

QUESTION TAKEN ON NOTICE

BUDGET ESTIMATES HEARING : 25 May 2015

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(BE15/195) - Cash reconciliation and financial reporting - Internal Product (DIBP)

Senator Ludwig, Joe (L&CA) written:

4. Can cash on hand be withdrawn from a safe on an ACV, agency office or facility?
 - a. If yes, what rules and procedures are relevant to withdrawal of cash on hand from an agency safe? Please provide a copy of the rules.
 - b. If yes, does withdrawal of cash on hand always require a receipt or evidence of purchase in relation to good, service or other purpose?
 - i. If no, when would no evidence of purchase in relation to a good, service or other purpose be required?
 - ii. If no, does the authorising officer have to always balance the safe with some form of authorisation note or advice? If not, why?
 - c. Is it only Australian dollars in agency safes?
 - i. If it is a foreign currency, please specify how this is accounted for in cash reconciliation and safe procedures and financial reporting.

Answer:

4. Cash can be withdrawn from an agency safe or facility but not an Australian Customs Vessel (ACV) because currently there is no cash on ACVs.
 - a. The relevant rules and procedures are:
 - Part 13 of Accountable Authority Instruction 1.0 – Financial Framework
 - Part 2 of Accountable Authority Instruction 1.0 – Financial Framework
 - Guideline for the Receipt, Custody and Security of Public Money and Negotiable Instruments (Attachment A)
 - Guidelines for the Maintenance of Advance Accounts

Copies of the relevant sections of the Accountable Authority Instruction 1.0 and the related Guidelines have been provided in Attachment B.

- b. Yes, withdrawal of cash on hand always requires a receipt or evidence of purchase.
- c. Australian Customs and Border Protection Service – Yes, it is only Australian dollars in agency safes.

Department of Immigration and Border Protection – has petty cash in foreign currency at overseas posts.

- i. Quarterly petty cash reconciliation are completed after receiving confirmation of balances from all offshore posts. The posts holding a petty cash balance completes the Advance examination form which is signed by the advance

holder and approved by the Finance Manager. The department utilises Department of Foreign Affairs and Trade procedures for all overseas safe procedures and reporting.



Australian Government

**Australian Customs and
Border Protection Service**

INSTRUCTIONS AND GUIDELINES

1.1/1 Guidelines for the Receipt, Custody & Security of Public Money and Negotiable Instruments

**These Instructions & Guidelines refer to
CEI 1.1 – Public Money and Negotiable Instruments (PS2010/34)**

Published date:	16 September 2010
Availability:	Internal only
Subject:	Receipt, custody, security, auditing of public money and negotiable instruments, and investigations into the loss of public money or negotiable instruments
Purpose:	Ensure that the receipting, custody, security, auditing of public money and negotiable instruments, and investigations into the loss of public money or negotiable instruments are undertaken in accordance with Commonwealth legislative requirements.
Owner:	Director Financial Reporting, Assets & Treasury (DFRAT)
Category:	Money, Accounting and Assets (MAA)
Contact:	Director Financial Reporting, Assets and Treasury (DFRAT) (02) 6246 1218

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Instructions and Guidelines

Receipt of Money

Receiving Money

1. All mail remittances must be recorded in the remittance register on the day they are received.
2. Received monies are to be kept secure at all times (in a safe or security cabinet), and are to be kept separate from other money (such as advances, private monies).

Record of Collections

3. Receivers of Public Money (RPMs) are to maintain full records of collections. The record of collections may take the form of:
 - a details maintained on a computerised financial system; or
 - b a cash book providing for a dissection of receipts; or
 - c a book of copies of receipts; or
 - d collectors statement; or
 - e cash register records.

Accountability of Receipt Forms

4. Unused receipt forms are classified as accountable. RPMs must familiarise themselves with the Instructions and Guidelines 1.5/1 – Issue and Security of Cheques.

Issuing Official Receipts

5. A separate official receipt need only be issued by an RPM for each collection of money from a member of the public or when a receipt is requested. Receipts are to be numbered consecutively.
6. When official receipts are issued they are to be only for the actual value of the money received. Receipts are to record the following details:
 - a. name of the payer (or the name of the person or company on whose behalf the payment was made);
 - b. the total amount received;
 - c. the revenue account code;
 - d. the date the money was received;
 - e. method of payment (cash, cheque, money order, travellers cheques);
 - f. the number of any cheques or money orders received;
 - g. the bank name and branch of any cheques or money orders received; and
 - h. any other information needed to identify the purpose of the payment.

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- c each triplicate receipt is to be initialled by the issuing officer; and
 - d the top receipt copy is to be provided to the payer.
15. As soon as normal receipting functions are restored, the RPM is to enter the details of all emergency receipts into the computer-based receipting system in order to generate standard official receipts.

Non-acceptance of post-dated Cheques

16. Post-dated cheques are not to be accepted except with the prior approval of the Director Financial Reporting, Assets & Treasury (DFRAT). When a post-dated cheque is accepted, the receipt must be annotated to the effect that the cheque was post-dated, and record the date of that post-dating. Receipts are not to be written for post-dated cheques until such time as the cheques are current and can be processed in the normal manner.

Dishonoured Cheques and Electronic Funds Transfer (EFT) collections

17. When advice is received from a bank that a cheque has been dishonoured, the RPM who issued the receipt for that cheque must:
- a record the details of the dishonoured cheque in a register or file created for that purpose;
 - b amend the relevant accounting records; and
 - c ensure that immediate steps are taken to recover the amount unless recovery action is inappropriate - refer to CEI 6.4 – Debt Management.
18. Personal or company cheques drawn from an Australian bank account by local residents or organisations may be accepted in payment of any money due to the Customs and Border Protection unless the Chief Finance Officer directs otherwise. Restriction may be imposed in terms requiring payment to be bank cheques and/or cash only.
19. When a cheque is dishonoured for other than purely technical reasons, and it is believed that the drawer may have interstate interests, other State RPMs are to be advised formally.
20. Whenever an EFT is rejected by the Customs and Border Protection bank, DFRAT is to be advised and direct contact made with the issuing party to seek an acceptable alternative for payment of the money.

Negotiable Instruments

Acceptance of Negotiable Instruments

21. Negotiable instruments are a form of security whose monetary value is transferable. Negotiable instruments include Treasury Bonds, debentures, fixed term deposits, certificates of deposit, promissory notes and bank guarantees. An uncrossed, signed cheque is also an instrument when the monetary value of that cheque is transferable to another party.

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31. Once a negotiable instrument is cancelled or is no longer required by Customs and Border Protection, it is to be returned to the owner by hand or registered post. An acknowledgement of receipt of the package must be obtained and retained for audit purposes.

Register of Negotiable Instruments

32. The Register of Negotiable Instruments is to record, for each instrument:

- a date of receipt;
- b owner of the instrument, including address and contact phone number;
- c type of instrument;
- d value of the instrument;
- e details of any attachments;
- f details of the purpose for which the instrument is held; and
- g date of return of the instrument.

Safeguarding of negotiable instruments

33. In most instances, negotiable instruments are capable of being converted into cash. As a result, proper protection and safekeeping are required for all such instruments held by Customs and Border Protection. This is to protect the interests of both Customs and Border Protection and the owner from third parties illegally obtaining a document and fraudulently encashing it. The safeguarding of instruments requires that they be held in fireproof safes, lockable containers or other, similar secure areas, or lodged with a bank. Action to secure instruments is to be taken as soon as practicable after their receipt.

Interest earned on Negotiable Instruments

34. Interest accruing on a negotiable instrument held by Customs and Border Protection normally belongs to the person or organisation which lodged the security. If interest does accrue on an instrument, the following actions should be taken:

- a when a negotiable instrument is lodged with a bank for safe custody, instructions are to be given to the bank to pay the interest, as it falls due, to the owner; or
- b when a negotiable instrument is retained by Customs and Border Protection and interest is due to the owner, two alternative courses of action are to be considered:
 - negotiate the interest coupon with the bank, credit the proceeds to Other Trust Monies (OTM) and then make payment by cheque to the owner; or
 - if specifically requested, hand the coupon directly to the owner; or
 - forward the coupon by registered post to the owner.

35. Once an obligation is performed, securities are to be returned to their legal owner unless specific alternative conditions have been agreed.

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for future reference. The official taking over the advance must ensure that he/she understands the correct advance maintenance procedures, and that they must not operate that advance until formal drawing rights have been issued to them.

46. DFRAT is responsible for ensuring that drawing rights authorisations are revoked for outgoing RPMs and authorised for incoming RPMs effective as at the changeover date.
47. When it is not possible for an Advance Holder to be present at the transfer of an advance account, one other official – in addition to the official taking over that Advance Account – should be present at the reconciliation. The responsible official is that to sign as a witness as to the correctness of the Statement.

Loss or Deficiency of Public Money or Negotiable Instruments

Loss of Public Property or Negotiable Instruments

48. When an official identifies:

- a loss or deficiency of public money; or
- a loss or deficiency of negotiable instruments;

they are to immediately prepare a written report on the extent of the loss or deficiency and forward it to their supervisor and Divisional Finance Officer. If there is a risk of potential further loss as a result of a loss or deficiency eg the loss of a mobile telephone, laptop computer *etc*, immediate action should also be taken to minimise the extent of further loss of public money or property.

49. Details of the loss or deficiency in a written report should include advice relating to the:

- a. value of the loss or deficiency;
- b. value of any money or negotiable instruments recovered;
- c. value of any money or negotiable instruments deemed to be non-recoverable; and
- d. circumstances surrounding the loss or deficiency.

50. All cases involving a loss of public money or negotiable instruments must be assessed by Integrity & Professional Standards against the Customs and Border Protection 'Precedence Levels' – impact and priority. All investigations undertaken by Integrity & Professional Standards will be conducted to the Australian Government Investigation Standards.

If it is determined that the matter is not to be investigated by Integrity & Professional Standards, the matter will be referred back to the line area and an inquiry is to be conducted by an Authorised Official.

51. An Authorised Official responsible for undertaking an inquiry into a loss or deficiency of public money or negotiable instruments is to ensure that natural justice and *Public Service Act 1999* requirements is accorded to any official or other person known to be, or suspected of being involved in that loss or deficiency. Prior to commencing an investigation, the investigating official should:

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External

N/A

Approval

Approved on:	(date) 7 September 2010	(signature)
By:	Steven Groves Chief Finance Officer	
Review Period:	Not exceeding 12 months	

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Part 2 – Approval and Commitment of Relevant Money

2. Approving commitments of relevant money and entering into arrangements

2.1 What is a commitment of relevant money?

- 2.1.1 Relevant money” under the PGPA Act and for the purposes of these AAls, means money that is held by the Commonwealth or money standing to the credit of a Commonwealth bank account.
- 2.1.2 Relevant money becomes ‘committed’ when ACBPS enters into, or varies, an arrangement (such as a contract, grant agreement, deed or guarantee) under which that money is, or may become, payable.
- 2.1.3 The proposed commitment of relevant money must be approved before an official enters into (or varies) an arrangement, and before payments are made.

2.2 What is an arrangement?

- 2.2.1 An arrangement has a very broad meaning, which includes written and unwritten arrangements, and 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 (ie. a commitment that may give rise to a cost as a result of a future event), such as an indemnity or guarantee.

2.3 Who can enter into an arrangement?

- 2.3.1 The officials who can enter into various types of arrangements and the limitations on their powers are specified in the Instruments of Delegation. Copies of all financial Instruments of Delegation can be accessed on the intranet at [Our Work→Delegations→Finance](#). For further information on delegations refer to Section 1 of these AAls.

2.4 Responsibilities of officials – proposed commitments of relevant money

- 2.4.1 Officials must not approve a proposed commitment of relevant money, unless they have been delegated powers to do so.
- 2.4.2 Proposed commitments of relevant money must be approved consistent with any requirements specified in these AAls and the terms of the relevant delegation or authorisation instrument.
- 2.4.3 If a commitment of relevant money involves procurement, officials must ensure it complies with the Commonwealth Procurement Rules. For further information on procurement refer to Section 7 of these AAls.

2.6 Key references

Sections 21, 23 and 60 of the PGPA Act

Section 19 of the PGPA Rule

Finance Minister's Delegation

Sections 1, 3, 7 and 8 of AAI 1: Financial Framework

Resource Management Guide: Indemnities, Guarantees and Warranties

Resource Management Guide 400: Approval and commitment of relevant money

3. Guarantees, indemnities and warranties on behalf of the Commonwealth

3.1 What are guarantees, indemnities and warranties?

- 3.1.1 An indemnity is a legally binding promise whereby a party undertakes to accept the risk of loss or damage another party may suffer.
- 3.1.2 A guarantee made by the Commonwealth is a promise whereby the Commonwealth assumes responsibility for the debt of, or performance obligations of another party.
- 3.1.3 A warranty is a promise whereby one party provides certain assurances to another party, for example that an item is the vendor's to sell, is fit for use, and that for a specified period, defective parts are to be replaced or otherwise rectified.

3.2 What is a contingent liability?

- 3.2.1 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. Often this involves the Commonwealth accepting additional risks and the other party experiencing reduced risks.

3.3 Responsibilities of officials

- 3.3.1 Officials must not enter into an arrangement that includes the giving of an indemnity, guarantee or warranty, unless the giving of the indemnity, guarantee or warranty has been authorised by an official who has been delegated this power.
- 3.3.2 Officials must seek advice from [Legal Services Branch](#) regarding any proposed arrangement that includes the giving of an indemnity, guarantee or warranty.

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12.8 Key references

Sections 23 and 65 of the PGPA Act

Sections 11 and 24 of the PGPA Rule

Sections 1, 2, 10, 11 and 21 of AAI 1: Financial Framework

CEI 2.7/1 Guidelines for Processing CDDA Scheme Claims and Payments

CEI 2.7/2 Guidelines for Processing Act of Grace Payment Claims

CEI 2.7/4 Guidelines for Processing and Payment of Other Claims against the Commonwealth

Resource Management Guide No. 401: Requests for Discretionary Financial Assistance under the Public Governance, Performance and Accountability Act 2013

Resource Management Guide No. 409: Scheme for Compensation for Detriment Caused by Defective Administration

Part 7 – Managing Relevant Money

13. Receiving relevant money

13.1 What is relevant money?

- 13.1.1 Relevant money is money that ACBPS holds as cash or in their bank accounts. Relevant money does not include other CRF money – for money of that type refer to Section 19 of these AAls.
- 13.1.2 Relevant money includes Australian currency, foreign currency and cheques in any currency.
- 13.1.3 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. 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.

13.2 Responsibilities of cashiers

- 13.2.1 Cashiers are responsible for the relevant money they receive and must take reasonable steps to safeguard the money from loss.
- 13.2.2 Cashiers must ensure that all relevant money received is banked to an ACBPS bank account on the same or next banking day or in accordance with instructions provided by the CEO. Where approved arrangements are in place with third parties such as Travelex and International Currency Services

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13.5 Key references

Sections 53, 55 and 74 of the PGPA Act

Sections 19, 20, 21 and 27 of the PGPA Rule

Sections 1, 14, 15, 16, 17 and 18 of AAI 1: Financial Framework

CEI 1.1/1 Guidelines for the Receipt, Custody and Security of Public Money and Negotiable Instruments.

14. Banking

14.1 Responsibilities of officials - entering into arrangements with banks

14.1.1 Bank accounts may be opened, maintained or closed only with the approval of those delegates with specific delegated authority from the CEO. Bank accounts can only be opened and maintained in Australia.

14.1.2 Only officials with the delegated power to do so are permitted to enter into an agreement with a bank for banking services.

14.1.3 Officials must comply with the requirements in Section 7 of these AAI's when procuring banking services.

14.1.4 Officials must comply with the requirements in Section 2 of these AAI's when approving commitments of relevant money and entering into arrangements.

14.1.5 Officials entering into agreements for the provision of banking services must:

- comply with any directions issues by the CEO in relation to the exercise of the delegation
- comply with any written guidance issued by the Department of Finance
- ensure that the agreement contains processes to allow 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.
- ensure that the agreement provides for the transfer of any interest earned to the Official Public Account and
- notify the Department of Finance as soon as practicable when a new bank account is opened or an existing bank account is closed.

14.2 Reconciliations

14.2.1 The Chief Finance Officer must ensure that:

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liable to pay the Commonwealth an amount that reflects their share of the responsibility for the loss.

15.2.5 Officials must report any losses of relevant money immediately to their supervisor. They must also report the loss to the Treasury Unit Services Branch. Further information on the processes to be followed when a loss of relevant money occurs is contained in CEI 1.1/1 Guidelines for the Receipt, Custody and Security of Public Money and Negotiable Instruments.

15.2.6 Officials must report any incidents involving theft or possible misappropriation of relevant money immediately to Integrity and Professional Standards.

15.2.7 If an official becomes aware of an integrity concern regarding the loss of the relevant money, they may also be required to report the matter as soon as practical in accordance with the mandatory reporting obligations outlined in Chief Executive Officer Order 2 of 2013.

15.3 Key references

Sections 68 and 69 of the PGPA Act

Sections 1, 13, 16, 20, 21, 22 and 23 of AAI 1: Financial Framework

CEI 1.1/1 Guidelines for the Receipt, Custody and Security of Public Money and Negotiable Instruments

16. Advance accounts and cash holding accounts

16.1 What are advance accounts and cash holding accounts?

16.1.1 An advance account is relevant money that has been withdrawn from the ACBPS bank account and provided to a specific official or officials to make payments in cash.

16.1.2 A cash holding account is relevant money that has been withdrawn from the ACBPS bank account which can only be used for the purpose of providing change in relation to the receipt of relevant money.

16.1.3 Cash advances must be established for a specific purpose.

16.1.4 Officials may receive an amount withdrawn from the ACBPS bank account to establish or replenish an advance account or cash holding account approved by the CEO (or their delegate).

16.2 Responsibilities of officials – general

16.2.1 Officials are responsible for the money and must take reasonable steps to safeguard the money from loss.

available, the official making a claim is to provide a signed Statutory Declaration.

16.4 Responsibilities of officials – cash holding accounts

16.4.1 Officials must not use cash holding accounts for any purpose other than providing change in relation to the receipt of relevant money.

16.5 Key references

Sections 23 and 55 of the PGPA Act

Sections 18 and 20 of the PGPA Rule

Sections 1, 2, 10, 11 and 15 of AAI 1: Financial Framework

CEI 1.4/1 Guidelines for the Maintenance of Advance Accounts

CEI 1.4/1 Guidelines for the Maintenance of Cash Holding Accounts

Resource Management Guide No. 300: Banking of relevant money by Commonwealth Entities

Resource Management Guide No. 400: Approval and commitment of relevant money

17. Investment and borrowing

17.1 Investment

17.1.1 No ACBPS official is permitted to invest relevant money.

17.2 Borrowing

17.2.1 Officials must not enter into any borrowing agreements unless they hold a delegation to do so.

17.2.2 Officials entering into borrowing arrangements in relation to credit cards must comply with the requirements set out in Section 9.2 of these AAI. No ACBPS official is permitted to enter into any other borrowing arrangement.

17.3 Key references

Sections 56 and 58 of the PGPA Act

Finance Minister's Delegation

Sections 1 and 9 of AAI 1: Financial Framework