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.
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**Audience**

This guide is relevant to accountable authorities of all non-corporate Commonwealth entities and any officials of non-corporate Commonwealth entities to whom an accountable authority has delegated the power to enter into, vary or administer arrangements in relation to other CRF money.¹

**Key points**

This guide:

- is intended to assist accountable authorities and officials of non-corporate Commonwealth entities entering into and administering arrangements in relation to other CRF money
- supports section 105 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 29 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule)
  - section 105 of the PGPA Act defines other CRF money, provides that the PGPA Rule may prescribe matters in relation to other CRF money, and contains a special appropriation to provide, in specified circumstances, for payments of other CRF money
  - section 29 of the PGPA Rule provides requirements that must be complied with in respect of arrangements related to other CRF money
- 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

Other relevant publications include:

- Resource Management Guide No. 108: *Receipts collected by non-corporate Commonwealth entities*
- Resource Management Guide No. 200: *General duties of accountable authorities*
- Resource Management Guide No. 201: *Preventing, detecting and dealing with fraud*
- Resource Management Guide No. 203: *General Duties of officials*
- Resource Management Guide No. 300: *Banking of relevant money received by Ministers and officials*
- Resource Management Guide No. 400: *Approving commitments of relevant money*
- Commonwealth Procurement Rules
- Commonwealth Grants Rules and Guidelines

¹ CRF (short for Consolidated Revenue Fund) means the Consolidated Revenue Fund referred to in section 81 of the Constitution.
Part 1—Introduction

1. This document provides guidance on the interpretation and operation of the PGPA Act and the PGPA Rule in relation to entering into arrangements for the use or management (including the receipt, custody or expenditure) of other CRF money with a person who is outside of the Commonwealth.

2. Accountable authorities of non-corporate Commonwealth entities are responsible for ensuring that arrangements with persons outside the Commonwealth using or managing other CRF money promote the proper use and management of that money.

3. Money held by an outside person for and on behalf of the Commonwealth forms part of the CRF for the purposes of section 81 of the Constitution. For the purposes of the Financial Management and Accountability Act 1997 (FMA Act), the concept of ‘public money’ extended to money held or controlled by an outside person for or on behalf of the Commonwealth, but the concept of ‘relevant money’ for the purposes of the PGPA Act does not. Therefore the PGPA Act created the new concept of ‘other CRF money’ accordingly there is a need to regulate this new category of money.

4. The management of other CRF money is principally addressed through the contractual arrangements that accountable authorities (or their delegates) make in relation to other CRF money.

5. The PGPA Act imposes duties on officials which include exercising care and diligence and acting honestly, in good faith and for a proper purpose. These duties apply in all elements of the resource management framework, including the making and management of arrangements related to other CRF money.

Part 2—Other CRF money is not relevant money

6. The PGPA Act contains a number of provisions that are directed at the control of relevant money, and public resources more generally, by accountable authorities and officials under the PGPA Act.

7. Other CRF money falls outside the definition of relevant money and is therefore not subject to the controls under the PGPA Act. Other CRF money is defined in section 105(2) of the PGPA Act as money that forms part of the CRF other than:

   • relevant money; or
   • any other money of a kind prescribed by the rules.

As at 1 July 2014, no other kind of money is prescribed by the rules.2

8. Other CRF money arises in situations where a person other than the Commonwealth (the person is neither an ‘official’ nor a Minister) uses or manages other CRF money, by receiving, having custody of or spending money for and on behalf of the Commonwealth—that is, as the legal agent of the Commonwealth. The relationship between the Commonwealth (through the non-corporate Commonwealth entity) and the person is contractually based.

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2 Section 29A of the PGPA Rule prescribes certain kinds of money not to be other CRF money.
9. The person outside the Commonwealth is not subject to the PGPA Act. The person acting as the agent of the Commonwealth could receive the money from the Commonwealth or from a third party. In determining whether money paid by the Commonwealth to the recipient, or money received by the recipient from a third party, is other CRF money in the hands of the recipient, entities could apply broadly the same test as they applied under the FMA Act framework in determining whether such money remains ‘public money’ in the hands of the recipient.

10. The person may receive the money while providing goods or services to the Commonwealth, including administrative or management services, such as in the two typical examples below.

### Situations where a person other than the Commonwealth receives and has custody of other CRF money

#### Example 1
- The circumstance in which an agent had sold Commonwealth property on behalf of the Commonwealth and had received the purchase price which it has yet to remit to the Commonwealth.

#### Example 2
- The circumstance in which legislation provides for the collection of levies or fees by an organisation outside the Commonwealth and those levies or fees are payable to the Commonwealth.

11. Typically, situations that involve other CRF money, such as examples 1 and 2, involve a person outside the Commonwealth receiving and holding amounts of money on behalf of the Commonwealth, generally for short periods of time, before remitting the money to the Commonwealth. In these circumstances, it is necessary to ensure that the arrangement with the person contains requirements to ensure that the conduct of the person in relation to the other CRF money is consistent with the proper use and management of the money, having regard to the broader duties of the accountable authority in respect of the management of the entity’s affairs.

12. As with all money forming part of the CRF, other CRF money cannot be spent by the Commonwealth (or a person acting for and on behalf of the Commonwealth) unless there is an appropriation supporting the expenditure.

13. In example 3, when the property manager remitted the full amount received on behalf of the Commonwealth to the Commonwealth, and no other payment was made by the property manager, no appropriation would be required.

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3 It is not intended that accountable authorities of non-corporate Commonwealth entities will make arrangements related to other CRF money with corporate Commonwealth entities or wholly-owned Commonwealth companies. Money standing to the credit of any bank accounts of, or held by, a corporate Commonwealth entity would be relevant money, not other CRF money, for the purposes of the PGPA Act. In respect of wholly-owned Commonwealth companies, while arrangements related to other CRF money could be made with them (as they are not part of the Commonwealth), it is not anticipated that accountable authorities of non-corporate Commonwealth entities will be required to make other CRF money arrangements with them.
Situations where a person other than the Commonwealth receives and has custody of other CRF money and remits the amount, in full, to the Commonwealth

Example 3
- The circumstance in which a property manager has received rents payable to the Commonwealth in relation to property owned by the Commonwealth and remits the full amount received to the Commonwealth.

14. In the circumstances described in example 3, the amount received could be credited to the non-corporate Commonwealth entity’s departmental appropriation under section 74 of the PGPA Act (for further information, see Resource Management Guide No. 108: Receipts collected by non-corporate Commonwealth entities). Any subsequent payment (such as a fee for service) made by the entity to the property manager would be made from the entity’s departmental appropriation.

15. However, in certain circumstances, the person receiving the money on behalf of the Commonwealth may have to make a payment from the amount held for the Commonwealth, such as in examples 4 and 5.

Situations where a person other than the Commonwealth receives, has custody of and makes payment of other CRF money

Example 4
- The circumstance in which an agent had sold Commonwealth property on behalf of the Commonwealth and had received the purchase price from which the agent deducted their own service fee and remitted the remaining balance of the amount received to the Commonwealth.

Example 5
- The circumstance where an organisation, on behalf of the Commonwealth, manages payments of Commonwealth funding to recipients (such as scholarship payments or administration of a grants programme).

16. In most cases, a specific appropriation would support the payments. In example 4, the entity’s departmental appropriation (increased by the receipt concerned in accordance with section 74 of the PGPA Act) would support the payment by the agent. In example 5, the organisation making scholarship or grant payments on behalf of the Commonwealth would be likely to have those payments supported by the entity’s administered item appropriation that covered the scholarship or grant programme.

17. This aspect of an arrangement related to other CRF money underlines the importance of the Commonwealth entity being able to accurately record transactions against relevant appropriations.

18. In the rare case where no existing appropriation would support a payment, section 105(3) of the PGPA Act contains a special appropriation for the expenditure of other CRF money by a person other than the Commonwealth. This appropriation will support the expenditure of other CRF money, provided that expenditure is in accordance with any requirements prescribed by the rules, if any, in relation to the expenditure, and if the Finance Minister is satisfied that the expenditure is not authorised by another appropriation. As it is not
expected that this special appropriation will be relied on in many, if any, situations, the Finance Minister has not delegated their power under this section.

Summary

- Other CRF money is not relevant money as defined in the PGPA Act—but it is money that forms part of the CRF.
- When money is received by a person who is not part of the Commonwealth and is acting for and on behalf of the Commonwealth (as the legal agent of the Commonwealth), that money will be regarded as forming part of the CRF as long as it was received, in the custody of, or expended for and on behalf of the Commonwealth by that person.
- Any expenditure of other CRF money will need to be supported by an existing appropriation.
- If the Finance Minister is satisfied that an existing appropriation would not support expenditure, and the expenditure is in accordance with the rules, a special appropriation is provided.

Part 3—Power to enter into arrangements

19. The power to enter an arrangement in relation to other CRF money does not come from section 105 of the PGPA Act or from section 29 of the PGPA Rule. These provisions regulate matters in relation to other CRF money, including any arrangement the accountable authority enters into in relation to other CRF money.

20. The power for the accountable authority of a non-corporate Commonwealth entity to enter into, vary or administer an arrangement generally comes from legislation. The power can come from section 23(1) of the PGPA Act, section 32B of the Financial Framework (Supplementary Powers) Act 1997 (FF (SP) Act), or other specific legislation.

21. The power to enter into, vary or administer arrangements may be delegated by the accountable authority to officials in the entity to enable them to enter into, vary or administer arrangements. Officials should not enter into, vary or administer arrangements, including those related to other CRF money, unless they have the power to do so. (For further information on entering into arrangements, see Resource Management Guide No. 400: Approving commitments of relevant money.)

Summary

- The power for the accountable authority of a non-corporate Commonwealth entity to enter into, vary and administer arrangements usually comes from legislation.
- Section 105 of the PGPA Act and section 29 of the PGPA Rule made for it regulate matters in relation to other CRF money, including the making of arrangements in relation to other CRF money—they do not authorise the making of the arrangement.
- Officials of non-corporate Commonwealth entities should not enter into arrangements in relation to other CRF money unless they have been delegated the power to do so.
22. When entering into, varying and administering an arrangement in relation to other CRF money, accountable authorities should act in accordance with the duties on accountable authorities (sections 15 to 19 of the PGPA Act) and the duties on officials (sections 25 to 29 of the PGPA Act). (For further information, see Resource Management Guide No. 200: General duties of accountable authorities and Resource Management Guide No. 203: General duties of officials.)

23. Persons outside the Commonwealth who are subject to an arrangement to use or manage other CRF money on behalf of the Commonwealth are not ‘officials’ of a Commonwealth entity and therefore are not required to act in accordance with the PGPA Act, or in a way that is not inconsistent with the policies of the Australian Government.

24. Therefore, in making an arrangement related to other CRF money, an accountable authority should consider including relevant requirements from applicable government policies in the terms and conditions of the arrangement.

25. For example, if the person outside the Commonwealth is performing duties in relation to grants administration or procurement on behalf of the Commonwealth, the arrangement should incorporate obligations on the person to perform tasks in accordance with relevant requirements in the Commonwealth Grants Rules and Guidelines or Commonwealth Procurement Rules to the greatest extent practicable in the circumstances—remembering also that the accountable authority still has to meet the reporting requirements in the Commonwealth Grants Rules and Guidance or Commonwealth Procurement Rules as applicable.

26. As a broad principle, an accountable authority should ensure that other CRF money is managed in a way that, to the greatest extent practicable, is not inconsistent with the policies of the Australian Government. (For further information in relation to grants and procurement see, as applicable, the Commonwealth Grants Rules and Guidelines or the Commonwealth Procurement Rules.)

**Summary**

- An accountable authority (or their delegate) entering into, varying or administering an arrangement in relation to other CRF money is subject to the duties in the PGPA Act.
- In making an arrangement related to other CRF money, an accountable authority should consider including relevant requirements from applicable government policies in the terms and conditions of the arrangement to the greatest extent practicable.
- An arrangement related to other CRF money should not be seen as an outsourcing of the accountable authority’s responsibilities in relation to the other CRF money.
27. Section 29 of the PGPA Rule has been made under section 105(1) of the PGPA Act to ensure that the Commonwealth can exercise control over and impose obligations in relation to the circumstances in which a person outside the Commonwealth might use or manage other CRF money.

**Public Governance, Performance and Accountability Rule 2014**

**Section 29—Other CRF money**

**Guide to this section**

The purpose of this section is to set out requirements which the accountable authority of a non-corporate Commonwealth entity needs to comply with when entering into arrangements relating to the use or management (including the receipt, custody or expenditure) of other CRF money by a person who is outside of the Commonwealth.

An example of this situation is where the accountable authority engages an agent to sell relevant property. When the agent receives an amount for the sale, that money is other CRF money. The accountable authority must ensure that the arrangement it enters into with the agent complies with the requirements in this section about how the agent is to deal with the money.

This section is made for subsection 105(1) of the Act.

(1) The accountable authority of a non-corporate Commonwealth entity must ensure that any arrangement it enters into relating to the use or management of other CRF money complies with subsection (2).

(2) The arrangement must:

(a) promote the proper use and management of the other CRF money; and
(b) be in writing; and
(c) require the other CRF money to be deposited in a bank as soon as is practicable; and
(d) require the other party to the arrangement:
   (i) to cause records to be kept that properly record and explain the receipt, custody or expenditure of the other CRF money; and
   (ii) to allow those records to be conveniently and properly audited; and
(e) require any interest earned on the other CRF money to be remitted in full to the Commonwealth (including a requirement about the timing and frequency of remitting such interest); and
(f) include a requirement about the timing and frequency of any remittance of the other CRF money to the Commonwealth required under the arrangement; and
(g) include a requirement about the timing and frequency of any payments of the other CRF money to another person required under the arrangement.

(3) **Proper**, when used in relation to the use or management of other CRF money, means efficient, effective, economical and ethical.
28. Section 29(1) of the PGPA Rule provides that the accountable authority of a non-corporate Commonwealth entity must ensure that any arrangement it enters into related to other CRF money complies with the requirements prescribed in section 29(2).

29. Section 29(2) of the PGPA Rule sets out the obligations and matters that must be included in an arrangement for the purposes of the use or management of other CRF money. These requirements are designed to ensure that any arrangement made in relation to other CRF money meets the essential minimum requirements for control, accountability and transparency in respect of the arrangement related to other CRF money.

30. Section 29(2)(a) of the PGPA Rule is designed to ensure that the accountable authority applies the principles on proper use and management of an arrangement in relation to other CRF money. ‘Proper’ is defined in section 29(3) as 'efficient, effective, economical and ethical' (for further guidance, see Resource Management Guide No. 400: Approving commitments of relevant money). Section 29(2)(a) makes clear that when an accountable authority enters into an arrangement for other CRF money, the accountable authority does not ‘outsource’ their obligations in terms of the promotion of proper use and management through an arrangement related to other CRF money. In light of this, an accountable authority making the arrangement should consider the terms and conditions beyond those specified in the PGPA Rule that will enable the accountable authority to fulfil the reporting requirements on use of resources. For example, when a person outside the Commonwealth is making grant payments for or on behalf of the Commonwealth, the arrangement will need to include requirements to enable the entity to fulfil its obligations for reporting on grants.

31. Section 29(2)(b) of the PGPA Rule requires the arrangement to be in writing. An arrangement in writing will be legally enforceable. This aims to provide accountability and transparency for the arrangement and to minimise risks to the Commonwealth related to the proper management of the money. For example, if a person outside the Commonwealth fails to comply with the terms and conditions of the written arrangement, the Commonwealth will be in a better position to pursue redress.

32. Section 29(2)(c) of the PGPA Rule requires the banking of other CRF money as soon as is practicable. This section aims to minimise the risk to the Commonwealth by requiring other CRF money to be deposited in a bank account as soon as is practicable after receipt by the person outside the Commonwealth. ‘As soon as is practicable’ is not defined; however, it would generally have its ordinary meaning. For clarity, it may be preferable for the arrangement to specify appropriate banking arrangements that meet the requirement. If the other CRF money is to be held by the person for any length of time, the accountable authority making the arrangement should consider specifying that interest should be earned on the money for the benefit of the Commonwealth (see further at section 29(2)(e), discussed in paragraph 34 below).

33. Section 29(2)(d) of the PGPA Rule recognises that an accountable authority making the arrangement will still need to report on, and account for, the other CRF money received, in the custody of or spent by the person outside the Commonwealth. Therefore, section 29(2)(d) provides that the arrangement must require the person outside the Commonwealth who is acting for or on behalf of the Commonwealth to keep proper records in relation to the receipt, custody or expenditure of other CRF money. The arrangement will also need to require those records to be kept in such a form that will allow them to be conveniently and properly audited to ensure appropriate accountability. To satisfy the requirements of the PGPA Rule, it is strongly advisable for the agreement to specify how other CRF money will be identified and accounted for separately to other money held by the person outside the Commonwealth. It is also advisable for the agreement to specify the
Commonwealth’s right of access to all of the person’s records relating to other CRF money transactions, including access by the Commonwealth Auditor-General and for freedom of information purposes.

34. Section 29(2)(e) of the PGPA Rule requires that any interest earned on other CRF money must be remitted in full to the Commonwealth. The PGPA Rule also requires that the arrangement should specify requirements in relation to the timing and frequency of remittance. The arrangement is required to address interest as it would be inappropriate for a person outside the Commonwealth to receive any financial gain through the accrual of interest on other CRF money held by them. The interest earned on the other CRF money will become relevant money once held by, or standing to the credit of, a bank account of the non-corporate Commonwealth entity receiving the money.

35. Section 29(2)(f) of the PGPA Rule deals with the timing and frequency of any remittance of other CRF money to the Commonwealth under the arrangement, and section 29(2)(g) deals with the timing and frequency of any payments of other CRF money to another person under the arrangement.

36. Generally, the length of time and frequency of remittance to the Commonwealth should be based on an assessment of the risk of holding other CRF money in a non-Commonwealth bank account and the best cash management outcome for the Commonwealth. This should be balanced against any savings or cost advantages for remittances of greater or lesser frequency. Ideally, other CRF money should remain in a non-Commonwealth bank account for the shortest period of time that is reasonable in all the circumstances. When money is remitted to the Commonwealth entity, the money becomes ‘relevant money’ and must be handled in accordance with PGPA legislative requirements.

37. When the person acting for or on behalf of the Commonwealth is making payments to a third party from the other CRF money in their custody (for example, the recipient of a grant), the arrangement must identify requirements in relation to the timing and frequency of payments to the third party. These requirements would usually require the person to make specific payments at particular times to the third party. Generally, these requirements should also identify the third party and identify the purpose of the payments.

Summary
- Section 29 of the PGPA Rule regulates matters in relation to arrangements related to other CRF money.
- The rule imposes obligations on an accountable authority when they make an arrangement in relation to other CRF money.
- The rule prescribes requirements that an arrangement must contain.
38. Section 29 of the PGPA Rule places obligations on an accountable authority when making an arrangement in relation to other CRF money and specifies the minimum requirements to be included in the terms and conditions of an arrangement in relation to other CRF money. However, to fulfil their obligations, the accountable authority, before making an arrangement, should consider other matters that may have to be addressed in the terms and conditions of the arrangement.

39. The terms and conditions of the arrangement are the key to establishing an appropriate framework for the proper use of other CRF money. To minimise the risks to the Commonwealth, an arrangement relating to other CRF money should be carefully drafted to clearly set out how the person acting for or on behalf of the Commonwealth must manage the other CRF money.

40. It is therefore essential for an accountable authority to carefully consider, and appropriately manage, any arrangement that permits persons outside the Commonwealth to use or manage other CRF money.

41. Before entering into any arrangement with a person in relation to other CRF money, it is important to establish whether the person who could be handling other CRF money is an appropriate person to be doing so. An accountable authority should consider whether the person (who may be an individual or an entity):

- is well established with a strong reputation for probity
- is capable of satisfying entity reporting requirements
- has robust internal procedures and processes for the handling of money.

42. An objective assessment of these issues is more likely to result in a satisfactory arrangement that promotes the achievement of Commonwealth objectives.

43. Other issues to consider before entering into an arrangement related to other CRF money may include:

- the volume, value and nature of the money that the person would be handling under the arrangement
  - Generally speaking, the greater the value of the money the person may be receiving under the arrangement, the greater the risk to the Commonwealth; therefore, it may be prudent to prescribe in the terms and conditions of the arrangement more regular remittance of amounts received.

- whether subcontracting should be permitted
  - If the person is permitted to subcontract, controls could be specified to ensure that the subcontractor does not handle other CRF money, or handles it appropriately. If it is contemplated that subcontractors will be handling other CRF money, the terms and conditions of the arrangement should specifically address the management of the money by the subcontractor.
• the potential for misuse or mismanagement of the money
  – Requirements in respect of fraud safeguards and the entity's fraud control plan are
    set out in section 10 of the PGPA Rule and guidance may be found in the Resource
    Management Guide No. 201: Preventing, detecting and dealing with fraud, issued by
    the Minister for Justice.
  – It may be prudent in some circumstances for the arrangement to specify the
    individuals or positions in the person's organisation that will be responsible for
    handling other CRF money. Procedures for notifying the Commonwealth of
    changes to these individuals or positions could also be outlined.
• the financial viability of the person and the possible risk of insolvency
  – It may be advisable that the arrangement contain requirements on how other CRF
    money that remains in the custody of the person will be dealt with if the person
    becomes insolvent.
• any specific policy issues or government decisions related to persons outside the
  Commonwealth handling other CRF money
  – In arrangements that involve a person outside the Commonwealth performing
    procurement for or on behalf of the Commonwealth, the terms and conditions of
    the arrangement should to the greatest extent practicable apply requirements to
    other CRF money contained in the Commonwealth Procurement Rules (noting that
    some requirements of the Commonwealth Procurement Rules, such as reporting
    on AusTender, cannot be managed or fulfilled by a person outside the
    Commonwealth). In addition, the arrangement should ensure that the person
    provides the entity with sufficient information to meet applicable reporting
    requirements under the Commonwealth Procurement Rules. (Compliance with
    the Commonwealth Procurement Rules does not apply in relation to arrangements
    providing for a person outside the Commonwealth to engage in procurement of
    property or services for the purpose of providing a statutory or employment
    entitlement.)
  – In arrangements that involve a person outside the Commonwealth providing grant
    payments for or on behalf of the Commonwealth, the terms and conditions of
    the arrangement should, to the greatest extent practicable, apply requirements to
    other CRF money contained in the Commonwealth Grants Rules and Guidelines (noting
    that some requirements of the Commonwealth Grants Rules and Guidance, such as
    those relating to the ministerial requirements cannot be managed or fulfilled by a
    person outside the Commonwealth). In addition, the arrangement should ensure
    that the person provides the entity with sufficient information to meet applicable
    reporting requirements under the Commonwealth Grants Rules and Guidance.
• the appropriation arrangements, such as which appropriation will be debited and
  credited in relation to payments and receipts
• whether the transactions are of a complicated nature and may be difficult to manage
  – If transactions are particularly complicated and represent significant risk to the
    Commonwealth (be that risk financial or reputational), it may not be suitable to
    enter into an arrangement related to other CRF money and alternative approaches
    should be considered—for example, whether it is possible to make direct
    payments for goods and services rather than through an other CRF money
    arrangement with a person outside the Commonwealth.
• the period, or periods, of time that the person will be handling other CRF money
the duration of the arrangement
   - An assessment will need to be made of the appropriate duration. Generally, an arrangement should not be for longer than five years. The duration will depend on the need for certainty, balanced against the need for flexibility if circumstances change (such as price increases or decreases).

termination of the arrangement
   - It may be advisable that the Commonwealth should be able to give notice to terminate the arrangement at any time, and that the person should be required to return any other CRF money in their custody to the entity in a timely manner.

the risk of a perceived or actual conflict of interest arising

whether the transactions may be contentious (for example, act of grace payments)

the application of other relevant legislation (for example, legislation that may enable the person to collect fees on behalf of the Commonwealth)
   - For example, a person outside the Commonwealth subject to the arrangement related to other CRF money should be alerted to any legislation that may govern the task that the person is to perform.

44. It is important to understand that a person with whom an arrangement to receive, spend and have custody of other CRF money is made is not subject to the requirements of the PGPA Act—but only to the terms and conditions set out in the contractual arrangement made with that person. Therefore, it is essential to mitigate risk to the Commonwealth by developing an appropriate arrangement and managing it closely.

45. Two examples of entering into an arrangement related to other CRF money with a person outside the Commonwealth are provided at the end of this guide—one in relation to providing grants and the other in relation to venue hire.
Summary
When entering into an arrangement related to other CRF money, an accountable authority *must* ensure that the arrangement:

- promotes the proper use and management of other CRF money
- is in writing
- requires the other CRF money to be banked as soon as practicable by the person outside the Commonwealth
- requires records to be kept by the person outside the Commonwealth that properly account for the receipt, custody and expenditure of the other CRF money
- requires those records to be conveniently and properly audited
- requires that any interest earned on the other CRF money must be remitted in full to the Commonwealth (including requirements about the timing and frequency of the remittance of such interest)
- specifies requirements about the timing and frequency of any remittance of other CRF money to the Commonwealth required under the arrangement
- specifies requirements about the timing and frequency of any payments of other CRF money to another person required under the arrangement.

In meeting these obligations, an accountable authority *should also* consider in relation to the arrangement:

- the volume, value and nature of the money that the person would be handling under the arrangement
- the level of control that the Commonwealth has or requires over the money
- whether subcontracting should be permitted
- the potential for misuse or mismanagement of the money
- the financial viability of the person and the possible risk of insolvency
- any specific policy issues or government decisions related to persons outside the Commonwealth handling other CRF money
- the appropriation arrangements, such as which appropriation will be debited and credited in relation to payments and receipts
- whether the transactions are of a complicated nature and may be difficult to manage
- the period, or periods, of time that the person will be handling other CRF money
- the duration of the arrangement
- termination of the arrangement
- the risk of a perceived or actual conflict of interest arising
- whether the transactions may be contentious
- the application of other relevant legislation
- any other risks associated with having a person outside the Commonwealth handle other CRF money.
Example of entering into an arrangement with a person outside the Commonwealth in relation to providing grants

This example provides general guidance on entering into an arrangement with a person outside the Commonwealth in relation to providing grants to third parties. Officials should also refer to the Commonwealth Grants Rules and Guidance for further and more detailed information on grants.

- The accountable authority (or their delegate) requires a legal authority to enter into the arrangement. The authority to enter into the arrangement may come from section 23(1) of the PGPA Act, section 32B of the Financial Framework (Supplementary Powers) Act 1997 (FF(SP) Act) or other specific legislation.

- For an arrangement related to grants, the authority is most likely to come from section 32B, or through other specific legislation. Section 32B provides the Commonwealth with the power to enter into, vary or administer an arrangement for a grant of financial assistance only if it is specified in Schedule 1AA or Schedule 1AB to the Financial Framework (Supplementary Powers) Regulations 1997. The Schedules may list a specific arrangement or grant of financial assistance, a class of arrangements or grants, or a programme under which an arrangement or grant is made.

- The terms and conditions of the arrangement must contain the requirements set out in section 29 of the PGPA Rule.

- Accountable authorities and officials should also consider whether the person handling other CRF money is an appropriate person to be doing so and consider what additional terms and conditions the arrangement may need to contain—for example, the information that the person outside the Commonwealth will have to provide to the entity to enable the entity to meet its requirements under the Commonwealth Grants Rule and Guidance. This would include information that will enable the entity to publish information on individual grants no later than 14 working days after the grant takes effect.

- In developing and entering into an arrangement with a person outside the Commonwealth, officials should also have regard to the seven key principles for grants administration contained in the Commonwealth Grants Rules and Guidance.

- Appropriation arrangements will need to be identified to support the making of payments. In relation to grants, the relevant appropriation is likely to be an administered appropriation managed by the entity.

- In addition, when entering into and administering the arrangement, officials should ensure that:
  - they act in accordance with the law, government policy, applicable grants agreements and internal guidelines on grants issued by their accountable authority
  - information that the Australian Government requires to be notified is disclosed
  - they act in accordance with the duties contained in the PGPA Act.

- If a Minister will be approving grants, the Minister must comply with the requirements in section 71 of the PGPA Act and the Commonwealth Grants Rules and Guidance, and officials must meet their obligations to support the Minister as described in the Commonwealth Grants Rules and Guidance.
**Example of entering into an arrangement with a person outside the Commonwealth in relation to venue hire**

This example provides general guidance on entering into an arrangement with a person outside the Commonwealth in relation to hiring a venue for a function related to the ordinary activities of the non-corporate Commonwealth entity. The function is designed for attendees to pay a fee to attend. The arrangement will allow the person outside the Commonwealth, for and on behalf of the Commonwealth, to collect the fees paid by the attendees and to deduct their fee for this service from the amount collected from attendees. The person outside the Commonwealth will then remit the balance of the amount collected to the non-corporate Commonwealth entity.

- The accountable authority requires a legal authority to enter into the arrangement. This arrangement relates to the ordinary services of government; therefore, section 23(1) of the PGPA Act should provide the authority to enter into the arrangement.
- The terms and conditions of the arrangement *must* contain the requirements set out in section 29 of the PGPA Rule.
- Accountable authorities should also consider whether the person handling other CRF money is an appropriate person to be doing so and consider what additional terms and conditions the arrangement may need to contain—for example, the accountable authority will need to know the total amount collected by the person outside the Commonwealth from the attendees and will need to know the amount deducted by the person outside the Commonwealth to pay their own fee for the service. This information is necessary to enable the correct appropriation managed by the entity to be debited and credited as appropriate.
- As this type of arrangement relates to the ordinary services of government, the relevant appropriation is likely to be the departmental appropriation administered by the non-corporate Commonwealth entity.
- As this type of arrangement would generally be a relatively low-risk, uncomplicated arrangement, the terms and conditions included in the arrangement may not need to be much more, if any more, than the mandatory requirements under section 29 of the PGPA Rule—this is ultimately for the accountable authority entering into the arrangement to decide.
- When the person outside the Commonwealth collects the total amount received from attendees, the accountable authority of the non-corporate Commonwealth entity will need to know the total amount collected. This is necessary for the accountability and transparency of the arrangement and also necessary to enable the entity's departmental appropriation to be credited with the amount collected under section 74 of the PGPA Act.
- The accountable authority will also need to know the amount deducted by the person outside the Commonwealth to pay their own service fee. This knowledge is required to allow the debiting of the entity's departmental appropriation to reflect this payment made by the person outside the Commonwealth.