements and other financial arrangements.

The procurement policy framework

The Commonwealth Procurement Rules (CPRs) are a legislative instrument issued by the Finance Minister under section 105B of the PGPA Act. The CPRs set out the rules that officials of non-corporate Commonwealth entities must comply with when they procure goods and services. Where a third party undertakes a procurement on behalf of the Commonwealth entity, the third party must comply with the CPRs to the greatest extent possible.

The CPRs set out the rules for Australian Government procurement and are underpinned by the PGPA Act. Value for money is the core rule of the CPRs. It is achieved by encouraging competition and non-discriminatory processes; using public resources properly; making decisions in an accountable and transparent manner; considering the risks; and conducting a procurement process proportional to the scale and scope of the procurement.

Where the Government has established a coordinated procurement, non-corporate Commonwealth entities must use the coordinated procurement. Exemptions from a coordinated procurement can only be granted jointly by the requesting entity’s Portfolio Minister and the Finance Minister where a special need for an alternative process can be demonstrated or where the coordinated procurement allows for an alternative approach.

Simplified procedures for non-corporate Commonwealth entities and low value procurement

The majority of procurement undertaken by non-corporate Commonwealth entities is low value and non-complex. A streamlined process for procurements valued below $80,000, which complies with CPRs and the PGPA Act, is available along with guidance on how to use the process. A flowchart of the simplified process and additional guidance and templates are available on the Finance website. Should an accountable authority instruct their officials to follow the streamlined process (see instructions under "Procurement below the procurement threshold" in this AAI), this material may be useful when developing additional entity instructions and operational guidance.

<table>
<thead>
<tr>
<th>Key guidance</th>
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</tr>
</thead>
<tbody>
<tr>
<td><em>Commonwealth Procurement Rules</em></td>
<td>PGPA Act: s23; s60; and s105B</td>
</tr>
<tr>
<td>Resource Management Guide No 400, <em>Approving commitments of relevant money</em></td>
<td>PGPA Rule: s18</td>
</tr>
<tr>
<td>Procurement-connected policies</td>
<td></td>
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<tr>
<td>AusTender reporting requirements</td>
<td></td>
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<tr>
<td>Procurement guidance material</td>
<td></td>
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</tbody>
</table>
ALL PROCUREMENT - PREPARATION

Instructions – All officials

- You must determine whether a proposed financial arrangement is a procurement prior to applying the CPRs.

General requirements

Instructions – Officials involved with a procurement

- When undertaking a procurement, you must:
  - comply with the CPRs; and
  - comply with the requirements of the PGPA Act and Rule.
- You must not use third-party arrangements to avoid the rules in the CPRs when procuring goods and services.
- You must treat all potential suppliers to government equitably, subject to the CPRs.
- You must act ethically throughout a procurement.
- You must not seek to obtain benefit from supplier practices that may be dishonest, unethical or unsafe.
- If a procurement does not involve the ordinary services and functions of government, you must ensure it is authorised by Schedule 1AA or Schedule 1AB to the FFSP Regulations or other specific legislation, or that you have legal advice that the procurement can be done without legislative authority.

In developing additional entity instructions, in relation to the Australian Government Procurement Framework, you may wish to include instructions on:

- how to determine that the outcome will be a proper use of public resources;
- how the procurement thresholds apply to the entity;
- how to achieve value for money, consistent with Commonwealth policy (i.e. promoting efficient, effective, economical and ethical use of public resources; encouraging competition and non-discriminatory processes; and making decisions in an accountable and transparent manner);
- complying with relevant policies of the Commonwealth, including procurement-connected policies (see procurement-connected policies), when undertaking a procurement; and

In relation to entity specific requirements -

- the role of any internal procurement units, including when they should be consulted throughout a procurement;
- mechanisms for conducting a procurement valued at less than $80,000 and assessed as a high-risk procurement;
- internal requirements relating to the approval of procurement documentation, such as timing, approval process and who can agree to different steps (for example, approach to market);
- internal requirements relating to approvals using system based forms, such as FMIS;
- internal templates and when they should be used; and
- internal requirements relating to contract management.
Planning a procurement

- Where there is a **coordinated procurement** for **goods** or services, you must use that procurement, unless exempted (see Whole-of-Government Procurement Contracts, Arrangements and Initiatives).
- You must determine the most efficient, effective and appropriate **procurement method**, proportional to the scale, scope and risk of the **procurement**.
- You must estimate the **maximum value** (including **GST**) of the proposed procurement prior to selecting a procurement method (i.e. **open tender, prequalified tender** or **limited tender**).
  - Where the maximum value of a procurement cannot be estimated, you must treat the procurement as being valued above the **relevant procurement thresholds**.
  - You must not divide a procurement into separate parts solely for the purpose of avoiding a relevant procurement threshold.
  - You must include the maximum value of all **procurement contracts** where a procurement is conducted in multiple parts, with contracts awarded either at the same time or over a period of time with one or more supplier.
- You must actively manage the risks (see **AAI-Managing Risk and Internal Accountability**) associated with a procurement, including:
  - identifying, assessing, allocating and treating the risks, proportionate to the scale and scope of the procurement;
  - generally not accepting risks which another party is best placed to manage; and
  - complying with the Commonwealth’s policy on indemnities, guarantees and warranties (see **AAI – Guarantees indemnities, guarantees and warranties on behalf of the Commonwealth**).
- If you intend to use an existing procurement contract of another **entity**, the initial **request documentation** and the contract must have already specified potential use by other entities.
  - When using an existing procurement contract of another entity, you must ensure that value for money is achieved; the goods and services being procured are the same as provided for within the contract; and the terms and conditions of the contract are not being materially altered.

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

Procurement method

- You must comply with the additional rules for a procurement in the CPRs for goods or services valued at or above $80,000 (GST inclusive), except if the procurement is exempt from the additional rules by Appendix A in the CPRs.
- You must undertake an open tender or prequalified tender process for all procurement valued at or above the relevant procurement thresholds, unless it:
  - meets the conditions for limited tender in the additional rules; or
  - is exempt from the additional rules in the CPRs.

In developing additional entity instructions, you may wish to include instructions on (and internal approval processes for):
- when a prequalified tender process may be used, consistent with the three methods outlined in the CPRs:
  - selection of potential suppliers from a multi-use list;
  - a two stage process (where potential suppliers have been shortlisted from an initial open approach to the market); or
  - a list of all potential suppliers with a specific licence or ability to meet a legal requirement that is essential to the procurement;
- when a panel arrangement can be established, the minimum requirements, if any, to be included (i.e. cost per unit) and how a panel arrangement can be used;
- when a multi-use list can be established, the minimum requirements, if any, to be included and how a multi-use list can be used;
- when limited tender may be used; and
- requirements when undertaking construction services, particularly those valued at or above $7.5 million (GST inclusive).

PROCUREMENT VALUED BELOW THE PROCUREMENT THRESHOLD

Instructions – Officials involved with a procurement

- You must ensure that any procurement will achieve a value for money outcome.
- If you chose an open tender approach, you must comply with the requirements in the next section of this AAI - Procurement valued at or above the procurement threshold.

In developing additional entity instructions, you may wish to include instructions on:
- when to use the streamlined process for procurements;
- the approvals required for the procurement, including any entity specific delegations; and
- if required, the need for quotes and the form and number of quotes required (usually based on different expenditure thresholds).
PROCUREMENT VALUED AT OR ABOVE THE PROCUREMENT THRESHOLD

Instructions – All officials

In developing additional entity instructions, you may wish to include instructions on requirements relating to the internal procurement unit undertaking or advising on any approach to market, processing a tender and assessing a tender in accordance with the CPRs where the procurement is valued at or above $80,000.

OR

Instructions – Officials undertaking an approach to market

- If you chose an open tender (including expressions of interest, requests for tenders, other open approaches to the market and any addenda), you must use AusTender to publish the tender and, to the extent practicable, make relevant request documentation available.
  - You may use AusTender to make relevant request documentation available if you choose a prequalified tender or limited tender approach to market.
  - If you issue an additional notification through other avenues, such as print media, the details selected for inclusion in the notification must be the same as those published on AusTender.
  - Where you provide request documentation that is already published on AusTender in another form, the document must be the same as that published on AusTender.
  - If you establish a multi-use list, you must publish a notice of the multi-use list on AusTender.
    ♦ Where a multi-use list is open to applications at any time, you must publish continuously on AusTender an approach to market inviting applications during the entire period of the multi-use list's operation.
    ♦ Where a multi-use list is updated only at specific times and according to set deadlines, you must re-publish on AusTender at least once every 12 months an approach to market inviting applications.
- You must ensure that potential suppliers and tenderers are dealt with fairly and in a non-discriminatory manner when providing information leading to, or following, an approach to market.
- You must include all necessary information in the request documentation to enable potential suppliers to prepare and lodge submissions, including (but not limited to):
  - the nature and scope of the goods or services and any requirements to be fulfilled;
  - any conditions for participation;
  - any minimum content and format requirements;
  - evaluation criteria to be considered in assessing submissions; and
  - any other terms or conditions relevant to the evaluation of submissions.
- When prescribing specifications in request documentation you must:
  - not include any specification or conditions that create unnecessary obstacles to trade;
  - define specifications in terms of performance and functional requirements; and
  - ensure specifications are consistent with international standards, except where the international standards would fail to meet the entity’s requirements or would impose greater burdens than the use of recognised Australian standards.
- You must not use trademarks or trade names, patents, copyrights, designs or types, specific origins, producers or suppliers when specifying the features of goods or services being procured.
  - In exceptional circumstances, where there is no other sufficiently precise or intelligible way of describing the requirement you must include words such as...
“or equivalent” in the specification.

- If conditions for participation are included in a **procurement**, you must limit those conditions to the legal, commercial, technical and financial abilities necessary for the supplier to fulfil the procurement.
  - You must not include a condition for participation that a potential supplier has previous experience with your entity, the Australian Government or in a particular location.
- You must avoid a potential supplier, or group of potential suppliers, gaining an unfair advantage.
  - You must provide to all potential suppliers all modifications, amendments or reissued documents and allow adequate time, if required, for them to modify and re-lodge submissions, where the evaluation criteria or specifications set out in an approach to market or in request documentation is modified, or where an approach to market or request document is amended or reissued.
  - You must ensure that a supplier who has assisted in the design of specifications in a procurement does not have an unfair advantage over other potential suppliers.
- You must require potential suppliers to lodge submissions in accordance with a common deadline and provide sufficient time for potential suppliers to prepare and lodge submissions.
  - You must allow potential suppliers at least 25 **days** from when the approach to market for an open tender or a prequalified tender is published (30 days if not issued electronically), unless a **condition to reduce the time limit** to no less than 10 days is met.
  - Each approach to market must comply with the time limit, including each approach in the case of a multi-stage procurement.
  - Where a registration procedure is a condition for participation you must state the time limit for responding to the registration in the approach to market and allow sufficient time for a potential supplier to complete the registration procedure within the time limit for the procurement.
- You must ensure that where a time limit is extended, the new time limit is applied equitably.
- You must not accept late submissions unless the submission is late as a consequence of mishandling by the entity.
  - You must not penalise a potential supplier if their submission is late as a consequence of mishandling by the entity.
- You must promptly reply to any reasonable request from a potential supplier for relevant information about a procurement.
- You must receive and open submissions fairly and impartially.
  - Where you provide **tenderers** with an opportunity to correct unintentional errors of form between the opening of submissions and any decision, you must provide the opportunity equitably to all tenderers.
- You must treat all tender submissions as confidential before and after awarding the **procurement contract**.
- You must ensure that request documentation, tender assessment plans and tender assessment processes are consistent with the **CPRs**.
- You must not cancel a procurement, or terminate or modify a procurement contract, to avoid the **additional rules**.
- You must ensure that any procurement will achieve a value for money outcome.

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<tr>
<th>In developing additional entity instructions, you may wish to include instructions on:</th>
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<tr>
<td>• how to determine that the outcome will be a <strong>proper</strong> use of public resources;</td>
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<td>• essential information that must be included in the documentation to be provided to potential suppliers;</td>
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Instructions – Officials assessing tenders

- You must ensure that any tender assessment is:
  - consistent with the request documentation; and
  - fair and equitable.
- When evaluating a potential supplier’s suitability against the conditions for participation, you must limit the evaluation to the financial, commercial and technical abilities, as specified in either the approach to market or request documentation.
- Unless it is not in the public interest to award a procurement contract, you must award the procurement contract to the tenderer that:
  - satisfies the conditions for participation;
  - is fully capable of undertaking the contract; and
  - will provide the best value for money.
- Following the rejection of a submission, you must promptly inform all affected tenderers of the decision and provide debriefings on request.
- For unsuccessful tenderers, the debriefing must include the reasons the submission was unsuccessful.

In developing additional entity instructions, you may wish to include instructions on:
- dealing with unintentional errors;
- when to undertake a financial viability assessment of the preferred supplier;
- the processes for advising unsuccessful tenderers;
- mechanisms to handle complaints from unsuccessful tenderers; and
- the requirements to obtain approval for entering into the procurement contract.

ALL PROCUREMENTS – DOCUMENTING, REPORTING AND MANAGING

Entering into a procurement contract

Instructions - Officials responsible for developing a procurement contract

- You must determine if the terms in a procurement contract need to be kept confidential and identify in the contract the terms that must be kept confidential (see Confidentiality Throughout the Procurement Cycle)
- You must ensure the procurement contract 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.

In developing additional entity instructions, you may wish to include instructions on:
- when to use the Commonwealth Contracting Suite and entity specific templates;
- the requirements to obtain approval for entering into the procurement contract; and
- when you should seek legal advice on procurement contracts.

Instructions - Officials with a delegation to enter into or vary a procurement contract

- You must ensure that you have authority to enter into or vary a procurement contract.
  - The authority to enter into or vary a procurement contract can come from section 23 of the PGPA Act or section 32B of the FFSP Act (for non-corporate Commonwealth entities), or other specific legislation (where it may be express or implied).
The authority to enter into or vary a procurement contract can be delegated by your accountable authority and the procurement contract must be within the scope of the delegation.

- You must be satisfied that the procurement achieves a value for money outcome.
- You must ensure that the procurement contract is consistent with any approval for the proposed commitment (see AAI - Approval and commitment of Relevant Money).
- You must not enter into a procurement contract where there is no end date, unless it allows for periodic review and the ability to be terminated by the entity where it no longer represents value for money.

In developing additional entity instructions, you may wish to include instructions on:
- who holds relevant delegations within your entity.

**Reporting Contracts Awarded**

**Instructions – All officials**

- You must ensure that appropriate documentation is developed and retained for each stage of a procurement, including contract management.
  - You should determine the level of documentation required, proportionate to the scale, scope and risk of the procurement.
  - You must ensure that there is sufficient documentation to justify the procurement, demonstrate the processes followed and record relevant decisions.
- You must ensure that details of a procurement contract or contract variation or extension, valued at or above $10,000, is published on AusTender within 42 days of entering into the procurement contract.
- You must report a standing offer on AusTender within 42 days of entering into or varying the standing offer and keep relevant details current.
- You must produce a written report outlining the value and description of goods or services procured and the justification for the use of limited tender for each procurement contract valued at or above the relevant procurement threshold resulting from a limited tender.

In developing additional entity instructions, you may wish to include instructions on:
- internal requirements to publish details on AusTender;
- minimum documentation requirements for the different types of procurement methods;
- templates for documentation;
- requirements for recording procurement decisions and documentation utilising a suitable record management system;
- requirements for the disposal of tender and procurement documentation; and
- determine what is sufficient documentation, such as Cabcharge or petty cash vouchers.

**Contract management**

**Instructions – Officials with a delegation to administer a procurement contract**

- You must ensure that you have authority to administer a procurement contract.
  - The authority to administer a procurement contract can come from section 23 of the PGPA Act or section 32B of the FFSP Act (for non-corporate Commonwealth entities) or other specific legislation (and may be express or implied).
  - The authority to administer a procurement contract can be delegated by your accountable authority and the procurement contract must be within the scope of the delegation.
- You must have appropriate documentation with the supplier (for example, a written
contract or purchase order).

- You must actively manage all procurement contracts.
  - Where there is non-compliance with a procurement contract, you should take appropriate action consistent with the contract.
- You must make available, on request, the names of subcontractors engaged by a contractor in respect of a procurement contract.
- You must ensure that contract variations or extensions are approved consistent with any requirements in these instructions and entered into by a relevant delegate.
- You must ensure that payments under the contract (which are part of the administration of the contract) are made or authorised by a relevant delegate.

In developing additional entity instructions, you may wish to include instructions on:

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

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to non-corporate Commonwealth entities. Together with the AAI – Approval and commitment of relevant money, it provides instruction to officials on the administration of grants and entering into a grant agreement.

What is a grant?

For the purposes of the Commonwealth Grants Rules and Guidelines (CGRGs) a ‘grant’ is an arrangement for the provision of financial assistance by the Commonwealth or on behalf of the Commonwealth:

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

However, there are various types of arrangements that may provide financial assistance, but are taken not to be grants. The CGRGs provides a list of these, which include procurement of property or services, certain compensation payments, act of grace payments, tax concessions or offsets, certain benefits payable under other legislation (such as payments of entitlements made through the Social Security (Administration) Act 1999), payments made to a State or a Territory under the Federal Financial Relations Act 2009 and payments treated by the Commonwealth as Official Development Assistance.

If you are unsure whether a particular arrangement is a grant or another type of activity, see Resource Management Guide No. 411, Grants, procurements and other financial arrangements.

The grants policy framework

The objective of grants administration is to promote proper use and management of public resources, through collaborating with the non-government sector, to achieve government policy outcomes.

The PGPA Act and Rule provide the overarching accountability framework for grants administration. Accountable authorities and officials need to consider their obligations under the PGPA Act when undertaking grants administration. The CGRGs establish the overarching Commonwealth grants policy framework and articulate the expectations for all non-corporate Commonwealth entities in relation to grants administration. The CGRGs are a legislative instrument issued by the Finance Minister under section 105C of the PGPA Act. The CGRGs require officials to act in accordance with the CGRGs when undertaking duties in relation to grants administration.

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 CGRGs apply to all forms of granting activity.

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1 Corporate Commonwealth entities are generally not subject to the CGRGs. However, the CGRGs apply to third parties, including members of advisory committees, non-government organisations and corporate Commonwealth entities, where they undertake grants administration on behalf of the Commonwealth.
Grants administration covers all processes involved in granting activities and includes: planning and design; selection and decision-making; the making of a grant; the management of a grant agreement; the ongoing relationship with grants recipients; reporting; and review and evaluation. It also covers a situation where a third party is responsible for the administration of an entity’s granting activity.

**Before entering into a grant**

Before entering into a grant, you must be satisfied that:

- you have **authority** to enter into a grant;
- you have acted in accordance with the CGRGs; and
- the requirements for approval in these instructions have been met (see AAI – Approval and commitment of relevant money).

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<tr>
<th>Key guidance</th>
<th>Key references</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Commonwealth Grants Rules and Guidelines</em></td>
<td>PGPA Act: s71, s105C</td>
</tr>
</tbody>
</table>
Instructions – All officials

- You must establish and document whether a proposed activity is a **grant**, prior to applying the CGRGs.

Instructions – Officials involved with grants administration

**General requirements**

- When performing duties in relation to **grants administration** you must comply with relevant government policies and legislation. In particular, you must:
  - act in accordance with the CGRGs;
  - have regard to the seven **key principles** that apply to grants administration;
  - keep commercially sensitive information secure and never use it for personal gain or to prejudice grants administration processes;
  - disclose information that the Government requires to be notified;
  - disclose to your entity any form of current or prospective personal interest that might create a conflict of interest; and
  - not use clauses in grant agreements that seek to limit, prevent or ban a not-for-profit organisation from advocating on policy issues.

- When performing duties in relation to grants administration, you should:
  - use competitive, merit based selection processes to allocate grants, unless specifically agreed otherwise by a Minister, accountable authority or delegate, and where such processes are not used, you should document the rationale.

In developing additional entity instructions, you may wish to include instructions on:

- how to determine that the outcome will be a **proper use** of **public resources**;
- the role of any central grants policy area within the entity;
- a requirement that **officials** identify and consider relevant risks when planning and designing grant programs;
- the steps officials should take 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 should be clearly linked to the delivery of government outcomes;
- applying the proportionality principle to appropriately design a granting activity so that its key features are commensurate with the scale, nature and complexity of the activity and with 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 grants programs;
- steps to avoid requesting information from grant applicants and recipients that has been collected within your own, or by another, Commonwealth entity and is available to officials;
- the entity’s policy for advertising grants rounds;
- the items to be considered when determining the type of application and selection process, noting that a competitive, merit based selection process should be used, unless specifically agreed otherwise by a Minister, accountable authority or delegate;
- where a non-competitive selection process is proposed:
  - the most suitable selection processes that should be used for allocating grants
  - who can decide on the type of selection process;
- the documentation required to support grant recipient selection;
- the choice of an appropriate form of 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 the entity’s grants administration;
- the appropriate mechanisms for identifying and managing potential conflicts of interest for granting activities, which may include:
  - procedures for entity officials and potential grants recipients to declare interests;
  - procedures to manage potential conflicts of interest in all phases of grants administration; and
  - a register of officials interests.
- acquittal requirements for grants, having regard to proportionality, risk and availability of other information; and
- the entity’s performance and financial monitoring framework that is used to determine the extent to which desired outcomes have been achieved and whether the relevant accountability procedures associated with the funds have been complied with.

**Developing grant guidelines**

- You must ensure that grant guidelines are:
  - developed for all new granting activities, and revised where significant changes have been made to the current granting activity;
  - consistent with the CGRGs; and
  - made publicly available (including on the entity website), except where 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.
- When developing or revising guidelines, you must conduct a risk assessment on 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.

In developing additional entity instructions, you may wish to include instructions on:
- the type of information that should be included in grant guidelines;
- who should 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 entity’s Minister, the Finance Minister or Cabinet); and
- ensuring that grant guidelines clearly outline what constitutes a conflict of interest.

**Entering into grants**

- Before entering into a grant agreement (or making a grant payment where there is no agreement), you must ensure that:
  - you have authority to enter into the grant; and
  - the requirements for approval in these instructions have been met (see AAI - Approval and commitment of relevant money).
    - when the proposed commitment relates to a grant, the basis for the approval relative to the grant guidelines and key considerations of value with relevant money is recorded in writing, in addition to the approval itself.
In developing additional entity instructions, you may wish to include instructions on:

- circumstances where you would enter into a grant without an agreement;
- requirements to ensure that grant agreements do not contain provisions that would:
  - prevent the publication of grant information; or
  - seek to limit, prevent or ban a not-for-profit organisation from advocating on policy issues;
- when PGPA section 23 should be used or when FFSP section 32B should be used to enter into the grant, including:
  - what process should be used to determine whether a grant is for the **ordinary services and functions of government**; and
  - what processes should be used to determine if a grant is **specified** in or is for the purpose of a program listed in Schedule 1AA or 1AB of the FFSP Regulations;
- any requirements that grant agreements are reviewed internally prior to any approval for the proposed commitment being sought;
- who has the authority to enter into a grant, including:
  - processes to ensure **delegates** consider **proper** use, whether a grant would be consistent with the purposes of the **appropriation**, or where there is authority to enter into the grant; and
  - any requirements that apply where a delegate authorises another **official** to enter into a grant on their behalf.
Supporting the Minister

- You must ensure that your Minister is advised of their responsibilities under the PGPA Act, the CGRGs and other relevant Rules.
  - Where a Minister approves a proposed expenditure of relevant money in relation to a grant, in accordance with section 71 of the PGPA Act, he or she must be satisfied, after making reasonable inquire, that the grant would be a proper use of public resources.
  - In addition, where the proposed expenditure of relevant money relates to a grant, the Minister who approves it must also record, in writing, the basis for the approval relative to the grant guidelines and key considerations of value with relevant money.
  - You must ensure that the Minister receives entity advice on the proposed grant, before the Minister makes a decision. Advice on the proposed grant must, at a minimum:
    - explicitly note that the proposed expenditure being considered for approval is a ‘grant’;
    - provide information on the applicable requirements of the PGPA Act, Rules and the CGRGs (particularly the requirement relating to proper use and any ministerial reporting obligations), together with the legal authority for the grant;
    - outline the application and selection process, including the selection criteria, that were used to select potential grant recipients; and
    - include the merits of the proposed grant or grants relative to the grant guidelines and the key consideration of achieving value with relevant money.
  - Each time a Minister, who is a member of the House of Representatives, approves a grant in respect to his or her 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 the 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 which 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.

In developing additional entity instructions, you may wish to include instructions on:

- how officials can ensure that Ministers are advised of their responsibilities under the PGPA Act and Rule and CGRGs (e.g. identifying who is responsible for coordinating the reports on grants approved in the Minister’s electorate and grants approved where the entity recommended they be rejected);
- how an official can ensure that the Ministerial reporting requirements are met; and
- information that should be included, in addition to the minimum requirements for briefings to the Minister.
Managing grants

In developing entity instructions, you may wish to include instructions on:

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

Grants reporting

- You must ensure that information on individual grants is published on the entity website within fourteen working days of the grant agreement taking effect. Once operational, entities must report on the whole-of-government register instead.
  - If public reporting of a grant would be contrary to the Privacy Act 1988, 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.
  - If publishing grant information could adversely affect the achievement of government policy outcomes, an exemption from public reporting can be sought from the Finance Minister.
- Grant information should be retained on the entity website for at least two financial years. Once operational, entities must report on the whole-of-government register instead. If this is not practicable, you must retain appropriate records of the information and ensure that these records are available on request.
- You must identify whether a grant agreement contains special confidentiality provisions.
- You must ensure that the entity complies with any other grant reporting requirements established by the Parliament.

In developing additional entity instructions, you may wish to include instructions on:

- how officials can ensure that public reporting requirements are met (e.g. identifying who is responsible for publishing grant information on the website, or coordinating grant-specific reporting for the annual report);
- the other grant reporting requirements that officials must comply with (e.g. Senate Procedural Orders 11 and 14);
- how officials are to deal with personal information or sensitive information (in accordance with the Privacy Act 1988); and
- how an official can advise the accountable authority and record any non-compliance with the CGRGs.
COMMONWEALTH CREDIT CARDS AND CREDIT VOUCHERS

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to non-corporate Commonwealth entities. It provides instruction to officials about the use of Commonwealth credit cards and credit vouchers.

What are Commonwealth credit cards and credit vouchers?

A Commonwealth credit card is a credit card issued to the Commonwealth entity to enable it to obtain cash, goods or services on credit (i.e. with payment deferred). A credit voucher, in a sense, is a paper based credit card that generally comes with an attached spending limit (e.g. a Cabcharge voucher).

Charge cards and vendor cards issued to the Commonwealth entity are both a form of Commonwealth credit card for the purposes of the PGPA Act.

- Charge cards authorise the holder to buy goods or services on credit, with payment in full required to be made at a later date (e.g. Diners card and AMEX).
- Vendor cards (sometimes called "limited-purpose purchase cards") are charge cards provided by specific retailers (e.g. Cabcharge cards, travel cards and fuel cards).

Credit cards and credit vouchers issued to the Commonwealth are different from personal credit cards or vouchers, as they do not provide the holder with a revolving line of credit. Money borrowed by the Commonwealth through the use of a credit card or credit voucher must be paid in full within a specific timeframe.

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

How do Commonwealth credit cards and credit vouchers work?

The use of a Commonwealth credit card or credit voucher is a borrowing by the Commonwealth entity (i.e. an advance of money that must be repaid in accordance with contractually agreed terms).

The Finance Minister can enter into a limited range of borrowing agreements under section 56 of the PGPA Act. This includes entering into an agreement for the issue to, and use by, the Commonwealth of credit cards or credit vouchers, provided that the agreement requires the money borrowed to be repaid within 90 days. The Finance Minister has delegated this power to all accountable authorities of non-corporate Commonwealth entities.

Generally, an accountable authority or their delegate will enter into a single overarching borrowing agreement for each form of Commonwealth credit card or credit voucher. Officials then act on the relevant borrowing agreement by using a card or voucher issued under that agreement – each Commonwealth credit card and credit voucher is not a separate borrowing agreement.

### Key Guidance

| Resource Management Guide No 416, Facilitating Supplier Payment Through Payment Card |
| Resource Management Guide No -418, Payment Terms for Australian Government Travel Arrangements – Card Services |
| ANAO Report 37: Management of Credit Cards |

### Key References

- PGPA Act: s56
Instructions – All officials

- 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.
  - You cannot use a Commonwealth credit card or card number for solely 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 AAI – Approval and commitment of relevant money, 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.
- You must ensure that any Commonwealth credit cards and credit vouchers issued to you are stored safely and securely.

In developing additional entity instructions, you may wish to include instructions on:
- whether Commonwealth credit cards can be used for private expenditure coincidental to the cardholders’ 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 or should be used (e.g. whether a travel card must be used for all official travel);
- whether there are any additional conditions on who can use a 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 their responsibilities;
- how and when reconciliations against credit card or credit voucher statements must 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 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 officials member’s custody (e.g. keeping it in a separate part of a wallet to personal credit cards); and
- 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

In developing additional entity instructions, you may wish to include instructions on:

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

Instructions – Officials authorised to issue Commonwealth credit cards

In developing additional entity instructions, you may wish to include instructions on:

- who can be issued a Commonwealth credit card or credit voucher, including a Cabcharge card or voucher (e.g. officials only);
  - where other persons, such as contractors, may be issued Commonwealth credit cards or credit vouchers, the circumstances when this is appropriate and the controls required to manage their use.
- who can issue different types of credit cards and credit vouchers;
- who is eligible to be issued with different types of credit cards and credit vouchers (e.g. who can use a charge card, fuel card or Cabcharge voucher);
- a requirement that officials issued with a 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; and
- the process for periodically reviewing entity credit card and credit voucher use.

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

- 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 AAI - Approval and commitment of relevant money have been met; and
  - ensure that the procurement of the credit card and/or credit voucher services is in accordance with the CPRs (see AAI - Procurement).
- You must:
  - comply with the directions in the delegation from the Finance Minister (under section 56) or any directions in the delegation from your accountable authority; and
  - ensure that the borrowing agreement requires the money borrowed to be repaid within 90 days of the Commonwealth being notified of the amount borrowed.

In developing additional entity instructions, you may wish to include instructions on:

- 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; and
- if loyalty programs (e.g. Frequent Flyers) must be excluded from borrowing agreements.
MAKING PAYMENTS OF RELEVANT MONEY

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to non-corporate Commonwealth entities. It provides instruction to officials on making payments of relevant money, including drawing rights, the payment of accounts, discretionary compensation payments and taxation obligations.

Making payments of relevant money

Internal controls are the key mechanism by which an accountable authority of a Commonwealth entity controls who make payments on its behalf.

This requirement applies to all payments, including both 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 through another process.

For non-corporate Commonwealth entity officials, any payment must also be supported by an appropriation. Before making a payment of relevant money officials of these entities must ensure that there is legal authority to spend the relevant money, and that the payment of the money will be spent for the purpose for which it was appropriated. Officials must also ensure that there is sufficient available appropriation to cover the proposed payment. These requirements apply regardless of whether a payment is made from a departmental or administered appropriation.

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<tr>
<td>Resource Management Guide No.401, Requests for Discretionary Financial Assistance under the Public Governance, Performance and Accountability Act 2013</td>
<td>PGPA Act: s15, s16, s21, s23, s65, s71, s76</td>
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<tr>
<td>Resource Management Guide No. 402, Payment of amount owed to person at time of death</td>
<td>PGPA Rule: s11, s24, s25</td>
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<td>FFSP Act: s32B</td>
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<td>Resource Management Guide No 417, Supplier Pay On-Time or Pay Interest Policy</td>
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MAKING PAYMENTS

Section 16 of the PGPA Act imposes a duty on accountable authorities to establish an appropriate system of internal controls. Internal controls allow accountable authorities to set conditions and limits over who can make a payment of relevant money. To ensure that there are appropriate controls in place for payments of relevant money, some accountable authorities authorise particular officials in their entities to make payments. Other accountable authorities use guidance and/or controls linked to their automated payment systems to ensure payments of relevant money are made by appropriate persons.

For non-corporate Commonwealth entities, 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 (e.g. section 32B of the FFSP Act). Accountable authorities usually delegate this function to officials. Officials who perform the purely administrative tasks necessary to facilitate the payment (i.e. processing the EFT request) would not require a delegation, if they are acting under the direction of another official and do not exercise any independent judgment.

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<td>Resource Management Guide No 417, Supplier Pay On-Time or Pay Interest Policy</td>
<td>PGPA Act: s16, s21, s23, s76 PGPA Rule: s18</td>
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**General requirements**

**Instructions – All officials**

- You must not make a payment of relevant money unless the payment is made consistent with these instructions.

In developing additional entity instructions, you may wish to include instructions on:

- the Commonwealth entity's processes for authorisation of payments, batch runs, or automated payments 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 appropriate appropriation;
  - who can authorise the payment of accounts or statutory payments, including batch runs;
  - any documents that must be provided before a payment where he or she previously approved the relevant arrangement being entered into, or where he or she may benefit from the payment;
  - whether an official may authorise an account for payment in which they have been involved (e.g. the PGPA section 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; and
  - any monetary limits that apply in relation to authorising the payment of an account.

- invoicing processes (e.g. the Commonwealth entity's requirements for a correctly rendered invoice);
- the Commonwealth 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 an account is paid in accordance with your Commonwealth entity's standard payment terms;
- the ability of one official to authorise another official to perform purely administrative
and/or processing tasks
- the circumstances where it is appropriate to allow another Commonwealth entity or third party to make payments of relevant money on your Commonwealth 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;
- a requirement that officials comply with the Government’s Supplier Pay On-Time or Pay Interest Policy;
- whether discounts on the payment of accounts should be accepted, and if so, in what circumstances;
- the Commonwealth 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 Commonwealth 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); and
- additional internal controls, such as
  - the use of charge codes or cost centres;
  - ensuring that the account has not already been paid; and
  - processes to confirm the identity of a payment recipient.

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

A payment pending probate relates to an amount which the Commonwealth owes to a person at the time of their death. Section 25 of the PGPA Rule (Payment of amount owed to person at time of death) gives the Finance Minister the power to authorise payment of such an amount to the person who the Finance Minister considers should receive the payment without requiring production of probate of the will or letters of administration of the deceased person’s estate. This power has been delegated to all accountable authorities of non-corporate Commonwealth entities, who can sub-delegate it to non-corporate Commonwealth entity officials.

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<td>PGPA Rule: s18, s25</td>
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Instructions – All entity officials

- 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, before making the payment you must ensure that there is an available appropriation for the payment and that you have the authority to allow the payment.

In developing additional entity instructions, you may wish to include instructions on:
- who in the Commonwealth entity has the power to authorise payments pending probate; and
- the information required to support a proposal to authorise a payment pending probate.
**Instructions – Officials with a delegation to authorise payments pending probate**

- When **authorising** a payment pending probate, you must comply with any directions in relation to the **delegation** from your **accountable authority**.
- If your **non-corporate Commonwealth 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 should receive the payment, if you have been delegated the power to do so.
- When deciding who should be paid, 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.

In developing additional entity instructions, you may wish to include instructions on:

- the types of payments covered by other legislation, which should not be authorised as payments pending probate (e.g. leave entitlements under the *Long Service Leave (Commonwealth Employees) Act 1976)*;
- the circumstances where it is appropriate to authorise a payment pending probate;
- the factors to consider when determining who should receive the payment;
- what evidence of death is required;
- whether the non-corporate Commonwealth entity’s internal legal area must be consulted prior to authorising a payment pending probate;
- what evidence is required from the person receiving the payment pending probate to prove their relationship to the deceased; and
- the record keeping and reporting requirements that relate to payments pending probate.
DISCRETIONARY COMPENSATION MECHANISMS

Discretionary compensation mechanisms allow the Australian Government to provide assistance to individuals or other bodies that have no automatic entitlement to a payment or other financial relief. A decision under any of these mechanisms is at the discretion of the decision maker.

The absence of any entitlement to payment or relief distinguishes the discretionary compensation mechanisms from other mechanisms such as the settlement of claims for which there is at least a meaningful prospect of liability under the Legal Services Directions 2005, or the payment of compensation arising from a statutory entitlement.

The Scheme for Compensation for Detriment caused by Defective Administration (CDDA Scheme)

The CDDA Scheme allows non-corporate Commonwealth entities under the PGPA Act (except Departments of the Parliament) to compensate individuals or other bodies who have experienced detriment (i.e. quantifiable financial loss) as a result of an entity’s defective administration, and who have no other avenues of redress.

The CDDA Scheme is established under the executive power in section 61 of the Constitution. While Portfolio Ministers have responsibility for decisions made under the CDDA Scheme, they may authorise entity official to approve payments under the CDDA Scheme on their behalf. As the CDDA Scheme generally relates to the ordinary services or functions of government, the legal authority for an accountable authority to enter into, vary or administer an arrangement, including the ability to make payments under that arrangement, is provided by section 23 of the PGPA Act. Accountable authorities may delegate this power to officials.

Key Guidance

Resource Management Guide No.409, Scheme for Compensation for Detriment Caused by Defective Administration

Key References

PGPA Act: s16, s21, s23, s71
PGPA Rule: s18

Instructions – All officials

- You must refer claims for compensation arising from defective administration to the relevant Minister or a person with the authority to decide such claims.
- If a CDDA payment has been approved by a Minister, or a person authorised by a Minister, before making the payment the accountable authority must ensure that:
  - the requirements in these instructions for section 18 of the PGPA Rule have been met (see AAI – Approval and committing relevant money); or
  - the Minister has approved the payment under section 71 of the PGPA Act; and
  - there is an available appropriation for the payment.

In developing additional entity instructions, you may wish to include instructions on:
- how to determine that the CDDA payment would be a proper use of public resources;
- who within the entity has the authority to approve CDDA payments;
- what constitutes “defective administration” for the purposes of the CDDA Scheme, consistent with Resource Management Guide No. 409;
- circumstances which 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, instead of an application under the CDDA scheme;
• what information should be provided by an applicant, and what form an application should take;
• what should be included in a proposal to support a decision to approve a CDDA 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 that should be provided (e.g. a level to restore the applicant to the position he or she would have been in had the defective administration not occurred), consistent with Resource Management Guide No.401;
• whether legal advice should be sought prior to proposing a CDDA 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 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 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;
• ensuring that all amounts paid under the CDDA Scheme are reported in accordance with the FRR; and
• 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).

Act of grace payments

Section 65 of the PGPA Act enables the Finance Minister to authorise the making of one-off or periodic act of grace payments. 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 which 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 large amounts; (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.

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</table>
Instructions – All officials

- You must not authorise an act of grace payment.
- You must ensure that all requests for act of grace payments are referred to Finance.
- You must ensure when making the act of grace payment authorised by the Finance Minister, or a delegate, under section 65 of the PGPA Act 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, before entering into the arrangement you must ensure that:
  - you have been delegated the authority, to enter into the arrangement under section 23 of the PGPA Act; and
  - the requirements in these instructions for section 18 of the PGPA Rule, have been met (see AAI - Approval and commitment of relevant money).

- 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; and
  - the act of grace payment is supported by an appropriation.

In developing additional entity instructions, you may wish to include instructions on:
- how to determine that an arrangement would be a proper use and management 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 Finance in relation to an application for an act of grace payment;
- what information should be provided by an applicant, and what form an application should take;
- a requirement that officials remain unbiased when discussing the act of grace mechanism with potential claimants;
- 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;
- a requirement to maintain a register of all applications approved and paid out; and
- a requirement to report act of grace payments in accordance with the FRR.

Instructions – All officials

- You must refer requests for an act of grace payment to a delegate with the power to decide such requests.
- You must ensure when making the act of grace payment authorised by the Finance Minister, or a delegate, under section 65 of the PGPA Act 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, before entering into the arrangement you must ensure that:
  - you have been delegated the authority, or authorised by a delegate, to enter into the arrangement under section 23 of the PGPA Act; and
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 and make payments related to the arrangement under section 23 of the PGPA Act;
- the requirements of the arrangement have been met; and
- the act of grace payment is supported by an appropriation.

In developing additional entity instructions, you may wish to include instructions on:
- how to determine that an arrangement would be a proper use and management of public resources;
- who has the power to authorise act of grace payments within the entity;
- preparing the relevant documentation to be forwarded to the Discretionary Payments Section (within Finance) in relation to an application for an act of grace payment;
- what information should be provided by an applicant, and what form an application should take;
- a requirement that officials remain unbiased when discussing the act of grace mechanism with potential claimants;
- implementing a decision of the Finance Minister or a delegate to approve an act of grace payment;
- a requirement to maintain a register of all applications approved and paid out; and
- a requirement to report act of grace payments in accordance with the FRR.

[Only for Finance]

Instructions – Officials with a delegation to authorise act of grace payments

- If you consider it appropriate to do so because of special circumstances, you may authorise a one-off or periodic act of grace payment.
- When authorising an act of grace payment, you must comply with the directions in the delegation from the Finance Minister or any directions in the delegation from your accountable authority.
- You may attach conditions to an act of grace payment.

In developing additional entity instructions, you may wish to include instructions on:
- the information required to consider an application for an act of grace payment, including its form;
- a requirement to ensure a decision is rational, defensible and evidence-based, and that the applicant has been given procedural fairness;
- how delegates are to assess the level of compensation that should be provided (e.g. a level to restore the applicant to the position he or she would have been in had the special circumstances not arisen);
- whether conditions need to be imposed on an offer of an act of grace payment, via an arrangement (e.g. a deed of release);
- a requirement that any conditions attached to an act of grace payment are accepted by the applicant in writing; and
- documenting a decision to authorise an act of grace payment.
TAXATION OBLIGATIONS

Instructions – All officials

- 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 FBT implications of the proposed commitment;
  - ensure that the price to be charged for the goods and/or services is inclusive of 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.

In developing additional entity instructions, you may wish to include instructions on:
- who is responsible for ensuring 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 BAS;
- 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 FMIS);
- 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; and
- how officials are to address taxation issues in contracts (e.g. requiring that the contractor complies with relevant tax legislation).
MANAGING RELEVANT MONEY

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to non-corporate Commonwealth entities. It provides instruction to officials on the proper management of relevant money. This includes:

- receiving relevant money;
- banking;
- loss of relevant money;
- cash advances;
- investments and borrowings;
- special accounts; and
- user charging.

What is relevant money?

Section 8 of the PGPA Act defines relevant money as money that the Commonwealth or a corporate Commonwealth entity holds as cash or in their bank accounts. Relevant money does not include other CRF money – for money of that type see the AAI - Arrangements related to other CRF money.

Relevant money includes Australian currency, foreign currency and cheques in any currency. Money is 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 Commonwealth entities (for the benefit of persons outside of the Commonwealth or a Commonwealth entity) and money found on Commonwealth entity premises is also relevant money.

The PGPA legislation imposes obligations in relation to relevant money held by all Commonwealth entities, irrespective of whether the money is provided through the Federal Budget, a special appropriation or raised by an entity (such as through user charging).

<table>
<thead>
<tr>
<th>Key Guidance</th>
<th>Key References</th>
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<tbody>
<tr>
<td>Resource Management Guide No 108, Receipts collected by non-corporate Commonsweath entities</td>
<td>PGPA Act: s8; s23; s52 - s59; s68; s69; s71; s74; 74A s78; s80</td>
</tr>
<tr>
<td>Resource Management Guide No 300, Banking of relevant money by Commonwealth entities</td>
<td>PGPA Rule: s18; s19; s20; s21; s22; s27</td>
</tr>
<tr>
<td>Resource Management Guide No 301, Investment by Commonwealth entities</td>
<td></td>
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<tr>
<td>Resource Management Guide No 400, Approving commitments of relevant money</td>
<td></td>
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<tr>
<td>Resource Management Guide No 413, Banking of cash by non-corporate Commonwealth entities</td>
<td></td>
</tr>
</tbody>
</table>
RECEIVING RELEVANT MONEY

Instructions – All officials

- If you receive relevant money you must ensure the safe custody of the money.
- If it is bankable money you must deposit the money in a bank:
  - Before the end of the next banking day; or
  - If the instructions of your accountable authority prescribe a period in which the money must be deposited – before the end of that period.
- 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 prescribed by the instructions of your accountable authority.
- If you receive relevant money that is unbankable money then you must deal with it in accordance with any requirements prescribed by the instructions of your accountable authority.
- If you are entering into an arrangement with a person outside the Commonwealth or a Commonwealth entity that involves the handling of other CRF money, you must comply with the instructions in AAI – Arrangements for other CRF Money.

In developing additional entity instructions, you may wish to include instructions on:

- the requirement to issue a receipt for the amount of the 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 officials member;
- the approved banking period for different types of relevant money (e.g. money received in rural offices);
- which officials can collect, or enter into arrangements to collect, relevant money;
- the circumstances where officials must decline to receive money because receiving the money is not in the interests of the Commonwealth;
- any currencies which 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;
- the treatment of currency that cannot be banked, including where necessary, appropriate safeguards and storage arrangements;
- the handling of money found on the entity’s premises (e.g. for non-corporate Commonwealth entities finding unidentified money, it should be treated as administered revenue and remitted to the Official Public Account, as per the FRR); and
- the record keeping and reporting requirements that relate to the receipt of relevant money.

Instructions – Officials responsible for receiving and handling relevant money

In developing additional entity instructions, you may wish to include instructions on:

- a requirement to issue a receipt (as appropriate) for money received;
- the handling of cheques (e.g. crossing them “not negotiable”); and
- a requirement to maintain adequate records for all money received.
The **accountable authorities** of all **non-corporate Commonwealth entities** require the power to conduct banking business to be delegated to them by the Finance Minister.

Section 53 of the **PGPA Act** provides the **Finance Minister** with the power, on behalf of the Commonwealth, to enter into an agreement with a **bank** relating to the conduct of the banking business of the Commonwealth, including in relation to opening and maintaining bank accounts.

The Finance Minister has delegated the power to enter into transactional banking agreements, and to open and maintain bank accounts, in Australia to all non-corporate Commonwealth entity **accountable authorities** with directions. Some non-corporate Commonwealth entity accountable authorities also have the power to enter into agreements relating to bank accounts outside of Australia.

Section 55 of the **PGPA Act** requires **officials** of all Commonwealth entities who receive **relevant money** (including money that becomes relevant money upon receipt) that can be deposited in a bank (**bankable money**) to deposit the money in a bank within the period prescribed by the **PGPA Rule**, or if the Rule does not prescribe a period, as soon as is practicable, in accordance with any requirements prescribed by the Rule. Sections 19 and 20 of the PGPA Rule prescribe requirements in relation to banking or otherwise dealing with bankable money. Section 55 of the PGPA Act also addresses where an official of a Commonwealth entity receives money that is not bankable (**unbankable money**). Unbankable money must be dealt with in accordance with section 21 of the PGPA Rule (Dealing with unbankable money received by officials).

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<td>Resource Management Guide No 300, Banking of relevant money by Commonwealth entities</td>
<td>PGPA Act: s8; s55</td>
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<tr>
<td>Resource Management Guide No 413, Banking of cash by non-corporate Commonwealth entities</td>
<td>PGPA Rule: s19; s20; s21</td>
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</table>

**Instructions – All officials**

- You must not deposit **bankable money** into any bank account other than an **entity account** unless the money is not required to be banked under section 20 of the PGPA Rule (Otherwise dealing with bankable money by officials).
- **Bankable money** must be deposited before the end of the next **banking day**, or in accordance with the instructions of the accountable authority of the entity (see section 19 of the PGPA Rule (Banking of bankable money received by officials)).
- You must not open, maintain or close an **entity bank** account, unless you have been **delegated** the power to do so by your accountable authority.
- You must not enter into an agreement with a bank for **banking business services**, unless you have been delegated the authority to do so under section 53 of the PGPA Act (entering into agreements with banks) by your accountable authority.

In developing additional entity instructions, you may wish to include instructions on:

- a time period in which bankable money must be deposited in a bank (i.e. where there are special circumstances that mean that the money should not 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;
- the requirements for dealing with unbankable money;
- what should happen for an **official** to open or close a bank account, including instructions on who can open or close a bank account;
• what should happen for an official to enter into an agreement for banking business services, including instructions who has the authority enter into such an agreement; and
• record keeping and reporting requirements that apply to the use of bank accounts; and
• officials reporting any non-compliance with the banking requirements under the PGPA legislation.

**Agreements with Banks**

[Entities that may only enter into agreements with banks relating to accounts in Australia]

Instructions – Officials with a delegation to enter into agreements with banks

- You may only enter into an agreement with a bank for banking business services in 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.

In developing additional entity instructions, you may wish to include instructions on:
- how to determine that an agreement would be a proper use and management of public resources;
- which banks an agreement for banking business services should be made with;
- what terms and conditions should be included in an agreement for banking business services, including the preferred duration of agreements; and
- 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 the entry of an agreement for banking business services.

[Entities that may enter into agreements relating to accounts outside Australia]

Instructions – Officials with a delegation to enter into agreements with banks

- When entering into an agreement with a bank for banking business services, 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.

In developing additional entity instructions, you may wish to include instructions on:
- how to determine that an agreement would be a proper use of public resources;
- which banks an agreement for banking business services should be made with;
- what terms and conditions should be included in an agreement for banking business services, including the preferred duration of agreements; and
- officials taking merchant fees and charges into account when considering whether to approve a proposed commitment of relevant money in relation to entry of an agreement for banking business services.

**Managing Bank Accounts**

[Entities that may only open and maintain bank accounts in Australia]

Instructions – Officials with a delegation to open and maintain bank accounts

- You may only open and maintain entity bank accounts in Australia.
- When opening and maintaining an entity bank account, you must comply with the
directions in the delegation from your accountable authority.

In developing additional entity instructions, you may wish to include instructions on:

- Who is responsible for transferring money between accounts or withdrawing money to establish a cash advance
- the circumstances where it is appropriate to open or close an entity account;
- the requirements for establishing bank accounts (e.g. the appropriate types of accounts and which banks are suitable);
- the requirements for reconciliation of bank accounts, including frequency;
- which officials can be given signing authority on an entity bank account; and
- how bank accounts that are accessed by persons outside of the Commonwealth are to be managed.

[Entities that may open and maintain bank accounts both in and outside Australia]

Instructions – Officials with a delegation to open and maintain bank accounts

- When opening and maintaining a bank account, you must comply with the directions in relation to the delegation from your accountable authority.

In developing additional entity instructions, you may wish to include instructions on:

- the circumstances where it is appropriate to open or close a bank account;
- the requirements for establishing bank accounts (e.g. the appropriate types of accounts and which banks are suitable);
- the requirements for reconciliation of bank accounts, including frequency;
- which officials can be given signing authority on an bank account; and
- how bank accounts that are accessed by persons outside of the Commonwealth are to be managed.
LOSS OF RELEVANT MONEY IN THE CUSTODY OF AN OFFICIAL OR THROUGH MISCONDUCT

All officials must ensure the security of any relevant money they have custody of. Section 68 of the PGPA Act sets out matters relating to the loss of relevant money in the custody of an official (or Minister). Section 69 of the PGPA Act applies if the loss of relevant money occurs through misconduct by an official (or Minister).

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 AAI - Managing Debt.

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<th>Key Guidance</th>
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<td></td>
<td>PGPA Act: s68 to s70</td>
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Instructions - All officials

- You must not misuse or improperly dispose of relevant money.
- You are responsible for the security of any relevant money you receive, or have custody of, and must take reasonable steps to safeguard the money from loss.
- If a loss of relevant money occurs whilst 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.
- 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.

In developing additional entity instructions, you may wish to include instructions on:
- 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”);
- what constitutes “reasonable steps” to take to prevent a loss of relevant money;
- the entity’s expectations for reasonable standards of care; and
- the security arrangements that must be implemented to minimise the loss or inappropriate use of relevant money.

Instructions – Officials responsible for coordinating reports on the loss of relevant money

In developing additional entity instructions, you may wish to include instructions on:
- 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; and
- the record keeping and reporting requirements that relate to a loss of relevant money.
CASH ADVANCES (INCLUDING PETTY CASH AND CASH FLOATS)

A cash advance (including petty cash and a change float) 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. Cash advances are typically used as change floats or to cover minor expenses that cannot conveniently or cost effectively be processed for payment by cheque, Electronic Funds Transfer or a credit card.

Instructions – Officials who are authorised to hold cash advances

- 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 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.
- You must not 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.

In developing additional entity instructions, you may wish to include instructions on:
- promoting the proper use and management of public resources;
- the requirements that apply to establishing, varying or closing a cash advance, including who has the authority to do so;
- the monetary limits for the use of each type of cash advance;
- 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);
- a requirement to keep advance money separate from other money
- who has been delegated or authorised to exercise power under section 23 of the PGPA Act to enter into arrangements, approve commitments of relevant money, and make payments relating to cash advances.
- who may approve the establishment of a cash advance for a specific purpose
- the purposes for which cash advances may be established (e.g. to provide change or to cover the minor running costs of the entity);
- a requirement to maintain a register of all cash advances;
- a requirement to periodically review cash advances held by officials (including the reviewing need for and level of the advance); and
- the appropriations from which cash advances may be established (e.g. departmental only).
INVESTMENTS AND BORROWINGS

Relevant money managed by non-corporate Commonwealth entities cannot generally be invested. Section 58 of the PGPA Act provides the Finance Minister and Treasurer with the power to invest relevant money in authorised investments on behalf of the Commonwealth. This power has been delegated to only a limited number of officials in non-corporate Commonwealth entities (in relation to specific moneys). The investments that are authorised under section 58 of the PGPA Act are limited to a specific list of conservative investments.

Key Guidance

| Resource Management Guide No. 301, Investment by Commonwealth entities | PGPA Act: s58 |

[Officials of entities that may invest relevant money]

Instructions – All officials

- 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 58 of the PGPA Act.

In developing additional entity instructions, you may wish to include instructions on:
- who (if anyone) within an entity has been delegated the power to invest relevant money; and
- what processes delegates must follow to invest relevant money.

Instructions – Officials with a delegation to invest relevant money

- 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.
- You must 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 (AOFM).

In developing additional entity instructions, you may wish to include instructions on:
- 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 record keeping and reporting requirements for investments, including obligations to report investments in the entity’s financial statements, as per the FRR;
- [For AOFM and Future Fund] details of approved investment activities (section 58 of the PGPA Act does not apply to these entities); and
- [For AOFM] the need for delegates to comply with the directions in relation to the delegation from the Treasurer.
**Borrowing**

Borrowing on behalf of the Commonwealth is extremely restricted. Section 56 of the PGPA Act allows the Finance Minister, to enter into borrowing agreements on behalf of the Commonwealth that meet certain conditions. The Finance Minister has delegated to all accountable authorities the power to enter into borrowing agreements for Commonwealth credit card or credit voucher services only. The Finance Minister has delegated power to the accountable authority of the Department of Foreign Affairs and Trade to enter into agreements for the provision of overdraft facilities with overseas banks in particular circumstances.

For instructions on borrowing in relation to Commonwealth credit cards and credit vouchers, see AAI - Commonwealth Credit Cards and Credit Vouchers.

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<tr>
<th>Key Guidance</th>
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<tr>
<td><strong>Instructions – All officials</strong></td>
<td><strong>PGPA Act: s56</strong></td>
</tr>
<tr>
<td>• 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.</td>
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<tr>
<td>In developing additional entity instructions, you may wish to include instructions on:</td>
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<tr>
<td>• the requirements that apply for entering into borrowing agreements, including who has the authority to enter into such agreements.</td>
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**Instructions – Officials with a delegation to enter into borrowing agreements for credit card or credit voucher services**

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<thead>
<tr>
<th>Instructions – Officials with a delegation to enter into borrowing agreements for credit card or credit voucher services</th>
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<tbody>
<tr>
<td>• You may only enter into a borrowing agreement for the issue to, and use by, officials of the entity on behalf of the Commonwealth of a credit card or credit voucher.</td>
</tr>
<tr>
<td>• When entering into a borrowing agreement, you must comply with the instructions outlined in the AAI - Commonwealth Credit Cards and Credit Vouchers.</td>
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[Additional instructions for Department of Foreign Affairs and Trade]

**Instructions – Officials with a delegation to enter into borrowing agreements for overdraft facilities**

<table>
<thead>
<tr>
<th>Instructions – Officials with a delegation to enter into borrowing agreements for overdraft facilities</th>
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<tbody>
<tr>
<td>• 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.</td>
</tr>
<tr>
<td>• 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.</td>
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[Full directions in the delegation]

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<thead>
<tr>
<th>Instructions – Officials with a delegation to enter into borrowing agreements for overdraft facilities</th>
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<tr>
<td>• 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.</td>
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<tr>
<td>• 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.</td>
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<tr>
<td>• When an agreement for overdraft facilities provides for the charging of fees by the bank, you must ensure that:</td>
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<td>• the account incurs only the bank’s standard fees and charges; and</td>
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<td>• arrangements are put in place to debit any fees and charges to a departmental appropriation for the entity.</td>
</tr>
<tr>
<td>• You must, at least annually, review all of the entity’s overdraft facilities and be satisfied of the continuing need for those facilities.</td>
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<tr>
<td>• You must ensure that any use of the delegation is reported to Finance within one week of the use.</td>
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June 2015  
Accountable Authority Instructions – RMG 206  
| 72 |
SPECIAL ACCOUNTS

Special accounts are an appropriation mechanism to draw money from the CRF for particular purposes. They are not bank accounts.

Special accounts can be established by a determination made by the Finance Minister under section 78 of the PGPA Act, or by another Act (see section 80 of the PGPA Act).

A determination made by the Finance Minister establishing a special account will describe the purposes of the special account. This includes the purposes for which payments may be made (with the balance of the special account being reduced or debited) and, where appropriate, amounts that may or must be credited to the special account (with the balance of the special account being increased or credited). The purposes of a special account established by another Act will be contained in that Act.

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<tr>
<td>Finance Circular 2009/01</td>
<td>PGPA Act: s78 to s80</td>
</tr>
<tr>
<td>Financial Management Guidance (No.7)</td>
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</tbody>
</table>

Instructions – Officials involved with the use and management of special accounts

- 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 AAI-Making Payments of Relevant Money).
- 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 of the PGPA Act.
- You should consult with Finance prior to establishing a special account.

In developing additional entity instructions, you may wish to include instructions on:
- the requirement that officials consult with the entity’s CFO area, prior to requesting the establishment of a special account;
- the requirement that only authorised officials should make a payment from the special account;
- the requirement to ensure that a special account never has a negative (notional) balance; and
- the record keeping and reporting requirements for special accounts, including reporting special accounts in the entity’s financial statements as per the FRR.
USER CHARGING

User charging involves Commonwealth entities charging individuals, non-government organisations and other government entities in respect of regulatory activities or for the provision of goods and services. The Australian Government may direct entities to charge for some or all of their activities in a specific manner and/or apply a specific policy framework.

Accountable authorities of Commonwealth entities should establish and maintain internal charging policies that set out who can approve charges (if the charges do not require a policy approval from Cabinet or Prime Minister). The policies should also include principles and/or requirements for stakeholder consultation and documentation of costs and charges.

Instructions – all officials

- In considering whether individuals, non-government organisations or other government entities should, or may, be charged for the provision of goods, services or regulatory activities, you must:
  - identify whether there is a Government decision that sets out how to charge for a specific activity (e.g. in accordance with the Commonwealth Cost Recovery Guidelines);
  - consider whether charging requires express statutory authorisation (this may not be required in relation to payments between Commonwealth entities);
  - apply relevant government policy frameworks (e.g. Commonwealth Property Management Framework);
  - apply the entity’s internal charging policies; and
  - determine whether revenue raised should be returned to the Official Public Account or whether it is able to be retained by the entity.

In developing additional guidance, you may wish to include instructions on:
- how to assess whether it is appropriate to charge for specific activities, e.g. the entity may have been appropriated to deliver this activity free of charge to the users;
- principles to apply when charging, e.g. efficiency, effectiveness and accountability;
- when to seek advice from government entities that are responsible for relevant policy frameworks, e.g. Department of Finance;
- when it may be appropriate to seek legal advice in relation to the ability to charge;
- processes for consultation within the entity and with stakeholders who may be, or are being charged;
- methods for costing and pricing of activities that are being charged for;
- appropriate documentation of costs and charges (e.g. content and level of detail); and
- how frequently costs and charges should be reviewed.
ARRANGEMENTS RELATING TO OTHER CRF MONEY WITH PERSONS OUTSIDE OF THE COMMONWEALTH

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to non-corporate Commonwealth entities. It provides instruction to officials about arrangements where a person outside of the Commonwealth handles other CRF money.

Who handles other CRF money?

Any person who is not an official or a Minister (i.e. any person outside of the Commonwealth or a Commonwealth entity) who acts for or on behalf of the Commonwealth in relation to money (i.e. as an agent of the Commonwealth) will handle other CRF money. For example, a person may handle other CRF money because they have entered into a contractual arrangement to provide goods or services (e.g. administrative or management services) to the Commonwealth. A person who handles other CRF money may be an individual or an organisation.

Arrangement with persons outside the Commonwealth

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

Other CRF money is defined in section 105(2) of the PGPA Act. It is money that forms part of the CRF, other than relevant money or any other money of a kind prescribed by the rules. That is, other CRF money is not relevant money. An amount of money that is in the physical possession of, or in the bank account of, a person other than the Commonwealth, who is acting on behalf of the Commonwealth in relation to that money, will be other CRF money. It is not uncommon for persons outside the Commonwealth to handle other CRF money. For example, any person authorised through an arrangement to act for and on behalf of the Commonwealth to collect fees or levies and make payments of the amounts collected will handle other CRF money.

People who handle other CRF money are not subject to the same requirements that apply to officials who handle relevant money. Rather, people who handle other CRF money are required to handle that money in accordance with the terms and conditions set out in their arrangement with the Commonwealth. Therefore, it is essential for non-corporate Commonwealth entities to mitigate risk to the Commonwealth by properly identifying circumstances where an arrangement for the handling of other CRF money is appropriate, developing an applicable arrangement, and managing it closely.

Persons outside the Commonwealth may be authorised to handle other CRF money under an ‘arrangement’

The power for the accountable authority of a non-corporate Commonwealth entity to enter into, vary or administer an arrangement is derived from legislation. It may come from section 23 of the PGPA Act, section 32B of the FFSP Act, or other specific legislation. Accountable authorities usually delegate powers to officials, or authorise officials, to enter into, vary or administer an arrangement.

Officials should not enter into, vary or administer arrangements, including those related to other CRF money, unless they have been delegated power or authorised to do so.

In entering into and administering arrangements related to other CRF money, and deciding which officials should be delegated powers or authorised to perform these functions, accountable authorities are subject to their duties and obligations contained in the PGPA legislation.
Section 29(1) of the **PGPA Rule** requires that when entering into an arrangement relating to other CRF money an accountable authority (or their delegate) must ensure the arrangement complies with section 29(2) of the PGPA Rule.

Beyond the mandatory requirements listed in section 29(2) of the PGPA Rule, the terms and conditions of the arrangement made with a person outside of the Commonwealth to handle other CRF money are subject to the judgement of the official with the power to enter the arrangement. The official should consider carefully whether additional terms and conditions should be included to ensure that the other CRF money will be appropriately handled and the arrangement will be properly managed. He or she should consider whether any Commonwealth policy requirements should be incorporated into the terms and conditions of the arrangement. Consideration should also be given to what information will be required from the person handling other CRF money to enable the entity to meet its reporting requirements under the **PGPA framework** (such as the crediting and debiting of relevant appropriations, and information required for grants reporting).

**Special appropriation in relation to other CRF money**

In most cases where a person outside of the Commonwealth spends other CRF money an existing appropriation administered by the relevant non-corporate Commonwealth entity would be likely to support that expenditure. For example, where expenditure relates to the ordinary functions of an entity, the entity's departmental appropriation should support that expenditure. Or, where expenditure relates to grants, an administered appropriation should be available to support that expenditure. It is important for an entity to identify which, if any, existing appropriation administered by the entity would support any expenditure of other CRF money.

In rare cases where no existing appropriation would support a payment of other CRF money, section 105(3) of the PGPA Act contains a special appropriation for the expenditure of other CRF money by a person other than the Commonwealth. This appropriation will support the expenditure of other CRF money provided that the expenditure is in accordance with any requirements prescribed by the rules, and the Finance Minister is satisfied that the expenditure is not authorised by another appropriation. It is not envisioned that this special appropriation will be relied upon in many situations and the Finance Minister has not delegated his or her power under the section. If an entity believes that it may need to rely upon the special appropriation to support a payment of other CRF money it should contact Finance for advice.

### Key guidance

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<thead>
<tr>
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<tbody>
<tr>
<td>Resource Management Guide No. 303, <em>Other CRF Money</em></td>
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<tr>
<td>Resource Management Guide No. 400, <em>Approving commitments of relevant money</em></td>
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<td>PGPA Act: s23, s105</td>
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<td>PGPA Rule: s29.</td>
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<td>FFSP Act: s32B and FFSP Regulations: Schedule 1AA and 1AB.</td>
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</table>

### Instructions – all officials

- You must not enter into an **arrangement** for the use or management (including the receipt, custody or expenditure) of **other CRF money** by a person outside the **Commonwealth**, unless:
  - you have the authority 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** (other CRF money); and
- 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 should ensure the requirements in section 18 of the PGPA Rule have been met (see AAI – Approval and commitment of relevant money) where the arrangement will involve the commitment of **relevant money**.
- You should not make an arrangement unless you are satisfied that the risks that might arise from the way in which other CRF money is to be handled under the arrangement will be managed in the best interests of the Commonwealth.

In developing additional entity instructions, you may wish to include instructions on:
- the entity's policy for deciding whether to allow persons outside of the Commonwealth to handle other CRF money;
- the processes, including documentation, to regulate the handling of other CRF money by persons outside of the Commonwealth and the circumstances where this is appropriate;
- whether the accountable authority has delegated the power to make an arrangement involving the handling of other CRF money;
- what requirements should apply to persons outside of the Commonwealth who handle other CRF money under an arrangement, in addition to the mandatory requirements in section 29 of the PGPA Rule (other CRF money) (e.g. should they comply with the entity's AAIs or procedures, should other Commonwealth polices be included in the terms and conditions of the arrangement, and what information should be provided by the person to the entity etc.).

**Instructions – officials with a delegation to make arrangements with persons outside the Commonwealth in relation to the handling of money**

- **When making an arrangement** for the receipt, custody or expenditure of **other CRF money** by a person outside of the Commonwealth you must comply with any directions relating to the **delegation** from your **accountable authority**.
- **When making an arrangement** for the receipt, custody or expenditure of other CRF money with a person outside of the Commonwealth or a Commonwealth entity you should 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** (Other CRF Money);
  - require the other party to the arrangement to keep records that properly record and explain the receipt, custody or expenditure of the other CRF money and to allow those records to be audited;
  - ensures that other CRF money remains in a non-Commonwealth **entity bank account** for the shortest time reasonable; and
  - achieves the most efficient and effective transmission of other CRF money to a Commonwealth entity bank account, or, in the case of a **payment** to a third party, to the recipient.
- You should not make an arrangement unless you are satisfied that the risks which might arise from it will be managed in the best interests of the Commonwealth.

In developing additional entity instructions, you may wish to include instructions on:
- 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 agreement to specify how other CRF money will be identified and accounted for separately to other money held by the person;
- the requirement for arrangements involving the handling of other CRF money to include sufficient reporting requirements to allow the entity to meet all its own reporting requirements under the PGPA legislation;
- which elements, if any, of the CPRs and CGRGs should be incorporated, to the greatest extent practicable, into the arrangement to be complied with by a person handling other
CRF money;

- requirements in relation to the duration of arrangements involving the handling of other CRF money. Generally, an arrangement should not be for 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);
- requirements that should be imposed on the termination of the arrangement. It is advisable that the Commonwealth should be able to give notice to terminate the arrangement at any time, and that the person should be required to return any other CRF money in their custody to the entity in a timely manner;
- requirements that should be imposed where the person outside the Commonwealth becomes insolvent. It is advisable that the arrangement contain requirements on how other CRF money that remains in the custody of the person will be dealt with if the person becomes insolvent;
- appropriation arrangements (noting the special appropriation provided in section 105 of the PGPA Act will be rarely, if ever required), such as which appropriation administered by the entity will be debited and credited in relation to payments and receipts of other CRF money; and
- requirements to comply with any other Commonwealth legislation that should be imposed on the person handling other CRF money; whether subcontracting should be permitted by a person handling other CRF money. If the person outside the Commonwealth is permitted to subcontract, controls could be specified to ensure that the subcontractor either does not handle other CRF money, or handles it appropriately. If it is contemplated that subcontractors will be handling other CRF money, the terms and conditions of the arrangement should specifically address the management of the money by the subcontractor;
- matters relating to potential for misuse or mismanagement of the money. Requirements in respect of fraud safeguards and the entity’s fraud control plan may be found in section 10 of the PGPA Rule (Preventing, detecting and dealing with fraud) and guidance issued by the Minister for Justice. It may be prudent in some circumstances for an arrangement to specify the individuals or positions in the person’s organisation that will be responsible for handling other CRF money. Procedures for notifying the Commonwealth of changes to these individuals or positions could also be outlined.
MANAGING DEBT

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to non-corporate Commonwealth entities. It provides guidance to officials on the management of debts and amounts owing to the Commonwealth.

What is a ‘debt’ and an ‘amount owing to the Commonwealth’?

Amounts may be owed to the Commonwealth or a Commonwealth entity, for a number of reasons, such as money owing as a result of an agreement, a transaction or legislation.

The PGPA legislation refers to ‘debts’ and ‘amounts owing to the Commonwealth’. Generally, a ‘debt’ is a sum of money owing to the Commonwealth, which is known (or capable of being objectively determined) and not being disputed, due for payment now, and capable of being recovered in an action for debt. For example, an official who has been overpaid a salary, or a person who has been overpaid a social security payment, may owe a debt to the Commonwealth or a Commonwealth entity as a result of the overpayment. 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 next month).

It is important that you can identify and distinguish between a debt and an amount owing. If you are unsure in a particular case, you should seek advice from your CFO Unit.

Principles of debt recovery

Debts and amounts owing to the Commonwealth, including any incorrect payments or overpayments of money, represent a cost to taxpayers if not recovered and should therefore be pursued to the greatest possible extent.

The management of debts and amounts owing to the Commonwealth and Commonwealth entities are part of the wider duties of an accountable authority to properly use and manage public resources in particular, section 15 (Duty to govern the Commonwealth entity) and section 16 (Duty to establish and maintain systems relating to risk and control) of the PGPA Act.

For additional clarity section 11 of the PGPA Rule (Recovery of debts) prescribes requirements for the recovery of debts by the accountable authority of a non-corporate Commonwealth entity. It requires the accountable authority to pursue recovery of all debts for which they are responsible, unless the debt has been written off as authorised by an Act, or they consider that the debt is not legally recoverable, or that recovery is not economical to pursue. An accountable authority is responsible for debts owing to the Commonwealth in relation to the operations of their entity.

In relation to amounts owing to the Commonwealth, the general principle is that such amounts should immediately be paid in full when they become due for payment. 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. Section 63 and section 64 of the PGPA Act provides the Finance Minister with the power to make such decisions (these powers have been delegated in some circumstances – see “Non-recovery (write off) of debts” and “Waiver of amounts owing to the Commonwealth” in this AAI).

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<td>Resource Management Guide No. 401 Requests for Discretionary Financial Assistance under the Public Governance, Performance and Accountability Act 2013</td>
<td>PGPA Act: s15; s63 and s64, PGPA Rule: s11</td>
</tr>
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</table>
RECOVERY OF DEBTS

Section 15 of the PGPA Act places requirements on all accountable authorities about how the authority governs their entity; including managing their entity in a way that promotes the financial sustainability of their entity and the proper use and management of public resources.

These obligations should guide decision-making about debt management, such as the extent to which possible debts are investigated and identified and the methods by which debt recovery is pursued by the accountable authority (or their delegate) of a non-corporate Commonwealth entity under section 11 of the PGPA Rule (Recovery of debts).

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Instructions – Officials with a delegation to pursue debt recovery

- You must cease any incorrect or ongoing over payments 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 which are:
  - written off as authorised by an Act;
  - not legally recoverable; or
  - not economical to pursue.

In developing additional entity instructions, you may wish to include instructions on:
- the proper account and record keeping 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); and
- the appropriate accounting and reporting treatment of outstanding and doubtful debts.
NON-RECOVERY (WRITE OFF) OF DEBTS

Section 11 of the PGPA Rule (Recovery of debts) obliges an accountable authority of a non-corporate Commonwealth entity to pursue recovery of each debt for which they are responsible. However, there are certain circumstances where an accountable authority (or their delegate) can approve the non-recovery of a debt.

For non-corporate Commonwealth entities, non-recovery (write off) of a debt is permitted where the non-recovery has been authorised by an Act, or it would not be economical to pursue the recovery of the debt, or where the debt is not legally recoverable. 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 to waive the amount owing under section 63 of the PGPA Act (see AAI-Waiver of amounts owing to the Commonwealth).

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Instructions – All officials

- 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 (Recovery of debts).

In developing additional entity instructions, you may wish to include instructions on:
- who has the authority to decide not to pursue recovery of a debt; and
- what should 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

- 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.

In developing additional entity instructions, you may wish to include instructions on:
- 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 should be obtained;
- 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; and
- the appropriate accounting and reporting treatment of debts that have been written off.
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 where it is considered appropriate because the recovery of the debt would be inequitable or cause ongoing financial hardship.

Section 63 of the PGPA Act allows the Finance Minister to waive an amount owing to the Commonwealth (subject to some additional requirements for large amounts; see section 24 of the PGPA Rule). This power has been delegated with directions to the accountable authority of Finance, and to the accountable authorities of the Australian Securities and Investments Commission for use in limited circumstances.

Key guidance

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[Agencies that cannot waive amounts owing]

Instructions – All officials

- You must not approve the waiver of an amount owing under the PGPA Act.
- You must ensure that all requests for waiver of a debt are referred to Finance.

In developing additional entity instructions, you may wish to include instructions on:

- 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; and
- the requirement to report waived debts in accordance with the FRR.

[Agencies that may waive amounts owing – Finance, ASIC]

Instructions – All officials

- A decision to waive an amount owing to the Commonwealth must be made in accordance with the duties on accountable authorities in particular under section 15, read with section 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.

In developing additional entity instructions, you may wish to include instructions on:

- 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 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; and
- the requirement to report waived amounts in accordance with the FRR.

Instructions – Officials with a delegation to waive amounts owing

- 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 delegate.
In developing additional entity instructions, you may wish to include instructions on:

- 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; and
- the requirement to ensure a decision is rational, defensible and evidence-based, and the applicant has been given procedural fairness.
PAYMENT BY INSTALMENTS OR DEFERRAL OF THE TIME FOR PAYMENT

**Amounts owing to the Commonwealth** should generally 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.

Section 63 of the **PGPA Act** gives the **Finance Minister** the power to modify the terms and conditions on which an amount owing to the Commonwealth is to be paid to the **Commonwealth**. These powers have been **delegated** with directions to all **accountable authorities**, who in most cases have sub-delegated them to certain **officials** in their **entities**.

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**Instructions – All officials**

- You must refer requests to:
  - allow the **payment** by instalments of an **amount owing to the Commonwealth**;
  - 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**.

In developing additional entity instructions, you may wish to include instructions on:

- who has the **authority** to allow payment by instalments or defer the time for payment of an amount owing to the Commonwealth;
- what should 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; and
- that decisions made should be made with regard to the duties of an accountable authority, in particular the duties in sections 15 and 21 of the **PGPA Act**.

**Instructions – Officials with a delegation to allow payment by instalments or defer the time for payment**

- 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**.

  [Full directions in the delegation]

**Cases of hardship**

- When considering cases of claimed hardship, you must require that the debtor provide evidence sufficient 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 **RBA**).
  - 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; and
  - 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.

In developing additional entity instructions, you may wish to include instructions on:

- 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 being made subordinate to other creditors (e.g. a delegate should 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; and
- the record keeping and reporting requirements relating to a delegate’s decision to allow payment by instalments or defer the time for payment.
MANAGING RELEVANT PROPERTY

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to non-corporate Commonwealth entities. It provides instruction to officials on the proper use and management of relevant property, including acquisition, disposal, custody, use and loss.

What is relevant property?

Section 8 of the PGPA Act defines relevant property as 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. The PGPA Rule currently does not prescribe any additional things as relevant property. Relevant property includes leased property and property held by the Commonwealth or a corporate Commonwealth entity on behalf of someone else. Relevant property also encompasses gifts given to the Commonwealth entity and its officials.

Relevant property can include real property (i.e. land and buildings) and 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; and
- accounts and records.

Additional requirements applying to particular types of relevant property

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

- the Lands Acquisition Act 1989;
- the Public Works Committee Act 1969;
- the Commonwealth Property Management Framework; and
- the Commonwealth Property Disposals Policy.

Key Guidance

| Resource Management Guide 204, Minister to inform Parliament of certain events |
| Resource Management Guide No 500, Overview of the Commonwealth Property Management Framework |
| Resource Management Guide No 504, Commonwealth Property Management Framework Lease Endorsement Process |
| Resource Management Guide No 505, Funding arrangements for Commonwealth Property |

Key References

| PGPA Act: s15; s66-70; s72 |
| PGPA Rule: s18 |
ACQUIRING RELEVANT PROPERTY

Commonwealth entities acquire or come to hold relevant property in a number of ways, such as procuring the property (by lease or purchase), being given the property as a gift or donation, finding the property on Commonwealth entity premises or through compulsory acquisition of the property.

Acquisition of property under specific legislation, such as the acquisition of any interest in real property under the Lands Acquisition Act 1989, is subject to the provisions of that legislation.

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<tr>
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<tr>
<td>Resource Management Guide No 505, Funding arrangements for Commonwealth Property</td>
<td>PGPA Rule: s18</td>
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<td>Commonwealth Procurement Rules</td>
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Procuring Relevant property

Instructions – Officials responsible for procuring relevant property

When procuring relevant property, you must:
- act in an efficient, effective, economical and ethical manner;
- comply with the requirements of section 18 of the PGPA Rule when approving proposed commitments of relevant money (see AAI - Approval and commitment of relevant money); and
- act in accordance with the CPRs, if relevant (see AAI - Procurement Processes).

In developing additional Commonwealth entity instructions, you may wish to include instructions on:
- 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 (subject to the exceptions created by that Act), including any delegations under the PGPA Act; and
- 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 dealt with in a proper manner consistent with section 15 of the PGPA Act. The same is true of property found in an aircraft, vessel, vehicle, container or receptacle that is under the control of the Commonwealth entity.

Instructions – Officials who find property on Commonwealth entity premises

- You are responsible for the security of any property that you find on the Commonwealth entity premises or in other containers and vehicles that are under the control of the Commonwealth entity.
  - You must take reasonable steps to safeguard any found property from loss.
- You must not misuse or improperly dispose of any found property (see instructions under “Disposing of Property Found on Commonwealth Premises” in this AAI).

In developing additional entity instructions, you may wish to include instructions on:
- who an official must notify when property is found;
- a requirement to pass found property onto an appropriate officials member, including the timeframe for doing this (e.g. on the day the property is found, or if not practical, on the next working day);
- a requirement that an appropriate official make reasonable efforts to locate the owner.
of any found property; and
• 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 should not 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 or where attendance at an event is an important means of developing and maintaining relationships with key stakeholders. Officials should 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

• You must not ask for, or encourage, the giving of gifts to yourself or other officials.
• You must not accept a gift of money (except in exceptional circumstances).
• You must not accept a gift or benefit which 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 on officials in deciding whether to accept a gift.

In developing additional entity instructions, you may wish to include instructions on:
• the Commonwealth 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 a officials member’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 Commonwealth entity, by the official (including relevant thresholds); and
• [For Commonwealth entities 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 Commonwealth entity) or, if a commemorative coin, whether it may be kept.
DISPOSING OF RELEVANT PROPERTY

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

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 should be sold at market price or transferred (with or without payment) to another Commonwealth entity 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, is subject to the provisions of that legislation.

<table>
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<tr>
<th>Key Guidance</th>
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<tr>
<td>Resource Management Guide No 203, General duties of officials</td>
<td>PGPA Act: s15, s66, s67</td>
</tr>
</tbody>
</table>

General Requirements

Instructions – All officials

- You must not improperly dispose of relevant property.
- You must not make a gift of relevant property, unless it complies with the instructions under “Gifting Relevant property” in this AAI.
- You must not dispose of relevant property found on Commonwealth entity premises, except in accordance with the instructions under “Disposing of Property Found on Commonwealth Premises” in this AAI.

In developing additional entity instructions, you may wish to include instructions on:
- 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; and
- the requirement that the disposal of land is handled in accordance with the Lands Acquisition Act 1989, including any delegations under the Act.

Instructions – Officials responsible for the disposal of relevant property

- 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
  - seek authorisation in writing from the Finance Minister (or a delegate) to gift the relevant property (see “Gifting Relevant property” in this AAI).

In developing additional entity instructions, you may wish to include instructions on:
- a requirement that if the property cannot be transferred or sold, any disposal of the property should 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;
- a requirement to update the asset register following disposal of relevant property (including who is responsible);
Disposing of Property Found on Commonwealth Entity Premises

Property found on Commonwealth entity premises must be retained and disposed of in accordance with an entity's internal controls. This extends to property found in an aircraft, vessel, vehicle, container or receptacle that is under the control of the Commonwealth entity.

Instructions – Officials responsible for the disposal of found property

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

In developing additional entity instructions, you may wish to include instructions on:
- a requirement to document the disposal of found property;
- how long should found property be held before disposed of it;
- what constitutes a reasonable timeframe for an owner to claim the property before it can be disposed of;
- what should 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; and
- 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 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 non-corporate Commonwealth entity officials.

Instructions – All officials

- You must not make a gift of relevant property unless:
  - the property was acquired or produced to be used as a gift; or
  - 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.

In developing additional entity instructions, you may wish to include instructions on:
- how to determine that a gift of relevant property would be a proper use and management of public resources;
- the circumstances where particular officials are able to gift relevant property;
- any requirements before an official acquires property to be used as a gift;
- the requirements for seeking authorisation to make a gift of relevant property (including who has the authority to authorise a gift);
- the processes for determining the value of the relevant property; and
- 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 approve a gift of relevant property**

- 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.

**[Full directions in the delegation]**

- 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/or historical or symbolic **significance** to the proposed recipient; or
  - 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
    - a. otherwise uneconomical to dispose of; or
    - b. the gifting supports the achievement of an Australian Government policy objective.

- You must not authorise:
  - a gift of military firearms; or
  - 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.

In developing additional entity instructions, you may wish to include instructions on:

- 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 Commonwealth entity;
- a requirement to maintain a register of all gifts of relevant property;
- the record keeping requirements to support a decision to gift relevant property;
- how to determine the appropriateness of a gift to a foreign national, foreign organisation or foreign government, and whether DFAT should be consulted.
CUSTODY, USE AND MANAGEMENT OF RELEVANT PROPERTY

Accountable authorities should ensure that officials promote the proper use, management and security of any relevant property they receive or have custody of.

General Requirements

Instructions – All officials

- 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.

In developing additional entity instructions, you may wish to include instructions on:

- 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 officials member;
- the record keeping and reporting requirements relating to the use of relevant property;
- a requirement to maintain 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 non-corporate Commonwealth entity;
  - a requirement to collect and provide specific data relating to real property to Finance; and
  - a requirement that officials who are involved with managing real property familiarise themselves and comply with the Commonwealth Property Management Framework, issued by Finance.

Use of Commonwealth Entity Vehicles

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

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

Instructions – All officials

- 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; and
  - 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.

In developing additional entity instructions, you may wish to include instructions on:
- who is responsible for the management of Commonwealth entity vehicles (including agreeing to their use);
- which officials are allowed to drive Commonwealth entity vehicles and under what circumstances;
- whether incidental private use of a Commonwealth entity vehicle is allowed and who can approve this;
- possible FBT implications for the official where a Commonwealth entity vehicle is use for private purposes;
- whether a Commonwealth entity vehicle can be garaged at a officials member'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 an Commonwealth entity accident report);
- the Commonwealth entity’s policy regarding traffic or parking infringements, or circumstances where a person is found not to have been fit to drive a Commonwealth vehicle;
- a requirement to use Ethanol blended fuel (E10) in vehicles, where appropriate;
- a requirement that officials issued with a fuel card use it wherever possible (this may include a link to the AAI-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 AAI-Official travel);
- 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); and
- the record keeping (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 AAI - Commonwealth Credit Cards.

**Instructions – All officials**

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

In developing additional entity instructions, you may wish to include instructions on:
- which forms within the Commonwealth 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; and
- the Commonwealth 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 fulfill a debt or other obligation. “Other securities” in this context means other documents similar to bonds and debentures, such as shares. When an official receives a bond, debenture or other security in the course of their work, it immediately becomes relevant property.

**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 securities received;  
| | - a register is maintained of all securities received; and  
| | - all reasonable steps are taken to safeguard the securities. |

In developing additional entity instructions, you may wish to include instructions on:

- who is responsible for the custody of bonds, debentures and other securities;
- the requirement to pass a bond, debenture or other security onto an appropriate official to allow the issuing of a receipt and the updating of the register (including timeframe);
- the treatment of bonds, debentures and other securities, including appropriate safeguards and storage arrangements; and
- the record keeping 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 the 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 Minister is advised that he/she must inform the Parliament if your Commonwealth entity: | - forms, or participates in forming, a company or a relevant body;  
| | - becomes, or ceases to be, a member of a company or a relevant body;  
| | - acquires shares in a company (either by purchase or subscription) or disposes of shares in a company;  
| | - has its rights attaching to company or relevant body shares varied; or  
| | - has its rights as a member of a company or relevant body varied. |

In developing additional Commonwealth entity instructions, you may wish to include instructions on:

- how officials are to assist the Minister in informing the Parliament of the Commonwealth entity’s involvement in a company (including who is responsible).
LOSS AND RECOVERY OF RELEVANT PROPERTY

Sections 68 and 69 of the PGPA Act deals with who is responsible for the loss of relevant property. In relation to relevant property, loss also includes deficiency, destruction or damage. An official of a non-corporate Commonwealth entity 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 non-corporate Commonwealth entity after the loss occurred. For further information on the management of debt see AAI - Managing Debt.

Instructions - All officials

- 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, if the loss occurs whilst the property is in your custody, you will be liable to pay the Commonwealth entity 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.

In developing additional Commonwealth entity instructions, you may wish to include instructions on:

- 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 it”);
- the Commonwealth entity’s expectations for reasonable standards of care; and
- the security arrangements that must be implemented to minimise the loss or improper/misuse of relevant property (including any special requirements for particular types of property).

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

In developing additional entity instructions, you may wish to include instructions on:

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

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to non-corporate Commonwealth entities. It provides instruction to officials about working cooperatively with other Commonwealth entities.

On a day-to-day basis, officials from different Commonwealth entities work collaboratively to undertake a number of activities, including the delivery of government services, the making of payments, the formulation of national policies, the implementation of complex reforms and the exchange of information and a range of specialist expertise. The PGPA Act recognises the importance of cooperation with others.

The OPA team within Finance provides guidance and processes for entities to gain access to appropriations across the Australian Government, and to facilitate payments between entities.

Duties

Accountable authorities are obligated to comply with the duties upon them in sections 15-19 in relation to any work undertaken with other Commonwealth entities. In particular, sections 17 and 18 impose particular obligations which are relevant to working with others.

Section 17 of the PGPA Act requires an accountable authority to encourage officials of the entity to cooperate with others to achieve common objectives, where practicable. This includes cooperation between Commonwealth entities. The section aims to encourage cooperation, where practicable, where two or more organisations are working towards common goals.

Section 18 of the PGPA Act places a duty on an accountable authority to ensure that the compliance, reporting and other obligations imposed on others in relation to the use or management of public resources must take into account the risks associated with that use or management and the effects imposing those requirements may have. This section aims to encourage accountable authorities to think carefully about the administrative requirements they impose on others.

The duty is intended to encourage accountable authorities not to over-prescribe ‘red-tape’ requirements on others in a joint relationship where those requirements do not go to ensuring the proper use and management of public resources. Over-prescribing requirements for the management of public resources can have a negative impact on the efficient and economical use of public resources. Where compliance and reporting requirements are imposed on others they should be necessary and focus on areas of significant risk.

Officials involved in working with other Commonwealth entities should also observe the general duties contained in sections 25-29 of the PGPA Act.

Inter-entity agreements

It is important that proper procedures are established to ensure the effective coordination of, and accountability for, inter-entity activities. In many cases, a formal inter-entity agreement is an important mechanism for establishing and clarifying the way in which agencies work.

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2 It is sometimes the case that the statutory functions of entities may make cooperation difficult or even unlawful in particular circumstances. Examples include the Reserve Bank of Australia when setting monetary policy and the Australian Broadcasting Corporation and Special Broadcasting Services when determining editorial content. Therefore, this duty must be read in light of specific limitations in enabling legislation. Limitations on cooperation should also be considered in light of requirements in legislation such as the Privacy Act 1988 and arrangements that involve commercial confidentiality.
together. Accountable authorities need to be satisfied that such agreements will allow them to meet their individual accountabilities under the PGPA framework.

Inter-entity agreements are diverse in their purpose, form and content, with entities tailoring each agreement to suit a specific situation and range of requirements. For example, an agreement between two entities for the exchange of data might be represented by a simple exchange of letters. However, the provision of services, such as IT services may be undertaken through a service level agreement, while the respective responsibilities of entities involved in a cross-portfolio reform (e.g. Closing the Gap) may be outlined in an MoU.

Inter-entity agreements are generally entered into and administered under section 23 of the PGPA Act, as they usually involve the ordinary services or functions of government. When the agreement is made between 2 (or more) non-corporate Commonwealth entities they are generally not legally binding, as they are between parts of the same legal entity (i.e. the Commonwealth). However, they need to be managed according to sound governance principles, including program effectiveness, accountability and transparency. The success of such agreements is dependent on effective relationship management and cooperation between the parties.

For non-corporate Commonwealth entities there are a number of mechanisms to facilitate inter-entity activities with other non-corporate Commonwealth entities. These mechanisms include:

- one or more entities accessing an appropriation administered by another entity through a written agreement between accountable authorities;
- a number of entities being able to pool separately appropriated money through the use of a special account; and
- 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 National Collaboration Framework (NCF) was created to assist Commonwealth entities, state, territory and local jurisdictions to work collaboratively to achieve government objectives. Entities who are involved in longer term cross portfolio or cross jurisdictional collaborative programs, projects or service delivery, can utilise the NCF. The NCF has a structured approach to collaborative service delivery. The NCF provides a tiered approach for Government entities to follow when seeking to collaborate. The framework provides tools and templates for entities to efficiently tailor and enter into inter-entity agreements, such as statements of intent, collaborative head agreement and project agreement.

Non-corporate Commonwealth entities 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.

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<th>Key guidance</th>
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<tr>
<td>Audit Report No.41 2009-10: Effective Cross-Agency Agreements National Collaboration Framework</td>
<td>PGPA Act: s15, s17, s18, s21, s23, s78, s80. FFSP Act: s32B FFSP Regulations: Schedule 1AA and 1AB.</td>
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**Instructions – All officials**

- You must not enter into an arrangement that commits your, or another, non-corporate Commonwealth entity’s current or future appropriation, unless you have been

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S.32B and FFSP regulation 16 and Schedule 1AA and 1AB may also be relevant for the power to enter an arrangement when the arrangement relates to services that are not the ordinary services or functions of government, e.g. a grants arrangement.
Delegated the authority, or authorised by a delegate, to do so under section 23 of the PGPA Act, section 32B of the FFS Act, or other specific legislation.

- When using a special account to facilitate inter-entity activities, you must comply with the instructions in the AAI on special accounts (see AAI-Managing Relevant Money).
- When undertaking activities that commit or might commit relevant money, you must comply with the requirements in these instructions for section 18 of the PGPA Rule (see AAI-Approval and Commitment of Relevant Money).

In developing additional entity instructions, you may wish to include instructions on:
- 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. GST issues, timing for payments, who is responsible for any debt recovery, free of charge resourcing implications); and
- the accountability requirements that must apply when your entity accesses another entity's appropriation, or where another entity accesses your entity's appropriation.

Instructions – All officials

- When developing an inter-entity agreement, you should ensure that it clearly articulates:
  - the objectives of the arrangement, 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;
  - resources and timeframe to be applied by parties and PGPA framework issues;
  - the approach to identifying and sharing the risks and opportunities involved;
  - agreed modes of review and evaluation; and
  - agreed dispute resolution arrangements.

- You should 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 PGPA framework.

In developing additional entity instructions, you may wish to include instructions on:
- how to determine which entity's AAs 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 PGPA framework (e.g. requirements relating to appropriations, outcomes, performance reporting, 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 the accountable authority be provided with all inter-entity agreements entered into by the entity;
- 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 officials consider the Better Practice Principles in the ANAO's Audit Report: Effective Cross-Agency Agreements, when developing inter-entity agreements;
- 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; and
• the reporting requirements that relate to inter-entity activities, including performance reporting, Senate Estimates information and financial reporting in accordance with the FRR.
MODEL AAI - Glossary of Terms

This Glossary has been prepared to assist officials to understand the meaning of some of the concepts in the Model AAIs. This Glossary is not a source of legal definition.

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</table>
A **Account** (in relation to the payment of accounts) can mean an invoice, claim or any legitimate request for the payment of moneys made on a **Commonwealth entity**.

**Accountable authority** for a **Commonwealth entity** is the person or group of persons that has the responsibility for, and control over, the entity’s operations. In the case of a **Department of State** the accountable authority will be the Secretary of the Department. In the case of a statutory authority with a board of directors, generally the board will be the accountable authority. See section 12 of the **PGPA Act**.

**Act of grace payment** is a payment made to an individual or other body in special circumstances and where there is otherwise no legal obligation to make the payment. Act of grace payments must be **authorised** by the **Finance Minister** or a **delegate** under section 65 of the **PGPA Act**. They may be appropriate where an **non-corporate Commonwealth entity’s** conduct or **Commonwealth** legislation or policy has resulted in an unintended, inequitable, anomalous or otherwise unacceptable outcome. Act of grace payments are used where any obligation to the applicant is moral, rather than legal (see AAI -Making Payments of Relevant Money).

**Additional rules** are the requirements in Division 2 of the CPRs that apply to a **procurement** where the estimated value of the procurement is at or above the **relevant procurement threshold**.

**Administer** is referred to under sections 23 of the **PGPA Act** and section 32B of the **FFSP Act**:

Under subsection 23(1) of the PGPA Act:

(1) The accountable authority of a non-corporate Commonwealth entity may, on behalf of the Commonwealth:

(a) enter into arrangements relating to the affairs of the entity; and
(b) vary and administer those arrangements

The Explanatory Memorandum to the to the PGPA Act states that, ‘administer’ includes to make payments pursuant to an arrangement.

Under subsection 32B of the FFSP Act, administer is defined to mean:

(a) in relation to an **arrangement**—includes give effect to; or
(b) in relation to a grant—includes make, vary or administer (i.e., give effect to) an arrangement that relates to the grant.

**Amount owing to the Commonwealth** is a sum of money which is owing to the **Commonwealth** that is ascertainable or certain (i.e. known or able to be determined objectively) including **debts** due for payment and amounts that are not yet due for **payment**. For example, an amount owing to a **Commonwealth entity** from a supplier where an invoice has been issued, but payment is not due until a later date.

**Approach to market (ATM)** is defined in Appendix B of the CPRs as any notice inviting **potential suppliers** to participate in a **procurement** which may include a request for tender, request for quote, request for expression of interest, request for application for inclusion on a **multi-use list**, request for information and request for proposal.
**Appropriation** is a law of the Commonwealth Parliament which provides authority to draw money from the CRF. An appropriation only authorises expenditure for a specified purpose and amount. The Commonwealth may not spend money without an appropriation authorising that expenditure (and, in many cases, legislative other than a mere appropriation may also be required to authorise the relevant expenditure).

**Arrangement** is defined separately in section 32B of the FFSP Act, and, section 23 of the PGPA Act.

In section 32B of the FFSP Act, arrangement includes a contract, agreement or deed.

In section 23 of the PGPA Act, arrangement includes a contract, agreement, deed or understanding.

This includes an arrangement under which relevant money is, or may become, payable in the form of a notional payment between non-corporate Commonwealth entities.

**ATO** is the acronym for the Australian Taxation Office.

**AusTender** is defined in Appendix B of the CPRs as the central web-based facility for the publication of Australian Government procurement information, including business opportunities, annual procurement plans and procurement contracts awarded.

**Authorisation** is a means of devolving authority without exercising an express statutory power of delegation. Courts have recognised that in some circumstances for administrative necessity a statutory decision-maker may authorise others to act as his or her agent (i.e. on his or her behalf) with respect to the performance of a power or function authorised officials act for and on behalf of the person issuing the authorisation – they do not act in their own right.

**Authorised investment** is defined in section 58(8) of the PGPA Act to mean:

(a) in relation to both the Finance Minister and the Treasurer:
   i. securities of, or securities guaranteed by, the Commonwealth, a State or a Territory; or
   ii. a deposit with a bank, including a deposit evidenced by a certificate of deposit; or
   iii. any other form of investment prescribed by the PGPA Rule;

(b) in relation to the Treasurer – debt instruments with an investment grade credit rating that:
   i. are issued or guaranteed by the government of a foreign country; or
   ii. are issued or guaranteed by a financial institution whose members consist of foreign countries (which may also include Australia); or
   iii. are denominated in Australian currency.

In addition, for the purposes of section 58(8)(a)(iii), section 22 of the PGPA Rule prescribe the additional forms of investment that the Finance Minister and Treasurer are authorised to make on behalf of the Commonwealth:

(a) a bill of exchange that is accepted or endorsed only by a bank;

(b) a professionally—managed money market trust, but only if the Finance Minister or the Treasurer is satisfied that:
   (i) the only investments managed by the trust are those referred to in paragraph (a) above or subparagraph 58(8)(a)(i) or (ii) of the
PGPA Act (securities of or guaranteed by the Commonwealth, a State or a Territory, or a deposit with a bank); and

(ii) a charge over trust assets does not support any borrowing by the trustee in relation to the trust;

(c) a dematerialised security that:

(i) is deposited in the Austraclear System; and

(ii) is the equivalent of an investment referred to in paragraph (a) above or subparagraph 58(8)(a)(i) or (ii) of the PGPA Act (securities of or guaranteed by the Commonwealth, a State or a Territory, or a deposit with a bank).

Authority means the legal authority (where express or implied) to exercise a power or function that can be given directly through legislation (e.g. accountable authorities’ powers under section 23 of the PGPA Act and section 32B of the FFSP Act or other specific legislation) or through a delegation or authorisation.

B

Bank is defined in section 8 of the PGPA Act to mean:

(a) an authorised deposit-taking institution (within the meaning of the Banking Act 1959); or

(b) the RBA; or

(c) a person who carries on the business of banking outside of Australia.

Bankable money is defined in section 55 of the PGPA Act as relevant money that can be deposited in a bank.

Banking day is defined in section 19(2) of the PGPA Rule as a day other than a Saturday, a Sunday or a day that is a public holiday in the place where the money was received.

Business Activity Statement (BAS) is the form used to report and comply with a number of taxation obligations, including GST, PAYG instalments, PAYG withholding and FBT instalments. Agencies must lodge a BAS with the ATO for each tax period.

C

Cabcharge card is a kind of Commonwealth credit card relating to taxi use.

Cabcharge voucher is a kind of credit voucher relating to taxi use.

Cabcharge card see Commonwealth credit card.

Cabcharge voucher see credit voucher.

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. Cash advances are typically used as change floats or to cover minor expenses that are most conveniently or cost effectively processed by cash payments. This includes amounts held as “petty cash” (see AAI - Managing Relevant Money).
CDDA Scheme see Scheme for Compensation for Detriment caused by Defective Administration.

CFO is the acronym for Chief Financial Officer or Chief Finance Officer.

CGRGs is the acronym for the Commonwealth Grants Rules and Guidelines made under section 105C of the PGPA Act.

Charge is a payment to Commonwealth entities by other government entities, individuals, and non-government organisations for goods and services and/or regulation, provided to them. The Australian Government may direct entities to charge for some or all of their activities in a specific manner and/or apply a specific policy framework, such as cost recovery or competitive neutrality.

Charge card is a credit card that authorises the holder to buy goods or services on credit, with payment in full required at a later date. Examples include MasterCard, Visa and AMEX. Charge cards issued to the Commonwealth are a form of Commonwealth credit card.

Coincidental private expenditure (in relation to Commonwealth credit cards) means private expenditure incurred by an official in direct connection with their work duties. An official may use a Commonwealth credit card to pay a claim that includes both official and coincidental private expenditure, only if this has been authorised by the accountable authority (see AAI -Commonwealth Credit Cards and Credit Vouchers).

Comcover is the Australian Government's general insurance fund responsible for protecting Commonwealth entities against insurable losses and promoting better practice risk management to improve policy formulation and the delivery of Government programs and services. All Commonwealth entities are insured through Comcover. Entities nominally purchase cover for all normally insurable risks, with the exception of workers' compensation, which remains the responsibility of Comcare.

Comcare is the workers’ compensation insurer for the Australian Government, providing safety, rehabilitation and compensation services to Commonwealth employees (and employees of the ACT Government) under the auspices of the safety, rehabilitation and compensation services to Commonwealth employees.

Commonwealth means the Commonwealth of Australia. Non-corporate Commonwealth entities are part of the Commonwealth.

Commonwealth Competitive Neutrality Policy Statement A policy, which applies competition principles to government activities and forms part of the Competition Principles Agreement. It aims to remove a net competitive advantage that government business activities may have over competitors by virtue of their public ownership. The responsibility for competitive neutrality policy, as a matter of competition policy, rests with the Treasurer.

Commonwealth credit card means a credit card issued to the Commonwealth to enable the Commonwealth to obtain cash, goods or services on credit. For the purposes of the PGPA framework, a Commonwealth credit card number is subject to the same requirements as a Commonwealth credit card (e.g. in relation to security of storage). Credit cards and credit
vouchers issued to the Commonwealth are different from personal credit cards or vouchers, as they do not provide the holder with a revolving line of credit. Money borrowed by the Commonwealth through the use of a credit card or credit voucher must be paid in full within a specific timeframe (see AAI - Commonwealth Credit Cards and Credit Vouchers).

**Commonwealth entity** is defined by section 10 of the **PGPA Act** to mean:

(a) a Department of State; or  
(b) a Parliamentary Department; or  
(c) a listed entity; or  
(d) a body corporate established by a law of the Commonwealth; or  
(e) a body corporate that:
   (i) is established under a law of the Commonwealth (other than a Commonwealth company); and  
   (ii) is prescribed by an Act or the rules to be a Commonwealth entity.

Note: Commonwealth companies are not Commonwealth entities because they are not covered by this subsection. Chapter 3 deals with Commonwealth companies. However, the High Court and the Future Fund Board of Guardians are not Commonwealth entities.

See further, below, at corporate Commonwealth entity, non-corporate Commonwealth entity, Department of State, Parliamentary Department and listed entity.

**Commonwealth entity premises** mean all premises owned or leased by a Commonwealth entity, or premises otherwise occupied by or in the care, custody or control of the Commonwealth. This includes land and buildings, as well as aircraft, vessels, vehicles, containers or receptacles.

**Commonwealth Grants Rules and Guidelines (CGRGs)** are a legislative instrument issued by the Finance Minister under section 105C of the **PGPA Act**. The CGRGs establish the policy framework within which entities determine their own specific grants administration processes. All officials performing duties in relation to grants administration must act in accordance with the CGRGs (see AAI - Grants).

**Commonwealth Procurement Rules (CPRs)** are issued by the Finance Minister under section 105B of the **PGPA Act**. The CPRs establish the core procurement legislative and policy framework within which entities govern and undertake their own procurement. All officials performing duties in relation to procurement must act in accordance with the CPRs (see AAI – Procurement).

**Conditions for limited tender** are the circumstances when a procurement at or above the relevant procurement threshold can be conducted using a limited tender process. The circumstances are listed in the CPRs.

**Conditions for participation** are defined in Appendix C of the CPRs as the minimum conditions that potential suppliers must demonstrate compliance with in order to participate in a procurement process or for submissions to be considered. This may include a requirement to undertake an accreditation or validation procedure.
Conditions to reduce the time limit are the circumstances when you may establish a time limit for potential suppliers to lodge a submission that is less than 25 days but no less than 10 days. The circumstances listed in paragraph 10.19 of the CPRs are:

(a) where the entity has published details of the procurement in an annual procurement plan on AusTender, at least 30 days and not more than 12 months in advance, and those details include a description of the procurement, the timing of the approach to market and the procedure to obtain request documentation;
(b) where the entity procures commercial goods and services;
(c) in the case of second or subsequent approaches to the market for recurring procurements; or
(d) where a genuine state of urgency renders the normal time limit impracticable.

Consolidated Revenue Fund (CRF) is established by section 81 of the Constitution and consists of all revenues and moneys raised or received by the Executive Government of the Commonwealth. The CRF is self-executing in nature, which means that all money forms part of the CRF automatically upon receipt by the Commonwealth, including a private person outside the Commonwealth acting for or on behalf of the Commonwealth.

Contingent liability means a present commitment that may give rise to a cost as a result of a future event. They often result from indemnities, guarantees, warranties or other commitments of this type which are included in contracts (see AAI - Indemnities).

Contract management is the active management throughout the life of a procurement contract or other contract to ensure a contractor’s performance is satisfactory, stakeholders are well informed and all contract requirements are met. It includes managing the contractual relationships and ensuring that deliverables are provided to the required standard, within the agreed timeframe and achieve value for money.

Coordinated procurement contracting arrangements see Coordinated Procurements.

Coordinated Procurements are goods and/or services that the Australian Government has decided should be procured at the whole-of-government level. Non-corporate Commonwealth entities must use Coordinated Procurement arrangements where they exist, unless an exemption has been granted (see AAI - Procurement).

Correctly rendered invoice means a valid tax invoice that also includes entity specific information as defined in the contract, agreement or other arrangement (some contracts, agreement and arrangements may also contain their own references to what is a ‘correctly rendered invoice’).

Corporate Commonwealth entity is defined in section 11 of the PGPA Act to mean a Commonwealth entity that is a body corporate.

Corporate Commonwealth entities are legally separate from the Commonwealth, whereas non-corporate Commonwealth entities are part of the Commonwealth.

Cost recovery involves charging the non-government sector some or all of the costs of specific government activities. The government must direct that the activity be cost recovered, there
must be a statutory basis to charge the non-government sector and there must be alignment between expenses and revenue.

**Cost Recovery Guidelines** The overarching policy framework under which Commonwealth entities design, implement and review cost recovered activities. Cost recovery involves charging individuals or non-government organisations some or all of the costs of a specific government activity.

**CPRs** is the acronym for the **Commonwealth Procurement Rules**.

**Credit card** see **Commonwealth credit card**.

**Credit voucher** is in a sense a paper based **credit card** that enables the holder to buy goods or services on credit, with payment in full required at a later date. Credit vouchers generally come with an attached spending limit. A **Cabcharge voucher** is an example of a credit voucher (see AAI - Commonwealth Credit Cards and Credit Vouchers).

**CRF** is the acronym for **Consolidated Revenue Fund** referred to in section 81 of the Constitution.

**Custody of relevant money**: section 68 of the **PGPA Act** states that a person has custody of **relevant money** if the person:

- (a) holds the money by way of a petty **cash advance**, change float or other advance; or
- (b) has received the money, but has not yet dealt with it as required under section 55 of the PGPA Act (which is about banking of relevant money).

**Custody of relevant property**: section 68 of the **PGPA Act** states that a person has custody of **relevant property** if:

- (a) the person has taken delivery of the property and has not returned it to another person entitled to receive the property on behalf of the **Commonwealth**; and
- (b) when the person took delivery of the property the person signed a written acknowledgement that the property was delivered on the express condition that the person would at all times take strict care of the property

**D**

**Days** means calendar days.

**Debt** (for the purposes of the **PGPA framework**) generally means a sum of money owing to the **Commonwealth** which is known and not being disputed, due for payment now and legally capable of being recovered in an action for debt. For example, an **official** who has been overpaid a salary, or a person who has been overpaid a social security payment, may owe a debt to the Commonwealth as a result of the overpayment (see AAI - Managing Debt).

**Deed of Release** (in favour of the **Commonwealth**) is a document that is signed by a claimant acknowledging that an offer of compensation has been accepted and that no future claims can be made against the Commonwealth in relation to the particular claim.

**Debtor** means an individual or other body who owes a **debt** to a **Commonwealth entity**.
Defective administration (in relation to the CDDA Scheme) is defined as:

- a specific and unreasonable lapse in complying with existing administrative procedures; or
- an unreasonable failure to institute appropriate administrative procedures to cover a claimant’s circumstances; or
- an unreasonable failure to give to (or for) an applicant, the proper advice that was within the official’s power and knowledge to give (or reasonably capable of being obtained by the official to give); or
- giving advice to (or for) an application that was, in all circumstances, incorrect or ambiguous.

Delegate means an individual who has been given statutory authority, by an instrument of delegation, to make particular decisions or perform particular functions. A delegate is constrained by any limitations expressed in the delegation instrument.

Delegation is a statutory procedure permitting a person (the delegator) to entrust his or her statutory authority to another person (the delegate). Delegates personally hold and possess the powers and responsibilities that they have been given and are personally accountable for their decisions and actions in the exercise or performance of the powers and responsibilities that they have been given. A delegation is distinct from an authorisation.

Designated Special Account appropriation means an appropriation under section 80 of the PGPA Act that relates to:

(a) the COAG Reform Fund established by the COAG Reform Fund Act 2008; or
(b) a special account (within the meaning of the PGPA Act) established by the Nation-building Funds Act 2008.

Detriment (in relation to the CDDA Scheme) means quantifiable financial loss that an applicant has suffered. There are three types of detriment:

- detriment relating to a personal injury including mental injury (personal injury loss);
- economic detriment that is not related to personal injury (pure economic loss); and
- detriment relating to damage to property.

Department of State for the purposes of the PGPA Act is defined in section 8 as follows:

(a) includes anybody (except a body corporate), person, group of persons or organisation that is prescribed by an Act or the rules in relation to a specified Department of State; and
(b) excludes any part of a Department of State that is a listed entity.

Enterprise risk management framework generally involves a plan and/or systems designed to identify potential events that may affect the entity and its activities and manage risks within the entity’s risk appetite, to provide reasonable assurance regarding the achievement of the entity’s objectives.

Equitably, in relation to procurements or grants means treating an entity or person impartially, based on their commercial, legal, technical and financial abilities and not discriminating against them due to their size, degree of foreign affiliation or ownership, location or the origin of the goods or services.
Enabling legislation for a Commonwealth entity that is established by or under an Act or legislative instrument means that Act or legislative instrument.

Entity see Commonwealth entity, corporate Commonwealth entity and non-corporate Commonwealth entity.

Fee (also known as a fee for service) is a payment for goods or services provided to, or at the request of, the person providing the goods or services. There is generally a direct relationship between the cost of delivering the service and the fee itself. A fee may come within the scope of the Australian Government’s policy on cost recovery.


Finance means the Department of Finance.

Finance law is defined in section 8 of the PGPA Act to mean:
(a) the PGPA Act or
(b) rules made under the PGPA Act (including the PGPA Rule, the CPRs, the CGRGs and the FRR; or
(c) any instrument made under the PGPA Act; (e.g. determinations establishing special accounts under section 78, determinations transferring functions between non-corporate Commonwealth entities under section 75, and government policy orders under section 22 or 93) or
(d) an Appropriation Act.

Finance Minister means the Minister who administers the PGPA Act (see section 8 of the PGPA Act).

Financial Reporting Rule (FRR) means the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR). This rule is made under section 101 of the PGPA Act, which outlines the requirements and guidance for the annual financial statements prepared by the accountable authority of an entity. They are produced each year and have the force of law under the PGPA Act.

FMIS means an entity’s Financial Management Information System.

Fraud (against the Commonwealth) is defined in Resource Management Guide No 201: Preventing, detecting and dealing with fraud as ‘dishonestly obtaining a benefit, or causing a loss, by deception or other means’ and may include (but is not limited to):
thief
accounting fraud (false invoices, misappropriation etc)
unlawful use of, or obtaining property, equipment, material or services
causing a loss, or avoiding and/or creating a liability
providing false or misleading information to the Commonwealth, or failing to provide it when there is an obligation to do so
misuse of Commonwealth assets, equipment of facilities
cartel conduct
making, or using false, forged of falsified documents, and
wrongfully using Commonwealth information or intellectual property.

**Fringe benefits** are benefits, other than salaries and wages, which are provided to an employee or an associate of the employee (usually a family member) by an employer or third party arranger. For example, where a car owned or leased by the Commonwealth is made available to an official for private use.

**Fringe Benefits Tax (FBT)** is a tax on fringe benefits provided in respect of employment during the year of the tax. An entity must report to the ATO on all fringe benefits provided to officials.

**Gifting** means Commonwealth property given without payment or condition (see AAI - Managing Relevant Property).

**Goods** are defined in Appendix C of the CPRs as every type of right, interest or thing which is legally capable of being owned. This includes, but is not restricted to, physical goods and real property, as well as intangibles such as intellectual property, contract options and goodwill.

**Goods and Services Tax (GST)** is a broad based tax of 10 per cent on the sale of most goods and services and other items sold or consumed in Australia. GST is claimable through the submission of Business Activity Statements to the ATO as input tax credits. Non-corporate Commonwealth entities are notionally liable to pay GST and account for it to the ATO through the submission of Business Activity Statements.

**Grant** is defined in Commonwealth Grants Rules and Guidelines to mean an arrangement for the provision of financial assistance by the Commonwealth or on behalf of the Commonwealth:

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

However, the following arrangements are taken not to be grants:

(a) the procurement of property or services by an entity, including the procurement of the delivery of a service by a third party on behalf of an entity these arrangements are covered by the CPRs;
(b) an act of grace payment approved under section 65 of the PGPA Act;
(c) a payment of compensation under:
   (i) an arrangement relating to defective administration; or
   (ii) an arrangement relating to employment conditions; or
   (iii) an arrangement established by legislation;
(d) a payment to a person of a benefit or an entitlement established by legislation;
(e) a tax concession or offset;
(f) an investment or loan;
(g) financial assistance provided to a State in accordance with section 96 of the Constitution;
(h) a payment that is made to a State or a Territory that is made for the purposes of the Federal Financial Relations Act 2009;
(i) a payment that is made for the purposes of the Local Government (Financial Assistance) Act 1995;
(j) a payment that is made for the purposes of the Schools Assistance Act 2008;
(k) a payment that is made for the purposes of the Higher Education Support Act 2003;
(l) a payment of assistance for the purposes of Australia’s international development assistance programme, which is treated by the Commonwealth as official development assistance.

**Granting activities** refers to the process of providing **relevant money** to potential **grant** recipients, whether through a grant programme or other grant giving exercise.

**Grants administration** covers the entire process of granting activity and includes: planning and design; selection and decision-making; the making of a **grant**; the management of a grant agreement; the ongoing relationship with grants recipients; reporting; and review and evaluation. It also covers a situation where another **entity** or third party is responsible for the administration of an entity’s **granting activity**.

**Guarantee** means a promise whereby one party assumes responsibility for the **debt**, or performance obligations, of another party should that party default in some way. For example, where an **entity** guarantees **payment** of **bank** borrowings by a third party. A guarantee may give rise to a **contingent liability**.

H

**Hospitality** see **official hospitality**.

I

**Improperly dispose of** generally means to dispose of **relevant money** or **relevant property** in a way that is not consistent with the provisions of the **PGPA framework**, including the duty on an **accountable authority** to ensure **proper** use and management of **public resources**.

**Indemnity** means a legally binding promise whereby a party undertakes to accept the risk of loss or damage another party may suffer. For example, where an **entity** hires a venue to host a conference it may indemnify the owner of that venue against losses that may be suffered if attendees damage the venue. An indemnity may give rise to a **contingent liability**.

**Input tax credits** are amounts that can be claimed as a refund from the **ATO** in respect of **GST** paid on **goods** and services acquired in carrying on an enterprise.

**Inter-entity agreement** is a documented relationship for the provision of services, exchange of information or other administrative function or support, signed between two or more **entities**. Examples include: an **MoU**, Exchange of Letters, Business Partnership or a Service Level Agreement (see AAI-Working with Other Commonwealth Entities).

**Internal audit function** is the unit or auditors that are responsible for the delivery of the internal audit services of an **entity**.
Key principles are the seven key principles for grants administration that apply to all forms of granting activity and all processes and phases of grants administration, as set out in the Commonwealth Grants Rules and Guidelines. These key principles are:

- robust planning and design;
- collaboration and partnership;
- proportionality;
- an outcomes orientation;
- achieving value with public money;
- governance and accountability; and
- probity and transparency.

Legal Services Directions 2005 are directions issued by the Attorney-General under the Judiciary Act 1903. These directions set out the requirements for Commonwealth legal work.

Letter of comfort means an instrument that is used to facilitate an action or transaction, but is made with the intention of not giving rise to a legal obligation. Many entities prohibit the use of letters of comfort. Depending upon the circumstances in which a letter of comfort is issued, it is possible for it to give rise to an actual or a contingent liability.

Liability cap is a legally binding agreement that a contactor’s liability for damage or loss is limited to a certain amount.

Limited tender is defined in Appendix C of the CPRs as an entity approaching one or more potential suppliers to make submissions, where the process does not meet the rules for open tender or prequalified tender.

Listed entity in section 8 of the PGPA Act means:

(a) any body (except a body corporate), person, group of persons or organisation (whether or not part of a Department of State); or;
(b) any combination of bodies (except bodies corporate), persons, groups of persons or organisations; (whether or not part of a Department of State);

that is prescribed by an Act or the rules to be a listed entity.

Maximum value of a proposed procurement contract includes any options, extensions, renewals or other mechanisms that may be executed over the life of the contract. For goods and services being procured, it must include:

(a) all forms of remuneration, including any premiums, fees, commissions, interest, allowances and other revenue streams that may be provided for in the proposed contract;
(b) the value of the goods and services being procured, including the value of any options in the proposed contract; and
(c) any taxes or charges.

Memorandum of Understanding (MoU) is a written agreement between two or more parties that defines the working relationship, expectations and responsibilities. MOUs are usually not legally binding on the parties. They are commonly used for arrangements between non-corporate Commonwealth entities.
Minister includes a **Presiding Officer** of a **Parliamentary Department**.

**Misuse** means to use **public resources** (including **relevant money** and **relevant property**) in a way that is not a **proper** use.

**Model AAIs** means the **AAs**, developed by **Finance** in consultation with other **Commonwealth entities**, which state the core requirements of the **resource management framework**.

**Multi-use list** is defined in Appendix C of the **CPRs** as a list, intended for use in more than one **procurement** process, of pre-registered **suppliers** who have satisfied the conditions for participation on the list. Each approach to a multi-use list is considered a new **procurement**.

**Non-corporate Commonwealth entity** is one of two types of **Commonwealth entity** and is defined at section 11 of the **PGPA Act** as:

- a non-corporate Commonwealth entity, which is a Commonwealth entity that is not a body corporate.

  **Note:** **Corporate Commonwealth** entities are legally separate from the **Commonwealth**, whereas non-corporate Commonwealth entities are part of the **Commonwealth**.

**Non-recovery of a debt** (write off) is permitted under section 11 of the **PGPA Rule** where the **accountable authority** (or delegate) considers it would not be economical to pursue the recovery of a **debt**, a debt is not legally recoverable or the debt has been written off as authorised by an Act. 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 (see AAI - Managing Debt).

**Notional payments and receipts** are transactions that do not actually involve money leaving the **CRF**, because both parties to the transaction are part of the **Commonwealth**, or acting on behalf of the Commonwealth. For example, where one **non-corporate Commonwealth entity** pays another for services, or where one part of non-corporate Commonwealth entity pays another part of that entity. **Section 76 of the PGPA Act** treats these notional payments and receipts as real **payments** and receipts and as such, the appropriation relied on for the transaction should be debited/credited as appropriate.

**Official** is defined in section 13 of the **PGPA Act** to mean:

- an individual who is in, or forms part of, the **Commonwealth entity**. An official includes (but is not limited to): an individual who:
  - (i) is, or is a member of, the **accountable authority** of the entity; or
  - (ii) is an officer, employee or member of the entity; or
  - (iii) is an individual, or an individual in a class, prescribed by the **PGPA Rule**; and

It does not include:

- (i) a **Minister**; or
- (ii) a judge; or
- (iii) a consultant or independent contractor of the entity (other than of a kind prescribed by the PGPA Rules); or
- (iv) is an individual, or an individual in a class, prescribed by the PGPA Rule.
Official hospitality generally involves the use of public resources to provide hospitality to persons other than officials to facilitate the achievement of one or more Commonwealth entity policy objectives (see AAI – Approval and Commitment of Relevant Money).

Official Public Account (OPA) means the group of bank accounts, known as the Official Public Account Group, the aggregate balance of which represents the daily cash position of the government.

Official travel is any travel where the Commonwealth entity is responsible for any of the direct or indirect costs associated with that travel (see AAI – Approval and Commitment of Relevant Money).

Open approach to market is defined in Appendix C of the CPRs as any notice inviting all potential suppliers to participate in a procurement which may include a request for tender, request for quote, request for expression of interest, request for application for inclusion on a multi-use list, request for information and request for proposal.

Open tender is defined in Appendix C of the CPRs as publishing an open approach to market and inviting submissions.

Ordinary services and functions of government means spending relating to the running costs of a non-corporate Commonwealth entity, such as the payment of building rental. Generally, payments relating to the ordinary services and functions of government will come from annual departmental appropriations, however there can be situations where they are paid from annual administered appropriations. Similarly, some payments from departmental appropriations may cover matters that are not ordinary services and functions of government, and thus the arrangement needs to be authorised by section 32B of the FFSP Act and Schedule 1AA or Schedule 1AB to the FFSP Regulations or other specific legislation. Entities will need to identify the relevant appropriation before committing to spend relevant money.

Other CRF money is defined in section 105 of the PGPA Act as money that forms part of the CRF other than:

(a) relevant money; or
(b) any other money of a kind prescribed by the rules.

Overdraft drawing is an arrangement where a bank, at its own discretion, honours a drawing on an entity’s account when there are insufficient funds in the account to meet the drawing. Agreements entered into under section 53 of the PGPA Act can allow overdraft drawings, as long as they are repaid within 30 days (see AAI - Managing Relevant Money.).

Overdraft facility is an arrangement for advances set up between an entity and a bank, with a defined borrowing limit. The bank is obliged to honour payments that put the account into negative balance, up to the agreed limit. An overdraft facility represents a borrowing on behalf of the Commonwealth and as such, the use of overdraft facilities is extremely restricted (see AAI - Managing Relevant Money).

P

Parliamentary Department means a Department of the Parliament established under the Parliamentary Service Act 1999 and includes any body (except a body corporate), person, group
of persons or organisation that is prescribed by an Act or the rules in relation to a specified Parliamentary Department.

**PAYG** is the acronym for Pay As You Go.

**Payment** see AAI - Making Payments of Relevant Money.

**Payment of amount owed to person at time of death** relates to an amount which the Commonwealth owes to a person at the time of their death. Section 25 of the **PGPA Rule** gives the Finance Minister the power to authorise a payment to a person’s estate without requiring production of a will or letter of administration. In authorising the payment the Finance Minister must have regard to the persons who are entitled to the property of the deceased person under the deceased person’s will or under the law relating to the disposition of the property of deceased persons (see AAI - Making Payments of Relevant Money).

**Petty cash** means cash used for small, incidental and one-off expenses, such as emergency stationery. See **cash advance**.

**PGPA Act** is the *Public Governance, Performance and Accountability Act 2013*

**PGPA Rule** is the Rule issued under section 102 of the **PGPA Act**.

**PGPA framework** is a subset of the **resource management framework** and is made up of:

- the **PGPA Act**;
- the **PGPA Rule**;
- the **PGPA (Finance Minister to Accountable Authorities) Delegation 2014**;
- the **PGPA (Finance Minister to Finance Secretary) Delegation 2014**;
- the **FRR**;
- the **CGRGs**;
- the **CPRs**;
- Ministerial determinations and authorisations; and
- other resource management policies of the Commonwealth including **government policy orders** applicable to corporate Commonwealth entities and wholly owned Commonwealth companies.

**Potential supplier** is defined in Appendix C of the **CPRs** as an entity or person who may respond to an **approach to market**.

**Prequalified tender** is defined in Appendix C of the **CPRs** as publishing an **approach to market** inviting **submissions** from all **potential suppliers** on:

(a) a shortlist of potential suppliers that responded to an initial open approach to market on **AusTender**; or

(b) a list of potential suppliers selected from a multi-use list established through an open approach to market; or

(c) a list of all potential suppliers that have been granted a specific licence or comply with a legal requirement, where the licence or compliance with the legal requirement is essential to the conduct of the **procurement**.
Presiding Officer means the President of the Senate or the Speaker of the House of Representatives.

Procurement is defined in Appendix C of the CPRs as encompassing the whole process of acquiring goods or services. It begins when an entity has identified a need and decided on its procurement requirement. Procurement continues through the processes of risk assessment, seeking and evaluating alternatives, the awarding of a procurement contract, delivery of and payment for the goods or services and, where relevant, ongoing contract management and consideration of disposal of goods. Procurement does not include:

(a) grants;
(b) investment (or divestment);
(c) sales by tender;
(d) loans;
(e) procurements of goods or services for resale or of goods or services used in the production of goods for resale;
(f) any property right not acquired through the expenditure of relevant money - for example, a right to pursue a legal claim for negligence;
(g) statutory appointments;
(h) appointments made by a Minister using the executive power – for example, the appointment of a person to an advisory board; or
(i) the engagement of employees – such as under the Public Service Act 1999, the Parliamentary Services Act 1999, an entity’s enabling legislation, or the common law concept of employment.

Procurement-connected policies mean the policies of the Commonwealth for which procurement has been identified as the means of delivery.

Procurement contract is an arrangement for the procurement of goods and services, under which relevant money is payable or may become payable. A procurement contract includes standing offers and panels, as well as documents to procure goods or services under those arrangements, such as purchase orders or work orders.

Procurement method means one of the three methods used to conduct a procurement – open tender, prequalified tender or limited tender.

Proper use when used in relation to use or management of public resources means efficient, effective, economical and ethical. See section 8 of the PGPA Act. For the accountable authority of a non-corporate Commonwealth entity proper use and management of public resources also means in a way that is not inconsistent with the policies of the Australian Government. See section 15 and 21 of the PGPA Act.

Public resources means relevant money, relevant property, or appropriations. See section 8 of the PGPA Act.

Publish continuously in relation to a multi-use list that is open to application at any time means an approach to market inviting applications to use the multi-use list must appear on AusTender for the entire period of the multi-use list’s operation.

R
RBA is the acronym for the Reserve Bank of Australia.
Relevant money is defined in section 8 of the PGPA Act to mean:
   (a) money standing to the credit of any bank account of the Commonwealth or a corporate Commonwealth entity; or
   (b) money that is held by the Commonwealth or a corporate Commonwealth entity.

Relevant procurement thresholds in relation to procurement and the CPRs as the amount (including GST) of a procurement when procurements are subject to the additional rules in the CPRs. These thresholds are:

   (a) for non-corporate Commonwealth entities other than for procurements of construction services, $80,000;
   (b) for prescribed corporate Commonwealth entities, other than for procurements of construction services, $400,000; or
   (c) for procurements of construction services by non-corporate Commonwealth entities or relevant corporate Commonwealth entities, $7.5 million.

For the purpose of these AAIs, the relevant thresholds are only those thresholds that apply to non-corporate Commonwealth entities.

Relevant property is defined in section 8 of the PGPA Act to mean:
   (a) property (other than relevant money) that is owned or held by the Commonwealth or a corporate Commonwealth entity; or
   (b) any other thing prescribed by the rules.

Request documentation is defined in Appendix C of the CPRs as meaning documentation provided to potential suppliers to enable them to understand and assess the requirements of the procuring entity and to prepare appropriate and responsive submissions. This general term includes documentation for expressions of interest, multi-use lists, open tender, prequalified tender and limited tender.

Resource management framework is the framework that underpins the appropriation, expenditure and use of relevant money and public resources within the Australian Government. The resource management framework includes legislation and policy, delegations and directions, guidance, outcome and programs policy guidance and associated governance arrangements for government entities.

Requirements to be fulfilled includes any technical specifications, conformity certification, plans, drawings, or instructional materials.

Responsible Minister means in relation to an entity, the Minister responsible for that entity or the Minister responsible for a function within an entity.

Rules for all procurement are the requirements in Division 1 of the CPRs that apply to all procurement.

Scheme for Compensation for Detriment caused by Defective Administration (CDDA Scheme) is an administrative scheme that allows non-corporate Commonwealth entities to compensate individuals or other bodies who have experienced detriment (i.e. quantifiable financial loss) as a result of an entity's defective administration, and who have no other avenues of redress (see AAI -Making Payments of Relevant Money).
**Special Account** is an **appropriation** mechanism to authorise expenditure from the **CRF** for specified purposes. Special Accounts are established by determination of the **Finance Minister** under section 78 of the **PGPA Act**, or through separate legislation (see section 80 of the PGPA Act). They should not be confused with **entity bank account** (see AAI - Managing Relevant Money).

**Special circumstances** are not defined for the purposes of section 65 of the **PGPA Act**, and are ultimately a matter for the decision maker to assess. Generally these circumstances are considered to apply where the decision maker is satisfied that:

- an act of a non-corporate entity of the Australian Government has caused an unintended and inequitable result to the individual seeking the payment
- Commonwealth legislation or policy has had an unintended, anomalous, inequitable or otherwise unacceptable impact on the claimant’s circumstances, and those circumstances were:
  - specific to the claimant
  - outside the parameters of events for which the claimant was responsible or had the capacity to adequately control
  - consistent with what could be considered to be the broad intention of the relevant legislation
- the matter is not covered by legislation or specific policy, but the Australian Government intends to introduce such legislation or policy, and it is considered desirable in a particular case to apply the benefits of the relevant policy prospectively.

**Specification** is a description of the features of the **goods** and services to be procured.

**Specified arrangement** means listing an **arrangement** or **grant**, a class of arrangements or grants, or a program, under which an arrangement or grant is made, in Schedule 1AA and 1AB to the **FFSP Regulations**.

**Standing offer** is defined in Appendix C of the **CPRs** as an **arrangement** setting out the terms and conditions, including a basis for pricing, under which a supplier agrees to supply specified **goods** and services to an **entity** for a specified period.

**Statutory Payments** means an amount that is a **payment** of a benefit to a person, including a payment of an entitlement established by legislation or by a government program or a **tax** concession or offset.

**Submission** is defined in Appendix C of the **CPRs** as any formally submitted response from a **potential supplier** to an **approach to market**. Submissions may include tenders, responses to expressions of interest, applications for inclusion on a **multi-use list** or responses to request for quote.

**Supplier** is defined in Appendix C of the **CPRs** as an entity or person who has entered into a **procurement contract** with the **Commonwealth**.

**Tax** is classically defined (for Constitutional purposes) as a compulsory exaction of money by a public authority for public purposes, which is enforceable by law and not a **payment** for
services rendered. However, this is not a reliable guide for identifying taxes in all cases. The payer of a tax does not have a real choice about whether to pay the tax or not.

**Tenderer** is defined in Appendix C of the CPRs as an entity or person who has responded with a submission to an approach to market.

**U**

**Unbankable money** is relevant money that cannot be banked. For example, money in the form of foreign coins, or money that is not accepted by a bank because it is damaged, or money that is not recognised as legal tender.

**V**

**Valid tax invoice** is a document, generally issued by a supplier, which contains specific information to satisfy legal requirements to enable an entity to claim an input tax credit (it may include a recipient-created tax invoice).

**Vendor card** is a credit card issued by a specific retailer that authorises the holder to buy goods or services on credit, with payment in full required at a later date. Examples include Cabcharge cards, travel cards and fuel cards. Vendor cards issued to the Commonwealth are a form of Commonwealth credit card.

**W**

**Waiver** is a special concession granted to an individual or other body that extinguishes a debt or other amount owing to the Commonwealth. Waivers are granted by the Finance Minister (or a delegate) under section 63 of the PGPA Act (see AAI - Managing Debt). Waiver of debt provisions also exist in other legislation, including the Social Security Act and the Veterans’ Entitlements Act.

**Warranty** means a promise whereby one party provides certain assurances to another party. Warranties often relate to asset and sales agreements. For example, where an entity sells an asset to a third party it may provide a warranty that the entity has a right to sell the asset, the asset is fit for use and defective parts will be replaced within a specified period. A warranty may give rise to a contingent liability.