Resource Management Guide No. 213
Accountable Authority Instructions – 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.
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Accountable Authority Instructions – Corporate Commonwealth Entities

Audience

This guide is relevant to all corporate Commonwealth entities. It is particularly relevant to Chief Executive Officers (CEOs) – or their equivalent – 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 corporate Commonwealth entities.
- gives guidance on using the Model Accountable Authority Instructions (AAIs) for corporate Commonwealth entities – a tool designed to assist corporate Commonwealth entities in developing their accountable authorities’ internal instructions.
- seeks to consolidate key requirements of the resource management framework and provides pragmatic suggestions for entities to consider in designing their own internal control frameworks. These instructions do not introduce new reporting/compliance requirements.
- 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.
- the Model AAIs are not mandatory and, while they reflect mandatory requirements of the PGPA Act and Rules, they do not introduce any new requirements on corporate Commonwealth entities.

Resources

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

Other relevant publications include:

1. Corporate Commonwealth entities operate within an environment that is made up of legislation, legislative instruments and government policy (where relevant). Within this context, the resource management framework consists of the legislation and policy governing the management of the relevant Commonwealth entity’s 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

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1 Under the PGPA Act, section 22 empowers the Finance Minister to make a government policy order (GPO) that specifies a policy of the Australian Government that is to apply in relation to one or more corporate Commonwealth entities. At the time of the publication of this guidance there are no GPOs in effect.
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 AAIs 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 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 AAIs have been developed with the aim of assisting the accountable authority to meet his/her/their 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

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 persons authorised to exercise a specific power, 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 applies 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 AAI

10. AAI should be accessible to all relevant officials 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 AAI are based on these principles.
11. Ideally, AAI should not contain detailed procedural requirements. This information should be provided through other documents that provide step-by-step operational guidance.

12. Entities should ensure that AAI are closely aligned with the internal authorisations issued to officials of the entity. In particular, officials exercising authorisations under the PGPA legislation should be provided with clear instructions on the relevant policies and rules that apply to them.

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

14. Officials should be able to rely on AAI 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.

15. Entities should regularly review their AAI 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 AAI**

**Introduction**

16. The Model AAI are not mandatory and, while they reflect mandatory requirements of the PGPA Act and Rules, they do not introduce any new requirements on corporate Commonwealth entities. The Model AAI may be used as a reference tool for corporate Commonwealth entities’ systems of internal control. They may be adopted in whole, or in part and modified as appropriate. The AAI aim to provide clear and pragmatic suggestions, and do not purport to imply or require best practice compliance.

17. These Model AAI cover the core topics that are applicable to the majority of officials in most corporate Commonwealth entities. As a tool, the Model AAI 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.

18. The Model AAI are not designed to be prescriptive or exhaustive, as individual entity requirements may differ and AAI should be tailored to meet these requirements. The Model AAI 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.

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

20. Each of the Model AAI 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

21. 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.

22. 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.

23. 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 Rule, instruments issued under the Act, resource management framework guidance or another Model AAI.

24. 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.

25. The Model AAIs include suggestions relating to matters that are not explicitly covered by the PGPA legislation, but may be covered by resource management guides or applicable policy 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. Entities may also wish to include additional instructions that reflect directions contained in their internal authorisation instruments.
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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 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 on 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 authorise 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 22 of the PGPA Act the accountable authority of a corporate Commonwealth entity must ensure that where a government policy order has been issued by the Finance Minister that the order is complied with. The principles of sound risk management underpin the resource management framework and should inform decision-making.

The international standard on risk management (AS/NZ ISO 31000:2009) defines risk management as “coordinated activities to direct and control an organisation with regard to risk”. This 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 clearly defined responsibilities for managing risk and that risk management is aligned with the entity's strategic plans and objectives.

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

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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.

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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 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, managing programs);
- templates to be used for risk assessment and management for different types of activities (e.g. implementing new programs, managing payments, granting indemnities);
- 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 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.

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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 an 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.
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 staff 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.

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<td>PGPA Rule: s10</td>
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<tr>
<td>ANAO Better Practice Guide, March 2011: Fraud Control in Australian Government Entities</td>
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<tr>
<td>Commonwealth Fraud Control Policy, issued by the Attorney-General's Department</td>
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</table>

### 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;
- the 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 regularly coordinating the Commonwealth entity's fraud risk assessment, which should be undertaken at least once every two years;
- the measures officials 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 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.

### Key Guidance

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<tr>
<td>Resource Management Guide No 202: Audit Committees</td>
<td>You must cooperate with:</td>
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<tr>
<td>ANAO Better Practice Guide, Internal Audit: An Investment in assurance and business improvement</td>
<td>- your Commonwealth entity’s internal audit function (if applicable);</td>
</tr>
<tr>
<td>ANAO Better Practice Guide, March 2015: Public Sector Audit Committees: Independent assurance and advice for Accountable Authorities</td>
<td>- your Commonwealth entity’s audit committee; and</td>
</tr>
<tr>
<td>PGPA Act: s45, PGPA Rule: s17</td>
<td>- the Commonwealth Auditor-General represented by officials of the Australian National Audit Office.</td>
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</table>

### 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 for identifying suitable candidates to serve on the audit committee;
- 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 Auditor-General with the power to direct officials to obtain information that the Auditor-General requires.

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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 Public Governance, Performance and Accountability (Financial Reporting) Rule (FRR).
- You must comply with any lawful request by the Finance Minister, the responsible Minister and 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. cost centre managers, branch/division managers);
- end of month processes;
- hard close processes;
- start/end of financial year processes;
- compliance reporting processes;
- annual report processes;
- additional performance reporting processes (e.g. for annual business reporting); and
- FMIS requirements (if any) to ensure that proper records are kept.
INSURANCE

Corporate Commonwealth entities which are part of the general government sector are generally 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.

Corporate Commonwealth entities which are not part of the Comcover fund are responsible for obtaining their own general insurance cover. When obtaining insurance for officials (such as directors or officers of the entity), these entities must act in accordance with section 23 of the PGPA Rule which has restrictions for corporate Commonwealth entities when insuring officials of the entity.

### Key Guidance

**Resource Management Guide No 205: Insurance**

**Commonwealth Risk Management Policy** (corporate Commonwealth entities are not required to comply with this, but can consider aligning their risk management frameworks with it as a matter of good practice)

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<td>PGPA Act: s62</td>
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<td>PGPA Rule: s23</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 entity instructions, you may wish to include instructions on:

- how officials should manage public resources in a way that minimises an insurance claim;
- the official that has responsibility for the oversight and management of the entity’s insurance program with Comcover, Comcare or other insurers (where a Corporate Commonwealth entity is not a Comcover Fund member);
- consultation and obtaining advice from Comcover or other insurer (where a Corporate Commonwealth entity is not a Comcover Fund member) 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 or other insurer (where a Corporate Commonwealth entity is not a Comcover Fund member) regarding further coverage or commercial insurance;

- key strategies to minimise the risks of insurance claims, such as quality assurance processes;
- insurance procedures with regards to contract management (e.g. preferred minimum public liability, professional indemnity and other insurance coverage to be obtained by contractors);
- policies relating to indemnification by or of the entity;
- insurance procedures with regards to committees (e.g. whether an indemnity will be offered, or whether insurance will be required, paid for or provided);
- how your insurer is notified about key events, such as changes to risks, new contingent liabilities, or claims;
- a requirement that officials report all claims and incidents that might lead to an unplanned financial loss and could result in a claim to the insurer, including the timeframe for doing so;
- maintaining records in relation to insurable risks, such as significant incidents, amounts claimed from insurers, amounts paid as excess and measures taken to manage and minimise insurable risks;
- insurance claims processes; and
- how legal claims against the Commonwealth entity 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 corporate Commonwealth entities. It provides instruction to officials on approving and committing relevant money such as when entering into 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 make a commitment of relevant money such as entering into an arrangement, you must be satisfied that:

- you have been authority to enter into the arrangement;
- you have acted in accordance with the Commonwealth Procurement Rules, if relevant; and
- where applicable, you have complied with a government policy order in relation to the entity, and in relation to any subsidiary of the entity, so far as practicable.

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.

Corporate Commonwealth entities are legally separate from the Commonwealth and can act on their own behalf in exercising certain legal rights, such as entering into contracts. Corporate Commonwealth entities are normally given the authority to enter into contracts through their enabling legislation, or by virtue of their separate legal personality.

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 the granting of indemnities, guarantees and warranties by the entity to another party.

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.

Who can make commitments of relevant money?

Authorisations are an important way in which accountable authorities enable officials within their Commonwealth entity or another Commonwealth entity to make commitments of relevant money that the accountable authority is responsible for. When an accountable authority authorises
officials to make commitments of relevant money, it is better practice that these authorisations are given in writing. Any accompanying directions (for example, limitations on a commitment that may be made) given by the accountable authority on the exercise of the authorisation should be included with the authorisation.

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<tr>
<td><em>Commonwealth Procurement Rules</em> <em>(legislative instrument issued under section 105B(1) of the PGPA Act)</em> – applies only to prescribed corporate Commonwealth entities listed in section 30 of the PGPA Rule 2014</td>
<td><strong>PGPA Act:</strong> s 15, s22</td>
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<tr>
<td><em>Accountable Authority Instructions</em></td>
<td><strong>PGPA Rule:</strong> s18, s30.</td>
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<td><em>Resource Management Guide No 400: Approving commitments of relevant money</em></td>
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APPROVING AND MAKING COMMITMENTS OF RELEVANT MONEY

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.

The PGPA Act does not empower the accountable authority to make commitments of relevant money. Instead, corporate Commonwealth entities derive the power to approve proposals for the commitment of relevant money from their separate legal identity and/or their enabling legislation.

However, section 18 of the PGPA Rule (Approving commitments of relevant money) sets out the 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. Officials must comply with the requirements of section 18 of the PGPA Rule when approving the commitment of relevant money.

Aside from the requirement to comply with section 18 of the PGPA Rule, the PGPA legislation contains no further prescriptive requirements for the commitment of relevant money. Therefore the accountable authority has the flexibility, subject to their general duties, to determine what internal controls to apply to approval processes. In determining this an accountable authority should identify and assess the risks, and balance these with the efficiency of operations, to achieve appropriate controls for the commitment of relevant money by officials.

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<td>Resource Management Guide No 400: Approving commitments of relevant money</td>
<td>PGPA Act: s15, s22</td>
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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 commitment of relevant money, unless you have been authorised to do so.
- Commitments of relevant money must be approved consistently with any written requirements specified in these instructions or the terms of the relevant authorisation instrument.
  - When required, you must seek approval for a commitment of relevant money from an official authorised to do so, or an accountable authority.
- Approvals for commitments of relevant money must be 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 approvals for the commitment of relevant money;
- the timing for when a 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 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);
- what officials should do to prepare relevant documentation to be forwarded to an official authorised to approve commitments of relevant money to meet the requirements of section 18 of the PGPA Rule (Approving commitments of relevant money); and
whether any government policy orders applicable to the entity, or any subsidiary of the entity, are in force in relation to any commitments of relevant money.

Instructions – Officials who have been authorised to approve 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 commitment of relevant money consistent with any written requirements, specified in these instructions or the terms of the relevant authorisation instrument.
  - if your entity is subject to the CPR and a commitment of relevant money involves procurement, you must ensure it complies with the CPR (see AAI – Procurement).
- 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 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 authorised officials can only approve commitments of relevant money within the limits specified in the Commonwealth entity's authorisation instruments;
- whether officials are able to approve commitments of relevant money that relate to their own work duties (e.g. official travel);
- whether additional approval requirements apply to commitments of relevant money that relate to official hospitality and official travel;
- whether an authorised official 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 commitments of relevant money are to be recorded (e.g. are different types of records required for different types of commitments);
- how an authorised official must later record verbal approval of a 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 approvals (e.g. should the terms or basis of the approval be recorded, based on proportionality);
- how the role played by an authorised official can support the accountable authority in promoting the financial sustainability of the entity. For example:
  - the authorised official may be required to assess whether there is available relevant money for the commitment; and
  - the authorised official may need to be able to access records of all liabilities, commitments and expenses against current and future funding.
- whether applicable, how to ensure that the commitment of relevant money complies with policies of the Australian Government, e.g. in relation to procurement.

Entering into arrangements

Instructions – Officials who have been authorised to enter into arrangements

- Before you make a commitment of relevant money, such as entering into an arrangement, you must ensure it is within the scope of your authorisation.
- If your entity is subject to the CPR, and the commitment involves procurement, you must act in accordance with the CPR (see AAI – Procurement).

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 entity.

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 an official authorises another official to enter into arrangements on their behalf;

the reporting and/or publishing requirements for arrangements (including how to meet the additional procurement reporting requirements where applicable); and

the requirements that apply where officials enter into contracts, agreements or other arrangements, which do not involve the commitment of relevant money.
INDEMNITIES, GUARANTEES AND WARRANTIES

Indemnities, guarantees and warranties (and certain liability caps in contracts) may give rise to a contingent liability. That is, a commitment that may give rise to a cost as a result of a future event. Often, these types of arrangements are used to allocate risk between parties to an arrangement. Generally, the risk should be allocated to the party best placed to manage it. If the risk is accepted, the benefits from accepting the risk, should outweigh the cost of accepting the risk.

There are no specific requirements related to the granting of indemnities, guarantees or warranties by corporate Commonwealth entities in the PGPA Act or PGPA Rule. Subject to requirements in enabling legislation, if any, regarding the granting of indemnities, guarantees or warranties, corporate Commonwealth entities have the same powers that other entities with body corporate status have in entering into these types of arrangements.

However, in managing these arrangements an accountable authority is still subject to the general duties of accountable authorities contained in the PGPA Act. In relation to these arrangements the duty at section 15 of the PGPA Act, regarding promoting the proper use of public resources (as these arrangements may result in expenditure) and financial sustainability of the entity are relevant (as if a cost arises from one of these arrangements that cost may be significant). As is the duty at section 16 regarding establishing and maintaining systems relating to risk and control (granting these arrangements carries with it risks that should be controlled as far as possible). Given that a corporate Commonwealth entity entering these arrangements will be doing so with another party, the duty at section 18 may also be relevant.

Key Guidance

| Resource Management Guide No 400: Approving commitments of relevant money |
| Commonwealth Risk Management Policy (not mandatory for corporate Commonwealth entities) |
| Comcover Statement of Cover (for those corporate Commonwealth entities that insure through Comcover) |

Key References

| PGPA Act: s 15, s 16, s 61 (at time of publication no specific PGPA requirements) |
| PGPA Rule: s18 |

Instructions – All officials

- You must not enter into an arrangement that includes an indemnity, guarantee or warranty unless you have been authorised to grant an indemnity, guarantee or warranty on behalf of the Commonwealth entity.

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

- how to identify and manage an indemnity, guarantee or warranty;
- who can authorise an indemnity, guarantee or warranty to be granted and
- the requirements that apply if an official authorises another official to enter into arrangements on their behalf that may contain an indemnity, guarantee or warranty;
- 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 prior to seeking authorisation for the proposed arrangement and entering into the arrangement.

Instructions – Officials authorised to provide 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 authorisation.

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

- what types of indemnities, guarantees or warranties are allowable;
- a requirement that officials assess the risks associated with an arrangement that consists of
or includes an indemnity, guarantee or warranty prior to seeking authorisation for the proposed contingent liability and entering into the arrangement;

- in what circumstances, and from whom, expert advice (e.g. legal advice, advice on risk, advice on procurement) in respect of a potential indemnity, guarantee or warranty should be sought;

- a requirement that officials do not enter into an arrangement that involves an indemnity, guarantee or warranty unless other options have been examined (such as insurance) and the benefits outweigh the risks;

- a requirement that officials develop and implement a risk management plan based on the risk assessment;

- 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 resulting financial impact;

- 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 **indemnity, guarantee or warranty** 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, sponsorship, prizes or other benefits. Instructions given by the accountable authority to officials should reflect the accountable authority’s duty to promote the proper use and management of public resources (section 15 PGPA Act) as a requirement upon officials.

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 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 commitment of relevant money)*.
- Where applicable – 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 entity instructions, you may wish to include instructions on:

- how to assess that an arrangement to provide official hospitality represents 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 official 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, 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. This includes travel by officials, contractors and consultants to undertake work duties to achieve one or more Commonwealth entity objectives.

Generally, 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.

Key Guidance

| Resource Management Guide No 400: Approving commitments of relevant money |
| Resource Management Guide No 404: Official Domestic Air Travel - Use of the Lowest Practical Fare (Not mandatory for Corporate Commonwealth entities but they are encouraged to comply with this guide) |
| Resource Management Guide No 405: Official International Travel – Approval and Use of the Best Fare of the Day (Not mandatory for Corporate Commonwealth entities but they are encouraged to comply with this guide) |
| Resource Management Guide No. 418: Payment Terms for Australian Government Travel Arrangements – Card Services (for corporate Commonwealth entities that have opted into the arrangements) |
| Commonwealth Procurement Rules (legislative instrument issued under section 105B(1) of the PGPA Act – applies only to prescribed corporate Commonwealth entities listed in section 30 of the PGPA Rule 2014) |
| Whole of Australian Government Travel Arrangements (mandatory for non-corporate Commonwealth entities, corporate Commonwealth entities may opt in with the agreement of Department of Finance) |

Key References

| PGPA Act: s 15 |
| PGPA Rule: s18 |

Instructions – All officials

- You must not enter into an arrangement for official travel unless you have been authorised to exercise power to enter into an arrangement of this type.
- You must not enter into an arrangement for official travel unless the requirements in these instructions have been met (see AAI - Approval and commitment of relevant money).
- Where applicable – You must act in accordance with the CPRs when procuring official travel (see AAI – Procurement).

In developing 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 approvals that are required for international travel;
- whether an official can approve their own travel;
- the entity’s policy on airline lounge memberships and use;
- as applicable – the travel cover provided under Comcover’s Statement of Cover, and how to access assistance under Comcover’s Overseas Medical and Travel Assistance arrangements;
- as applicable - 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 entity’s policy on class of travel (i.e. business class, economy class);
- 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;
- 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 applicable government 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).
PROCUREMENT

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to corporate Commonwealth entities. This AAI, together with the AAI–Approval and commitment of relevant money provides instruction to entity officials on undertaking 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.

Commonwealth Procurement Rule

The Commonwealth Procurement Rules (CPR) are a legislative instrument issued by the Finance Minister under section 105B of the PGPA Act. The CPR sets out the rules for Australian Government procurement. Officials from all non-corporate Commonwealth entities and corporate Commonwealth entities listed in section 30 of the PGPA Rule 2014 must comply with the CPRs when performing duties related to procurement.

This AAI covers procurement issues in general and does not include the requirements of the CPR. If your corporate Commonwealth entity is listed in section 30 of the PGPA Rule you should refer to the AAI – Procurement contained in Resource Management Guide No. 206: Accountable Authority Instructions – Non-corporate Commonwealth Entities

Value for money is the core rule of the CPR. 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.

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<th>Key guidance</th>
<th>Key references</th>
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**PROCUREMENT FOR CORPORATE ENTITIES NOT SUBJECT TO THE CPR**

**Instructions – All Officials**

- You should not conduct a procurement unless you have been properly authorised to do so, or, have received approval to do so from a properly authorised official.
- You should comply with any terms and conditions attached to your authorisation to make a procurement.
- You should ensure any procurement is a proper use (efficient, effective, economical and ethical) of public resources.
- You should act in accordance with the general duties of officials at sections 25 to 29 of the PGPA Act.
- You should treat all potential suppliers equitably.
- You should ensure that any decisions regarding procurement are documented and publicly defensible.
- You should not seek to obtain benefit from supplier practices that may be dishonest, unethical or unsafe.
- You should actively manage the risks associated with a procurement, including by:
  - identifying, assessing, allocating and treating the risks, proportionate to the scale and scope of the procurement; and
  - generally not accepting risks which another party is best placed to manage.
- Generally, not accepting risks where the potential cost of the risk outweighs the benefit of accepting the risk.

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

- how procurement thresholds apply to the entity; and
- how to achieve proper use of public resources, (i.e. promoting efficient, effective, economical and ethical use of public resources; encouraging competition and non-discriminatory processes; and making decisions in an accountable and transparent manner).

In relation to entity specific requirements:

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

For planning a procurement:

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

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

For assessing tenders
- dealing with unintentional errors;
- when to undertake a financial viability assessment of the preferred supplier;
- the processes for advising unsuccessful tenders;
- mechanisms to handle complaints from unsuccessful tenders;
- the requirements to obtain approval for entering into the procurement contract; and
- when you should seek legal advice on procurement contracts.

**Contract management**
- 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; and
- when a variation to a procurement contract end date is allowable to provide for late delivery of goods or completion of services, providing the procurement contract allows for such a variation and the variation does not lead to a material change in the scope of the procurement.
CORPORATE 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 corporate Commonwealth entities. It provides instruction to officials about the use of corporate credit cards and credit vouchers.

What are corporate credit cards and credit vouchers?

A corporate credit card is a credit card issued to the corporate 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 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 a corporate Commonwealth entity 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 entity 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 corporate Commonwealth entity are not corporate credit cards. They should be treated as if they were relevant money.

How do corporate credit cards and credit vouchers work?

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

Under section 57 of the PGPA Act, corporate Commonwealth entities cannot enter into borrowing agreements (including obtaining credit cards or credit vouchers) unless: expressly authorised by, an Act (such as their enabling legislation) or the borrowing is authorised by the Finance Minister in writing, or under the PGPA Rule. Section 21A of the PGPA Rule 2014 authorises the borrowing of money by a corporate Commonwealth entity if it is obtaining credit by way of credit card, credit voucher, or similar credit facility. The section also requires the borrowed amount to be repaid by the entity within 90 days.

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

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<tr>
<th>Key Guidance</th>
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<tbody>
<tr>
<td>ANAO Audit Report 37 2007-08: Management of Credit Cards</td>
<td>PGPA Act: s57</td>
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<td>PGPA Rule: s21A</td>
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Instructions – All officials

- Only the person issued with a corporate credit card or credit voucher, or someone specifically authorised by that person, may use that credit card, credit card number or credit voucher.
- You must consider whether using a corporate credit card or credit voucher would be a proper use of public resources. For example whether it would be the most cost-effective payment option in the circumstances.
- Before using a corporate credit card or credit voucher, you must ensure that the requirements in AAI- Approval and commitment of relevant money, have been met before committing relevant money.
- You must ensure that your use of a corporate credit card or credit voucher is consistent with any approval given, including any conditions of the approval.
- You must ensure that any corporate 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 corporate credit cards can be used for coincidental private expenditure, coincidental to the cardholders’ work duties, including details of repayment requirements;
- whether corporate credit cards can be used for cash withdrawals, including details of any additional approval and reporting requirements;
- when different types of corporate credit cards and credit vouchers can or should be used (e.g. whether a travel card must be used for all official travel);
- whether there are any additional conditions on who can use a corporate credit card or credit voucher (e.g. whether a contractor can use a corporate credit card or credit voucher);
- the transaction limits for different types of corporate credit cards and credit vouchers (e.g. if a Cabcharge can only be used for fares under $200);
- the documentation required for credit card and credit voucher holders to acknowledge their responsibilities;
- how and when reconciliations against credit card or credit voucher statements must occur;
- the documentation required to confirm use of corporate credit cards and credit vouchers;
- any additional approvals that are required for proposed commitments of relevant money that relate to allowances or benefits involving the card or voucher holder (e.g. approval of their own travel expenses);
- how corporate credit cards and credit vouchers are to be stored, including the security requirements before the cards or vouchers are issued to officials, as well as the security requirements imposed on holders;
- better practice storage requirements when a credit card is in an official’s custody (e.g. keeping it in a separate part of a wallet to personal credit cards); and
- a requirement for officials to return corporate credit cards and credit vouchers when they are no longer required.

Instructions – Officials responsible for supervising corporate credit card and credit voucher holders

In developing 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 corporate credit cards

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

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

- 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 authorisation to enter into borrowing agreements; ensure that the requirements in AAI - Approval and commitment of relevant money have been met; and
  - if your entity is subject to the CPR, ensure that the procurement of the credit card and/or credit voucher services is in accordance with the CPR (see AAI - Procurement);
  - If the authority for the borrowing is section 21A of the PGPA Rule ensure you comply with the requirements of that section.

In developing additional entity instructions, you may wish to include instructions on:
- who is responsible for entering into borrowing agreements for corporate credit cards and credit vouchers;
- the types of corporate credit cards and credit vouchers that an authorised official may enter into agreements for;
- any limits that apply to the number of borrowing agreements that an authorised official may enter into; 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 corporate Commonwealth entities. It provides instruction to officials on making payments of relevant money, the payment of accounts 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 makes payments on its behalf. You can only make a payment of relevant money if you have been authorised to make the payment.

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.

Authorisations should be issued to the officials responsible for making the substantive decision whether a particular payment of relevant money should be made. Officials who perform the purely administrative tasks necessary to facilitate the payment (i.e. processing the EFT request) would not require an authorisation, if they are acting under the direction of another official and do not exercise any independent judgment.

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<tr>
<th>Key Guidance</th>
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<tr>
<td>Resource Management Guide No. 400: Approving commitments of relevant money</td>
<td>PGPA Act: s15, and</td>
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<td></td>
<td>s16</td>
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<td>PGPA Rule: s18</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 nominate particular officials in their entities to authorise or make payments. Some accountable authorities may also authorise an official (such as the CEO or similar) to authorise the making of payments by other officials on behalf of the entity. Other accountable authorities use authorisations and guidance and/or controls linked to their automated payment systems to ensure payments of relevant money are made by appropriate persons.

Authorisations should be issued to the official responsible for making the substantive decision whether a particular payment of relevant money should be made. Officials who perform the purely administrative tasks necessary to facilitate the payment (i.e. processing the EFT request) would not require a authorisation, if they are acting under the direction of another official and do not exercise any independent judgment.

**General requirements**

**Instructions – All officials**

- You must not make a payment of relevant money unless:
  - the payment is consistent with these instructions;
  - you have been authorised to do so by the accountable authority; or by an official empowered by the accountable authority to authorise other officials to make payments.

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:
  - a requirement that official(s) take relevant steps to ensure they are aware of, and understand their obligations;
  - any checks that may be required before a payment can be made;
  - who can authorise the payment of accounts or statutory payments, including batch runs;
  - whether an official may authorise an account for payment in which they have been involved (e.g. the official entered into the arrangement on behalf of the entity or is 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 circumstances where it is appropriate to allow another Commonwealth entity or third party to make payments of relevant money on your entity's behalf (e.g. service delivery arrangements, salary packaging arrangements);
- whether payments in advance of the delivery of goods and services may be made and if
so, in what circumstances;
- whether discounts on the payment of accounts 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);
- 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.

### Instructions – Officials who have been authorised, to make a payment

<table>
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<tr>
<th><strong>You must exercise the power to make a payment</strong> in accordance with any limits and conditions imposed in relation to the relevant authorisation.</th>
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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 ability of one official to authorise another official to perform purely administrative tasks on their behalf, without requiring an authorisation;</td>
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<td>- a requirement that officials who are authorised to exercise powers take relevant steps to ensure they are aware of, and understand their obligations (including any limits and conditions in relation to the delegation or authorisation);</td>
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<td>- the record keeping and reporting requirements that apply when exercising a power that a person has been authorised to exercise; and</td>
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<tr>
<td>- requirements for documenting <strong>authorisations</strong> for others to sign-off on invoices or make payments on your behalf.</td>
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</table>
TAXATION OBLIGATIONS

Instructions – All officials

- You must maintain appropriate records 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 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 (excluding by way of credit cards or credit vouchers, see AAI Corporate Credit Cards and Credit Vouchers); 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 includes Australian currency, foreign currency and cheques in any currency. Corporate Commonwealth entities receive money in a variety of ways. Such as through appropriations, borrowings, rebates, levies (often received on behalf of the Commonwealth) and fees. Money held on trust by Commonwealth entities (for the benefit of persons outside of a Commonwealth entity) and money found on corporate 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, or raised by an entity.

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<tr>
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<tbody>
<tr>
<td>Resource Management Guide 300: Banking of relevant money received by Ministers and officials</td>
<td>PGPA Act: s8; s54, s55; s57; s59; PGPA Rule: s19; s20; s21; s22A. Public Governance, Performance and Accountability (Investment) Authorisation 2014 (Made by the Finance Minister under subparagraph 59(1)(b)(iii) of the PGPA Act.)</td>
</tr>
<tr>
<td>Resource Management Guide No. 301: Investment by Commonwealth entities</td>
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<td>Resource Management Guide 400: Approving commitments of relevant money</td>
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<td>Resource Management Guide 413: The banking of cash by Commonwealth entities</td>
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## 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.

### 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 official;
- 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 corporate Commonwealth entity;
- 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 appropriate safeguards and storage arrangements;
- the handling of money found on the entity's premises; 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.
BANKING

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

Section 54 of the PGPA Act authorises the PGPA Rule to prescribe matters in relation to banking. As at 1 July 2014, no rules have been made in relation to section 54 of the Act.

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).

### Key Guidance

<table>
<thead>
<tr>
<th>Resource Management Guide 300: Banking of relevant money received by Ministers and officials</th>
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<td>Resource Management Guide 413: The banking of cash by Commonwealth entities</td>
<td>PGPA Rule: s19; s20; s21</td>
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### 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 received 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 authorised to do so by your accountable authority, or, by an official authorised by the accountable authority to authorise other officials to open, maintain or close entity bank accounts.

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;
- 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**

**Instructions – Officials with authority to enter into agreements with banks**

- When opening, maintaining or closing an **entity bank account**, you must comply with the instructions of 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 an **entity bank account**;
- the requirements for establishing bank accounts (e.g. the appropriate types of accounts and which banks are suitable);
- what terms and conditions should be included in an agreement for banking business services, including the preferred duration of agreements;
- the requirements for reconciliation of bank accounts, including frequency;
- which **officials** can be given signing authority on an entity bank account; and
- how bank accounts that are accessed by persons outside of the entity are to be managed (for example direct debits by other parties).
LOSS OF RELEVANT MONEY

There are no provisions in the PGPA Act or PGPA Rule that specifically address loss/misuse or improper disposal of relevant money by an official of a corporate Commonwealth entity. However section 15 of the PGPA Act requires the accountable authority to govern the entity in a way that, amongst other matters, promotes the proper use of public resources for which the authority is responsible. To assist in meeting this obligation an accountable authority should require that all officials must ensure the security of any relevant money they have custody of.

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.

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 official] 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 authorised official 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 authorised official).
- 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, or official authorised by the accountable authority to give directions, 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 have authority to enter that arrangement.
- If you approve a commitment of relevant money in relation to a cash advance you must have authority to do so.

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); and
- a requirement to keep advance money separate from other money;
- who has been authorised 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 reviewing the need for and level of the advance).
INVESTMENTS AND BORROWINGS

Investments

Under section 59 of the PGPA Act corporate Commonwealth entities, including those identified as government business enterprises (GBEs) in section 5 of the PGPA Rule, must not invest relevant money for which the entity is responsible unless the money is ‘not immediately required for the purposes of the entity’.

When the money is not immediately required for the purposes of the entity, the entity can make investments listed in subparagraphs 59(1)(b)(i)-(ii) of the PGPA Act. These investments are conservative - money may only be placed on deposit with a bank, including a deposit evidenced by a certificate of deposit, or invested in securities of, or securities guaranteed by, the Commonwealth, a State or a Territory. Under subparagraph 59(1)(b)(iii) of the PGPA Act the Finance Minister has made the Public Governance, Performance and Accountability (Investment) Authorisation 2014 which lists certain corporate Commonwealth entities and how they may invest. For subparagraph 59(1)(b)(iv) of the PGPA Act, section 22A of the PGPA Rule sets out an additional form of investment that a corporate Commonwealth entity is authorised to make. For entities that are not GBEs, any other type of investment must be approved, in writing, by the Finance Minister under subparagraph 59(1)(b)(iii) of the PGPA Act.

GBEs are able (under sub paragraph 59(1)(b)(iv) of the PGPA Act), to invest in any other form of investment that is consistent with sound commercial practice. It is for the accountable authority of the relevant GBE to determine if a particular investment would be consistent with sound commercial practice.

If there is uncertainty as to whether an investment complies with section 59 of the PGPA Act, an accountable authority should seek Finance’s advice about the investment choice and, if necessary, seek the Finance Minister’s approval (under sub paragraph 59(1)(b)(iii) of the PGPA Act) for the particular class of investment.

When making investments of money not immediately required, accountable authorities of corporate Commonwealth entities are subject to the duties of accountable authorities contained in sections 15-19 of the PGPA Act (sections 15 and 16 are particularly relevant).

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Instructions – All officials of corporate Commonwealth entities

- You must not invest relevant money unless the money is not immediately required for the purposes of the entity.
- When a spending limit provision in the entity’s enabling legislation expressly states it applies to a contract for the investment of money that provision must be complied with.
Borrowing - excluding by way of credit cards or credit vouchers (see AAI – Corporate Credit Cards and Credit Vouchers)

Under section 57 of the PGPA Act, an agreement for a corporate Commonwealth entity to borrow money must be expressly authorised by an Act (e.g. the entity’s enabling legislation), or authorised by the Finance Minister in writing, or authorised by the PGPA Rule. As at 1 July 2014 the PGPA Rule does not prescribe requirements related to borrowing by corporate Commonwealth entities.

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

Key Guidance | Key References
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PGPA Act: s57

Instructions – All officials of corporate Commonwealth entities

- You must not enter into a borrowing agreement on behalf of your entity unless your entity has the power to borrow money.
- Where your entity is empowered to borrow under legislation, any borrowing must be in accordance with the terms and conditions of that legislation.
- Where the Finance Minister has authorised, in writing, your entity to borrow, you must comply with the terms and conditions contained in the Finance Minister's authorisation.
- Where your entity has the power to borrow you must not enter into a borrowing agreement on behalf of your entity, unless you have been authorised by your accountable authority to do so.

In developing additional entity instructions, you may wish to include instructions on:
- entering into borrowing agreements, including who is authorised to enter such agreements;
- borrowing limits and the charging of fees by banks;
- reviewing all of the entity's borrowing arrangements and the continuing need for those facilities (which should occur at least annually);
- the record keeping and reporting requirements for borrowings, including reporting 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 the entity’s internal charging policies;
  - apply the relevant government policy frameworks;
  - 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.
MANAGING DEBT

About this Accountable Authority Instruction (AAI)
This AAI is issued under section 20A of the PGPA Act and is relevant to corporate Commonwealth entities. It provides guidance to officials on the management of debts and amounts owing.

What is a ‘debt’ and an ‘amount owing’?
Amounts may be owed to a Commonwealth entity, for a number of reasons, such as money owing as a result of an agreement, a transaction or legislation.

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

Principles of debt recovery
Debts and amounts owing, 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 Commonwealth entities are part of the wider duties of an accountable authority to promote proper use and management of public resources, and the financial sustainability of the entity under section 15 of the PGPA Act. The duty in section 16 of the PGPA Act to establish and maintain an appropriate system of risk oversight and management and internal control for the entity is also relevant to managing debt. An accountable authority is responsible for debts owing to their Commonwealth entity.

Unless otherwise provided for in relevant legislation (such as entity enabling legislation) the general principle to support proper use is that debts or amounts owing 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, or not pursue the payment of the amount owing to the Commonwealth entity.

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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 an authorised official).

Instructions – Officials authorised 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 entity.

In developing additional entity instructions, you may wish to include instructions on:
- the proper account and record keeping obligations for each debtor;
- any 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

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.

Instructions – All officials

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

In developing additional entity instructions, you may wish to include instructions on:
- the approval process for writing off debts, including who in the entity has authority to write-off debts.

Instructions – Officials authorised to approve non-recovery of a debt

In developing entity instructions, you may wish to include instructions on:
- the circumstances when a non-recovery of a debt is appropriate, for example, if the debt is not considered to be legally recoverable or it is not economical to pursue;
- 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;
- any policy on how a decision is made as to whether a debt is legally recoverable, including whether legal advice should be obtained;
- any 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

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

Instructions – All officials

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

In developing additional entity instructions, you may wish to include instructions on:
- who has the authority to waive a amount owing within the entity, including circumstances where it is appropriate;
- 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, you must comply with any directions in the authorisation from your accountable authority.

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;
- if, and the circumstances where, a deferral of time for a payment, or the payment by instalments is appropriate;
- the circumstances where a partial waiver of an amount owing is appropriate;
- the information required to consider an application for waiver, including its form; and
- the requirement to ensure a decision is rational, defensible and evidence-based, and the applicant has been given procedural fairness.
MANAGING RELEVANT PROPERTY

About this Accountable Authority Instruction (AAI)

This AAI is issued under section 20A of the PGPA Act and is relevant to 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 may be subject to the following:

- the Lands Acquisition Act 1989;
- the Public Works Committee Act 1969;


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<td>PGPA Act: s15, s72</td>
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<td>Resource Management Guide No 203: General duties of officials</td>
<td>PGPA Rule: s18, s26</td>
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**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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**Procuring Relevant property**

**Instructions – Officials responsible for procuring relevant property**

When procuring relevant property, you must:

- act in a manner that properly uses and manages public resources;
- 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 Commonwealth entity’s procurement AAI and if your entity is subject to the CPR, act in accordance with the CPR (see [AAI - Procurement Processes](#)).

In developing additional 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 or entity specific legislation); 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 [AAI - Disposing of Property Found on Commonwealth Premises](#)).
In developing 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 official, 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 an **official's** family;
- a requirement to inform an appropriate official when offered gifts or benefits;
- a requirement to maintain a register of gifts and benefits accepted (including estimated value);
- whether gifts or benefits can be received in relation to tenders or contract negotiations;
- whether gifts of an inconsequential nature may be retained, or purchased from the 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.

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.

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**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 AAI “Gifting Relevant property”.
- You must not dispose of relevant property found on **Commonwealth entity premises**, except in accordance with the instructions under AAI - Disposing of Property Found on Commonwealth Premises.

In developing 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, where economical to do so, relevant property is disposed of by:
  - transferring the property (with or without payment) to another **Commonwealth entity** with a need for the property; or
  - selling the property at market price.

In developing 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);
- a requirement to update the asset register following disposal of relevant property (including who is responsible);
- how proceeds of a disposal are to be managed; and
- the record keeping and reporting requirements that relate to the disposal of relevant property (including documentation required to support the disposal).
Disposing of Property Found on Commonwealth Entity Premises

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 being disposed of;
- 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

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 accountable authority, or an appropriately authorised official, has given written authorisation to the gift being made.
- If you make an unauthorised gift of relevant property you must personally pay the entity the value of the relevant property.

In developing 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 approve a gift);
- the processes for determining the value of the relevant property; and
- the information that must be provided to an authorised official to support their decision to approve a gift of relevant property.

Instructions – Officials authorised to approve a gift of relevant property

- When approving a gift of relevant property, you must comply with the directions in the authorisation from your accountable authority.

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

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. Accountable authorities should ensure that officials promote the proper use, management and security of any Commonwealth entity 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 used for private purposes;
- whether a Commonwealth entity vehicle can be garaged at an official’s home or other private premises and who can approve this;
- what officials are to do if they are involved in an accident (e.g. report the accident to police, complete a Commonwealth entity accident report);
- the 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-Corporate Credit Cards and Credit Vouchers);
- 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 insurance arrangements that must apply to all Commonwealth entity 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 credit vouchers for the purposes of the PGPA Act. For instructions on using Cabcharge vouchers, see AAI-Corporate Credit Cards and Credit Vouchers.

**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 fulfil a debt or other obligation. “Other securities” in this context means other documents similar to bonds and debentures, such as shares. When an official receives a bond, debenture or other security in the course of their work, it immediately becomes relevant property.
Instructions – All officials

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. Section 26 of the PGPA Rule requires that a Minister giving a notice to Parliament of a certain event must provide the particulars set out in that section of the Rule.

Instructions – Officials who become aware of changes to the Commonwealth entity's involvement in a company

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**

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 official] 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 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 any restitution);
- the Commonwealth entity’s policy for inquiries where an official may have contributed to the loss of relevant property;
- a requirement to notify an appropriate official to pursue recovery of a debt, where applicable; 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 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.

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 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 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.

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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.
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 a MoU.

Inter-entity agreements between corporate Commonwealth entities may take various forms. For example they may take the form of a contract between the parties. The power to enter into agreements, including contracts, for a corporate Commonwealth entity is normally articulated in the legislation establishing the entity, or would otherwise be implied from the separate legal personality of the corporate Commonwealth entity. Where a corporate Commonwealth entity enters into an agreement such as a contractual arrangement with another Commonwealth entity (whether corporate or non-corporate) such an agreement would, generally, be legally binding on the parties as they are separate legal persons.

Given the diverse nature of inter-entity agreements and the purposes they may be designed to fulfil it is important to tailor 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 (which may nor may not be contractual in nature). However, a more complex provision of services may be undertaken through a more detailed (and legally binding) contractual arrangement. In those instances, where one or more corporate Commonwealth entities work together or work with non-corporate Commonwealth entities to achieve certain objectives, each entity must consider whether they may be subject to the requirements of Government policy in respect of a particular activity.

For example if two (or more) corporate Commonwealth entities engage in a cooperative procurement and one (or more) of the entities is subject to the CPR, any procurement would need to be in compliance with the procurement rules as if the entity (or entities) subject to the CPR was engaging in procurement in its own right.

Regardless of the type of agreement entered into, all agreements 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.

Officials may also wish to consider the National Collaboration Framework (NCF). The 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.

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<td>Resource Management Guide No.203: General duties of officials</td>
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<td>National Collaboration Framework (processes, tools and a suite of template agreements to assist Commonwealth entities, state/territory and local jurisdictions to work collaboratively to achieve government objectives)</td>
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3 It is for this reason that section 23 of the PGPA Act (regarding entering arrangements) is not applicable to corporate Commonwealth entities.
Instructions – All officials

- You must not enter into an **arrangement** that commits relevant money, unless you have been **authorised** the power to do so.
- When undertaking activities that commit or might commit **relevant money**, you must comply with the requirements of PGPA Rule 18 (see AAI- Approval and Commitment of Relevant Money).
- 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 Commonwealth entity instructions, you may wish to include instructions on:

- 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);
- how to determine which entity's AAI's 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 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 AAIs – GLOSSARY

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MODEL AAIs – GLOSSARY

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.

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 PGPA Act.

Amount owing is a sum of money which is owing to the Commonwealth entity that is ascertainable and certain (i.e. known or able to be determined objectively) but not necessarily 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.

ATO is the acronym for the Australian Taxation Office.

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.

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 Reserve Bank of Australia; or
(c) a person who carries on the business of banking outside 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.

BAS is the acronym for Business Activity Statement (BAS)

Business Activity Statement (BAS) is the form used to report and pay a number of taxation obligations, including GST, PAYG instalments, PAYG withholding and FBT instalments. Entities must lodge a BAS with the ATO for each tax period.
Cabcharge card is a kind of credit card relating to taxi use, see Corporate credit card.

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

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

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 entity are a form of entity credit card.

Coincidental private expenditure (in relation to corporate credit cards) means private expenditure incurred by an official in direct connection with their work duties. An official may use a corporate 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 - Corporate 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. It ensures all Commonwealth General Government Sector (GGS) entities (fund members) have comprehensive financial protection from major threats that can arise from claims associated with insurable risks. Entities purchase cover for all normally insurable risks, with the exception of workers' compensation, which remains the responsibility of the Australian Government's 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. Corporate Commonwealth entities are legally separate from 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 entity is defined by section 10 of the PGPA Act to mean:

(1) A Commonwealth entity is:
   (a) a Department of State; or
   (b) a Parliamentary Department; or
   (c) a listed entity; or
   (d) a body corporate that is 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.

(2) However, the High Court and the Future Fund Board of Guardians are not Commonwealth entities.

Section 7A of the PGPA Rule 2014 also identifies the bodies corporate, established under a law of the Commonwealth that are Commonwealth entities. This section also identifies the accountable authority of each entity where the accountable authority is not the governing body of the entity.

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 entity. This includes land and buildings, as well as aircraft, vessels, vehicles, containers or receptacles.

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 from corporate Commonwealth entities prescribed in section 30 of the PGPA Rule 2014 performing duties in relation to procurement must act in accordance with the CPRs (see AAI – Procurement).

Competitive neutrality is a policy principle aimed at removing any net advantages that a government business activity may have over its private sector competitors by virtue of its public ownership (see also Commonwealth Competitive Neutrality Policy Statement, above).

Contingent liability means a 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, Guarantees and Warranties).

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.

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 the PGPA Act at section 11 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.

**Corporate credit card** means a credit card issued to a Commonwealth entity to enable the Commonwealth entity to obtain cash, goods or services on credit. For the purposes of the PGPA framework, a Corporate credit card number is subject to the same requirements as a Corporate credit card. (see AAI - Corporate Credit Cards and Credit Vouchers).

**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.

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

**Credit card** see corporate credit card.

**Credit voucher** is essentially 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 - Corporate Credit Cards and Credit Vouchers).

**D**
Days means calendar days.

**Debt** (for the purposes of the PGPA framework) generally means a sum of money owing to the Commonwealth entity, 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 for a good or service provided by the entity, may owe a debt to the entity as a result of the overpayment (see AAI - Managing Debt).

**Debtor** means an individual or other body who owes a Commonwealth entity money.

**Department of State** for the purposes of the PGPA Act is defined in section 8 of the PGPA Act to mean:

(a) 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 Department of State; and

(b) excludes any part of a Department of State that is a listed entity.

**E**
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** 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.

**FBT** is the acronym for Fringe Benefits Tax.

**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) the PGPA rules; or
(c) any instrument made under the PGPA Act; or
(d) an Appropriation Act.

The rules include the PGPA Rule, and the FRR. Instruments made under the PGPA Act include the Commonwealth Procurement Rules (CPR). Other instruments made under the PGPA Act include: government policy orders made under section 22 of the PGPA Act, and the investment authorisation made by the Finance Minister under subparagraph 59(1)(b)(iii) of the PGPA 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. This rule is made under section 101 of the PGPA Act, and provides 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 by the Commonwealth Fraud Guidance as ‘dishonestly obtaining a benefit, or causing a loss, by deception or other means’ fraud against the Commonwealth may include (but is not limited to):

- theft
- 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 entity 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.

FRR see Financial Reporting Rule (FRR).

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

Goods and Services Tax (GST) is a broad based tax of 10 per cent on the sale of most goods and
services consumed in Australia. GST is claimable through the submission of Business Activity
Statements to the ATO as input tax credits.

Government policy order under section 22 of the PGPA Act the Finance Minister may make a
government policy order that specifies a policy of the Australian Government that is to apply to one
or more Corporate Commonwealth entities. Under section 93 of the PGPA Act the Finance Minister
may make a government policy order that specifies a policy of the Australian Government that is to
apply to one or more wholly-owned Commonwealth companies.

GST is the acronym for the Goods and Services Tax.

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 legislation, including the duty on an
accountable authority to promote 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: a **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.

** Levy** is a form of tax. It is often used to refer to a tax that is imposed on a specific industry or class of persons, rather than a tax of general application. A levy may come within the scope of the Australian Government’s policy on **cost recovery**.

**Liability cap** is a legally binding commitment whereby a contractor’s liability for damage or loss is limited to a certain amount. Arrangements such as indemnities can also contain liability caps when the maximum payout under the indemnity is capped at a specified amount of money.

**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.

**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.

**Minister** includes a **Presiding Officer** (which means the President of the Senate or the Speaker of the House of Representatives).

**Misuse** means to use public resources (including relevant money and relevant property) in a way that is not efficient, effective, economical or ethical.

**Model AAIs** means the AAIs, developed by Finance in consultation with other Commonwealth entities, which state the core requirements of the resource management framework. There are separate model AAIs for corporate and non-corporate Commonwealth entities under the PGPA Act.

**MoU** see Memorandum of Understanding.

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

(b) 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.

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

(1) Each Commonwealth entity has officials.

Officials of Commonwealth entities (other than listed entities)

(2) An official of a Commonwealth entity (other than a listed entity) is a person who is in, or forms part of, the entity.

(3) Without limiting subsection (2), an official of a Commonwealth entity (other than a listed entity) includes:
   (a) a person who is, or is a member of, the accountable authority of the entity; or
   (b) a person who is an officer, employee or member of the entity; or
   (c) a person, or a person in a class, prescribed by an Act or the rules to be an official of the entity.

(4) Despite subsections (2) and (3), each of the following is not an official of Commonwealth entity (other than a listed entity):
   (a) a Minister;
   (b) a judge;
   (c) a consultant or independent contractor of the entity (other than a consultant or independent contractor of a kind prescribed by an Act or the rules for the purposes of paragraph (3)(c);
   (d) a person, or a person in a class, prescribed by an Act or the rules not to be an official of the entity.

Officials of listed entities

(5) An official of a Commonwealth entity that is a listed entity is a person who is prescribed by an Act or the rules to be an official of the entity.

Section 9 of the PGPA Rule 2014 also prescribes certain persons, or classes of persons, to be, or not to be, officials of a Commonwealth entity (other than a listed entity).

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 objectives (see AAI – Approval and Commitment of Relevant Money).

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).

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.

Petty cash means money 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 Public Governance, Performance and Accountability Rule 2014 issued under section 101 of the PGPA Act.

PGPA framework is a subset of the financial 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 Commonwealth Grants Rule;
- the FRR;
- the CPR;
- Ministerial determinations and authorisations; and
- other financial management policies of the Commonwealth including government policy orders applicable to corporate Commonwealth entities and wholly owned Commonwealth companies.

Proper use when used in relation to use or management of public resources means efficient, effective, economical and ethical. See section 8 PGPA Act.

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

Purposes when used in relation to a Commonwealth entity or a Commonwealth company includes the objectives, functions or role of the entity or company. See section 8 PGPA Act.

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 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.

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

**Responsible Minister** in section 8 of the PGPA Act means for a Commonwealth entity or Commonwealth company the Minister who is responsible for the entity or company, unless otherwise prescribed by the rules.

S  **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.

T  **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.

**Tax invoice** see *valid tax invoice*.

**Travel** see *official travel*.

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 a *Commonwealth entity* are a form of corporate credit card.

W  **Waiver** is a special concession granted to an individual or other body that extinguishes a *debt* or other amount owing to a *Commonwealth entity*. (see AAI - Managing Debt).

**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.