



SECRETARY INSTRUCTION

SI 3 Making payments

This Secretary Instruction (SI), issued under section 20A of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), provides instructions to officials of the Department of Education and Training (the department), as a **non-corporate Commonwealth** entity, on the following topics relating to making payments of money:

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These instructions apply to all payments, including 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 the transfer of funds through another process.

Regardless of whether a payment is made from a departmental or administered appropriation, an official must ensure that:

- there is a sufficient available appropriation to cover the proposed payment
- there is legal authority to spend the relevant money
- the payment of the money is for the purpose for which it was appropriated.

SERVICE DELIVERY ARRANGEMENTS

The Department of Finance's Service Delivery Office (SDO) is responsible for providing a range of financial processing services and systems to the department under a Memorandum of Understanding (MoU) arrangement, these include:

- Enterprise Resource Solutions (including SAP Connect)
- accounts payable and receivable
- credit card management
- payroll and payroll system management
- transactional travel management.



SI 3.1 Payments of relevant money

The authority to administer an arrangement, including making a payment in accordance with an arrangement, comes from [section 23](#) of the PGPA Act, or other specific legislation (for example, section 32B of the [FFSP Act](#)). Accountable authorities usually delegate this function to officials. Officials who perform the purely administrative tasks necessary to facilitate a payment (for example, processing an electronic funds transfer request) do not require a delegation if they are acting under the direction of another official and are not exercising any independent judgment.

SERVICE DELIVERY ARRANGEMENTS

The Department of Finance's Service Delivery Office (SDO) is responsible for providing a range of financial processing services and systems to the department under a Memorandum of Understanding (MoU) arrangement, including accounts payable and receivable.

Instructions – all officials

You must **not** make a payment of relevant money unless the payment is made in accordance with these instructions.

You must ensure:

- accounts are validated as correct for payment by the delegate administering the arrangement and a PGPA Section 23 approval has been provided (e.g. [Approval of relevant money form](#) has been completed and a Purchase Order has been raised, where necessary)

See also: [SI – Procurement, grants and other commitments and arrangements](#)

- a correctly rendered tax invoice is received
 - where applicable, a valid tax invoice is to be obtained to enable the department to claim input tax credits for the purposes of GST
 - otherwise, a receipt, invoice or in the absence of supporting documentation, a completed [statutory declaration](#) should be received
- the account has not previously been paid
- the amount payable and name of the payee (and their ABN if applicable) are correct
- the account codes to which the amount is chargeable is correct
- confirmation is documented that:
 - the goods or services itemised in the account have been received or satisfactorily rendered
 - goods receipt has been completed in Connect where a purchase order has been raised in Connect
 - otherwise hand write goods receipt approval and sign with your signature and date on invoice
- the invoice with the goods receipt approval or Connect GR number is sent to the Financial Operations Unit so payment can be processed in a timely manner

- arrange for all payments to be made within 30 days or in accordance with payment terms within the arrangement
- if an advance payment is included in an arrangement, ensure:
 - the correct accounting treatment of the prepayment (asset or expense)
 - the acquittal of all prepayments in a timely manner.

REPAYMENTS UNDER SECTION 77

Section 77 of the PGPA Act provides a special appropriation to repay money collected and processed as general government revenue (i.e. the amount was remitted to the Official Public Account (OPA) as an administered receipt).

Examples of repayments that may be made using the special appropriation in s77 include:

- returning a bond, a security deposit or an amount found on Commonwealth premises
- returning an overpayment to the Commonwealth
- repaying an amount to a related third party (such as the executor of a deceased person's estate) and
- repaying an amount that was credited to a departmental item or a special account and no balance is available for the respective appropriation to make the required repayment.

Instructions – officials authorising s77 payments

To make a payment under section 77 the following conditions must be satisfied:

- the amount must have been received by the department
- some or all of the amount is required or permitted to be returned
- there is no other appropriation for the payment.

Additionally, you must ensure:

- the amount was received and credited to an Administered Receipts item
- the amount has not been previously returned
- the payment is being made to the appropriate person
- the payment is made out of the Administered Payments item
- a record of all section 77 payments is maintained.

Section 77 provides appropriation only up to the amount that was originally received. This appropriation will be overspent when a section 77 payment:

- exceeds the amount originally received by the department
- is duplicated against the one receipt.

Spending money without an appropriation is a breach of section 83 of The Constitution. Once a breach has been identified it must be reported as part of the financial management compliance system (TORQUE) reporting process.

PAYMENT PENDING PROBATE

A payment pending probate relates to an amount that the Commonwealth owes to a person at the time of their death. The Finance Minister has delegated to accountable authorities the power in [section 25](#) of the PGPA Rule to authorise payment of such an amount to the person without requiring production of probate of the will or letters of administration of the deceased person's estate. Accountable authorities may sub-delegate this power to officials.

Instructions – all officials

You must not authorise a payment pending probate under [section 25](#) of the PGPA Rule unless you have been delegated the authority to do so. See also: [Financial delegations](#).

If a payment pending probate has been authorised by the Secretary or a delegate, you must ensure, before making the payment, that there is an available appropriation for the payment and that you have the authority to allow the payment.

Instructions – officials with a delegation to authorise payments pending probate

When authorising a payment pending probate, you must comply with any directions in relation to the delegation from the Secretary.

If the department owes an amount to a person at the time of their death, you may authorise payment of that amount to the person who you consider can receive the payment, if you have been delegated the power to do so.

When deciding who to pay, you must consider the people who are entitled to the property of the deceased person under that person's will or the law relating to the disposition of the property of deceased persons. However, you are not bound to act in accordance with that law.

You may authorise the payment without requiring production of:

- probate of the will of the deceased person, or
- letters of administration of the deceased person's estate.

Before authorising the payment, you must ensure that the payment is not covered by other legislation.

Additionally, you must:

- determine whom the payment should be made to
 - seek legal advice in writing from the Chief Lawyer or an authorised legal officer as required before approving payments pending probate
- approve the payment under section 25 of the PGPA Rule
- keep a copy of the claim including all supporting documentation on an electronic HP Records Manager file
- submit the claim for payment. After payment is made, the department has no further liability in respect of the payment.

Note: If you determine the department does not owe an amount to the deceased person refer the matter to Legal to be treated as a claim against the Commonwealth.

Legislative requirements	<p>PGPA Act: ss. 15 and 16, s. 21, s. 23, s. 52, s. 71, s. 77, s. 103</p> <p>PGPA Rule: s. 18, s. 25</p> <p><i>FFSP Act</i>: s. 32B</p> <p><i>FFSP Regulations</i>: Schedules 1AA and 1AB</p> <p>Payments under other legislation (e.g. Long Service Leave (Commonwealth Employees) Act 1976)</p>
Policies of the Australian Government	<p>Supplier pay on-time or pay interest policy</p>
Guidance	<p>Resource Management Guide No. 416: Facilitating supplier payment through payment card</p> <p>Resource Management Guide No. 417: Supplier pay on-time or pay interest policy</p> <p>Resource Management Guide No. 402: Payment of amount owed to person at time of death</p>
Related SIs	<p>Risk management</p> <p>Disclosure of interests</p> <p>Procurement, grants and other commitments and arrangements</p>
Internal delegations	<p>Financial delegations: s. 23, s. 77, s. 25 (PGPA Rule)</p> <p>Financial Delegations (Financial Framework Supplementary Powers)</p>
Other relevant documents	<p>Commitment and expenditure of relevant money form</p>
Contacts	<p>Accounts Payable</p> <p>Service Delivery Office, Department of Finance</p> <p>AccountsPayable@sdo.gov.au</p> <p>Financial and Statutory Reporting Team</p> <p>Finance and Business Services Branch</p> <p>Financialreporting@education.gov.au</p> <p>Legal Services</p> <p>See the Legal page for contact details</p>



SI 3.2 Commonwealth credit cards and credit vouchers

This section provides instructions about the use of Commonwealth credit cards and credit vouchers.

A Commonwealth credit card is a credit facility issued to a Commonwealth entity to enable it to purchase goods or services and withdraw cash on credit (i.e. with payment deferred to a later date) and includes:

- charge cards (including virtual travel cards) issued to buy goods or services on credit, with payment in full required at a later date (e.g. Diners Club)
- vendor cards (sometimes called 'limited-purpose purchase cards') provided by specific retailers (e.g. Cabcharge cards and fuel cards).

A credit voucher is a paper-based credit facility that generally comes with an attached spending limit (e.g. a Cabcharge e-tickets).

The Finance Minister has delegated to accountable authorities the power to enter into a limited range of borrowing agreements under [section 56](#) of the PGPA Act. This includes the power to enter into an agreement for the issue and use of credit cards or credit vouchers, providing money borrowed is repaid within 90 days.

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

SERVICE DELIVERY ARRANGEMENTS

The Department of Finance's Service Delivery Office (SDO) is responsible for providing a range of financial processing services and systems to the department under a Memorandum of Understanding (MoU) arrangement, including credit card management.

Instructions – all officials

Only the person issued with a Commonwealth credit card or credit voucher, or someone specifically authorised by that person, may use that credit card, credit card number or credit voucher.

You may only use a Commonwealth credit card or card number to obtain cash, goods or services for the Commonwealth entity based on the proper use of public resources.

You cannot use a Commonwealth credit card or card number for private expenditure, unless it is unavoidable private expenditure 'coincidental' to your work duties (see below).

In deciding whether to use a Commonwealth credit card or credit voucher, you must consider whether it would be the most cost-effective payment option in the circumstance.

Before using a Commonwealth credit card or credit voucher, you must ensure that the requirements in [SI – Procurement, grants and other commitments and arrangements](#) have been met before entering into the arrangement.

You must:

- ensure that your use of a Commonwealth credit card or credit voucher is consistent with any approval given, including any conditions of the approval

- ensure that any Commonwealth credit cards and credit vouchers issued to you are stored safely and securely.

Note: Coincidental private expenditure occurs where the credit card is used to pay an account that includes both official and private expenses. However, the circumstance of the purchase must be that the private expenditure is 'coincidental' to the official expenditure and cannot be paid for separately. The cardholder must repay the department the portion that relates to the private expenditure as soon as possible. It is expected that instances of 'coincidental' private expenditure would be in exceptional circumstances only and not a regular occurrence.

For example, 'coincidental' private expenditure could be long stay parking at an airport, where the total parking fee includes four days parking with three days an official expense and one day a personal expense. The cardholder cannot split the four day fee and separately pay the expense. The cardholder must repay the proportion relating to the personal expense.

Instructions – officials applying for a credit card

You must:

- successfully complete the Travel and Credit Cards eLearning program. This can be accessed through the department's LearnHub. You must achieve 100% in the assessment

Note: on completion of the eLearning program you will be sent an application form (Please note that you **must** complete the Fraud Awareness eLearning program (accessed through the department's LearnHub) to be able to enrol in the Travel and Credit Cards eLearning program)

- send a completed Travel and Purchasing Credit Card Personal Responsibilities form, signed by your manager (Executive Level 2 or above), to the Travel and Credit Cards Team for processing.

Instructions – officials authorised to approve the provision of a credit card

You must:

- be an Executive Level 2 official or Senior Executive Service official to approve the provision of a credit card
- only approve the provision of a credit card where there is a genuine business need
- recommend transaction limits that are appropriate to meet the cardholder's business needs
- not approve the provision of a credit card for a non-ongoing employee
- ensure a credit card is returned to the Travel and Credit Cards Team and any outstanding statements are acquitted, where a cardholder under your supervision is resigning, or transferring to a different department, or will be absent for more than 3 months.

Instructions – officials responsible for approving credit card acquittals

You must:

- only approve a credit card statement acquittal for a cardholder with a lower classification to you if you are an EL1 or higher
 - except in the cases of the:
 - Chief Finance Official, who is responsible for acquitting the Secretary's credit card statement and may acquit the Associate and Deputy Secretaries credit card statements (except their own supervisor's)
 - Associate and Deputy Secretaries, who may acquit the credit card statement for the Deputy Secretary, Corporate Strategy, or any other Deputy Secretary (in the absence of the Chief Financial Officer).
 - as part of approving an acquittal, satisfy yourself that all expenditure incurred on the credit card was for official purposes and in accordance with departmental policies
 - immediately report any suspected misuse of a credit card to the Travel and Credit Cards Team
- See also** [*SI – Fraud control*](#)
- ensure the acquittal of the credit card statement is approved by the required deadline.

Instructions – officials issued with a credit card

Card use

You must:

- use your credit card as outlined in the [Travel and Purchasing Credit Card Personal Responsibilities form](#), and within your approved monthly and transaction limit
- obtain spending delegate's approval (PGPA section 23) for any purchases (through Trip Request or Diner's Purchase Request in [Connect](#))
- ensure expenses charged to your credit card are for official purposes with the exception of coincidental private expenditure
- not use your credit card to pay a deposit where the balance will be paid by another mechanism (e.g. a deposit for a venue hire where the balance will be paid using a purchase order)
- not split the payment of an invoice into two or more parts (except for a deposit, where it is accepted practice to pay a deposit)

Note: When acquitting a secondary transaction that relates to a deposit, you must provide the relevant acquittal reference number for the original deposit transaction.

- retain on an electronic HP Records Manager file tax invoices, receipts (or [statutory declaration](#)) or supporting documentation for any purchase
- an adjustment/credit note must be obtained for goods or items purchased with the credit card that are subsequently returned to the supplier

- keep your card in a secure place (and do not keep PIN with card) so as to minimise the potential for fraud.

Card acquittals

You must:

- acquit your monthly credit card statement by the relevant deadline, through Connect:
 - otherwise, assign a Credit Card Acquittal Assistant to acquit your statement on your behalf.
- certify that:
 - your monthly statement is accurate
 - the expenditure is for official purposes
 - all coincidental private expenditure will be repaid in the subsequent month of the completed acquittal via a payroll deduction
 - the transactions are supported by a correctly rendered invoice or other supporting documentation
 - the supporting documentation is attached to an electronic HP Records Manager file
 - cost centres, GL coding and tax codes are correct
- submit your acquittal to your Credit Card Approver¹ for review five working days before the notified deadline.

Note: Failure to acquit your statement by the deadline may result in your credit card being deactivated until the acquittal has been finalised.

Disputed transactions

You must:

- immediately inform the Travel and Credit Cards Team of any credit card transactions that you believe were not or have not been authorised by you

Note: Your credit card may need to be cancelled

- complete the appropriate disputed credit card transaction form and send it to the Travel and Credit Cards Team
- if you dispute a transaction make every effort to resolve matters relating to a disputed transaction.

Note: You may be liable for the value of the transaction, if you have not taken reasonable steps to resolve the matter.

Lost or stolen cards

If your credit card is lost or stolen, you must contact:

- the credit card provider immediately

¹ Officials at the EL1 level or higher are 'Credit Card Approvers' for the purposes of approving the acquittal of credit card statements for cardholders of a lower classification.

- the Travel and Credit Cards Team as soon as possible
- your credit card approver.

Returning credit cards

You must return your credit card if you:

- no longer have a requirement to use a credit card
- are ceasing employment with the department
- will be absent from the department for 3 months or more.

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

When entering into a borrowing agreement for the issue to, and use by, the Commonwealth entity of credit cards or credit vouchers, you must:

- have a valid delegation to enter into borrowing agreements
- ensure that the requirements in the instructions *SI – Procurement, grants and other commitments and arrangements* have been met
- ensure that the procurement of the credit card and/or credit voucher services is in accordance with the Commonwealth Procurement Rules.

You must:

- comply with Finance Minister directions in the delegation of the power in *section 56* or any directions in the delegation from your accountable authority
- ensure that the borrowing agreement requires the money borrowed to be repaid within 90 days of the Commonwealth being notified of the amount borrowed.

See also: *[SI – Investment and borrowing](#)*

Legislative requirements	PGPA Act: ss. 15 and 16 , s. 23 , ss. 25 to 29 , s. 56
Guidance	<i>Resource Management Guide No. 416: Facilitating supplier payment through payment card</i> <i>Resource Management Guide No. 418: Payment terms for Australian Government travel arrangements – card services</i> ANAO Report No. 37 2007–08: Management of Credit Cards ANAO Report No. 35 2012-13: Control of Credit Card Use ANAO Report No. 8 2016-17: Controls over Credit Card Use

Related SIs	<i>Risk management</i> <i>Fraud control</i> <i>Disclosure of interests</i> <i>Procurement, grants and other commitments and arrangements</i> <i>Agreements with banks and managing bank accounts</i> <i>Managing money</i>
Internal delegations	<i>Financial Delegations:</i> s. 23, s. 56
Other relevant documents	Key documents may be found on the <i>Travel and Purchasing Cards page</i> and the <i>forms page</i> <i>Travel and Purchasing Cards</i> <i>Treasury Cards</i> <i>Travel and Purchasing Credit Card Personal Responsibilities form</i> Disputed Credit Card Transaction
Contacts	Travel and Credit Cards Team (excluding policy questions) Financial Operations Unit, Service Delivery Office TravelandCreditCards@sdo.gov.au (02) 6240 0999 Travel and Credit Cards Team (policy questions) Corporate and Shared Services Management (02) 6240 9779 Credit card provider Report lost or stolen cards immediately to 1800 105 660 Internal Budget and Compliance Team Finance and Business Services Branch CorporateGAUCoord@education.gov.au



SI 3.3 Taxation obligations

This section provides officials with instructions on how to maintain appropriate records and how to meet fringe benefits tax and goods and services tax obligations.

Instructions – all officials

You must maintain appropriate records for the required duration and provide information as requested to enable the entity to meet its taxation obligations.

Before seeking approval for a proposed commitment of relevant money, you must:

- consider the potential fringe benefits tax (FBT) implications of the proposed commitment
- ensure that the price to be charged for the goods and/or services is inclusive of goods and services tax (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.

Instructions – Branch Manager, Finance and Business Services

You must:

- ensure the department's monthly Business Activity Statement (BAS) is lodged with the Australian Taxation Office (ATO)
- ensure the department pays its FBT liability in quarterly instalments through the BAS return and submit the annual FBT return
- obtain advice as necessary from the ATO to ensure the department's compliance with GST legislation.

GOODS AND SERVICES TAX

Instructions – all officials

You must:

- request that quotes or tenders are inclusive of GST, with the GST component clearly identified
- ensure that all contracts, agreements or arrangements contain appropriate GST clauses and are compliant with the GST Act
- contact the Finance and Statutory Reporting Team or Legal Services if you are in any doubt as to the correct application of this legislation
- refer all requests for Private Tax Rulings on GST issues to the Chief Finance Officer.

FRINGE BENEFITS TAX

Instructions – Group and State Managers

You must:

- nominate an official to act as an FBT contact officer for your group or state office
- budget for FBT liability
- ensure the costs of FBT liability accruing to your group or state office are provided for in your Departmental expense budget.

Instructions – officials nominated as FBT contact officers

You must:

- ensure an Entertainment Form is completed for all official hospitality received by employees

See also: SI – Official Hospitality

- maintain an employee rewards register containing details of rewards or benefits received by employees

See also: SI – Acquiring Property (including receiving gifts and benefits)

- ensure all transactions that may attract FBT liability are coded to the correct general ledger codes
- ensure FBT declarations are completed and collected when required
- verify and submit the FBT workbook to the FBT Coordinator as requested
- forward FBT declarations to the FBT Coordinator with each completed FBT workbook

Instructions – FBT coordinator (Financial and Statutory Reporting Team)

You must:

- coordinate and manage the issue and receipt of FBT workbooks
- calculate the department's FBT liability
- submit the annual FBT return to the ATO
- advise employees of Reportable Fringe Benefits Amounts (RFBAs)
- advise the Pay Team of RFBAs incurred for inclusion on payment summaries.

Legislative requirements	<u>PGPA Act: s. 41</u> <u>Fringe Benefits Tax Assessment Act 1986</u> <u>A New Tax System (Goods and Services Tax) Act 1999</u>
Guidance	N/A

Related SIs	<i>Approving commitments of relevant money</i> <i>Accounts, records and non-financial performance information</i>
Internal delegations	N/A
Other relevant documents	Key documents may be found on the <i>Finance page</i> . <i>Entertainment Form</i>
Contacts	FBT Coordinator Finance and Business Services Branch FinancialReporting@education.gov.au Legal Services See the Legal page