

## QUESTION TAKEN ON NOTICE

### ADDITIONAL ESTIMATES HEARING : 08 February 2016

#### IMMIGRATION AND BORDER PROTECTION PORTFOLIO

#### (AE16/112) - Travel costs - departmental - Internal Product (DIBP)

Senator Ludwig, Joe (L&CA) written:

Since the change of Prime Minister on 14 September, 2015:

1. Is the minister or their office or their delegate required to approve all departmental and agency international travel?
2. If so, under what policy?
3. Provide a copy of that policy.
4. When was this policy implemented?
5. When is the minister notified, when is approval provided?
6. Detail all travel (domestic and international) for Departmental officers that accompanied the Minister and/or Parliamentary Secretary on their travel. Please include a total cost plus a breakdown that include airfares (and type of airfare), accommodation, meals and other travel expenses (such as incidentals).
7. Detail all travel for Departmental officers. Please include a total cost plus a breakdown that include airfares (and type of airfare), accommodation, meals and other travel expenses (such as incidentals). Also provide a reason and brief explanation for the travel.
8. What date was the minister or their office notified of the travel?
9. What date did the minister or their office approve the travel?
10. What travel is planned for the rest of this calendar year? Also provide a reason and brief explanation for the travel.

*Answer:*

1. The Minister approves all international business travel, either individually or for a group or delegation activity, over \$50,000. International travel less than \$50,000 is approved by the Secretary, Australian Border Force Commissioner or appropriate Deputy Secretary.
2. The Department's relevant policy is the Accountable Authority Instructions
3. See policy at [Attachment A](#)
4. This policy was implemented in July 2015.
5. The Minister is provided with the International Travel Request a minimum of four weeks prior to travel. There have been no approvals required since 14 September 2015.
6. There was no travel by departmental officers to accompany the Minister during the period 14 September 2015 to 31 January 2016.
7. Travel costs for the Department from 1 September 2015 to 31 January 2016, are as follows:



**Australian Government**

**Department of Immigration  
and Border Protection**

# **Accountable Authority Instructions**

**Resource Management Framework**

## Contents

Summary of main points.....	5
Scope .....	5
Part 1 – Delegations.....	6
Purpose and background.....	6
Which powers have been delegated?.....	6
Instructions – all officials.....	7
Part 2 – Approval and commitment of relevant money .....	9
Purpose and background.....	9
Approving commitments of relevant money.....	9
Entering into arrangements .....	11
Guarantees, indemnities, and warranties .....	12
Purchase of relevant property to be gifted.....	13
Official hospitality.....	14
Business catering .....	16
Official travel .....	17
Part 3 – Procurement .....	22
Purpose .....	22
What is procurement?.....	22
The procurement policy framework .....	22
All procurement – preparation .....	23
Procurement valued below the procurement threshold .....	24
Procurement valued at or above the procurement threshold.....	25
All procurements – documenting, reporting and managing .....	29
Part 4 – Grants .....	32
Purpose .....	32
What is a grant?.....	32
Instructions – officials involved with grants administration .....	33
Part 5 – Commonwealth credit cards and credit vouchers.....	37

Purpose .....	37
What are Commonwealth credit cards and credit vouchers? .....	37
Instructions – all officials .....	37
Part 6 – Making payments of relevant money .....	42
Purpose .....	42
Making payments of relevant money .....	42
Payment of amount owed to a person at time of death (payment pending probate) .....	43
Discretionary compensation mechanisms .....	44
Taxation obligations .....	45
Part 7 – Managing relevant money .....	47
Purpose .....	47
What is relevant money? .....	47
Receiving relevant money .....	47
Entering into arrangements with banks .....	48
Banking relevant money .....	49
Loss of relevant money in the custody of an official or through misconduct.....	49
Cash advances (including petty cash and cash floats).....	50
Investments and borrowings.....	51
Borrowing.....	51
Special accounts.....	52
User charging .....	52
Part 8 – Arrangements relating to other CRF money .....	54
Purpose .....	54
Arrangement with persons outside the Commonwealth .....	54
Part 9 – Managing Debt .....	57
Purpose .....	57
What is a ‘debt’ and an ‘amount owing to the Commonwealth’? .....	57
Principles of debt recovery .....	57
Non-recovery (write off) of debts .....	58

Waiver of amounts owing to the Commonwealth .....	58
Payments by instalments or deferral of the time for payment.....	59
Part 10 – Managing Relevant Property .....	61
Purpose and background.....	61
Acquiring relevant property .....	62
Finding property on Commonwealth entity premises.....	63
Receiving gifts or benefits.....	63
Disposing of relevant property .....	64
Gifting relevant property .....	67
Custody, use and management of relevant property.....	68
Loss and recovery of relevant property .....	69
Part 11 – Working with other Commonwealth entities.....	71
Purpose .....	71
Duties.....	71
Inter-entity agreements.....	71
Part 12 – Accounts and Records.....	74
Purpose .....	74
Instructions – all officials.....	74
Part 13 – Risk Management.....	76
Purpose .....	76
Legislative regulatory environment.....	76
Accountability and responsibility for managing risk .....	76
Framework design and implementation.....	77
Part 14 – Fraud Control.....	79
Part 15 – Audit Committees .....	81
Instructions – All officials .....	81
Part 16 – Insurance .....	82
Instructions – all officials.....	82
Document authority .....	83

## Summary of main points

These Accountable Authority Instructions (AAI) are issued by the Secretary of the Department of Immigration and Border Protection (DIBP) under section 20A *Public Governance, Performance and Accountability Act 2013*. All DIBP officials must comply with the requirements in these AAIs. They have been developed to ensure that DIBP complies with the Commonwealth's Resource Management Framework, which consists of:

- *Public Governance, Performance and Accountability Act 2013* (PGPA Act);
- *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule);
- *Financial Framework (Supplementary Powers) Act 1997* (FFSP Act);
- Other legislative instruments and directions made under this legislation; and
- Guidance and advice issued by the Department of Finance.

The Accountable Authority Instructions constitute directions that DIBP officials must comply with.

Failure to comply with a lawful and reasonable direction by a DIBP official may result in action being commenced to determine whether they have breached the APS Code of Conduct.

## Scope

This AAI sets out the obligations of officials in relation to the resource management requirements contained in the Commonwealth's Resource Management Framework.

This AAI applies to all DIBP officials. For the purpose of this AAI, DIBP "officials" includes:

- the Secretary of DIBP;
- the Commissioner of the Australian Border Force (ABF);
- all employees of DIBP, including ABF employees; and
- any other person who is defined as an official in accordance with section 13 of the PGPA Act and the PGPA Rule.

# Part 1 – Delegations

## Purpose and background

- 1.1. This part provides instruction to officials in relation to the type of financial delegations issued by the Department and the use of those delegations.
- 1.2. Under the PGPA Act the Secretary has been given a range of powers.
- 1.3. In addition, under the PGPA Act the Finance Minister has been given a range of powers. The *Public Governance, Performance and Accountability (Finance Minister to Accountable Authorities of Non-Corporate Commonwealth Entities) Delegation 2014* (Finance Minister's Delegation) delegates a number of powers of the Finance Minister to the Secretary who has sub-delegated these powers to a range of officials.

## Which powers have been delegated?

- 1.4. The following powers have been granted directly to the Secretary under the PGPA Act and Rules, which he has delegated to certain officials to allow:
  - approval of commitments of relevant money under Section 23(3) of the PGPA Act. Standard dollar delegations apply to most expenditure with separate dollar limits and restrictions applying to expenditure on:
    - travel;
    - official hospitality;
    - gifting (items purchased for the purpose of being gifted);
    - media advertising – open approaches to market;
    - grants;
    - IT Software, hardware and cloud services;
    - credit card purchases; and
    - settlement of monetary claims;
  - entering into, varying and administering arrangements under Section 23(1) of the PGPA Act or Section 32B of the FFSP Act;
  - writing off of debts under Section 11 of the PGPA Rule; and
  - authorising the inclusion of other Consolidated Revenue Fund (CRF) money arrangements in an agreement with a person who is outside the Commonwealth under Section 29 of the PGPA Rule.
- 1.5. The following powers have been delegated to the Secretary by the Finance Minister, which the Secretary has delegated to certain officials to allow:
  - entering into agreements with banks relating to the conduct of banking business under Section 53 of the PGPA Act;
  - entering into arrangements for the borrowing of money by way of credit cards under Section 56 of the PGPA Act;
  - granting of an indemnity, guarantee or warranty on behalf of the Commonwealth under Section 60 of the PGPA Act;
  - authorising payment by instalments, or the deferral of the time of payment, of an amount owing to the Department under Section 63 of the PGPA Act;
  - gifting of relevant property (not purchased gifts) under Section 66 of the PGPA Act;
  - be satisfied that the Commonwealth is appropriated for a repayment under Section 77 of the PGPA Act; and

- authorise the payment of an amount owing to a person at time of death without needing probate or letters of administration under Section 25 of the PGPA Rule.
- 1.6. When a delegate exercises a power provided to the Secretary in the Finance Ministers Delegation, they must comply with the directions contained in the Finance Minister's Delegation.

## Instructions – all officials

- 1.7. You are personally accountable for your decisions and actions.
- 1.8. You must only approve transactions if you have a current delegation for that type of transaction.
- 1.9. You must only approve transactions that are at or under the transaction limit for that transaction type.
- 1.10. You must not use your delegation to approve transactions for your own benefit including:
- travel (excluding taxi fares, parking and tolls that are paid using the Commonwealth Credit Card); and
  - payments for professional development or memberships.
- 1.11. You must obtain verbal or written approval from an official who holds a travel delegation before booking any official travel. The official approving the travel must be senior to you unless you are an SES Band 3 official where travel can be approved by another SES Band 3 official. Once approval has been received, you can proceed with booking the travel.
- 1.12. You must comply with any directions contained in the Department's financial Instrument of Delegation and Authorisation and the AAls.
- 1.13. You must ensure that you understand your duties and responsibilities before exercising a financial delegation. You must ensure that your decision to commit relevant money is documented in writing as soon as practicable after giving it and that the detail contained in the approval documentation is commensurate with the scale and scope of the transaction and the degree of public interest.
- 1.14. You must consider:
- whether the request/proposal is in the best interest of the Department and the Commonwealth;
  - whether the request or decision is within the authority and direction given by the delegation;
  - whether the request or decision is within the authority and direction given by your cost centre manager;
  - if your involvement constitutes a real or perceived conflict of interest;
  - the risks associated with approving or not approving the request/proposal;
  - if a precedent exists and whether you are bound by the precedent;
  - if not adhering to the precedent would result in a more favourable outcome;
  - if there are viable alternatives to the request/proposal;
  - what the anticipated perceptions of the request/proposal may be; and
  - what the on-going impact to the Department's or Commonwealth's resources may be, including any contingent liabilities that may be created.



## Key references

1.15. The key references relating to this subject are:

- Sections 25 to 29, 107 and 110 of PGPA Act; and
- Finance Minister's Delegation.

# Part 2 – Approval and commitment of relevant money

## Purpose and background

### Purpose

- 2.1. This part, together with [part 3 – procurement](#) and [part 4 - grants](#), provides instruction on approving and committing relevant money and entering into, varying or administering arrangements. It includes instructions in relation to:
- approving proposed commitments of relevant money;
  - entering into arrangements;
  - guarantees, indemnities, warranties and other contingent liabilities;
  - official travel; and
  - official hospitality.

### Proper use of public resources

- 2.2. The Secretary is required to promote the proper use and management of public resources for which he / she is responsible. Officials must consider the proper use (i.e. efficient, effective, economical and ethical use) of public resources when making decisions regarding the commitment of relevant money.

### What is relevant money?

- 2.3. “Relevant Money” under the PGPA Act means money that is held by the Commonwealth or money standing to the credit of a Commonwealth bank account.

## Approving commitments of relevant money

### What is a commitment of relevant money?

- 2.4. Relevant money becomes ‘committed’ when the Department undertakes an activity that results in an obligation to pay relevant money (including obligations that are contingent upon certain events occurring, such as in indemnities, guarantees and warranties).
- 2.5. The approval of a proposed commitment of relevant money should be a separate step that occurs before an official enters into an arrangement (or a payment is made).

### Who can approve the commitment of relevant money?

- 2.6. The power to approve the commitment of relevant money on behalf of the Department has been delegated to certain officials.
- 2.7. Officials are required to record the approval of the proposed commitment of relevant money in writing, as soon as practicable after giving it.

### Instructions – all officials

- 2.8. You must not approve a proposed commitment of relevant money, unless you have been delegated powers, to do so.

## Instructions – PGPAAs23(3) delegates

- 2.9. You must approve the proposed commitment of relevant money consistent with any written requirements specified in these instructions and within the terms of the relevant delegation.
- 2.10. If a commitment of relevant money involves procurement of goods or services, you must ensure that procurement complies with the Commonwealth Procurement Rules (CPRs) (see [part 3 - procurement](#)).
- 2.11. If a commitment of relevant money involves a grant, you must ensure that grant complies with the Commonwealth Grant Rules and Guidelines (CGRGs) (see [part 4 - grants](#)).
- 2.12. Before approving a proposed commitment of relevant money, you must ensure that the proposed expenditure is :
  - a proper use of public resources. ‘Proper’ means efficient, effective, economical and ethical; and
  - not inconsistent with the policies of the Australian Government.
- 2.13. If you provide verbal approval for a commitment of relevant money, you must record the approval in writing as soon as practicable after giving it.
- 2.14. You may approve a commitment of relevant money subject to conditions.

### Forward Commitments

- 2.15. If the proposed commitment of relevant money involves making payments beyond the current appropriation, (i.e. beyond the current financial year), and:
  - Involves expenditure totalling \$5 million dollars or more; or
  - Involves expenditure in excess of \$1 million in a single financial year for multiple years,the proposal must be submitted to the Management Accounting Branch through your Group Finance Partner for assessment of the impact on the Department’s financial sustainability, prior to entry into the arrangement.
- 2.16. The Management Accounting Branch must provide details of this assessment in writing (this includes by email) to the delegate.
- 2.17. Evidence of the assessment must be included in the documents submitted on the Contract Procurement and Reporting (CPR) system.
- 2.18. Management Accounting Branch must maintain a register of forward commitments.

### Prepayments

- 2.19. If the proposed commitment of relevant money is for an amount in excess of \$10,000 and involves the provision of payment prior to the delivery of the goods or services, you must document your consideration of the following factors:
  - is it industry practice to require a payment in advance?
  - are there benefits to be derived by making the prepayment?
  - is there a discount associated with making the prepayment? and
  - are the risks associated with making the prepayment acceptable and what risk mitigation strategies (e.g. financial undertaking) have been identified?
- 2.20. If the answer to any of these questions is no, you must consider whether an alternative supplier should be used or document your reasons for proceeding with the prepayment. When documenting your reasons for proceeding with a prepayment to a selected supplier you must include details of:

- why an alternative supplier cannot be used; and
- the risk mitigation strategies put in place.

2.21. You must send details of the prepayment to the Financial Accounting Section, copied to your Group Finance Partner.

### Additional Instructions – major commitments of relevant money

2.22. These instructions relate to proposed major commitments of relevant money (\$100 million for administered resourcing and \$50 million for departmental resourcing).

2.23. The Finance Minister's written authorisation must be sought for a proposed major commitment of relevant money where the proposed major commitment of relevant money has not been, and is not required to be, considered through other government processes, including:

- an explicit decision of the Expenditure Review Committee, Cabinet or the National Security Committee of Cabinet following consideration of the key details of the proposal; or
- the Finance Minister's consideration; or
- the Finance Secretary's consideration (for example when the proposed commitment of relevant money relates to leases covered by *Resource Management Guide 504 – Commonwealth Property Management Framework Lease Endorsement Process for non-corporate Commonwealth entities*).

2.24. Before seeking the Finance Minister's written authorisation you must liaise with the External Budgets and Revenue Branch.

2.25. If the proposed major commitment of relevant money would include, or be likely to include, an option to extend the arrangement, this must be included in the request for authorisation from the Finance Minister. Any option to extend the arrangement that forms part of the proposal must be included in determining whether the proposed expenditure exceeds the thresholds.

## Entering into arrangements

### What is an arrangement?

2.26. An arrangement has a very broad meaning; it may be written or unwritten, it includes documents that are legally binding (such as contracts, standing offers, grant agreements and deeds) and documents that are not legally binding (such as Memoranda of Understanding or an exchange of letters). It also includes any arrangement that involves a contingent liability (i.e. a commitment that may give rise to a cost as a result of a future event), such as an indemnity or guarantee.

2.27. Examples of situations where officials enter into arrangements include:

- signing a contract or a standing offer following a procurement process. For further details regarding the requirements associated with procurement refer to [part 3 – procurement](#);
- executing a grant agreement. For further details regarding the requirements associated with grants refer to [part 4 – grants](#); and
- executing memoranda of understanding with other Commonwealth government entities in relation to the supply of goods, services or staff. While these arrangements are not legally binding they provide a basis for working together. For further

requirements relating to working together refer to [part 11 – working with other Commonwealth entities](#).

## Who can enter into an arrangement?

- 2.28. The Secretary has the power to enter into, vary or administer an arrangement, on behalf of the Commonwealth, in relation to the affairs of the Department. The Secretary has delegated the power to enter into, vary and administer arrangements on behalf of the Department to certain officials within the Department.

### Instructions – PGPAAs23(1) delegates

- 2.29. Before entering into an arrangement, you must ensure it is within the scope of your delegation.
- 2.30. If the arrangement involves procurement, you must act in accordance with the CPRs (see [part 3 - procurement](#)).
- 2.31. If the arrangement involves a grant, you must act in accordance with the CGRGs (see [part 4 - grants](#)).
- 2.32. You must not vary an arrangement, unless:
- it is within the scope of your delegation; and
  - the commitment of relevant money has been approved.
- 2.33. Before entering into the arrangement, you must confirm that any expenditure under the arrangement would be consistent with the purposes of the Department and comply with your obligations under the PGPA Act. Legal advice should be sought from the Commercial and Employment Law Branch if in doubt.

## Guarantees, indemnities, and warranties

### Background

- 2.34. The Finance Minister has the power to grant an indemnity, guarantee or warranty on behalf of the Commonwealth. This power has been delegated by the Finance Minister to the Secretary. The Finance Minister has not delegated the power to enter into loan guarantees.
- 2.35. An indemnity is a legally binding promise whereby a party undertakes to accept the risk of loss or damage another party may suffer.
- 2.36. A guarantee made by the Commonwealth is a promise whereby the Commonwealth assumes responsibility for the debt of, or performance obligations of another party.
- 2.37. A warranty is a promise whereby one party provides certain assurances to another party. For example, assurances by a vendor that an item is within the rights of the vendor to sell, is fit for use, and that for a specified period, defective parts will be replaced or otherwise rectified.
- 2.38. Contingent liabilities are commitments that may give rise to a cost as a result of a future event. They often result from indemnities, guarantees, warranties and certain liability caps in contracts. Contingent liabilities are generally used to allocate risk between parties to an arrangement to the party best placed to manage the risk. If the Commonwealth accepts a contingent liability, it is expected that its other costs in the arrangement will reduce because the other party's risk has reduced.

- 2.39. The Commonwealth's policy is that the party who can best manage the risk should bear the financial responsibility for the risk. The expected benefit of bearing responsibility for a risk is a reduction in the price to be paid for the goods or services.

### Instructions – all officials

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

### Instructions – PGPAAs60 delegates

- 2.41. When entering into an arrangement that involves an indemnity, guarantee or warranty, you must comply with the directions in the Finance Minister's delegation and the Department's financial Instrument of Delegation and Authorisation.
- 2.42. You must ensure that:
- the likelihood of the event occurring is remote (less than 5% chance); and
  - the most probable expenditure that would need to be made in accordance with the arrangement, if the event occurred, would not be significant (less than \$30 million).
- 2.43. You must ensure that the most probable expenditure is within the limit of your PGPAAs23(3) delegation.
- 2.44. If the arrangement involves a loan guarantee, you must obtain written approval from the Finance Minister for the loan guarantee under PGPA Act section 60 (this power has not been delegated to the Secretary).
- 2.45. You cannot enter into an arrangement that involves an indemnity, guarantee or warranty with another non-corporate Commonwealth entity.
- 2.46. When you are negotiating a contractual arrangement incorporating indemnity provisions, the Commonwealth's interests must be the primary consideration. The primary intent must be to minimise the Commonwealth's exposure to financial liability, and to ensure that the party who can best manage the risk bears financial responsibility for that risk. A risk assessment must be undertaken to identify the financial, business and operational exposures to potential risk.
- 2.47. You must consult with Commercial and Employment Law Branch before entering into an arrangement involving a guarantee, warranty or indemnity. If the arrangement relates to venue hire, the terms and conditions can be reviewed by Procurements and Contracts Branch.
- 2.48. You must not grant an indemnity that would expressly meet the costs of civil or criminal penalties of the indemnified party.

### Purchase of relevant property to be gifted

- 2.49. Any decision to spend relevant money on relevant property to be gifted must be publicly defensible. It must facilitate the advancement of the Department's or the Commonwealth's business and the costs must be reasonable and appropriate for the situation.
- 2.50. The following types of expenditure are not classified as the purchase of relevant property for the purposes of this section of the AAI:
- gifts provided under the Awards and Recognition Policy. Any expenditure on Awards and Recognition must be provided in accordance with the Enterprise Agreement and the Awards and Recognition Policy; and

- gifts which are incidental to official hospitality being provided. These gifts must be provided in accordance with the policy on official hospitality.

### Instructions – all officials

- 2.51. You must comply with the requirements set out at approving commitments of relevant money when purchasing relevant property to be gifted.
- 2.52. You must seek approval to purchase and present an official gift as a representative of the Department, prior to proceeding with the purchase of a gift. The form F1962 Purchase of Item for Gifting or a minute including the details specified in the form must be completed and submitted to the relevant delegate to make a decision. Sufficient detail must be included to allow the relevant delegate to make an informed decision.
- 2.53. The provision of gifts or benefits for officials on retirement, posting, transfer, extended leave, maternity leave etc. - must be made through staff collections unless the gift or benefit relates to recognition of an official's work in accordance with the Awards and Recognition Framework.
- 2.54. You must ensure that any expenditure on relevant property to be gifted is publicly defensible and does not create an undesirable precedent.

## Official hospitality

### Expenditure on official hospitality

- 2.55. Official hospitality offered by the Department entails the use of relevant money to facilitate the business within and between Commonwealth entities, or with external organisations or individuals with related vocational, technical, business or national interests in common with the Department. Official hospitality may include the provision of refreshments, entertainment, gifts of property, prizes or other benefits.
- 2.56. Expenditure on refreshments, entertainment and gifts are covered by this Part. For instructions relating to the gifting of relevant property that is not incidental to official hospitality, see part 10 – managing relevant property.
- 2.57. Any decision to spend relevant money on official hospitality must be publicly defensible. The primary purpose of the hospitality must be work related. It must facilitate the advancement of the Department's or the Commonwealth's business and the costs must be reasonable and appropriate for the situation.

### Exclusions

- 2.58. The following types of expenditure are not classified as official hospitality for the purposes of this AAI:
  - meals at external workshops, seminars, conferences attended by officials (these costs are to be included as a cost associated with the training course);
  - refreshments, entertainment and gifts provided under the Awards and Recognition Policy. Any expenditure on Awards and Recognition must be provided in accordance with the Enterprise Agreement and the Awards and Recognition Policy; and
  - business catering offered to Departmental officials and outsiders. For further information on business catering refer to the section on business catering.

## Instructions – all officials

- 2.59. When official hospitality is offered at official Departmental functions, the number of Departmental officials attending should generally comprise the minor proportion of those attending.
- 2.60. Officials must only attend official hospitality events if their attendance is necessary to advance the interests of the Department.
- 2.61. You must not enter into an arrangement to provide official hospitality, unless you have been delegated the power to enter into such an arrangement. Separate, low dollar value delegations have been given to certain officials for expenditure on official hospitality.
- 2.62. You must obtain the approval of the commitment of relevant money for official hospitality in advance of any expenditure. When seeking the approval of the delegate you must, as a minimum, include the details outlined in [Form F1951 - Official Hospitality Approval Form](#).
- 2.63. You must retain the signed approval (either physical or electronic) in a file.
- 2.64. You must be aware that Fringe Benefits Tax (FBT) may be payable on various forms of official hospitality. The costs of any FBT must be included in the proposal to spend relevant money.
- 2.65. Where alcohol is to be provided, the approval of an SES official is required.
- 2.66. You must be aware that you are on duty during official hospitality events and are subject to the requirements set out in the Drug and Alcohol Policy.
- 2.67. If you are based overseas, you may seek bulk approval for official hospitality to be provided within a single financial year. Once approved, you must maintain a record of actual expenditure compared with the approved spending proposal, and ensure that the total expenditure does not exceed the total amount approved without seeking further approval.
- 2.68. You must act in accordance with the CPRs when procuring goods or services to provide official hospitality (see [part 3 - procurement](#)).
- 2.69. Expenditure on all forms of official hospitality must be promptly acquitted. You must complete [Form 1952 – Official Hospitality Acquittal and Reporting Form](#) and submit it to the approver - within five working days of the function, together with supporting tax invoices, receipts or vouchers for all individual items of expenditure.
- 2.70. When both the Form 1951 – Official Hospitality Approval Form and the Form 1952 – Official Hospitality Acquittal and Reporting Form have been completed they must be forwarded to the Financial Framework Section.

## Instructions – PGPAAs23(3) – official hospitality delegates

- 2.71. You must ensure that any decision to spend money on official hospitality is publicly defensible.
- 2.72. You must ensure that the costs are reasonable and appropriate in the situation.
- 2.73. You may approve the purchase of an item for the purpose of gifting at an official hospitality event where the gift is incidental to the official hospitality being provided. The costs of this gift must be included in the approval and acquittal.
- 2.74. You must not approve expenditure on official hospitality for purposes that would appear unreasonable in the view of an impartial observer. The following list, while not exhaustive, provides guidance on the types of proposed expenditure which must not be approved:

- expenditure related to personal, as opposed to official functions on retirement, posting, transfer, extended leave and maternity leave;
  - Christmas or similar functions;
  - donations of relevant money to charities in the form of official hospitality; and
  - flowers on the death of an official or a member of their family.
- 2.75. You may exercise your delegation for events that you are attending or hosting.
- 2.76. If you are advised of an official hospitality event after the event has occurred or if the actual expenditure exceeds the amount approved, you must consider whether you would have approved the amount if the expenditure had been submitted to you for approval prior to the event as required by this part. If you determine that you would have refused the request, the official arranging the event may be personally liable to meet some or all of the expenses incurred.
- 2.77. You must not approve any expenditure on alcohol unless you are an SES official.

## Review and recovery

### Instructions – Finance Division officials

- 2.78. Officials within Finance Division must undertake periodic reviews of expenditure on official hospitality.
- 2.79. Where Finance Division considers that the expenditure is not for a proper purpose they may recommend that recovery action is commenced against the official responsible for the expenditure. Such recommendation should be issued only after receiving advice from the Commercial and Employment Law Branch.
- 2.80. In addition, commensurate with the scale and scope of the expenditure, the issue may be referred to Integrity and Professional Standards for investigation.

## Receiving hospitality

- 2.81. Officials must exercise care when receiving hospitality to ensure that their acceptance of the hospitality does not create a real or perceived conflict of interest.

### Instructions – all officials

- 2.82. You must never accept any form of hospitality from an external person or organisation when there would be a real or perceived conflict of interest in relation to an official's duties, unless the acceptance of the hospitality is approved by an SES Band 2 level officer or above. Guidance on conflicts of interest is contained in the Conflict of Interest Policy.
- 2.83. In particular, if you are involved with an individual or organisation which is in a form of contractual relationship, or has the potential to enter into a contract with the Department (e.g. responding to a Request for Tender (RFT) or similar arrangement), you must not accept any form of hospitality from that individual or organisation.

## Business catering

- 2.84. Business catering includes:
- refreshments and sustenance provided at seminars and training courses arranged by the Department;
  - catering costs associated with courses conducted by the Department; and

- cost of meals or catering supplied during high level work meetings, working groups, high-level awards ceremonies or presentations relating to Departmental business.

### Instructions – PGPAAs23(3) - goods and services delegates

- 2.85. You must only provide business catering when the duration of the activity warrants the provision of catering and there are cost advantages in continuing an event through the meal break, rather than having to reconvene (e.g. light refreshments made available during an all-day training course held offsite).
- 2.86. You must ensure that business catering is of simple standard involving relatively low charges per head (e.g. sandwiches and/or light finger food). Any departure from this Instruction (for example dinners provided at senior management conferences) must be approved by an SES official after careful consideration.
- 2.87. You must ensure that business catering is not provided for regular events that do not warrant the provision of such meals such as section / branch / division meetings, unless provided in accordance with the Awards and Recognition Policy.
- 2.88. Where alcohol is to be provided, the approval of an SES official is required. Approval must only be given after careful consideration and must be in compliance with the requirements set out in the Drug and Alcohol Policy.
- 2.89. You must be aware that you are on duty at these events and are subject to the requirements set out in the Drug and Alcohol Policy.

### Official travel

- 2.90. Official travel is any travel where the Department is responsible for any of the direct or indirect costs associated with that travel (noting the exceptions for using the coordinated travel procurements). This includes travel by officials, contractors and consultants to undertake work duties at the direction of the Department to achieve one or more of the Department's objectives.
- 2.91. Official travel must only be undertaken where there is a demonstrated business need and where other communication tools, such as teleconferencing and videoconferencing, are not an effective option.

### Instructions – all officials

- 2.92. Before arranging travel you must investigate if you can use any other communication means to achieve the objective of the travel.
- 2.93. You must obtain verbal or written approval from an official who holds a travel delegation before booking any official travel. The official approving the travel must be senior to you unless you are an SES Band 3 official where travel can be approved by another SES Band 3 official. Once approval has been received, you can proceed with booking the travel.
- 2.94. You must not enter into an arrangement for official travel unless you have been delegated the power to enter into these types of arrangements.
- 2.95. You must act in accordance with the CPRs when procuring official travel (see [part 3 - procurement](#)).
- 2.96. You must:
  - use the Department's contracted travel management company (TMC) to book domestic and ex-Australia international airfares;

- use the contracted accommodation program management services provider for domestic accommodation arrangements;
- use the contracted car rental services providers for domestic car rental arrangements; and
- use the contracted travel card and related services provider for card payment services.

2.97. If you require an exemption from these arrangements for operational reasons you must seek the assistance of the Travel Section as approval must be obtained from the Department of Finance.

### Instructions – PGPA s23(3) – travel delegates

2.98. You must not approve your own travel (excluding taxi fares, parking and tolls that are paid using the Commonwealth Credit Card).

2.99. When approving proposed travel you must ensure that:

- the traveller could not use any other communication means to achieve the objective of the travel;
- the travel is for official purposes only, or is in accordance with an individual officers entitlements;
- overnight accommodation is only approved when there is a specific business need; and
- travel duration is sufficient to meet all of the proposed business needs.

### Instructions – all officials - domestic travel

2.100. When booking domestic travel officials must:

- use the lowest practical fare (LPF);
- act in accordance with RMG-404 Official Domestic Air Travel - Use of the lowest practical fare; and
- enter the details into the travel module of the Department's financial management information system (FMIS).

2.101. A variation of up to 5 per cent in the total cost of travel is permissible for the purposes of obtaining approval, in order to take account of unknown minor costs that may arise. For example, excess baggage and toll charges.

2.102. Upon completion of domestic travel, you must acquit your trip within 7 days of return to work.

2.103. If your delegate approves the combination of business and private travel and the travel is for a period of 6 or more days you must keep a travel diary.

2.104. You must repay any debts arising as a result of the modification or cancellation of domestic travel within 7 days of the receipt of an invoice.

### International travel

2.105. Officials in the Department undertake two types of international travel:

- Business – International travel that is not directly related to essential operational activities for the purpose of meeting government objectives, for example, an overseas conference; and

- Operational – International travel related to one or more of the following essential operational activities:
  - National security operations and investigations;
  - Immigration and Border Protection actions;
  - Emergency and humanitarian responses;
  - Travel to and from postings, missions and deployments; and
  - Travel within an international country or between international countries that are associated with the operational requirements of a long-term posting, mission or deployment.

### Instructions – all officials - international travel

2.106. All international travel must have details of the ‘need to travel’, outlined in writing.

2.107. The Secretary must approve any international travel that meets the following conditions:

- all international travel by the Commissioner of the ABF, a Deputy Secretary or equivalent; and/or
- all politically sensitive international travel.

2.108. When booking international travel officials must:

- use the international best fare (IBF);
- act in accordance with RMG-405 Official International Travel - Approval and use of the best fare of the day; and
- enter the details into the travel module of the Department’s financial management information system (FMIS) and contact the International Business Travel Team to action.

2.109. A variation of up to 10 per cent in the total cost of travel is permissible for the purposes of obtaining approval, in order to take account of unknown minor costs that may arise. For example, excess baggage and toll charges.

2.110. You must travel on a sponsored passport.

2.111. You must retain appropriate records in relation to your international travel including all relevant receipts and tickets.

2.112. Upon completion of international travel, you must complete and submit an international travel diary to the International Business Travel Team within 14 days of return to work.

2.113. You must declare any changes to your travel itinerary and any meals provided to you while travelling when completing your international travel diary.

2.114. You must repay any debts arising out of the cancellation or modification of your travel or meals provided to you within 7 days of receipt of an invoice.

## International business travel

- 2.115. Expenditure that relates to international business travel, must be approved by a PGPAAs23(3) travel delegate, in addition to seeking approval of the need to travel. See: [Financial Delegations](#).
- 2.116. Any proposed travel for international engagement purposes must be submitted to the International Division for appraisal against the Department's international engagement strategy.
- 2.117. In undertaking international business travel, (where the total estimated cost (GST inclusive) of international travel, either individually or for a delegation or group activity), the need to travel must be approved by:
- a Deputy Secretary or equivalent for travel expenditure of \$20,000 or less;
  - the Secretary or the Commissioner of the ABF, for travel expenditure more than \$20,000 and less than \$50,000; and
  - the Minister, for travel expenditure of \$50,000 or more. Proposals to the Minister must go through the Secretary. This includes proposals for significant delegation travel where the Department pays travel costs.

## Operational international travel

- 2.118. Expenditure that relates to operational international travel must be approved by a PGPAAs23(3) travel delegate, in addition to seeking approval of the need to travel. See: [Financial Delegations](#).
- 2.119. In undertaking operational international travel, the need to travel must be approved by:
- the Secretary, Commissioner of the ABF, a Deputy Secretary (SES Band 3) or equivalent, or the Chief Financial Officer, for travel expenditure of \$50,000 or more;
  - a First Assistant Secretary (SES Band 2) or equivalent, for travel expenditure of up to \$50,000;
  - Offshore: a Minister Counsellor, Regional Director, Regional Manager, SES Band 2 or equivalent, for travel expenditure of up to \$50,000; and
  - Onshore: an Assistant Secretary (SES Band 1) or equivalent, or Regional Director, for travel expenditure of \$20,000 or less.
- 2.120. In some circumstances, the expenditure and the need to travel can be approved by the same person, provided the costs fall within their PGPAAs23(3) travel expenditure delegation limit.

## Key references

- 2.121. The key references relating to this subject are:
- [Financial Management Guidelines \(FMG\) 1.02.01 Approval and Commitment of Relevant Money](#)
  - [FMG 1.02.02 Official Hospitality and Business Catering](#)
  - [FMG 1.02.03 Business Travel](#)
  - [Sections 15, 21, 23 and 60 of PGPA Act;](#)
  - [Section 32B of the FFSP Act;](#)
  - [Section 18 of the PGPA Rule;](#)
  - [Commonwealth Procurement Rules;](#)
  - [Commonwealth Grant Rules and Guidelines;](#)

- 
- Resource Management Guide 400 - Approval and Commitment of Relevant Money;
  - Resource Management Guide No 404 - Use of the Lowest Practical Fare for Official Domestic Air Travel;
  - Resource Management Guide No 405 - Official International Travel - Approval and Use of the Best Fare of the Day policy (International Travel Policy);
  - Resource Management Guide No 414 - Indemnities, Guarantees and Warranties granted by the Commonwealth;
  - Resource Management Guide 504 – Commonwealth Property Management Framework Lease Endorsement Process for Non-corporate Commonwealth Entities;  
and
  - Directions from the Finance Minister.

## Part 3 – Procurement

### Purpose

- 3.1. This part, together with part 2 – approval and commitment of relevant money, provides instruction to officials on undertaking a procurement process and entering into a procurement contract.

### What is procurement?

- 3.2. Procurement includes the whole process of acquiring goods or services. It begins when the Department identifies 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.
- 3.3. Procurement also covers a situation where the Department acquires goods or services on behalf of another entity or a third party.
- 3.4. If you are unsure whether a particular financial arrangement is a procurement or another type of activity, see Resource Management Guide No 401 - Grants and other common financial arrangements.

### The procurement policy framework

- 3.5. The Commonwealth Procurement Rules (CPRs) are a legislative instrument issued by the Finance Minister under section 105B of the PGPA Act. The CPRs set out the rules that officials must comply with when they procure goods and services.
- 3.6. Where a third party undertakes procurement on behalf of the Commonwealth entity, the third party must comply with the CPRs to the greatest extent possible. The requirements on the third party must be stipulated in the contract.
- 3.7. The CPRs set out the rules for Australian Government procurement and are underpinned by the PGPA Act. Value for money is the core rule of the CPRs.
- 3.8. Value for money is achieved by:
  - encouraging competition and non-discriminatory processes;
  - using Commonwealth resources properly (efficient, effective, economical and ethical use of resources);
  - 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.
- 3.9. Where the Government has established a coordinated procurement, officials must use the coordinated procurement.
- 3.10. Exemptions from a coordinated procurement can only be granted jointly by the Department's Portfolio Minister and the Finance Minister where a special need for an alternative process can be demonstrated or where the coordinated procurement allows for an alternative approach.

## All procurement – preparation

### Instructions – all officials

- 3.11. You must determine whether a proposed financial arrangement is a procurement prior to applying the CPRs.

### General requirements

- 3.12. When undertaking a procurement, you must comply with the:
- CPRs and other elements of the procurement framework; and
  - requirements of the PGPA Act and Rule.
- 3.13. You must not use third-party arrangements to avoid the rules in the CPRs when procuring goods and services.
- 3.14. You must treat all potential suppliers to government equitably, subject to the CPRs.
- 3.15. You must act ethically throughout a procurement.
- 3.16. You must not seek to obtain benefit from supplier practices that may be dishonest, unethical or unsafe.
- 3.17. If a procurement does not involve the ordinary services and functions of government, you must ensure it is authorised by Schedule 1AA or Schedule 1AB to the FFSP Regulations or other specific legislation, or that you have legal advice from the Commercial and Employment Law Branch that the procurement can be done without legislative authority.
- 3.18. You must ensure that all procurements are a proper use of public resources and contribute to achieving the purposes of the Department.

### Planning a procurement

- 3.19. Where there is a coordinated procurement for goods or services, you must use that coordinated procurement, unless exempted (see Whole-of-Government Procurement Contracts, Arrangements and Initiatives on the Department of Finance website).
- 3.20. You must determine the most efficient, effective and appropriate procurement method, proportional to the scale, scope and risk of the procurement.
- 3.21. When determining the method of procurement, you should consider the use of a panel, or cooperative agency procurement.
- 3.22. Where the procurement is for ICT Hardware, ICT Software and/or Cloud Services, you must obtain approval from an appropriate PGPAAs23(3) - ICT procurement delegate.
- 3.23. You must estimate the maximum value (including GST) of the proposed procurement prior to selecting a procurement method (i.e. open tender, prequalified tender or limited tender). Any taxes or charges, extension and other options, and all forms of remuneration must be included when estimating the value of the procurement.
- 3.24. Where the maximum value of a procurement cannot be estimated, you must treat the procurement as being valued above the relevant procurement thresholds.
- 3.25. You must not divide a procurement into separate parts for the purpose of avoiding a relevant procurement threshold.
- 3.26. You must include the maximum value of all procurement contracts where a procurement is conducted in multiple parts, with contracts awarded either at the same time or over a period of time with one or more suppliers.

- 3.27. You must ensure that where a contract is being extended or varied, that details of the contract total (the original amount plus the proposed additional amount) forms part of the delegate's consideration, prior to the delegate making the decision. Before approving the expenditure the delegate must ensure that the contract total is within the limits of their delegation.
- 3.28. You must actively manage the risks (see [part 13 - risk management](#)) associated with a procurement, including:
- identifying, assessing, allocating and treating the risks, proportionate to the scale and scope of the procurement;
  - generally not accepting risks which another party is best placed to manage; and
  - complying with the Commonwealth's policy on indemnities, guarantees and warranties (see [part 2 – approval and commitment of relevant money](#)).
- 3.29. If you intend to use an existing procurement contract of another Commonwealth entity, the initial request documentation and the contract must have already specified potential use by other entities.
- 3.30. When using an existing procurement contract of another Commonwealth entity, you must ensure that:
- value for money is achieved;
  - the goods and services being procured are the same as provided for within the contract; and
  - the terms and conditions of the contract are not being materially altered.

## Procurement valued below the procurement threshold

### Instructions – officials involved with a procurement

- 3.31. You must ensure that any procurement will achieve a value for money outcome.
- 3.32. Value for money is best achieved when you can demonstrate that 1 to 3 verbal or written quotations have been obtained, commensurate to the scale, scope and risk of the procurement.
- 3.33. If you choose an open tender approach, you must comply with the instructions provided at [procurement valued at or above the procurement threshold](#).

## Procurement valued at or above the procurement threshold

### Instructions – Officials undertaking an approach to market

- 3.34. You must comply with the additional rules for a procurement in the CPRs for goods or services valued at or above \$80,000 (GST inclusive), except if the procurement is exempt from the additional rules by Appendix A in the CPRs.
- You must undertake an open tender or prequalified tender process for all procurement valued at or above the relevant procurement thresholds, unless it meets the conditions for limited tender set out in sections 10.3 to 10.5 of the CPRs; or
  - is exempted from the additional rules by Appendix A to the CPRs.
- 3.35. If you choose an open tender (as defined in the CPRs), you must use AusTender to publish the tender and, to the extent practicable, make relevant request documentation available.
- 3.36. For procurements between \$10,000 and \$199,999, you must use the Commonwealth Contracting Suite. For procurements \$200,000 or above, contact the Procurement and Contracts Branch for assistance.
- 3.37. You may use AusTender to make relevant request documentation available if you choose a prequalified tender or limited tender approach to market.
- 3.38. You must not publish or advertise open approaches to market in the media unless you have the approval of a PGPAAs23(3) – Media advertising delegate . A delegate must only approve this if the advertising is intended to target potential suppliers in remote or overseas locations that have limited access to the online environment. This approval must be in writing.
- 3.39. If you obtain approval to publish or advertise the open approach to market in the media the details selected for inclusion in the notification must be the same as those published on AusTender. For further information regarding this requirement refer to Resource Management Guide No. 407 – Reduced Press Advertising for Open Approaches to Market (ATMs) Policy.
- 3.40. Where you provide request documentation that is already published on AusTender in another form, the document must be the same as that published on AusTender.
- 3.41. If you establish a multi-use list, you must publish a notice of the multi-use list on AusTender.
- 3.42. Where a multi-use list is open to applications at any time, you must publish continuously on AusTender an approach to market inviting applications during the entire period of the multi-use list's operation.
- 3.43. Where a multi-use list is updated only at specific times and according to set deadlines, you must re-publish on AusTender at least once every 12 months an approach to market inviting applications.
- 3.44. You must ensure that potential suppliers and tenderers are dealt with fairly and in a non-discriminatory manner when providing information leading to, during, and following, an approach to market.
- 3.45. You must include all necessary information in the request documentation to enable potential suppliers to prepare and lodge submissions, including (but not limited to):
- the nature and scope of the goods or services and any requirements to be fulfilled;
  - any conditions for participation;

- any minimum content and format requirements;
  - evaluation criteria to be considered in assessing submissions; and
  - any other terms or conditions relevant to the evaluation of submissions.
- 3.46. When prescribing specifications in request documentation you must:
- not include any specification or conditions that create unnecessary obstacles to trade;
  - where possible, define specifications in terms of performance and functional requirements; and
  - ensure specifications are consistent with international standards, except where the international standards would fail to meet the Department's requirements or would impose greater burdens than the use of recognised Australian standards.
- 3.47. A specification must not use trademarks or trade names, patents, copyrights, designs or types, specific origins, producers or suppliers when specifying the features of goods or services being procured.
- In exceptional circumstances, where there is no other sufficiently precise or intelligible way of describing the requirement you must include words such as "or equivalent" in the specification.
- 3.48. If conditions for participation are included in a procurement, you must limit those conditions to the legal, commercial, technical and financial abilities necessary for the supplier to fulfil the procurement.
- 3.49. You must not include a condition for participation that a potential supplier has previous experience with the Department, the Australian Government or in a particular location.
- 3.50. You must avoid a potential supplier, or group of potential suppliers, gaining an unfair advantage.
- 3.51. You must provide to all potential suppliers all modifications, amendments or reissued documents and allow adequate time, if required, for them to modify and re-lodge submissions, where the evaluation criteria or specifications set out in an approach to market or in request documentation are modified, or where an approach to market or request document is amended or reissued.
- 3.52. You must ensure that a supplier who has assisted in the design of specifications in a procurement does not have an unfair advantage over other potential suppliers.
- 3.53. You must require potential suppliers to lodge submissions in accordance with a common deadline and provide sufficient time for potential suppliers to prepare and lodge submissions.
- 3.54. You must allow potential suppliers at least 25 days from when an approach to market for an open tender or a prequalified tender is published (30 days if not issued electronically), unless the CPRs allow a reduction to the time limit (to no less than 10 days).
- 3.55. Each approach to market must comply with the time limit, including each approach in the case of a multi-stage procurement.
- 3.56. Where a registration procedure is a condition for participation you must state the time limit for responding to the registration in the approach to market and allow sufficient time for a potential supplier to complete the registration procedure within the time limit for the procurement.
- 3.57. You must ensure that where a time limit is extended, the new time limit is applied equitably.
- 3.58. You must not accept late submissions unless the submission is late as a consequence of mishandling by the Department.

- 3.59. You must not penalise a potential supplier if their submission is late as a consequence of mishandling by the Department.
- 3.60. You must promptly reply to any reasonable request from a potential supplier for relevant information about a procurement.
- 3.61. You must receive and open submissions fairly and impartially.
- 3.62. Where you provide tenderers with an opportunity to correct unintentional errors of form between the opening of submissions and any decision, you must provide the opportunity equitably to all tenderers.
- 3.63. You must treat all tender submissions as confidential before and after awarding the procurement contract.
- 3.64. You must ensure that request documentation, tender assessment plans and tender assessment processes are consistent with the CPRs.
- 3.65. You must not cancel a procurement, or terminate or modify a procurement contract, to avoid the additional rules. You should contact the Commercial and Employment Law Branch for legal advice prior to terminating a procurement process or contract.
- 3.66. You must ensure that any procurement will achieve a value for money outcome.

### Instructions – officials assessing tenders

- 3.67. You must ensure that any tender assessment is:
  - consistent with the request documentation; and
  - fair and equitable.
- 3.68. When evaluating a potential supplier's suitability against the conditions for participation, you must limit the evaluation to the financial, commercial and technical abilities, as specified in either the approach to market or request documentation.
- 3.69. You must award the procurement contract to the tenderer that:
  - satisfies the conditions for participation;
  - is fully capable of undertaking the contract; and
  - will provide the best value for money.

If you are of the opinion that awarding the contract to that supplier is not in the public interest you must contact the Commercial and Employment Law Branch for legal advice.
- 3.70. Following the rejection of a submission, you must promptly inform all affected tenderers of the decision and provide debriefings on request.
- 3.71. For unsuccessful tenderers, the debriefing must include the reasons the submission was unsuccessful.

### Instructions – Limited tender

- 3.72. To encourage fair and open competition and accountability and transparency, an approach through limited tender must be carefully considered.
- 3.73. A limited tender involves an official directly approaching one or more potential suppliers to make submissions or provide quotes.
- 3.74. A procurement must only be conducted through limited tender if it meets one of the clauses contained in Division 2 'Additional Rules' of the CPRs. These clauses permit the procurement through a limited tender:
  - when, in response to an approach to market:

- no submissions, or no submissions that represented value for money, were received;
- no submissions that met the minimum content and format requirements for submission as stated in the request documentation were received; or
- no tenderers satisfied the conditions for participation,

and the Department does not substantially modify the essential requirements of the procurement; or

- when, for reasons of extreme urgency brought about by events unforeseen by the Department, the goods and services could not be obtained in time under open tender or prequalified tender; or
- for procurements made under exceptionally advantageous conditions that arise only in the very short term, such as from unusual disposals, unsolicited innovative proposals, liquidation, bankruptcy, or receivership, and which are not routine procurement from regular suppliers; or
- when the goods and services can be supplied only by a particular business and there is no reasonable alternative or substitute for one of the following reasons:
  - the requirement is for works of art;
  - to protect patents, copyrights, or other exclusive rights, or proprietary information; or
  - due to an absence of competition for technical reasons; or
- for additional deliveries of goods and services by the original supplier or authorised representative that are intended either as replacement parts, extensions, or continuing services for existing equipment, software, services, or installations, when a change of supplier would compel the Department to procure goods and services that do not meet requirements for compatibility with existing equipment or services; or
- for procurements in a commodity market; or
- when the Department procures a prototype or a first good or service that is intended for limited trial or that is developed at the Department's request in the course of, and for, a particular contract for research, experiment, study, or original development; or
- in the case of a contract awarded to the winner of a design contest, provided that:
  - the contest has been organised in a manner that is consistent with these CPRs; and
  - the contest is judged by an independent jury with a view to a design *contract* being awarded to the winner; or
- for new construction services consisting of the repetition of similar construction services that conform to a basic project for which an initial contract was awarded through an open tender or prequalified tender, and when the initial approach to market indicated that limited tender might be used for those subsequent construction services.

3.75. Before approaching a supplier, you must prepare a report for authorisation by the First Assistant Secretary of Corporate Support Division or the Chief Finance Officer (CFO), through the Assistant Secretary of Procurement and Contracts Branch, that details why one of the clauses contained in Division 2 'Additional Rules' of the CPRs applies. The report must include:

- the estimated value of the procurement;
- which particular clause contained in Division 2 'Additional Rules' is to be relied upon;
- the justification for conducting a limited tender; and

- how value for money will be achieved in the circumstances.
- 3.76. If the a decision is made that none of the clauses contained in Division 2 'Additional Rules' of the CPRs apply, the procurement must be undertaken by open or prequalified tender.
  - 3.77. The Procurement and Contracts Branch must maintain a record of procurements conducted through limited tender.
  - 3.78. Records must be provided to the Chief Finance Officer upon request.
  - 3.79. You must undertake appropriate planning to assist in avoiding the need to invoke Division 2 'Additional Rules' clause 10.3(b) of the CPRs (need to conduct the procurement utilising a limited tender as a result of extreme urgency brought about by events unforeseen by the Department).
  - 3.80. When procuring goods or services by limited tender you must act in accordance with the conflict of interest policies.
  - 3.81. The report and the assessment by the First Assistant Secretary of Corporate Support Division or the Chief Finance Officer (CFO) must be retained with the procurement documentation on the Department's internal file.

### Instructions – Exempt procurement

- 3.82. Before applying one of the exemptions contained in Appendix A of the CPRs you must confirm that the proposed exemption applies by consulting with the Corporate Support Division.
- 3.83. The reasons must be documented in writing and retained with the procurement documentation.

## All procurements – documenting, reporting and managing

### Instructions - officials responsible for developing a contract

- 3.84. You must determine if the terms in a procurement contract need to be kept confidential and identify in the contract the terms that must be kept confidential (see [Confidentiality Throughout the Procurement Cycle](#) available on the Department of Finance website).
- 3.85. You must ensure the procurement contract requires contractors to agree to the public disclosure of the names of any subcontractors and to inform the relevant subcontractors that their names may be publicly disclosed.

### Instructions – officials with a delegation to enter into or vary an arrangement – PGPAAs23(1)

- 3.86. You must ensure that you have delegated authority to enter into or vary an arrangement.
- 3.87. You must ensure that the arrangement is within the scope of their delegation.
- 3.88. You must be satisfied that the procurement achieves a value for money outcome.
- 3.89. You must ensure that the procurement contract is consistent with the approval for the proposed commitment (see [part 2 - approval and commitment of relevant money](#)).
- 3.90. You must not enter into a procurement contract where there is no end date, unless it allows for periodic review and the ability to be terminated by the Department where it no longer represents value for money.

## Instructions – all officials – reporting contracts awarded

- 3.91. You must ensure that appropriate documentation is developed and retained for each stage of a procurement, including contract management.
- 3.92. You must determine the level of documentation required, proportionate to the scale, scope and risk of the procurement.
- 3.93. You must ensure that there is sufficient documentation to justify the procurement, demonstrate the processes followed and record relevant decisions. As a minimum you must retain:
- a copy of all requests for quotes;
  - a copy of the responses received from suppliers; and
  - evidence of the evaluation process undertaken.
- 3.94. Officials must ensure that details of contracts are entered into AusTender within 42 days of entering into an arrangement. To facilitate the publication of the information by the Procurement and Contracts Branch:
- officials must provide the Contract Information Form, the contract and all requisite approvals to the Financial Services Section for entry into SAP within 5 working days of entering into or varying an arrangement;
  - officials within the Financial Services Section must enter the contract details into SAP within 5 working days of receiving the completed Contract Information Form and all required supporting documentation. Officials within the Financial Services Section must promptly notify the responsible work area where they identify an issue with the Contract Information Form, the contract or the requisite approvals;
  - officials within the Procurement and Contracts Branch must review the information entered in SAP within 5 working days of being advised that there is a contract awaiting their review and forward it to the delegate to approve; and
  - delegates must review the information contained in SAP, notify the Financial Services Section if they identify any issues with the data entered and approve the entry in SAP within 5 working days of being advised that the contract is awaiting their approval.
- 3.95. You must ensure that the Contract Information Form accurately reflects the basic contract details including:
- procurement method;
  - supplier;
  - subject matter;
  - value; and
  - period of the arrangement.
- 3.96. You must report a standing offer on AusTender within 42 days of entering into or varying the standing offer and keep relevant details current.
- 3.97. You must produce a written report outlining the value and description of goods or services procured and the justification for the use of limited tender for each procurement contract valued at or above the relevant procurement threshold resulting from a limited tender.

## Instructions – Officials with a delegation to administer arrangements – PGPAAs23(1)

- 3.98. You must ensure that you have authority to administer an arrangement as the official responsible for managing the contract. Persons identified as contract managers have been delegated the power to administer arrangements.
- 3.99. You must have appropriate documentation with the supplier (for example, a written contract or purchase order). A written contract is required for all procurements over \$10,000.
- 3.100. You must actively manage all procurement contracts.
- 3.101. Where there is non-compliance with a procurement contract, you must take appropriate corrective action consistent with the contract. The Commercial and Employment Law Branch must be consulted for advice about serious or persistent non-compliance with the terms of the contract.
- 3.102. You must make available, on request, the names of subcontractors engaged by a contractor in respect of a procurement contract.
- 3.103. You must ensure that contract variations or extensions are approved and entered into by a relevant delegate.
- 3.104. You must ensure that payments under the contract (which are part of the administration of the contract) are made or authorised by a relevant delegate.

### Key references

3.105. The key references relating to this subject are:

- FMG 1.03.01 Procurement
- Sections 15, 21, 23, 60, 105B and 105C of the PGPA Act
- Section 32B of the FFSP Act
- Section 18 of the PGPA Rule
- Resource Management Guide No 400, Approval and commitment of relevant money
- Resource Management Guide No 401, Grants and other common financial arrangements
- Resource Management Guide No 407, Reduced Press Advertising for Open Approaches to Market (ATMs) Policy
- Commonwealth Procurement Rules
- Commonwealth Grants Rules and Guidelines
- Procurement-connected policies
- AusTender reporting requirements
- Procurement guidance material

## Part 4 – Grants

### Purpose

- 4.1. This part, together with part 2 – approval and commitment of relevant money, provides instruction to officials on the administration of grants and entering into grant agreements.

### What is a grant?

- 4.2. For the purposes of the Commonwealth Grant Rules and Guidelines (CGRGs) a 'grant' is an arrangement for the provision of financial assistance by the Commonwealth or on behalf of the Commonwealth:
- under which relevant money or other CRF money is to be paid to a recipient other than the Commonwealth; and
  - which is intended to assist the recipient achieve its goals; and
  - which is intended to help address one or more of the Australian Government's policy objectives; and
  - under which the recipient may be required to act in accordance with specified terms or conditions.
- 4.3. The following arrangements are not considered grants under the CGRGs:
- procurements of goods or services;
  - certain compensation payments;
  - act of grace payments;
  - tax concessions or offsets;
  - certain benefits payable under other legislation (such as payments of entitlements made through the *Social Security (Administration) Act 1999*);
  - payments made to a State or a Territory under the *Federal Financial Relations Act 2009*; and
  - payments treated by the Commonwealth as Official Development Assistance.

## Instructions – officials involved with grants administration

### General requirements

- 4.4. All grants must be co-ordinated through the Procurement and Contracts Branch.
- 4.5. When performing duties in relation to grants administration you must comply with relevant government policies and legislation. In particular, you must:
- act in accordance with the CGRGs;
  - have regard to the seven key principles that apply to grants administration;
    - robust planning and design;
    - collaboration and partnership;
    - proportionality;
    - an outcomes orientation;
    - achieving value with relevant money;
    - governance and accountability; and
    - probity and transparency;
  - keep commercially sensitive information secure and never use it for personal gain or to prejudice grants administration processes;
  - disclose information that the Government requires to be notified;
  - disclose to the Department any form of current or prospective personal interest that might create a conflict of interest; and
  - not use clauses in grant agreements that seek to limit, prevent or ban a not-for-profit organisation from advocating on policy issues.
- 4.6. When performing duties in relation to grants administration, you must:
- use competitive, merit based selection processes to allocate grants, unless specifically agreed otherwise by a Minister, the Secretary or a delegate. Where a competitive, merit based selection process is not used, you must document the rationale adopted in selecting the recipients.

### Developing grant guidelines

- 4.7. You must ensure that grant guidelines are:
- developed for all new granting activities, and revised where significant changes have been made to the current granting activity;
  - consistent with the CGRGs; and
  - made publicly available (including on the Department's website), except where there is a specific policy reason to not publicise the grant guidelines or the grant is provided on a one-off or ad hoc basis.
- 4.8. When developing or revising guidelines, you must conduct a risk assessment on the granting activities and associated guidelines, in consultation with the relevant Agency Advice Unit in Finance and the Department of the Prime Minister and Cabinet to obtain agreement on the risk level of the granting activity. The assessed level of risk will determine the process for gaining approval to publish the guidelines.

## Entering into grants

- 4.9. Before entering into a grant agreement (or making a grant payment where there is no agreement), you must ensure that:
- you have the delegated authority to enter into or administer the grant under Section 23 of the PGPA Act or 32B of the FFSP Act:
    - where a commitment to expend relevant money relates to the ordinary services and functions of government, the authority to enter into, vary or administer an arrangement comes from section 23 of the PGPA Act;
    - where the authority to enter into an arrangement is not contained in specific legislation and the arrangement does not relate to the ordinary services and functions of government, the authority to enter into the arrangement will need to come from section 32B of the FFSP Act or through new or amended specific legislation; and
  - the requirements contained in part 2 - approval and commitment of relevant money have been met; and
  - the basis for the approval relative to the CGRGs and the key consideration of achieving value with relevant money must be recorded in writing, in addition to the approval itself.

## Supporting the Minister

- 4.10. Where a Minister approves a proposed expenditure of relevant money in relation to a grant, in accordance with section 71 of the PGPA Act, he or she must be satisfied, after making reasonable inquiries, that the grant would be a proper use of public resources.
- 4.11. Where the proposed expenditure of relevant money relates to a grant, the Minister who approves it must record, in writing, the basis for the approval relative to the CGRGs and the key consideration of achieving value with relevant money, in addition to the approval itself.
- 4.12. You must ensure that the Minister receives the Department's written advice on the proposed grant, before the Minister makes a decision. Advice on the proposed grant must, at a minimum:
- explicitly note that the proposed expenditure being considered for approval is a 'grant';
  - provide information on the applicable requirements of the PGPA Act, Rules and the CGRGs (particularly the requirement relating to proper use and any ministerial reporting obligations), together with the legal authority for the grant;
  - outline the application and selection process, including the selection criteria, that were used to select potential grant recipients; and
  - include the merits of the proposed grant or grants relative to the grant guidelines and the key consideration of achieving value with relevant money.
- 4.13. Each time a Minister, who is a member of the House of Representatives, approves a grant in respect to his or her own electorate, you must ensure that the Minister writes to the Finance Minister advising of the details. This requirement does not apply where grants are awarded Australia, state or region-wide on the basis of a formula, and any of those grants fall in the Minister's electorate.
- 4.14. You must ensure that the Minister, whether from the Senate or the House of Representatives, reports annually (by 31 March for the preceding calendar year) to the Finance Minister on all instances where they have approved any grants which the

Department recommended be rejected and, if so, outline the basis of the approval for each grant.

## Grants reporting

- 4.15. You must ensure that information on individual grants is published on the Department's website within 14 working days of the grant agreement taking effect. Once operational, entities must report on the whole-of-government register instead.
- If public reporting of a grant would be contrary to the *Privacy Act 1988*, other statutory requirements, or the specific terms of the grant agreement, you must publish as much information as legally possible and must document the reasons for not reporting fully; and
  - If publishing grant information could adversely affect the achievement of government policy outcomes, an exemption from public reporting can be sought from the Finance Minister.
- 4.16. Officials must ensure that details of grants are published on the Department's website within 14 working days of the grant agreement taking effect.
- 4.17. Details of all grants must be entered into SAP. The applicable timeframes are:
- officials must provide the Contract Information Form, the grant agreement and all requisite approvals to the Financial Services Section for entry into SAP within 5 working days of entering into or varying an arrangement;
  - officials within the Financial Services Section must enter the contract details into SAP within 5 working days of receiving the completed Contract Information Form and all required supporting documentation. Officials within the Financial Services Section must promptly notify the responsible work area where they identify an issue with the Contract Information Form, the grant agreement or the requisite approvals;
  - officials within the Procurement and Contracts Branch must review the information entered in SAP within 5 working days of being advised that there is a contract awaiting their review and forward it to the delegate to approve; and
  - delegates must review the information contained in SAP, notify the Financial Services Section if they identify any issues with the data entered and approve the entry in SAP within 5 working days of being advised that the contract is awaiting their approval.
- 4.18. You must ensure that the Contract Information Form accurately reflects the basic contract details including:
- Identifying whether it is a grant or grant like arrangement;
  - grantee;
  - subject matter;
  - value; and
  - period of the arrangement.
- 4.19. Grant information must be retained on the Department's website for at least two financial years. Once operational, the Department must report on the whole-of-government register instead. If this is not practicable, you must retain appropriate records of the information and ensure that these records are available on request.
- 4.20. You must identify whether a grant agreement contains confidentiality provisions.
- 4.21. You must ensure that the Department complies with any other grant reporting requirements established by the Parliament.

## Key references

4.22. The key references relating to this subject are:

- FMG 1.04.01 Grants
- Section 105C of the PGPA Act
- Section 32B of the FFSP Act
- Commonwealth Grants Rules and Guidelines
- Resource Management Guide No. 411, Grants, Procurement and Other Financial Arrangements
- Resource Management Guide No. 412, Australian Government Grants: Briefing and Reporting

## Part 5 – Commonwealth credit cards and credit vouchers

### Purpose

- 5.1. This part provides instruction to officials about the use of Commonwealth credit cards and credit vouchers.

### What are Commonwealth credit cards and credit vouchers?

- 5.2. A Commonwealth credit card is a credit card issued to the Department to enable it to obtain cash, goods or services on credit (i.e. with payment deferred). It includes:
- Charge cards which authorise the holder to buy goods or services on credit, with payment to be made at a later date. This includes MasterCard and Diners Club Cards.
  - Vendor cards (sometimes called “limited-purpose purchase cards”) which allow the holder to buy goods and services on credit from specific retailers or for specific purposes, with payment in full to be made at a later date. This includes fuel cards.
- 5.3. A credit voucher is a paper based credit card that generally comes with an attached spending limit. A Cabcharge e-ticket is a type of credit voucher.
- 5.4. Debit cards, pre-paid credit cards and gift vouchers issued to the Commonwealth entity are not Commonwealth credit cards. They must be treated as if they were relevant property.
- 5.5. The Secretary can enter into an agreement for the issue to, and use by, the Commonwealth of credit cards or credit vouchers, provided that the agreement requires the money borrowed to be repaid within 90 days. The Secretary has delegated this power to certain officials.

### Instructions – all officials

#### Restrictions on the use of Commonwealth credit cards

- 5.6. Only the person issued with a Commonwealth credit card or credit voucher, or someone specifically authorised by that person, are permitted to use that credit card or credit voucher.
- 5.7. You must only use a Commonwealth credit card or card number to obtain cash, goods or services for the Department.
- 5.8. You must not use a Commonwealth credit card or card number for solely private expenditure. Coincidental private expenditure is only permitted if you are travelling overseas for official purposes and the bill cannot be split.
- 5.9. If you use your Commonwealth credit card for private purposes you must provide a written report to your supervisor within 48 hours of identifying such use, detailing the circumstances in which the card was used for private purposes. The debt incurred through the use of the Commonwealth credit card for private purposes must be repaid within 7 days of receipt of the invoice.
- 5.10. If your use of the Commonwealth credit card is deemed to be inappropriate or potentially a deliberate misuse you may be subject to disciplinary action.

## Delegations

- 5.11. Before using a Commonwealth credit card or credit voucher, you must ensure that the requirements in [part 2 - approval and commitment of relevant money](#), have been met before entering into the arrangement.
- 5.12. Credit cards have transaction and monthly limits. You have a spending delegation equal to the transaction and monthly limits approved for your credit card. You must not split a single transaction in order to circumvent your transaction or monthly card limits.
- 5.13. You must ensure that approval is obtained from the relevant delegate before paying for IT hardware, software or cloud services, travel, official hospitality, gifts or benefits using a credit card.
- 5.14. You must ensure that your use of a Commonwealth credit card or credit voucher is consistent with the approval given, including any conditions of the approval.

## Procurement

- 5.15. You must comply with the requirements contained in the CPRs when procuring goods or services using a Commonwealth credit card or credit voucher.
- 5.16. 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 circumstances.

## Record keeping

- 5.17. You must retain a copy of all documentation relating to the use of a Commonwealth credit card or credit voucher. Records may be maintained either electronically or in a paper based file.

## Security

- 5.18. You must ensure that any Commonwealth credit cards and credit vouchers issued to you are stored safely and securely.
- 5.19. You must notify Diners MasterCard immediately on 1300 360 060 if your Commonwealth credit card is lost or stolen. You must also contact the Corporate Credit Card Team as soon as practicable to report the action you have taken.
- 5.20. You must immediately report the loss of Cabcharge e-Tickets to the issuing custodian.
- 5.21. If you suspect that theft or other suspicious circumstances has contributed to the loss of your Commonwealth credit card or credit card voucher, the matter must also be reported to the police and Integrity and Professional Standards.

## Verification

- 5.22. You must verify your statement within five working days of notification. When verifying your statement you must:
  - accurately identify whether the expenditure was for official or private purposes;
  - verify that the documentation (e.g. sales dockets, tax invoices, receipts, renewal notices, approvals etc.) matches the transactions listed in the statement;
  - correctly claim any GST included in the transaction by selecting the correct tax code;
  - ensure accurate cost centre/s, general ledger code/s and descriptions of the transactions are recorded in SAP; and
  - submit the statement to the cost centre manager or supervisor for review

- 5.23. The only exception to this requirement is for purchases made by maritime crew immediately preceding the commencement of a patrol. In this situation the expenditure must be acquitted within 7 days of completing the patrol.
- 5.24. You must dispute any transaction which you believe to be incorrect. In the first instance you must clarify or rectify the issue by contacting the merchant or retailer. Note that taxi charges cannot be resolved with the merchant.
- 5.25. If the issue cannot be resolved with the merchant, you must contact the Corporate Credit Card Team on telephone 02 6264 4759 and request a dispute form. The dispute form must be completed and returned to the Corporate Credit Card Team Mailbox within 45 days of the transaction to allow the dispute to be lodged with the bank within the permitted time frame.
- 5.26. Further information on disputing transactions is set out in FMG 1.05.01 Credit Cards and Credit Vouchers.

## Review

- 5.27. Credit card statements must be reviewed by the cost centre manager or supervisor within five working days of notification that the statement has been verified.
- 5.28. Reviewers play a vital role in ensuring that expenditure on Commonwealth credit cards is a proper use of relevant money and promotes the achievement of the purposes of the Department. "Proper" means that the expenditure is efficient, effective, economical and ethical. "Purposes" means in accordance with the objectives, functions or role of the Department.
- 5.29. Reviewers must ensure that:
  - any private expenditure on the Commonwealth credit card is appropriately identified as a personal expense by the verifier;
  - the documentation (e.g. sales docket, tax invoices, receipts, renewal notices, approvals etc.) matches the transactions listed in the statement;
  - any GST included in the transaction has been correctly claimed; and
  - accurate cost centre/s, general ledger code/s and descriptions of the transactions have been recorded in SAP.

## Instructions – officials within Finance Division - non-compliance

- 5.30. Internal audit section and the ANAO conduct compliance audits aimed at identifying the misuse of credit cards and compliance issues. In addition, officials within Finance Division must conduct a quality assurance process aimed at identifying instances of non-compliance with the provisions of this part and the conditions contained in the cardholder agreement signed by cardholders when receiving their Commonwealth credit card.
- 5.31. If serious or persistent non-compliance is identified, the Director Taxation and Credit Cards must request that a cardholder provide a business case, as to why they should be permitted to retain their credit card. Situations where a card holder will be required to provide a business case include but are not limited to:
  - if the cardholder does not acquit their statement for two consecutive cycles;
  - if a credit card is used for private purposes without authorisation 2 times;
  - if a cardholder splits a transaction to circumvent their card limits 2 times;
  - if a debt related to the use of the credit card for private purposes is not repaid within 7 days of receipt of an invoice;

Additional guidance on non-compliance is contained in FMG 1.05.01 Credit Cards and Credit Voucher.

- 5.32. The Director Taxation and Credit Cards must review the business case. If the explanation is deemed satisfactory the cardholder may be required to undertake a range of activities including completing relevant training.
- 5.33. If the Director Taxation and Credit Cards deems the explanation to be unsatisfactory, the Credit Card must be cancelled. In addition to their card being cancelled, the credit card holder may also be subject to a range of activities including but not limited to:
- recovery of the unsubstantiated amounts; and
  - referral of the matter to Integrity and Professional Standards Branch for investigation, as a potential breach of the APS Code of Conduct.
- 5.34. The Director Taxation and Credit Cards must maintain a record of all:
- requests for a card holder to submit a business case;
  - the assessment of the business case by the Director Taxation and Credit Cards;
  - any recommended further action; and
  - credit cards cancelled.
- 5.35. Following the cancellation of a card for non-compliance any request to reinstate or reissue a credit card will require the approval of the Assistant Secretary Financial Operations Branch.
- 5.36. If a credit card or Cabcharge e-Ticket has been lost and the staff member has not taken reasonable steps to secure the card or Cabcharge e-Ticket, the officer may be liable for the amount of any loss.

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

- 5.37. When entering into a borrowing agreement for the issue to, and use by, the Department of credit cards or credit vouchers, you must:
- ensure that you have a valid delegation under Section 56 of the PGPA Act to enter into borrowing agreements;
  - ensure that the requirements in part 2 - approval and commitment of relevant money have been met; and
  - ensure that the procurement of the credit card and/or credit voucher services is in accordance with the CPRs (see part 3 - procurement).
- 5.38. You must:
- comply with the directions in the delegation from the Finance Minister (under section 56) and any additional directions included in the Department's financial Instrument of Delegation and Authorisation; and
  - ensure that the borrowing agreement requires the money borrowed to be repaid within 90 days of the Commonwealth being notified of the amount borrowed.

## Key references

5.39. The key references relating to this subject are:

- FMG 1.05.01 Credit Cards and Credit Vouchers
- Section 56 of the PGPA Act
- Resource Management Guide No 416 - Facilitating Supplier Payment Through Payment Card
- Resource Management Guide No 418 - Payment Terms for Australian Government Travel Arrangements – Card Services
- ANAO Report 37: Management of Credit Cards

## Part 6 – Making payments of relevant money

### Purpose

- 6.1. This part provides instruction to officials on:
- making payments of relevant money;
  - refunds and repayments;
  - payments pending probate;
  - discretionary compensation payments; and
  - taxation obligations.

### Making payments of relevant money

- 6.2. Internal controls apply to all payments made by the Department, 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.
- 6.3. Any payment must be supported by an appropriation. Before making a payment of relevant money officials within the Banking and Treasury Section must ensure that there are funds available within the relevant appropriation to make the payment.
- 6.4. Officials support the Banking and Treasury Section in ensuring that there is sufficient appropriation available to cover proposed payments by:
- ensuring that they only approve proposed commitments of relevant money where they have internally allocated budget available for the purpose; and
  - complying with the requirements set out in the section on forward commitments when approving proposed commitments of relevant money that extend beyond the current financial year.
- 6.5. Where the Banking and Treasury Section identify that there is not sufficient appropriation available to cover a proposed payment they must put the payment on hold. When this occurs officials must provide any assistance required by Finance Division to determine whether the:
- payments made previously have been allocated to the correct budget Outcome; and
  - cost centre has been correctly mapped to the budget Outcome.
- 6.6. Where it is determined that the actual payments (including the proposed payment that has been put on hold) exceed the available appropriation Finance Division must assess whether an alternative funding source is available. Until an alternative funding source is identified the payment must remain on hold.
- 6.7. The Secretary has the power to administer arrangements, including making payments in accordance with an arrangement. The Secretary has delegated this function to certain officials. For details of the officials who have a delegation to administer arrangements refer to the Department's financial Instrument of Delegation and Authorisation.

## Instructions – officials who have been delegated power to administer an arrangement – PGPAAs23(1)

- 6.8. If you are administering an arrangement, you must ensure that you have authority to do so. The power to administer an arrangement must be delegated to you by the Secretary. The arrangement must be within the scope of the relevant delegation.
- 6.9. Persons identified as contract managers have been delegated the power to administer arrangements.
- 6.10. You must ensure that all payments under the arrangement (which are part of the administration of the arrangement) are made or authorised by a relevant delegate.

## Payment of amount owed to a person at time of death (payment pending probate)

- 6.11. A payment pending probate relates to an amount which the Commonwealth owes to a person at the time of their death.
- 6.12. Section 25 of the PGPA Rule (Payment of amount owed to a person at time of death) gives the Finance Minister the power to authorise payment of such an amount to the person, who the Finance Minister considers should receive the payment, without requiring production of probate of the will or letters of administration of the deceased person's estate.
- 6.13. This power has been delegated to the Secretary of the Department, who has sub-delegated it to certain officials.

## Instructions – all officials

- 6.14. 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.

## Instructions – officials with a delegation to authorise payments pending probate – PGPAAs25

- 6.15. When authorising a payment pending probate, you must comply with any directions in relation to the delegation from the Secretary.
- 6.16. 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 should receive the payment, if you have been delegated the power to do so.
- 6.17. When deciding who should be paid, 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.
- 6.18. 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.
- 6.19. Before authorising the payment, you must ensure that the payment is not covered by other legislation.
- 6.20. You must consult with the Commercial and Employment Law Branch before making a payment pending probate.

## Discretionary compensation mechanisms

- 6.21. Discretionary compensation mechanisms are permissive, allowing authorised officers within the Australian Government to approve payments, however there is no obligation to do so. Authorised officers take into consideration circumstances which are specific to individual persons or bodies. A decision under these mechanisms is at the discretion of an authorised officer.
- 6.22. The absence of any entitlement to payment distinguishes the discretionary compensation mechanisms from other mechanisms, such as the settlement of claims for which there is at least a meaningful prospect of liability under the *Legal Services Directions 2005*, or the payment of compensation arising from a statutory entitlement.

### Instructions – all officials

- 6.23. You must refer any potential claims to the Civil Litigation and Compensation Section in Legal Division via email: [compensationclaims@border.gov.au](mailto:compensationclaims@border.gov.au). No information or opinion on whether the claim is likely to be supported or approved is to be provided to claimants.
- 6.24. Legal Division will determine the most appropriate mechanism for processing the claim.

## The Scheme for Compensation for Detriment caused by Defective Administration (CDDA Scheme)

- 6.25. The CDDA Scheme allows the Department to compensate individuals or other bodies who have experienced detriment (i.e. quantifiable financial loss) as a result of the Department's defective administration, and who have no other avenues of redress.
- 6.26. The CDDA Scheme is established under the executive power in section 61 and 64 of the Constitution. The Portfolio Minister has responsibility for decisions made under the CDDA Scheme and has authorised certain officials within the Department to approve payments under the CDDA Scheme on his or her behalf.
- 6.27. As the CDDA Scheme generally relates to the ordinary services or functions of government, the legal authority for the Secretary to enter into, vary or administer an arrangement, including the ability to make payments under that arrangement, is provided by section 23 of the PGPA Act. The Secretary has delegated this power to officials.

### Instructions – all officials

- 6.28. You must refer claims for Compensation for Detriment caused by Defective Administration to the Civil Litigation and Compensation Section in Legal Division via email: [compensationclaims@border.gov.au](mailto:compensationclaims@border.gov.au).
- 6.29. Claims must be considered by the relevant Minister or a person with the authority to decide such claims.
- 6.30. If a CDDA payment has been approved by a Minister, or a person authorised by a Minister, before making the payment the Secretary or his or her delegate must ensure that:
  - the requirements relating to the approval and commitment of relevant money set out in [part 2 – approval and commitment of relevant money](#) have been complied with; or
  - the Minister has approved the payment under section 71 of the PGPA Act.

## Acts of grace payments

- 6.31. Section 65 of the PGPA Act enables the Finance Minister to authorise the making of one-off or periodic act of grace payments. This power has been delegated with directions to the Finance Secretary and delegates within Finance.
- 6.32. If the Finance Minister or a delegate authorises ongoing act of grace payments or an act of grace payment which is subject to agreed conditions, the Secretary or his or her delegate will derive authority to enter into an arrangement under section 23 of the PGPA Act (for further information on entering into arrangements refer to [part 2 – approval and commitment of relevant money](#)).
- 6.33. Act of grace payments may be authorised in special circumstances, where the Department's conduct or Commonwealth legislation or policy has resulted in an unintended, inequitable, anomalous or otherwise unacceptable impact on the claimant's circumstances subject to some additional requirements for large amounts (see section 24 of the PGPA Rule). Act of grace payments are made in circumstances where the main obligation to the applicant is moral, rather than legal.

### Instructions – all officials

- 6.34. You must ensure that all requests for act of grace payments are referred to the Civil Litigation and Compensation Section in Legal Division via email: [compensationclaims@border.gov.au](mailto:compensationclaims@border.gov.au).
- 6.35. Requests must be referred to the Finance Minister or a person with the authority to decide such claims.
- 6.36. You must ensure when making the act of grace payment authorised by the Finance Minister, or a person authorised by a Minister, under section 65 of the PGPA Act that the payment is consistent with the decision.
- 6.37. Before making an act of grace payment under an arrangement, you must ensure that:
  - you have been delegated the authority, or authorised by a delegate, to administer the arrangement under section 23 of the PGPA Act; and
  - the requirements of the arrangement have been met.

## Taxation obligations

### Instructions – all officials

- 6.38. You must maintain appropriate records for the required duration and provide information as requested to enable the Department to meet its taxation obligations.
- 6.39. Before seeking approval for a proposed commitment of relevant money, you must:
  - consider the potential FBT implications of the proposed commitment; and
  - ensure that the price to be charged for the goods and/or services is inclusive of GST, where applicable.
- 6.40. You must ensure that a valid tax invoice is obtained for each purchase to enable the Department to claim input tax credits for the purposes of GST, where applicable.
- 6.41. You must ensure that all contracts for the acquisition or sale of goods and services by the Department appropriately address taxation issues.
- 6.42. You must ensure that GST is included on all invoices issued to third parties, where applicable.

## Key references

6.43. The key references relating to this subject are:

- FMG 1.06.01 Making Payments
- FMG 1.06.02 Refunds and Repayments
- FMG 1.06.03 Discretionary Compensation Mechanisms
- FMG 1.06.04 Goods and Services Tax (Including no ABN Withholding)
- FMG 1.06.05 Fringe Benefits Tax (FBT) Obligations
- Sections 15, 16, 21, 23, 65, 71 and 76 of the PGPA Act
- Sections 11, 24 and 25 of the PGPA Rule
- Section 32B of the FFSP Act
- Legal Services Directions 2005
- Resource Management Guide No.401, Requests for Discretionary Financial Assistance under the Public Governance, Performance and Accountability Act 2013
- Resource Management Guide No. 402, Payment of amount owed to person at time of death
- Resource Management Guide No.409, Scheme for Compensation for Detriment Caused by Defective Administration

## Part 7 – Managing relevant money

### Purpose

- 7.1. This part provides instruction to officials on the proper management of relevant money.

### What is relevant money?

- 7.2. Relevant money is money that the Department holds as cash or in a bank account. Relevant money includes Australian currency, foreign currency and cheques in any currency.
- 7.3. Relevant money does not include other CRF money or unbankable currency. For further information on other CRF money refer to [part 8 - arrangements related to other CRF money](#). For further guidance on dealing with unbankable currency refer to [part 10 – managing relevant property](#).
- 7.4. Money is raised by, or on behalf of, the Commonwealth in a variety of ways, including by appropriations, taxes, borrowings, loan repayments, rebates, levies and fees.
- 7.5. Money held on trust by Commonwealth entities (for the benefit of persons outside of the Commonwealth or a Commonwealth entity) and money found on Commonwealth entity premises is also relevant money.
- 7.6. 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, a special appropriation or raised by an entity (such as through user charging).

### Receiving relevant money

#### Instructions – all officials

- 7.7. If you receive relevant money, you must pass it to a collector of relevant money on the day of receipt or, if that is not possible, on the next banking day.
- 7.8. If you receive relevant money you must take reasonable steps to ensure the custody of the money.
- 7.9. All mail remittances of relevant money must be brought to account promptly.
- 7.10. If you are entering into an arrangement with a person outside the Commonwealth or a Commonwealth entity that involves the handling of other CRF money, you must comply with the instructions in [part 8 – arrangements for other CRF Money](#).
- 7.11. If you find money on Commonwealth premises, it must be passed to a collector of relevant money on the day when the money is found or, if that is not possible, on the next banking day. You must take reasonable steps to trace the owner of and return the money found on Commonwealth premises.

#### Instructions – collectors of relevant money

- 7.12. Collectors of relevant money must ensure that records of all collections and deposits of relevant money are maintained at all times.
- 7.13. Collectors of relevant money only need to issue receipts upon request. However, a receipt must always be issued when cash is received from a member of the public.

- 7.14. When mail is opened by a third party (such as ConvergA) and it is found to contain money, the third party must record the details of the money in the Remittance Register. The third party must pass the moneys securely by hand to the collector of relevant money or sub-Collector. The collector of relevant money or sub-collector must acknowledge receipt of the money by signing the Remittance Register.
- 7.15. If you receive relevant money that is unbankable money then you must deal with it in accordance with any requirements prescribed in [part 10 – managing relevant property](#).
- 7.16. You must complete a formal handover/takeover procedure when relevant money is transferred to another official.

## Entering into arrangements with banks

- 7.17. The Finance Minister has delegated the power to enter into transactional banking agreements, and to open and maintain bank accounts, to the Secretary with directions. The Secretary has sub-delegated this power to certain officials within the Department.

### Instructions – PGPAAs53 delegates

- 7.18. You must not open, maintain or close a bank account on behalf of the Department, unless you have been delegated the power to do so.
- 7.19. You must not enter into an agreement with any bank or financial institution for the receipt, custody, payment or transmission of money, or for any other matter relating to the conduct of banking business of the Department, unless you have been delegated the power to do so.
- 7.20. When entering into an arrangement with a bank for the conduct of banking business of the Commonwealth, you must:
- comply with any directions issued by the Secretary in relation to the exercise of your delegation;
  - comply with any written guidance issued by the Department of Finance;
  - ensure that the requirements in [part 2 - approval and commitment of relevant money](#) have been met;
  - ensure that the procurement of the banking services is in accordance with the CPRs (see [part 3 - procurement](#));
  - ensure that the agreement with the transactional banker contains processes to allow the cash held in Australia to be consolidated each day within the Official Public Account held with the Reserve Bank of Australia;
  - ensure that the agreement does not provide for overdraft drawings; and
  - ensure that the agreement provides for the transfer of any interest earned to the Official Public Account.
- 7.21. You must ensure that:
- the Department of Finance is notified as soon as practicable when a bank account is opened or closed;
  - a bank account is not opened in the name of an individual;
  - a register of bank accounts is maintained; and
  - an annual review of bank accounts is performed.

## Banking relevant money

- 7.22. Officials of the Department who receive relevant money (including money that becomes relevant money upon receipt) that can be deposited in a bank (bankable money) are required to deposit the money in a bank within the period prescribed by the PGPA Rule.
- 7.23. Section 19 of the PGPA Rule requires officials who receive bankable relevant money to ensure that the relevant money is banked no later than the next banking day or the period specified by the Secretary in the Accountable Authority Instructions.
- 7.24. Unbankable money must be dealt with in accordance with section 21 of the PGPA Rule (dealing with unbankable money received by officials).

### Instructions – collectors of relevant money

- 7.25. You must ensure that relevant money is only ever deposited into a bank account established by the Department. The only exception is where the money is to be retained as cash for the purposes of making payments in accordance with any requirements prescribed by the Secretary in cash advances (including petty cash and cash floats).
- 7.26. You must ensure that the money is banked on the same or next banking day or a day specified in the separate instruction on banking relevant money.
- 7.27. Officials offshore must be mindful of the banking timeframes specified by the Department of Foreign Affairs (DFAT) (or Austrade) and must comply with the DFAT (or Austrade) requirements to enable that Department to meet their PGPA responsibilities.

## Loss of relevant money in the custody of an official or through misconduct

- 7.28. All officials must ensure the security of any relevant money that they have custody of. Where the loss of relevant money resulted from:
  - a failure by an official (or Minister) to take reasonable steps in the circumstances to prevent the loss; or
  - the misconduct of an official (or Minister);an amount equivalent to the loss of the relevant money must be recovered from the official (or Minister).
- 7.29. A loss of relevant money may result in a debt owed to the Commonwealth. A person's liability to pay such a debt is not avoided if they stop working for the Department. For further information on the management of debt, see part 9 - managing debt.

### Instructions – all officials

- 7.30. You must not misuse or improperly dispose of relevant money.
- 7.31. 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.
- 7.32. If a loss of relevant money occurs whilst the money is in your custody, you will be liable to pay the Commonwealth an amount equal to the loss, unless you took reasonable steps to prevent the loss.
- 7.33. If you cause or contribute to a loss of relevant money by misconduct, or a deliberate or serious disregard for reasonable standards of care, you will be liable to pay the Commonwealth an amount that reflects your share of the responsibility for the loss.

- 7.34. You must report any loss of relevant money to your supervisor and follow the reporting procedures set out in the FMG on security, surpluses and losses of relevant money.
- 7.35. You must report any incident involving theft or possible serious misappropriation of relevant money to Integrity and Professional Standards.

## Cash advances (including petty cash and cash floats)

- 7.36. A cash advance (including petty cash and a change float) is relevant money that has been withdrawn from a bank account established by the Department and provided to a specific official, or group of officials, to make payments in cash. It also includes money received for the purposes of reimbursing the petty cash or change float.
- 7.37. 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.

## Establishing cash advances

### Instructions – all officials

- 7.38. You must not establish a cash advance without the documented approval of the Assistant Secretary of the Financial Operations Branch or the Chief Finance Officer.

### Instructions – AS Financial Operations Branch and CFO

- 7.39. You must not approve the establishment of a cash advance unless you are satisfied of the need and purpose of the advance.
- 7.40. You must not approve the establishment of a cash advance unless you are satisfied that the risks which might arise from it will be managed appropriately.
- 7.41. You must maintain a register of all cash advances held within the Department.
- 7.42. You must monitor the use of cash advances to ensure compliance with these instructions and the continued need for the advance.

### Instructions – officials who are authorised to hold cash advances

- 7.43. You are responsible for the cash advance and must take reasonable steps to safeguard the money from loss.
- 7.44. You must not make a payment for any purpose other than that for which the cash advance was established.
- 7.45. If you enter into an arrangement in relation to a cash advance you must be delegated the power to do so under section 23 of the PGPA Act.
- 7.46. If you authorise a proposed commitment of relevant money that will result in a payment of the cash advance you must be delegated the power, or authorised, to do so under section 23 of the PGPA Act.
- 7.47. If a loss of relevant money occurs you must comply with the instructions contained in loss of relevant money in the custody of an official or through misconduct.
- 7.48. If you take over custody of a cash advance you must ensure that a handover / takeover reconciliation is performed with the existing advance holder.

- 7.49. As a minimum you must ensure that a reconciliation of the cash advance is undertaken each month. Further guidance on reconciliation requirements is contained in the FMG on Cash Advances.
- 7.50. Spot checks must be undertaken at least monthly by an official not responsible for the advance account. If monthly spot checks are not efficient and economical (such as in remote or district offices with less than two staff), spots checks must be undertaken in a manner that promotes the proper use of the advance account.
- 7.51. You must only make a payment from a cash advance when the normal payment methods are impractical.
- 7.52. You must ensure that any payments from the cash advance:
- are a proper use of relevant money;
  - have been approved by the relevant delegate;
  - are supported by an invoice or receipt. Copies of these receipts must be retained on a file.

## Investments and borrowings

- 7.53. Relevant money managed by non-corporate Commonwealth entities cannot generally be invested. Section 58 of the PGPA Act provides the Finance Minister and Treasurer with the power to invest relevant money in authorised investments on behalf of the Commonwealth. This power has not been delegated to the Secretary.

### Instructions – all officials

- 7.54. You must not invest relevant money on behalf of the Commonwealth.

## Borrowing

- 7.55. Section 56 of the PGPA Act allows the Finance Minister, to enter into borrowing agreements that meet certain conditions on behalf of the Commonwealth. The Finance Minister has only delegated the power to enter into borrowing agreements for Commonwealth credit card or credit voucher services to the Secretary. The Secretary has sub-delegated the power to enter into borrowing agreements for Commonwealth credit card or credit voucher services to certain officials.
- 7.56. For instructions on borrowing in relation to Commonwealth credit cards and credit vouchers, see [part 5 - Commonwealth credit cards and credit vouchers](#).

### Instructions – all officials

- 7.57. You must not enter into a borrowing agreement on behalf of the Commonwealth, unless you have been delegated the authority to do so under section 56 of the PGPA Act.

### Instructions – officials with a delegation to enter into borrowing agreements for credit card or credit voucher services

- 7.58. You must only enter into a borrowing agreement for the issue to, and use by, officials of the Department on behalf of the Commonwealth of a credit card or credit voucher.
- 7.59. When entering into a borrowing agreement, you must comply with the instructions outlined in the [part 5 - Commonwealth credit cards and credit vouchers](#).

## Special accounts

- 7.60. Special accounts are an appropriation mechanism to draw money from the CRF for particular purposes. They are not bank accounts.
- 7.61. Special accounts can be established by a determination made by the Finance Minister under section 78 of the PGPA Act, or by another Act (see section 80 of the PGPA Act).
- 7.62. A determination made by the Finance Minister establishing a special account will describe the purposes of the special account. This includes the purposes for which payments may be made (with the balance of the special account being reduced or debited) and, where appropriate, amounts that may or must be credited to the special account (with the balance of the special account being increased or credited). The purposes of a special account established by another Act will be contained in that Act.

### Instructions – officials involved with the use and management of special accounts

- 7.63. You must ensure that only those amounts that have been identified for crediting to a special account are credited to it.
- 7.64. You must ensure that amounts are only debited from a special account in accordance with the purposes for which the account was established.
- 7.65. You must not use money from a special account to make a payment, unless you are authorised to do so.
- 7.66. Before making a payment, you must ensure that the balance of the special account is sufficient to cover the proposed payment.
- 7.67. Moneys allocated to a special account must not be invested or earn interest.
- 7.68. You must consult with the Department of Finance prior to establishing a special account.

## User charging

- 7.69. User charging involves the Department 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 the Department to charge for some or all of their activities in a specific manner and/or apply a specific policy framework.

### Instructions – all officials

- 7.70. 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 Australian Government Cost Recovery Guidelines);
  - consider whether charging requires express statutory authorisation (this may not be required in relation to payments between Commonwealth entities);
  - apply relevant government policy frameworks (e.g. Commonwealth Property Management Framework);
  - apply the Department'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 Department.

7.71. You must consult with the Management Accounting Branch when developing proposals relating to user charging.

## Key references

7.72. The key references relating to this subject are:

- FMG 1.07.01 Receiving Relevant Money
- FMG 1.07.02 Banking Relevant Money
- Sections 8, 21, s23, 52 – 59, 68, 69, 70, 71, 74, 78, 79 and 80 of the PGPA Act
- Sections 18, 19, 20, 21; 22 and 27 of the PGPA Rule
- *Resource Management Guide No. 108 – Receipts collected by Non-Corporate Commonwealth entities*
- *Resource Management Guide No. 300 - Banking of relevant money received by Ministers and officials*
- *Resource Management Guide No. 301 - Investment by Commonwealth entities*
- *Resource Management Guide No. 304 – Australian Government Cost Recovery Guidelines*
- *Resource Management Guide No. 400 - Approving commitments of relevant money*

## Part 8 – Arrangements relating to other CRF money

### Purpose

- 8.1. This part provides instruction to officials about arrangements where a person outside of the Commonwealth handles other CRF money.
- 8.2. Other CRF money is an amount of money that is in the physical possession of, or in the bank account of, a person other than the Commonwealth or a Commonwealth entity, who is acting on behalf of the Commonwealth in relation to that money.
- 8.3. A person may handle other CRF money because they have entered into a contractual arrangement to provide goods or services (e.g. administrative or management services) to the Commonwealth. A person who handles other CRF money may be an individual or an organisation.
- 8.4. Some common examples of situations where a person who is not an official or a Minister may handle other CRF money include:
  - Service Delivery Providers (SDPs);
  - auctioneers dealing with the disposal of relevant property;
  - legal firms dealing with the purchase or disposal of Commonwealth land and buildings;
  - property management for the Commonwealth;
  - salary sacrifice arrangements for Commonwealth employees; and
  - contractors who perform various financial tasks on behalf of the Department.

### Arrangement with persons outside the Commonwealth

- 8.5. Before entering into any arrangement, it is important for officials to consider whether it could involve a person outside of the Commonwealth or a Commonwealth entity handling other CRF money.
- 8.6. People who handle other CRF money are not subject to the same requirements that apply to officials who handle relevant money. Rather, people who handle other CRF money are required to handle that money in accordance with the terms and conditions set out in their arrangement with the Commonwealth. Therefore, it is essential to mitigate risk to the Commonwealth by properly identifying circumstances where an arrangement for the handling of other CRF money is appropriate, developing an applicable arrangement, and managing it closely.
- 8.7. Persons outside the Commonwealth may be authorised to handle other CRF money under an 'arrangement'.
- 8.8. The power to enter into, vary or administer an arrangement is derived from section 23 of the PGPA Act, section 32B of the FFSP Act, or other specific legislation. The Secretary has delegated this power to certain officials.
- 8.9. Officials must not enter into, vary or administer arrangements, including those related to other CRF money, unless they have been delegated power to do so. Delegates must ensure that arrangements involving other CRF money comply with section 29(2) of the PGPA Rule.

- 8.10. Beyond the mandatory requirements listed in section 29(2) of the PGPA Rule, the terms and conditions of the arrangement made with a person outside of the Commonwealth to handle other CRF money are subject to the judgement of the official with the power to enter the arrangement. The official should consider carefully:
- whether additional terms and conditions should be included to ensure that the other CRF money will be appropriately handled and the arrangement will be properly managed;
  - whether any Commonwealth policy requirements should be incorporated into the terms and conditions of the arrangement; and
  - what information will be required from the person handling other CRF money to enable the Department to meet its reporting requirements under the PGPA framework (such as the crediting and debiting of relevant appropriations and information required for grants reporting).

### Instructions – all officials

- 8.11. You must not enter into an arrangement for the receipt, custody or payment of other CRF money by a person outside the Commonwealth or a Commonwealth entity, unless you have the delegated power to enter into the arrangement.

### Instructions – PGPAAs23(1) delegates

- 8.12. You must ensure that the requirements relating to the approval and commitment of relevant money as set out in part 2 – approval and commitment of relevant money have been complied with where the arrangement will involve the commitment of relevant money.
- 8.13. Before entering into an arrangement for the receipt, custody or payment of other CRF money by a person outside the Commonwealth or a Commonwealth entity, you must seek the approval of a PGPAs29 delegate.
- 8.14. You must supply sufficient evidence to the PGPAs29 delegate to satisfy them that the proposed arrangement reflects the proper use and management of the other CRF money, supported by legal advice from the Commercial and Employment Law Branch.

### Instructions – PGPAs29 delegates

- 8.15. You must ensure that the proposed arrangement:
- complies with the requirements in section 29 of the PGPA Rule (Other CRF Money);
  - requires the other party to the arrangement to keep records that properly record and explain the receipt, custody or expenditure of the other CRF money and to allow those records to be audited;
  - will result in the other CRF money remaining in a non-Commonwealth entity bank account for the shortest time reasonable;
  - where necessary, provide that any interest earned by the third party is remitted to the Commonwealth;
  - clearly articulates the agreed banking timeframes; and
  - achieves the most efficient and effective transmission of other CRF money to a Commonwealth entity bank account, or, in the case of a payment to a third party, to the recipient.

- 8.16. You must not make an arrangement involving other CRF money unless you are satisfied that the risks which might arise from it will be managed in the best interests of the Commonwealth.

### Instructions – officials administering an arrangement

- 8.17. When administering an arrangement for the receipt, custody or payment of other CRF money by a person outside of the Commonwealth or a Commonwealth entity you must ensure that the terms of the arrangement and any risks are identified and closely managed.
- 8.18. In particular, you must ensure that any financial risks, such as continued non-compliance with banking timeframes are closely monitored and adequate steps taken to mitigate potential losses.
- 8.19. Where there is a continued pattern of non-adherence to the other CRF arrangement or any other financial risks are identified, the Assistant Secretary of Financial Operations Branch must be notified.
- 8.20. Arrangements must not be changed or modified without the approval of the PGPAs29 delegate.

### Key references

- 8.21. The key references relating to this subject are:
- FMG 1.08.01 Other Consolidated Revenue Fund Money
  - Sections 23 and 105 of the PGPA Act
  - Section 29 of the PGPA Rule:
  - FFSP Act: s32B
  - Resource Management Guide No. 303, Other CRF Money
  - Resource Management Guide No. 400, Approval and commitment of relevant money

# Part 9 – Managing Debt

## Purpose

- 9.1. This part provides guidance to officials on the management of debts and amounts owing to the Commonwealth.

## What is a ‘debt’ and an ‘amount owing to the Commonwealth’?

- 9.2. Amounts may be owed to the Commonwealth or a Commonwealth entity, for a number of reasons, such as money owing as a result of an agreement, a transaction or legislation.
- 9.3. The PGPA legislation refers to ‘debts’ and ‘amounts owing to the Commonwealth’. Generally, a ‘debt’ is a sum of money owing to the Commonwealth, 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.
- 9.4. An ‘amount owing to the Commonwealth’ includes all debts owed to the Commonwealth, 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). It is important that you can identify and distinguish between a debt and an amount owing. If you are unsure in a particular case, you should seek advice from Finance Division.
- 9.5. An amount owing is not legally recoverable until it is quantified as a debt. In some instances legislative requirements, such as the service of a notice by a specified person, must be met before the amount owing is converted to a debt.
- 9.6. Within the Department there are four primary categories of debts:
- operational debts which originate from the *Customs Act 1901*, the *Migration Act 1958* and/or other related Acts and/or subordinate legislation, together with associated indirect taxes;
  - prosecutions and Legal Services Debts arising from legal action undertaken or responded to by the Department;
  - non-operational debts which result from the administration of the Department, which are generally subject to the PGPA Act and /or related contractual arrangements; and
  - employee debts.

## Principles of debt recovery

- 9.7. Debts and amounts owing to the Commonwealth, including incorrect payments or overpayments of money by the Commonwealth, represent a cost to taxpayers if not recovered and must therefore be pursued to the greatest possible extent.
- 9.8. In relation to amounts owing to the Commonwealth, the general principle is that such amounts 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;
  - waive the amount owing to the Commonwealth; or
  - set-off the amount owing to the Commonwealth.

## Non-recovery (write off) of debts

- 9.9. Non-recovery (write off) of a debt is permitted where the non-recovery has been authorised by an Act, or it would not be economical to pursue the recovery of the debt, or where the debt is not legally recoverable. 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. The only way to legally extinguish a debt or other amount owing to the Commonwealth is for the Finance Minister to waive the amount owing under section 63 of the PGPA Act (see Waiver of amounts owing to the Commonwealth).

### Instructions – all officials

- 9.10. You must ensure that any decision not to pursue the recovery of a debt is approved by a delegate under section 11 of the PGPA Rule (Recovery of debts).
- 9.11. You must cease any incorrect or ongoing over payments as soon as you are made aware of them, quantify the amount owing to the Commonwealth and proceed with recovery of the overpayment. Advice should be obtained from Commercial and Employment Law Branch if there is any doubt surrounding the recoverability of the overpayment

### Instructions – officials with a delegation to approve non-recovery of a debt

- 9.12. You may approve the non-recovery of a debt where you:
- are satisfied that the non-recovery has been authorised by an Act;
  - are satisfied that the debt is not legally recoverable; or
  - consider that it is not economical to pursue recovery of the debt.

Legal advice should be sought from the Commercial and Employment Law Branch if in doubt.

## Waiver of amounts owing to the Commonwealth

- 9.13. A waiver is a special concession that extinguishes a debt or other amount owing to the Commonwealth. 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). Waivers are generally a concession of last resort and must only be used where it is considered appropriate because the recovery of the debt would be inequitable or cause ongoing financial hardship.
- 9.14. Section 63 of the PGPA Act allows the Finance Minister to waive an amount owing to the Commonwealth (subject to some additional requirements for large amounts; see section 24 of the PGPA Rule). This power has not been delegated to the Secretary.

### Instructions – all officials

- 9.15. You must not approve the waiver of an amount owing under the PGPA Act.
- 9.16. You must ensure that all requests for waiver of a debt are referred to Department of Finance. You must consult with the Financial Reporting Section for advice on this process.

## Payments by instalments or deferral of the time for payment

- 9.17. Amounts owing to the Commonwealth should generally be paid in full immediately when they become due. However, there may be circumstances that warrant allowing a payment to be made by instalments, or deferring the time for payment.
- 9.18. Section 63 of the PGPA Act gives the Finance Minister the power to modify the terms and conditions on which an amount owing to the Commonwealth is to be paid to the Commonwealth. These powers have been delegated with directions to the Secretary, who has sub-delegated this power to certain officials within the Department.

### Instructions – all officials

- 9.19. You must not approve the payment by instalments of an amount owing to the Commonwealth or defer the time for payment of an amount owing to the Commonwealth unless you have the delegated power to do so.
- 9.20. You must refer requests to:
- allow the payment by instalments of an amount owing to the Commonwealth; or
  - defer the time for payment of an amount owing to the Commonwealth,
- to a delegate with the relevant power under section 63 of the PGPA Act.

### Instructions – officials with a delegation to allow payment by instalments or defer the time for payment

- 9.21. When allowing payment by instalments or deferring the time for payment of an amount owing to the Commonwealth, you must comply with the directions in the delegation from the Finance Minister or any directions in the sub-delegation from the Secretary.

### Cases of hardship

- 9.22. When considering cases of claimed hardship, you must require that the debtor provide sufficient evidence to satisfy you that it would be unreasonable to require repayment of the amount owing other than by instalments or at a deferred date.
- 9.23. You must also have regard to the Commonwealth's interests not being subordinate to other creditors of the same ranking.

### Instalments and deferments

- 9.24. When allowing payment by instalments, you must impose conditions to ensure recovery of the amount owing as soon as reasonably practicable, having regard to the debtor's ability to pay.
- 9.25. When allowing payment by instalments or deferring the time for payment, you must impose interest on the amount owing at the 90 day bank-accepted bill rate (available from the RBA). However, if this would cause undue financial hardship, you may impose a lesser rate of interest, or no interest, provided you record in writing your reasons for doing so.

### Information to be given to debtor

- 9.26. When allowing payment by instalments or deferring the time for payment, you must inform the debtor in writing of:
- the amount owing to the Commonwealth;
  - the date/s when payment is due;

- the interest rate (if any);
- any other matter you consider relevant; and
- the conditions of acceptance.

9.27. You must also obtain written confirmation from the debtor that they accept all of the matters listed above.

## Key references

9.28. The key references relating to this subject are:

- FMG 1.09.01 Managing Debts (Excluding Staff Debts)
- FMG 1.09.02 Managing Staff Debts
- Sections 15, 63 and 64 of the PGPA Act
- Section 11 of the PGPA Rule
- *Resource Management Guide No. 401 - Requests for Discretionary Financial Assistance under the Public Governance, Performance and Accountability Act 2013*

# Part 10 – Managing Relevant Property

## Purpose and background

10.1. This part provides instruction to officials on the proper use and management of relevant property, including the acquisition, disposal, custody, use and loss.

## What is relevant property?

10.2. Relevant property is property (other than relevant money) that is owned or held by a Commonwealth entity, such as the Department. Relevant property includes leased property and property held by the Department on behalf of someone else.

10.3. Relevant property can include real property (i.e. land and buildings) and other goods and assets, such as:

- gifts given to the Department and its officials;
- goods and assets, for example equipment and furniture, intellectual property and accounts and records; and
- unbankable currencies.

10.4. 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 is subject to the following:

- *the Lands Acquisition Act 1989*;
- *the Public Works Committee Act 1969*;
- the Commonwealth Property Management Framework; and
- the Commonwealth Property Disposals Policy.

10.5. For further information see [Land, Property and Asset Management](#) on the Department of Finance's website.

## What is an asset?

10.6. An asset refers to any relevant property (physical or intangible) which meets the capitalisation criteria to be recorded as an asset within the Financial Management Information System and which has an expected useful life of at least twelve months.

10.7. Assets include long-life agency items, such as land, buildings, furniture, machinery or equipment used in the Department's operations.

10.8. A record of all assets must be maintained in the Asset Register attached to the Financial Management Information System.

## Asset or expense?

10.9. For accounting purposes, expenditure on relevant property is treated as either an asset or an expense.

10.10. Based on dollar-value, the criteria for categorising relevant property as an asset or as an expense are broken down into three categories.

10.11. These categories are listed in the table below:

Relevant Property Value (GST exclusive)	Asset or Expense?
\$0 - \$500	Expense
\$500 – Capitalisation Threshold	Expense or Portable and Attractive Item (PAI)
Greater than Capitalisation Threshold	Asset

Category	Capitalisation Threshold
Internally developed software (new)	\$250,000
Internally developed software (enhancement)	\$100,000
Purchased software	\$100,000
Other relevant property	\$5,000

10.12. Further details relating to the capitalisation and management of assets is contained in:

- FMG 1.10.01 Asset Management;
- FMG 1.10.02 Software Capitalisation;
- FMG 1.10.03 Grouping and Componentisation; and
- FMG 1.10.04 Portable and Attractive Items.

## Portable and attractive items

10.13. A portable and attractive item is an item of relevant property valued between \$500 and \$5,000 (GST exclusive) that is susceptible to theft and misappropriation due to its:

- attractiveness;
- portability; and
- ease of conversion into cash.

10.14. Some examples of portable and attractive items include:

- laptops & notebooks;
- televisions;
- cameras;
- sat phones / mobile phones;
- lite-pros / projectors; and
- DVD players.

10.15. Details of portable and attractive items must be recorded and tracked for accountability purposes.

10.16. For further information on Portable and Attractive Items refer to FMG 1.06.04 Portable and Attractive Items.

## Acquiring relevant property

10.17. The Department can acquire or come to hold relevant property by:

- procuring the property (by lease or purchase);
- being given the property as a gift or donation;
- finding the property on Departmental premises; or
- through compulsory acquisition of the property.

10.18. 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.

### Instructions – officials responsible for procuring relevant property

10.19. When procuring relevant property, you must:

- act in an efficient, effective, economical and ethical manner;
- comply with the requirements relating to the commitment of relevant money (see [part 2 – approval and commitment of relevant money - making payments of relevant money](#)); and
- comply with the requirements relating to procurement ( see [part 3 – procurement](#)).

### Additional instructions – acquiring assets

10.20. You must ensure that capital funding is available for any proposed acquisitions of assets.

10.21. You must notify the Asset Management Section when you procure an asset.

### Finding property on Commonwealth entity premises

10.22. Property found on the Department’s premises is relevant property and must be dealt with in a proper manner. The same is true of property found in an aircraft, vessel, vehicle, container or receptacle that is under the control of the Department.

### Instructions – officials who find property Commonwealth entity premises

10.23. You are responsible for the security of any property that you find on the Department’s premises or in other containers and vehicles that are under the control of the Department.

10.24. You must take reasonable steps to safeguard any found property from loss.

10.25. You must not misuse or improperly dispose of any found property.

### Receiving gifts or benefits

10.26. 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.

10.27. 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 must carefully consider the appropriateness of a gift or benefit, before accepting or rejecting it.

10.28. Gifts provided to officials in the course of their work immediately become relevant property when received.

### Instructions – all officials

10.29. You must not ask for, or encourage, the giving of gifts to yourself, other officials or third parties.

- 10.30. You must not accept a gift of money (except in exceptional circumstances where to do so would cause cultural offence).
- 10.31. You must not accept a gift or benefit which influences, or could be perceived to influence, your decision or action on a particular matter. Further guidance on conflicts of interest is contained in the Conflicts of Interest Policy
- 10.32. 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. For further information see [APS Values and Conduct](#).
- 10.33. You must not accept goods on which the Customs duty, excise or Goods and Services Tax has not been paid.
- 10.34. You must not use official travel to accumulate “Global Rewards” Benefits for private purposes.
- 10.35. You must not participate in commercial promotions for a personal benefit while on duty. If you receive a benefit such as a lucky door prize it is regarded as a gift and must be dealt with in accordance with the instructions on the management and disposal of gifts or benefits.
- 10.36. You must notify your supervisor if you receive a gift or benefit in the course of your work.
- 10.37. A Form F1979 must be completed for all gifts or benefits received. The written approval of your supervisor is required if you wish to retain a gift or benefit valued at up to \$100. The written approval of an SES is required if you wish to retain a gift or benefit valued in excess of \$100.
- 10.38. Where it is considered appropriate to allow an official to retain a gift whose estimated value is more than \$100 the official wishing to retain the gift must pay the:
- cost of any valuation of the gift; and
  - difference between the value of the gift (GST Inclusive) and the sum of \$100.
- 10.39. If:
- the request to retain a gift valued in excess of \$100 is not approved; or
  - the official does not wish to retain the gift,
- the gift must either be retained by the Department or disposed of in accordance with the requirements relating to [disposing of relevant property](#).
- 10.40. The following gifts are outside the scope of this policy:
- gifts, benefits, scholarships, bursaries or similar awards resulting from an official’s own endeavours in academic or related fields;
  - gifts provided in accordance with the Awards and Recognition Policy; and
  - gifts given to officials by colleagues from staff collections.

## Disposing of relevant property

- 10.41. The Department disposes of relevant property in a number of ways, such as by sale, gift, trade-in, transfer to another Commonwealth entity, destruction, recycling or dumping.
- 10.42. The Commonwealth’s general policy on the disposal of relevant property is that, wherever it is economical to do so, the property should be sold at market price or transferred (with or without payment) to another Commonwealth entity with a need for the property.

10.43. 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.

10.44. The following officials are permitted to approve the disposal of assets.

Threshold (Written Down Value [WDV] )	Official
Up to \$50,000	SES Band 1
Up to \$100,000	SES Band 2, Assistant Secretary Financial Operations Branch
Unlimited	Chief Finance Officer (CFO), SES Band level 3 and above

10.45. The following officials are permitted to approve the disposal of Portable and Attractive Items or other items of relevant property (excluding assets) with a cost in excess of \$500.

Threshold (original cost)	Official
Up to of \$1,000	Executive level 2
Up to \$10,000	SES Band 1
Unlimited	SES Band 2

10.46. When bulk disposals of assets or Portable and Attractive Items or other items of relevant property (excluding assets) with a cost in excess of \$500 are being undertaken the combined value of the items must be used when determining an appropriate official to approve the disposal.

10.47. Only the CFO or the Assistant Secretary Financial Operations Branch can approve the disposal of unbankable currency.

### Instructions – all officials

10.48. You must not improperly dispose of relevant property.

10.49. You must not make a gift of relevant property, unless it complies with the instructions under gifting relevant property.

10.50. You must not dispose of relevant property found on Departmental premises, except in accordance with the instructions under disposing of property found on Departmental premises.

10.51. You must confirm with the Assets Management Section whether the relevant property for disposal is listed on the central assets register, prior to seeking approval to dispose.

10.52. You must notify the Asset Management Section when:

- you dispose of assets included on the central assets register;
- an asset is traded in when purchasing a replacement asset;
- an asset is gifted;
- an asset is lost, destroyed or damaged;
- transferred to another business area; and
- disposed of by any other method.

10.53. You must notify the Asset Management Section when an asset is traded in when purchasing a replacement asset.

10.54. Whenever assets are destroyed by reason of being a security risk if sold e.g. out-dated mobile telephones, computers, laptop computers etc, you must ensure that a secure disposal method is selected and a “Certificate of Destruction” issued by the supplier undertaking the destruction as supporting evidence for the writing off of those assets from the asset register.

### Instructions – officials authorised to approve the disposal of relevant property

10.55. You must record the decision, valuation and valuation method of non-asset relevant property that is for disposal.

10.56. When approving the gifting, destruction or disposal of unbankable currency you must consider and give direction as to the most efficient, effective, economical and ethical disposal method.

### Instructions – officials responsible for the disposal of relevant property

10.57. 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.

10.58. You must ensure that:

- the disposal of the relevant property obtains the best net outcome for the Commonwealth;
- if a third party arrangement is entered into, in which the other party initially receives the proceeds on sale on behalf of the Commonwealth, the arrangement must be in accordance with the requirements contained in part 8 – arrangements relating to other CRF Money; and
- the disposal of unbankable currency is undertaken in accordance with any directions provided by the Assistant Secretary, Financial Operations Branch or the CFO.

### Instructions – officials responsible for the disposal of found property

10.59. You may only dispose of property (other than money) found on Departmental premises or in other containers or vehicles that are under the control of the Department if the property is not claimed by its owner within a reasonable timeframe.

10.60. You must dispose of the property by sale, unless doing so is impracticable or undesirable in the public interest.

10.61. You must not dispose of property that is the contractual responsibility of a third party until the contractor has completed the terms of the agreement and an official handover with documentation has been provided to the Department. Legal advice should be obtained from the Commercial and Employment Law Branch before disposal.

## Gifting relevant property

### Instructions – all officials

10.62. You must not make a gift of relevant property unless:

- the property was acquired to be used as a gift (see [part 2 - approval and commitment of relevant money](#) and [part 3 – procurement](#)); or
- the making of the gift is expressly authorised by law; or
- a PGPAAs66 delegate has given written authorisation to the gift being made under section 66 of the PGPA Act.

10.63. If you make an unauthorised gift of relevant property you are personally liable to pay the Commonwealth the value of the relevant property.

### Instructions – PGPAAs66 delegates

10.64. In exercising your delegation you must comply with the directions contained in the Finance Minister's Delegations.

10.65. When authorising a gift of relevant property, you must comply with the directions in the delegation from the Secretary.

10.66. You must have regard to the Commonwealth's overarching principles for the disposal of relevant property, as outlined in the Finance Minister's Delegation.

10.67. Despite the Commonwealth's overarching principles for the disposal of relevant property, you may authorise a gift of relevant property where the property is:

- genuinely surplus to the Department's requirements; or
- of historical or symbolic significance to the proposed recipient; or
- holds other special significance for the proposed recipient and there are compelling reasons to justify its gifting to that recipient; or
- of low value: and
  - otherwise uneconomical to dispose of; or
  - the gifting supports the achievement of an Australian Government policy objective.

10.68. Proposed gifts that do not fall into one of the categories must be referred to the Finance Minister for approval.

10.69. You must not authorise :

- a gift of military firearms; or
- a gift that would create an onerous or undesirable precedent.

10.70. You must ensure that the grounds on which you authorise a gift to a selected recipient are publicly defensible and documented.

10.71. You must provide written authorisation for the gifting of relevant property.

10.72. You must obtain a reasonable estimate of the market value of the property before authorising it to be gifted. If this is not possible, you must assign a notional value and record the basis for determining the value of the property.

## Custody, use and management of relevant property

### Instructions – all officials

- 10.73. You must not misuse or improperly dispose of relevant property.
- 10.74. 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.
- 10.75. You must only use relevant property for official purposes, unless permission for private use has been given.
- 10.76. You may be required to participate in asset stocktakes to ensure the accountability for all assets and to identify discrepancies between the asset register and the actual assets held by the Department. For further information on asset stocktakes refer to FMG 1.10.06 Asset Stocktake.
- 10.77. You may be required to participate in impairment surveys aimed at ensuring that assets are accurately reflected in the financial statements

### Use of Commonwealth entity vehicles

- 10.78. The Department has a number of vehicles that are owned or leased by the Department to be used for official purposes by officials. This does not include private plated vehicles, which are provided as part of a remuneration package, such as those under the Executive Vehicle Scheme, where separate arrangements exist.

### Instructions – all officials

- 10.79. You must not drive a Departmental vehicle, unless prior agreement has been obtained.
- 10.80. When driving a Departmental vehicle you:
- must hold a valid driver's licence appropriate for the class of vehicle and country where you are driving;
  - must comply with all relevant traffic laws, ordinances and regulations, including parking restrictions, of the country where you are driving; and
  - are personally responsible for all fees and/or fines associated with failures to comply with traffic laws, ordinances or regulations, including parking restrictions.
- 10.81. You must not drive a Departmental vehicle if you are not medically fit to drive or while under the influence of alcohol or while taking prescribed or non-prescribed drugs that can impair your driving ability.
- 10.82. You may only use a Departmental vehicle for official purposes, unless permission for private use has been given.
- 10.83. You must ensure the vehicle is returned after use in a clean state (inside and out).
- 10.84. You must not smoke at any time in the vehicle.
- 10.85. You must not use official vehicles for commercial purposes.
- 10.86. You must take reasonable steps to prevent loss to an official vehicle while the vehicle is in your custody.
- 10.87. If you cause or contribute to the loss of an official vehicle by misconduct, or a serious disregard for reasonable standards of care, you are liable to pay an amount that reflects your share of the responsibility for the loss.

## Accountable forms

- 10.88. 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.
- 10.89. While Cabcharge vouchers are accountable forms, they are also Commonwealth credit vouchers for the purposes of the PGPA Act. For instructions on using Cabcharge vouchers, see [part 5 - Commonwealth Credit Cards](#).

### Instructions – all officials

- 10.90. You must ensure the safe custody and control of any accountable forms in your possession.

## Bonds, debentures and other securities

- 10.91. 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

- 10.92. 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.

## Loss and recovery of relevant property

- 10.93. In relation to relevant property, loss also includes deficiency, destruction or damage. An official can be held responsible for a loss of relevant property, whether or not the property was in their custody at the time when it was lost.
- 10.94. A loss of property may result in a debt owed to the Department by an official or Minister. A person’s liability to pay such a debt is not avoided just because they stop working for the Department after the loss occurred. For further information on the management of debt see [part 9 - managing debt](#).

### Instructions - all officials

- 10.95. 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.
- 10.96. If you do not take reasonable steps to prevent a loss of relevant property and a loss occurs whilst the property is in your custody, you will be liable to pay an amount equal to the loss.
- 10.97. If you cause or contribute to a loss of relevant property by misconduct, or a deliberate or serious disregard for reasonable standards of care, you will be liable to pay an amount that reflects your share of the responsibility for the loss.

## Key references

10.98. The key references relating to this subject are:

- [FMG 1.10.01 Asset Management](#)
- [FMG 1.10.02 Software Capitalisation](#)
- [FMG 1.10.03 Grouping and Componentisation](#)
- [FMG 1.10.04 Portable and Attractive Items](#)
- [FMG 1.10.05 Asset Impairment and Re-Life Process](#)
- [FMG 1.10.06 Asset Stocktake](#)
- [Sections 15, 66-70 and 72 of the PGPA Act](#)
- [Section 18 of the PGPA Rule](#)
- [Commonwealth Procurement Rules](#)
- [\*Resource Management Guide No. 203 - General duties of officials\*](#)
- [\*Resource Management Guide No 500 – Overview of Property Management Framework\*](#)
- [\*Resource Management Guide No. 502 - Guidance for the Two Stage Capital Works Approval Process for Australian Government Construction Projects\*](#)
- [\*Resource Management Guide No. 503 - Whole-of-Life Costing for Australian Government Property Management\*](#)
- [\*Resource Management Guide No. 504 - Commonwealth Property Management Framework Lease Endorsement Process for Non-Corporate Commonwealth Entities\*](#)
- [\*Resource Management Guide No. 505 - Funding Arrangements for Commonwealth Property\*](#)
- [Australian Government Intellectual Property Manual](#)

# Part 11 – Working with other Commonwealth entities

## Purpose

- 11.1. This part provides instruction to officials about working cooperatively with other Commonwealth entities.
- 11.2. 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.
- 11.3. The Official Public Account (OPA) team within Finance provides guidance and processes for entities to gain access to appropriations across the Australian Government, and to facilitate payments between entities.

## Duties

- 11.4. Officials must cooperate with others to achieve common objectives, where practicable. This includes cooperation between Commonwealth entities.
- 11.5. Officials must ensure that the compliance, reporting and other obligations imposed on others in relation to the use or management of public resources takes into account the risks associated with that use or management and the effects imposing those requirements may have.
- 11.6. The duty is intended to encourage entities 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 a 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.

## Inter-entity agreements

- 11.7. 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. Officials must be satisfied that such agreements will allow them to meet their individual accountabilities under the PGPA framework.
- 11.8. 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 certain data might be represented by a simple exchange of letters (subject to restrictions contained in governing legislation). 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 an MoU.
- 11.9. Inter-entity agreements are generally entered into and administered under section 23 of the PGPA Act, as they usually involve the ordinary services or functions of government. When the agreement is made between two (or more) Commonwealth entities they are

generally not legally binding, as they are between parts of the same legal entity (i.e. the Commonwealth). However, they 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.

- 11.10. There are a number of mechanisms to facilitate inter entity activities with other Commonwealth entities. These mechanisms include:
- one or more entities accessing an appropriation administered by another entity through a written agreement between accountable authorities;
  - a number of entities being able to pool separately appropriated money through the use of a special account; and
  - joint contracting, such as one entity entering into a contract on behalf of the Commonwealth, where the services can be accessed by other entities.
- 11.11. The Department must not enter into an agreement with a corporate Commonwealth entity that allows the corporate Commonwealth entity to access an appropriation, including a special account, administered by the Department.

### Instructions – all officials

- 11.12. You must not enter into an arrangement that commits the Department's, or another, non-corporate Commonwealth entity's current appropriation, unless you have been delegated the authority to do so by the accountable authority of that entity. You must seek the assistance of the Financial Framework Section if you wish to establish or modify financial delegations.
- 11.13. When using a special account to facilitate inter-entity activities, you must comply with the instructions on special accounts (see [part 7 - managing relevant money](#)).
- 11.14. When undertaking activities that commit or might commit relevant money, you must comply with the requirements of [part 2 – approval and commitment of relevant money](#)).
- 11.15. 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.
- 11.16. You must ensure that an inter-entity agreement addresses accountability requirements, including the requirements in the PGPA Act, to enable the Secretary to meet his/her responsibilities under the PGPA framework.

## Key references

11.17. The key references relating to this subject are:

- Sections 15, 17, 18, 21, 23, 78 and 80 of the PGPA Act
- Section 32B of the FFSP Act
- *Audit Report No.41 2009-10: Effective Cross-Agency Agreements*
- National Collaboration Framework

# Part 12 – Accounts and Records

## Purpose

- 12.1. This part provides instruction to officials on activities relating to corporate governance, including the maintenance of accounts and records.
- 12.2. The Secretary is required to ensure that accounts and records are kept that properly record and explain the Department's transactions and financial position. The accounts and records must be kept in a way which:
  - conforms with the requirements in the rules; and
  - facilitates the preparation of annual financial statements; and
  - allows those financial statements to be audited.
- 12.3. The Finance Minister and the responsible Minister are entitled to full and free access to the accounts and records of the Department, subject to any Commonwealth law that prohibits disclosure of particular information.
- 12.4. The Secretary is required to:
  - prepare and give an annual report on the Department's activities to the responsible Minister for presentation to the Parliament;
  - prepare a corporate plan at least once every reporting period and give that corporate plan to the responsible Minister and the Finance Minister;
  - cause records to be kept that explain the Department's performance in achieving its purposes;
  - prepare annual performance statements and include a copy of the annual performance statements in the annual report that is tabled in the Parliament. Section 40 allows the Portfolio Minister or the Finance Minister to request the Auditor-General to examine and report on the annual performance statements; and
  - prepare a report on the Department's compliance with the Resource Management Framework.
- 12.5. The Secretary has assigned responsibility for managing the preparation of the financial statements and preparing the report on the Department's compliance with the Resource Management Framework to the Chief Finance Officer.
- 12.6. The Secretary has assigned responsibility for managing the preparation of the annual report to First Assistant Secretary Executive Division.
- 12.7. The Secretary has assigned responsibility for managing the preparation of the corporate plans to the First Assistant Secretary Strategic Policy and Planning.
- 12.8. The Secretary has assigned responsibility for managing the preparation of the performance statements to the First Assistant Secretary Executive Division.

## Instructions – all officials

- 12.9. 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 2015* (FRR);

- provide any information related to the financial statements requested by the Financial Reporting Section or the Group Finance Partners. This will help ensure that the monthly and annual financial statements are accurate;
- provide any information required for inclusion in the annual performance statements, corporate plan or annual report to the area with the responsibility for preparing these reports;
- report any known breaches of the Resource Management Framework in line with the procedures established by the Chief Finance Officer in the Financial Management Directive on Financial Compliance Reporting.
- provide Internal and External Audit with reasonable assistance, including providing requested documentation in a timely manner, and ensuring relevant officials are reasonably available and helpful in respect of Internal and External Audit requests and queries. The Financial Reporting Section acts as a liaison between the divisions and External Audit in relation to the annual Financial Statements; and
- comply with any lawful request by the Finance Minister, the responsible Minister and the Commonwealth Auditor-General for access to the Department's accounts and records.

## Key references

12.10. The key references relating to this subject are:

- Sections 35, 37, 39, 41 and 46 of PGPA Act
- Sections 16E and 16F of the PGPA Rule
- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*
- Resource Management Guide 125, *Commonwealth Entities Financial Statements Guide*
- ANAO Better Practice Guide, Preparation of Financial Statements by Public Sector Entities
- ANAO Better Practice Guide "*Public Sector Financial Statements: High-quality reporting through good governance and processes*"

# Part 13 – Risk Management

## Purpose

- 13.1. This part sets out the mandatory requirements that all officials must comply with on issues outlined within the Commonwealth Risk Management Framework.
- 13.2. Specifically, this part provides instructions to officials on activities relating to corporate governance and risk management.

## Legislative regulatory environment

- 13.3. The Secretary has a duty under section 15 of the PGPA Act to govern the Department in a way that promotes the proper use and management of the public resources for which the Secretary is responsible.
- 13.4. Under sections 16 to 19 of the PGPA Act, the Secretary must establish and maintain appropriate systems of risk oversight and management and an appropriate system of internal control that ensure:
  - the development of the Department's risk management framework, supporting systems and control framework that is fit for purpose, giving consideration to the complexity (or maturity) of the Department;
  - 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 the Department's ability to manage specific risks, with the responsible Minister.
- 13.5. The principles of risk management are outlined in the Commonwealth Risk Management Policy.
- 13.6. The Department must comply with the Commonwealth Risk Management Policy, which directly supports the requirements of section 16 of the PGPA Act.

## Accountability and responsibility for managing risk

### Risk Management Accountability

- 13.7. Accountability and responsibility for the Department's performance lies with the Secretary of the Department. This includes accountability for the Department's management of risk.
- 13.8. While senior managers and the Secretary are ultimately accountable for the management of risks, it is the responsibility of all officials to undertake the management of risk.

## Instructions - all officials

- 13.9. All officials must actively manage risks that are part of their day to day work by:
- complying with the DIBP Risk Management Framework (Framework);
  - identifying risks and appropriately responding to them; and
  - reporting risks to the person responsible for the activity. The person responsible for an activity is the official who has control over the business area/function where the risk resides – normally the senior manager of a line area, or, where a risk has had an owner assigned, the risk owner.
- 13.10. The Secretary of the Department has overall accountability for risk management within the Department; however responsibility for the implementation of the Framework has been allocated to the Chief Risk Officer.
- 13.11. The Chief Risk Officer is responsible for driving the implementation of the Department's Risk Management Framework, and the Risk and Assurance Branch assists line areas in applying that framework to their respective risks.

## Instructions - officials responsible for risk management activities

- 13.12. Officials who have been assigned the responsibility for developing and implementing the Framework, must do so in accordance with the Commonwealth Risk Management Policy and this part.

## Framework design and implementation

### Risk management policy

- 13.13. Officials responsible for the design and implementation of the Framework, must develop and maintain a written risk management policy which:
- clearly defines the responsibility for managing risk;
  - is endorsed by the Secretary;
  - describes the attributes of the entity's 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 Framework to ensure the Framework and risk profile remain current and relevant.

### Integration

- 13.14. Officials responsible for the design and implementation of the Framework must ensure that a systematic approach to managing risk is integrated in all business processes.

### Risk culture

- 13.15. Officials responsible for the design and implementation of the Framework must ensure that the risk management framework promotes the development of a positive risk culture.

## Risk communication and consultation

13.16. Officials responsible for the design and implementation of the Framework must implement arrangements to communicate risk in a timely and effective manner to internal and external stakeholders.

## Shared risk

13.17. Officials responsible for the design and implementation of the Framework must implement arrangements to proactively understand and contribute to the management of shared risks.

## Risk management capability

13.18. Officials responsible for the design and implementation of the Framework must maintain an appropriate level of capability to both implement the entity's risk management framework and manage its risks.

## Monitoring and review

13.19. Officials responsible for the design and implementation of the Framework must review the 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.

## Key references

13.20. The key references relating to this subject are:

- Section 16 of the PGPA Act
- Commonwealth Risk Management Policy
- *Resource Management Guide 200, General duties of accountable authorities*

## Part 14 – Fraud Control

- 14.1. The Secretary must take all reasonable measures to prevent, detect, and deal with fraud relating to the Department. 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 Department.
- 14.2. The Secretary must have appropriate mechanisms for:
  - preventing fraud, including ensuring that officials in the Department are made aware of what constitutes fraud;
  - detecting fraud, including a process for officials of the Department 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.
- 14.3. 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.
- 14.4. RMG 201 establishes the fraud control framework for Commonwealth entities, and will provide the primary reference point for the Secretary in relation to fraud control. Within this context, the Department must develop their own practices, plans and procedures.
- 14.5. 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 officials training, appointment of Fraud Control Officers and prosecuting offenders.
- 14.6. Departmental 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.
- 14.7. The Secretary is responsible for fraud control and corruption prevention within the Department and must implement a Fraud Control and Anti-Corruption Plan for the Department. All Department officials must act in accordance with the Department's Fraud Control Plan.
- 14.8. The Secretary will certify to the Portfolio Minister within the Annual Report that he/she is satisfied that:
  - fraud risk assessments and fraud control plans have been prepared; and
  - that appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes are in place to meet the needs of the Department and comply with the Commonwealth Fraud Control Policy.

## Key references

14.9. The key references relating to this subject are:

- Section 10 of the PGPA Rule
- ANAO Better Practice Guide - *Fraud Control in Australian Government Entities*
- Commonwealth Fraud Control Policy
- Resource Management Guide No 201, Preventing, detecting and dealing with fraud
- Resource Management Guide No 203, General duties of officials

## Part 15 – Audit Committees

- 15.1. The Department must have an audit committee. Section 17 of the PGPA Rule prescribes the minimum functions and membership of the audit committee.
- 15.2. The audit committee helps the Department to comply with obligations under the PGPA Act, the PGPA Rule and the Financial Reporting Rule (FRR). The audit committee provides a forum for communication between the Secretary, senior managers of the Commonwealth entity and the internal and external auditors of the Commonwealth entity i.e. the Commonwealth Auditor-General.

### Instructions – All officials

- 15.3. You must cooperate with:
- internal audit;
  - the audit committee; and
  - the Commonwealth Auditor-General represented by officials of the Australian National Audit Office.

### Key references

- 15.4. The key references relating to this subject are:
- Section 45 of the PGPA Act
  - Section 17 of the PGPA Rule
  - *Resource Management Guide No 202 - Audit committees for Commonwealth entities and Commonwealth companies*
  - ANAO Better Practice Guide, *Public Sector Internal Audit*
  - ANAO Better Practice Guide, *Public Sector Audit Committees: Independent assurance and advice for Accountable Authorities*

## Part 16 – Insurance

- 16.1. Commonwealth entities are 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.
- 16.2. It is the Department'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 Department's insurance program. Comcover is not responsible for insurable risks that have not been included in the entity's insurance program.
- 16.3. 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.

### Instructions – all officials

- 16.4. You must manage Commonwealth resources in a way that minimises the risk of an insurance claim.
- 16.5. You must disclose any insurance risks and report any potential insurance claim or incident to the Comcover Insurance Manager.
- 16.6. You must ensure that assets are insured appropriately.

### Key references

- 16.7. The key references relating to this subject are:
- [Resource Management Guide No 205 - Insurance](#)
  - [Commonwealth Risk Management Policy](#)

# Document authority

## Endorsement

Endorsed on	17 June 2015	
By	Steven Groves Chief Finance Officer	

## Authorisation

Approved on	25 June 2015	
By	Michael Pezzullo Secretary for the Department of Immigration and Border Protection	
Period of effect	1 July 2015 to 1 July 2018	Next review due 1 July 2016

	<b>1 September 2015 - 31 January 2016</b>
<b>Domestic</b>	
Airfares	\$ 8 732 794
Accommodation, Meals & Incidentals*	\$ 14 004 545
<b>Sub-total</b>	<b>\$ 22 737 339</b>
<b>International</b>	
Airfares	\$ 45 281 831
Accommodation, Meals & Incidentals*	\$ 9 365 909
Other transport costs	\$ 5 533 344
<b>Sub-total</b>	<b>\$ 60 181 084</b>
<b>Other</b>	
Taxi fares including Cabcharge	\$ 1 607 774
Vehicle costs	\$ 505 684
<b>Sub-total</b>	<b>\$ 2 113 458</b>
<b>Total travel expenditure</b>	<b>\$ 85 031 881</b>

\*Further breakdown between Accommodation, Meals & Incidentals is not possible due to current accounting records.

Officials travelling internationally on departmental business are entitled to travel business class or equivalent.

Factors contributing to travel expenditure in the Department for the period 1 September 2015 to 31 January 2016 include travel of departmental officers:

- between the Department's offices in Australia and offshore
  - between detention centres within Australia and its territories, including Christmas Island
  - to/from regional processing centres on Manus Island in Papua New Guinea and Nauru
  - to state offices and overseas posts to monitor operations and conduct interviews
  - to accompany people who are being involuntarily removed from Australia
  - to attend meetings and conferences as part of Australia's international engagement with other immigration and border protection agencies
  - between venues to attend meetings, training, conferences and workshops.
8. No, there was no travel requiring Minister approval during this period.
9. No, there was no travel requiring Minister approval during this period.
10. Travel for the remainder of the calendar year is yet to be determined. Operational requirements impacting travel costs are specified above.