

Appendix 4

Relevant Excerpts from the *Public Governance Performance and Accountability Act 2013*

1.1 The *Public Governance, Performance and Accountability Act 2013*, is the cornerstone of the public management reform agenda which aims to modernise the resource management framework of the Australian government to support high quality resource management and performance. The PGPA 2013 is the first Stage, Stage 2 & 3 are progressing. Stage 2 focuses on the enhanced Commonwealth performance framework; and Stage 3 builds on Stages 1&2 to explore specific elements of the resources management framework.¹

1.2 Cascading down from the Act are the facilitating rules and guidelines including, Commonwealth Procurement Rules: Achieving Value for Money, (revised) 1 March 2017; and the supporting guidelines, Facilitating Supplier Payment through Payment Card, Resource Management Guide No 416, November 2016.

1.3 Under the PGPA, the accountable authority is the Secretary or Chief Executive who has responsibility for and control over the entity's operations.² The accountable authority will establish internal controls and risk management systems to ensure that officials use and manage public resources properly, to achieve the purpose of the entities, and do not impose unnecessary red tape and resource learning module.³

1.4 The PGPA establishes "whole of system concepts, standards and requirements that apply to all entities in the Commonwealth", including a "...common standard for proper use (efficient, effective economical and ethical) that applies to the use and management of all public resources, no matter whose hands they are in."⁴

1.5 All four elements need to be considered when looking at the proper use of relevant resources.⁵ The official's consideration must extend to whether the management of resources is:

1 See <https://www.legislation.gov.au/Details/C2016C00414> at www.legislation.gov.au

2 Resource Management Guide No.200

3 See http://www.finance.gov.au/publications/elearning/resource-management/crm-module1/a001_module_1_4.2_accountable_authorities.html

4 Australian Government, Department of Finance, Resource Management Guide No.001, Commonwealth Resource Management Framework Companion, November 2015, p23

5 Australian Government, Department of Finance, Resource Management Guide No.001, Commonwealth Resource Management Framework Companion, November 2015, p48-49

- (a) Efficient: the proposed commitment is the most suitable way to deliver the desired result; opportunities for abuse, mismanagement, error, fraud, omissions and other irregularities can be minimised.
- (b) Effective: the proposed commitment is going to produce the desired result taking into account the purpose and objectives of the entity or program (as set out in entity's corporate plan).
- (c) Economical: avoids waste; is the best cost option to deliver expected results; can be met from available resources or appropriations.
- (d) Ethical: the proposed commitment is consistent with the core beliefs and values of society; complies with general duties of officials in s25-29 of PGPA Act.⁶

1.6 The PGPA requires Defence, as a non-corporate commonwealth entity to manage the risks associated with the proper use of (relevant) monies through

- Ensuring officials understand their duties and responsibilities for the proper use of monies
- Identifying and establishing enterprise-wide means to manage that risk through internal controls.
- Reporting on performance in the exercise of those controls.⁷

1.7 The Act prescribes the adoption of internal controls which “should promote proper use of relevant money” by:

- aligning the internal financial delegations and authorisations in the entities with clear instructions on the policies and rules that officials must adhere to;
- addressing the risk associated with the use of relevant money in the entity; and
- clarifying any other requirement that apply to the use of relevant money.⁸

6 Section 25-29 describes a Commonwealth official’s duties and responsibilities as follows: s25: a duty of care and diligence; s26: a duty to act honestly in good faith and for a proper purpose; s27: a duty in relation use of position; s28: a duty in relation to use of information; and s29: a duty to disclose interests

7 Australian Government, Department of Finance, Resource Management Guide No.001, Commonwealth Resource Management Framework Companion, November 2015, p3 and PART 2 for more details.

8 Australian Government, Department of Finance, Resource Management Guide No.001, Commonwealth Resource Management Framework Companion, November 2015, p48-49