

Model Financial Policies and Procedures

October 2020



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Note to agencies:

This publication should only be used as a guide in developing policies and procedures applicable to your organisation.

Agencies should also refer to the *Financial Management Act 1994* (FMA) and *Standing Directions 2018* (Standing Directions) to ensure compliance.

The Standing Directions provide that agencies must comply with various laws, standards and policies. Examples include the *Victorian Government Risk Management Framework* (Standing Direction 3.7.1), the *Cost Recovery Guidelines* (Standing Direction 3.8) and the Asset Management Accountability Framework (Standing Direction 4.2.3). Further to the Standing Directions, agencies are required to comply with the Instructions supporting the Standing Directions 2018. Agencies should also read the Guidance document accompanying the Standing Directions and Instructions. Agencies should modify these policies and procedures as necessary to customise them for the risk profile, structure and needs of their organisation to ensure compliance.

Not all agencies are subject to the FMA and the Standing Directions. Only those agencies that are subject to the FMA and the Standing Directions should consider using this guide.

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Foreword

Introduction

At the time of issue, these model financial policies and procedures reflect the requirements of the *Financial Management Act 1994* (FMA), the *Standing Directions 2018* (Standing Directions), the *Standing Directions Instructions 2018* (Instructions), the *Standing Directions Guidance 2018* (Guidance) and the Victorian Financial Management Framework. Agencies are responsible for ensuring that they have updated information regarding any subsequent changes to the FMA, Directions, Instructions and Guidance (or other reference material used in this document) when referring to these policies and procedures. Similarly, agencies are also responsible for ensuring that their own policies and procedures remain current and compliant.

This document has been prepared for the portfolio agencies covered by the FMA of the Department of Environment, Land, Water and Planning (DELWP). To comply with the Standing Directions and Instructions, agencies may develop systems, procedures and practices further to this guidance document that are tailored to their circumstances taking into consideration their size and risk profile. Other public sector entities that may wish to refer to this document will need to consider whether it is appropriate for them to adopt.

For two of the major changes within the Standing Directions; incorporation of public construction accountability and Central Banking System (CBS), there is further information on the Department of Treasury and Finance (DTF) website.

Victoria's Financial Management Framework

These model financial policies and procedures provide a basis to assist agencies to establish and maintain effective financial management under Victoria's financial management framework. The financial management framework requires agencies to:

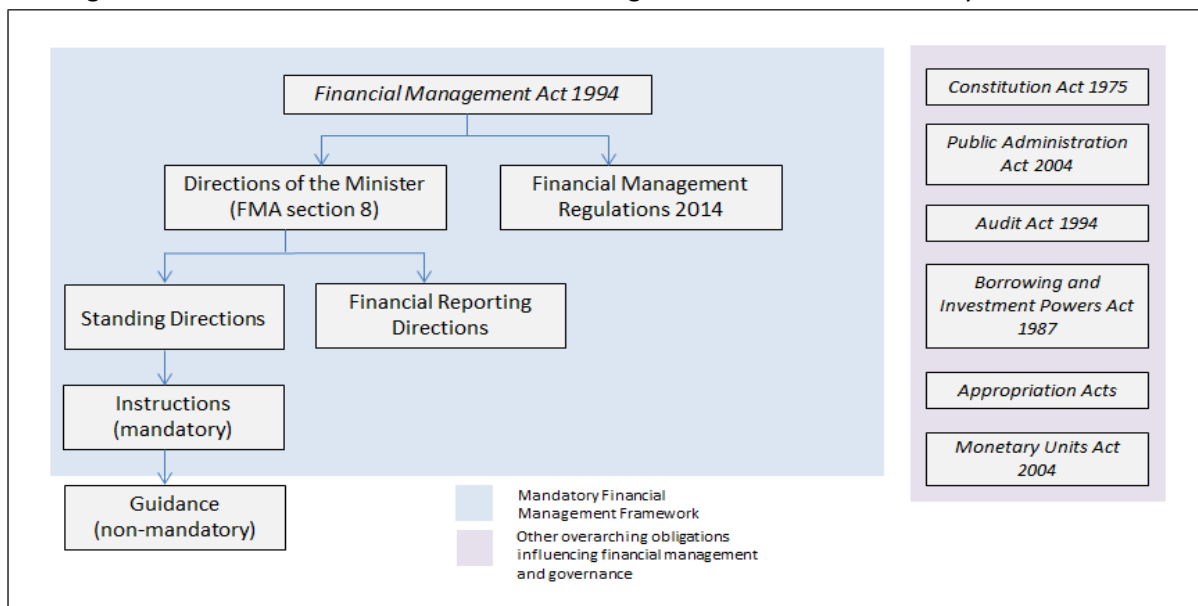
- achieve a high standard of public financial management, performance and sustainability in the Victorian public sector, consistent with the FMA;
- meet the Government's requirements for accountability;
- provide Ministers (including the Assistant Treasurer) with reasonable assurance that agencies have implemented appropriate systems to comply with the financial management framework;
- comply with the Standing Directions under the FMA, and
- identifying and documenting financial compliance status.

The framework applies to all portfolio agencies which are classified as "public bodies" as defined in section 3 of the FMA (noting that incorporated committees of management are excluded from the application of the Standing Directions and Instructions (see Instruction 1.2(b))).

Agencies which are classified as public bodies are required to:

- submit an annual report to the responsible Minister in accordance with the FMA, for tabling or reporting in Parliament;
- comply with the Standing Directions under section 8 of the FMA;
- comply with the *Financial Reporting Directions* (FRDs), which specify how annual reports and other financial management requirements must be prepared

The diagram below sets out Victoria's financial management framework hierarchy.



The Standing Directions support the FMA by specifying responsibilities of agencies to ensure:

- effective governance and accountability in the Victorian public sector regarding financial and risk management, financial sustainability and financial performance;
- the achievement of statutory functions and/or government objectives and priorities in a financially efficient and responsible manner;
- that the community and Parliament have confidence in the financial management and long-term financial sustainability of Agencies and the State; and
- that the information provided to Parliament and the public about the management of finances and resources is clear, accurate and readily understandable.

Responsibilities of the Board

In accordance with the FMA and the Standing Directions, the Board must fulfil a list of requirements including keeping proper financial accounts, risk management, audit requirements, financial reporting, annual reporting and responding to Ministerial requests for information.

The Board must note and implement the requirements set out in the Standing Directions.

DELWP offers model policies and procedures to assist the Board in complying with the Standing Directions. It is recommended that the Board:

- adopt the model policies and procedures taking into account the nature and functions of their agencies,
- establish any further policies and procedures required (and not covered by this model) to meet the Board's compliance requirements, or
- have equivalent policies and procedures in place that are consistent with the key principles in these model policies and procedures.

The Standing Directions are given pursuant to section 8 of the FMA. They have legislative force and it is the Board's responsibility to maintain compliance. It is recommended agencies review their compliance to the Standing Directions as applicable on a regular basis (at least annually).

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Standing Directions not covered by the Model Financial Policies and Procedures

The model financial policies and procedures specifically relates to the financial management and performance operations of the agencies as required by the Standing Directions. There are other sections of the Standing Directions not covered by this model and are outlined in Appendix 6.

Compliance and Reporting

Financial Management Compliance

(Standing Direction 5.1 *Financial Management Compliance*)

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2. Policy

- 2.1. Financial management compliance framework
- 2.2. Annual assessment of financial management compliance
- 2.3. Detailed periodic review of financial management compliance
- 2.4. Financial management compliance attestation
- 2.5. Dealing with Compliance Deficiencies
- 2.6. Reporting Material Compliance Deficiencies

Document Control

Category: Governing <insert agency name here>

Next review date:

Version:

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Approval authority:

1. Purpose

To facilitate financial management and improve rigour in compliance assessment, ensure action is taken to improve identified compliance weakness at the agency level and increase transparency.

Standing Directions 2018 - Annual Attestation

The Standing Directions are given pursuant to section 8 of the FMA. They have legislative force and it is the Board's responsibility to maintain compliance. It is recommended agencies review their compliance to the Standing Directions as applicable on a regular basis (at least annually).

Agencies are required to certify that they have complied with all the applicable Standing Directions and Instructions.

An annual assessment of compliance is required to be conducted by the Responsible Body, reviewed by the Audit Committee and submitted to the Assistant Treasurer and responsible Minister, via the Department of Environment, Land, Water and Planning (DELWP).

The Standing Directions require the Responsible Body in the Agencies' Annual Report to attest to compliance with applicable requirements in the FMA, the Standing Directions and Instructions, and disclose all material compliance deficiencies. The Audit Committee must review this attestation.

Specifically, agencies are required to:

- conduct an annual review of agencies' obligations under the Standing Directions, and
- identify and rectify any failure or deficiency in complying with the Standing Directions.

2. Policy

The following table outlines Standing Direction 5.1 – Financial Management Compliance and lists the key principles for implementing this policy:

[<Modify the activities below to suit the structure and business needs of your agency>](#)

2.1. Financial management compliance framework (Standing Direction 5.1.1)	The Responsible Body must establish a framework for financial management compliance to ensure compliance with: <ul style="list-style-type: none">(a) the FMA, these Standing Directions and the Instructions;(b) applicable Commonwealth and State laws relating to financial management; and(c) applicable industry codes and standards relating to financial management.
2.2. Annual assessment of financial management compliance (Standing Direction 5.2.2)	<ul style="list-style-type: none">(a) The Responsible Body must conduct an annual assessment of compliance with all applicable requirements in the FMA, these Standing Directions and the Instructions.(b) The Audit Committee must review the annual assessment noted above (see Standing Directions).

2.3. Detailed periodic review of financial management compliance (Standing Direction 5.1.3)	<ul style="list-style-type: none"> (a) The Responsible Body must ensure that the internal audit function conducts a detailed review of the Agency's compliance with all requirements in the FMA, these Standing Directions and the Instructions over a period of three or four years (specified in Direction 5.1.3(b)). (b) The period of review under Standing Direction 1.1.1.1(a)5.1.3(a) must be the same as the period of the strategic internal audit plan under Standing Direction 3.2.2.2(b).¹ (c) A plan for the review under Standing Direction 5.1.3(a) must be included in the strategic internal audit plan under Standing Direction 3.2.2.2(b)
2.4. Financial management compliance attestation (Standing Direction 5.1.4)	<ul style="list-style-type: none"> (a) The Responsible Body, or a member of the Responsible Body, must, in the Agencies' Annual Report, in relation to the relevant financial year, attest to compliance with applicable requirements in the FMA, these Standing Directions and the Instructions, and disclose all Material Compliance Deficiencies. (b) The compliance attestation for the above (Standing Direction 5.1.4(a)) must relate to compliance for the entire period of the relevant financial year. (c) The Audit Committee must review the attestation under Standing Direction 5.1.4(a).
2.5. Financial management compliance attestation	The Accountable Officer must take remedial action to address, and to mitigate the risk of recurrence of, any Compliance Deficiency as soon as practicable. ²
2.6. Reporting Material Compliance Deficiencies	<ul style="list-style-type: none"> (a) The Accountable Officer must notify the Responsible Minister and, for Portfolio Agencies, the Accountable Officer of their Portfolio Department, of any Material Compliance Deficiency, and of planned and completed remedial actions,³ as soon as practicable. (b) The Accountable Officer of an Independent Office, CSV, JCV, and the Judicial Commission must discuss any Material Compliance Deficiency, and planned and completed remedial actions, with the DTF Accountable Officer.

Instruction 5.1 Financial management compliance

Guidance 5.1 Financial management compliance

¹ A period of three or four years. **Error! Reference source not found.** Standing Direction 3.2.2.2(b)

² This includes those Compliance Deficiencies identified in reviews under Standing Directions 3.2.1.1(b)**Error! Reference source not found.** and 2.3.

³ The Audit Committee has a role to review and monitor remedial actions taken to address Compliance Deficiencies, under Standing Direction 3.2.1.1(f).

Roles and responsibilities

(Standing Direction 2.1, 2.2, 2.3, 2.4, 2.5)

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 - 2.5. CFO expertise and qualifications
 - 2.6. Clearly defined financial delegations
 - 2.7. Documentation to support authorisations
 - 2.8. Annual review and approval
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 - 2.11. Responsibilities of financial delegates
 - 2.12. Restructured positions
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- 3. Financial Delegation**
- 4. Responsibilities in respect of financial delegates**
- 5. Definitions**
- 6. Authorisation and approval**

Document Control

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1. Purpose

This policy retains and enhances existing obligations to establish effective financial governance. It strengthens accountability by providing greater clarity around key roles and responsibilities for improving performance, including portfolio relationship requirements.

2. Policy

The following table outlines Standing Direction 2 - *Roles and Responsibilities* and lists the key principles and accountabilities as required by the Standing Directions:

<Modify the activities below to suit the structure and business needs of your agency>

Under these Standing Directions:

- | | |
|---|--|
| 2.1. Overview of roles
(<i>Standing Direction 2.1</i>) | <ul style="list-style-type: none">(a) the Responsible Body is ultimately responsible for the Agency's financial management, performance and sustainability, and is responsible to the Responsible Minister;(b) the Accountable Officer is responsible to the Responsible Body, and in some respects to the Responsible Minister;(c) the CFO is responsible to the Accountable Officer, and in some respects to the Responsible Minister; and(d) Responsible Bodies, Accountable Officers and CFOs have various responsibilities to their Agency, to their Portfolio Department or Portfolio Agency, and to DTF. |
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| 2.2. Responsible Body
(<i>Standing Direction 2.2</i>) | |
|--|--|

The Responsible Body must:

- | | |
|--|---|
| | <ul style="list-style-type: none">(a) ensure that government objectives and priorities, and relevant statutory purposes and functions, are furthered in a financially efficient, effective and economical way through:<ul style="list-style-type: none">(i) setting the Agency's strategic direction and priorities;(ii) approving related plans, budgets and policies;(iii) approving major decisions related to strategic initiatives and policies;(iv) overseeing the Agency's delivery of services and agency objectives and performance; and(v) approving key accountability reports including the Annual Report and performance reports.(b) establish appropriate and effective financial governance and oversight arrangements and regularly review the effectiveness of those arrangements;(c) ensure the Agency implements Victorian government policy frameworks relating to the requirements of the FMA and the associated Standing Directions issued under section 8 of the FMA (including these Standing Directions, the Instructions and the Financial Reporting Directions);(d) keep the Responsible Minister informed of Agency activities and strategic issues with potential financial implications for the State; and |
|--|---|
-

-
- (e) for Agencies with a statutory board or equivalent governing body established by or under statute, conduct an annual review of their financial governance performance.
-

2.3. Accountable Officer
(*Standing Direction 2.3*)

The Accountable Officer must:

- (a) promote and regularly review the proper use and management of public resources for which the Agency is responsible;
 - (b) establish and maintain an effective internal control system;
 - (c) identify and manage the Agency's risks;
 - (d) manage the Agency's financial information;
 - (e) ensure the Agency plans and manages performance to achieve financial sustainability;
 - (f) ensure the Agency's financial management compliance;
 - (g) meet internal and external reporting and information provision requirements;
 - (h) provide assurance to the Agency's Audit Committee on:
 - (i) the integrity of information relevant to financial management, performance and sustainability in the Annual Report; and
 - (ii) compliance with relevant legislation, standards and government requirements for attesting in the Annual Report;
 - (i) consult with the Responsible Body in relation to the appointment or the dismissal of the CFO;
 - (j) provide assurance to the Audit Committee on the integrity of the Agency's:
 - (i) budgets and financial projections; and
 - (ii) financial and performance reports;
 - (k) provide the CFO, Audit Committee and internal audit function with access to the Accountable Officer, to enable those positions to carry out their responsibilities; and
 - (l) ensure that exemptions from the Standing Directions and Instructions are sought and dealt with appropriately.
 - (m) provide the Responsible Minister any information related to financial management, performance and sustainability required by the Responsible Minister; and
 - (n) notify the Responsible Minister of any significant issue of which the Accountable Officer is aware that has affected or may affect the Agency's or State's financial management, performance, sustainability or reputation.
 - (o) notify their Portfolio Department of any significant issue of which they are aware that has affected or may affect the Agency's or State's financial management, performance, sustainability or reputation.
-

2.4. Chief Finance Officer
(*Standing Direction 2.4*)

The CFO must:

- (a) prepare accurate information relevant to financial management, performance and sustainability;
- (b) establish and review accounting and financial information systems, governance and internal controls to safeguard the Agency's resources;
- (c) provide assurance to the Audit Committee and the Accountable Officer that:
 - (i) financial reports (estimates and actuals) present fairly, and in accordance with applicable Australian Accounting Standards and the FMA, the Agency's financial position and operating results;
 - (ii) financial reports (estimates and actuals) are founded on a sound system of risk management and internal compliance and control that implements the policies adopted by the Agency; and
 - (iii) the Agency's systems and controls for financial management, performance and sustainability are operating efficiently and effectively in all material respects;
- (d) provide strategic advice and options to support informed decision making and organisation strategy concerning the Agency's:
 - (i) financial implications of, and risks associated with, current and projected services and assets; and
 - (ii) future financial sustainability;
- (e) develop the Agency's financial management capability; and
- (f) maintain a constructive relationship within the Agency, and with the Victorian Auditor-General's Office and other CFOs in related Ministerial portfolios.
- (g) provide quality and timely information to the relevant Portfolio Department CFO to meet portfolio reporting obligations; and
- (h) establish and maintain an effective relationship with the relevant Portfolio Department CFO to promote the purposes of the relevant Ministerial portfolio.

2.5. CFO expertise and qualifications
(*Standing Direction 2.4.5*)

The CFO must:

- (a) be suitably experienced;
 - (b) hold a graduate or post graduate qualification in accounting or other relevant discipline granted by a tertiary education provider; and
 - (c) keep their knowledge and expertise up to date with developments
-

in financial management including Australian Accounting Standards.

- (d) A person that is temporarily acting in the role of CFO for a period no greater than four months is not subject to Standing Direction 2.4.5.⁴

Guidance 2.4 Chief Finance Officer

⁴ Note that an acting CFO without qualifications must not sign financial statements or a report of operations under Standing Direction 5.2.2(c).

3. Financial Delegation

This policy sets out the financial delegations for the <insert agency name>'s Responsible Body to ensure the appropriate level of probity is maintained for organisational expenditure.

3.1. Clearly defined financial delegations	<ul style="list-style-type: none">• The <insert agency name>'s Responsible Body approves financial authorisations covering the:<ul style="list-style-type: none">➤ overall financial management of the <insert agency name>, and➤ creation of financial obligations (including contingent liabilities and obligations) on behalf of the <insert agency name>.• Financial delegations are assigned to specific positions and can only be exercised by permanent employees of the <insert agency name>.• To warrant a financial delegation, employees must:<ul style="list-style-type: none">➤ have budget responsibility, and➤ approve at least xx <insert number of purchases> purchases and \$x,xxx <insert amount> worth of payments a year, unless there are exceptional circumstances, which would include being the only financial delegate within a particular work unit or location.• A financial delegation cannot be given to a contractor or consultant.• Financial delegations are automatically ceased immediately when the position has a change in title or there is a material change in the duties of the position.
3.2. Documentation to support authorisations	<ul style="list-style-type: none">• A Financial Delegations Register must be maintained by the <insert agency name>. The register contains:<ul style="list-style-type: none">➤ list of positions holding financial authority;➤ transaction types (e.g. financing, operational, investing);➤ dollar amounts and caps for transaction and authorisation types;➤ list of employee names holding positions, and➤ specimen signature for each holder of an authorised position.• This Financial Delegations Register shall be available to all employees and available on <insert where here>.
3.3. Annual review and approval	<ul style="list-style-type: none">• The Responsible Body annually reviews and where relevant makes changes to the financial delegations.• All new delegation changes/additions must be approved by the Accountable Officer or delegated person.
3.4. Delegation not to be further delegated	<ul style="list-style-type: none">• A delegation must not be further delegated, nor may a person be authorised to act as an agent for the delegated person, unless there is a formal higher duties assignment.
3.5. Scope and level of financial delegations	<ul style="list-style-type: none">• All employees must comply with this policy and the associated Financial Delegations Register when exercising financial delegations to approve:<ul style="list-style-type: none">➤ purchases, payments and reimbursements;➤ contracts for acquiring and supplying of goods and services;➤ lease and hire of equipment;➤ bad debts write-off, and➤ asset disposal.• Employees may only exercise financial delegations where they have formally been approved or hold the delegation by way of their position.• All authorisations cease immediately upon the change in name of the specific

	position or a substantial and material change in the duties of the position.
3.6. Responsibilities of financial delegates	<ul style="list-style-type: none"> • Financial delegates must: <ul style="list-style-type: none"> ➤ understand their responsibilities in relation to obligations of the Standing Directions; ➤ only approve expenditure: <ul style="list-style-type: none"> ▪ up to their delegated limit; ▪ within their functional area of responsibility (when exercising a financial delegation attached to their position), and ▪ where there is clear purchase documentation and the standard purchasing processes have been followed including contract/tender requirements. (Refer to: Acquisition of Assets and Goods Services policy and procedure); ➤ not split transactions to circumvent financial delegation limits; ➤ not approve reimbursement of personal expenses; ➤ not provide their passwords to different people, including their assistant; ➤ exercise the financial delegations in accordance with the <insert agency name>'s Financial Code of Practice and Procurement Policy and Procedure, ➤ not approve payments where there is a perceived or actual conflict of interest.
3.7. Restructured positions	<ul style="list-style-type: none"> • If a position is abolished, renamed or restructured, the delegation should be taken to be a reference to the principal successor to the functions of that position.
3.8. Register, signature and enquiries	<ul style="list-style-type: none"> • Employees holding financial delegations must provide specimen signatures to the Finance Manager before the delegations are activated. • Finance Manager: <ul style="list-style-type: none"> ➤ maintains and updates the Financial Delegations Register for all approved financial delegations, including specimen signatures; ➤ retains the approved Financial Delegation and Signature Authority Forms for a minimum of seven (7) years after the financial delegation is changed or cancelled, and • answer queries regarding financial delegations from employees.
3.9. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is responsible to ensure internal controls are not compromised where multiple financial delegations are assigned to a single position. • On an ongoing basis, the Finance Manager checks that financial delegates have properly exercised their financial delegations. These compliance checks include ensuring that: <ul style="list-style-type: none"> ➤ financial delegation limits were not exceeded; ➤ personal expenses were not self-approved; ➤ the <insert agency name>'s policies and procedures are being followed (e.g. purchasing card, petty cash, bank accounts, procurement); ➤ the expenditure is within the financial delegate's area of responsibilities; ➤ all original supporting documents (e.g. relating to the cash receipts, payments authorisations, signed invoices, payment runs) are to be sorted by batch number, dated and stored in a secured location for seven (7) years, and ➤ appropriate account charge codes were assigned to payments. • Monthly, the Finance Manager reports all potential breaches of authorised

delegations to the Accountable Officer. If a serious breach of delegated authority occurs, the Finance Manager will immediately report this to the Accountable Officer.

- The Accountable Officer reports all breaches of delegated authorities to the Responsible Body.
 - The Accountable Officer is required to certify that the <insert agency name> has complied with **Standing Directions 2.1-2.5**, specifically:
 - certifying compliance annually;
 - conducting an annual review of the <insert agency name>'s financial governance and performance, and
 - Identifying and rectifying any failure or deficiency in complying with this Standing Direction.
-

4. Responsibilities in respect of financial delegations

<Modify this section below to suit the structure and business needs of your agency>

Responsible Body	<p>The Responsible Body's responsibilities include:</p> <ul style="list-style-type: none">• Establishing and maintaining clear financial delegations to specific positions within the <insert agency name>.• Initiating appropriate actions for breaches of the financial authorisations.
Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none">• Communicating the financial delegations to employees.• Ensuring appropriate internal control procedures in-place where more than one financial delegation is assigned to a particular position.• Reporting to the Responsible Body any significant breach of delegated financial authorities. <p>Certifying compliance with the Standing Direction requirements to DTF.</p>
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none">• Maintaining the Financial Delegations Register and specimen signatures.• Answering or escalating queries regarding the financial delegations to the Accountable Officer or delegated person.• Initiating investigation of all reported breaches.• Reporting all confirmed breaches to the Accountable Officer.• Assisting employees in compliance with the financial delegations.
Employees and contractors	<p>The employees' and contractors' responsibilities include:</p> <ul style="list-style-type: none">• Complying with all aspects of the financial delegations.• Obtaining clarification from managers if they have any queries regarding the financial delegations.• Acting in the best interest of the <insert agency name> at all times.• Reporting breaches to their managers.

5. Definitions

Contractor	Providers for goods and services or perform work for a set price or rate (e.g. consultant, outsourced accounting services, electricians). The contractor may be self-employed, have employees of their own or have business partners.
Employee	A person employed in any industry, whether on salary or wages or piece-work rates.

	An employee may be full time, part time or casual.
Financial delegate	An employee assigned to a position which has the authority to commit and/or approve expenditure.
Financial delegations	The ability to commit and/or approve expenditure in accordance with the requirements of the Financial Delegations Policy.
Personal expenses	<p>Expenditure which provides an actual or perceived benefit to the approver, including:</p> <ul style="list-style-type: none"> • attendance of training courses or seminars; • study expenses; • professional memberships; • travel and accommodation, and • expenses reimbursements. <p>These expense types are to be forwarded to a more senior financial delegate for approval. Personal expenses for the Accountable Officer are to be forwarded to the Responsible Body for approval.</p>
Transaction splitting	<p>Transaction splitting includes:</p> <ul style="list-style-type: none"> • breaking up payments into smaller components to circumvent delegations or purchasing card transaction limits; • making timely payments for shorter time periods than required (e.g. engaging staff for two-week period to fit within a financial delegation limit which upfront it is known that the staff will be required for a longer period), and using a combination of payment methods.

6. Authorisation and approval

This policy shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Governance

Audit policy

(Standing Directions 3.2.1, 3.)

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- 8. Authorisation and approval**

Document Control

Category:	Governing <insert agency name here>
Next review date:	
Version:	
Approval date:	
Approval authority:	

1. Purpose

These policies establish a robust and transparent financial governance framework to provide independent assurance and advice to the Responsible Body on the <insert agency name>'s risk management, financial reporting, internal control and compliance framework, and financial statements.

2. Policy - Audit Committee (*Standing Direction 3.2.1*)

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

2.1. Appointment of an Audit Committee (the Committee)	<ul style="list-style-type: none">• The <insert agency name>'s Responsible Body will appoint the Committee to:<ul style="list-style-type: none">➤ independently review and assess the effectiveness of the Agency's systems and controls for financial management, performance and sustainability, including risk management;➤ review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament;➤ oversee the scope of work, performance and independence of the internal auditor;➤ maintain effective communication with external auditors;➤ matters of accountability and internal control affecting the operations of the <insert agency name>;➤ the effectiveness of management information systems and internal controls, and➤ the acceptability, disclosure of and correct accounting treatment for significant transactions which are not part of the <insert agency name>'s normal course of business.➤ review and monitor compliance with the FMA, the Standing Directions and Instructions and monitor remedial actions taken to address Compliance Deficiencies.• The Committee consists of at least three non-executive directors of the board and does not include the Accountable Officer, CFO or internal auditors as members.• The Committee is fully accountable to the Responsible Body.• The appointment of the Committee does not release the Responsible Body from its responsibilities.
2.2. The Committee's charter	<ul style="list-style-type: none">• The Responsible Body will approve the charter of the Committee and provide a copy to each member of the Committee.• The charter sets out the Committee's roles and responsibilities, composition, structure and membership requirements and is:<ul style="list-style-type: none">➤ sufficiently detailed to ensure there is:<ul style="list-style-type: none">▪ no ambiguity;▪ clear guidance on key aspects of the Committee's operations, and▪ no overlap in the activities of individual committees.➤ formerly reviewed at least every three years, with recommendations for updates approved by the Responsible Body.• The Committee:<ul style="list-style-type: none">➤ prepares an annual program detailing the number, date, time and key matters for attention at each meeting, and➤ prepares and circulates agendas and papers in advance of each meeting and in enough time for members to read and absorb their contents.• The members are required to undertake an annual evaluation of the performance of the Committee and report their conclusions to the Responsible Body.

2.3. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with <i>Standing Directions 3.2.1</i>, specifically: <ul style="list-style-type: none"> ➤ certifying compliance annually; ➤ conducting an annual review of the <insert agency name>'s obligations under the Standing Directions, and ➤ identifying and rectifying any failure or deficiency in complying with the Standing Directions.
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3. The Audit Committee charter

The following table lists the Audit Committee's charter:

<Modify the activities below to suit the structure and business needs of your agency>

Roles and Responsibilities	<ul style="list-style-type: none"> • The Audit Committee will carry out the following responsibilities: <ul style="list-style-type: none"> a) Financial reporting <ul style="list-style-type: none"> • Review and assess the effectiveness of the Agency's systems and controls for financial management, performance and sustainability, including risk management; <ul style="list-style-type: none"> • Review annual financial statements. • Review with management and external auditors results of the audit, including issues encountered. b) Internal control and risk management <ul style="list-style-type: none"> • Ensure that the <insert agency name> has an effective risk management system and that significant risks are reported to the Responsible Body. • Address the effectiveness of the internal control, risk management and performance monitoring systems with management and external auditors. • Review management's processes for ensuring and monitoring compliance with the financial management compliance certification (where relevant), laws, regulations and other requirements. • Obtain regular updates from the Accountable Officer about compliance matters. c) Internal audit <ul style="list-style-type: none"> • Refer to para 3.2 on the Committee's roles and responsibilities in establishing an internal audit function d) Review the attestation <ul style="list-style-type: none"> • The Responsible Body must, in the <insert agency name> Annual Report, in relation to the relevant financial year, attest to compliance with applicable requirements in the FMA, these Standing Directions and the Instructions, and disclose all Material Compliance Deficiencies. • The Audit Committee must conduct a detailed review of the Agency's annual assessment and attestation.
3.2. Relationship of Committee with management, advisors and experts	<ul style="list-style-type: none"> • The Committee must have direct access to the internal and external auditors without management present. • The Committee must have: <ul style="list-style-type: none"> ➤ direct access to the Accountable Officer/CFAO and management, when required, and ➤ the right exercise independent judgement and be objective in its deliberations, decisions and advice • The Committee must be able to seek independent, expert advice to assist it in undertaking its oversight responsibilities.
3.3. Composition of the Committee	<ul style="list-style-type: none"> • The Committee is to be independent and comprised of at least three (3) and no more than five (5) members. Three of whom must be non-executive directors. • At least three (3) members of the Committee must be independent and they are

	<p>identified as independent in the <insert agency name>'s annual report.</p> <ul style="list-style-type: none"> • The members will elect the Chair of the Committee (the Chair), who is to be one of the independent members of the Committee. Unless exemption has been obtained, the Chair of the Responsible Body must not be the Chair of the Committee. • Members will be appointed to the Committee every three (3) years and are eligible for reappointment. The Responsible Body must formally review the Audit Committee's performance and membership at least once every three years.
3.4. Administrative matters	<ul style="list-style-type: none"> • The Committee will meet at least four (4) times a year and additionally as the Committee considers necessary at appropriate points in the audit cycle. • Two directors or more than half of the members shall constitute a quorum. In the absence of the Chair, the members present will select a Chair for that meeting <recommended>. • Any matters requiring decision will be decided by the majority of votes of members present. • The Committee may invite other people to attend as it sees fit and consult with other people or seek any information it considers necessary to fulfil its responsibilities, i.e. the Committee may meet separately with auditors.
3.5. Members' qualifications and induction	<ul style="list-style-type: none"> • All members of the Committee must have and maintain: <ul style="list-style-type: none"> ➤ basic financial literacy; ➤ reasonable knowledge of the <insert agency name>'s own risks and controls; ➤ integrity, objectivity, accountability, honesty and openness; ➤ dedication of time and effort; ➤ an enquiring mind; ➤ independence of judgement; ➤ relevant industry knowledge, and ➤ business experience in the public or private sector. • At least one (1) member of the Committee must have appropriate expertise in financial accounting or auditing. • New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities. • A minimum requirement for the members to achieve the prescribed level of competence within six (6) months of membership of the Committee.
3.6. Conflicts of interest	<ul style="list-style-type: none"> • The Committee's members are invited to disclose conflicts of interest at the commencement of each meeting. • Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excused from discussion on the issue where conflict of interest exists.
3.7. Reporting to the Responsible Body	<ul style="list-style-type: none"> • The Chair is to report to the Responsible Body following each meeting by distributing a copy of the minutes including recommendations requiring the Responsible Body action or approval. • The Committee will undertake an annual review of its own performance and report the results of that review to the Responsible Body. • The Committee must have an Audit Committee charter approved by the responsible body at least once every three years.

4. Policy – Internal Audit *(Standing Direction 3.2.2)*

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

4.1. An independent internal audit function	<ul style="list-style-type: none"> • The Responsible Body must ensure that the internal audit function: <ul style="list-style-type: none"> ➤ is independent of management; ➤ has suitably experienced and qualified internal auditors; ➤ has access to the Responsible Body, Audit Committee, Accountable Officer and CFO and has enough information to enable it to perform its function ➤ has full, free and effective access at all reasonable times to all records, documents and employees of the <insert agency name> and the right to seek information and explanations, and ➤ is subject to a protocol to manage conflicts of interest for internal auditors.
4.2. Responsibilities	<ul style="list-style-type: none"> • The internal audit function must: <ul style="list-style-type: none"> ➤ Prepare and maintain an internal audit charter for approval by the Audit Committee, which is available to all agency management and staff. ➤ Prepare, maintain and implement a strategic internal audit plan with a rolling period of three to four years, and an annual audit work program based on the governance, risks and controls of <insert agency name>. ➤ Include audits of business processes or units likely to be vulnerable to Fraud, Corruption and Other Losses. ➤ Assist the Responsible Body to identify deficiencies in financial risk management. ➤ Develop and implement systems of the internal audit function of the <insert agency name>, and provide the Audit Committee with an independent and objective assessment of the effectiveness and efficiency of the financial and internal control systems. ➤ Apply relevant professional standards relating to internal audit.

5. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

Responsible Body	<p>The Responsible Body's responsibilities include:</p> <ul style="list-style-type: none"> • Appointing members of the Committee. • Approving the Committee's charter and providing a copy to each member of the Committee. • Approving changes to the charter as recommended by the Chair of the Committee. • Ensuring staff adopt a cooperative and conservative approach with the external auditors on relevant auditing matters.
Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Attending meetings by invitation of the Committee. • Providing training for newly appointed members. • Certifying compliance with the Standing Directions requirements to DTF.

6. Related Policies and procedures

- Financial delegations
- Annual and External reporting
- Managing liabilities
- Planning and managing performance

7. Definitions

Audit Committee's Charter	<p>The charter provides a blueprint for the Committee's operations. It should be specifically written to meet the needs of the <insert agency name>'s operations, financial management, risks, structure and culture.</p> <p>The charter should clearly articulate the Committee's role and responsibilities, composite, structure and membership requirement, authority as approved by the Responsible Body.</p>
Basic financial literacy	<ul style="list-style-type: none">• With respect to the qualifications of members of the Committee, this is defined as the ability to read and understand financial statements, including the income statement, balance sheet, statement of recognised income and expense and cash flow statement. This may also include an understanding of the following, where the <insert agency name> is subject to:<ul style="list-style-type: none">➤ generally accepted accounting principles (GAAP);➤ Financial Reporting Directions;➤ budget memoranda, and➤ Resource Management Framework published by DTF.• All members of the Committee should have access to updated copies of the above material and undertake periodic financial reporting and other relevant updates and training to ensure they stay current as to relevant developments in accounting and finance within the public sector agency.
Independent members	<ul style="list-style-type: none">• With respect to the Committee, an independent person is one who is independent of the management of the <insert agency name>, and:<ul style="list-style-type: none">➤ within the last three years has not been:<ul style="list-style-type: none">▪ employed in an executive capacity by the <insert agency name> or a related organisation or been a director after ceasing to hold such employment, and▪ a principal of a material professional advisor or a material consultant to the <insert agency name> or related organisation, or an employee materially associated with the service provider;➤ is not a major supplier or customer of the <insert agency name> or a related organisation or an officer or otherwise directly associated with a material supplier or customer;➤ has no material contractual relationship with the <insert agency name> or a related organisation;➤ has not served on the Responsible Body which could reasonably be perceived to materially interfere with the person's ability to act in the best interests of the <insert agency name>, and➤ is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the member's ability to act in the best interest of the <insert agency name>.

8. Authorisation and approval

This policy shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Internal Control System

(Standing Direction 3.4)

Managing Revenue

(Instruction 3.4.3)

Contents

- 1. Purpose**
- 2. Policy**
 - 2.1. Revenue
 - 2.2. Delegations
 - 2.3. Credit policy
 - 2.4. Debt collection
 - 2.5. Debtors control
 - 2.6. Bad and doubtful debts
- 3. Procedure**
 - 3.1. Recognising and recording of revenue
 - 3.2. Fees and charges
 - 3.3. Credit notes
 - 3.4. Credit assessment
 - 3.5. Debtors reconciliation
 - 3.6. Bad and doubtful debts
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 - 3.8. Compliance and reporting
- 4. Roles and responsibilities**
- 5. Related policies and procedures**
- 6. Definitions**
- 7. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>
Next review date:
Version:
Approval date:
Approval authority:

1. Purpose

This policy and procedure is to implement and maintain an effective internal control framework over revenue transaction processing and management to ensure that revenue is completely and accurately identified, managed, recorded and reported.

2. Policy

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

2.1. Revenue	<ul style="list-style-type: none">• Revenue for goods and services provided shall be recognised on an accrual basis.• Invoices for goods and services provided must be raised promptly following the provision of those goods and services.• All credit notes raised must be approved by the Finance Manager or delegated person, in accordance with the approved financial delegations.• A ledger must be established and maintained to record receipts.• Receipts must be secured in a safe or lockable container until such time.• Records substantiating revenue must be maintained for at least 7 years.
2.2. Delegations	<ul style="list-style-type: none">• Segregation of duties between roles and responsibilities for initiating revenue, debtors, cash collection, banking of money, processing of credit notes, waivers and write-offs of bad debts must be established in accordance with the approved financial delegations.
2.3. Credit policy	<ul style="list-style-type: none">• All outstanding balances are to be paid within 30 days from the date of the invoice or from the date goods or services are provided and approved by the Accountable Officer or delegated person.• All variations to the credit terms must be approved by the Accountable Officer or delegated person, on a case-by-case basis.• A Credit Terms Register must be maintained to record all customers with approved credit terms.• A credit assessment must be undertaken for all customers before providing goods and services on credit for a value of more than \$1,000 <recommended amount, to be determined by the agency>.
2.4. Debt collection	<ul style="list-style-type: none">• All debts over \$50 <recommended amount, to be determined by the agency> and overdue for more than 90 days will be referred to the <insert agency name>'s debt collector.• All debts over \$500 <recommended amount, to be determined by the agency> and overdue for more than 180 days, which are unable to be collected by the <insert agency name>'s external debt collector are to be referred for legal proceedings.
2.5. Debtors control	<ul style="list-style-type: none">• The <Insert agency name> must ensure the general ledger debtors control accounts and the detailed debtors ledger are controlled, processed, managed and reconciled.• The recoverability of debts is to be reviewed on a quarterly basis (at least).• An Aged Debtors Register that ages the outstanding balances must be maintained.• An aged debtor's recovery report is presented to the Responsible Body, at least monthly.

2.6. Bad and doubtful debts	<ul style="list-style-type: none"> • All debts written-off, <u>up to</u> \$10,000 <recommended amount, refer to the Financial Delegations Register> and overdue for 180 days or more, must be approved by the Accountable Officer or delegated person. • All debts written-off, <u>over</u> \$10,000 <recommended amount, refer to the Financial Delegations Register> and overdue for 180 days or more, must be approved by the Responsible Body. • Adequate provision for doubtful debts must be made, for amount overdue for 180 days or more and where collection of the outstanding amount became uncertain, at the end of each financial year.
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3. Procedure

The following table lists the activities for implementing this procedure:

<Modify activities below to suit the structure and business needs of your agency>

3.1. Recognising and recording of revenue	<p>A standard tax invoice shall be raised as soon as possible after goods and services provided for all debtors, stating the <insert agency name>'s trading terms and conditions of payment.</p> <p>All invoices must include the <insert agency name>'s ABN.</p> <p>GST shall be charged on goods and services provided in accordance with taxation legislation requirements.</p> <p>Revenue invoiced and debtors' payments must be allocated to the correct debtor, invoice and in the correct accounting period.</p>
3.2. Fees and charges	<ul style="list-style-type: none"> • All fees and charges must be approved by the Responsible Body or delegated person, in accordance with the <insert agency name>'s approved schedule and the relevant legislations. • The Accountable Officer or delegated person reviews the fees and charges annually and provides a recommendation to the Responsible Body as to how they should be updated.
3.3. Credit notes	<ul style="list-style-type: none"> • Credit notes must be: <ul style="list-style-type: none"> ➢ only raised to correct transactions relating to an incorrect debtors' balance charges; ➢ authorised by the Finance Manager or delegated person, and ➢ despatched promptly to debtors.

3.4. Credit assessment

- The Sales Officer [<modify role to suit the agency's structure>](#) liaises with the customer on the initial credit application by:
 - collecting and evaluating relevant information (e.g. name, address, contact details, the customer's ABN, business registration documents, financial statements, project proposal, contract), and
 - send the credit limit application for endorsement by the Business Manager [<modify role to suit the agency's structure>](#).
- The Business Manager [<modify role to suit the agency's structure>](#):
 - assesses the risk of default and thereby determines the need for collateral security such as a security deposit or bank guarantee;
 - approves the customer's credit check application, and
 - send the approved customer credit limit to the Finance Manager [<modify role to suit the agency's structure, recommended Finance Manager>](#) for approval.
- The Finance Manager [<modify role to suit the agency's structure, recommended Finance Manager>](#) approves the credit limit application.
- The Accounts Receivable Officer [<modify role to suit the agency's structure>](#):
 - checks the history of any defaults of the customer;
 - creates customer information and enters the credit limit in the finance system;
 - generates a credit report and sends this to the Business Manager for initial assessment, and
 - advises the newly created customer number to the business unit.

3.5. Debtor reconciliation

- Monthly (at least), the Accounts Receivable Officer [<modify role to suit the agency's structure>](#):
 - reconciles the general ledger debtors control account with the detailed debtors ledger;
 - reviews the detailed debtors ledger to ensure:
 - debtors' details are accurately recorded on an ongoing basis, and
 - debtors' payments are correctly and promptly recorded and matched against the corresponding invoices;
 - reviews the debtor ageing report for credit worthiness of customers and collectability of outstanding debtor balances, and
 - actively follow-up on amounts that are 60 to 90 days overdue, by:
 - verbally following up with customers;
 - sending letters to customers requesting payment, and
 - referring debts to an outsourced debt collector.
 - Monthly, the Finance Manager reviews the monthly debtor reconciliation and ensures all issues and discrepancies identified have been promptly followed-up and actioned.
 - Monthly, an analysis of aged debtors recovery must be reported to the Accountable Officer.
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3.6. Bad and doubtful debts	<ul style="list-style-type: none"> • Monthly (at least), the Accounts Receivable Officer <modify role to suit the agency's structure> reports to the Finance Manager on outstanding amounts identified as bad or doubtful debts, where: <ul style="list-style-type: none"> ➤ the recoverability of these amounts has become uncertain, and ➤ an adequate audit trail is maintained to evidence the non-recoverability of debts. • Under no circumstances are the customers to be advised that their debt is considered doubtful. • Quarterly, the Finance Manager recommends bad debts to be written-off for approval by the: <ul style="list-style-type: none"> ➤ Accountable Officer, for amount up to \$10,000 <recommended amount, refer to the Financial Delegations Register> and overdue for 180 days or more, and ➤ Responsible Body, for amount over \$10,000 <recommended amount, refer to the Financial Delegations Register> and overdue for 180 days or more. • Quarterly, the Responsible Body and Accountable Officer approve bad debts write-off as recommended by the Finance Manager. • The Finance Manager ensures: <ul style="list-style-type: none"> ➤ adequate provision is made for bad and doubtful debts not written-off at the end of each financial year, and ➤ debtors who have had their debts written-off will be made inactive until all the written-off debts have been recovered.
3.7. Write-off recovery	<ul style="list-style-type: none"> • If a debt is paid after it has been written-off, the write-off recovery is processed through Accounts Receivable. • Payment received by the agency is immediately forwarded to the Accounts Receivable Officer <modify role to suit the agency's structure>. • The monthly debtor reconciliation needs to identify these payments. • The <Insert agency name>'s bank account is credited for the amount collected. • Any service charges are recognised as an expense to the business.
3.8. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with <i>Instruction 3.4.3</i>, specifically: <ul style="list-style-type: none"> ➤ certifying compliance annually; ➤ conducting an annual review of the <insert agency name>'s obligations under the Standing Directions, and ➤ identifying and rectifying any failure or deficiency in complying with the Standing Directions.

4. Roles and responsibilities

[<Modify this section to suit the structure and business needs of your agency>](#)

Responsible Body	<p>The Responsible Body's responsibilities include:</p> <ul style="list-style-type: none"> • Approving bad debts write-off, for amounts over \$10,000 <recommended amount, refer to the Financial Delegations Register> and overdue for 180 days or more, on a quarterly basis.
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Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Establishing staff delegations relative to revenue and accounts receivable. • Reviewing the aged debtor recovery report on a quarterly basis. • Reviewing fees and charges set annually. • Approving bad debts write-off, for amounts up to \$10,000 <recommended amount, refer to the Financial Delegations Register> and overdue 180 days or more, on a quarterly basis. • Certifying compliance with the Standing Directions requirements to DTF.
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Reviewing the debtor reconciliation prepared, on a monthly basis (at least). • Discussing any delinquent debtors with the Accountable Officer, on a monthly basis. • Ensuring presentation of a monthly aged debtors recovery report to the Responsible Body and Audit Committee. • Ensuring adequate provision is made for bad and doubtful debts not written-off at the end of each financial year.
Accounts Receivable Officer	<p>The Accounts Receivable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Preparing and issuing sale invoices, credit notes and receipting of cash. • Setting up new customers in the financial accounting system. • Managing and reconciling debtor's ledger and accounts receivable control account. • Monitoring debtors on a monthly basis and preparing the monthly aged debtors recovery report for presentation to the Responsible Body, by the Finance Manager.

5. Related policies and procedures

- Managing bank accounts
- Managing cash
- Financial delegations
- Annual and External reporting
- Planning and managing performance

6. Definitions

Accounts receivable	Amount owed to the <insert agency name> by a customer (debtor) for goods and services supplied.
Bad debts	A debt where all avenues of collection have been exhausted and the likelihood of any recovery has become remote.
Credit note	<p>A commercial document issued by a seller to a buyer which lists the products, quantities and agreed prices for products or services the seller provided the buyer, but:</p> <ul style="list-style-type: none"> • the buyer returned or did not receive; • goods sent are incomplete, damaged, or incorrect, and • the buyer paid too much (overcharged). <p>A Credit Note will reduce or eliminate the amount the buyer must pay.</p>

Credit terms	The standard or negotiated payment terms set by the <insert agency name> from time to time detailing the timeframe under which debtor invoices must be paid.
Debtors	An agency or person which owes payment to the <insert agency name> for goods and services provided.
Debt collector	An agency contracted to collect debts from debtors of the <insert agency name>.
Doubtful debts	A debt where the recovery has become uncertain.
Detailed debtor ledger	The subsidiary ledger detailing the individual amounts owed by each debtor.
Debtor ageing report	The debtors ageing report lists all overdue accounts and the length of time they are late (30 days, 60 days or 90 days). Periodic review of overdue accounts allows active monitoring and following up on accounts that are 60 and 90 days overdue more vigorously.
General ledger debtors control account	The ledger account reflecting amounts owed to the <insert agency name> by all individual debtors.
Tax invoice	An invoice that meets all the GST requirements as prescribed by the Australian Tax Office (ATO).

7. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Managing Cash

(Instruction 3.4.4)

Cash Receipting Policy and Procedure

Contents

- 1. Purpose**
- 2. Policy**
 - 2.1. Recording of cash receipts
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 - 3.1. Over the counter receipts
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- 6. Definitions**
- 7. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>

Next review date:

Version:

Approval date:

Approval authority:

1. Purpose

This policy and procedure is to implement and maintain an effective internal control framework over cash handling and banking to ensure cash from all sources is completely and accurately identified, collected, invested, banked and recorded.

2. Policy

The following table lists the key principles for implementing this policy:

[<Modify the activities below to suit the structure and business needs of your agency>](#)

2.1. Recording of cash receipts	<ul style="list-style-type: none">• All cash receipts (cash, cheque, EFT and credit card remittances) received by the <insert agency name> must be recorded in the finance system, entered accurately in the general ledger and the detailed debtor ledger (sub-ledger). All daily cash receipts must be recorded, by payment type, in the Daily Cash Taking Report.
2.2. Segregation of duties	<ul style="list-style-type: none">• Appropriate segregation of duties is to be maintained for receipting of cash (e.g. incoming cash via postal, remittances, cash taken at approved cash collection points, credit card, or other electronic media), banking of cash and preparing of debtor reconciliations.• Access and ability to post to the finance system is restricted to authorised users only.
2.3. Issuing receipts to customers	<ul style="list-style-type: none">• A valid tax receipt, which is sequentially numbered, must be issued for over the counter payments (cash, cheque, money order and card payments) received from customers.• Receipts will not be issued for remittances received by mail, BPAY, direct debit/credit, unless specifically requested by customers.
2.4. Frequency of banking	<ul style="list-style-type: none">• Banking must occur:<ul style="list-style-type: none">➢ every day if daily takings exceed \$500 <recommended amount, to be determined by the agency>;➢ at least once a week even if takings are less than \$500 <recommended amount, to be determined by the agency>, and➢ on the last day of the month, irrespective of the amounts of daily takings.• If the daily cash takings exceeded \$1,000 <recommended amount, to be determined by the agency>, two staff members must be present at banking, and carried out at varied times.
2.5. Adequate security over cash receipts but not banked	<ul style="list-style-type: none">• Cash receipts are protected from theft and misappropriation:<ul style="list-style-type: none">➢ cash takings must be stored in a locked box and kept in a fire-proof safe/cabinet until they are deposited with the bank, and➢ all daily cash takings are to be tallied by payment type (e.g. cash, cheques, card payments) by the Office Administrator <modify role to suit the agency's structure> at the end of each day, regardless of whether they are physically banked on that day or not.
2.6. Audit trail and evidence	<ul style="list-style-type: none">• All original supporting documents relating to the cash receipts are to be sorted by batch number, receipt date and stored in a secured location for seven (7) years.

3. Procedure

The following table lists the activities for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

- | | |
|--|---|
| 3.1. Over the counter receipts | <ul style="list-style-type: none">• Only the nominated Office Administrator <modify role to suit the agency's structure> can receive cash over the counter.• When accepting over the counter payments, the Office Administrator <modify role to suit the agency's structure> must:<ul style="list-style-type: none">• enter the receipt details into the Daily Cash Taking Report;• issue valid tax receipts to customers;• take responsibility for tallying up daily cash receipts to the Daily Cash Taking Report, and• store cash and cheques in a locked box and keep in a secure fire-proof safe or cabinet. |
| 3.2. Over the counter receipts using an EFTPOS terminal | <ul style="list-style-type: none">• When accepting payments over the counter with a manual EFTPOS terminal, daily the Office Administrator <modify role to suit the agency's structure> must:<ul style="list-style-type: none">➢ issue a receipt after the transaction is approved and check customer's signature matches that on the credit/debit card, and where the customer entered the valid personal identification number (PIN), and➢ settle the EFTPOS terminals and ensure total payments appearing on the settlement report tally with the total takings made by cards. |
| 3.3. Difference in the cash receipts and amount recorded | <ul style="list-style-type: none">• The Office Administrator <modify role to suit the agency's structure> reconciles daily cash receipts to the Daily Cash Taking Report.• If there is a difference in the cash receipts to amount recorded in the Daily Cash Takings Report, the Office Administrator <modify role to suit the agency's structure> must:<ul style="list-style-type: none">➢ inform the Finance Manager as soon as any difference is identified, and➢ initiate and follow the thefts and losses reporting and investigation process (refer to: the <insert agency name>'s Thefts and Losses Policy and Procedure). |
| 3.4. Deposit daily cash receipts | <ul style="list-style-type: none">• The Office Administrator <modify role to suit the agency's structure> must:<ul style="list-style-type: none">➢ bank cash takings daily when total collected is more than \$500 <recommended amount, to be determined by the agency>;➢ bank cash takings at the end of each week even if total collected is less than \$500 <recommended amount, to be determined by the agency>, and➢ bank all cash receipts on the last working day of each month.• To deposit cash, the Office Administrator <modify role to suit the agency's structure> must:<ul style="list-style-type: none">➢ complete a sequentially numbered deposit slip;➢ bank all deposits before the close of a business day;➢ request the appointed bank to date and stamp on the deposit slip, as proof of banking, and➢ provide the deposit slip to the Accounts Receivable Officer <modify role to suit the agency's structure>.• The Accounts Receivable Officer <modify role to suit the agency's structure> processes cash receipted accurately in the finance system. |
-

3.5. Deposit cash receipts by external cash collectors	<ul style="list-style-type: none"> • The Office Administrator <modify role to suit the agency's structure> hands over cash collected to external cash collectors must request a receipt stating the deposit bag number and the total value of the amount deposited. • All receipts used as supporting documents for the bank reconciliations and auditing purposes must be filed for seven (7) years in accordance with the <i>Public Record Act 1973</i>.
3.6. All cash receipts reconciled to ledger and bank statements	<ul style="list-style-type: none"> • A daily bank transactions statement is provided by the bank to the <insert agency name> (recommended electronic file). • The Accounts Receivable Officer <modify role to suit the agency's structure>: <ul style="list-style-type: none"> ➢ ensures the daily bank statements are reconciled to the cash account; ➢ prepares the monthly accounts receivables reconciliations; ➢ applies cash receipts to the debtor accounts based on a matching of debtor name, debtor number, invoice number, etc., and ➢ investigates, corrects and adjusts unmatched cash receipts and discrepancies on a timely basis. • The Finance Officer <modify role to suit the agency's structure> prepares the monthly bank accounts reconciliations. • The Finance Manager <modify role to suit the agency's structure> reviews and approves the monthly bank accounts reconciliations and accounts receivable reconciliations.
3.7. System controls to prevent and detect unauthorised access	<ul style="list-style-type: none"> • System controls such as user ID and password controls are utilised to prevent any unauthorised access to accounting records. • Physical access to cash receipts module is limited to the Accounts Receivable Officer for posting of deposits to the system. • Annual review of access rights by the Finance Manager ensures only authorised individuals have access to the accounting records. All exceptions are investigated and resolved. • If management accepts incompatible duties, appropriate mitigating controls exist.
3.8. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with <i>Instruction 3.4.4</i>, specifically: <ul style="list-style-type: none"> ➢ certifying compliance annually; ➢ conducting an annual review of the <insert agency name>'s obligations under the Standing Directions, and ➢ identifying and rectifying any failure or deficiency in complying with the Standing Directions.

4. Roles and responsibilities

[<Modify this section to suit the structure and business needs of your agency>](#)

Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <p>Establishing staff delegations for cash handling and reporting.</p> <p>Overseeing segregation of duties.</p> <p>Certifying compliance with the Standing Directions requirements.</p>
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Reviewing and approving the monthly bank reconciliations. • Reviewing and approving monthly accounts receivable reconciliations. • Reviewing access rights to posting or processing transactions in the finance system.

Account Receivable Officer	<p>The Account Receivable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring cash is correctly recorded and applied in the general ledger and the detailed debtor ledger. • Reconciling daily cash receipts to bank statements. • Preparing monthly bank and debtor's reconciliation. • Preparing debtors ageing analysis.
Office Administrator	<p>The Office Administrator's responsibilities include:</p> <ul style="list-style-type: none"> • Receiving and receipting all cash over the counter. • Securing all cash held and cheques received in a fire-proof safe/cabinet on the <insert agency name>'s premise. • Reconciling daily receipts to the Daily Cash Taking Report, investigating and resolving all differences identified. • Banking all cash receipts with the appointed bank.

5. Related policies and procedures

- Managing bank accounts
- Managing revenue

6. Definitions

Cash handling	Process and systems involved in receiving, receipting, recording and banking of cash.
Cash takings/receipts	All cash, money orders, cheques and card payments received.
Daily Cash Taking Report	A report provides total cash receipts daily by an agency.
Segregation of duties	Process put in place to ensure no one person has responsibility for all aspects of the cash handling processes.

7. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Cash Flow Forecasting Policy and Procedure

(Instruction 3.4.4)

Contents

- 1. Purpose**
- 2. Policy**
 - 2.1. Use of cash flow forecasting
 - 2.2. Frequency of cash flow forecasting
 - 2.3. Comparing actual cash incurred against forecast
- 3. Procedure**
 - 3.1. Annual and monthly cash flow forecasts
 - 3.2. Mid-year cash forecast
 - 3.3. Weekly cash forecast
 - 3.4. Variance analysis and reporting
 - 3.5. Compliance and reporting
- 4. Roles and responsibilities**
- 5. Related policies and procedures**
- 6. Definition**
- 7. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>
Next review date:
Version:
Approval date:
Approval authority:

1. Purpose

This policy and procedure is to implement and maintain an effective internal control framework over cash flow forecasting and cash flow management to ensure cash deficits and surpluses can be effectively managed. For agencies which use the Central Banking System, the agency's cash management policies and procedures must also provide for transmitting timely and reliable cash flow forecasts to their Portfolio Department.

2. Policy

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

- | | |
|-----------------------------------|--|
| 2.1. Use of cash flow forecasting | <ul style="list-style-type: none">• Cash flow forecasting must be performed to ensure sufficient cash is available to:• operate the <insert agency name> business;• ensure sufficient cash is maintained to meet commitments when they fall due;• maximise investment opportunities, and• minimise borrowing costs.• For agencies which use the Central Banking System, the <insert agency name> cash management policies and procedures must also provide for transmitting timely and reliable cash flow forecasts to DTF. |
|-----------------------------------|--|

- | | |
|---|---|
| 2.2. Frequency of cash flow forecasting | <ul style="list-style-type: none">• The following table indicates the frequency and type of cash flow forecast information that must be prepared by the <insert agency name>: |
|---|---|

Frequency	Cash flow forecast information
Annual	Cash flow budget estimates for the full financial year cash requirements and the broad 5-years cash flow trends for longer term investment planning and opportunities.
Mid-year	Based on the mid-year financial review, an analysis of year-to-date actual cash flows and revised annual projections of cash balances (for period to 30 June), with a view to identifying potential surplus cash. Where appropriate, disbursement profiles to be adjusted.
Monthly	Detailed monthly estimates of cash flows for the current year.
Weekly	A weekly review of cash income and expenses to identify cash required to meet forthcoming obligations and surplus cash for investment purpose.

- | | |
|--|--|
| 2.3. Comparing actual cash incurred against forecast | <ul style="list-style-type: none">• Cash forecasts must be regularly compared (at least monthly) against the actual cash flows, updated as required and reported to the Accountable Officer. |
|--|--|

3. Procedure

The following table lists the activities for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

3.1. Annual and monthly cash flow forecasts	<ul style="list-style-type: none"> • At the start of the financial year, the Finance Manager prepares: <ul style="list-style-type: none"> • a 5-year annual cash flow forecast, and • a rolling monthly cash flow forecast for the current year. • The Accountable Officer endorses the 5-year annual and monthly cash flow forecasts and presents them to the Responsible Body for approval. • The Accountable Officer is responsible for monitoring cash flow performance of the <insert agency name> and advises the Responsible Body of any significant variances.
3.2. Mid-year cash forecast	<ul style="list-style-type: none"> • The Finance Manager will update, on a six monthly bases, the annual cash flow forecast based on the current assumptions and present it to the Accountable Officer for approval. This will ensure that at any point in time, the <insert agency name> will have sufficient financial resources available to meet the next six months expenditure as it falls due. • The Accountable Officer will present the updated mid-year cash forecast to the Responsible Body for approval.
3.3. Weekly cash forecast	<ul style="list-style-type: none"> • Every Friday <recommended, to be determined by the agency>, the Finance Officer prepares a Weekly Cash Requirement Forecast for the coming week using information provided by the accounts receivable, accounts payable and payroll systems. • The Finance Manager reviews and monitors the Weekly Cash Requirement Forecast to ensure the timing of the <insert agency name>'s payments are managed, sufficient funds are available to meet operational commitments, and to maximise investment opportunities. • The Finance Manager reports to the Accountable Officer of any cash flow variances that exceed 10% <recommended amount, to be determined by the agency> for monthly forecasts provided at the beginning of the week.
3.4. Variance analysis and reporting	<ul style="list-style-type: none"> • The Finance Manager: <ul style="list-style-type: none"> ➢ reviews monthly comparison between the cash forecasts and actual cash flows, and ➢ advises the Accountable Officer of any significant changes in the expected cash flows to those budgeted, on a monthly basis. • The Accountable Officer advises the Responsible Body of any significant changes in cash flows to those budgeted. • The Accountable Officer is responsible to provide DELWP with explanations on identified annual and mid-year cash flow variances, when requested.
3.5. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with <i>Instruction 3.4.4</i>, specifically: <ul style="list-style-type: none"> ➢ certifying compliance annually; ➢ conducting an annual review of the <insert agency name>'s obligations under the Standing Directions, and ➢ identifying and rectifying any failure or deficiency in complying with the Standing Directions.

4. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Endorsing annual and monthly cash flow forecasts prepared. • Presenting the annual and monthly cash flow forecasts to the Responsible Body for approval. • Certifying compliance with the Standing Directions requirements to DTF.
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Preparing annual and monthly cash flow forecasts. • Reviewing and monitoring weekly cash flow forecast to ensure sufficient funds are available to meet operational commitments and maximise investment returns. • Providing explanations on any significant monthly cash flows variances to the Accountable Officer. • Providing information to DELWP, as required.
Finance Officer	<p>The Finance Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Preparing the Weekly Cash Requirement Forecast and advising the Finance Manager of significant shortfall of cash, if any. • Advising the Finance Manager of significant variances to the daily forecast.

5. Related policies and procedures

- Managing bank accounts
- Managing expenditure
- Managing revenue

6. Definition

Cash flow forecast	<p>A process of predicting cash flow for the purpose of managing liquidity needs and for investment control.</p> <p>The objective of a cash flow forecast is to determine shortages or excesses in cash from that necessary to operate the business and provide the essential information needed for making sound investment decisions.</p>
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7. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis [<insert frequency of review, recommended minimum on an annual basis>](#). The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Managing Bank Accounts

(Instruction 3.4.5)

Contents

- 1. Purpose**
- 2. Policy**
 - 2.1. Opening and closing of bank accounts
 - 2.2. Bank account terms and conditions
 - 2.3. Bank account maintenance
- 3. Procedure**
 - 3.1. Bank payment authorisations
 - 3.2. Bank account transactions
 - 3.3. Compliance and reporting
- 4. Roles and responsibilities**
- 5. Related policies and procedures**
- 6. Definitions**
- 7. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>

Next review date:

Version:

Approval date:

Approval authority:

1. Purpose

This policy and procedure set out the requirements for use of bank accounts, including opening, closing authorisations, variations to terms and conditions, reconciliation of bank accounts and bank account transactions.

2. Policy

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

2.1. Opening and closing of bank accounts	<ul style="list-style-type: none">• Bank accounts can only be opened or closed with written approval of the Responsible Body or delegated person.
2.2. Bank account terms and conditions	<ul style="list-style-type: none">• All bank accounts must be opened with the Approved Authorised Deposit Taking Institutions.• General Government agencies are required to comply with Direction 3.7.2.1 <i>Central Banking System and Eligible Financial Assets</i>.• Banking arrangements and variations to existing banking arrangements are subject to the approval of the Accountable Officer and are reviewed at least every five (5) <modify frequency, recommended five> years.• All correspondence regarding the <insert agency name>'s bank accounts must be addressed to the Accountable Officer or delegated person.• All bank account titles/names must include the name of the agency or abbreviation approved by the Responsible Body.• A certificate of balance and a bank statement of record of transactions must be available on request by the Accountable Officer or delegated person.
2.3. Bank account maintenance	<ul style="list-style-type: none">• The number of bank accounts and institutions used for banking purposes must be reviewed annually by the Accountable Officer or delegated person.• A register of bank accounts must be maintained, detailing:<ul style="list-style-type: none">➤ the name, address and branch of the bank;➤ the name and number of the account;➤ overdraft limits or special account conditions that apply, and➤ the terms, conditions and signatories to the account.➤ at least monthly reconciliation of bank accounts

3. Procedure

The following table lists the activities for implementing this Procedure:

<Modify the activities for each procedure so they suit the needs of your business>

3.1. Bank payment authorisations	<ul style="list-style-type: none">• There shall be at least two signatories to authorise every bank account transaction <where applicable>.• The authorised persons with approved financial delegations for bank account payments are:<ul style="list-style-type: none">• <insert role and electronic signature here>;• <insert role and electronic signature here>, and• <insert role and electronic signature here> etc.• Each payment made is to be supported by an invoice, a receipt or other appropriate documentation and the authorisations must be attached to this document prior to payment.
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3.2. Bank account transactions (note: only employees who have delegated responsibilities to handle cash are to be involved in these processes)	<ul style="list-style-type: none"> • All deposits received must be banked within <insert number of days, recommended two> days from receipt. • All funds received must be banked into the <insert agency name>'s account. • Unallocated direct deposits of more than <insert number of months, recommended one> month will be investigated fully to determine the source of deposit. Where the source cannot be identified, the deposit will be allocated to a suspense account to keep these funds separate and identifiable. • Cheques outstanding for more than <insert number of months, recommended twelve> months must be returned to DELWP for return to the consolidated fund. • Where a payment stop of a cheque is required, this is required to be authorised by the Accountable Officer or delegated person. • All bank accounts are to be reconciled at least on a monthly basis.
3.3. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with <i>Instruction 3.4.5</i>, specifically: <ul style="list-style-type: none"> ➤ certifying compliance annually; ➤ conducting an annual review of the <insert agency name>'s obligations under the Standing Directions, and ➤ identifying and rectifying any failure or deficiency in complying with the Standing Directions.

4. Roles and responsibilities

[<Modify this section to suit the structure and business needs of your agency>](#)

Role	Responsibilities
Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Authorising opening and closing of all <insert agency name> bank accounts. • Establishing all staff delegations relative to bank accounts taking into account any relevant Responsible Body decisions. • Ensuring bank statements are received and appropriately addressed to the agency. • Certifying compliance with the Standing Directions requirements to DTF.
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring bank reconciliations are undertaken and satisfactorily completed, at least monthly. • Reviewing and signing-off all bank reconciliations. • Resolving all bank account transaction errors and discrepancies.
Finance Officer	<p>The Finance Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Administering and managing bank accounts and liaising with the bank as required. • Performing and completing monthly bank reconciliations as directed. • Presenting bank reconciliations to the Finance Manager upon completion. • Reporting any bank transaction errors or discrepancies to the Finance Manager when identified.

5. Related policies and procedures

- Financial delegations
- Managing revenue
- Purchasing and prepaid debit cards
- Managing payroll

6. Definitions

Bank reconciliation	Analysis and adjustment of differences between the cash balance shown on a bank statement, and the amount shown in the <insert agency name>'s accounting records. This matching process involves making allowances for cheques, and if discrepancies exist, finding the cause and bringing the records into agreement accompanied by appropriate explanations.
Approved Deposit Taking Institution	<p>Authorised Deposit Taking Institutions is an Australian government term for a corporation which is authorised under the <i>Banking Act 1959</i> to take deposits from customers.</p> <p>ADIs include banks, building societies and credit unions. All ADIs are subject to the same prudential standards but for a corporation to use word 'bank', 'building society' and 'credit union' in its name must meet certain criteria.</p>

7. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Managing Expenditure

(Instruction 3.4.6)

Contents

- 1. Purpose**
- 2. Policy**
 - 2.1. Authorisation of expenditure
 - 2.2. Segregation of duties
 - 2.3. Expense recognition
 - 2.4. Payment terms
 - 2.5. Preferred suppliers
 - 2.6. Payment of tax invoice
 - 2.7. Supplier Master Records
 - 2.8. Compliance and record keeping
- 3. Procedure**
 - 3.1. Invoice processing
 - 3.2. Payments
 - 3.3. Supplier Master Records
 - 3.4. System controls
 - 3.5. Compliance and reporting
- 4. Specific expenditure processing procedure**
 - 4.1. Employee expense reimbursement
 - 4.2. Employee travel reimbursement
 - 4.3. Cash advances
 - 4.4. Travel allowance
 - 4.5. Mileage claims
 - 4.6. Capital expenditure
 - 4.7. Gifts and hospitality
- 5. Roles and responsibilities**
- 6. Related policies and procedures**
- 7. Exclusions**
- 8. Definitions**
- 9. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>

Next review date:

Version:

Approval date:

Approval authority:

1. Purpose

This policy and procedure is to implement and maintain an effective internal control framework over expenditure transaction processing and management. This is to ensure that disbursements are appropriately authorised, incurred in accordance with business needs and captured in the financial records.

2. Policy

The following table lists the key principles for implementing this policy:

[<Modify the activities below to suit the structure and business needs of your agency>](#)

2.1. Authorisation of expenditure	<ul style="list-style-type: none">• All expenditure must be approved by officers with appropriate financial delegations.• Expenditure only to be incurred when duly approved, within available budgets and for authorised purposes.
2.2. Segregation of duties	<ul style="list-style-type: none">• Purchasing and accounts payable duties are segregated. Users who have access to purchasing functions do not have access to the supplier maintenance and payments processing functions within the finance system.• Attempts to access the system are prevented where access is not authorised.• Incompatible functions and related duties are subject to a regular review by management. Discrepancies and exceptions identified are promptly investigated.
2.3. Expense recognition	<ul style="list-style-type: none">• All expenses are recorded on an accrual basis.• The liabilities for goods and services provided are to be recorded in the period they are received, regardless of whether cash is disbursed.
2.4. Payment terms	<ul style="list-style-type: none">• All debts are to be paid as and when they are due and payable and ensure early payment discounts are fully utilised where appropriate.
2.5. Preferred suppliers	<ul style="list-style-type: none">• Employees to use preferred suppliers for provision of certain goods and services, on all occasions.• A listing of preferred suppliers is available on <insert where here>.
2.6. Payment of tax invoice	<ul style="list-style-type: none">• Invoices are processed for payments after goods and services are received, and in a secure and efficient manner.• All invoices must be approved and certified before payments can be processed by accounts payable.• Payments for goods and services must be supported by:<ul style="list-style-type: none">➢ original tax invoices or receipts (where tax invoice not required by GST legislation);➢ financial delegate approval, and➢ certification of receipt of goods and services.
2.7. Supplier Master Records	<ul style="list-style-type: none">• A periodic review of the Supplier Master Records established to:<ul style="list-style-type: none">➢ maintain the integrity of the suppliers' records;➢ ensure that duplication of suppliers' records is not created, and➢ ensure the information contained in the master records is correct.
2.8. Compliance and record keeping	<ul style="list-style-type: none">• The Accountable Officer must report to the Assistant Treasurer through DELWP, within one month of becoming aware of any material and substantial breach of policies and procedures relating to the expenditure processing and management, and the action taken by the agency in response to this breach.• All financial records, including supporting documents, are to be retained for a minimum of seven (7) years after the financial year audit has been completed.

3. Procedure

The following table lists the activities for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

3.1. Invoice processing

Receipt of goods and services	<ul style="list-style-type: none"> • Authorisation is required to enter goods and services receipts to the accounts payable system and is restricted to authorised users. • When goods and services are received: <ul style="list-style-type: none"> ➢ the packing slips (where obtained) must be date stamped and signed, and ➢ the accounts payable system is updated to reflect the receipts.
Receipt of invoices	<ul style="list-style-type: none"> • All suppliers shall be instructed to mail invoices directly to: <ul style="list-style-type: none"> <Insert name of agency Insert address of agency Insert email of agency>. • Upon receipt of invoices, the Accounts Payable Officer will: <ul style="list-style-type: none"> ➢ load the invoice in the accounts payable system; ➢ dispatch invoices to the business units for approval (or receipting pre-approved), and ➢ monitor invoices to ensure timely submission for payments.
All invoices received are input for processing	<ul style="list-style-type: none"> • The Accounts Payable Officer will generate payments to suppliers based on the payment due date in the system. Before payments are approved for release by the authorised person, the authorised person must: <ul style="list-style-type: none"> ➢ check the account codes to ensure expenditure is allocated to the correct cost centre and cost elements, and ➢ ensure once a purchase order is matched to an invoice or related invoices, the system identifies the purchase order as “closed”. Closed purchase orders cannot be selected again for matching with other invoices. • At the end of each month, the Accounts Payable Officer will: <ul style="list-style-type: none"> ➢ generate a monthly report that lists goods and services received but not yet matched to supplier invoices, and ➢ review long standing purchase orders and invoices received and remove these from the system after approved by the Finance Manager.
Approving invoices for payments in line with the approved financial delegations	<ul style="list-style-type: none"> • The delegated person <insert role, recommended financial delegate> must approve and certify invoices, in accordance with the approved financial delegations, before approving payments online through the accounts payable system. This is to ensure: <ul style="list-style-type: none"> ➢ payments are made against original tax invoices; ➢ payments are linked to relevant approved purchase orders; ➢ goods specified on invoices have been received in the required quantity, quality and condition; ➢ services specified on invoices have been satisfactory performed, and ➢ payments are posted to valid account codes, in the general ledger. • All invoices and supporting documents must be date stamped, signed and forwarded to accounts payable.
Accounts payable reconciliation	<ul style="list-style-type: none"> • On a monthly basis, the Accounts Payable Officer will: <ul style="list-style-type: none"> ➢ reconcile the supplier statements to the supplier accounts; ➢ review the Accounts Payable Ageing Report to ensure payments have been recorded in a complete manner; ➢ clear the Accounts Payable Suspense Account <recommended>; and ➢ reconcile the balance in the general ledger with the purchase ledger control

	<p>account.</p> <ul style="list-style-type: none"> • The Finance Manager is responsible to: <ul style="list-style-type: none"> ➢ review the monthly accounts payable reconciliation to ensure all suppliers are paid within due dates and all cut-off errors are corrected; ➢ ensure no duplication of disbursements and payments to suppliers, and ➢ ensure all discrepancies are resolved on a timely manner.
Withholding tax for invoices	<ul style="list-style-type: none"> • The Accounts Payable Officer is responsible to withhold 46.5% from payment when the supplier does not provide a valid ABN. (Refer to: the ATO website for rules on withholding tax purposes).
Goods and Services Tax (GST)	<ul style="list-style-type: none"> • The Accounts Payable Officer is responsible to: <ul style="list-style-type: none"> ➢ check if the attached documents provide sufficient evidence to meet ATO requirements for a tax invoice; ➢ verify if any GST amount is shown on the invoice, and ➢ enter the appropriate GST code when posting to the accounts payable system.
Credit adjustment notes	<ul style="list-style-type: none"> • The <insert agency name> should obtain a credit adjustment note from the supplier if an examination of the invoice indicates some discrepancies. • Original invoice is not to be amended. • Credit adjustments are processed against the original purchase and cannot be allocated to other invoices.

3.2. Payments

Payments are approved	<ul style="list-style-type: none"> • The release of payments via cheques and Electronic Funds Transfers (EFTs) are approved by delegated officers separate from those who enter and match invoices (Refer to: the <insert agency name>'s Bank Account Policy and Procedure for authorised persons and their signatures). • The agency establishes appropriate authority limits for approving of payments (Refer to: the <insert agency name>'s Financial Delegations Policy).
Electronic Funds Transfers (EFTs)	<ul style="list-style-type: none"> • EFTs domestic payments are processed once a week <recommended>, except where the agency is closed for Public Holidays or Christmas/New Year. • Dual authorisation is required to initiate wire transfers to ensure all payments are appropriately approved (refer to: the <insert agency name>'s Banks Account Policy and Procedure for authorised persons and their signatures). • Bank accounts are reconciled monthly to ensure all payments are accounted for in the general ledger.
Cheque payments	<ul style="list-style-type: none"> • Cheque runs will only occur on a fortnightly basis <recommended frequency, to be determined by the agency>. • All cheques are "Not Negotiable" and cash cheques are not permitted in any circumstances. • All cheques issued are sequentially numbered and accounted for. • All unused cheques are properly safeguarded by storage in a fire-proof safe/cabinet. • All cheques outstanding > 30 days are reviewed and resolved on a monthly basis. • Cheques issued and supporting documents are to be forwarded to the authorised cheque signatories for signing. • Signed cheques are sent promptly to the suppliers and accompanied with a remittance advice. • Stop payment notice needs to be issued immediately when the suppliers advise in writing that cheques have not been received or received but lost, stolen or destroyed. Acknowledgement received from the bank before a replacement cheque

can be issued.

3.3. Supplier Master Records

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| Creation of Master Records | <ul style="list-style-type: none">• For a new supplier, the purchaser will complete a New Supplier Request form, have it reviewed and signed by the Business Manager <modify role to suit the agency's structure> and forward it to the Accounts Payable Officer, together with any required documents.• The New Supplier Request form must be completed – failure to do so will result in the request not being processed. Particular attention should be given to the following:<ul style="list-style-type: none">➢ an ABN is required for all Australian suppliers. Where the supplier does not quote an ABN and the nature of the supply is such that an ABN is not required, a “Statement by a supplier” must be completed (refer to: ATO website for detailed requirements), and➢ Bank account details are required for all Australian suppliers.• The Business Manager <modify role to suit the agency's structure> must review and approve the New Supplier Request Form before the supplier can be established in the system.• Upon receipt of the request for a new supplier, the Accounts Payable Officer will:<ul style="list-style-type: none">➢ check the completeness of the request and any required attachments. If not satisfied, the form will be returned to the requester;➢ check the supplier does not already exist in the Supplier Master Records, and➢ check the supplier's ABN against the Australian Business Register to ensure the validity of the supplier.• A new supplier master record will then be created, and the requester will be advised. No commitments should be made to the supplier until this advice has been received. |
| Maintenance of existing Supplier Master Records | <ul style="list-style-type: none">• The Accounts Payable Officer will make changes to the Supplier Master Records supported by documentation from the supplier.• The system generates a report of changes made to a supplier's record which is forwarded to the Business Manager for review and approval.• The Accounts Payable Officer will review a report of suppliers with no purchasing activity for 12 months or more on a quarterly basis <recommended frequency, to be determined by the agency>. |

3.4. System controls

- | | |
|---|--|
| System control on access to accounts payable system | <ul style="list-style-type: none">• Ability to access the accounts payable system is restricted to authorised users for:<ul style="list-style-type: none">➢ raising of purchase requisitions or purchase orders;➢ processing payments, and➢ updating and maintaining the Supplier Master Records.• Periodic review of an exception report by management to:<ul style="list-style-type: none">➢ identify unauthorised attempts to access the system, and➢ ensure only authorised individuals have access and duties are appropriately segregated.• Access control such as IDs and passwords are utilised and specific to individual users. Exceptions are investigated and resolved.• Quarterly review of access rights and exception report by the Finance Manager, to ensure only authorised employee have access to the finance system and adequate segregation of duties. |
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3.5. Compliance and reporting

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|---------------------|--|
| <i>The Standing</i> | <ul style="list-style-type: none">• The Accountable Officer is required to certify that the <insert agency name> has |
|---------------------|--|

<i>Directions 2018</i>	<p>complied with Instruction 3.4.6, specifically:</p> <ul style="list-style-type: none"> ➤ certifying compliance annually; ➤ conducting an annual review of the <insert agency name>'s obligations under the Standing Directions, and ➤ identifying and rectifying any failure or deficiency in complying with the Standing Directions.
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4. Specific expenditure processing procedure

Procedures established for the following expenditure types:

<Modify the activities below to suit the structure and business needs of your agency>

Employee expense reimbursement	<ul style="list-style-type: none"> • Employees will be reimbursed for all approved business expenses incurred in the course of employment. • Approved business expenses including: <ul style="list-style-type: none"> ➤ purchases, in accordance with the approved financial delegations; ➤ travel and accommodation expenses, and ➤ purchase of fuel for rental cars only. • All claims must be signed (or electronically submitted) by the employee and authorised by the manager (above employee making claim) with the appropriate financial delegations.
4.2. Employee travel reimbursement	<ul style="list-style-type: none"> • Employee travel expenditure as a general rule is: <ul style="list-style-type: none"> ➤ reimbursed on the basis of actual expenses incurred, or ➤ paid on a per diem basis. • In instances, where employee travel expenditure is paid on the basis of the actual expenses incurred, approval for reimbursement of expenditure must be in accordance with the <insert agency name>'s financial delegation. • All reimbursements of actual travel expenses are to be supported by the original receipts or invoices, a description of the expenditure, and account codes to which these costs are to be posted. • All claims must be signed (or electronically submitted) by the employee and authorised by the relevant financial delegate. • Accounts payable will process the reimbursement form and enter the details into the accounts payable system.
4.3. Cash advances	<ul style="list-style-type: none"> • A cash advance might be issued at the request of the Financial Manager for an employee's business trip. • Receipts and other supporting documents must be provided within one month of receiving a cash advance for acquittal. • No further advance will be paid to the employee until outstanding amounts are fully accounted for and processed by accounts payable.
4.4. Travel allowance	<ul style="list-style-type: none"> • Travel expenses may be advanced to the traveller in some circumstances or reimbursed after travel. • Transport costs will be reimbursed in full, provided that the most cost-effective travel arrangements have been made. • Accommodation expenses will be reimbursed up to the maximum rates prescribed in the ATO Maximum Rates Schedule, unless approved in advance. • Meal and incidental expenses will be reimbursed up to the maximum rates prescribed in the ATO Maximum Rates Schedule, provided the expenses are actually and necessarily incurred in the course of travel and approved in advance.

4.5. Mileage claims	<ul style="list-style-type: none"> • Where employees use their own vehicles for business purposes, they are only entitled to make a reimbursement claim for the total business travel on a cents per kilometre basis. • The reimbursement rates are determined by the ATO's mileage rates taking into account all costs including wear and tear, fuel, repairs and motor vehicle insurance excess/expenses. • All reimbursements for use of personnel vehicles for work are to be made on a Car Allowance Form. • The approved Car Allowance Form is to be forwarded to the Human Resource <recommended> for processing through payroll.
4.6. Capital expenditure	<ul style="list-style-type: none"> • When invoices are received for a capital expenditure project, a designated project owner is responsible for: <ul style="list-style-type: none"> ➢ monitoring these costs and signing invoices for approving payments, and ➢ reviewing payments made against the approved capital expenditure plan and monthly progress statement from the supplier, on a monthly basis.
4.7. Gifts and hospitality	<ul style="list-style-type: none"> • Employees must avoid accepting any offer of reportable gifts, benefits or hospitality or those that could be perceived as a conflict of interest. • For further information regarding the standards and behaviour expected of employees of the Public Sector, refer to: <ul style="list-style-type: none"> ➢ <u>Victorian Public Sector Gifts, Benefits and Hospitality Policy Framework</u>, and ➢ <u>Code of Conduct for Victorian Public Sector Employees</u>.

5. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Establishing all employee delegations for processing of payments. • Monitoring expenditure trends and seeking explanations for any material variances against approved budgets. • Reporting any substantial breach of the policy and procedure relating to the expenditure processing, management and action taken in response to the breach to the Assistant Treasurer. • Certifying compliance with the Standing Direction requirements to DTF.
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Supervising Accounts Payable Officer's function. • Authorising all changes to the Supplier Master Records for creation of new supplier and deactivating existing suppliers who the <insert agency name> is no longer dealing with. • Monitoring year-to-date expenditure to the approved budget. • Approving supplier payments online through the EFT.
Accounts Payable Officer	<p>The Accounts Payable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Administering the accounts payable system and payment functions. • Processing supplier invoices. • Maintaining and updating the Supplier Master Records. • Preparing monthly accounts payable reconciliation. • Preparing monthly supplier statement reconciliation. • Monitoring compliant tax invoices.

Finance delegate role	<p>The Finance Delegate's responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring all suppliers' tax invoices are supported by purchase orders or financial delegate's approval. • Approving all invoices for payments purposes.
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6. Related policies and procedures

- Managing bank accounts
- Financial delegations
- Acquisition of assets, goods and services
- Managing payroll

7. Exclusions

This policy and procedure do not apply to payments made through the:

- payroll system (refer to: Managing payroll Policy and Procedure);
- purchasing cards (refer to: Purchasing Cards Policy and Procedure), and

8. Definitions

Accounts Payable	Amount owed to a supplier for goods and services provided.
Accrual basis	The basis of accounting wherein expenses are recorded in the period in which they are incurred regardless of whether cash is disbursed in that period.
Disbursement	Payment by cash, electronic funds transfer or cheque.
Invoice	A detailed list of goods and services rendered, with an account of all costs and items incurred.
Stale cheque	A "stale cheque" is defined as a cheque that has been drawn but not presented within fifteen (15) months of the date appearing on the face of the cheque.
Suspense account	<p>A suspense account is an account used temporarily to carry doubtful receipts and disbursements or discrepancies pending their analysis and permanent classification.</p> <p>Suspense accounts should be cleared at some point, because they are for temporary use. Suspense accounts are a control risk.</p>

9. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Managing Payroll

(Instruction 3.4.7)

Contents

- 1. Purpose**
- 2. Payroll vs human resources**
- 3. Policy**
 - 3.1. Confidentiality of personnel information
 - 3.2. Security over payroll data
 - 3.3. Salary payments
 - 3.4. Accurate and appropriate authorisation of payments
 - 3.5. Audit trail and record keeping
- 4. Procedure**
 - 4.1. Segregation of duties
 - 4.2. Payroll process
 - 4.3. Annual leave loading and payments
 - 4.4. Recording of payroll payments
 - 4.5. Payroll reconciliation
 - 4.6. Errors detected in payroll
 - 4.7. Under and over payments
 - 4.8. Compliance and reporting
- 5. Roles and responsibilities**
- 6. Related policies and procedures**
- 7. Definitions**
- 8. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>

Next review date:

Version:

Approval date:

Approval authority:

1. Purpose

This policy and procedure are to implement and maintain an effective internal control framework over financial transaction processing for employee expenses and employee expense management to ensure salaries, wages and other employee costs (including full-time, part-time and casual employees) are authorised, paid accurately, efficiently and in a timely and secure manner.

2. Payroll vs human resources

There is a level of crossover between this policy and policies with those administered by Human Resources. The delegation to fill vacancies, establish new positions, confirm appointments, leave management, fringe benefit tax management, superannuation management and the consequential commitment of funds is not set out by this policy and procedure.

3. Policy

The following table lists the key principles for implementing this policy:

[<Modify the activities below to suit the structure and business needs of your agency>](#)

3.1. Confidentiality of personnel information	<ul style="list-style-type: none">• All employees who have access to payroll data are required to maintain confidentiality over personnel information as required by the <i>Privacy Act 1988</i>.• No employee of the <insert agency name> is permitted to access any information on other employees for personal reasons.• No payroll information will be provided to third parties (e.g. banks, mortgage lenders) unless prior written approval has been provided by the employee to release such information.
3.2. Security over payroll data	<ul style="list-style-type: none">• Appropriate segregation of duties is maintained over payroll functions.• Quarterly review of payroll data base to ensure terminated employees are purged from the system as soon as they cease employment.• Access and ability to post to payroll system is restricted to authorised users only.• All changes to payroll details must be appropriately authorised and accurately processed.• Employees can view and change their personal and bank details online through the Employee Self Service System (ESS) <delete or modify if not applicable>.
3.3. Salary payments	<ul style="list-style-type: none">• Regular payments of salaries are made on a fortnightly basis <recommended frequency> into the staff members' nominated bank accounts. If a pay date falls on a public holiday or during the Christmas closedown period, the <insert agency name> will pay that fortnight salary on an appropriate date prior to the scheduled pay day.• Employees have access to their pay slips through the ESS <delete if not applicable but clarify how payslips obtainable>.• Payment for cessation of employment is made to the <insert timeframe, recommended last day of attendance for duty> for all staff terminating employment, except those retiring. The cessation of employment date is the date on which:<ul style="list-style-type: none">➤ superannuation contribution and WorkCover insurance ceased;➤ accrual of annual leave and long service leave is calculated, and➤ tax is calculated on lump sum separation payments.
3.4. Accurate and appropriate authorisation of payments	<ul style="list-style-type: none">• All salaries, wages and entitlements are approved and paid in accordance with actual work performed and contractual agreements.• All payroll disbursements (e.g. tax, superannuation, deductions) are processed promptly and accurately.• All claims for payment (e.g. casual hours, overtime, casual contracts) will only be

	<p>processed on original and correctly authorised documentation.</p> <ul style="list-style-type: none"> • Pay as You Go (PAYG) is to be withheld from employee fortnightly salaries and remitted to the Australian Tax Office (ATO). (Refer to: PAYG Withholding Guide on the ATO website for guidance on applying withholding rules to worker salaries).
3.5. Audit trail and record keeping	<ul style="list-style-type: none"> • The <insert agency name> must keep payroll reports and employment/contractor records for seven (7) years, for taxation purposes. <p>The <insert agency name> will maintain:</p> <ul style="list-style-type: none"> ➤ a payroll record (fortnightly and progressively) for each employee on: <ul style="list-style-type: none"> ▪ salaries, wages and allowances earned; ▪ taxation deductions; ▪ superannuation deductions; ▪ other deductions as authorised by the employee, and ▪ leave entitlements and leave taken. ➤ a record of each pay period containing information on: <ul style="list-style-type: none"> ▪ total gross salaries, wages and allowances paid; ▪ total tax deducted; ▪ total superannuation deducted; ▪ total of all other deductions; ▪ total of net payroll, and ▪ total amount posted to general ledger.

4. Procedure

The following table lists the activities for implementing this procedure:

[<Modify the activities below to suit the structure and business needs of your agency>](#)

4.1. Segregation of duties	<ul style="list-style-type: none"> • The Accountable Officer is responsible to ensure that adequate segregation of duties is maintained over the payroll function.
4.2. Payroll process	<ul style="list-style-type: none"> • The Business Manager <modify role to suit the agency's structure>: <ul style="list-style-type: none"> ➤ reviews, verifies and certifies the salary, wages and entitlements data contained in the Fortnightly Payroll Review Report. This is to ensure payments are made to employees in accordance with actual work performed and contractual agreement provisions, and ➤ approves releasing of payments by signing-off the Fortnightly Payroll Review Report. • The Payroll Manager <modify role to suit the agency's structure> reviews and ensures payroll amount is complete and accurate. • The Payroll Officer <modify role to suit the agency's structure> is responsible to enter payroll amounts in the EFT system for approval by authorised officers, in a timely manner. • The authorised officers, in accordance with the approved financial delegations, will approve payroll payment online in the EFT system.
4.3. Annual leave loading and payments	<ul style="list-style-type: none"> • The Finance Manager <modify role to suit the agency's structure> ensures leave entitlement balances and corresponding liabilities are recorded and monitored so that they are minimised at all times and to avoid any significant impact on cash flows. • The Finance Manager <modify role to suit the agency's structure> ensures: <ul style="list-style-type: none"> ➤ annual leave loading will be paid when annual leave is taken, and ➤ all unused annual leave entitlement will be paid out as part of the final pay

	when employee ceased employment. This payment includes annual leave loading, when it applies.
4.4. Recording of payroll payments	<ul style="list-style-type: none"> • The Payroll Officer ensures: <ul style="list-style-type: none"> ➢ all payroll costs are posted in the general ledger as they are transacted; ➢ accruals for unpaid salaries, wages and entitlements are posted in general ledger at month end and year end, and ➢ annual leave and long service leave entitlements will be appropriately recognised in the general ledger and annual accounts as provisions, calculated in accordance with current accounting standards. • The Payroll Manager is responsible to approve all payroll postings to the general ledger.
4.5. Payroll reconciliation	<ul style="list-style-type: none"> • The Payroll Officer prepares a monthly payroll reconciliation to ensure: <ul style="list-style-type: none"> ➢ monthly salaries, wages and entitlements recorded in the general ledger agree to the payroll system, and ➢ monthly taxation and superannuation payments agree to the aggregate value payroll deductions. • The Payroll Manager reviews and signs-off the monthly payroll reconciliation.
4.6. Errors detected in payroll	<ul style="list-style-type: none"> • The Payroll Officer reports any errors detected to the Payroll Manager and informs the Finance Manager. • The Finance Manager is to report payroll discrepancies that give rise to potential cases of fraud to the Accountable Officer. (Note: Such fraud cases will be managed under the Thefts and Losses Policy and Procedure).
4.7. Under and over payments	<ul style="list-style-type: none"> • The <insert agency name> is obliged to: <ul style="list-style-type: none"> ➢ recover all outstanding overpayments. All employees or ex-employees will be liable to repay the amount overpaid, regardless of the cause, unless the amount is written off, and ➢ repay all underpayments to the affected employees.
4.8. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with <i>Instruction 3.4.7</i>, specifically: <ul style="list-style-type: none"> ➢ certifying compliance annually; ➢ conducting an annual review of the <insert agency name>'s obligations under the Standing Directions, and ➢ identifying and rectifying any failure or deficiency in complying with the Standing Directions.

5. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring segregation of duties for payroll functions, and employee personal files, payroll reports and other sensitive employee information are maintained in a secured manner. • Certifying compliance with the Standing Directions requirements to DTF.
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring annual leave loading and provision for leave entitlements are accurate and complete.

	<ul style="list-style-type: none"> • Ensuring monthly payroll reconciliation is prepared and approved.
Business Manager	<p>The Business Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Reviewing the Fortnightly Payroll Review Report to ensure salaries are being paid to employees and meet the contractual agreement provisions. • Approving payments.
Payroll Manager	<p>The Payroll Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring salaries, wages and deductions meet the requirements of the contractual agreement provisions and taxation legislation. • Authorising fortnightly payroll payments. • Authorising additions or amendments to the payroll data base. • Maintaining employee personal files, payroll records and employee sensitive information in a secured manner.
Payroll Officer	<p>The Payroll Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Conducting a fortnightly payroll calculations and payments. • Performing payroll deduction calculation and payments. • Reviewing and entering all timesheet data. • Maintaining payroll data base, including entry of payroll data amendments and additions as authorised by the Payroll Manager. • Preparing fortnightly payroll reconciliation.

6. Related policies and procedures

- Managing bank accounts
- Managing expenditure

7. Definitions

Employee	A person employed in any industry, whether on salary or wages or piece-work rates. An employee may be full time, part time or casual.
Payroll	<p>Payroll is the sum of all financial records of employee's salaries, wages, bonuses and deductions.</p> <p>In accounting, payroll refers to the amount paid to employees for services they provide during a certain period of time, including gross pay, deductions and net pay.</p>
Salary overpayment	<p>An amount paid in excess of employees correct salary includes:</p> <ul style="list-style-type: none"> • allowances, and • reimbursements.

8. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Managing Liabilities and Contingent Assets & Liabilities

Liabilities, Contingent Asset and Liabilities Policy and Procedures

(Instruction 3.4.8)

Contents

- 1. Purpose**
- 2. Policy**
 - 2.1. Reporting of contingent assets and contingent liabilities
 - 2.2. Authorisation for incurring liabilities
 - 2.3. Accruals
 - 2.4. Liabilities and provisions
 - 2.5. Contingent assets and contingent liabilities
 - 2.6. Identifying Contingent assets
 - 2.7. Identifying Contingent liabilities
 - 2.8. Record keeping
- 3. Procedure**
 - 3.1. Provisions for employee entitlements
 - 3.2. Internal reporting of contingent assets and contingent liabilities
 - 3.3. External reporting of contingent assets and contingent liabilities
 - 3.4. Compliance and reporting
- 4. Roles and responsibilities**
- 5. Related policies and procedures**
- 6. Definitions**
- 7. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>

Next review date:

Version:

Approval date:

Approval authority:

1. Purpose

This policy and procedure is to implement and maintain an effective internal control framework for the incurrence and management of liabilities and contingent liabilities to ensure they are identified and reported in a prompt and accurate manner.

2. Policy

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

2.1. Reporting of contingent assets and contingent liabilities	<p>The contingent liabilities must be:</p> <ul style="list-style-type: none">• recorded accurately in the Liability Register• reported to DTF via DELWP as required, and• included in the <insert agency name>'s audited annual financial statements.
2.2. Authorisation for incurring liabilities	<p>Authority to enter into contract, borrowing or legal agreements are in line with:</p> <ul style="list-style-type: none">• the <insert agency name>'s approved financial delegations, strategic and capital plan;• applicable legislations (e.g. <i>Public Finance Act 1987</i>), and• instructions from DTF. <p>Delegation is based on the position and the value of the purchase.</p>
2.3. Accruals	<p>The liabilities for goods and services provided are to be accrued for in the period they are received, regardless of whether cash is disbursed.</p>
2.4. Liabilities and provisions	<p>A provision shall be recognised, when:</p> <ul style="list-style-type: none">• there is a present financial obligation (legal or constructive) as a result of a past event;• it is probable that an outflow of resources will be required to settle the obligation; and• a reliable estimate can be made of the amount of the obligation.
2.5. Contingent assets and contingent liabilities	<p>Contingent assets and contingent liabilities are:</p> <ul style="list-style-type: none">• not recognised in the financial statements, and• disclosed by way of a note to the annual financial statements in accordance with <i>AASB 137: Provisions, Contingent Liabilities and Contingent Assets</i> <p>The <insert agency name> shall disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability, where practicable:</p> <ul style="list-style-type: none">• an estimate of its financial effect;• an indication of the uncertainties relating to the amount or timing of any outflow, and• the possibility of any reimbursement. <p>The <insert agency name> shall disclose for each contingent asset, a brief description of the nature of the contingent asset and an estimate of financial effects, at the reporting date, if an inflow of economic benefits is probable.</p> <p>The Contingent Asset and Liability Register is used to:</p> <ul style="list-style-type: none">• record details of contingent assets and liabilities• facilitate reporting

2.6. Identifying
Contingent
assets

To determine if a contingent asset needs to be recorded in the Contingent Asset and Liability Register, use the following table:

If the inflow of economic benefits is...	With likelihood % of...	Then...
virtually certain	>90%	the asset and related income are recognised and reported in the financial reports no contingent asset disclosure is required.
probable, but not virtually certain	10% to 90%	no asset is recognised in the financial reports contingent asset disclosure is required within the Contingent Asset and Liability Register.
not probable (i.e. remote)	<10%	no asset is recognised in the financial reports no contingent asset disclosure is required.

The <insert agency name> shall disclose for each contingent asset, a brief description of the nature of the contingent asset and an estimate of financial effects, at the reporting date, if an inflow of economic benefits is probable.

2.7. Identifying
Contingent
liabilities

To determine if a contingent liability needs to be recorded in the Contingent Asset and Liability Register, use the following table:

If the outflow of resources is...	With likelihood % of...	Then...
probable	>50%	the liability and related expense are recognised and reported in the financial reports no contingent liability disclosure is required.
possible but not probable	10% to 50%	no liability is recognised in the financial reports contingent liability disclosure is required within the Contingent Asset and Liability Register.
not probable (i.e. remote)	<10%	no liability is recognised in the financial reports no contingent liability disclosure is required.

The <insert agency name> shall disclose for each class of contingent liability, at the reporting date, a brief description of the nature of the contingent liability;
an estimate of its financial effect;
an indication of the uncertainties relating to the amount or timing of any outflow, and the possibility of any reimbursement.

2.8. Record
keeping

- A Contingent Assets and Contingent Liabilities Register is maintained and updated for all possible financial obligations that may be incurred depending on the outcome of a future event.
- The Responsible Body and Audit Committee are advised of any contingent assets and contingent liabilities, as soon as they become known.

3. Procedure

The following table lists the activities for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

3.1. Provisions for employee entitlements	<ul style="list-style-type: none">• The <insert agency name> is bound by legislation and industrial awards to provide its employees with various entitlements accumulated as a result of rendering their services to the agency (e.g. annual leave, long service leave).• The Accountable Officer or delegated person is responsible to ensure annual leave liabilities are:<ul style="list-style-type: none">➢ recognised as provisions up to the reporting date;➢ measured at the amounts expected to be paid when the liabilities are settled, and➢ disclosed as current or non-current liabilities in the financial statement, in accordance with relevant AASs and FRDs.• The <Insert agency name> establishes a leave entitlements policy that encourages employees to take leave on a regular basis. Quarterly, managers review leave to
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	ensure outstanding balances are within the policy's requirements.
3.2. Internal reporting of contingent assets and contingent liabilities	<ul style="list-style-type: none"> • The Business Manager or delegated person <modify role to suit the agency's structure> are required to notify the Finance Manager <modify role to suit the agency's structure> if they became aware of a contingent asset or contingent liability, or circumstances, where they may arise. • The Finance Officer <modify role to suit the agency's structure> must update the Contingent Assets and Contingent Liabilities Register with the following information pertaining to each contingent asset and contingent liability identified: <ul style="list-style-type: none"> ➢ a description of the contingent asset and contingent liability; ➢ the contingency's value, if this can be reliably measured; ➢ the way in which the contingency arose, and ➢ any action taken relating to the contingency. • Quarterly, the Finance Manager and Business Managers are responsible to review the Contingent Assets and Contingent Liabilities Register to ensure all probable financial obligations and benefits are appropriately recorded and valued.
3.3. External reporting of contingent assets and contingent liabilities	<ul style="list-style-type: none"> • The Accountable Officer or delegated person is responsible to disclose provisions, contingent assets and contingent liabilities in the annual financial statements in accordance with the <i>AASB 137 Provisions, Contingent Liabilities and Contingent Assets</i>. • The Accountable Officer is responsible to report the <insert agency name>'s contingent assets and contingent liabilities to DTF via DELWP, as required. • The Accountable Officer or delegated person is responsible to report contingent assets and contingent liabilities to the Responsible Body and Audit Committee when they become known.
3.4. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with <i>Instruction 3.4.8</i>, specifically: <ul style="list-style-type: none"> ➢ certifying compliance annually; ➢ conducting an annual review of the <insert agency name>'s obligations under the Standing Directions, and ➢ identifying and rectifying any failure or deficiency in complying with the Standing Directions.

4. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Managing all contingent assets and contingent liabilities known to exist. • Presenting periodic progress reports to the Responsible Body and Audit Committee. • Reporting contingent assets and liabilities to <DTF or DELWP>, as required. • Ensuring all contingent assets and contingent liabilities are disclosed on the <insert agency name>'s annual financial statements in accordance with relevant accounting standard requirements. • Certifying compliance with the Standing Directions requirements to DTF.
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Reviewing the Contingent Assets and Contingent Liabilities Register on a quarterly basis. • Engaging with solicitors, insurers and other parties to establish economic values of the <insert agency name>'s contingent assets and contingent liabilities. • Preparing progress report of all contingent assets and contingent liabilities for presentation to the Responsible Body and Audit Committee by the Accountable

	<p>Officer.</p> <ul style="list-style-type: none"> Ensuring contingent assets and contingent liabilities are disclosed in the <insert agency name>'s annual financial statements in accordance with relevant accounting standard requirements. Liaising with the external auditors as part of the annual audit.
Finance Officer	<p>The Finance Officer's responsibilities include:</p> <ul style="list-style-type: none"> Updating the Contingent Assets and Contingent Liabilities Register. Confirming status of contingent assets and contingent liabilities with the Finance Manager.
Business Manager or delegated person	<p>The Business Manager's or delegated person's responsibilities include:</p> <ul style="list-style-type: none"> Informing the Finance Manager of known contingent assets and contingent liabilities. Reviewing the Contingent Assets and Contingent Liabilities Register on a quarterly basis.

5. Related policies and procedures

- Asset Management Accountability Framework (AMAF)
- Managing expenditure
- Planning and managing performance
- Annual and External reporting
- Financial delegations

6. Definitions

Liability	A present obligation of an agency arising from past events, the settlement of which is expected to result in an outflow of the agency of resources embodying economic benefits.
Accruals	Liabilities to pay for goods and services that have been received or supplied but have not yet been paid, invoiced or formally agreed with the supplier. Accruals are often reported as part of trade and other payables.
Provisions	<p>Provisions are liabilities of uncertain timing or amount.</p> <p>Provisions are recognised because they are present obligations and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.</p>
Contingent assets	Possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the <insert agency name>.
Contingent liabilities	<p>A contingent liability is:</p> <ol style="list-style-type: none"> a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the <insert agency name>, or a present obligation that arises from past events but is not recognised because: <ul style="list-style-type: none"> it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

7. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Managing Shared Services and Outsourcing Services

(Instruction 3.4.10)

Contents

1. Purpose
2. Impact of legislation on outsourcing
3. Outsourcing operation guidelines
4. Roles and responsibilities
5. Related policies and procedures
6. Definitions

Document Control

Category: Governing <insert agency name here>

Next review date:

Version:

Approval date:

Approval authority:

1. Purpose

These guidelines have been developed to assist agencies in implementing and managing their outsourced services, and to provide guidance for maintaining appropriate control over the end to end life cycle of outsourced functions.

2. Impact of legislation on outsourcing

The Accountable Officer and Finance Officers should be aware that outsourcing does not diminish their responsibility for the outsourced function. **A service can be outsourced but the risk cannot.**

The public sector agency remains responsible for ensuring that the third-party provider is meeting the requirements of the FMA, Standing Directions and any other relevant legislation.

3. Outsourcing operation guidelines

Instruction 3.4.10 Managing shared services and outsourcing arrangements requires the <insert agency name> ensures effective management when outsourcing finance functions and related services.

Outsourcing is a process by which an agency contracts with a third party to provide a specific service or group of services. Services are typically outsourced to achieve cost savings, improve quality and access specialised skills or other efficiencies. Some examples include payroll, investment consulting, debt collection and maintenance of financial systems.

- a) Prior to outsourcing finance functions or related services either in full or part:
 - the costs and benefits must be analysed, including:
 - estimated costs and the basis used for estimating the costs;
 - estimated benefits and the basis for estimating the benefits;
 - planned non-financial benefits;
 - identified potential risks and how they will be mitigated, and
 - recommended proposed future action.
 - the outsourcing decision must be approved by the Responsible Body.
 - This cost benefit analysis is to be retained for the duration of the outsourced arrangement and a further seven years.
- b) A contract, service level agreement or other documented arrangement must be entered into with the service provider and must include performance indicators and measures.
- c) Performance against the contract, service level agreement or other documented arrangement must be regularly monitored and reviewed by the Accountable Officer, at least annually. The results of the review must be reported to the Responsible Body.
- d) Outsourced finance functions or services must be subjected to internal and external audit scrutiny.
- e) Prior to renewal of contract, service level agreement or other documented agreement of any outsourced finance functions or related services, the Responsible Body must ensure that the benefits of the outsourced arrangement still exceed the costs of conducting the service in-house.

4. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

Responsible Body	The Responsible Body's responsibilities include: <ul style="list-style-type: none">• Approving the documents to outsource the finance functions and related services.
Audit Committee	The Audit Committee's responsibilities include: <ul style="list-style-type: none">• Monitoring to ensure the outsourced finance functions and related services meeting the requirements of the FMA, Standing Directions and any other relevant legislation.

	<ul style="list-style-type: none"> • Ensuring the outsourced finance functions and related services are reviewed by the internal audit and/or external audit providers, at least on an annual basis.
Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Communicating the outsourced finance functions and related services to employees. • Ensuring the outsourced provider is meeting the requirements of the FMA, Standing Directions and any other relevant legislation. • Reviewing the performance of the outsourced provider against the signed service level agreement. • Reporting service performance of the outsourced provider to the Responsible Body, at least on an annual basis. • Certifying compliance with the Standing Directions requirements to DTF.

5. Related policies and procedures

- Audit
- Annual and external reporting
- Planning and managing performance

6. Definitions

Outsourcing	<p>Outsourcing is a process by which a specific service or function is provided by a third party through a contract or service level agreement.</p> <p>Typical driver for outsourcing includes cost savings, improved quality, access to specialised skills and other efficiencies.</p>
Internal delivery	<p>Delivery of the service is managed and resourced internally. Third parties may provide discrete products or services.</p>
Full outsourcing	<p>Where a single contract with a single supplier exists, usually covering a broad scope of services and needs. This model is typically implemented as a strategic partnership between management and the service provider and is usually put in place for a long-term.</p>
Co-sourcing	<p>Responsibility for delivery of service is spilt between an outsourcer and internal delivery. This model often involves an internal delivery team working with the outsourcer as a single group.</p>

Fraud, Corruption and Other Losses Policy and Procedure

(Standing Direction 3.5, Instruction 3.5)

Contents

- 1. Purpose**
- 2. Policy**
 - 2.1. Approach to preventing fraud, corruption and other losses
 - 2.2. Code of conduct and discipline procedures
 - 2.3. Insurance
 - 2.4. Internal reporting of fraud, corruption and other losses
 - 2.5. Types and areas of fraud or corruption risks
 - 2.6. Areas fraud and corruption may target
 - 2.7. Reporting to the Victorian Police
- 3. Procedure**
 - 3.1. Internal reporting of fraud, corruption and other losses
 - 3.2. Monitoring of fraud, corruption and other losses
 - 3.3. Investigation of arson, fraud, irregularity, and theft
 - 3.4. Review and modify of procedures and controls
 - 3.5. Confidentiality
 - 3.6. Compliance and reporting
- 4. Responsibilities of financial delegates**
- 5. Related policies and procedures**
- 6. Definitions**
- 7. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>
Next review date:
Version:
Approval date:
Approval authority:

1. Purpose

This policy and procedure sets out the requirements to be followed by the <insert agency name>, the <insert agency name>'s employees and contractors (e.g. agency staff) in relation to monitoring and reporting of fraud, corruption and other losses. The prevention, investigation and reporting of instances of fraud, corruption and other losses by agencies will assist in managing risks of future occurrences. An inadequate control environment carries the risk of an adverse impact on the State's financial position.

2. Policy

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

2.1 Approach to preventing fraud, corruption and other losses.	<p>The <insert agency name> is committed to preventing fraud, corruption and other losses in connection with the receipt of money, stores and property. It will achieve this through:</p> <ul style="list-style-type: none">➤ implementation of risk management and fraud control strategies, including communicating strategies to employees and contractors;➤ prevention controls, including internal controls designed to prevent or minimise opportunities for fraud, corruption and other losses;➤ detection controls, including initiatives to detect fraud, corruption and other losses as soon as possible before these occur, and➤ response strategies, including investigations and other initiatives to deal quickly with significant or systemic fraud, corruption and other losses. <ul style="list-style-type: none">• Employees and contractors must be aware of their responsibilities under the:<ul style="list-style-type: none">➤ <i>Code of Conduct for Victorian Public Sector Employees 2015</i> (https://vpsc.vic.gov.au/html-resources/code-of-conduct-for-victorian-public-sector-employees/);➤ <i>Gifts, benefits and hospitality Policy framework</i> (https://vpsc.vic.gov.au/ethics-behaviours-culture/gifts-benefits-hospitality/), and➤ <i>Conflict of Interest Model Policy</i> (https://vpsc.vic.gov.au/conflict-of-interest-model-policy/).• The Audit Committee is responsible for overseeing the <insert agency name>'s operation and implementation of its risk management framework.• Employees and contractors are trained in fraud prevention, detection and reporting of fraud or corruption, as part of their induction programs.• All suspected instances of serious fraud or corrupt conduct must be reported immediately to the Independent Broad-based Anti-corruption Commission (IBAC) (http://www.ibac.vic.gov.au/).
2.2 Code of conduct and discipline procedures	<ul style="list-style-type: none">• The <insert agency name>'s Employees Code of Conduct:<ul style="list-style-type: none">➤ complies with the Victorian Public Sector Code of Conduct, and➤ supports a culture of honesty and integrity where fraud, corruption and other losses will be detected, investigated and if required, disciplined.
2.3 Insurance	<ul style="list-style-type: none">• The <insert agency name> must ensure the liability insurance policy is current and will cover the risk of loss incurred from fraud, corruption and other losses.• Where losses are: <edited in accordance with the agency's Insurance Claim and Notification Policy and Procedure, if applicable><ul style="list-style-type: none">➤ over \$X,XXX <insert amount> per item, they must be reported as claims to the insurance company, and➤ up to \$X,XXX <insert amount> per item, they are to be borne by the business area and do not require insurance claims.
2.4 Internal reporting	<ul style="list-style-type: none">• A Fraud, Corruption and Other Losses register must be maintained to record all

of fraud, corruption and other losses	<p>cases of suspected or actual theft, arson, irregularity or fraud.</p> <ul style="list-style-type: none"> The <insert agency name>'s Responsible Body and the Audit Committee must be informed of all actual or suspected fraud, corruption and other losses as soon as practical or immediately for all material and significant losses.
2.5 Types and areas of fraud or corruption risks	<p>Examples of fraud and corruption:</p> <ul style="list-style-type: none"> ➤ Theft of any kind (e.g. Cash, petty cash, cab charge, supplies, equipment, tools, data, records etc.) ➤ Misuse of government assets, equipment, facilities ➤ Accounting fraud (e.g. manipulation, falsification or alteration of financial information) ➤ Wrongfully using or sharing information or intellectual property ➤ Unauthorised disclosure, release, manipulation or destruction of Cabinet in Confidence material ➤ Unlawful procurement of property, equipment, materials or services ➤ Knowingly providing false or misleading information, or failing to provide information when there is an obligation ➤ Making or using false, forged or falsified document ➤ Undisclosed and/or unmanaged conflicts of interest between public duties and private interests ➤ Abusing position of power for personal gain ➤ Falsifying timesheets or leave balances
2.6 Areas fraud and corruption may target	<ul style="list-style-type: none"> • Payroll • Revenue • Purchasing, procurement and contract management • Property (e.g. cash, computer equipment, other portable and attractive items, stationery) • Information and intelligence (e.g. personal information or classified material) • Program funding and grants • Statutory obligations and regulatory activities • Issuing or renewal of licenses and permits • Entitlements (e.g. expenses, leave, travel reimbursements, cab charge, leave, attendance records) • Facilities (e.g. unauthorised use of vehicles, information and communication technologies) • Recruitment and selection of employees and other workplace participants • Money or property held in trust
2.7 Reporting to the Victorian Police	<ul style="list-style-type: none"> • Incidents must be reported to the Victoria Police where: <ul style="list-style-type: none"> ➤ fraud is involved, regardless of the amount; ➤ there is a theft or loss of cash more than \$200 <insert amount, to be determined by the agency>, and ➤ there is theft or loss of stores/property with a value more than \$1,000 <insert amount, modify to suit business needs>. • Whilst not mandatory, thefts and losses for lesser values may still be reported to the Police if this will: <ul style="list-style-type: none"> ➤ aid in the recovery of the property, and

-
- send a message that theft will not be tolerated.
-

3. Procedure

The following table lists the activities for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

- | | |
|---|--|
| 2.1. Internal reporting of fraud, corruption and other losses | <ul style="list-style-type: none"> • Employees and contractors, as soon as possible after becoming aware of actual or suspected fraud, corruption and other losses: <ul style="list-style-type: none"> ➤ verbally advise management, and
(Note: Agency to determine the reporting of suspected fraud or corruption processes. Recommended if employees, contractors or other workplace participants are involved in frauds, thefts or losses, this can be reported confidentially to:
Name: <insert name>
Phone: <insert contact number>
Email: <insert email address>). ➤ complete the employee section of the Fraud, Corruption and Other Losses Incident Report Form and provide this to your manager for endorsement. • Where the theft or loss involves a fixed asset or portable and attractive item: <ul style="list-style-type: none"> ➤ complete an Asset Disposal Form; ➤ obtain the approval indicated on this form, and ➤ submit to the Finance Team for processing. • Complete a report and submit to the Insurance team with an accompanying police report, if the value of the theft or loss is over \$X,XXX <insert amount, modify to suit business needs> (per item). (Refer to: the <insert agency name>'s Insurance Claim and Notification Policy and Procedure for more information, if applicable). • The Manager: <ul style="list-style-type: none"> ➤ checks that the employee section of the Fraud, Corruption and Other Losses Incident Report Form was appropriately completed; ➤ completes the manager's section of the Fraud, Corruption and Other Losses Incident Report Form by: <ul style="list-style-type: none"> ▪ taking reasonable steps to recover or locate the missing item(s); ▪ reviewing internal controls for potential weaknesses; ▪ identifying how internal controls have been improved or will be improved as a result of this incident, including allocating a responsible person and confirming a due date;
(Note: If the internal control weakness is thought to exist at a corporate level, contact the Finance Team). ▪ conducting an investigation into the theft or loss;
(Note: This may include a physical search and/or circulating a group email regarding the missing property). ▪ reporting the theft/loss to the Victoria Police as required or appropriate, and ▪ commencing disciplinary proceedings and/or recovery of the lost asset value where appropriate.
(Note: This is particularly the case where fraud is involved or where there are repeated losses by the same employee). ➤ endorses the manager's section of the Theft and Losses Incident Report Form |
|---|--|
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then provide the report to the Finance Manager for approval.

- The Finance Manager:
 - checks that all sections of the Fraud, Corruption and Other Losses Incident Report Form have been appropriately completed;
 - approves this Form and provides it to the Financial Officer for actioning; (Note: By approving the Theft and Losses Incident Report Form, the Finance Manager is acknowledging that the actions taken or proposed in relation to the incident are appropriate).
 - ensures that an Asset Disposal Form has been completed, where the theft or loss involves a fixed asset or portable and attractive item;
 - ensures a Claim and Incident Report was submitted to Insurance company, if the value of theft or loss is over \$X,XXX <insert amount, edit to suit business needs> (per item), and
(Refer to: the <insert agency name>'s Insurance Claim and Notification Policy and Procedure for more information, if applicable).
 - completes the month end certification which requires confirmation that all Fraud, Corruption and Other Losses Incident Report Forms have been submitted to the Financial Team.

2.2. Monitoring of fraud, corruption and other losses

- The Accountable Officer or delegated person ensures fraud, corruption and other losses are monitored through existing assurance programmes such as internal review, internal and external audit and other review mechanisms, which include:
 - regular data mining reviews using an automated system program to identify anomalous transactions that appear to be suspicious and worth investigating, and
 - regular monitoring and review of all internal control processes, to identify weaknesses in processes and controls and links to potential fraud and theft risks across functions.
- The Finance Manager ensures:
 - the Fraud, Corruption and Other Losses Register is updated and maintained, for:
 - ongoing monitoring of incidents by management, and
 - reporting to the Assistant Treasurer and the Auditor-General.
 - retain records of cases for thefts, frauds or irregularities investigated.

2.3. Investigation of fraud, corruption and other losses

- The Accountable Officer or delegated person must immediately report incidents involving arsons to the Victoria Police.
- The Accountable Officer and senior management will assess whether a report of suspected fraud, corruption or other losses warrants an investigation.
- Where a preliminary investigation of allegations relating to fraud, corruption and other losses involved:
 - a. an employee/a contractor:
 - the Accountable Officer or delegated person will appoint investigation officers and provide them with terms of reference, and
 - the investigation officers will conduct investigations in accordance with the <insert agency name>'s Employee Code of Conduct.
 - b. an external person to the agency:
 - the Accountable Officer, in consultation with the <insert agency name>'s Responsible Body and the Audit Committee, may decide to:
 - take no further action, if the amount is immaterial and the individual responsible for the theft, fraud and irregularity was not identified;
 - refer the matter to Legal counsel if the theft and irregularity involved an external supplier of goods and services to the <insert agency name>, and

- report the fraud or other losses to the Victoria Police for further criminal investigation and action where evidence is found to be of a serious nature and a prima facie case has been established.

2.4. Review and modify of procedures and controls	<ul style="list-style-type: none"> • The Finance Manager, in consultation with the Accountable Officer, will: <ul style="list-style-type: none"> ➢ review internal controls relating to cases of fraud, corruption and other losses; ➢ determine action to be taken to address any inadequacies found, including changes to internal controls or processes, e.g. this may include establishing better security over items, and ➢ follow-up with manager responsible for the area where the fraud, corruption and other losses and irregularity occurred to ensure that recommendations have been implemented within appropriate timelines.
2.5. Confidentiality	<ul style="list-style-type: none"> • Employees and contractors reporting fraud, corruption and other losses can seek protection under the Protected Disclosure Act 2012, if the disclosure is serious enough that, if proven, would constitute a criminal offence or reasonable grounds for dismissal. • Employees and contractors are not to discuss or report any suspected or proven instances of theft, fraud or irregularity to the media, except with the prior written approval of the Accountable Officer.
2.6. Compliance and reporting	<ul style="list-style-type: none"> • The Responsible Body must ensure that all cases of significant or systemic fraud, corruption and other losses in connection with the receipt or disposal of money, stores or other property of any kind whatsoever under the control of a public sector agency are notified to the Responsible Minister, Audit Committee, Portfolio Department and Auditor-Generals follows: <ol style="list-style-type: none"> a. In respect to the receipt or disposal of money: <ul style="list-style-type: none"> ➢ if the amount is equal to or exceeds \$1,000 (mandatory), at the time of the occurrence with an incident report to be provided within 2 months, or ➢ if the amount is less than \$1,000 (mandatory) annually for the period ending 30 June together with an incident report. Annual submission of report by 30 September. b. In respect to stores and property of any kind: <ul style="list-style-type: none"> ➢ if the value is equal to or exceeds \$20,000 (mandatory), at the time of occurrence with an incident report to be provided within two months, or ➢ if the value is less than \$20,000 (mandatory), annually for the period ending 30 June together with an incident report. Annual submission of report by 30 September. c. An incident report prepared for the purposes of paragraph (a) must state, in addition to any other information that it appears appropriate to include: <ul style="list-style-type: none"> ➢ whether internal controls and systems have been reviewed; ➢ whether any weaknesses in internal controls and systems have been identified and have or will be rectified; ➢ the status of any proceedings, investigations or disciplinary actions, and ➢ what has been recovered, whether by way of money, stores, other property or insurance. d. A copy of any notification provided to the Assistant Treasurer and the Auditor-General should be provided to the relevant agency portfolio Minister. <p>(Refer to: DTF's Thefts and Losses Business Rules for templates used in reporting of suspected or actual theft, arson, irregularity or fraud).</p>

4. Responsibilities of financial delegates

<Modify this section to suit the structure and business needs of your agency>

Responsible Body	<p>The Responsible Body is to govern, which is to:</p> <ul style="list-style-type: none"> • take all reasonable steps to minimise and manage the risk of Fraud, Corruption and Other Losses; and • establish a Fraud, Corruption and Other Losses prevention and management policy that is implemented across the Agency.
Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Developing, communicating, monitoring and reviewing of internal controls and procedures and any associated guidelines. • Keeping records of all actual and suspected Fraud, Corruption and Other Losses including remedial actions planned and taken. • Reporting to the <insert agency name>'s Responsible Body of all significant or systemic fraud, corruption and other losses. • Notifying the Responsible Minister, Audit Committee, Portfolio Department and Auditor-General of the incident and remedial action to be taken of all instances of fraud, corruption and other losses. • Determining cause of actions to be taken to address all significant or systemic fraud, corruption and other losses. • Ensuring recommendations and changes to processes are implemented within appropriate timeframe. • Certifying compliance with the Standing Directions requirements to DTF.
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Updating and maintaining the Thefts and Losses Register. • Retaining records of cases of thefts and losses investigated for seven (7) years. • Reviewing internal controls relating to cases of thefts and losses. • Recommending changes to processes to address any inadequacies found. • Ensuring recommendations have been implemented within appropriate timelines.
Employees and contractors	<p>The employees' and contractors' responsibilities include:</p> <ul style="list-style-type: none"> • Reporting all significant or systemic fraud, corruption and other losses to their line managers and inform the Finance Manager. • Complying with all aspects of the Financial Code of Practice and Employee Code of Conduct.

5. Related policies and procedures

- Managing expenditure
- Asset management accountability (AMAF)
- Acquisition of assets, goods and services

6. Definitions

Fraud	<p>Deception through an act, expression, omission or concealment which is deliberately practiced in order to secure unfair or unlawful advantage for personal gain while causing actual or potential financial loss and reputational damage to an agency.</p> <p>This includes:</p> <ul style="list-style-type: none"> ➤ theft of moneys or properties by employees or person external to an agency, and
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	<p>➤ the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.</p> <p>It can be especially harmful in the public sector as it can impact on public trust in the integrity of government.</p>
Corruption	Dishonest activity in which an employee of an entity acts contrary to the interest of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him/herself or for another person or entity.
Irregularity	Activities which are non-confirming, contrary to rules, accepted orders or general practices. It may result in something falling below expectations or deviating from usual or common practice.
Loss	Activities causing an agency being deprived of inventory and property or causing inventory and property to be destroyed.
Money	Refers to currency, coins and the means by which money can be obtained e.g. through purchasing cards, cheques, bank withdrawals etc.
Property/Inventory	Tangible and intangible assets that the agency is legally entitled to.
Theft	The act of unlawfully stealing or taking property or money from an agency.
Thefts and/or losses	The requirement under Standing Direction 3.5 and these rules is to report any incidents involving agency money, inventory and property to the Assistant Treasurer and the Auditor-General, in a timely manner.
Victoria Public Sector Code of Conduct	A public statement of how agencies should conduct their business and how they should treat their clients and colleagues. It supports the legislation in relation to public administration in Victoria.
Independent Broad-based Anti-corruption Commission (IBAC)	IBAC's principal objectives and functions are set out under <i>the Independent Broad-based Anti-corruption Commission Act 2011 (Vic)</i> . Its main objective is to strengthen the integrity of the Victorian public sector, and to enhance community confidence in public sector accountability.

7. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Purchasing and Prepaid Debit Cards Policy and Procedure

(Standing Direction 3.6, Instruction 3.6)

Contents

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- 2. Policy**
 - 2.1. Card holder criteria
 - 2.2. Card facility
 - 2.3. Card financial limits
 - 2.4. Issuance or cancellation of Cards
 - 2.5. Conditions to hold a Card
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 - 2.7. Prohibited Card purchases
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- 6. Definitions**
- 7. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>
Next review date:
Version:
Approval date:
Approval authority:

1. Purpose

The use of purchasing cards and prepaid debit cards can result in significant benefits through a reduction in paperwork and streamlined purchase and reimbursement activities. Unauthorised use of these cards places the public sector's reputation at risk and may lead to financial loss for the State.

The purpose of this policy is to:

- set out the rules and direction to the <insert agency name> on consistent, transparent and controlled use and administration of Purchasing Cards (Card);
- promote the highest levels of probity and ethical behaviour in Card use;
- demonstrate accountability;
- demonstrate best practice in Card use and management, and
- ensure effective use and management of the Card within the <insert agency name>.

2. Policy

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

2.1. Card holder criteria	<ul style="list-style-type: none">• Only the <insert agency name> employees are eligible to hold a Card and must hold a financial delegation approved by the Responsible Body.• Contractors, outsource providers and agents are <u>not</u> eligible to hold a Card.• Only one Card is to be issued to each employee approved as cardholder.
2.2. Card facility	<ul style="list-style-type: none">• <Insert agency name> must establish its own Card facility account, with the Card provider, with a maximum monthly account limit.
2.3. Card financial limits	<ul style="list-style-type: none">• Maximum limits⁵ of <insert amount, maximum \$50,000> per month per Card.• Maximum limits of <insert amount, recommended \$2,000> per transaction.• Maximum limits are <u>not</u> to exceed cardholders' financial delegation.
2.4. Issuance or cancellation of Cards	<ul style="list-style-type: none">• The Accountable Officer:<ul style="list-style-type: none">➢ must approve the issue of all Cards, and➢ may cancel a Card at any time without prior notice and/or without giving any reason.
2.5. Conditions to hold a Card	<ul style="list-style-type: none">• Cards may only be used for business-related expenditure and purchases of goods and services for the <insert agency name>, as opposed to personal interest or convenience.• Card use supplements normal <insert agency name>'s purchasing methods when vendors are not approved as preferred suppliers by the <insert agency name> or purchasing via the internet (secure sites) only.• The cardholder must provide supporting documentations for each purchase:<ul style="list-style-type: none">➢ a complying Tax invoice, or➢ a receipt if the total is less than \$82.50 (inclusive GST), and the supplier is not registered for GST, including overseas suppliers, or➢ approved expenditure forms.• Lost or stolen Cards must be reported to the Finance Manager or Card Administrator• The cardholders must surrender their card on ceasing employment.• Card transactions form part of the <insert agency name>'s financial records.
2.6. Card Register	<ul style="list-style-type: none">• A register for all Cards must be developed and maintained by the Finance Officer or

⁵ Individual Card limits placed on cardholders may vary depending on an individual cardholder's financial delegation, however this limit must not exceed \$50,000 unless approved by the Assistant Treasurer.

Card Administrator	
2.7. Prohibited Card purchases	<ul style="list-style-type: none"> • Cardholders must <u>not</u> use Cards for the following: <ul style="list-style-type: none"> ➤ the cost of domestic and overseas travel (meals, car hire, accommodation and airfares) and hospitality (for external people); ➤ purchases of physical asset over \$1,000 <recommended amount>; ➤ personal expenses; ➤ flowers and alcohol; ➤ cash advances; ➤ purchase bank cheque, traveller's cheques or money orders; ➤ City Link e-TAG, East Link Breeze accounts ➤ Fuel • Cardholders must <u>not</u> purchase items using a "stringing" arrangement, that is, splitting one transaction into many to avoid exceeding the Card's limits.
2.8. Reviewing and reconciling monthly Card statement	<ul style="list-style-type: none"> • Cardholders must ensure that by month-end their Card statements are: <ul style="list-style-type: none"> ➤ reconciled; ➤ transactions confirmed and supported by Tax invoices, receipts or approved expenditure forms; ➤ signed-off and dated on the Card statements, and ➤ authorised by the reporting managers. • Cardholders must resolve all identified discrepancies with suppliers and/or the Card provider to the Accountable Officer's satisfaction, in a timely manner.
2.9. Unauthorised use of Cards	<ul style="list-style-type: none"> • All fraudulent use of a Card is considered a theft and all thefts are to be reported to the Responsible Minister, Audit Committee, Portfolio Department and Auditor General (refer to: the <insert agency name>'s Fraud, Corruption and Other Losses Policy and Procedure). • The Accountable Officer is required to report: <ul style="list-style-type: none"> ➤ any "significant" or "systemic" instances of unauthorised use of Cards to the Assistant Treasurer and the Audit Committee following completion of an inquiry by the Finance Manager, and ➤ all instances of unauthorised use of Cards for the period ending 30 June to the Assistant Treasurer and the Audit Committee.
2.10. Annual internal review and certification	<ul style="list-style-type: none"> • The Accountable Officer must ensure that: <ul style="list-style-type: none"> ➤ adequate monitoring and security procedures of Card use are in-place, and ➤ a review of Card scheme and the use of Cards issued are included in the internal audit program.

3. Procedure

The following table lists the activities for implementing this Procedure:

<Modify the activities below to suit the structure and business needs of your agency>

3.1. Obtaining a Card	<ul style="list-style-type: none"> • Cardholder applicants must: <ul style="list-style-type: none"> ➤ complete the Purchasing Card Application Form and obtain approval from their reporting managers, and ➤ submit the completed Form to the Finance Manager or Card Administrator • The Finance Manager or Card Administrator reviews and forwards the submitted Form to the Accountable Officer for approval. • The Finance Manager emails the Card provider to order the approved Card. • The Finance Officer updates the Card Register.
3.2. Reconciling a	<ul style="list-style-type: none"> • The Finance Officer ensures that a monthly Card statement received from the Card

Card	<p>provider is distributed to each individual Cardholder.</p> <ul style="list-style-type: none"> • Cardholders are required to: <ul style="list-style-type: none"> ➤ review and confirm each transaction against Card statements received; ➤ provide accounting code and supporting documentations for each transaction; ➤ repay the value of inadvertent personal purchases (including GST), by either EFTs or cheques and report to the Card Administrator ➤ resolve any incorrect or unrecognised charges with the suppliers or Card provider, and promptly advise the Finance Manager, and ➤ ensure five working days are allowed for the Reporting Manager <modify role to suit the agency's structure> to approve all purchases before month end. • The Reporting Manager <modify role to suit the agency's structure> are required to: <ul style="list-style-type: none"> ➤ physically sign-off and date the Card statement and reconciliation monthly, if satisfied that the transactions are: <ul style="list-style-type: none"> ▪ legitimate corporate expenditure; ▪ not prohibited purchases, and ▪ supported by Tax invoices, receipts or approved expenditure forms; ➤ liaise with the Cardholder to resolve discrepancies and/or concerns, and ➤ advise the Finance Manager if after consultation with the Cardholders, there are still concerns regarding inappropriate purchases and/or non-compliance with this policy and procedure. ➤ report disputed transactions with the bank • The Finance Manager is required to: <ul style="list-style-type: none"> ➤ ensure monthly Card reconciliations are signed-off with all discrepancies and/or concerns resolved, and ➤ forward the signed-off Card statement to the Finance Officer for payment processing.
3.3. Reporting a lost or stolen Card	<ul style="list-style-type: none"> • Cardholders are required to: <ul style="list-style-type: none"> ➤ immediately report the loss or theft of Cards to the Card provider, using the 24 hour emergency number and follow any instructions provided by the Card provider; ➤ report the loss or theft to the Finance Manager or Card Administrator, as soon as possible, and ➤ request a replacement Card with the Finance Manager, if required. • The Finance Manager is required to: <ul style="list-style-type: none"> ➤ confirm with the Card provider that the loss or theft of Cards were reported, and ➤ arrange a replacement Card, if still required. • The Finance Officer is required to update the Card Register on lost or stolen Cards.
3.4. Surrender of a Card	<ul style="list-style-type: none"> • Cardholder is required to: <ul style="list-style-type: none"> ➤ advise the Finance Manager that a Card is no longer required as a result of: <ul style="list-style-type: none"> ▪ ceasing employment; ▪ transferring to an alternative role where a Card is not required; ▪ changing responsibilities, and ▪ there being inadequate Card use to justify retention; ➤ return the Card in person to the Finance Officer, and ➤ complete the final Card reconciliation with relevant supporting documents. • The Finance Officer is required to: <ul style="list-style-type: none"> ➤ ensure final Card reconciliation is completed; ➤ arrange the cancellation of the Card by emailing the Card provider; ➤ destroy the surrender of Cards, and

	➤ update the Card Register.
3.5. Suspension of a Card	<ul style="list-style-type: none"> • The Accountable Officer is to suspend a Card as recommended by the Finance Manager when serious breaches have been identified. • Cardholders are to return their Cards to the Finance Manager immediately. • The Finance Officer is to store the suspended Cards in a safe and email the Card provider immediately to arrange the suspension of the Cards.
3.6. Compliance and reporting	<ul style="list-style-type: none"> • Monthly, the Finance Officer randomly checks that Cardholders have properly exercised their financial delegations and responsibilities. • Monthly, the Finance Manager must: <ul style="list-style-type: none"> ➤ review the register against payroll records to ensure terminated or phantom employees do not hold a <insert agency name> Card, and ➤ request the authorised person <insert role here> of each business unit to review the list of Cardholders and advice whether Cards are still required, based on usage/business needs and if the limits are still appropriate. • The Accountable Officer is required to annually certify that the <insert agency name> has complied with Standing Direction 3.6, specifically: <ul style="list-style-type: none"> ➤ certifying compliance annually; ➤ conducting an annual review of the <insert agency name>'s obligations under the Standing Directions, and ➤ identifying and rectifying any failure or deficiency in complying with the Standing Directions.

4. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Managing the acquisition of all Cards, appointing of Cardholders and approving of Card limits in accordance with the most current decision of the Responsible Body. • Ensuring Cards are only used for the <insert agency name>'s business related expenses.
Accountable Officer	<ul style="list-style-type: none"> • Ensuring Card use does not exceed maximum approved limits. • Providing a written report to the Assistant Treasurer: <ul style="list-style-type: none"> ➤ in the event of a significant instance of unauthorised use of Card, as soon as an inquiry into the unauthorised use has been completed, and ➤ annually on all unauthorised use of Cards for the period ending 30 June. • Certifying compliance with the Standing Directions requirements.
Reporting Manager	<p>The Reporting Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Approving or supporting Card applications by Cardholders. • Reviewing and signing-off monthly Card reconciliations. • Resolving any discrepancies and/or concerns with Cardholders.
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring the Card Register is updated and quarterly reviewed against payroll records. • Ensuring monthly Card reconciliations are prepared and signed-off. • Reporting any Card transaction discrepancies or serious breach of conditions to the Responsible Body.

5. Related policies and procedures

- Managing bank accounts.
- Acquisition of assets, goods and services

- Managing expenditure

6. Definitions

Cardholder	Cardholder means a person who has been issued with a Card.
Card provider	The approved supplier of the Card facility account.
Card statement	Monthly statement provided by the Card provider.
Card Register	A register of all Cards issued within the <insert agency name> must be developed and maintained.
Employee	A person employed in any industry, whether on salary or wages or piece-work rates. An employee may be full time, part time or casual.
Personal expenses	<p>Expenditure which provides an actual or perceived benefit to the approver, including:</p> <ul style="list-style-type: none"> • attendance of training courses or seminars; • study expenses; • professional memberships; • travel and accommodation, and • expenses reimbursements. <p>If personal expenses are work-flowed (by the finance system) to the receiver of the benefit for self-approval, they are to forward the payment to a more senior financial delegate for approval. Personal expenses for the Accountable Officer are to be forwarded to the Responsible Body for approval.</p>
Prohibited purchases	Purchases which are not permitted to be made with a Card, refer to para 2.7 Prohibited Card purchases of this policy and procedure.
Purchasing card	<p>Any type of Card used within the Victorian public sector (i.e. general government purchasing card, credit card, corporate card and purchasing card facility). For example, a Card falling within the scope of these rules could be issued by an agency to the employee in the name of the agency.</p> <p>Debit cards are specifically excluded from this policy and procedure.</p>
Unauthorised use	Any instance of non-compliance with a direct consequence of the Cardholder's function and duties with the <insert agency name>.
Significant unauthorised use of Cards	<p>An instance of unauthorised use of a Card is considered as "significant" when:</p> <ul style="list-style-type: none"> • the transaction involves a sum of \$1,000 <recommended amount, to be determined by the agency> or greater, or • the nature or circumstances of the unauthorised use from the perspective of public interest has the potential to cause reputational risk, or • the transaction is revealed to be one of many highlighting a pattern of unauthorised use.

7. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Reviewer	Position	Version	Date Reviewed	Next Review
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Managing specific risks – business continuity planning

(Instruction 3.7)

Contents

1. Purpose
2. Policy
3. Roles and responsibilities
4. Related policies and procedures
5. Definitions
6. Authorisation and approval

Document Control

Category: Governing <insert agency name here>

Next review date:

Version:

Approval date:

Approval authority:

1. Purpose

This policy outlines the mandatory requirements for business continuity planning to enable the continued delivery of critical business activities during and following a business disruption. Business continuity planning is an important consideration in the financial sustainability of the agency.

2. Policy

The following are the key principles for implementing this policy:

1. The agency must provide appropriate governance structures, resources and tools to support and oversee the department's Business Continuity and Resilience Management Framework.
2. All divisions and regional directorates must complete a business impact analysis in alignment with the Business Continuity and Resilience Management Framework.
3. Divisions and regional directorates with critical business activities must develop business continuity plans.
4. Business continuity must be undertaken in accordance with the department's Risk Management Framework. Refer to: Victorian Government Risk Management Framework
5. Business continuity plans, and business impact analysis data must be reviewed and tested at least every two years or following any business disruption or exercise.
6. The agency must develop, implement and maintain documented Business continuity planning processes consistent with the Financial Management Act 1994 and is aligned to the International Standard ISO 22301:2012 Societal Security – Business continuity management systems – Requirements.

Instruction 3.7 Managing specific risks – business continuity planning, indemnities and immunities

Guidance 3.7 Managing specific risks – business continuity planning, indemnities and immunities

3. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

The Board	• Approve the BCPs of business units
Chief Executive Officer	• Ensure the development, maintenance, regular review and testing (at least annually) of BCPs
Managers	• Ensure that this policy and associated plans and procedures are effectively implemented by all business units
All employees	• Oblige to disclose to their supervisors or managers matters relating to potential risks in workplaces including any perceived weaknesses in plans, systems or procedures

4. Related policies and procedures

- Internal Control system
- Audit

5. Definitions

Business continuity	The capability of an organisation to continue delivery of their products or services at acceptable predefined levels following a disruptive incident. Example of disruption could be natural disaster, human error, loss of resources and/or suppliers.
Business Continuity Plan	Documented procedures that guide organisations to respond, recover, resume and restore to a pre-defined level of operation following disruption.
Business Impact Analysis:	The process of analysing activities and the effect that a business disruption might have upon them.

6. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Managing Financial Information Policy and Procedure

(Standing Direction 3.9)

Contents

- 1. Purpose**
- 2. Policy**
 - 2.1. Information and records management
 - 2.2. Victorian Government Information Management Principles
- 3. Procedure**
 - 3.1. Creation and maintenance of information and records
 - 3.2. Systems used to maintain information and records
 - 3.3. Access to information and records
 - 3.4. Retention or destruction of information and records
 - 3.5. Transfer of information and records
 - 3.6. Outsource of services
 - 3.7. Communication and training
 - 3.8. Compliance and reporting
- 4. Roles and responsibilities**
- 5. Related policies and procedures**
- 6. Definitions**
- 7. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>
Next review date:
Version:
Approval date:
Approval authority:

1. Purpose

This policy and procedure are to ensure that the collection and storage of information is appropriately managed, and to provide assurance that reliable and accurate information is available for the purposes of risk management, financial and operational reporting. Agencies must apply relevant legislation, standards and policies in relation to its management of financial information, including financial information systems. This captures all forms of financial information and information systems, including documents, digital records and information technology systems.

2. Policy

The following table lists the key principles for implementing this policy:

[<Modify the activities below to suit the structure and business needs of your agency>](#)

2.1. Information and records management	<ul style="list-style-type: none">• The <Insert agency name> is committed to establishing and maintaining information and records management practices that meet its business needs, accountability requirements and stakeholders' expectations.
2.2. Victorian Government Information Management Principles	<ul style="list-style-type: none">• The <Insert agency name> is committed to managing information to meet business requirements in accordance with the following <i>Victorian Government Information Management Principles</i>:<ul style="list-style-type: none">➤ information is recognised as a valuable asset;➤ significant information assets are managed by a delegated person;➤ information meets business needs;➤ information is easy to discover;➤ information is easy to use, and➤ information is shared to the maximum extent possible.

3. Procedure

The following table lists the activities for implementing this procedure:

[<Modify the activities below to suit the structure and business needs of your agency>](#)

3.1 Creation and maintenance of information and records	<ul style="list-style-type: none">• The Accountable Officer ensures:<ul style="list-style-type: none">➤ all business information and records are created and accessed by employees only. Where applicable and permission is issued by the Accountable Officer for external auditors and contractors to gain access of business information and records, and➤ all business information and records created and received should be:<ul style="list-style-type: none">▪ captured by the endorsed information and records system, known as XXXX <insert system name>, and▪ disposed of under a controlled and secure manner.
3.2 Systems used to maintain information and records	<ul style="list-style-type: none">• The Information and Records Management Unit (IRMU) <insert applicable unit name> is used to ensure:<ul style="list-style-type: none">➤ a register of endorsed business information databases and software applications used to create and manage information and records are accessible to employees on <insert website, etc.>, and➤ business information is not maintained in email folders, shared folders, personal drives or external storage media as these lack the necessary security functionality to protect information and records created or received.• Regular training is offered to employees on filing records and when and where to capture records.

	<ul style="list-style-type: none"> • Employees are responsible to ensure all information and records are saved in the endorsed information and records system.
3.3 Access to information and records	<p><u>Sharing corporate information within the agency</u></p> <ul style="list-style-type: none"> • The IRMU must ensure that: <ul style="list-style-type: none"> ➢ staff have appropriate access to corporate information and records as required, and ➢ access restriction is imposed on sensitive materials such as security classified materials, to protect individual staff and the <insert agency name>'s privacy. • The Accountable Officer or delegated person must ensure that staffs are reminded of their obligations in handling business information and records under the <i>Crimes Act 1914</i> and <i>Public Service Act 1999 – APS Values and Code of Conduct</i>. <p><u>Release of publicly available information</u></p> <ul style="list-style-type: none"> • The Accountable Officer or delegated person is responsible to ensure access to publicly available information is provided on <insert where here>. • The Accountable Officer is responsible for providing responses to applications for access under <i>Freedom of Information Act 1982</i> and the <i>Archives Act 1983</i>. This applies to all information held by the <insert agency name>, whether stored in the information and records system, email, shared and/or personal drives.
3.4 Retention or destruction of information and records	<ul style="list-style-type: none"> • The Accountable Officer is responsible for retaining all business information and records for a period of seven (7) years (after completion of the financial year in which the record was created), in accordance with the <i>General Retention & Disposal Authority for Records of Common Administrative Functions, Public Record Act 1973</i> (https://prov.vic.gov.au/sites/default/files/files/documents/0701var4.pdf). • Employees should not destroy business information and records without the approval of the Accountable Officer or delegated person.
3.5 Transfer of information and records	<ul style="list-style-type: none"> • The Accountable Officer or delegated person must approve all transfers of business information and records. • Business information and records may be transferred out of the custody of the <insert agency name>, when: <ul style="list-style-type: none"> ➢ records of archival value are no longer being actively used and transfer to the National Archives, and ➢ records are affected by administrative change and are transferred to the inheriting agency.
3.6 Outsource of services	<ul style="list-style-type: none"> • The Accountable Officer or delegated person ensures: <ul style="list-style-type: none"> ➢ business information and records held by outsourced service providers are adequate for annual audit purposes, and made readily available to the <insert agency name>'s auditors, and ➢ outsourced service providers assure the <insert agency name> of full confidentiality of business information and records maintained.
3.7 Communication and reporting	<ul style="list-style-type: none"> • The Accountable Officer must: <ul style="list-style-type: none"> ➢ communicate this policy and procedure to all employees, and ➢ ensure this policy and procedure is adhered to by all employees. • On a periodic basis, the IRMU's Manager must: <ul style="list-style-type: none"> ➢ review this policy and procedure for its relevance, continuing appropriateness and staff awareness of its requirements; ➢ monitor of compliance by employees, and

	➤ report the level of compliance at least annually to the Accountable Officer and Responsible Body.
3.8 Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with <i>Standing Direction 3.9</i>, specifically: <ul style="list-style-type: none"> ➤ certifying compliance annually; ➤ conducting an annual review of the <insert agency name>'s obligations under this Direction, and ➤ identifying and rectifying any failure or deficiency in complying with this Direction.

4. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Authorising and communicating this policy and procedure to employees, including outsourced service providers. • Promoting employee's compliance with this policy and procedure. • Delegating responsibility for the operational planning and provision of information and records management to a senior manager in the <insert agency name>. • Ensuring the <insert agency name>'s information and records program is adequately resourced. • Advising the Responsible Body of any risks associated with any non-compliance. • Certifying compliance with the Standing Directions requirements.
Information and records management unit (IRMU)	<p>Under the leadership of the Accountable Officer, the IRMU's responsibilities include:</p> <ul style="list-style-type: none"> • Overseeing the management of information and records management consistent with the requirements described in this policy and procedure. • Providing training, advice and general support to employees, creating, developing or acquiring systems to assist in the creation of complete and accurate records. • Monitoring compliance with this policy and procedure. • Advising the Accountable Officer of any risks associated with any non-compliance.
Managers	<p>The managers' responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring employees are aware of and are supported to comply with this policy and procedure. • Advising the IRMU of any barriers to employees complying with this policy and procedure. • Advising IRMU of any changes in the business environment which would impact on information and records management requirements, e.g. new areas of business that need to be covered by this policy and procedure.
All employee	<p>All employees are responsible for the creation and management of information and records as defined by this Policy and Procedure.</p>

5. Related policies and procedures

- Managing bank accounts
- Annual and external reporting
- Purchasing card and prepaid debit card
- Planning and managing performance
- Managing revenue
- Managing expenditure
- Managing payroll

6. Definitions

Employee	A person employed in any industry, whether on salary or wages or piece-work rates. An employee may be full time, part time or casual.
Information management	The way in which an agency plans, identifies, creates, receives, collects, organises, governs, secures, uses, controls, disseminates, exchanges, maintains, preserves and disposes of its information.
Information and records	All business information created and received, including documents, emails, voice messages, memoranda, minutes, audio-visual materials and business system data.
Information system	All business applications used to create, manage and store business information and records including the official records management systems, email, websites, social media applications, databases and business information systems.

7. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Planning and managing performance

(Standing Direction 4.1)

Contents

- 1. Purpose**
- 2. Policy**
 - 2.1. Internal reporting framework
 - 2.2. Internal reporting timeframe and approval
 - 2.3. Type of information to be reported
 - 2.4. Information systems used
- 3. Procedure**
 - 3.1. Performance and financial reporting
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- 5. Related policies and procedures**
- 6. Definition**
- 7. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>
Next review date:
Version:
Approval date:
Approval authority:

1. Purpose

This policy and procedure is to implement and maintain timely, accurate, appropriate and effective reporting on key performance indicators (KPIs) and financial information for use in supporting management decision making and effective planning and performance management practices.

2. Policy

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

2.1. Internal reporting framework	<ul style="list-style-type: none">• The <insert agency name>'s internal performance and financial reports are to be prepared monthly <recommended>, on an accrual basis, and cover:<ul style="list-style-type: none">➢ comprehensive operating statement (profit and loss, income and expenditure);➢ balance sheet;➢ statement of changes in equity;➢ cash flow statement, and➢ KPIs.• The internal performance and financial reports should include current period/month, year to date (YTD), prior year comparatives and current forecast data where appropriate.• A reporting timetable is developed to ensure:<ul style="list-style-type: none">➢ the reports enable informed and effective decision making in a timely manner, and➢ the timeline allows sufficient time for preparation, review and distribution of reports to relevant stakeholders.
2.2. Internal reporting timeframe and approval	<ul style="list-style-type: none">• The internal performance and financial reports are prepared and provided for:<ul style="list-style-type: none">➢ the Accountable Officer and senior managers for review and commentary within 10 working days <timeframe to be determined by the agency> after the close of the period, and➢ the Responsible Body and Audit Committee for noting of the actual year to date position and the full year forecast <timeframe to be determined by the agency>.
2.3. Type of information to be reported	<ul style="list-style-type: none">• The Accountable Officer and senior managers determine the type of information to be provided by the internal performance and financial reports, they include:<ul style="list-style-type: none">➢ an overview on financial performance against budget;➢ a variance (financial) report to provide commentary of budget to actual revenue, expenditure and capital variances;➢ a report on KPIs against the <insert agency name>'s business plan (identify the impacts of these factors that are critical to the achievement of the agency's strategy);➢ remedial actions taken or proposed to address variances identified and the timeframes envisaged;➢ a list of potential cost pressures, significant risks and emerging issues, and➢ other corporate information (e.g. human resources, payroll activities report).(Modify the type of information to be included in the reports to suit the agency's business needs).• The reporting format should remain consistent from period to period, noting:<ul style="list-style-type: none">➢ financial information must be consistent and complete to ensure reliability and allow for comparability over time and financial periods, and➢ measurements of performance should be applied to enable consistency over time for quality analysis and assurance purposes.• Feedback on internal reporting should be sought and obtained from end users on a

	<p>regular basis to ensure:</p> <ul style="list-style-type: none"> ➤ the reports remain relevant; ➤ the reports are current and reflect changes in the business, and ➤ the benefits derived from the reports exceed the cost of producing them.
2.4. Information systems used	<ul style="list-style-type: none"> • The finance systems used by the <insert entity name> must support internal financial reporting and within the timeframes required, where access to financial and non-financial information can be better extracted, manipulated and analysed. • An adequate audit trail is maintained in the production of financial reports for the changes made when compared to the underlying financial systems.
2.5. Planning and managing performance	<p>The Accountable Officer must:</p> <ul style="list-style-type: none"> • ensure that the Agency plans and manages performance to achieve financial sustainability based on its business, regulatory, governance and funding arrangements; • prepare short and longer-term plans, budgets and financial projections; • consider government objectives and priorities and statutory functions in planning and managing financial related performance; • allocate resources to deliver against the Agency's plans and strategies efficiently, effectively and in a timely manner; • establish systems to regularly monitor, evaluate and report on the Agency's financial related performance; • ensure the availability of financial and financial related information about the Agency that is relevant, appropriate and fairly represents actual performance, including as against key performance indicators and associated targets; and • inform the Responsible Body and its relevant committees on financial management plans, policies, strategies, risks and resolutions regularly, and performance against plans at least quarterly. <p><u>Guidance 4.1.1 Planning and managing performance</u></p>

3. Procedure

The following table lists the key principles for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

	<ul style="list-style-type: none"> • The Accountable Officer or delegated person ensures the monthly internal performance and financial reports: <ul style="list-style-type: none"> ➤ contain clear and concise information that is usable, digestible and have widely accepted definitions; ➤ use information that is current to ensure timely reporting, and ➤ enable informed and effective decision making in a timely manner.
3.1. Performance and financial reporting	<ul style="list-style-type: none"> • As appropriate, the Finance Manager <modify role to suit the agency's structure> or delegated person will: <ul style="list-style-type: none"> ➤ communicate the reporting guidelines and timeframes to managers <modify role to suit the agency's structure>; ➤ work with managers <insert roles> to ensure high quality data is used for performance reporting purposes, and ➤ coordinate inclusion of other corporate information such as workforce data, safety and wellbeing, strategic risks, audit and procurement. • The managers <modify role to suit the agency's structure> are required to:

	<ul style="list-style-type: none"> ➤ monitor the implementation of business plans and report monthly on progress; ➤ provide variance commentary and proposed remediation action for any KPIs that are off track within seven (7) working days <timeframe to be determined by the agency> after month-end closing, and ➤ update or adjust business plans and forecasts as required to reflect the <insert agency name>'s current priorities. <ul style="list-style-type: none"> • The Finance Manager or delegated person produces the monthly internal performance and financial reports, including: <ul style="list-style-type: none"> ➤ an executive summary for business plan actions, KPIs and financial updates; ➤ explanations at a business unit level for any material variances between the YTD budget and the YTD actuals for income, operating expenses and asset expenditure; ➤ remedial actions taken or proposed for significant variances (financial and KPIs) and the timeframes envisaged, and ➤ a list of cost pressures, significant risks and emerging issues. • The Accountable Officer and delegated person reviews and signs-off the monthly internal performance and financial reports prior to presenting it for noting by the Responsible Body and Audit Committee.
3.2. Variance reporting	<ul style="list-style-type: none"> • Monthly <recommended>, managers <modify role to suit the agency's structure> provide commentary explaining material variances that are: <ul style="list-style-type: none"> ➤ 10% of the budget or \$xxx million, whichever is the greater for revenue and expenses; ➤ \$xxx million for asset expenditure, and ➤ where a variance is below these thresholds due to compensating variances in the division, then an explanation should still be provided. <p>(Note: Modify variance thresholds relevant to the type of expenditure and amount involved, so that a relevant performance reporting process is in-place).</p> • For all KPIs that are off track or require monitoring, managers' commentary should: <ul style="list-style-type: none"> ➤ explain what the variance relates to; ➤ indicate if it will result in an impact at the end of the financial year or if it is a timing issue only; ➤ indicate what the impacts are from the agency's perspective, if any, including risks and issues, reputational, financial, etc.; ➤ identify the corrective actions to be undertaken to address the variance; ➤ identify what key activities are coming up in future periods, and ➤ be clear and concise in presenting the commentary. <p>The variance reports are exception based and highlight the corrective measures being undertaken by the business for actions, budget performance and KPIs that are off track or require monitoring.</p> • Each reporting period <recommended monthly>, the Finance Manager or delegated person: <ul style="list-style-type: none"> ➤ reviews budget to actual revenue, expenditure and capital variances; ➤ reviews variance commentary provided by managers, and ➤ consolidates commentary into the monthly reports.
3.3. Cost pressures reporting	<ul style="list-style-type: none"> • Each reporting period <recommended monthly>, managers provide: <ul style="list-style-type: none"> ➤ a lists of cost pressures greater than \$50,000 <amount to be determined by the agency> within their divisions, and ➤ commentary on the action the business unit is undertaking to mitigate the cost due to emerging issues and the expected /probable timing of the cost pressure.

	<ul style="list-style-type: none"> • The Finance Manager or delegated person: <ul style="list-style-type: none"> ➤ reviews the monthly cost pressures listing, and ➤ consolidates and reports of cost pressures in the monthly reports.
3.4. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with Standing Direction 4.1, specifically: <ul style="list-style-type: none"> ➤ certifying compliance annually to DTF; ➤ conducting an annual review of the <insert agency name>'s obligations under this Standing Direction, and ➤ identifying and rectifying any failure or deficiency in complying with this Standing Direction.

4.Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Determining the format of the internal reports, including the type of information to be included with the Responsible Body approval.
Accountable Officer	<ul style="list-style-type: none"> • Agreeing the timeframe for internal reports to be presented for noting by the Responsible Body and Audit Committee. • Reviewing and signing-off of the internal reports. • Certifying compliance with the Standing Direction requirements.
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Communicating internal reporting guidelines and timeframes to managers. • Reviewing performance commentary and variance explanations provided by managers. • Consolidating commentary into the internal reports.
Managers	<p>The managers' responsibilities include:</p> <ul style="list-style-type: none"> • Monitoring progress against business plans and forecasts. • Providing variance commentary and proposing remedial actions for any KPIs that are off track. • Updating and adjusting business plans and forecasts to reflect current priorities.

5. Related policies and procedures

- Annual and external reporting
- Managing liabilities, contingent assets and contingent liabilities.

6. Definitions

Internal Financial Management Reporting	<p>Internal financial management reporting comprises of financial information on revenue, expenditure, assets and liabilities against budgets or pre-determined limits. For internal financial reporting to be truly useful as a management tool, there is a need for it to contain non-financial information that supplements and where necessary elaborates on the financial information.</p>
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7. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Acquisition of Assets, Goods and Services Policy and Procedure

(Standing Direction 4.2.1, Instruction 4.2.1)

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- 3.2. Delegations
- 3.3. Purchasing thresholds and supporting documentations
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7. Related documents

8. Authorisation and approval

Document Control

Category: Governing <insert agency name here>

Next review date:

Version:

Approval date:

Approval authority:

1. Purpose

This policy and procedure set out the requirements for the <insert agency name> to implement and maintain an effective internal control framework over procurement activities to ensure procurement of goods and services are authorised in accordance with the business needs and within a documented framework of procurement policies and procedures. Achieving contract performance in procurement is critical in an environment of fiscal constraint. With external parties delivering many of the services to the community, it is important that contracts are well specified, and risks are managed to deliver outcomes.

Note: All figures quoted in this policy including Table 1 (below) represents DELWP's policy and applicable thresholds. This is a suggested model (and \$amounts) for agencies to adopt and amend as applicable to suit the risk profile and the operations of the agency.

2. Policy

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

	When acquiring assets, goods and services, the Accountable Officer must ensure that the Agency: <ul style="list-style-type: none">(a) applies relevant legislation, standards, policies and funding arrangements(b) achieves value for money(c) understands and engages the market(d) encourages open and fair competition(e) supports probity, accountability and transparency(f) manages risks appropriately All purchases: <ul style="list-style-type: none">➤ must be consistent with the <i>Victorian Government Purchasing Board (VGPB) Purchasing Policies</i> (for further information and advice on applying the VGPB policies visit the website at http://www.procurement.vic.gov.au for guides, tools and templates).➤ must be provided by the <insert agency name>'s preferred suppliers, if available, and➤ must be at "arm's length" from the <insert name of agency>'s Responsible Body, Officers and their families.
2.1. Acquiring goods and services	
2.2. Acquisition processes	The Accountable Officer must ensure that the Agency's processes covering the acquisition lifecycle under Standing Direction 4.2.1(d) include: <ul style="list-style-type: none">(a) strategic planning(b) transition planning(c) evaluation of acquisitions
2.3. Contract management and performance	The Accountable Officer must ensure the Agency facilitates contract performance by: <ul style="list-style-type: none">(a) establishing a sound governance framework for effectively managing contracts(b) securing people with sufficient capability for contract design and management(c) establishing an effective performance management framework for the contract
Contract specification	<ul style="list-style-type: none">(d) defining all contract deliverables in terms of objectives required(e) defining all contract deliverables in terms of objectives(f) setting parameters around the ownership, sharing of data, and protocols for

	communication										
	(g) setting parameters around the ownership, sharing of data, and protocols for communication										
Contract management	(h) establishing and implementing effective internal controls to manage contract variations and disputes										
	(i) regularly monitoring and managing performance										
	(j) regularly reporting to the Responsible Body on the Agency's assessment of contractor performance										
Guidance 4.2.1 Acquisition of assets, goods and services											
2.4. Purchase value thresholds	<ul style="list-style-type: none"> All purchases comply with the following purchase value thresholds: <table> <tr> <th colspan="2">If the purchase is (GST incl.): Then the process is to:</th></tr> <tr> <td>over \$150,000</td><td>• undertake a public tender approach.</td></tr> <tr> <td>between \$25,000 and \$150,000</td><td>• seek a minimum of three written quotes.</td></tr> <tr> <td>between \$2,500 and \$25,000</td><td>• obtain a minimum of two written quotes.</td></tr> <tr> <td>up to \$2,500</td><td>• obtain a minimum of one verbal quote.</td></tr> </table> <p>(Note: Edit purchase value thresholds relevant to the type of purchasing and amount involved, so that a competitive purchasing process is in-place).</p> <ul style="list-style-type: none"> Exceptions to the threshold requirements are permitted if the purchase is: <ul style="list-style-type: none"> ➤ made and approved by the Responsible Body, or ➤ made from a State Purchase Contract. 	If the purchase is (GST incl.): Then the process is to:		over \$150,000	• undertake a public tender approach.	between \$25,000 and \$150,000	• seek a minimum of three written quotes.	between \$2,500 and \$25,000	• obtain a minimum of two written quotes.	up to \$2,500	• obtain a minimum of one verbal quote.
If the purchase is (GST incl.): Then the process is to:											
over \$150,000	• undertake a public tender approach.										
between \$25,000 and \$150,000	• seek a minimum of three written quotes.										
between \$2,500 and \$25,000	• obtain a minimum of two written quotes.										
up to \$2,500	• obtain a minimum of one verbal quote.										
2.5. Disclosure of contracts policy (Mandatory)	<ul style="list-style-type: none"> The <insert agency name> must report summary details of all contracts in excess of \$100,000 but less than \$10 million on the Contracts Publishing System website (http://www.procurement.vic.gov.au/Suppliers/Contract-Publishing-System). Contracts over \$10 million in value are to be disclosed in full on the Contracts Publishing System website, subject to application of the exemption criteria in the <i>Freedom of Information Act 1982</i>. Reporting requirements are to be published on the Contracts Publishing System within 60 days after the award of a contract. 										
2.6. Compliance with the <i>Local Jobs First Act</i> (Mandatory)	<ul style="list-style-type: none"> The <insert agency name> is to consider competitive local suppliers, including small and medium enterprises, when awarding contracts valued at: <ul style="list-style-type: none"> ➤ \$1 million or more in regional Victoria, or ➤ \$3 million or more in metropolitan Melbourne or for state-wide activities. 										

3. Procedure

The following table lists the activities for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

3.1. Managing the purchasing or procurement functions	<ul style="list-style-type: none"> The Accountable Officer or delegated person is responsible for the overall <insert agency name>'s procurement operations: <ul style="list-style-type: none"> a) Accountable Officer or delegated person is responsible for: <ul style="list-style-type: none"> ▪ establishing and maintaining the <insert agency name> purchasing procedures consistent with the VGPB purchasing procedures; and ▪ appointing suitably qualified and skilled officers and delegating appropriate
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	<p>purchasing delegation accordingly.</p> <p>b) All staff, managers, executives involved in a purchasing or procurement process or transaction are responsible for:</p> <ul style="list-style-type: none"> ▪ complying and maintaining an up to-date knowledge of this policy and procedure; ▪ ensuring expenditure is in accordance within the <insert agency name>'s purchasing financial delegations, and ▪ ensuring sufficient funds exist for the planned purchase and in accordance with the approved budget.
3.2. Delegations	<ul style="list-style-type: none"> • Every purchase made on behalf of the <insert agency name> requires the exercise of a financial delegation • Purchases between \$150,001 and \$1 million require the approval of the <insert agency name>'s CFO and financial delegate. • Secretary Approval is required for contracts of \$1 million and above. • Ministerial approval is required for contracts of \$10 million and above. • The financial or purchasing delegates must understand their responsibility and be identified at the beginning of the process. • Exceptions are when using a Purchasing Card, as the cardholder can approve both the expenditure and purchase of low cost items (up to the limit of the purchasing card). <p>(Refer to: the <insert agency name>'s Financial Delegation Policy to identify the appropriate approval delegates for the purchase.</p>
3.3. Purchasing thresholds and supporting documentations	<ul style="list-style-type: none"> • Purchasing thresholds provide a standard strategy for applying the objectives of value for money, probity and accountability. • Table 1 Purchasing threshold and supporting documents for procurement of goods and services provides the relevant purchasing thresholds, payment criteria and supporting documentation required for the procurement of goods and services. • Key requirements: • The unacceptability of splitting identical need: • purchasing thresholds are based on estimated total cost of acquisition (GST inclusive), and • a procurement or purchasing process shall not be split into parts or separate transactions simply to achieve a lower threshold. • The independence of the quotes sought: • the quotes sought should preferably not be from related agencies of the <insert agency name> or officers, unless it can be demonstrated that the agency requested to quote operates with a high degree of independence or autonomy from the <insert agency name>'s business or officers, and • conflict of interest should be declared and managed by removing the conflicted parties from any procurement processes.
3.4. Consider and manage risks	<ul style="list-style-type: none"> • A risk and complexity assessment must be undertaken for all purchases valued over \$2,000 <recommended amount, to be determined by the agency> by completing the Capability Assessment Tool and Template. A nominal risk assessment is also recommended for purchases under \$2,000 <recommended amount, to be determined by the agency>. • The following are some of the more likely risk issues that may need to be considered and addressed: • health and safety risks to staff and general public; • unsatisfactory warranty, service and support provision; • product quality, incompatibility with existing technology or equipment; • actual or potential conflict of interest and unethical behaviour during the process,

	and
	<ul style="list-style-type: none"> • supplier performance or delivery issues.
3.5. Non-compliance with the Procurement Policy and Procedure	<ul style="list-style-type: none"> • The Accountable Officer or delegated person is required to provide the Responsible Body with information around occurrences of breaches of this policy. • If a contract: <ul style="list-style-type: none"> • is to continue despite a breach, the Accountable Officer or delegated person prepares a compliance report to declare breach and request the Responsible Body's approval for future expenditure; • has expired, the Accountable Officer or delegated person completes a memorandum for the Responsible Body's approval outlining: <ul style="list-style-type: none"> • factors leading to the breach; • actions taken to rectify the breach, and • processes implemented to prevent recurrence of the breach, and • the Accountable Officer or delegated person may determine any required actions relating to the breach (e.g. remove of financial delegations).
3.6. Executing of purchasing of goods and services contracts	<ul style="list-style-type: none"> • The delegated officers must sign and approve contracts. • Follow the VGPB's guidelines on preparing contract (refer to: Para 8 of this policy and procedure for the link to VGPB's Contracts website).
3.7. Executing of work contracts	<ul style="list-style-type: none"> • Work and construction contracts must be conducted under Ministerial Directions 1 and 2 of the Project Development and Construction Act 1994. (Refer to: DTF's Public Construction website for further information on executing work contracts, https://www.dtf.vic.gov.au/infrastructure-investment/public-construction-policy-and-resources)
3.8. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with Standing Direction 4.2.1, specifically: <ul style="list-style-type: none"> • certifying compliance annually; • conducting an annual review of the <insert agency name>'s obligations under the Standing Directions, and • identifying and rectifying any failure or deficiency in complying with the Standing Directions.

4. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

Role	Responsibilities
Responsible Body	<p>The Responsible Body's responsibilities include:</p> <ul style="list-style-type: none"> • Approving this policy and procedure. • Approving tender recommendations from the Accountable Officer, where appropriate.
Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Establishing staff delegations related to purchasing. • Ensuring staff compliance with relevant purchasing protocols and procedures. • Participating in tender evaluation process where appropriate. • Scrutinising and authorising tendering quotations and associated purchasing decisions. • Receiving and reviewing tender evaluation reports and submitting them to the Responsible Body for consideration. • Certifying compliance with the Standing Directions requirements to DTF.

Role	Responsibilities
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring appropriate administration and management of all <insert agency name>'s public tenders. • Ensuring preparation of tender evaluation reports for the Responsible Body. • Scrutinising purchase orders and organisation procedure compliance.
Finance Officer	<p>The Finance Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Issuing purchase orders in accordance with the <insert agency name>'s procedures and protocols. • Reviewing unfulfilled orders. • Maintaining preferred suppliers list.

5. Related policies and procedures

- Financial delegations
- Managing expenditure
- Purchasing card and prepaid debit card

6. Definitions

Accountability	The Accountable Officer has the flexibility to conduct procurement activities using appropriate capability to provide value-for-money outcomes.
Probity	Upright, honest, proper and ethical conduct and propriety in dealings. It is often also used in government in a general sense to mean good process.
Public tender	A public bidding process (after public advertisement) that is open to all qualified bidders (tenderers) and where the sealed tenders are opened at the same time and are evaluated on the basis of price and quality criteria.
Quotation	A formal statement of promise (submitted usually in response to a request for quotation) by a potential supplier to supply the goods or services required by a buyer, at specified prices, and within a specified period.
Quotation Threshold	This means the monetary thresholds (limits) set by the Responsible Body from time to time prescribing when and how many quotations must be sought before making a purchase for goods and services.
Scalability	The relationship between the complexity of a procurement project and the capability of the agency to conduct it to achieve a good procurement outcome.
State Purchase Contract	State Purchase Contracts (SPCs) are standing offer agreements for Victorian government common use goods and services, which are established when value for money can best be achieved through aggregating demand (http://www.procurement.vic.gov.au/state-purchase-contracts).
Value for money	<p>A balanced benefit measure covering a range of financial and non-financial factors, taking into account the mix of quality, price, cost and resources, fitness for purpose, total cost of ownership and risk.</p> <p>Where appropriate, value for money is assessed on a 'whole of life' or 'total cost of ownership' basis, which includes the transitioning-in, contract period and transitioning-out phases of a contractual relationship.</p>
Victorian Government	The VGPB which sets the policies and guidelines that govern procurement of non-construction goods and services across all Victoria Government departments and public

Purchasing Board (VGPB) Guidelines	bodies, while also developing procurement capability, minimising risk and enabling access to procurement opportunities for all businesses.
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7. Related documents

- Table 1 Purchasing threshold and supporting documents for procurement of goods and services.
- Relevant VGPB's templates and forms:
 - Invitation to Supply Template: (<http://www.procurement.vic.gov.au/Buyers/Market-Approach-Templates/Invitation-to-Supply>).
 - Capability Assessment Tool and Template: (<http://www.procurement.vic.gov.au/Buyers/Policies-Guides-and-Tools/Complexity-and-Capability-Assessment-Policy>).
 - Invitation for Expression of Interest Template: <<http://www.procurement.vic.gov.au/Buyers/Market-Approach-Templates/Expression-of-Interest-EOI>>.
 - Contracts: <http://www.procurement.vic.gov.au/Buyers/Market-Approach-Templates/Contracts>

8. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review
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Table 1 - Purchasing thresholds and supporting documentation for the procurement of goods and services:

Estimated cost (GST incl.)	Expected risk level	Minimum quote requirements	Evaluation requirements	Purchases & payments approval criteria	Summary of requirements/procurement strategy/supporting documentation
\$0 - \$2,500	Low risk	At least one verbal quote.	One evaluator.	<ul style="list-style-type: none">Approved Purchase Order.Confirm receipt of goods and services.Manage contract delivery and performance.	<ul style="list-style-type: none">Use the Record of Purchase Form.Perform a notional risk assessment.Verbal quotes received are to be recorded and maintained on file locally at the business unit for future reference.
\$2,501 to \$25,000	Intermediate risk	At least two written quotes.	<p>One or two evaluators.</p> <ul style="list-style-type: none">Two evaluators for \$10,000 <recommended amount> and above.Ensure evaluators complete and sign the Conflict of Interest Declaration Form.Use of the Capability Assessment Tool and Template.	<ul style="list-style-type: none">Purchase Order for purchases less than \$10,000 <recommended amount>.Formal contract for purchases of \$10,000 <recommended amount> and more.Confirm receipt of goods and services.Manage contract delivery and performance.Any vendor terms and conditions of supply requiring the <insert agency name>'s acceptance must be referred for review by the legal advisor.The Finance Manager and Business Manager approve purchases in accordance with the approved financial delegations.	<ul style="list-style-type: none">Use the Record of Purchase Form.Use the Purchasing Checklist to assist in following the process requirements.A formal risk analysis is required for purchases valued \$20,000 <recommended amount>.Use of the Invitation for Expression of Interest Template.All written quotations must be recorded and maintained on file for future reference.
\$25,001 to \$150,000	Evaluated risk	At least three written quotes.	<p>Two or more evaluators.</p> <ul style="list-style-type: none">Establish an Evaluation Panel <recommended>.Ensure evaluators complete and sign the Conflict of Interest Declaration Form.Use of the Capability Assessment Tool and Template.	<ul style="list-style-type: none">The Delegated Officers approve all contracts in accordance with the approved financial delegations.Formal contract executed.Confirm receipt of goods and services.Manage contract delivery and performance.Any vendor terms and conditions of supply requiring the <insert agency name>'s acceptance must be referred to the legal advisor prior to the purchasing proceeding.	
Over \$150,000	Evaluated risk	<p>Public tender.</p> <p>Open and selective tendering is the preferred method of approaching the open market for the supply of goods and services.</p>	<p>Two or more evaluators.</p> <ul style="list-style-type: none">Establish a Tender Evaluation Panel.Ensure evaluators complete and sign the Conflict of Interest Declaration Form.Use of the Capability Assessment Tool and Template.Detailed offer evaluation process and criteria, including sustainability criteria.	<ul style="list-style-type: none">The Responsible Body approves all contracts between \$150,001 to \$1 million.Ministerial Approval is required for all contracts of \$1 million and above.Formal contract executed.Confirm receipt of goods and services.Manage contract delivery and performance.Any vendor terms and conditions of supply requiring the <insert agency name>'s acceptance must be referred to the legal advisor prior to the purchase proceeding.	<ul style="list-style-type: none">Use the Record of Purchase Form.Conduct a formal risk analysis.For purchases of \$500,000 and more, a Procurement Sourcing Strategy⁶ is prepared.Advertise tender by completing the Invitation for Expression of Interest Template.Tenders published in the composite Government tender advertisement that appears in the Herald Sun (Mandatory).Tenders published on the Victorian Government Tenders website: http://www.tenders.vic.gov.au along with the ability to download relevant tender documents and the name of person(s) responsible for managing the tender or tender enquiries (Mandatory).All awarded contracts published on the Contracts Publishing System website within 60 days of contract being awarded (Mandatory).

Asset Management Accountability Policy and Procedure

(Standing Direction 4.2.3)

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- 2.4. Attestation
- 2.5. Segregation and delegation controls
- 2.6. Recognition of assets
- 2.7. Asset revaluations
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- 2.9. Safeguard of assets
- 2.10. Compliance and record keeping
- 2.11. Reconciliation

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- 3.2. Revaluation of assets
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6. Definitions

7. Authorisation and approval

Document Control

Category: Governing <insert agency name here>

Next review date:

Version:

Approval date:

Approval authority:

1. Purpose

This policy outlines the requirements for asset management to ensure the agency applies the Asset Management Accountability Framework (AMAF) so that critical assets such as land, roads, buildings, structures and coastal assets are managed effectively to support service delivery.

The AMAF establishes a flexible and non-prescriptive set of requirements which aim to ensure that Victorian public sector asset portfolios are managed appropriately. The AMAF applies to non-current assets (physical and intangible). This includes land, buildings, infrastructure, plant and equipment, along with information and communication technology assets. The AMAF does not apply to financial assets. The AMAF outlines how assets should be managed across their whole lifecycle to support service delivery.

2. Policy

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

	<p>Effective asset management is achieved by:</p> <ul style="list-style-type: none">• matching assets to service delivery needs• establishing asset standards to meet service delivery needs and standards• managing assets within available resources and legal / technical requirements• balancing competing service and asset needs and priorities, including whether assets are fit for purpose and aligned with government policy objectives, and selecting options that best meet desired government (departmental) outcomes• adopting a whole of lifecycle approach to planning asset investment and management decisions• monitoring, evaluating and improving the performance of assets, including planning for uncertainty• being responsive to foreseen and unforeseen changes in demand or use• having strong asset management accountability and responsibility processes, systems, risk management and reporting in place• establishing responsibility and accountability for maintaining and efficiently and effectively using the assets already in place• ensuring informed decision making through adequate asset information, including asset condition, existing and alternative asset use and residual value• identifying and managing the risks of asset ownership and operation for continuity of service• adopting a continuous improvement and adaptive management approach to asset investment. <p>The AMAF is based on a set of guiding principles that support effective asset management, being:</p> <ul style="list-style-type: none">• A service delivery focus – as service delivery is at the core of asset management• Integration into planning frameworks – with asset planning and management integrated into policy, procedure and budgetary processes• Adopting a whole of lifecycle approach – through all stages of the asset lifecycle• Informed decision making – through performance measurement processes and the monitoring of outcomes• Responsible and accountable – for service delivery and asset management, with asset-related risks being fully integrated into the organisational risk management framework• Considerate of government policies and priorities – with asset management decisions to align with the achievement of government objectives.
2.1 Responsibilities to meet mandatory AMAF requirements	

Follow asset management plans to effectively manage assets through all stages of the asset lifecycle, being:

- **Planning** – where the requirement for a new asset is worked through and justified
- **Acquisition** – the purchase, construction or creation of an asset
- **Operation** – using the asset for its intended purpose (including repairs throughout its life)
- **Disposal** – decommissioning the asset at the end of its economic life

Planning

- Plans are to be developed as to how the entire asset base is to be managed, including the management of individual assets throughout their lifecycle.
- A risk management approach is to be adopted in respect of asset management and the development of asset management plans with including the identification assessment of risks (physical failure, operational issues, financial risk, occupational health and safety and the impact on other stakeholders).

Acquisition

- Acquisition decisions are to take account of service delivery needs, financial and budgetary constraints, corporate aims and resource allocation objectives.
- Standard procurement rules are to be followed when it is decided to proceed with an asset purchase or construction.
- All expenditure on assets is to be approved by a financial delegate with a sufficient delegation limit.

Operation

- Assets are to be appropriately managed through their operational phase, with consideration given to asset monitoring and performance, maintenance, valuation, utilisation and functionality.
- Agencies are required to establish processes for the identification, monitoring and recording of the condition of the assets assigned to them.
- Critical asset failures need to be addressed promptly, including minimising the risk of the incident reoccurring and reviewing the effectiveness of corrective actions.
- Agencies is required to establish systems and processes for undertaking the maintenance of assets.
- Asset Managers are required to ensure that there is effective record keeping across all stages of the asset lifecycle in respect of the assets assigned to them.

Disposal

- The decision to dispose of an asset is to be based on a thorough examination and economic appraisal of the asset and consider service delivery needs, corporate objectives, financial and budgetary constraints, along with the Government's overall resource allocation objectives.
- Planning for asset disposal should start well before the economic life of the asset has ended, particularly for high-value and/or high-risk assets.
- All disposal requirements are to be followed, including the method of disposal and approval requirements. [Link:](#)

Asset Management Accountability Framework

2.3. Record keeping of assets	<p>Ensure there is good record keeping with respect to assets, through all stages of the asset life cycle, by:</p> <ul style="list-style-type: none">(a) recording financial details for assets in the fixed asset accounting register, such as cost, revalued amount, asset life, accumulated depreciation and written down value(b) recording supplementary asset information in the relevant asset information management system, such as condition assessments and maintenance records.
2.4. Attestation	<p>The agency is required to annually attest that it is materially compliant with the requirements of the Standing Directions, with this including attesting that the requirements of the compliance with the AMAF have been followed.</p> <ul style="list-style-type: none">• A checklist of the mandatory requirements for AMAF is outlined in Appendix 1 (at the end of this section).
2.5. Segregation and delegation controls	<ul style="list-style-type: none">• Segregate physical custody of assets and finance functions, where controls are established and maintained over physical use of assets and access to fixed asset records.• Specific authorisation is required for approving of capital works, acquisition of new assets, disposing of, or writing-off of fixed assets, in accordance with the approved financial delegations.
2.6. Recognition of assets	<ul style="list-style-type: none">• All assets are recognised and valued in accordance with relevant <i>Australian Accounting Standards Board (AASBs)</i>:<ul style="list-style-type: none">• <i>AASB 116 Property, Plant and Equipment</i> (http://www.aasb.gov.au/admin/file/content102/c3/AASB116_07-04_ERDRjun10_07-09.pdf);• <i>AASB 138 Intangible Assets</i> (http://www.aasb.gov.au/admin/file/content105/c9/AASB138_07-04_COMPjun14_07-14.pdf), and• <i>AASB 136 Impairment of Assets</i> (http://www.aasb.gov.au/admin/file/content102/c3/AASB136_07-04_ERDRjun10_07-09.pdf).• Assets are capitalised when:<ul style="list-style-type: none">➢ the costs exceed the capitalisation threshold of \$5,000 <recommended amount> (threshold for portable and attractive items as per note below);➢ the value of the asset can be reliably measured, and➢ the <insert agency name> has control over the future economic benefits of the asset. <p>(Note: It is recommended that the agency keep record of portable and attractive items which cost more than \$300 (i.e. phones, computers, laptops)).</p>
2.7. Asset revaluations	<ul style="list-style-type: none">• All assets shall be “retired or scrapped” where there is no demonstrated future use for those assets and no possibility of future sales.• Non-fixed assets are valued at cost.• Changes to the carrying value of fixed assets as a result of revaluation can only be made with the approval of the Responsible Body.• All fixed assets are subject to a five year revaluation cycle as prescribed by <i>FRD 103E Non-Financial Physical Assets</i> (http://www.dtf.vic.gov.au/Publications/Government-Financial-Management-publications/Financial-reporting-policy/Financial-reporting-Directions-and-guidance) which requires assets to be revalued at fair value. All fixed

	assets must also be tested annually to assess for any material changes in value within the five year cycle.
2.8. Depreciation of assets	<ul style="list-style-type: none"> • All assets when available for use or first put into service are depreciated on a straight line basis over their economic useful lives and in accordance with relevant AAS. • The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, and adjustments made where appropriate.
2.9. Safeguard of assets	<ul style="list-style-type: none"> • All intangible assets are protected by intellectual property rights (where appropriate) and are completely and accurately recorded, including the associated amortisation. • All assets are kept in secure custody and used for authorised purposes only.
2.10. Compliance and record keeping	<ul style="list-style-type: none"> • A detailed asset register is maintained to record details pertaining to all capitalised assets. • All fixed assets and portable and attractive items are subjected to an annual stocktake or count, where: <ul style="list-style-type: none"> ➢ assets must be physically verified, counted and reconciled against the fixed asset register, and ➢ differences are investigated and resolved prior to 30 June.
2.11. Reconciliation	<ul style="list-style-type: none"> • All assets recorded in the asset register must be reconciled against the general ledger control account on a monthly basis and with the annual stock take.

3. Procedure

The following table lists the activities for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

3.1. Capitalisation process	<p>The Finance Officer records and capitalises all approved capital expenditure (supported by relevant tax invoice or other approved documentation) on the asset register and finance system where:</p> <ul style="list-style-type: none"> • <agency to insert system and register recording processes> 												
3.2. Revaluation of assets	<ul style="list-style-type: none"> • All classes of property, plant and equipment must be revalued at least every five (5) years, in accordance with <i>FRD 103E Non-Financial Physical Assets</i>. • The Finance Manager will review all significant fixed assets for impairment on an annual basis, including: <ul style="list-style-type: none"> ➢ assessment of current and future utilisation of assets, and ➢ identification of damaged or idle assets. • The Responsible Body is responsible for approving changes to the carrying value of fixed assets as a result of revaluation. <p>The Finance Manager ensures asset revaluations are recognised and recorded in the accounting system in accordance with relevant AASs and <i>FRDs</i>.</p>												
3.3. Depreciation of assets	<ul style="list-style-type: none"> • The Responsible Body approves the useful life of assets. • The Accountable Officer or delegated person reviews the useful life of assets on an annual basis. • The following are typical estimated useful lives for the different asset classes: <table> <tr> <th>Asset</th><th>Useful life</th></tr> <tr> <td>Buildings:</td><td>20 to 100 years</td></tr> <tr> <td>Leasehold buildings</td><td>2 to 60 years</td></tr> <tr> <td>Plant, equipment and vehicle (incl. leased assets)</td><td>3 to 10 years</td></tr> <tr> <td>Intangible produced assets:</td><td></td></tr> <tr> <td>capitalised software development costs</td><td>3 to 5 years</td></tr> </table> <ul style="list-style-type: none"> • The Finance Officer is to ensure: 	Asset	Useful life	Buildings:	20 to 100 years	Leasehold buildings	2 to 60 years	Plant, equipment and vehicle (incl. leased assets)	3 to 10 years	Intangible produced assets:		capitalised software development costs	3 to 5 years
Asset	Useful life												
Buildings:	20 to 100 years												
Leasehold buildings	2 to 60 years												
Plant, equipment and vehicle (incl. leased assets)	3 to 10 years												
Intangible produced assets:													
capitalised software development costs	3 to 5 years												

	<ul style="list-style-type: none"> ➤ the rate of depreciation is updated in the fixed assets register and finance system completely and accurately to calculate the depreciation charge for the financial period or the period in use; ➤ depreciation is to calculate from the date the asset is first commissioned or acquired; ➤ any capitalised addition or extension to an existing asset will be depreciated over the remaining useful life of the original asset, and ➤ if an asset is fully depreciated, and is in use, the asset should be revalued to reflect the remaining useful life. • The Finance Manager reviews monthly reports and compares to budgets or other data for reasonableness of depreciation expenses. Variances are followed up and corrected as necessary.
3.4. Assets control	<ul style="list-style-type: none"> • The Finance Manager or delegated person ensures the fixed asset register is maintained and contains the following details: <ul style="list-style-type: none"> ➤ asset serial number; ➤ asset description; ➤ acquisition cost; ➤ supplier; ➤ additions and date; ➤ disposal and date; ➤ asset location; ➤ annual and accumulated depreciation; ➤ write down value, and ➤ asset custodian's name. • The Accountable Officer is to authorise any transfer of fixed assets and ensure assets are adequately insured against associated risks. • The Finance Officer ensures: <ul style="list-style-type: none"> ➤ all assets are recorded in the fixed asset register; ➤ all assets disposed of during the period are correctly removed from the register, and ➤ all assets are appropriately maintained, safeguarded against damage and theft. • The Finance Officer will: <ul style="list-style-type: none"> ➤ conduct annual physical inspections of fixed assets and compared to system recorded data. Any discrepancies are investigated, corrected and reprocessed as necessary on a timely basis, and ➤ maintain appropriate records for auditing purposes, including documentation of actions taken in respect of fixed asset control function. • All posting to the fixed asset sub-ledger is restricted to authorised users only. Unauthorised access to the fixed asset system is prevented and detected.
3.5. Addition of assets	<ul style="list-style-type: none"> • The Finance Officer will: <ul style="list-style-type: none"> ➤ input only approved capital expenditure requests into the fixed assets system, and ➤ update the system upon receipt of physical assets. • Monthly, the Finance Officer ensures all asset acquisitions and additions are input accurately into the finance system.
3.6. Approved disposal methods	<ul style="list-style-type: none"> • Where assets are surplus to the requirements of the <insert agency name>, the only approved methods of disposal for <insert agency name>'s assets are: <ul style="list-style-type: none"> ➤ trade in; ➤ transfer to other State Government departments; ➤ donation to Government supported organisation or charitable institutions;

	<ul style="list-style-type: none"> ➤ sale through public auction or tender, and ➤ dumping at a recycle centre or tips, as appropriate. <ul style="list-style-type: none"> • For all assets disposed of by the <insert agency name>, the only approved methods of acquisition by employees or contractors are public auction or tender. • Assets being dumped must not be given to or taken by employees or contractors under any circumstances. • Regardless of disposal method, all <insert agency name> identification must be removed from the assets.
3.7. Transfer, disposal and retirement of assets	<ul style="list-style-type: none"> • The Accountable Officer approves all fixed asset transfers, disposals and write-offs. • The Finance Officer must ensure disposal/retirement of fixed assets is approved before processing a fixed asset for disposal/retirement in the asset system. • The Finance Manager is responsible to ensure: <ul style="list-style-type: none"> ➤ fixed assets are disposed of per the approved disposal requests and matches the fixed assets removed from the general ledger; ➤ assets approved for disposal/retirement, and which are not in use, should not be depreciated, and ➤ all assets should be disposed of at the best market price available at the time and the most cost-effective method of disposal is to be used. • The Finance Manager reviews and approves monthly report on disposals/retirements generated by the Finance Officer. This is to ensure all disposals/retirements are completely and accurately input for processing.
3.8. Reporting of assets	<ul style="list-style-type: none"> • The Accountable Officer or delegated person ensures that: <ul style="list-style-type: none"> ➤ all fixed assets are recognised, valued and depreciated in accordance with relevant AASs, and ➤ all assets are appropriately classified and disclosed in the <insert agency name>'s annual financial statements. • The Finance Officer reconciles the fixed asset register against the general ledger control account on a monthly basis. Differences are investigated and resolved prior to 30 June. • The Finance Manager or delegated person reviews and approves the monthly fixed assets reconciliation.
3.9. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with Standing Direction 4.2.3, specifically: <ul style="list-style-type: none"> ➤ certifying compliance annually; ➤ conducting an annual review of the <insert agency name>'s obligations under this Standing Direction, and ➤ identifying and rectifying any failure or deficiency in complying with this Standing Direction.

4. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Establishing staff delegations in relation to asset acquisitions, use of assets, record keeping and management of assets. • Authorising and approving of all <insert agency name>'s fixed assets. • Authorising and approving of all fixed asset transfers, disposals or write-offs. • Presenting of annual financial statements inclusive of fixed asset valuations. • Certifying compliance with the Standing Directions requirements to DTF.
Finance Manager	<p>The Finance Manager's responsibilities include:</p>

	<ul style="list-style-type: none"> • Managing and reviewing all works performed by the Finance Officer in relation to fixed assets. • Managing acquisition and disposing of fixed assets are authorised in accordance with the approved financial delegations. • Preparing annual financial statements inclusive of fixed asset valuations.
Finance Officer	<p>The Finance Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Administrating the fixed asset register. • Co-ordinating annual fixed assets stocktake or count. • Capitalising new fixed asset acquired. • Undertaking annual review of fixed assets revaluation. • Ensuring the system calculate the annual depreciation in accordance to this policy and procedure. • Reconciling monthly fixed asset register against the general ledger.
Custodian Manager	<p>The Custodian Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring all fixed assets are recorded in the fixed asset register. • Ensuring all assets disposed of during the period are correctly removed from the register. • Ensuring all assets are appropriately maintained, safeguarded against damage and theft. • Performing annual physical count of fixed assets. • Ensuring appropriate records are maintained for auditing purposes, including documentation of actions taken in respect of fixed asset control function.

5. Related policies and procedures

- Managing bank accounts
- Managing expenditure
- Financial delegations
- Acquisition of assets, goods and services

6. Definitions

Capital expenditure	Expenditure which is incurred to acquire, replace or enhance a fixed asset intended to benefit future periods and therefore is of a non-operational nature.
Depreciation	The systematic allocation of the depreciable amount of an asset over its useful life.
Economic useful lives	The period of time over which the fixed asset is expected to provide services or economic benefits to the <insert agency name>.
Fixed asset	<p>Fixed assets include physical and intangible assets which:</p> <ul style="list-style-type: none"> ➤ are acquired and retained for generating of future economic benefits; ➤ are not intended for sale in the ordinary course of business; ➤ are expected to be used for more than one year, and ➤ have a value that can be measured reliably.
Fixed asset register	A register which records all specific details of each fixed asset owned by the <insert agency name>.
Fixed asset valuation	All non-financial assets valued initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.
Fair value	Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Intangible Assets	Assets with no easily identifiable physical form such as goodwill, intellectual property rights and copyrights.
Residual value	The residual value of an asset is the estimated amount that an agency would currently obtain from disposal of the asset were already of the age and in the condition expected at the end of its useful life.

7. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Annual and External Reporting Policy and Procedure

(Standing Directions 5.2 & 5.3)

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 - 9.1. Financial KPIs development and design
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- 10. Roles and responsibilities**
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- 12. Definitions**
- 13. Authorisation and approval**

Document Control

Category: Governing <insert agency name here>
Next review date:
Version:
Approval date:
Approval authority:

1. Purpose

These policies and procedures are to ensure the <insert agency name> develops procedures for timely and accurate preparation of all external reports as required by Standing Direction 5.2 and 5.3.

2. Policy – Part 7 of the FMA (Standing Direction 5.2)

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

External reporting – Part 7 of the FMA	<ul style="list-style-type: none">• The <insert agency name>, under the requirements of Part 7 of the FMA, will submit a copy of its signed and audited annual report to <DTF or DELWP>, which consists of a Report of Operations and financial statements, for tabling / reporting in Parliament within the required timeframe. (Note: Some agencies report directly to DTF and others via DELWP, amend as applicable to suit your agency).• For consistency and comparability purposes, the <insert agency name> will present its Annual Report consistent with the <i>Model Financial Report for Government Departments</i>, where applicable, and comply with DELWP guidelines and any other applicable legislation requirements. (Refer to: The Model Report's link: https://www.dtf.vic.gov.au/financial-reporting-policy/model-report).• The <insert agency name> must publish its Annual Report on the agency's or their Portfolio Department's public website.
2.2. Report of Operations	<ul style="list-style-type: none">• The <insert agency name>'s Report of Operations must be prepared in accordance with applicable:<ul style="list-style-type: none">➢ AASs;➢ FRDs, and➢ Ministerial Reporting Directions.• The <insert agency name>'s Report of Operations must be presented consistent with guidance provided by <DTF or DELWP> and any other legislative requirements.• The <insert agency name>'s Report of Operations must be signed and dated by the Accountable Officer.
2.3. Financial Statements	<ul style="list-style-type: none">• The <insert agency name>'s financial statements must be prepared in accordance with applicable:<ul style="list-style-type: none">➢ AASs, which includes Interpretations, and➢ FRDs.• The <insert agency name>'s financial statements are to comprise the following:<ul style="list-style-type: none">➢ comprehensive operating statement;➢ balance sheet;➢ statement of changes in equity;➢ cash flows statement, and➢ notes to the financial statements.• The <insert agency name>'s financial statements must be reviewed and recommended by the Audit Committee or Responsible Body.• The financial statements must be expressed to the nearest dollar. Different rules apply where the total assets, or revenue, or expenses of <insert agency name> are greater than:<ul style="list-style-type: none">➢ \$10,000,000, the amounts may be expressed by reference to the nearest \$1,000, or➢ \$1,000,000,000, the amounts may be expressed by reference to the nearest

\$100,000.

- The financial statements are to be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body <where applicable>, stating whether, in their opinion the financial statements:
 - present fairly the financial transactions during the reporting period and the financial position at the end of the period;
 - prepared in accordance with Standing Direction 5.2 and applicable FRD, and
 - comply with the applicable AAS and other legislation requirements.
-

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|---|---|
| 2.4. Responses to Auditor-General's reports | <ul style="list-style-type: none">• The Finance Manager or delegated person:<ul style="list-style-type: none">➢ provides the primary point of contact with <DTF or DELWP> and other agencies;➢ coordinates the <insert agency name>'s responses to the Auditor-General's annual report issued during a particular year;➢ undertakes a quality assurance role during the drafting of the <insert agency name>'s responses, and➢ monitors actions taken by management to resolve issues raised by external auditor in a timely manner. |
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3. Policy – Reporting to DTF (Standing Direction 5.3)

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

- | | |
|--|---|
| 3.1. Financial Reports for the State of Victoria | <ul style="list-style-type: none">• The <insert agency name> submits financial information for the preparation of Consolidated Financial Reports for the State of Victoria, to <DTF or DELWP>.• The information is to be forwarded in the format and by the date, as required by <DTF or DELWP>. <p>(Note 2: Under the FMA, the general government sector (GGs) and public non-financial corporations (PNFCs) entities are required to submit their financial information for consolidation into the State's key financial publications, as follows:</p> <ul style="list-style-type: none">▪ GGs – monthly, mid-year and annual financial reports, and▪ PNFCs – mid-year and annual financial reports). |
|--|---|
-

4. Policy – Other external reporting (Standing Direction 5.3)

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

- | | |
|---|---|
| 4.1. Other external reporting - operational | <ul style="list-style-type: none">• The <insert agency name>:<ul style="list-style-type: none">➢ identifies and meets all of its other external reporting requirements, and➢ ensures external financial reports are completed in a timely and accurate manner.• Prior to release, all external reports must be reviewed and signed-off by the Accountable Officer/CFAO or delegated person. |
|---|---|
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5. Policy – Planning and managing performance (Standing Direction 4.1)

The following table lists the key principles for implementing this policy:

<Modify the activities below to suit the structure and business needs of your agency>

- | | |
|----------------------------|--|
| 5.1. Financial performance | <ul style="list-style-type: none">• The <insert agency name> develops financial KPIs and monitor performance against these KPIs to identify key statistics and trends for use in management decision making. |
|----------------------------|--|
-

monitoring and reporting	<ul style="list-style-type: none"> • Reports on any additional KPIs as required by <DTF or DELWP>. • KPIs: <ul style="list-style-type: none"> ➤ must be developed by the Responsible Body working with management, including the Accountable Officer and CFAO; ➤ must be designed to measure and monitor financial management performance of the <insert agency name>; ➤ must be measured, monitored and reported against on a regular basis (at least quarterly, unless KPIs are annual measures) to the Responsible Body, and ➤ are approved and implemented by the Responsible Body to ensure they are monitored.
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6. Procedure – Part 7 of the FMA (Standing Direction 5.2)

The following table lists the key principles for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

6.1. Annual report instructions	<ul style="list-style-type: none"> • The Finance Manager or delegated person prepares and communicates the annual report preparation instructions, outlining: <ul style="list-style-type: none"> ➤ guidance, timeframe and data requests to complete the annual report (including a Report of Operations and financial statements), and ➤ any changes in reporting requirements.
6.2. Coordinating and preparing the Report of Operations	<ul style="list-style-type: none"> • The Finance Manager or delegated person: <ul style="list-style-type: none"> ➤ leads and coordinates the preparation of the <insert agency name>'s Report of Operations; ➤ establishes required inclusions based on the Model Report issued by DTF and other legislations; ➤ compiling performance information from managers <to be determined by the agency>; ➤ performing quality assurance review of information collected; ➤ obtains the Accountable Officer sign-off to finalise the Report of Operations, and ➤ forwards a copy of the final Report of Operations to <DTF or DELWP>.
6.3. Financial statements reporting arrangements	<ul style="list-style-type: none"> • The Finance Manager or delegated person: <ul style="list-style-type: none"> ➤ coordinates the preparation of the <insert entity name>'s financial statements; ➤ performs quality assurance review of information collected; ➤ finalises the financial statements in a publishable format; ➤ leads the process of obtaining the Accountable Officer, Responsible Body and audit sign-off to finalise the annual report, and ➤ forwards the final audited Annual Report to <DTF or DELWP>. • The Accountable Officer and a member of the Responsible Body sign and date the financial statements, stating whether, in their opinion the financial statements: <ul style="list-style-type: none"> ➤ present fairly the financial transactions during the reporting period and the financial position at the end of the period; ➤ prepared in accordance with Standing Direction 5.2 and applicable FRD, and ➤ comply with the applicable AAS and other legislative requirements.
6.4. Compliance and reporting	<ul style="list-style-type: none"> • The Accountable Officer is required to certify that the <insert agency name> has complied with Standing Directions 5.2, specifically: <ul style="list-style-type: none"> ➤ certifying compliance annually to DTF; ➤ conducting an annual review of the <insert agency name>'s obligations under this

Direction, and

- identifying and rectifying any failure or deficiency in complying with this Direction.
-

7. Procedure – Reporting to DTF (Standing Direction 5.3)

The following table lists the key principles for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

- | | |
|--|--|
| 7.2 Monthly, mid-year and annual financial data to DTF | <ul style="list-style-type: none">• The Finance Manager or delegated person:<ul style="list-style-type: none">➤ forwards the financial data <monthly, mid-year and annual> for the purposes of meeting the State of Victoria’s Consolidated Financial Reporting requirements to <DTF or DELWP>, in the format and by the date, as required, and➤ provides supporting information to <DTF or DELWP>, as requested. |
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8. Procedure – Other external reporting (Standing Direction 5.3)

The following table lists the key principles for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

- | | |
|---|---|
| 8.1. Other external reporting - operational | <ul style="list-style-type: none">• The Finance Manager or delegated person establishes guidance and timelines outlining the monthly and mid-year external reporting processes based on instructions from <DTF or DELWP>.• The approved timelines are communicated to managers <roles to be determined by the agency> for preparation of reports.• The Finance Manager and delegated person:<ul style="list-style-type: none">➤ collates information from managers <to be determined by the agency>;➤ analyses the information collected against KPIs and identify key short, medium and long term trends, risk and opportunities;➤ tracks and reviews finances, service delivery and capital projects to ensure they are meeting their targets and objectives, and➤ monitors and manages finances including the balance sheet, budgets and financial forecasts.• The Accountable Officer reviews and signs-off the monthly and mid-year reports before presenting it to the Responsible Body for approval. |
| 8.2. Taxation reporting | <ul style="list-style-type: none">• The Finance Manager or delegated person manages the <insert agency name>’s compliance with all State of Victoria and federal tax laws, including:<ul style="list-style-type: none">➤ lodgement of BAS and other returns with the ATO, and➤ ensuring FBT declarations are completed within approved timeframe. |
| 8.3. Information systems used | <ul style="list-style-type: none">• The Accountable Officer or delegated person ensures IT finance systems are in place to collect benchmark and performance data, indicators and risk information.• Annually, the Finance Manager or delegated person reviews the systems used to collect data and ensures relevant and reliable data are being used for performance reporting purposes. |
| 8.4. Compliance and reporting | <ul style="list-style-type: none">• The Accountable Officer is required to certify that the <insert agency name> has complied with Standing Directions 5.3, specifically:<ul style="list-style-type: none">➤ certifying compliance annually to DTF;➤ conducting an annual review of the <insert agency name>’s obligations under this Standing Direction, and➤ identifying and rectifying any failure or deficiency in complying with this Standing Direction. |
-

9. Procedure – Planning and managing performance (Standing Direction 4.1)

The following table lists the key principles for implementing this procedure:

<Modify the activities below to suit the structure and business needs of your agency>

9.1. Financial KPIs development and design	<ul style="list-style-type: none"> The Responsible Body, Accountable Officer and management develop financial KPIs to measure and monitor the financial performance of the <insert agency name>. The Accountable Officer or delegated person ensures appropriate IT finance systems and processes are in place to collect data for monitoring of the KPIs. 												
9.2. KPI characteristics	<ul style="list-style-type: none"> The Accountable Officer and delegated person ensures that financial KPIs demonstrated the following characteristics: <table border="1"> <thead> <tr> <th colspan="2">Characteristics</th></tr> </thead> <tbody> <tr> <td>Specific</td><td>KPIs are linked to a specific desired outcome or goal that is clearly defined and understood, e.g. accelerate cash collections cycle.</td></tr> <tr> <td>Measurable</td><td>KPIs are capable of being measured in a timely and efficient manner.</td></tr> <tr> <td>Action oriented</td><td>KPIs are linked to the desired actions that are expected of the people being measured.</td></tr> <tr> <td>Realistic</td><td>KPIs are based on facts and agreed targets should be achievable.</td></tr> <tr> <td>Time-bound</td><td>KPIs should be measured and reported on weekly, monthly, quarterly or annually.</td></tr> </tbody> </table> <p>(Note: Standing Direction 4.1 sets out a number of illustrative financial KPIs for revenue, expenditure, cash receipting, investments and liabilities. Refer to: FMCF user guide (pages 133 – 141), issued by DTF, for examples of suitable financial KPIs. The material should be used as a guide to assist the <insert agency name> to select KPIs which are specific to their business in order to provide meaningful information to management).</p>	Characteristics		Specific	KPIs are linked to a specific desired outcome or goal that is clearly defined and understood, e.g. accelerate cash collections cycle.	Measurable	KPIs are capable of being measured in a timely and efficient manner.	Action oriented	KPIs are linked to the desired actions that are expected of the people being measured.	Realistic	KPIs are based on facts and agreed targets should be achievable.	Time-bound	KPIs should be measured and reported on weekly, monthly, quarterly or annually.
Characteristics													
Specific	KPIs are linked to a specific desired outcome or goal that is clearly defined and understood, e.g. accelerate cash collections cycle.												
Measurable	KPIs are capable of being measured in a timely and efficient manner.												
Action oriented	KPIs are linked to the desired actions that are expected of the people being measured.												
Realistic	KPIs are based on facts and agreed targets should be achievable.												
Time-bound	KPIs should be measured and reported on weekly, monthly, quarterly or annually.												
9.3. Performance monitoring	<ul style="list-style-type: none"> The Finance Manager or delegated person implements processes to collect data for monitoring of the financial KPIs (e.g. a scorecard, a single source to input and collate data for tracking KPIs). The Accountable Officer or delegated person ensures performance against financial KPIs must be measured, monitored and reported on a regular basis to the Responsible Body (at least quarterly, unless the financial KPIs are annual measures). 												
9.4. Compliance and reporting	<ul style="list-style-type: none"> The Accountable Officer is required to certify that the <insert agency name> has complied with Standing Directions 4.1, specifically: <ul style="list-style-type: none"> ➤ certifying compliance annually to DTF; ➤ conducting an annual review of the <insert agency name>'s obligations under this Standing Direction, and ➤ identifying and rectifying any failure or deficiency in complying with this Standing Direction. 												

10. Roles and responsibilities

<Modify this section to suit the structure and business needs of your agency>

Responsible Body	<p>The Responsible Body's responsibilities include:</p> <ul style="list-style-type: none"> Signing-off the annual report, including the Report of Operations and Financial Statements. Approving responses to the annual Auditor-General's report. Developing and implementing financial KPIs with management, including the
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	<p>Accountable Officer /CFAO.</p> <ul style="list-style-type: none"> • Ensuring performance is measured, monitored and reported against KPIs on a regular basis. • Approving monthly and mid-year reports.
Accountable Officer	<p>The Accountable Officer's responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring the <insert agency name>'s annual report complies with Part 7 of the FMA. • Ensuring financial data is forwarded to DTF in the format and timeframe as required. • Reviewing and signing-off the annual report. • Implementing, measuring and monitoring performance against KPIs on a regular basis. • Reviewing and approving monthly and mid-year reports before presenting these reports to the Responsible Body for their approvals. • Monitoring actions taken by management to resolve issues raised by external auditor in a timely manner • Certifying compliance with the Standing Directions requirements to DTF.
Finance Manager	<p>The Finance Manager's responsibilities include:</p> <ul style="list-style-type: none"> • Communicating information required, reporting guidelines and timeframes to managers. • Reviewing and performing quality assurance checks of information provided by managers. • Preparing the <insert agency name>'s annual report in accordance with the guidance contained in the Model Report issued by DTF. • Ensuring the <insert agency name>'s annual report complies with Part 7 of the FMA. • Ensuring compliance with all State of Victoria and federal tax laws. • Forwarding financial data and supporting information to the <DTF or DELWP>, as required.
Managers	<p>The managers' responsibilities include:</p> <ul style="list-style-type: none"> • Providing information in order to draft the annual report.

11. Related policies and procedures

- Planning and managing performance
- Managing liabilities
- Audit

12. Definitions

Annual report	<p>The annual report is the medium through which agencies discharge their accountability to Parliament, government and the Victorian public. The FMA requires an annual report to consist of:</p> <ul style="list-style-type: none"> • a Report of Operations, and • financial statements, including notes to the financial statements.
Report of Operations	<p>The report of operations provides users with general information about the agency and its current and future activities, operational highlights for the reporting period, future direction and other relevant information not included in the financial statements.</p> <p>It complements the financial statements by providing explanation and analysis of the agency's performance, financial position and cash flow through an objective and balanced discussion and analysis.</p>
Model Financial Report for Government	<p>The Model Report is provided to assist Victorian government departments and other public sector entities with the planning and preparation of disclosures in their annual</p>

Departments (the Model Report)	reports.
Scorecard	<p>The scorecard is a strategy performance management tool - a semi-standard structured report that can be used by management to keep track of activities and to monitor the performance against targets.</p> <p>A scorecard of indicators provides an effective tracking device for:</p> <ul style="list-style-type: none"> • financial and non-financial performance, and • short-term and long-term performance.

13. Authorisation and approval

This policy and procedure shall be reviewed on a yearly basis <insert frequency of review, recommended minimum on an annual basis>. The next review date is set out as follows:

Reviewer	Position	Version	Date Reviewed	Next Review

Acronyms

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ATO	Australian Taxation Office
BCP	Business Continuity Plan
DELWP	Department of Environment, Land, Water and Planning
DTF	Department of Treasury and Finance
EFT	Electronic Funds Transfers
FMA	Financial Management Act 1994
FMCF	Financial Management Compliance Framework
FRD	Financial Reporting Direction
GST	Goods and Services Tax
IBAC	Independent Broad-based Anti-corruption Commission
IT	Information Technology
VPS	Victorian public sector

Glossary

Accountable Officer	As per section 3 of the FMA, in relation to a specified agency that is not a department or public body, the Accountable Officer, by whatever name called, of the specified agency.
Accounts Payable	Amount owed to a supplier for goods and services provided.
Accounts receivable	Amount owed by a customer (debtor) for goods and services supplied.
Accrual basis	The basis of accounting wherein expenses are recorded in the period in which they are incurred regardless of whether cash is disbursed in that period.
Accruals	Liabilities to pay for goods and services that have been received or supplied but have not yet been paid, invoiced or formally agreed with the supplier. Accruals are often reported as part of trade and other payables.
Annual report	<p>The annual report is the medium through which agencies discharge their accountability to Parliament, government and the Victorian public. The FMA requires an annual report to consist of:</p> <ul style="list-style-type: none"> • a Report of Operations, and • financial statements, including notes to the financial statements.
Authorised Deposit Taking Institution	<p>Authorised Deposit Taking Institutions is an Australian government term for a corporation which is authorised under the <i>Banking Act 1959</i> to take deposits from customers. ADIs include banks, building societies and credit unions. All ADIs are subject to the same prudential standards but for a corporation to use word 'bank', 'building society' and 'credit union' in its name must meet certain criteria.</p>
Bad debts	A debt where all avenues of collection have been exhausted and the likelihood of any recovery has become remote.
Bank reconciliation	Analysis and adjustment of differences between the cash balance shown on a bank statement, and the amount shown in the agency's accounting records. This matching process involves making allowances for cheques, and if discrepancies exist, finding the cause and bringing the records into agreement accompanied by appropriate explanations.
Business continuity	The capability of an organisation to continue delivery of their products or services at acceptable predefined levels following a disruptive incident. Example of disruption could be natural disaster, human error, loss of resources and/or suppliers.
Business Continuity Plan	Documented procedures that guide organisations to respond, recover, resume and restore to a pre-defined level of operation following disruption.
Business Impact Analysis:	The process of analysing activities and the effect that a business disruption might have upon them.

Capital expenditure	Expenditure which is incurred to acquire, replace or enhance a fixed asset intended to benefit future periods and therefore is of a non-operational nature.
Card provider	The approved supplier of the Card facility account.
Card Register	A register of all Cards issued within the <insert agency name> must be developed and maintained.
Card statement	Monthly statement provided by the Card provider.
Cardholder	Cardholder means a person who has been issued with a Card.
Cash flow forecast	A process of predicting cash flow for the purpose of managing liquidity needs and for investment control. The objective of a cash flow forecast is to determine shortages or excesses in cash from that necessary to operate the business and provide the essential information needed for making sound investment decisions.
Cash handling	Process and systems involved in receiving, receipting, recording and banking of cash.
Cash takings/receipts	All cash, money orders, cheques and card payments received.
Central Banking System	Means the centralised banking system provided under the State Purchase Contracts (SPC).
Contingent assets	Possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the <insert agency name>.
Contingent liabilities	A contingent liability is: c) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the <insert agency name>, or d) a present obligation that arises from past events but is not recognised because: ➤ it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.
Contractor	Providers for goods and services or perform work for a set price or rate (e.g. consultant, outsourced accounting services, electricians). The contractor may be self-employed, have employees of their own or have business partners.
Corruption	Dishonest activity in which an employee of an entity acts contrary to the interest of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him/herself or for another person or entity.
Co-sourcing	Responsibility for delivery of service is spilt between an outsourcer and internal delivery. This model often involves an internal delivery team working with the outsourcer as a single group.

Credit note	<p>A commercial document issued by a seller to a buyer which lists the products, quantities and agreed prices for products or services the seller provided the buyer, but:</p> <ul style="list-style-type: none"> • the buyer returned or did not receive; • goods sent are incomplete, damaged, or incorrect, and • the buyer paid too much (overcharged). <p>A Credit Note will reduce or eliminate the amount the buyer has to pay.</p>
Credit terms	The standard or negotiated payment terms set by the creditor detailing the timeframe under which debtor invoices must be paid.
Daily Cash Taking Report	A report provides total cash receipts daily by an agency.
Debt collector	An agency contracted to collect debts from debtors of the entity.
Debtor ageing report	<p>The debtors ageing report lists all overdue accounts and the length of time they are late (30 days, 60 days or 90 days). Periodic review of overdue accounts allows active monitoring and following up on accounts that are 60 and 90 days overdue more vigorously.</p>
Debtors	An agency or person which owes payment to the creditor for goods and services provided.
Depreciation	The systematic allocation of the depreciable amount of an asset over its useful life.
Detailed debtors ledger	The subsidiary ledger detailing the individual amounts owed by each debtor.
Disaster recovery plan (DRP)	A documented process or set of procedures to recover and protect a business information technology systems infrastructure in the event of a disaster.
Disbursement	Payment by cash, electronic funds transfer or cheque.
Doubtful debts	A debt where the recovery has become uncertain.
Economic useful lives	The period of time over which the fixed asset is expected to provide services or economic benefits to the <insert agency name>.
Employee	A person employed by a Public Sector Agency and paid an annual salary. This includes persons employed on a 'fixed term' basis who are on the Agency's payroll and perform a public service function.
Fair value	Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
Financial delegate	An employee assigned to a position which has the authority to commit and/or approve expenditure.
Financial delegations	The ability to commit and/or approve expenditure in accordance with the requirements of the Financial Delegations Policy.
Financial Management IT Systems	The Financial Management System of the <insert agency name>.

Fixed asset	<p>Fixed assets include physical and intangible assets which:</p> <ul style="list-style-type: none"> ➤ are acquired and retained for generating of future economic benefits; ➤ are not intended for sale in the ordinary course of business; ➤ are expected to be used for more than one year, and have a value that can be measured reliably.
Fixed asset register	A register which records all specific details of each fixed asset owned by the <insert agency name>.
Fixed asset valuation	All non-financial assets valued initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.
Fraud	<p>Deception through an act, expression, omission or concealment which is deliberately practiced in order to secure unfair or unlawful advantage for personal gain while causing actual or potential financial loss and reputational damage to an agency.</p> <p>This includes:</p> <ul style="list-style-type: none"> ➤ theft of moneys or properties by employees or person external to an agency, and ➤ the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit. <p>It can be especially harmful in the public sector as it can impact on public trust in the integrity of government.</p> <p>Has the same meaning as in the Australian Standard on <i>Fraud and Corruption Control standard</i> (as per AS 8001)</p>
Full outsourcing	Where a single contract with a single supplier exists, usually covering a broad scope of services and needs. This model is typically implemented as a strategic partnership between management and the service provider and is usually put in place for a long-term.
General ledger debtors control account	The ledger account reflecting amounts owed to the entity by all individual debtors.
Independent Broad-based Anti-corruption Commission (IBAC)	IBAC's principal objectives and functions are set out under <i>the Independent Broad-based Anti-corruption Commission Act 2011 (Vic)</i> . Its main objective is to strengthen the integrity of the Victorian public sector, and to enhance community confidence in public sector accountability.
Information and records	All business information created and received, including documents, emails, voice messages, memoranda, minutes, audio-visual materials and business system data.
Information management	The way in which an agency plans, identifies, creates, receives, collects, organises, governs, secures, uses, controls, disseminates, exchanges, maintains, preserves and disposes of its information.

Information system	All business applications used to create, manage and store business information and records including the official records management systems, email, websites, social media applications, databases and business information systems.
Intangible Assets	Assets with no easily identifiable physical form such as goodwill, intellectual property rights and copyrights.
Internal delivery	Delivery of the service is managed and resourced internally. Third parties may provide discrete products or services.
Internal Financial Management Reporting	Internal financial management reporting comprises of financial information on revenue, expenditure, assets and liabilities against budgets or pre-determined limits. But for internal financial reporting to be truly useful as a management tool, there is a need for it to contain non-financial information that supplements and where necessary elaborates on the financial information.
Invoice	A detailed list of goods and services rendered, with an account of all costs and items incurred.
Irregularity	Activities which are non-confirming, contrary to rules, accepted orders or general practices. It may result in something falling below expectations or deviating from usual or common practice.
Liability	A present obligation of an agency arising from past events, the settlement of which is expected to result in an outflow of the agency of resources embodying economic benefits.
Loss	Activities causing an agency being deprived of inventory and property or causing inventory and property to be destroyed.
Model Financial Report for Government Departments (the Model Report)	The Model Report is provided to assist Victorian government departments and other public sector entities with the planning and preparation of disclosures in their annual reports. It is best practice and a guide only for agencies.
Money	Refers to currency, coins and the means by which money can be obtained e.g. through purchasing cards, cheques, bank withdrawals etc.
Outsourcing	Outsourcing is a process by which a specific service or function is provided by a third party through a contract or service level agreement. Typical driver for outsourcing includes cost savings, improved quality, access to specialised skills and other efficiencies.
Payroll	Payroll is the sum of all financial records of employee's salaries, wages, bonuses and deductions. In accounting, payroll refers to the amount paid to employees for services they provide during a certain period of time, including gross pay, deductions and net pay.

Personal expenses	<p>Expenditure which provides an actual or perceived benefit to the approver, including:</p> <ul style="list-style-type: none"> • attendance of training courses or seminars; • study expenses; • professional memberships; • travel and accommodation, and • expenses reimbursements. <p>These expense types are to be forwarded to a more senior financial delegate for approval. Personal expenses for the Accountable Officer are to be forwarded to the Responsible Body for approval.</p>
Policies	<p>Policies are principles, rules or guidelines that regulate and direct actions and activities.</p> <p>They are formulated and adopted to ensure good governance, compliance and fulfillment of organisational goals.</p>
Probity	<p>Upright, honest, proper and ethical conduct and propriety in dealings. It is often also used in government in a general sense to mean good process.</p>
Procedures	<p>Procedures outline the specifics of day-to-day operations of the organisation explaining how to and who will implement policies.</p> <p>They are specific, factual, succinct and to the point. Well-developed procedures identify and define controls within a process, e.g. authorisation requirements for payments.</p> <p>Procedures generally refer to the process rather than the result.</p>
Prohibited purchases	<p>Purchases which are not permitted to be made with a Card, refer to para 2.7 Prohibited Card purchases of this policy and procedure.</p>
Property/Inventory	<p>Tangible and intangible assets that the agency is legally entitled to.</p>
Provisions	<p>Provisions are liabilities of uncertain timing or amount.</p> <p>Provisions are recognised because they are present obligations and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.</p>
Public sector agency	<p>Any public body as defined in section 3 of the FMA.</p>
Public tender	<p>A public bidding process (after public advertisement) that is open to all qualified bidders (tenderers) and where the sealed tenders are opened at the same time and are evaluated on the basis of price and quality criteria.</p>
Purchasing card	<p>Any type of Card used within the Victorian public sector (i.e. general government purchasing card, credit card, corporate card and purchasing card facility). For example, a Card falling within the scope of these rules could be issued by an agency to the employee in the name of the agency.</p> <p>Debit cards are specifically excluded from this policy and procedure.</p>

Quotation	A formal statement of promise (submitted usually in response to a request for quotation) by a potential supplier to supply the goods or services required by a buyer, at specified prices, and within a specified period.
Quotation Threshold	This means the monetary thresholds (limits) set by the Responsible Body from time to time prescribing when and how many quotations must be sought before making a purchase for goods and services.
Report of Operations	<p>The report of operations provides users with general information about the agency and its current and future activities, operational highlights for the reporting period, future direction and other relevant information not included in the financial statements.</p> <p>It complements the financial statements by providing explanation and analysis of the agency's performance, financial position and cash flow through an objective and balanced discussion and analysis.</p>
Residual value	The residual value of an asset is the estimated amount that an agency would currently obtain from disposal of the asset were it already of the age and in the condition expected at the end of its useful life.
Responsible Body	The Board for every public sector agency except for agencies which do not have a Board (Energy Safe Victoria and the Office of the Commissioner for Environmental Sustainability).
Salary overpayment	<p>An amount paid in excess of employees' correct salary includes:</p> <ul style="list-style-type: none"> • allowances, and reimbursements.
Scalability	The relationship between the complexity of a procurement project and the capability of the agency to conduct it to achieve a good procurement outcome.
Scorecard	<p>The scorecard is a strategy performance management tool - a semi-standard structured report that can be used by management to keep track of activities and to monitor the performance against targets.</p> <p>A scorecard of indicators provides an effective tracking device for:</p> <ul style="list-style-type: none"> • financial and non-financial performance, and short-term and long-term performance.
Segregation of duties	Process put in place to ensure no one person has responsibility for all aspects of the cash handling processes.
Significant unauthorised use of Cards	<p>An instance of unauthorised use of a Card is considered as "significant" when:</p> <ul style="list-style-type: none"> • the transaction involves a sum of \$1,000 <recommended amount, to be determined by the agency> or greater, or • the nature or circumstances of the unauthorised use from the perspective of public interest has the potential to cause reputational risk, or <p>the transaction is revealed to be one of many highlighting a pattern of unauthorised use.</p>

Stale cheque	A “stale cheque” is defined as a cheque that has been drawn but not presented within fifteen (15) months of the date appearing on the face of the cheque.
<i>Standing Directions</i>	<p>The <i>Standing Directions 2018</i> under the <i>Financial Management Act 1994</i> set the standard for financial management by Victorian Government agencies.</p> <p>The Standing Directions are designed to supplement the FMA by prescribing procedures that must be complied with by all departments and public bodies.</p> <p>The new Standing Directions were issued on 11 October 2018, and subsequently revised on 26 March 2019.</p>
State Purchase Contract	<p>State Purchase Contracts (SPCs) are standing offer agreements for Victorian government common use goods and services, which are established when value for money can best be achieved through aggregating demand (http://www.procurement.vic.gov.au/state-purchase-contracts).</p>
Suspense account	<p>A suspense account is an account used temporarily to carry doubtful receipts and disbursements or discrepancies pending their analysis and permanent classification.</p> <p>Suspense accounts should be cleared at some point, because they are for temporary use. Suspense accounts are a control risk.</p>
Tax invoice	An invoice that meets all the GST requirements as prescribed by the Australian Tax Office (ATO).
Theft	The act of unlawfully stealing or taking property or money from an agency.
Thefts and/or losses	The requirement under Direction 3.5 and these rules is to report any incidents involving agency money, inventory and property to the Minister for Finance and the Auditor-General, in a timely manner.
Transaction splitting	<p>Transaction splitting includes:</p> <ul style="list-style-type: none"> • breaking up payments into smaller components to circumvent delegations or purchasing card transaction limits; • making time-based payments for shorter time periods than required (e.g. engaging staff for a two week period to fit within a financial delegation limit which upfront it is known that the staff will be required for a longer period), and using a combination of payment methods.
Unauthorised use	Any instance of non-compliance with a direct consequence of the Cardholder’s function and duties with the <insert agency name>.

Value for money	<p>A balanced benefit measure covering a range of financial and non-financial factors, taking into account the mix of quality, price, cost and resources, fitness for purpose, total cost of ownership and risk.</p> <p>Where appropriate, value for money is assessed on a 'whole of life' or 'total cost of ownership' basis, which includes the transitioning-in, contract period and transitioning-out phases of a contractual relationship.</p>
Victoria Public Sector Code of Conduct	A public statement of how agencies should conduct their business and how they should treat their clients and colleagues. It supports the legislation in relation to public administration in Victoria.
Victorian Government Purchasing Board (VGPB) Guidelines	The VGPB which sets the policies and guidelines that govern procurement of non-construction goods and services across all Victoria Government departments and public bodies, while also developing procurement capability, minimising risk and enabling access to procurement opportunities for all businesses.

References

The followings legislations apply to the model policy and procedures and should be taken into consideration alongside this document:

- *A New Tax System (Goods and Services Tax) Act 1999.*
- *Archives Act 1983.*
- *Australian Accounting Standards.*
- *Crime Act 1914.*
- *Financial Management Act 1994.*
- *Freedom of Information Act 1982.*
- *Independent Broad-based Anti-Corruption Commission Act 2011 (Victoria).*
- *Ombudsman Act 1973 (Victoria).*
- *Privacy Act 1988.*
- *Project Development and Construction Management Act 1994.*
- *Protected Disclosure Act 2012.*
- *Public Administration Act 2004.*
- *Public Record Act 1973.*
- *Public Service Act 1999.*
- *Standing Directions 2018.*
- *Victorian Department for Treasury and Finance Purchasing Card Rules for Use and Administration.*
- *Victorian Public Service Code of Conduct.*

Useful links

Below are direct links to relevant legislations and rules:

- *Standing Directions 2018 under the Financial Management Act 1994:*
<http://www.dtf.vic.gov.au/sites/default/files/document/Standing%20Directions%202018%20%28updated%20December%202018%29.pdf>;
- *Financial Management Act 1994 (FMA):*
[http://www.legislation.vic.gov.au/Domino/Web_Notes/LDMS/LTObject_Store/LTObjSt8.nsf/DDE300B846EED9C7CA257616000A3571/5F263260AAC24CD0CA257D080004E660/\\$FILE/94-18aa064%20authorised.pdf](http://www.legislation.vic.gov.au/Domino/Web_Notes/LDMS/LTObject_Store/LTObjSt8.nsf/DDE300B846EED9C7CA257616000A3571/5F263260AAC24CD0CA257D080004E660/$FILE/94-18aa064%20authorised.pdf);
- *Project Development and Construction Act 1994:*
[http://www.legislation.vic.gov.au/Domino/Web_Notes/LDMS/LTObject_Store/LTObjSt3.nsf/DDE300B846EED9C7CA257616000A3571/F7B1866E0C4EBA2CCA257761002A4C9B/\\$FILE/94-101a034.pdf](http://www.legislation.vic.gov.au/Domino/Web_Notes/LDMS/LTObject_Store/LTObjSt3.nsf/DDE300B846EED9C7CA257616000A3571/F7B1866E0C4EBA2CCA257761002A4C9B/$FILE/94-101a034.pdf).
- *On Board – Governance guidance*
<https://www2.delwp.vic.gov.au/boards-and-governance/on-board>

On Board has support modules with model policies, guidance notes and other governance guidance to assist board members of DELWP agencies. On Board support modules are a 'one stop shop' for information and resources on key governance topics and include direct links to the topic on other websites.

Appendix 1 AMAF Mandatory requirements

The following details the mandatory requirements Responsible Bodies and Accountable Officers must meet to allow for full attestation of compliance with the framework. It does not include asset management requirements covered by other frameworks, for example meeting Australian Accounting Standards. In cases where assets are managed by multiple agencies within a portfolio, Responsible Bodies may not need to attest to compliance with some mandatory requirements of the framework for some assets when another agency within the portfolio has a clearly defined responsibility for meeting that mandatory requirement.

Chapter	Area	Requirement	✓/✗
Leadership and accountability			
3.1.	Overview and key requirements	<ul style="list-style-type: none"> Accountable Officers must apply the mandatory requirements of the AMAF consistent with their organisation's asset threshold. 	<input type="checkbox"/>
3.1.1.	Resourcing and skills	<ul style="list-style-type: none"> Accountable Officers must ensure that asset management functions are established and that they are appropriately resourced with qualified and/or skilled staff. Where asset management activities are devolved or outsourced including to entities excluded from the Standing Directions, Accountable Officers must ensure that contracted service providers or entities excluded from the Standing Directions have arrangements in place to ensure their staff are appropriately skilled and trained. 	<input type="checkbox"/>
3.1.2.	Governance	<ul style="list-style-type: none"> Accountable Officers must establish appropriate governance frameworks to support the management of assets in their direct control, as well as being considerate of the governance frameworks that other organisations within their portfolio have to support management of assets in their control. Accountable Officers must comply with all mandatory requirements under other government policies when carrying out asset management planning and activities. 	<input type="checkbox"/>
3.1.3.	Allocating asset management responsibility	<ul style="list-style-type: none"> Responsibility, authority and accountability for all stages of the asset lifecycle must be clearly defined and allocated within an Accountable Officer's operating frameworks. This includes allocating, documenting and clearly communicating relevant asset management responsibilities. All asset management activities must only be carried out under proper authorisation, including appropriate financial and other delegations. Accountable Officers must document who is responsible for monitoring compliance with the AMAF and ensuring that systems and processes to support the AMAF are in place. Accountable Officers must document who is responsible and accountable for decision making in relation to varying stages of an asset's lifecycle 	<input type="checkbox"/>

Chapter	Area	Requirement	✓/✗
		<ul style="list-style-type: none"> Where asset management functions are devolved or outsourced including to entities excluded from the Standing Directions, Accountable Officers must have appropriate internal management processes established to ensure that they and their outsourced providers or entities excluded from the Standing Directions are maintaining and managing assets to the required standard(s) (e.g. regular performance reporting). 	
3.1.4.	Attestation requirements	<ul style="list-style-type: none"> The Responsible Body's audit committee, or an alternative review mechanism when there is no audit committee⁷, must be satisfied with the Responsible Body's attestation of compliance with requirements of the Standing Direction on asset management prior to finalising the attestation in the annual report. Agencies are also subject to any other requirements under the Standing Directions to ensure compliance and support the attestation. 	<input type="checkbox"/>
3.1.5.	Monitoring asset performance	<ul style="list-style-type: none"> Accountable Officers must establish performance standards and targets for their assets, considerate of available resources that form part of their broader service planning goals. Accountable Officers must also establish and maintain management processes to regularly record, monitor and assess performance, and use those results to improve performance. The performance and utilisation of assets must be reviewed periodically. Asset performance monitoring must also be incorporated into the overall corporate and strategic planning framework. 	<input type="checkbox"/>
3.1.6.	Asset management system performance	<ul style="list-style-type: none"> Accountable Officers must establish systems and processes for monitoring the performance of both: <ul style="list-style-type: none"> their assets; and the overall asset management systems themselves; to ensure that the systems have been implemented and maintained, and are effective in meeting asset management requirements and responsibilities. From 2020-21 Responsible Bodies must, at least every three years, conduct a self-assessment of the level of asset management maturity within their organisation, and other organisations within their annual report, and state this in their annual report. As part of this self-assessment, Responsible Bodies must evaluate: <ul style="list-style-type: none"> the maturity of their asset management systems and practices; the maturity of their systems and practices against their aspirational target; and 	<input type="checkbox"/>

Chapter	Area	Requirement	✓/✗
		– their path towards achieving their aspirational target.	
3.1.7.	Reporting to Government	<ul style="list-style-type: none"> Through its asset information management system (AIMS), an Accountable Officer must also ensure that the organisation can provide relevant asset information and performance data to government/central agencies as required, and is flexible enough to respond to reasonable information reporting requests by the Government. 	<input type="checkbox"/>
3.1.8.	Evaluation of asset performance	<ul style="list-style-type: none"> As part of the performance management process, an Accountable Officer must regularly review the performance of its organisation's assets. They must also make any necessary changes to their organisation's asset management and risk management processes and systems. This will allow the organisation's asset base to continue to achieve the organisation's service delivery objectives, within available resources. 	<input type="checkbox"/>
3.1.9.	Other Requirements	<ul style="list-style-type: none"> Accountable Officers must ensure there are appropriate risk management strategies and processes to support asset management established, including processes to identify and maintain assets that are at risk of critical service failure. 	<input type="checkbox"/>
Planning			
3.2.1.	Asset management strategy	<ul style="list-style-type: none"> A key requirement of the AMAF is for Accountable Officers to develop an asset management strategy for their organisation's entire asset base over the whole asset lifecycle on a portfolio basis. The strategy must outline how the Accountable Officer will use the organisation's assets to support its service delivery objectives and incorporate planning for assets (including proposed upgrades, acquisitions and disposals) over different periods of time (e.g. short term: one to three years, medium term: four to nine years, and long term: 10 or more years). The strategy must be evaluated by senior management, and updated where applicable. 	<input type="checkbox"/>
3.2.2.	Risk management and contingency planning	<ul style="list-style-type: none"> As part of their asset management strategies, Accountable Officers must incorporate asset risk management planning, which describes the risk management strategies and actions (e.g. treatment plans) to be implemented for assets under their control. Accountable Officers must continue to monitor and evaluate the effectiveness of their risk management measures on a regular basis and, if necessary, redefine them. 	<input type="checkbox"/>
Acquisition			
3.3.1.	Overview	<ul style="list-style-type: none"> During the acquisition phases Accountable Officers must adequately consider, on behalf of their organisation: <ul style="list-style-type: none"> – solutions to support service delivery that do not involve asset acquisitions; – risks in acquiring assets or delivering services; 	<input type="checkbox"/>

Chapter	Area	Requirement	✓/✗
		<ul style="list-style-type: none"> – the appropriate procurement method; and – the appropriate approval mechanism prior to acquisition. 	
3.3.2.	Acquisition process	<ul style="list-style-type: none"> • As part of the acquisition process, an Accountable Officer must consider the: <ul style="list-style-type: none"> – organisation's asset management strategy; – nature of the organisation's assets to be acquired or created; – market conditions and the implications for the organisation's asset cost (is it a buyers' or sellers' market?); – industry capacity (i.e. the number of potential contractors or suppliers capable of supplying the assets); – industry standard (how the assets are normally procured in the industry); – suitability of contractors or suppliers; – available resources to manage procurement of the organisation's asset; and – relevant internal/external approval processes (e.g. Government approval processes as part of the annual State Budget). 	□
Operation			
3.4.1.	Monitoring and preventive action	<ul style="list-style-type: none"> • Accountable Officers must establish processes to identify, monitor and record the condition of their organisation's assets. • Accountable Officers must establish processes to proactively identify potential asset performance failures and identify options for preventive action. • If a critical asset service failure incident occurs, Accountable Officers must take action to control and address it and make any necessary changes to asset management practices to minimise the possibility of the incident reoccurring. • Accountable Officers must also review and assess the effectiveness of any corrective actions they implement and make further adjustments as required. • Accountable Officers must also establish policies and procedures that securely protect their assets against fraudulent activity or improper use. 	□
3.4.2.	Maintenance of assets	<ul style="list-style-type: none"> • Accountable Officers must establish systems and processes for undertaking their maintenance activities. • The maintenance program must be regularly reviewed by the Accountable Officer to determine whether the maintenance effort is being allocated to the appropriate assets and is providing the desired outcomes. As part of this review, the available resources for maintenance must be examined to ensure that assets are maintained to the standard established by the Accountable Officer with 	□

Chapter	Area	Requirement	✓/✗
		consideration for the impacts of service delivery.	
3.4.3.	Information management	<ul style="list-style-type: none"> • Accurate recording, identification, valuation and reporting procedures must be established. • Accountable Officers are required to establish an asset information management system (AIMS), which includes asset registers. • information in the AIMS must be readily accessible to individuals who are accountable for the control and management of a nominated asset or group of assets. • An AIMS must maintain up-to-date asset information as well as an historical record of both financial and non-financial information over each asset's lifecycle. • Accountable Officers must define their minimum information requirements, based on what is outlined in section 3.4.3. They must also implement effective processes to generate the required information and establish necessary controls. • The information in the AIMS must be regularly reviewed, to ensure that all of the Accountable Officer's organisation's asset-related information is up to date. 	<input type="checkbox"/>
3.4.4.	Record keeping	<ul style="list-style-type: none"> • As part of the AIMS, Accountable Officers must establish appropriate record-keeping processes, to meet operational needs and to satisfy relevant accounting standards and disclosure requirements, including for their organisation's contingent and intangible assets. 	<input type="checkbox"/>
3.4.5.	Asset valuation	<ul style="list-style-type: none"> • As part of asset valuation, Accountable Officers must document policies and procedures for the revaluation of assets. 	<input type="checkbox"/>
Disposal			
3.5.		<ul style="list-style-type: none"> • Accountable Officers must comply with relevant approval processes and, where possible, select a disposal method including retirement, replacement, renewal or redeployment, that maximises the financial benefits associated with the disposal. 	<input type="checkbox"/>

Appendix 2 Financial Delegations Register

Date:

1. Financial transaction delegation levels - within approved budgets

- These delegations provide authority to approve financial transactions, and negotiate and/or execute contracts.
- Any expenditure or commitment, which is \$50,000 or greater <recommended>, will require the <insert agency name>'s Responsible Body consideration and decision on a case by case basis.
- See the Financial Delegations Policy and Procedure for more information on exercising delegations. See also other related policies and procedures for more information.
- References herein to the acquisition or supply of goods and services include all types of equipment and IT infrastructure, as well as acquisition or supply by purchase and sale, or under licensing arrangement.

<Modify this section below to suit the structure and business needs of your agency>

Position Holder or Body	Minister for Finance	Responsible Body	Accountable Officer	Finance Manager	Business Manager
Authorised Amount <recommended>	Over \$1.0 million.	Up to \$1.0 million.	Up to \$150,000.	Up to \$25,000.	Up to \$25,000.
Transaction Type	<ul style="list-style-type: none"> • All transaction types. 	<ul style="list-style-type: none"> • Making budgetary expenditure commitments. • Approves purchases, internal transactions, payments, reimbursements and enter into contracts for acquisition or supply of goods and services. 	<ul style="list-style-type: none"> • Making budgetary expenditure commitments. • Approves purchases, internal transfers, payments, reimbursements and enters into contracts for acquisition or supply of goods and services. 	<ul style="list-style-type: none"> • Approves purchases, payments and reimbursements. 	<ul style="list-style-type: none"> • Approves purchases, payments and reimbursements.
Limits	<ul style="list-style-type: none"> • No limit. 	<ul style="list-style-type: none"> • No limit. 	<ul style="list-style-type: none"> • Where expenditure is \$50,000 or greater, the Responsible Body shall be advised of the details in a timely manner. 	<ul style="list-style-type: none"> • Where expenditure is \$15,000 or greater, the Accountable Officer shall be advised of the details in a timely manner. 	<ul style="list-style-type: none"> • Where expenditure is \$15,000 or greater, the Accountable Officer shall be advised of the details in a timely manner.
Scope	<ul style="list-style-type: none"> • All areas. 	<ul style="list-style-type: none"> • All areas. 	<ul style="list-style-type: none"> • All areas. 	<ul style="list-style-type: none"> • Within area of responsibility. 	<ul style="list-style-type: none"> • Within area of responsibility.
Staff Name⁸					
Signature					

⁸ This should be regularly updated and communicated to all employees, including the holders of authorised positions and members of the financial management team.

Financial transaction delegation levels – exceed the approved budgets

<Modify this section below to suit the structure and business needs of your agency>

Position Holder or Body	Authorised Amount <suggested>	Transaction Type	Limits	Scope	Staff Name	Signature
Responsible Body (to be executed by the Chairman of the Responsible Body)	Over \$20,000.	<ul style="list-style-type: none"> Unbudgeted expenditure commitments. 	<ul style="list-style-type: none"> No limit. 	<ul style="list-style-type: none"> All areas. 		
Accountable Officer	Up to \$20,000.	<ul style="list-style-type: none"> Unbudgeted expenditure commitments. 	<ul style="list-style-type: none"> No limit. 	<ul style="list-style-type: none"> All areas. 		

2. Financial transaction delegation levels –Bad Debt Write-Off

<Modify this section below to suit the structure and business needs of your agency>

Position Holder or Body	Authorised Amount <suggested>	Related Requirements
Responsible Body (to be executed by the Chairman)	<ul style="list-style-type: none"> Over \$10,000. 	<ul style="list-style-type: none"> For debts overdue 180 days or more. Report to Audit Committee.
Accountable Officer	<ul style="list-style-type: none"> Up to \$10,000. 	<ul style="list-style-type: none"> For debts overdue 180 days or more. Report to Responsible Body. Report to Audit Committee.

3. Financial transaction delegation levels – Asset Disposal

<Modify this section below to suit the structure and business needs of your agency>

Position Holder or Body	Authorised Amount <suggested>	Related Requirements
Responsible Body (to be executed by the Chairman)	<ul style="list-style-type: none"> Over \$100,000. 	<ul style="list-style-type: none"> On the advice of the Accountable Officer.
Accountable Officer	<ul style="list-style-type: none"> Up to \$100,000. 	<ul style="list-style-type: none"> Where expenditure is \$70,000 or greater, the Responsible Body shall be advised of the details in a timely manner.

Appendix 3 Financial Delegation and Signatory Authority Form

Name:	Employee number:
Position title:	Position classification:
Group/Division:	

Financial delegation being sought: \$

Reason for requiring a new / increased delegation:

.....

.....

.....

.....

.....

Indicate the action to be taken

☐ Authorise approval authority for the above employee beginning from this date:

.....

☐ Cancel the existing approval authority for the above employee from this date:

.....

Employee declaration:

In exercising my employment delegation, I acknowledge that I will adhere to the requirements of the Financial Delegations Policy and Procedure. I will only authorise expenditure up to the amount of my delegation and within my functional area of responsibility. I will not split transactions to circumvent delegations limit. I will not provide my password to others.

Signature:.....D

(After signing forward to the Accountable Officer for recommendation / endorsement)

Accountable Officer recommendation / endorsement

Name: Date:

Signature:

Responsible Body Approval	Approved / Not Approved
Name:	Title:
Signature:	Date:

- Notes:**
- 1. The delegation relates to the position, not the person.
 - 2. The appointed Responsible Body is to approve this form before the delegation can be exercised.
 - 3. Delegations can be altered or revoked at any time due to business requirements or breaches of delegation responsibilities.

Appendix 4 Purchasing Card Application Form

Note: To obtain a purchasing card you must be an employee of the <insert agency name>.

Title	Surname	First Name	Middle Initial

SOE	Date of Birth	Gender	Group/Division/Location (i.e. Ballarat)	Work Phone No.
		M <input type="checkbox"/> F <input type="checkbox"/>		

The issue of a Purchasing Card to the above employee is subject to the following limitations: <insert amount approved by the Responsible Body>

Monthly Credit Limit⁹:

Transaction Limit¹⁰:

Brief business requirements for requesting a Purchasing Card:

.....

.....

.....

.....

Applicant's Agreement:	Proposed Purchasing Card Endorser
<p>As a purchasing card applicant I:</p> <ul style="list-style-type: none"> have read, understand and agree to comply with the Purchasing Card Policy and Procedure will confirm monthly statements on receipt of Card statement, allowing sufficient time for my manager to approve prior to month end will immediately advise the <insert role here, recommended the Finance Manager> of any unauthorised or fraudulent use of my purchasing card will not split transactions to circumvent transaction limits will not make prohibited purchases as per the Purchasing Card Policy and Procedure will not permit my purchasing card to be used by any other person; and will not provide my password to others will surrender my purchasing card on ceasing employment. <p>.....</p> <p>Applicant's signature</p> <p>Date:</p>	<p>Recommendation:</p> <p>As proposed purchasing card endorser for this applicant I:</p> <ul style="list-style-type: none"> am aware of purchasing card requirements; will approve and sign-off cardholder statements before month end; consider the card will be used for up to <insert amount> in purchases per month unless there is a good business case for lesser use; believe the applicant has a valid business reason for holding a <insert agency name> purchasing card. <p>.....</p> <p>Endorser's name</p> <p>.....</p> <p>Endorser's signature</p> <p>Date:</p>

Accountable Officer Approval	Finance Manager - Evaluation of
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⁹ Individual Card limits do not exceed \$25,000, unless approved by the Minister for Finance

¹⁰ Recommended individual transaction amount is up to \$2,000 per transaction

.....
Name

.....
Name
Comments:

.....
Signature **Date:**

Please return form to the applicant for then to submit to the Finance Manager.

Appendix 5 Standing Directions not covered by the Model Financial Policies and Procedures

Standing Directions	
Purpose and application	
1.1	Purpose
1.2	Application
1.3	Commencement
1.4	Transactional arrangements
1.5	Exemptions
1.6	Definitions and interpretation
1.7	Order of precedence
Governance	
3.7.2	Treasury management, including Central Banking System
3.8	Pricing
Delivering services	
4.2.2	Discretionary financial benefits – grants, sponsorships and donations
4.2.4	Public construction accountability

