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Banking of relevant money received by Ministers and officials
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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 could do to give effect to those and principles and/or requirements are set out as things entities and officials ‘should consider’ doing.
Audience
This guide is relevant to corporate and non-corporate Commonwealth entities.

Key points
This guide:

- assists in understanding and implementing the law associated with the banking of relevant money by Commonwealth entities
- explains and provides an extract of the related law, namely section 55 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and sections 19, 20 and 21 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) made to support section 55 of the Act
- comes into effect on 1 July 2014, when the PGPA Act and PGPA Rule also take effect.

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

Legislative framework for banking relevant money

1. The authority for the Commonwealth to enter into an agreement with a bank to conduct banking business is provided in section 53 of the PGPA Act. The power in section 53 is delegated by the Minister for Finance to the accountable authority of each non-corporate Commonwealth entity.

2. A corporate Commonwealth entity is, on its own account, able to hold relevant money and enter into an agreement with a bank.

3. Under section 55 of the PGPA Act, Ministers or officials of Commonwealth entities are obligated to bank relevant money promptly and in accordance with any rules made under the section. Sections 19, 20 and 21 of the PGPA Rule support the operation of section 55 of the PGPA Act by setting out when relevant money is required to be banked and when it is not required to be banked.

4. An extract of the current section 55 of the PGPA Act and the sections of the PGPA Rule related to banking are provided below.

5. Section 55 of the PGPA Act is subject to the approval of proposed amendments that would provide greater clarity about the responsibilities of Ministers and officials about the banking of money. The revised provisions, if approved, will specify that:
   - a Minister who receives relevant money must give the money to an official of a non-corporate Commonwealth entity as soon as practicable
   - an official who receives relevant money (including from a Minister) that can be banked must deposit the money in a bank as soon as practicable and/or deal with the money in accordance with requirements in the rules
   - if the money is not able to be banked, the rules specify how such money is to be handled.
Public Governance, Performance and Accountability Act 2013

Section 55—Banking of relevant money by Ministers and officials

A Minister, or an official of a Commonwealth entity, who receives relevant money (including money that becomes relevant money upon receipt) must:

1. cause the money to be banked promptly and in accordance with any requirements prescribed by the rules; or
2. otherwise deal with it in accordance with the rules.

Public Governance, Performance and Accountability Rule 2014

Division 2—Banking etc. of relevant money received by officials

Section 19—Banking of bankable money received by officials

Guide to this section

The purpose of this section is to require officials who receive bankable money to deposit the money in a bank either by the next banking day or within the period prescribed in the accountable authority’s instructions. It is made for subparagraph 55(2)(a)(i) of the Act.

1. An official of a Commonwealth entity who receives bankable money must deposit the money in a bank:
   (a) before the end of the next banking day; or
   (b) if the instructions of the accountable authority of a Commonwealth entity that is responsible for the money prescribe a period in which the money must be so deposited—before the end of that period.

2. A banking day is a day other than a Saturday, a Sunday or a day that is a public holiday in the place where the money was received.

Section 20—Otherwise dealing with bankable money received by officials

Guide to this section

The purpose of this section is to require officials who receive bankable money to deal with the money in accordance with the accountable authority’s instructions as an alternative to banking it. It is made for paragraph 55(2)(b) of the Act.

An official of a Commonwealth entity who receives bankable money that is to be held for the purposes of making payments in relation to a Commonwealth entity must deal with the money in accordance with any requirements prescribed by the instructions of the accountable authority of a Commonwealth entity that is responsible for the money.
Section 21—Dealing with unbankable money received by officials

Guide to this section

The purpose of this section is to require officials who receive unbankable money (for example, foreign coins) to deal with the money in accordance with the accountable authority's instructions. It is made for subsection 55(3) of the Act.

An official of a Commonwealth entity who receives relevant money that is not bankable money must deal with the money in accordance with any requirements prescribed by the instructions of the accountable authority of a Commonwealth entity that is responsible for the money.

When relevant money must be banked

6. Section 19 of the PGPA Rule provides that relevant money must be banked promptly by an official who receives it, unless it is of a kind prescribed by the PGPA Rule as not required to be banked. Money is not bankable in certain circumstances, such as when:
   - the money will not be accepted for banking by any bank in the place where the money is held; or
   - the banking of the money, in the opinion of the relevant accountable authority, would be uneconomical.

7. Subsection 19(1) sets out when the money must be banked, which is either the next banking day or a banking day approved by the accountable authority. The discretion provided to the accountable authority allows them to take into account organisational or operational matters that may affect the prompt banking of money.

8. Section 19(2) sets out the meaning of ‘banking day’, which is a day that the bank is open for business and not on a weekend or public holiday in the place where the money is held. This reflects the fact that Commonwealth entities operate in regional and remote areas of Australia as well as in locations overseas. Similarly, banking holidays differ across Australia, depending on state, territory or regional arrangements.

9. Section 20 provides an exception to the requirement, set out in section 19, to deposit relevant money in a bank in the case where an official receives the money in order to carry out an activity of the Commonwealth entity. For example, if the money was withdrawn from the entity’s bank account to make payments in cash (such as paying salaries, purchasing goods and services, or making grants). Another example of this could be when money is stored at an entity’s shopfront to use as a cash float.

When relevant money is not required to be banked

10. Section 21 of the PGPA Rule provides that when relevant money is not bankable, it is not required to be banked by an official. The accountable authority may issue instructions on how an official may manage the money. This enables, for example, foreign coinage which is not able to be banked in Australia and which cannot be used to make payments in Australia, to be provided to an officer travelling to that foreign country to use in that country.
11. Money is not bankable when:

- the money will not be accepted by a bank. An example of this could be when money is in the form of foreign coinage or money is damaged or contaminated. Such forms of money are not usually accepted by banks and therefore cannot be banked

- the accountable authority has considered it uneconomical to bank the money. An example of this could be when coins of small denomination are collected in a place far from any location in which they could be deposited in a bank. In such cases, the accountable authority may decide to store the coins until a sufficient number are collected to have a value greater than the costs of transporting the coins to an appropriate bank.

12. Should circumstances change so that the money no longer falls into either of the above two categories, then the money becomes bankable and is subject to section 19.