

TREASURER'S INSTRUCTION 1

INTERPRETATION AND APPLICATION

Reissued: 21 January 2015

Effective: 21 January 2015

Scope

1.1 This instruction applies to all public authorities.

Objective

1.2 To provide guidelines for the interpretation of the Treasurer's instructions.

1.3 To specify the extent to which Treasurer's instructions apply to public authorities.

Interpretation and Definition

1.4 Treasurer's instructions are issued pursuant to section 41 of the *Public Finance and Audit Act 1987*.

Instruction

1.5 Terms defined within the *Public Finance and Audit Act 1987* will have the same meaning in the Treasurer's instructions.

1.6 For the purposes of an instruction:

1.6.1 "Australian accounting standards" means accounting standards issued by the Australian Accounting Standards Board which are in force in relation to the reporting period to which the financial statements relate.

1.6.2 "Chief Executive" has the same meaning as a "Chief Executive Officer" defined in section 4 of the *Public Finance and Audit Act 1987* and means:

1.6.2.1 where the public authority is a government department, the Chief Executive or the person who has the powers and functions of Chief Executive of that government department;

1.6.2.2 where the public authority is a Minister—the Minister;

1.6.2.3 where the public authority is a statutory authority (not being a natural person or a corporation sole) or some other body—the

Chief Executive¹ of the authority or other body or, if there is no Chief Executive, the person entitled to preside at meetings of the governing body of the authority or other body;

- 1.6.2.4 where the public authority is a natural person or a corporation sole—that person or the person constituting the corporation.
- 1.6.3 “employee” means a South Australian Government employee who is an employee of the Crown or a statutory authority or a person who is appointed to any office under an Act.
- 1.6.4 “governing authority” means the person or group of persons or the board or any other management body to whom the ultimate management of a public authority (that is not an administrative unit) is committed pursuant to the constitution or the governing legislation of the relevant public authority, and means a natural person who is constituted or deemed to be constituted as a corporation sole where the public authority is a corporation sole.
- 1.6.5 “Administrative unit” means a government controlled entity, established or continuing in existence, under the *Public Sector Act 2009* or otherwise designated as an administrative unit by the Government.
- 1.6.6 “Minister” means the Minister of the Crown who has responsibility for the public authority, or the relevant part of the public authority, or the Minister who administers the Act under which a public authority that is not an administrative unit was constituted.
- 1.6.7 "public authority" has the same meaning as defined in section 4 of the *Public Finance and Audit Act 1987* and means—
- (a) a government department;
 - (b) a Minister;
 - (c) a statutory authority—
 - (i) that is an instrumentality of the Crown; or
 - (ii) the accounts of which the Auditor-General is required by law to audit;
 - (d) such other body or person as is prescribed,

but, subject to any other provision of the *Public Finance and Audit Act 1987*, does not include a statutory authority where the Act by or under which the authority is appointed or established provides for the auditing of the accounts of the authority by a person other than the Auditor-General.

¹ In this clause, the term “Chief Executive” includes the employee, however entitled, who is responsible for duties of a type traditionally carried out by a Chief Executive in a statutory authority or other body.

- 1.6.8 "public corporation" means a statutory corporation to which provisions of the *Public Corporations Act 1993* apply by way of its incorporating Act or by regulation. (A statutory corporation is a body corporate (other than a council or university) that is established by or under an Act and comprises or includes, or has a governing body that comprises or includes, a Minister or a person or body appointed by the Governor or a Minister).
- 1.7 Treasurer's instructions will apply to each public authority as defined by the *Public Finance and Audit Act 1987*, with the exception of:
- 1.7.1 University of Adelaide;
- 1.7.2 Flinders University of South Australia; and
- 1.7.3 University of South Australia;
- each of which is required to comply only with Treasurer's Instruction 19 *Financial Reporting and Accounting Policy Statements*.
- 1.8 Where the governing legislation of a public authority has alternative arrangements that are inconsistent with a Treasurer's instruction, the governing legislation will prevail.
- 1.9 Where an applicable provision of the *Public Corporations Act 1993* has an alternative arrangement that is inconsistent with a Treasurer's instruction, the applicable provision of the *Public Corporations Act 1993* will prevail.
- 1.10 Where an instruction or part of an instruction specifically limits compliance to a particular type of public authority, only that type of public authority is required to comply with that, or the relevant part of that, instruction.
- 1.11 Where the Chief Executive of a public authority is of the opinion that:
- 1.11.1 the costs of compliance with an instruction will exceed the benefits;
- 1.11.2 an equivalent procedure or policy is already applied by that authority; or
- 1.11.3 there are justifiable reasons why a matter required by the Treasurer's instructions should not apply or should be varied;
- he or she may request that the Treasurer varies the effect of that instruction's application to that agency or transaction by making a submission to the Under Treasurer.
- 1.12 The Treasurer may vary or revoke a Treasurer's instruction or authorise alternatives to operate in particular circumstances. Variations to a Treasurer's instruction apply from the date the revised instruction becomes effective, and the earlier Treasurer's instruction is superseded from that date. A revoked Treasurer's instruction ceases to apply on the date it is withdrawn.

For queries contact:
Department of Treasury and Finance

Government Accounting, Reporting and Procurement Branch

Financial Management Team
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TREASURER'S INSTRUCTION 2

FINANCIAL MANAGEMENT

Reissued: 20 March 2016

Effective: 20 March 2016

Scope

- 2.1 This instruction applies to all public authorities and to the financial functions and responsibilities under the management control of the public authority. These include functions and responsibilities assigned to the management control of public authorities under an outsourcing agreement.

Certain financial management functions and responsibilities can be subject to an outsourced service arrangement, including an arrangement with Shared Services SA. Where this occurs, a Service Level Determination will define the responsibilities that have been agreed and allocated between the public authority and the service provider (Shared Services SA) for the key tasks, activities and controls associated with the outsourced financial management functions. Public authorities are to apply the requirements of this instruction to those allocated responsibilities agreed to be under the management of the public authority.

Objective

- 2.2 To specify certain procedures in relation to financial management, and to require each public authority to develop, implement, document and maintain policies, procedures, systems and internal controls to assist Chief Executives with their financial management responsibilities.

Interpretation and Definitions

- 2.3 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.
- 2.4 To assist with the interpretation and application of this instruction, the Department of Treasury and Finance has issued a *Financial Management Toolkit*, which contains guidance and checklists in relation to internal controls, compliance programs, financial reporting, compliance self-assessment and administrative restructures.

Instruction

Documentation

- 2.5 Each Chief Executive must ensure that the policies, procedures and systems required by this instruction are properly documented. Unless otherwise required by a Treasurer's instruction, legislation or other authority, documentation must be reviewed on a regular basis, revised where necessary and be readily available to all relevant officers of the authority.

Risk Management

- 2.6 The Chief Executive must establish and maintain effective policies, procedures and systems for the identification, assessment, monitoring, management and annual review of financial and tax risks. The *Risk Management Policy Statement* issued by the Premier and the Treasurer in November 2009 and the Australian/New Zealand Standard AS/NZS ISO 3100:2009 *Risk Management Principles and Guidelines* provide guidance in establishing an appropriate financial and tax risk management regime.
- 2.6.1 The Commissioner for Public Sector Employment must issue and review on an annual basis, an all-purpose policy with respect to the prevention, detection and control of fraud, corruption and other criminal conduct, maladministration and misconduct in connection with the activities of public authorities.
- 2.6.2 Chief Executives must either adopt any policy issued by the Commissioner for Public Sector Employment (via 2.6.1) or if they choose to issue an agency-specific policy with respect to the prevention, detection and control of fraud, corruption and other criminal conduct, maladministration and misconduct in connection with the activities of the public authority, any such policy must be at least equivalent to the policy issued by the Commissioner for Public Sector Employment. Any agency-specific policy must be reviewed on at least an annual basis, taking account of any review of the policy issued by the Commissioner for Public Sector Employment.

The Australian Standard AS 8001:2008 *Fraud and Corruption Control* may be of assistance in the development of agency-specific policies and/or protocols and procedures.

Resource Management

- 2.7 The Chief Executive must ensure that authorisations relating to financial management, (other than those financial authorisations that are separately dealt with in Treasurer's Instruction 8 *Financial Authorisations*), are established and documented and are reviewed at least on an annual basis.

Income Management

- 2.8 The Chief Executive must:
- 2.8.1 establish authorisations that empower authorised persons to approve income recognition and income de-recognition;
 - 2.8.2 ensure that all income is recognised and all invoices are raised promptly following the provision of goods and/or services;
 - 2.8.3 ensure that reconciliations between the general and relevant subsidiary ledgers (eg debtors ledger/accounts receivable ledger) are performed on a regular and timely basis;
 - 2.8.4 ensure that all receipts are promptly recognised; allocated against the correct accounts receivable (where applicable); and in the case of cash and cheques, secured appropriately until banked; and banked promptly;
 - 2.8.5 ensure at least an annual review of the level of fees and charges levied by the public authority;

- 2.8.6 ensure that the recoverability of accounts receivable is reviewed on a regular basis and appropriate action is taken;
 - 2.8.7 ensure income collection methods are efficient, through regular review including consideration of the use of electronic collection methods; and
 - 2.8.8 ensure documentation that substantiates the existence or occurrence; completeness; valuation or allocation; passing of control; rights and/or obligations relating to income activities is maintained.
- 2.9 The Chief Executive must develop, document and maintain policies, procedures, systems and internal controls relating to income transaction processing and the management of accounts receivable balances.

Expenditure Management

2.10 The Chief Executive must:

- 2.10.1 establish authorisations that empower authorised persons to approve accounts payable de-recognition;
 - 2.10.2 ensure that all expenditure is recognised and all valid invoices are processed accurately, efficiently and in a timely manner following the provision of goods received and services rendered;
 - 2.10.3 ensure that reconciliations between the general and relevant subsidiary ledgers (eg creditors ledger/accounts payable ledger) are performed on a regular and timely basis;
 - 2.10.4 ensure that all payments are promptly recorded, allocated against the correct accounts payable (where applicable) and issued in a secure manner;
 - 2.10.5 ensure the level of fees/charges payable for services rendered are reviewed at least on an annual basis;
 - 2.10.6 ensure payment methods are efficient, through regular review including consideration of the use of purchase cards and electronic funds transfers; and
 - 2.10.7 ensure documentation that substantiates the existence or occurrence; completeness; valuation or allocation; passing of control; rights and/or obligations relating to expenditure activities is maintained.
- 2.11 The Chief Executive must develop, document and maintain policies, procedures, systems and internal controls relating to expenditure transaction processing and the management of accounts payable balances.

Asset and Liability Management

2.12 The Chief Executive must:

- 2.12.1 establish authorisations that empower authorised persons to approve asset and liability recognition and de-recognition (eg asset disposal/write off);
- 2.12.2 ensure all assets are safeguarded. Physical controls must be established and maintained over access to and use of assets;
- 2.12.3 ensure that reconciliations between the general and relevant subsidiary ledgers (eg asset register) are performed on a regular and timely basis; and

2.12.4 ensure documentation that substantiates the existence or occurrence; completeness; valuation or allocation; control; rights and/or obligations relating to assets and liabilities is maintained.

2.13 The Chief Executive must ensure the public authority develops, documents and maintains a register of individual instances where public money (in excess of \$1,000) or public property (with a value in excess of \$10,000) has been lost or stolen, or irregularities have occurred. The Chief Executive must:

- (a) ensure the individual instances are reviewed;
- (b) review the register at least on an annual basis; and
- (c) review any proposed action plan.

“public money” means money in the custody or under the control of the public authority; or money in the custody or under the control of personnel on behalf of the public authority; including money that is held for ‘administered’ purposes.

“public property” means property in the custody or under the control of the public authority; or property in the custody or under the control of personnel on behalf of the public authority; including such property that is held for ‘administered’ purposes.

2.14 The Chief Executive must ensure the public authority maintains a register showing all unclaimed money exceeding \$10 which have not been claimed for 6 years or upwards. The register will include:

- (a) the name of the owner as per the authority’s records;
- (b) the total amount due to the owner;
- (c) a description of the unclaimed money; and
- (d) date of the last claim.

“unclaimed money” means any sum of money in the possession of a public authority for which no claim has been made against the authority by the owner, and includes unclaimed salaries and wages and stopped or stale cheques.

A public authority that is to be abolished, amalgamated with another public authority or restructured in such a way that the identity of the public authority will be substantially altered, will as soon as practicable, seek a direction from the Treasurer as to the disposition of any unclaimed moneys held by the public authority at the date of abolition, amalgamation or restructure.

2.15 The Chief Executive must develop, document and maintain policies, procedures, systems and internal controls relating to asset and liability transaction processing and the management of asset and liability account balances. Assets and liabilities to be addressed include tangible assets, intangible assets, financial assets and liabilities, provisions, contingencies, guarantees and indemnities.

2.16 The Chief Executive of each public authority must, by 31 August of each year, advise the Under Treasurer of a breach of any Treasurer’s instruction for the financial year just ended.

Department of Treasury and Finance

For queries contact:
Department of Treasury and Finance

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The Department of Treasury and Finance has issued a *Financial Management Toolkit* which contains guidance and checklists in relation to internal controls, compliance programs, financial reporting, compliance self-assessment and administrative restructures.

TREASURER'S INSTRUCTION 3

APPROPRIATION

Reissued: 21 January 2015

Effective: 21 January 2015

Scope

3.1 This instruction applies to all public authorities unless otherwise stated.

Objective

3.2 To require the Chief Executive of each public authority to institute appropriate controls in respect of money appropriated by Parliament for the public purposes of the State.

Interpretation and Definition

3.3 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

3.4 For the purposes of this instruction "Appropriation of public money" means the allocation of that money for a purpose specified by an Act of Parliament. The appropriation of money does not confer an authority to spend. That authority is given by the Treasurer pursuant to Treasurer's instructions.

3.5 The appropriation, issue and application of money from the Consolidated Account is governed generally by:

3.5.1 The annual *Supply Act*, which is an interim authority that authorises the appropriation of money from the Consolidated Account for the purposes referred to in the *Appropriation Act* for the previous financial year. The Act applies from the commencement of the financial year up to and including the day preceding the day on which the main Appropriation Bill for the year is assented to by the Governor.

3.5.2 The *Appropriation Act* for the year which replaces the *Supply Act* and authorises the appropriation of money from the Consolidated Account for the purposes referred to in the First Schedule to the Act;

3.5.3 The *Public Finance and Audit Act* which provides the framework for operations on the Consolidated Account, Special Deposit Accounts and the Governor's Appropriation Fund and authorises certain appropriations and expenditure;

3.5.4 The "Special Acts" which authorise specific appropriations other than those authorised by the above Acts;

3.5.5 The Treasurer's instructions that set out the administrative arrangements to give effect to the Acts referred to above.

Instruction

- 3.6 The basic authority for annual appropriations from the Consolidated Account is the *Appropriation Act*. The First Schedule to that Act lists both the purposes of appropriation and the amount allocated to each purpose.
- 3.7 Each Chief Executive shall ensure that the public authority for which he or she is responsible has in place appropriate internal controls to ensure that money applied from the Consolidated Account does not exceed those amounts listed against the purposes of appropriation shown in the *Appropriation Act*.
- 3.8 Where the Chief Executive of a public authority believes that amounts specified in the First Schedule to the *Appropriation Act* are insufficient to meet a purpose of appropriation, a request for additional funds or for the transfer of funds between purposes must be forwarded to the Department of Treasury and Finance, having first been endorsed by the responsible Minister.
- 3.9 The Treasurer may direct that money issued or applied from the Consolidated Account for a purpose specified in the First Schedule to the *Appropriation Act* be credited to a Special Deposit Account established for the purpose and recorded in the name of a public authority.
- 3.10 Money credited to a Special Deposit Account established in accordance with clause 3.9 will be subject to any conditions that the Treasurer may determine from time to time, but for the purposes of preparing annual financial statements in accordance with Treasurer's Instruction 19 *Financial Reporting*, that money is deemed to be controlled by the public authority in the name of which the money is recorded.
- 3.11 The First Schedule to the *Appropriation Act* may require that money be appropriated to a public authority as a contribution of equity, as a loan or for program funding. For the purposes of this instruction, where money is appropriated in the form of an equity contribution, the Treasurer acquires a financial interest in the net assets of the public authority concerned. Moneys issued or applied from the Consolidated Account pursuant to this instruction are not to be reported by the public authority as revenues in the period in which they are received, but are to be shown separately in the public authority's statement of financial position, as a contribution of equity by the Government of South Australia.

Monitoring of Expenditure During the Supply Period

- 3.12 Each year the Government operates under limited appropriation during the supply period that is from 1 July until the *Appropriation Bill* receives royal assent.
- 3.13 During this period the following general appropriation controls are to apply:
- 3.13.1 spending patterns, in aggregate, should be consistent with expenditure levels of the same period for the previous year;
 - 3.13.2 appropriation is limited to the purposes and amounts as shown in the previous year's schedule to the *Appropriation Act*, and
 - 3.13.3 any variations to the above should be referred to the Department of Treasury and Finance.

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TREASURER'S INSTRUCTION 4

ESTABLISHMENT OF MERCHANT FACILITIES FOR ACCEPTANCE OF PAYMENTS

Reissued: 21 January 2015

Effective: 21 January 2015

Scope

4.1 This instruction applies to all public authorities unless otherwise stated.

Objective

4.2 To prescribe a policy for the establishment of a Merchant Facility by public authorities to facilitate the acceptance of payments, including via credit and debit cards.

4.3 To require an analysis of the costs and benefits from establishing a Merchant Facility to be undertaken by a public authority before any decision to establish those facilities.

Interpretation and Definition

4.4 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

4.5 For the purposes of this instruction:

4.5.1 "Merchant Facility" means a facility by which payments, including by credit or debit cards, can be accepted by a public authority by electronic payment system or other similar funds transfer system. This service may be provided through a financial institution and may involve the acceptance of payments via an EFTPOS terminal, telephone or Internet payment service.

4.5.2 "Merchant Fee" means the charge made by a financial institution for the use of a Merchant Facility. It is usually based on a percentage of the value of amounts received through the facility.

Instruction

4.6 An analysis of the costs and benefits of establishing a Merchant Facility, including the payment of any Merchant Fees, terminal rental costs and associated establishment costs, must be undertaken by a public authority to determine the appropriateness of establishing a Merchant Facility.

4.7 The Chief Executive of a public authority may establish a Merchant Facility for the acceptance of payments, including via credit and debit cards, if the Chief Executive is

of the opinion that it is to the economic or other advantage of the Government to do so. The acceptance of payments by means of credit or debit card may be restricted, where it is practical to do so, to specific transaction types or in any other manner that the Chief Executive considers to be appropriate.

- 4.8 The Chief Executive of a public authority that is to establish a Merchant Facility is responsible for ensuring that appropriate systems, controls, processes and procedures are established and maintained for the operation and security of the Merchant Facility.
- 4.9 The instruction relating to financial authorisations required for public authorities to incur expenditure, as set out in Treasurer's Instruction 8 *Financial Authorisations* applies to the establishment of a Merchant Facility.
- 4.10 A public authority must obtain the approval of the Treasurer prior to establishing a Merchant Facility for the acceptance of payments relating to taxation, fines, licences or other payments that are required to be credited to the Consolidated Account.
- 4.11 Cash withdrawal facilities (such as those often available through EFTPOS transactions) are not to be offered under a Merchant Facility established by administrative units.
- 4.12 Cash withdrawal facilities (such as those often available through EFTPOS transactions) are not to be offered under a Merchant Facility established by public authorities that are not administrative units.
- 4.13 Where a whole of government agreement requires an administrative unit or Minister to comply with the terms of any agreement entered into by the Government for the provision of whole of government Merchant Facilities, that administrative unit or Minister will establish appropriate policies and procedures to ensure that its operations are conducted in compliance with the terms of that agreement for the provision of whole of government Merchant Facilities.
- 4.14 Where a whole of government agreement requires a public authority that is not an administrative unit to comply with the terms of any agreement entered into by the Government for the provision of whole of government Merchant Facilities, that public authority will establish appropriate policies and procedures to ensure that its operations are conducted in compliance with the terms of that agreement for the provision of whole of government Merchant Facilities.

For queries contact:
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TREASURER'S INSTRUCTION 5

DEBT RECOVERY AND WRITE OFFS

Reissued: 21 January 2015

Effective: 21 January 2015

Scope

- 5.1 This instruction applies to all public authorities unless otherwise stated.
- 5.2 The requirements outlined in this instruction are to be read in conjunction with the requirements specified in other legislation that may be applicable to the public authority eg an authority's enabling legislation, *Taxation Administration Act 1996*, *Public Finance and Audit Act 1987*, *Limitation of Action Act 1936* etc. To the extent there is an inconsistency between this instruction and any relevant legislation, the legislation shall prevail.

Objective

- 5.3 To require the Chief Executive of each public authority to ensure that the authority establishes and implements policies for the management of debt recovery that aim to recover all amounts owing to the authority.
- 5.4 To prescribe the circumstances under which a debt may be written off or waived by a public authority.

Interpretation and Definitions

- 5.5 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.
- 5.6 For the purposes of this instruction:
 - 5.6.1 "debt" means a sum of money owed by a person or an entity to a public authority. It includes an obligation due to the authority and/or the right to receive and enforce payment (eg a loan receivable, claim, salary overpayment, loss, theft and deficiency of public assets, money owed for goods sold or services provided). For the purposes of this instruction, debt excludes sums of money owed by entities within the same reporting entity.
 - 5.6.2 "employee" has the same meaning as defined in Treasurer's Instruction 1 *Interpretation and Application*.

- 5.6.3 “Proof of debt” refers to the *Formal Proof of Debt or Claim* (General form) under the *Corporations Act 2001*, sub-regulation 5.6.49(2) or the *Proof of Debt* form under the *Bankruptcy Act 1966*.
- 5.6.4 “State taxation debt” refers to an amount due and payable to the Commissioner of State Taxation pursuant to the *Taxation Administration Act 1996* or the *First Home and Housing Construction Grant Act 2000*.
- 5.6.5 “Waiver” means permanently expunging a debt owed to the State, such that the debt cannot be pursued by the State at a later date. Subject to the approvals required in this instruction, this can occur when there is a moral obligation on the State to extinguish the debt (eg a direct act or omission of a public authority or impact of a state law has caused a person or entity to incur an unintended debt, the recovery of which would result in an overall loss to the person or entity concerned) or the debt is irrecoverable.
- 5.6.6 “Writing off a debt” is where a debt or part of a debt is removed from the accounts of the authority. Subject to the approvals required pursuant to this instruction, this can occur when a debt remains enforceable, but a management decision is taken not to pursue the debt either indefinitely or for a set period of time. The decision may subsequently be reversed and enforcement proceedings commenced or recommenced in response to changes in the debtor’s circumstances, subject to the statutory limitation period for commencement of legal action. By way of examples, debts could be written off, without necessarily being waived, where the debtor’s whereabouts are unknown, or the debtor does not have the capacity make good the debt.

Instruction

Recovery of Debts

- 5.7 The Chief Executive of each public authority must ensure that the authority establishes and implements policies for the management of debt recovery that aim to recover all amounts owing to the authority.

Writing off Debts

- 5.8 No debt, other than a State taxation debt, that is owed to a public authority is to be written off unless:
- 5.8.1 the authority’s debt recovery policies and procedures have been followed; and
- 5.8.2 the approvals required by clauses 5.13 or 5.14 have been obtained.
- 5.9 Where a public authority becomes aware that a debtor is an entity that is being wound up; or a person petitioned for bankruptcy; that public authority shall lodge a Proof of debt as soon as possible.

- 5.10 Where the authority has been unable to recover a debt under the original terms or conditions relating to that debt, a public authority may accept another method of monetary recovery provided that:
- 5.10.1 the Chief Executive considers the arrangement will enable the public authority to maximise the amount recovered from the debtor; and
 - 5.10.2 approvals required by this instruction are obtained if the arrangement involves writing off all or part of the debt.
- 5.11 A debt may, subject to any legal requirements, and with the consent of the debtor, be offset against any amounts owing to that debtor. Any agreement entered into for the offset of a debt must be evidenced in writing.
- 5.12 The Chief Executive of a public authority that holds information that would assist another public authority to recover a debt must, upon request, make that information available to the requesting public authority unless prevented by law.
- 5.13 For public authorities that are administrative units, a debt may only be written off if approved by:
- 5.13.1 the Treasurer, where the debt owed is equal to or greater than \$50,000 (GST inclusive);
 - 5.13.2 the Treasurer or the Chief Executive, where the debt owed is less than \$50,000 (GST inclusive);
 - 5.13.3 an employee of the administrative unit to whom the Chief Executive has delegated his/her authority (for any amount up to \$50,000, GST inclusive) where the debt is within the limit of the authority delegated.
- 5.14 For public authorities that are not administrative units, a debt, other than a State taxation debt, may only be written off, if approved by:
- 5.14.1 the Chief Executive, where the debt owed is less than \$50,000 (GST inclusive);
 - 5.14.2 an employee of the public authority to whom the Chief Executive has delegated his/her authority (for any amount up to \$50,000, GST inclusive) where the debt is within the limit of the authority delegated;
 - 5.14.3 the Board or governing authority;
 - 5.14.4 in the case of the levy payable pursuant to the *Emergency Services Funding Act 1988*, the Commissioner of State Taxation or an employee of Revenue SA to whom the Commissioner has delegated his/her authority.
- 5.15 Subject to clause 5.15.1 debts must not be written off where the debtor is a current South Australian Government employee. A current South Australian Government employee must be pursued for prompt repayment.

- 5.15.1 If an amount is due and payable by a current South Australian Government employee and that amount does not exceed \$20.00 in total, that amount may be waived at the discretion of the Chief Executive.
- 5.16 No employee is permitted to approve any debt write offs in which they may have a conflict of interest.
- 5.17 Except where an administrative unit has entered into an agreement with a debtor to accept some lesser amount in settlement of a debt consistent with clause 5.10, or where a debt has been written off following a debtor's liquidation or bankruptcy, a debtor must not be informed that the debt has been written off.
- 5.18 Except where a public authority that is not an administrative unit has entered into an agreement with a debtor to accept some lesser amount in settlement of a debt consistent with clause 5.10, or where a debt has been written off following a debtor's liquidation or bankruptcy, a debtor must not to be informed that the debt has been written off.
- 5.19 Where it becomes known that a debt that had been written off becomes recoverable, the debt must be re-instated (ie the debt write-off is to be reversed) in the accounts of the public authority and recovery action commenced or resumed.
- 5.20 Each Chief Executive must ensure that all recovery action is documented and this documentation is retained in accordance with the State Records General Disposal Schedule.
- 5.21 Where the Crown Solicitor has been requested to recover a debt, the authority shall not deal directly with the debtor without the prior approval of the Crown Solicitor.

Waiver of Debts

- 5.22 Waiver of debts must only occur under exceptional circumstances. For example, a waiver of a debt is generally not appropriate where the debtor cannot be located; these situations may lead to the write off of debts but not necessarily the waiver of debts.
- 5.23 For public authorities that are administrative units, a debt may only be waived if approved by the Treasurer.
- 5.24 Subject to clause 5.24.1, for public authorities that are not administrative units, a debt may only be waived if approved by the Board, governing authority or Treasurer.
- 5.24.1 Debts payable pursuant to any Act of Parliament that is administered by the Commissioner of State Taxation may only be waived if approved by the Treasurer.

Register of Debts Written Off and/or Waived

- 5.25 All debts written off and/or waived by a public authority must be recorded in a register showing the following details:
- 5.25.1 the name of the debtor;
 - 5.25.2 the amount written off /waived;
 - 5.25.3 the transaction/claim for which the debt is owed;
 - 5.25.4 the reason the debt is to be written off /waived;
 - 5.25.5 any recovery action; and
 - 5.25.6 the name of the employee approving the transaction and the file in which this approval can be located.

For queries contact:

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TREASURER'S INSTRUCTION 6

DEPOSIT ACCOUNTS AND BANKING

Reissued: 14 January 2011

Effective: 19 June 2006

Scope

6.1 This instruction applies to all public authorities unless otherwise stated.

Objective

6.2 To outline policies and procedures for the establishment and operation of deposit accounts and special deposit accounts with the Treasurer and bank accounts generally.

Interpretation and Definitions

6.3 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

6.4 For the purposes of this instruction:

6.4.1 "ADI" refers to an authorised deposit-taking institution, which is a body corporate having an authority under the Commonwealth *Banking Act 1959* to carry on banking business in Australia.

6.4.2 "Special deposit account" refers to special deposit accounts created pursuant to section 8 of the *Public Finance and Audit Act 1987*.

6.4.3 "Deposit account" refers to accounts created pursuant to section 21 of the *Public Finance and Audit Act 1987*.

6.4.4 "Bank account" refers to an account established with an ADI for taking money on deposit.

6.4.5 "Approved purpose" in respect of a special deposit account and a deposit account means the purpose approved by the Treasurer pursuant to sections 8 and 21 of the *Public Finance and Audit Act, 1987* respectively.

Instruction

Deposit Accounts

6.5 A special deposit account or deposit account may not be opened in respect of a public authority without the approval of the Treasurer. That approval shall be sought by the Chief Executive, or by an officer to whom the Chief

Executive has delegated authority to seek such approval, by lodging an appropriate request with the Under Treasurer.

- 6.6 Where a public authority which is an administrative unit has been authorised to record its financial activities through a special deposit account, that account shall be credited with:
- 6.6.1 all amounts appropriated by Parliament for the purposes of the administrative unit and which are paid to the administrative unit from the Consolidated Account from time to time;
 - 6.6.2 special purpose grants paid by the Commonwealth, where the Treasurer has directed that those grants shall be credited to that special deposit account. Where no such direction is given by the Treasurer, special purpose grants shall be credited to the Consolidated Account;
 - 6.6.3 any other revenues which are deemed to be controlled by the administrative unit and which are not required by the Treasurer to be credited to some other account.
- 6.7 Each Chief Executive shall ensure that at no time are any special deposit accounts and deposit accounts overdrawn. Where a special deposit account or deposit account is or will become overdrawn, the matter must be rectified immediately.
- 6.8 Each Chief Executive shall ensure that special deposit accounts and deposit accounts are only operated in accordance with each account's approved purpose, and any terms and conditions determined by the Treasurer, pursuant to sections 8 and 21 of the *Public Finance and Audit Act 1987* respectively. The Chief Executive of the public authority concerned will ensure that appropriate policies and procedures are established to ensure that the relevant special deposit account or deposit account is operated in compliance with the approved purpose and any terms and conditions.

Banking

- 6.9 No bank account may be opened by a public authority that is an administrative unit without first obtaining the approval of the Treasurer or a person who is delegated by the Treasurer to give such approval. That approval shall be sought by the Chief Executive, or by an officer to whom the Chief Executive has delegated authority to seek such approval, by lodging an appropriate request with the Under Treasurer. Public authorities that are not administrative units must notify the Under Treasurer that they have opened a bank account within seven days of opening the account.
- 6.10 All Australian Dollar bank accounts operated by a public authority are to be maintained with an ADI. Where any bank account is to be operated in another country by a public authority it is to be maintained with an ADI authorised to carry on banking business in that country or an internationally recognised financial institution that is authorised to carry on banking business in that country and is otherwise regulated by a central bank or other supervisory or prudential authority of that country or its own country of origin.

Authorities to Operate Bank Accounts

- 6.11 A public authority will ensure that appropriate policies and procedures are established to ensure that its operations are conducted in compliance with the *Financial Transactions Reports Act 1988*.

Closing of Bank Accounts

- 6.12 The Treasurer may direct the Chief Executive of a public authority that is an administrative unit to close any bank account maintained by that authority and to transfer any balance remaining to the credit of that account to an account at a financial institution specified by the Treasurer.
- 6.13 A public authority's bank account shall not be closed until all transactions on that account have been completed and all cheques drawn against that account have been cleared and debited to that account.

Bank Fees

- 6.14 Any bank fees (including any duties and taxes) must be paid from each public authority's funds and not deducted from receipts prior to crediting those receipts into the bank account.

Whole of Government Banking Services

- 6.15 Where a whole of government agreement requires an administrative unit to comply with the terms of any agreement entered into by the SA Government for the provision of whole of government banking services, that administrative unit will establish appropriate policies and procedures to ensure that its operations are conducted in compliance with the terms of that agreement for the provision of whole of government banking services.
- 6.16 Where a whole of government agreement requires a public authority that is not an administrative unit to comply with the terms of any agreement entered into by the SA Government for the provision of whole of government banking services, that public authority will establish appropriate policies and procedures to ensure that its operations are conducted in compliance with the terms of that agreement for the provision of whole of government banking services.

Reconciliations

- 6.17 For public authorities that record transactions in deposit accounts, special deposit accounts and/or Consolidated Account, each transaction in the bank account of which these items are a component must relate to a transaction in either a special deposit account, a deposit account or Consolidated Account.
- 6.18 Each Chief Executive shall ensure a monthly reconciliation is performed for all bank accounts operated by the public authority at the end of each month. The Chief Executive shall ensure that the reconciliation is checked by an appropriate officer, who is not the preparing officer.
- 6.19 Public authorities that record transactions in deposit accounts, special deposit accounts and/or Consolidated Account must identify the general ledger

balances for each deposit account, special deposit account and Consolidated Account item which should reconcile to the balance in the public authority's bank account(s) at each month end.

- 6.20 For bank accounts that are not entirely made up of a single special deposit or deposit account, the public authority must provide the Department of Treasury and Finance, within 10 working days of the end of every month, a copy of the reconciliation referred to in clause 6.19.

For queries contact:
Department of Treasury and Finance
Government Accounting, Reporting and Procurement Branch

Banking Contract Management Team
Telephone No. (08) 8226 9582

TREASURER'S INSTRUCTION 7

CORPORATE GOVERNANCE

TREASURER'S REPRESENTATIVES - STATUTORY BOARDS, COMMISSIONS AND COMMITTEES

Issued: 18 November 2013

Effective: 31 January 2014

Scope:

- 7.1 This instruction:
 - 7.1.1 applies to all Government Business Enterprises (GBE) (as defined in TI 7.6.4) which are public authorities for the purposes of the *Public Finance and Audit Act 1987*;
 - 7.1.2 applies to other public authorities having a Board as nominated in writing by the Treasurer (or delegate) or Under Treasurer from time to time (nominated authorities);
 - 7.1.3 collectively, GBEs and nominated authorities are referred to in this instruction as 'Designated Public Corporations';
 - 7.1.4 applies for all Meetings and Board agenda items (except in the rare instance where the entire subject matter of a Meeting or Board agenda item is in no way part of, or incidental to, and is wholly unconnected with, Financial Administration (refer to 7.6.3)); and
 - 7.1.5 is to be read in conjunction with the associated '*Boards, Commissions and Committees Representative Guidelines*' issued by the Department of Treasury and Finance and any specific governing legislation of a public authority to which this instruction applies under which the Treasurer is empowered to appoint a representative.

Objective:

- 7.2 To allow the Treasurer to appoint a representative to attend Board meetings of a Designated Public Corporation where there is no power to appoint a representative in the specific governing legislation of the Designated Public Corporation.
- 7.3 To prescribe the procedures to be followed in relation to Public Sector Employees acting as Treasurer's Representatives on the Boards of Designated Public Corporations.
- 7.4 To prescribe the role and responsibilities of the Chair of the Board in relation to the Representative.

Interpretation and Definition:

- 7.5 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.
- 7.6 For the purpose of this instruction:
- 7.6.1 'Board' means a board, commission or other governing body (except for a Minister) of a public authority as variously described in the governing legislation of the public authority and includes a committee or sub-committee thereof;
 - 7.6.2 'Designated Public Corporation' means GBEs together with any other public authority having a Board as nominated in writing by the Treasurer (or delegate) or Under Treasurer, from time to time;
 - 7.6.3 'Financial Administration' for the purposes of this Treasurer's Instruction means the receipt and expenditure of, and other dealings with, matters of finance or money;
 - 7.6.4 'Government Business Enterprise' (GBE) means Public Non-Financial Corporations and Public Financial Corporations listed in the Budget Papers, from time to time;
 - 7.6.5 'Meeting' includes an ordinary, extraordinary, formal, informal and in-camera meeting and includes meetings held in and out of session as well as strategic planning sessions, Board and executive performance reviews and any other sessions;
 - 7.6.6 'Member' of a Board means a person who is a member of the governing body of a public authority as that role is variously described in the governing legislation of the public authority (but does not include a Minister constituted as a governing body or a person who is entitled to attend but not participate in a Meeting of the Board);
 - 7.6.7 'Public Sector Employee' has the meaning given to 'employee' in TI 1; and
 - 7.6.8 'Representative' means a Public Sector Employee appointed to represent the Treasurer at Meetings of a Board.
- 7.7 Where the governing legislation of the public authority provides for a Representative to attend (but not participate in) any Meetings of the Board and/or to have access to Board papers, that governing legislation is the source of the authority for the Representative to attend the Meeting and/or access the papers. This instruction is in addition to those legislative provisions.
- 7.8 To assist in the interpretation and application of this instruction, the Department of Treasury and Finance (DTF) has issued the 'Boards, Commissions and Committees Representative Guidelines', which contains further guidance on the role and responsibilities of Representatives and of Board Chairs in relation to Representatives.

Instruction:

Authority to appoint Representative

- 7.9 The Treasurer may appoint a Representative to attend Board Meetings for the purposes of representing and conveying the views of the Treasurer to the Board, and for reporting the activities of the Board to the Treasurer.
- 7.10 The Treasurer may appoint as the Treasurer's Representative a Public Sector Employee who is already the representative of the responsible Minister¹ for the Designated Public Corporation. The existence of a representative of the responsible Minister does not prevent the Treasurer exercising his or her powers to appoint an additional Public Sector Employee to act as the Treasurer's Representative.
- 7.11 The Treasurer may delegate the power to appoint a Representative.

Role and responsibilities of Representatives

- 7.12 Subject to 7.1.4, the Representative:
- 7.12.1 is entitled to attend all Meetings of the Board and receive all Board papers and all other Board communications, materials and information provided to the Board Members;
 - 7.12.2 may provide information to the Board on government policies and processes, convey the Treasurer's views and engage in discussions as a representative of the Treasurer;
 - 7.12.3 must not participate in the business of the Meeting, being decision making, voting or determining Board procedures;
 - 7.12.4 is entitled to report about, and pass on, all Board activities, discussions, deliberations and decisions and all Board papers and all other Board communications, materials and information to the Treasurer and the Treasurer's other advisers and representatives; and
 - 7.12.5 will not disclose information obtained from the Board outside of government (which does not restrict the Representative disclosing information within DTF, to the Treasurer's (and other Minister's where relevant) office and elsewhere within Government according to their normal discharge of duties).

¹ A Responsible Minister is, absent legislative bar, entitled to share with the Treasurer any information he or she has received from the Minister's representative on a GBE including by directing the Minister's representative to convey information to the Treasurer or the Treasurer's Representative(s).

Role and responsibilities of Board Chairs

- 7.13 The Board Chair is responsible for ensuring that:
- 7.13.1 there is full facilitation of the Representative exercising his or her role as described in this instruction;
 - 7.13.2 information provided to Members of the Board during the recruitment and induction process sets out that the Designated Public Corporation is an instrumentality of the Crown and the extent to which the entity is a body under the control and direction of the Minister;
 - 7.13.3 Board papers and all other Board communications, materials and information are provided to the Representative at the same time as they are provided to Board Members;
 - 7.13.4 the Board does not seek to declare that information prepared for the Board cannot be provided to the Representative or conveyed to the Treasurer (or other Minister);
 - 7.13.5 all Board Members are aware the Representative is authorised to attend all Board Meetings (including ordinary, extraordinary, formal, informal, in-camera meetings and meetings in and out of session as well as strategic planning sessions, Board and executive performance reviews and any other sessions);
 - 7.13.6 all Board Members are aware the Representative is not the sole mechanism for advising the Government on the activities of the Designated Public Corporation and does not relieve it of its statutory and other reporting duties. This responsibility lies with the Chair and the Chief Executive, or as otherwise required by the governing legislation of the Designated Public Corporation;
 - 7.13.7 the minutes of Board Meetings record that the Representative attended as a Representative of the Treasurer; and
 - 7.13.8 the Board Members are informed of the role of the Representative.

For queries contact:

Department of Treasury and Finance

Revenue, Government Enterprises and Market
Projects Branch

Government Enterprises Team

Telephone No. (08) 8226 9500

The Department of Treasury and Finance has issued a *Treasurer's Representative Guidelines* document which contains supporting information and guidance to assist Representatives and Boards to understand their roles and responsibilities.

TREASURER'S INSTRUCTION 8

FINANCIAL AUTHORISATIONS

Reissued: 1 May 2017

Effective: 1 May 2017

Scope

- 8.1 This instruction applies to:
- 8.1.1 all public authorities unless otherwise stated;
 - 8.1.2 any dealing whereby a public authority enters into a contract involving expenditure or potential expenditure, including purchases of goods and services, provision of grant funding, or lease or rental of property, plant or equipment (including intangible property); and
 - 8.1.3 any payment made by a public authority.

Objective

- 8.2 To establish a governance regime to apply to all public authorities such that prior approval is required, by a person authorised pursuant to this instruction, before the public authority can:
- 8.2.1 incur expenditure through contractual arrangements, including purchases;
 - 8.2.2 enter into an agreement with the potential to lead to expenditure; and
 - 8.2.3 make a payment or disbursement.

Interpretation and Definitions

- 8.3 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.
- 8.4 This instruction is to be read in conjunction with other relevant Treasurer's instructions and with any policies issued pursuant to the Treasurer's instructions. In addition, there may be Premier and Cabinet Circulars¹, and State Procurement Board Policies issued pursuant to the *State Procurement Act 2004*, applicable to the public authority. If a public authority identifies a conflict between any of these instruments, or between Treasurer's instructions and any other legislative obligations, it should seek advice on the matter².

¹ Eg, Premier and Cabinet Circular 114 Government Real Property Management (including Crown Land); Premier and Cabinet Circular 015 Procedures for submissions seeking the review of Public Works by the Public Works Committee; and Premier and Cabinet Circular 018 Government Office Accommodation Framework.

² See the contact details for queries in the box at the end of this instruction.

8.5 For the purposes of this instruction:

- 8.5.1 “financial authorisation” means the approval given by Cabinet, a Minister, a governing authority, Chief Executive or nominated employee for a public authority to enter into a contract, including a purchase, subject to the authority’s procurement policies, or to make a payment or disbursement, including a payment between public authorities, up to a specified monetary limit.
- 8.5.2 “employee” has the same meaning as defined in Treasurer’s Instruction 1 *Interpretation and Application*.
- 8.5.3 a “contract authorisation” is a financial authorisation that relates to the approval for a public authority to enter into a contract, including for the purchase of goods and services, subject to the public authority’s procurement policies. An instrument empowering an employee or the occupant of a position to grant a contract authorisation may distinguish different types of contracts (and/or purchases) that the employee or the occupant of a position is permitted to approve.
- 8.5.4 a “payment authorisation” is a financial authorisation that relates to the approval of a public authority making a payment or disbursement, including, through a direct debit arrangement.
- 8.5.5 a “contract” refers to an arrangement³, including for the purchase of goods and services, whereby a public authority commits to or incurs expenditure, or where there is the potential for expenditure to be incurred, where the terms and conditions are contained in a document signed by the parties, or where the terms and conditions are recorded in some other document or documents such as a purchase order or an exchange of letters, or terms and conditions are agreed in an oral exchange, but does not include an employment contract pursuant to the *Public Sector Act 2009* or the authority’s enabling legislation.
- 8.5.5.1 Where it is intended to contract for goods or services to be supplied by a panel of providers, for the purposes of this instruction in determining the approvals required, the potential total value of services that may be acquired is the contract consideration.
- 8.5.5.2 Where it is intended to enter into a “head agreement” or similar, with specific agreements to be entered into by individual public authorities under the head agreement, for the purpose of this instruction, the potential total value of goods or services that may be acquired by public authorities under the head agreement is the contract consideration for that contract.

³ Including a memorandum of understanding/memorandum of administrative arrangement or similar.

- 8.5.6 incurs expenditure” refers to a dealing which results, or will result, in an obligation on the public authority, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Economic benefits can take various forms such as the payment of cash, transfer of assets, provision of services, replacement of an obligation with another obligation or the conversion of the obligation to equity.
- 8.5.7 any reference to a monetary sum is inclusive of GST.

Instruction

General

- 8.6 In any dealing to which this instruction applies a Chief Executive must ensure compliance with the public authority’s enabling legislation.
- 8.7 No dealing to which this instruction applies must be approved unless:
- 8.7.1 the expenditure is necessary for the conduct of the public authority, and the requirements of the *Public Finance and Audit Act 1987* and any other relevant Act or instruction have been observed in all respects, and
- 8.7.2 the Chief Executive has a reasonable expectation that sufficient financial resources will be available to meet commitments as they fall due.
- 8.8 The Chief Executive must:
- 8.8.1 ensure a register is established and maintained of specified persons and the holders of positions authorised or nominated under clause 8.11.1 and clause 8.15 to give particular financial authorisations, and any conditions applying to the giving of a financial authorisation by the specified person or holder of a position;
- 8.8.2 review the register at least annually; and
- 8.8.3 if the holder of a position within the public authority, rather than a specific employee, is empowered to give the financial authorisation, ensure that only a South Australian government employee occupies that position⁴.
- 8.9 A Chief Executive will remain responsible for all purchases, contracts, payments and disbursements notwithstanding that an employee or the holder of a position within the public authority has been empowered to give a financial authorisation pursuant to this instruction.
- 8.10 Instances may arise where a contract and payment authorisation may be provided by the same employee, possibly at the same time. In these instances it is necessary for the employee to be empowered to provide both types of authorisations.

⁴ A Chief Executive can only provide financial authorisations to the employees of the Chief Executives’ own administrative unit or statutory authority.

Contracts (including purchases)

8.11.1 Unless the public authority's enabling legislation has alternative specific arrangements that are inconsistent with this clause, a contract, including for the purchase of goods and services, can only be executed if approved as follows:

<i>Purchase or Contract consideration</i>	<i>To be approved by</i>
< \$1,500,000	<ul style="list-style-type: none"> • Cabinet, or • the Minister; or • the Chief Executive or governing authority; or • an employee nominated by a Chief Executive or governing authority; or • an employee nominated by an authorised employee pursuant to clause 8.11.2.
\$1,500,000 to < \$15,000,000	<ul style="list-style-type: none"> • Cabinet, or • the Minister; or • an employee nominated by the Minister in writing by specific Ministerial delegation that specifies the employee, the amount and the nature of the contract including the parties.
\$15,000,000 and over	<ul style="list-style-type: none"> • Cabinet, or • the Minister acting under clause 8.11AA

8.11AA The Minister may act under this clause to approve a contract if –

- (a) the contract forms part of a public sector initiative that has been approved by Cabinet; and
- (b) the scope of the contract is consistent with the Cabinet approval; and
- (c) the consideration for the contract, when aggregated with any other money to be applied for the purposes of the public sector initiative, does not exceed any estimated cost provided to Cabinet in connection with obtaining the Cabinet approval.

8.11AB For the purposes of clauses 8.11.1 and 8.11AA, a reference to Cabinet will be taken to include a reference to a Cabinet Committee.

8.11A Where an amendment would increase the total value of a contract, a contract that has been approved under clause 8.11.1 may only be amended as follows –

- 8.11A.1 for an amendment which, when aggregated with any previous amendments, does **not** increase the total value of the contract by more than 5% of the total value originally approved under clause 8.11.1 – the amendment must first be approved by the relevant person or body as if the value of the amendment, taken by itself,

was a contract of that value required to be approved under clause 8.11.1; or

8.11A.2 for an amendment which, when aggregated with any previous amendments, increases the total value of the contract by more than 5% of the total value originally approved under clause 8.11.1 – the amendment must first be approved by the relevant person or body as if the total value of the amendment **and** the original contract was a new contract requiring approval under clause 8.11.1

8.11.2 Contract authorisations in respect of the use of government purchase cards (pursuant to Treasurer's Instruction 12 *Government Purchase Cards and Stored Value Cards*) may be provided by an employee who has been authorised in writing by the Chief Executive or governing authority to provide these authorisations.

8.12 An instrument empowering an employee or the occupant of a position to provide a contract authorisation pursuant to clauses 8.11.1 and 8.11.2 must:

8.12.1 be in writing;

8.12.2 specify the employee, or the position (subject to clause 8.8.3);

8.12.3 specify the monetary limit (to be less than \$1,500,000) and any other relevant terms and conditions (such as the type of contract or purchase for which the contract authorisation may be provided); and

8.12.4 specify that it immediately ceases upon the employee ceasing employment or materially changing duties, or in relation to a position, a material change in the nature of the duties assigned to that particular position.

8.13 In addition to any other requirement:

8.13.1 Cabinet approval must be obtained for a contract for the purchase of land where the expenditure involved exceeds \$6,000,000⁵; and

⁵ This value refers to the amount to be included in the contract to purchase the land. It does not include on-costs such as stamp duty.

8.13.2 The following approvals must be obtained for an office accommodation project where the cost of the project is:

8.13.2.1 Less than \$1.5 million: the contract is to be approved by the Chief Executive of the Department of Planning, Transport and Infrastructure or an employee nominated by the Chief Executive of the Department of Planning, Transport and Infrastructure.

8.13.2.2 \$1.5 million to less than \$15 million: the contract is to be approved by the Minister for Transport and Infrastructure.

8.13.2.3 \$15 million and over: the contract is to be approved by Cabinet.

8.14 A purchase of goods or services through a purchase card may only be made by an employee with the authority, pursuant to Treasurer's Instruction 12 *Government Purchase Cards and Stored Value Cards*, to use the purchase card.

Payments and disbursements

8.15 Unless the public authority's enabling legislation has alternative specific arrangements that are inconsistent with this clause, a payment or disbursement can only be made with the prior approval of an employee where the employee is empowered as follows:

8.15.1 by an instrument in writing;

8.15.2 specifying the employee, or the position (subject to clause 8.8.3), monetary limits (consistent with clauses 8.16 and 8.17) and other conditions, determined as follows:

<i>public authority</i>	<i>to be determined by</i>
administrative unit	<ul style="list-style-type: none"> • the Minister, or • any employee nominated by the Minister, or • any employee nominated by a Chief Executive, where the Minister has authorised the Chief Executive to grant payment authorisations
public authority that is not an administrative unit	<ul style="list-style-type: none"> • the Minister, or • any employee or governing authority nominated by the Minister, or • any employee nominated by a Chief Executive or governing authority, where the Minister has authorised the Chief Executive or governing authority to grant payment authorisations

8.15.3 specifying that it immediately ceases upon the employee ceasing employment or materially changing duties.

Administrative units

8.16 A Minister may:

8.16.1 nominate the Chief Executive, or an employee of an administrative unit (including an employee for the time being holding a specified position) to give a payment authorisation subject to any conditions and for a monetary sum that does not exceed the greater of:

8.16.1.1 the annual appropriation from Consolidated Account to the administrative unit, or

8.16.1.2 the amount held in a Special Deposit Account, Deposit Account or any other relevant accounts administered by the administrative unit; and

8.16.2 authorise the Chief Executive to nominate an employee (including an employee for the time being holding a specified position) to give payment authorisations subject to conditions and not exceeding the monetary limits contained in clause 8.16.1.

Public authorities that are not administrative units

8.17 Where, pursuant to clause 8.15.2, the Minister has determined that a Chief Executive or a governing authority of a public authority that is not an administrative unit may grant payment authorisations, and the Chief Executive or governing authority has nominated an employee to grant the payment authorisations, the employee's monetary limit must not exceed the monetary limit determined, respectively, for the Chief Executive or the governing authority.

Financial Arrangements

8.18 An administrative unit must not lend monies to (or borrow monies from) any other administrative unit without the approval of the Treasurer or the Treasurer's delegate.

For queries contact the Department of Treasury and Finance:

Account Manager

Budget, Analysis and Performance Branch

or

Public Finance Branch

Telephone No. (08) 8226 1786

TREASURER'S INSTRUCTION 9

PAYROLL DEDUCTIONS

Reissued: 21 January 2015

Effective: 26 September 2007

Scope

9.1 This instruction applies to all public authorities unless otherwise stated.

Objective

9.2 To establish requirements for the making of deductions from salaries and wages.

9.3 This instruction applies to new deductions established on or after 26 September 2007 and does not apply to deductions established prior to that date. The previous version of Treasurer's Instruction 9 *Payroll Deductions*, which was replaced by this instruction, applies to previously established deductions.

Interpretation and Definition

9.4 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

Instruction

Deductions from Salaries and Wages

9.5 A deduction, including a deduction of an administrative fee as described in clause 9.8, from the salary or wage of an employee, other than a deduction required to be made by law or by the order of a court, may be made only on the written and signed authority of that employee. Where an employee is transferred from one public authority to another:

9.5.1 all authorities for deductions made by that employee must be forwarded to the new employing public authority; or

9.5.2 a statement of normal deductions from that employee's salary or wages signed by an authorised officer shall be forwarded to that public authority.

9.6 Provided the deduction is being remitted to an organisation included on the new employing authority's approved list, compliance with clause 9.5 will be sufficient to permit deductions to continue for that employee at the public authority to which he or she has been transferred without the need for any additional authorisation to be completed.

9.7 A deduction from an employee's salary or wage must be made only in respect of organisations approved for that purpose by the Chief Executive or an authorised

delegate. This requirement does not apply to any deduction which is required to be made by law or by the order of a court of competent jurisdiction.

- 9.8 Upon agreement with the receiving organisation and subject to clause 9.5, 9.7 and 9.10, and in relation to each deduction authorised by the employee (other than those listed in clause 9.9), a public authority may withhold from employees' payroll deductions which are remitted to organisations an administrative fee. The administrative fee should be determined by the public authority taking into account administrative costs involved in processing the relevant deductions. In the absence of evidence to the contrary an administrative fee of up to 3.3 percent (GST inclusive) of the value of the associated deduction could be considered a reasonable indicative fee for public authorities to use.
- 9.9 The administrative fee must not be charged where the amount deducted from an employee's salary or wage is paid to a superannuation scheme; is required by law or the order of a court; or is paid to a Union as subscription fees. In addition, donations made by employees to a deductible gift recipient (as specified by the Australian Taxation Office) as part of an approved 'Workplace Giving' program are exempt from an administration fee.
- 9.10 An employee's salary or wage (after relevant deductions if any) must be paid into an account:
- authorised by that employee;
 - held with a financial institution; and
 - in the name of the employee and/or a person having a relationship with the employee (examples include wife (former wife), de facto (former de facto) or child of the employee) or any other account for the purposes of the payment of salary or wages, where authorised by the Chief Executive or delegate.

Subject to individual Departmental/public authority systems, procedures and policies, an employee may request their salary or wage to be apportioned and paid into up to four such accounts without incurring any administrative fee or charge. Thereafter, the employee may be charged the administrative fee referred to in clause 9.8 for each account above four.

- 9.11 The administrative fee collected pursuant to clause 9.8 must be credited to an appropriate receipt line in the public authority's accounts.

For queries contact:
Department of Treasury and Finance
Government Accounting, Reporting and Procurement Branch

Financial Management Team
Telephone No. (08) 8226 9529

TREASURER'S INSTRUCTION 10

ENGAGEMENT OF LEGAL PRACTITIONERS

Reissued: 27 August 1998

Effective: 27 August 1998

Objective

- 10.1 To require public authorities to seek the advice of the Crown Solicitor before engaging a legal practitioner other than the Crown Solicitor.
- 10.2 To require public authorities to obtain a certificate from the Crown Solicitor in respect of the purchase of land.

Instruction

- 10.3 The Chief Executive of a public authority shall not use the services of a legal practitioner other than the Crown Solicitor without first seeking the advice of the Crown Solicitor on whether the use of such a practitioner is appropriate.
- 10.4 Subject to any direction which the Attorney-General may give, no costs or expenses relating to the engagement of a legal practitioner by a public authority either within or outside the State, are to be incurred unless the Crown Solicitor has certified that the engagement of such practitioner is necessary or that the agency's procedures and conditions for engagement of legal practitioners are appropriate.
- 10.5 Subject to any direction which the Attorney-General may give, no costs or expenses in respect of any service provided by a legal practitioner to a public authority are to be paid or reimbursed unless the Crown Solicitor or some other person authorised by the Crown Solicitor has certified that such costs or expenses are reasonable, or unless a court of competent jurisdiction has ordered payment or reimbursement of a specified sum.
- 10.6 The Attorney-General may exempt a public authority, or part of a public authority, from the requirements of clauses 10.3, 10.4 and 10.5.
- 10.7 In the event of costs or expenses claimed by a legal practitioner for any service provided by a legal practitioner to the State not being certified by the Crown Solicitor or some other person authorised by the Crown Solicitor, such costs or expenses shall be taxed pursuant to the *Legal Practitioner's Act*, or by a court or other tribunal having authority to tax costs.
- 10.8 All accounts for the purchase of land by a public authority are to be certified by the Crown Solicitor.

For queries contact: Crown Solicitor's Office Telephone No. (08) 8207 1720
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TREASURER'S INSTRUCTION 11

PAYMENT OF CREDITORS' ACCOUNTS

Reissued: 31 May 2018

Effective: 1 June 2018

Scope

11.1 This instruction applies to all public authorities unless otherwise stated.

Objective

11.2 To prescribe the policy for the payment of creditors' accounts by public authorities including, where required under the *Late Payment of Debts (Interest) Act 2013*, the payment of interest to small businesses on overdue accounts.

11.3 To require public authorities' to report account payment performance information to the Department of Treasury and Finance.

11.4 To enable public authorities to charge other public authorities interest on overdue accounts.

11.5 To prohibit payment for goods not received and services not rendered.

Interpretation and Definition

11.6 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

11.7 For the purposes of this instruction:

11.7.1 "small business" has the same meaning as "small business" defined in section 3 of the *Late Payment of Debts (Interest) Act 2013* and means an Australian-based entity with a turnover of less than \$5 million in the financial year immediately prior to the year in which a claim for late payment interest is made.

11.7.2 "turnover" has the same meaning as "annual turnover" defined in Division 328 of the *Income Tax Assessment Act 1997* and means the total ordinary income that the business derives in the ordinary course of carrying on its business.

- 11.7.3 “disputed invoice/claim” for the purposes of clause 11.16 means an invoice/claim that is not accurate in relation to: GST compliance; goods not received or services not rendered (clause 11.12 and 11.13); amounts charged not in accordance with quotes, purchase orders, contract etc; quality or quantity or delivery of goods or services not in accordance with quotes, purchase orders, contract etc.
- 11.7.4 “designated contract” has the same meaning as “designated contract” defined in section 3 of the *Late Payment of Debts (Interest) Act 2013* and means a contract for the supply of goods or services but does not include -
- (a) a written contract where the contract makes specific provision for payment terms that are greater than 30 days; or makes specific provision for the payment of interest if a payment is not made in accordance with the terms of the contract; or
 - (b) a construction contract under the *Building and Construction Industry Security of Payment Act 2009*; or
 - (c) a contract where the consideration for the sale, transfer or hire of goods, or the provision of services is not or does not include a monetary consideration; or
 - (d) a contract of a class excluded from the ambit of this definition by the regulations.

Instruction

Payment of creditors' accounts

- 11.8 The Chief Executive of each public authority shall ensure that undisputed creditors' accounts are processed promptly.
- 11.8.1 Where a commercial discount is offered by a creditor for payment within a specified period, payment should be made within the period specified.
- 11.8.2 Where a creditor's invoice or claim is submitted in connection with a written contract between a public authority (including a Minister) and the creditor, payment should be made in accordance with the terms specified in the contract.
- 11.8.3 For all other undisputed invoices or claims, payment should be made within thirty days of:
- 11.8.3.1 the date the GST compliant invoice is first received by the public authority.
 - 11.8.3.2 where account payment functions and responsibilities are subject to an outsourced service arrangement, including an arrangement with Shared Services SA, the date the GST compliant invoice is first received by either the public authority or the service provider, which ever comes first.

- 11.9 Public authorities must not withhold payment, beyond the timeframes set out in clause 11.8, of undisputed creditors' accounts on cash management grounds without the approval of the Treasurer or the Treasurer's delegate.
- 11.10 The Chief Executive of each public authority must develop, document, implement and maintain policies, procedures, systems and internal controls relating the payment of creditors' accounts.
- 11.11 An invoicing public authority may charge a public authority, where payment is not received within 30 days, based on the Official RBA cash rate plus a penalty of five percent per annum on the daily outstanding balance.
- 11.12 Subject to clause 11.12.1, public authorities that are administrative units must not make payments in advance for goods that have not been received or for services not yet rendered.
- 11.12.1 Payments in advance for goods that have not been received or for services not yet rendered may only be made as follows:
- (a) it is in the ordinary course of business to make such payments; or
 - (b) it is deemed by the Under Treasurer or the Under Treasurer's delegate to be a payment in accordance with clause 11.12.1(a); or
 - (c) the payment is made via a purchase card or stored value card governed by TI 12 *Government Purchase Cards and Stored Value Cards* and the payment does not exceed \$2,000 (inclusive of GST) and it is in the ordinary course or manner of business to make such payments; or
 - (d) the payment represents a deposit of 10% or less of the total value of goods to be received; or
 - (e) the Treasurer has provided express approval for the payment to be made; or
 - (f) where the payment does not exceed \$25,000 (inclusive of GST) and the Chief Executive considers it to be in the best interest of the SA Government to make a payment in advance for goods that have not been received or for services not yet rendered – then the payment may be made with the express approval of the responsible Minister.
- 11.13 Subject to clause 11.13.1, public authorities that are not administrative units must not make payments in advance for goods that have not been received or for services not yet rendered.
- 11.13.1 Payments in advance for goods that have not been received or for services not yet rendered may only be made as follows:
- (a) it is in the ordinary course of business to make such payments; or
 - (b) it is deemed by the Under Treasurer or the Under Treasurer's delegate to be a payment in accordance with clause 11.13.1(a); or
 - (c) the payment is made via a purchase card or stored value card governed by TI 12 *Government Purchase Cards and Stored Value Cards* and the payment does not exceed \$2,000 (inclusive of GST) and it is in the ordinary course or manner of business to make such payments; or

- (d) the payment represents a deposit of 10% or less of the total value of goods to be received; or
- (e) the Treasurer has provided express approval for the payment to be made; or
- (f) where the payment does not exceed \$25,000 (inclusive of GST) and the Chief Executive considers it to be in the best interest of the SA Government to make a payment in advance for goods that have not been received or for services not yet rendered – the payment may be made with the express approval of the responsible Minister.

11.14 For the purposes of clause 11.12.1(a) and 11.13.1(a), payments in advance for items such as insurance, leases where the agreement states that payments must be made monthly in advance, motor vehicle registrations, subscriptions, telephone rental, water rates and similar would be considered to be in the ordinary course of business.

Reporting of account payment performance

- 11.14A (1) The Chief Executive of a public authority must, within 21 days after the end of each month, forward to:
- (a) the Department of Treasury and Finance; and
 - (b) the Minister with responsibility for the public authority,
- a report detailing in relation to the month that has just ended:
- (c) the public authority's account payment performance by volume and value; and
 - (d) an analysis/explanation of the public authority's account payment performance including action taken or to be taken; and
 - (e) unless a report is provided under subclause (2), the total value of interest paid by the public authority and the number of creditors' invoices/claims on which the interest was paid.
- (2) The following information must be included in a report under section 8 of the *Late Payment of Government Debts (Interest) Act 2013* in relation to the month to which the report applies:
- (a) the number of payments of interest made under the Act; and
 - (b) the amount of each interest payment and the total amount of interest paid for the month; and
 - (c) in the case of a payment that has been made after the resolution of a dispute under the Act – information about the nature of the dispute and the dispute resolution process.

- (3) In a case where the report under section 8 of the *Late Payment of Government Debts (Interest) Act 2013* is furnished to the governing body of a public authority under section 8(2)(b) of that Act, a copy of the report must also be furnished to the Minister with responsibility for the public authority.
- (4) A copy of a report under subclause (2) must be provided to the Department of Treasury and Finance at the time that it is provided to an entity under section 8 of the *Late Payment of Government Debts (Interest) Act 2013*.
- (5) The information provided in a report under this clause must be certified correct by the Chief Finance Officer of the public authority.
- 11.15 The Chief Executive of a public authority must, by 31 August each year, forward to the Department of Treasury and Finance a report detailing:
- 11.15.1 account payment performance by volume and value, for the financial year just ended, within the following time bands: within 30 days; 30 to 60 days; greater than 60 days. This information must be certified correct by the Chief Finance Officer and will be published on the Department of Treasury and Finance's website.
- 11.15.2 an analysis/explanation of account payment performance including action taken or to be taken.
- 11.15.3 where the public authority is subject to the *Late Payment of Debts (Interest) Act 2013*: the total value of interest paid and the number of creditors' invoices/claims on which interest was paid, for the financial year just ended.

Payment of interest to small businesses

- 11.16 Public authorities subject to *Late Payment of Debts (Interest) Act 2013* must, prior to paying interest to small businesses on overdue accounts:
- 11.16.1 be satisfied that the creditors' account is not a disputed invoice/claim and relates to a designated contract;
- 11.16.2 substantiate that the business is a small business via obtaining:
- (a) where the small business is registered for GST: a copy of the business' Business Activity Statement(s) (BAS) for the preceding financial year (annual return or each of the 4 quarterly returns);
 - (b) where the small business is not registered for GST: a copy of the business' income tax return for the preceding financial year.
 - (c) where the small business was not operational in the preceding financial year and is registered for GST: a copy of the business' BAS for each of the 2 preceding quarters.
 - (d) where the small business was not operational in the preceding financial year and is not registered for GST: a copy of the business' income and expenditure statement (for at least a 6 month period) certified by a qualified accountant as true and correct.

11.16.3 be in receipt of an invoice/claim stipulating:

- (a) the name and address of the creditor;
- (b) the creditor's ABN, where the creditor is registered for GST;
- (c) the invoice number or other unique identifier to enable reference to the original invoice/claim against which the interest on late payment is being sought. A copy of the purchase card receipt must be obtained, where the original invoice/claim was paid by a purchase card; and
- (d) the amount of interest being claimed, that has been calculated in accordance with the *Late Payment of Debts (Interest) Act 2013*.

For queries relating to TI 11 contact:

Department of Treasury and Finance
Financial Management Team
Telephone No. (08) 8226 9529

For queries relating to interest being paid on the late payment of debts due to small businesses under the *Late Payment of Debts (Interest) Act 2013* contact:

Shared Services SA
Telephone No (08) 8462 1304

TREASURER'S INSTRUCTION 12

GOVERNMENT PURCHASE CARDS AND STORED VALUE CARDS

Reissued: 20 March 2016

Effective: 20 March 2016

Scope

- 12.1 This instruction:
- 12.1.1 applies to all public authorities;
 - 12.1.2 does not apply to persons to whom Treasurer's Instruction 13 *Expenditure Incurred by Ministers and Ministerial Staff* applies; and
 - 12.1.3 is to be read in conjunction with the requirements specified in Treasurer's Instruction 8 *Financial Authorisations*.

Objective

- 12.2 To prescribe a policy for the control and use of government purchase and stored value cards.

Interpretation and Definition

- 12.3 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.
- 12.4 For the purpose of this instruction:
- 12.4.1 a "contract authorisation" is a financial authorisation that relates to the approval for a public authority to enter into a contract, subject to the public authority's procurement policies. An instrument empowering an employee or the occupant of a position to grant a contract authorisation may distinguish different types of contracts (and/or purchases) that the employee or the occupant of the position is permitted to approve. (Refer to Treasurer's Instruction 8 *Financial Authorisations* for further information on financial authorisations).
 - 12.4.2 "employee" means a South Australian Government employee who is an employee of the Crown or a statutory authority or appointed to any office under an Act.
 - 12.4.3 "purchase card" means a purchase card available for the purchase of generic goods and services for use by public authorities, and their

employees, through any purchase card arrangement, including a whole of government arrangement¹.

- 12.4.4 “stored value card” means a card which has money ‘stored’ via prior deposits made by a public authority for the benefit of the cardholder. Unlike purchase cards which are issued in the name of an individual, stored value cards may be anonymous. Generally they are not linked to a bank account or credit facility. Stored value cards are available for the purchase of generic goods and services for use by the cardholder, through any stored value card arrangement.

Instruction

Controls on the Use of Purchase Cards

- 12.5 Each Chief Executive must ensure that:
- 12.5.1 purchase cards are only provided to employees who have a contract authorisation and are authorised to use a purchase card; and
 - 12.5.2 a purchase card transaction limit has been established for each card holder that is not in excess of the cardholder’s contract authorisation.
- 12.6 Each Chief Executive must ensure that appropriate controls and procedures are established to monitor and regulate the use of purchase cards, including for the withdrawal of cash advances where the Chief Executive has authorised the use of purchase cards for this purpose.
- 12.7 Each Chief Executive must ensure that:
- 12.7.1 purchase cards are only issued to employees;
 - 12.7.2 only one purchase card is issued to each employee approved as a cardholder;
 - 12.7.3 a record is maintained of each authorised purchase card user, showing particulars of the purchase card issued to that person sufficient to allow an effective level of internal control to be exercised in respect of that card;
 - 12.7.4 an individual monthly credit limit is imposed on each purchase card user and that limit is reviewed regularly;

¹ A CarsonWagonLit virtual travel card issued via the whole of government purchase card arrangement is not a purchase card for the purposes of TI 12. However TI 8 financial authorisation requirements do apply.

- 12.7.5 the transaction limit must not be in excess of the lower of the cardholder's contract authorisation or \$10,000 per transaction;
- 12.7.6 purchases of goods or services through a purchase card are only made by an employee with the authority to use a purchase card and are consistent with the cardholder's transaction limits;
- 12.7.7 the holder of each purchase card certifies the correctness of all charges against the purchase card they have been issued, and attaches all supporting documentation including such documentation as is required by the Australian Taxation Office (ATO) in order for GST input tax credits to be claimed. This will generally be a tax invoice if the GST exclusive value of the purchase exceeds \$75, except where otherwise determined by the ATO; and
- 12.7.8 each authorised purchase card holder signs an "*agreement and acknowledgment by cardholder*" substantially in the form of Schedule 1 to this instruction, which details appropriate responsibilities and limits on the use of the purchase card (for example, credit limits). The signed "*agreement and acknowledgment by cardholder*" must be approved by the Chief Executive (or employee of the public authority nominated by the Chief Executive) prior to the purchase card being issued to the relevant cardholder.

Use of Purchasing Cards

- 12.8 An employee, who is authorised to use a purchase card by a Chief Executive (or employee of the public authority nominated by the Chief Executive), must only use the purchase card for official purposes.
- 12.9 A Chief Executive may only authorise the use of purchase cards for the purpose of withdrawing cash advances for exceptional circumstances.

Whole of Government Agreement

- 12.10 Where a whole of government agreement entered into by the Government for the provision of whole of government purchase card services requires an administrative unit or Minister to comply with its terms, that administrative unit or Minister must establish appropriate policies and procedures to ensure that its operations are conducted in compliance with the terms of that agreement for the provision of whole of government purchase card services.
- 12.11 Where a whole of government agreement entered into by the Government for the provision of whole of government purchase card services
 - (a) requires a public authority that is not an administrative unit or Minister or public corporation to comply with its terms; or
 - (b) requires a public corporation that has elected to be a party to the agreement to comply with its terms,

that public authority will establish appropriate policies and procedures to ensure that its operations are conducted in compliance with the terms of that agreement for the provision of whole of government purchase card services.

Control and the use of Stored Value Cards

12.12 Each Chief Executive must develop, document, implement and maintain effective policies, procedures, systems and internal controls relating to the distribution, use and management of stored value cards. Management includes but is not limited to the operations, monitoring, transactional processing and account balances of stored value cards.

12.13 Each Chief Executive must ensure that:

12.13.1 the responsibility for the distribution, use and management of stored value cards is documented and assigned to appropriate senior officers:

12.13.2 stored value cards are only distributed for official purposes; and

12.13.3 appropriate arrangements are implemented to ensure he or she is informed on all relevant stored value card compliance and governance matters.

For queries contact:
Department of Treasury and Finance

Government Accounting, Reporting and Procurement Branch

Banking Contract Management Team
Telephone No. (08) 8226 9582

SCHEDULE 1 TO TREASURER'S INSTRUCTION 12

**(NAME OF AGENCY)
GOVERNMENT PURCHASE CARD**

AGREEMENT AND ACKNOWLEDGEMENT BY CARD HOLDER

Cardholder:.....

Cardholder Registration No

Position:

[For Office Use Only]

Division:

Branch:.....

Cost Centre Code

Section:

[For Office use Only]

I understand and agree that a Government Purchase Card is issued to me on the express conditions that I will, at all times, comply with the following conditions:

1. The Card is the property of [specify agency] and is in my possession and under my strict control.
2. I will not use the Card nor permit it to be used, for other than official agency use.
3. I may only use the Card to a limit of \$ _____ in any one transaction up to a monthly credit limit of \$_____.
4. I may only use the Card in accordance with the agency's established procurement policies and local management instructions.
5. If I resign, retire, cease employment or transfer to another agency, I will immediately hand my Card to the officer responsible for the administration of Purchase Cards in my agency for cancellation.

6. If I misuse the Card, I understand that the agency may take disciplinary action and proceedings may be instituted against me under law.
7. If the Card is lost or stolen I am to report it IMMEDIATELY to ANZ and the officer in my agency authorising the issue of the Card.
8. I have read and understand ANZ's Commercial Card Cardholder Conditions of Use.

I acknowledge that I have read and understood the conditions set out above which governs the issue and use of a Government Purchase Card in my name.

.....

Signature of Cardholder

Signature of Witness

Name:Name:

Title:Title:

Date:Date:.....

TREASURER'S INSTRUCTION 13

EXPENDITURE INCURRED BY MINISTERS AND MINISTERIAL STAFF

Reissued: 21 January 2015

Effective: 21 January 2015

Scope

- 13.1 This instruction applies to:
- 13.1.1 each Minister; and
 - 13.1.2 each person employed pursuant to section 71 of the *Public Sector Act 2009*, and each person employed pursuant to the *Constitution Act 1934*, as a member of a Minister's personal staff (referred to in this instruction as "Ministerial Officers").
- 13.2 Treasurer's Instruction 12 *Government Purchase Cards and Stored Value Cards* shall not apply to those to whom this instruction applies.

Objective

- 13.3 To specify requirements for the documentation of expenditure incurred by Ministers and Ministerial Officers.
- 13.4 To specify a policy for the use of purchase and other credit cards by Ministers and Ministerial Officers.

Interpretation and Definition

- 13.5 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.
- 13.6 For the purposes of this instruction "Purchase card" has the same meaning as defined in Treasurer's Instruction 12 *Government Purchase Cards and Stored Value Cards* and means a purchase card available for the purchase of generic goods and services for use by public authorities, and their employees, through any purchase card arrangement, including a whole of government arrangement.

Instruction

- 13.7 Each Minister is entitled to be issued with a purchase card referred to in Treasurer's Instruction 12 *Government Purchase Cards and Stored Value Cards*.
- 13.8 A Minister may elect to use a credit card, other than a Government purchase card, for official purposes.
- 13.9 Ministerial Officers employed as Chiefs of Staff, Ministerial Advisers, Policy Advisers and/or Media Advisers are entitled to be issued with a Government purchase card only when they are accompanying Ministers on intrastate, interstate and/or overseas travel. The purchase card must be surrendered immediately on return to Adelaide.
- 13.10 Where it will facilitate the conduct of everyday business in Ministerial Offices, Ministers may approve the issue of one Government purchase card per office to a Ministerial Officer employed solely to carry out administrative or office management duties.
- 13.11 No account in respect of any credit card may be reimbursed by the responsible authority unless the expenses being claimed were incurred on official business and no other claims have been made or will be made for such expenses from other sources.
- 13.12 All claims for reimbursement submitted by a Minister and all purchases made using a Government purchase card must be certified by that Minister.
- 13.13 All claims for reimbursement submitted by a Ministerial Officer and all purchases made by a Ministerial Officer using a Government purchase card must be certified by that officer and approved by the responsible Minister or a person authorised by the Minister to approve such claims or purchases.
- 13.14 All claims submitted for reimbursement and all purchases made using a Government purchase card with a value of \$50 (GST exclusive) or more are required to be accompanied by appropriate supporting documentation. Supporting documentation includes a tax invoice if the GST exclusive value of the purchase exceeds \$75, except where otherwise determined by the Australian Taxation Office.
- 13.14.1 Where a fringe benefit has been provided, details relating to the fringe benefit are required to enable the public authority to correctly calculate its FBT liability. The documentation that is required is dependant on the circumstances.
- For entertainment or tax exempt body meal entertainment the number of persons that receive the benefit is required and the number of those persons who are SA Government employees and their associates is also required.
 - For other taxable fringe benefits, documentation such as declarations, travel diaries and log books may be required.

13.14.2 In rare circumstances, where supporting documentation is unavailable, the Minister or Ministerial Officer can provide written details regarding the reimbursement or purchase.

For queries contact:
Department of Treasury and Finance
Government Accounting, Reporting and Procurement Branch

Financial Management Team
Telephone No. (08) 8226 9529

TREASURER'S INSTRUCTION 14

EX GRATIA PAYMENTS

Reissued: 21 January 2015

Effective: 30 June 2010

Scope

14.1 This instruction applies to all public authorities that are administrative units.

Objective

14.2 To specify the requirements for the approval of ex gratia payments by public authorities that are administrative units.

Interpretation and Definition

14.3 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

Instruction

14.4 A Chief Executive of an administrative unit shall obtain the following approvals before any ex gratia payment is made:

14.4.1 where the amount is \$10,000 (inclusive of GST) or less - the responsible Minister;

14.4.2 where the amount is in excess of \$10,000 (inclusive of GST) - the Treasurer;

14.4.3 where it is proposed that the Government intervene in a matter between two parties in the public interest - Cabinet.

14.5 Before any approval is sought to make an ex gratia payment, the matter should be referred to the Crown Solicitor where:

14.5.1 it is proposed that the Government intervene in a matter between two parties in the public interest;

14.5.1 there is a reasonable possibility that further claims for similar payments will be received; or

14.5.3 where the Chief Executive or the responsible Minister considers that advice from the Crown Solicitor is required due to the complexity or uncertainty of the matter.

14.6 In the absence of any approval to the contrary, an ex gratia payment shall be funded from an administrative unit's funds operating receipts and no increase in appropriation to that administrative unit shall be made.

For queries contact:
Department of Treasury and Finance
Government Accounting, Reporting and Procurement Branch

Financial Management Team
Telephone No. (08) 8226 9529

TREASURER'S INSTRUCTION 15

GRANT FUNDING

Reissued: 21 January 2015

Effective: 28 March 2013

Scope

- 15.1 This instruction applies to public authorities that are administrative units.
- 15.2 This instruction does not apply to the procurement of goods and services that meet the definition of "procurement operations" as defined in the *State Procurement Act 2004*.
- 15.3 This instruction does not apply to funding provided by an administrative unit to an entity where the administrative unit is effectively acting as an agent or administrator of funding provided by the Commonwealth Government and where the administrative unit has no discretion as to the recipient of the funds or the purpose/use of the funds by the entity.
- 15.4 Nothing in this instruction precludes the imposition of more rigorous requirements to a grant or class of grants should the Chief Executive determine such arrangements to be warranted.

Objective

- 15.5 To establish appropriate accountability on the part of non-South Australian Government entities that receive a grant(s) from an administrative unit(s).

Interpretation and Definition

- 15.6 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.
- 15.7 For the purpose of this instruction:
 - 15.7.1 "Accounting records" mean formal and informal documents and working papers necessary to explain the methods and calculations by which the accounts of the entity are compiled.
 - 15.7.2 "Entity" includes a person and an incorporated and unincorporated non-South Australian Government organisation that receives a grant.
 - 15.7.3 "General Purpose Financial Statements" has the meaning given in the Australian Accounting Standards.

- 15.7.4 "Grant" means money given by an administrative unit, including subsidies, to an entity in order to fund or to assist with the funding of any program or project.
- 15.7.5 "Minister" means the Minister who is responsible for the administrative unit that administers the grant.
- 15.7.6 "Non-recourse grant" means a grant for a specified purpose, and with specified objectives that may or may not have a series of conditions attached. Failure to meet any or all of the conditions does not entitle the Government to recover the grant.

Instruction

- 15.8 All approvals and authorisations required for South Australian Government employees to enter into contracts and/or incur expenditure, as set out in Treasurer's Instruction 8 *Financial Authorisations*, apply to the provision of grants.
- 15.9 Where it is proposed to make a one-off grant payment for \$10,000 (GST exclusive) or less, the administrative unit providing the grant will:
- 15.9.1 have written evidence of both the grant request and receipt from the entity;
- 15.9.2 maintain records of the payment and the purpose of the grant made to the entity;
- 15.9.3 require the entity to provide an acquittal for the grant received and expended at the end of the grant term. Schedule 1 of this Instruction provides a template which can be used for this purpose; and
- 15.9.4 require the entity to repay to the administrative unit any grant moneys which are unexpended at the end of the grant period unless specific approval is given by the Chief Executive (or employee of the public authority nominated by the Chief Executive) for those moneys to be retained by the entity.
- 15.10 This clause applies to all grants with the exception of non-recourse grants and grants to which clause 15.9 applies. Where it is proposed to make a grant other than a non-recourse grant (other than a one-off grant payment for \$10,000 (GST exclusive) or less) to an entity, a written agreement setting out the terms and conditions of the grant must be entered into between the responsible Minister¹ and the entity concerned (grant agreement). The Chief Executive of the administrative unit that is responsible for administering the grant will ensure that the grant agreement appropriately records the grant, associated financial arrangements and the administrative unit's control and monitoring requirements and that the grant agreement is legally enforceable. In this regard, the Chief Executive must ensure that the agreement incorporates the conditions set out in the following clauses, together with any additional requirements and conditions which may be specified by the Minister.

¹Generally, a grant agreement may be entered into and executed by a Minister or alternatively an employee at a senior level of the administrative unit as agent of the Minister under a settled program or policy. This would require a written ministerial authorisation to the senior employee to execute this type of grant agreement.

15.10.1 The grant agreement must record appropriate undertakings from the entity to ensure that:

- (a) the entity is only to apply the grant for its intended purpose;
- (b) as required by the administrative unit, the entity will provide appropriate and regular information, records and reports to enable the administrative unit to make an informed assessment of the ongoing financial position of the entity, monitor the entity's compliance with the terms on which the grant is made and form an assessment as to the overall effectiveness of the grant throughout the term of the grant;
- (c) at the end of the grant period, the entity will provide a report on the level of unexpended grant money and the entity will repay all unexpended grant moneys to the administrative unit unless specific approval is given by the Minister (or employee of the public authority nominated by the Minister) for those moneys to be retained; and
- (d) where the entity breaches the terms of the grant agreement, the entity will repay all or a portion of the grant moneys (whether expended or not) to the administrative unit where required by the Minister (or employee of the public authority nominated by the Minister).

15.10.2 In accordance with the above undertakings, and unless determined otherwise by the Chief Executive, the grant agreement must include a requirement for the entity to:

- where requested by the Minister (or employee of the public authority nominated by the Minister) provide management accounts, annual reports, financial statements and any other information or documents relevant to the entity's operations to the administrative unit;
- prepare financial statements at the end of each financial year, or if a grant period is for less than one year, at the end of the grant period. The financial statements must be prepared in accordance with Australian Accounting Standards², signed by an appropriate senior office holder of the entity and submitted to the Minister;
- where a grant is in excess of \$1 million (GST exclusive) over the term of the grant agreement, prepare its financial statements in the nature of a General Purpose Financial Statements;
- where the sum of grants provided by the administrative unit to the entity is in excess of \$1 million (GST exclusive) in a financial year, prepare its financial statements in the nature of a General Purpose Financial Statements;

² For the purposes of TI 15, this includes both Tiers of reporting requirements under the Australian Accounting Standards. Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards – Reduced Disclosure Requirements.

- provide regular progress reports on any project or program pertaining to the grant, including any change to the authorised scope of the project or program;
- provide timely advice to the administrative unit of any significant changes to the nature and/or scope of the activities conducted by the entity;
- comply with legislation, any constitution that governs the entity's operations and any conditions attaching to the grant;
- allow any officer authorised by the Minister to enter the entity's premises to inspect the operations of the entity including equipment, premises, accounting records, documents and information and interview employees of the entity on matters pertaining to its operation;
- accept that the Minister may direct that the entity's financial accounts be audited and that the Minister may also specify the minimum qualifications to be held by a person appointed to conduct such an audit; and
- provide regular reporting, with appropriate evidence in support, as to the application of grant moneys by the entity.

15.10.3 The Chief Executive of an administrative unit which is responsible for administering a grant in accordance with clause 15.10 must ensure that appropriate reporting requirements are in place by the entity concerned to enable it to satisfy the Minister that the grant is used effectively and efficiently and only for the purpose for which it was made.

15.11 Chief Executives need to be satisfied that any non-recourse grants are justified by the particular circumstances and are in the public interest.

15.12 Non-recourse grants exceeding \$10,000 require the approval of the Treasurer prior to being issued.

15.13 Non-recourse grants for \$10,000 or less must be treated in accordance with clauses 15.9.1 - 15.9.3.

15.14 A grant agreement should not contain any provision which seeks to constrain the entity receiving funding from engaging in political or policy advocacy.

15.15 The administrative unit providing the grant will ensure that the correct GST treatment is applied to the grant in accordance with the *A New Tax System (Goods and Services Tax) Act 1999* and public rulings issued by the Australian Tax Office including *GSTR 2012/2 Financial Assistance Payments* (available from www.ato.gov.au).

For queries contact:
Department of Treasury and Finance
Government Accounting, Reporting and Procurement Branch

Financial Management Team
Telephone No. (08) 8226 9529

DEPARTMENT:

Recipient Body:

Address:

Contact Person for enquiries

Name:

Office Held:

Contact phone:

Purpose of grant:

Nature of grant (one-off/ongoing):

INCOME AND EXPENDITURE STATEMENT

Grant Amount (a)

Grant Expenditure (b)

Funds Remaining (a-b)

(Funds remaining are to be repaid to the Department unless the Chief Executive of the Department has given specific approval for the funds to be retained by the recipient body.)

We certify that the grant was used for the purpose for which the grant was provided.

Finance Manager / Treasurer

Executive Officer / Secretary /
President

Signature:

Signature:

Name:

Name:

Date:

Date:

TREASURER'S INSTRUCTION 17

EVALUATION OF AND APPROVALS TO PROCEED WITH PUBLIC SECTOR INITIATIVES

Reissued: 1 May 2017

Effective: 1 May 2017

Scope

17.1 This instruction applies to all public authorities subject to the *Public Finance and Audit Act 1987* unless it is expressly stated in this instruction to apply only to a particular type of authority.

Objective

17.2 To require the Chief Executive of each public authority to evaluate public sector regulatory initiatives in line with the Better Regulation Handbook (Handbook) issued by the Department of the Premier and Cabinet and to evaluate all other public sector initiatives in line with the Guidelines for the Evaluation of Public Sector Initiatives (Guidelines) issued by the Department of Treasury and Finance.

17.3 To prescribe the approvals required to proceed with public sector initiatives.

Interpretations and Definitions

17.4 For guidance in interpreting the application of this instruction refer to Treasurer's Instruction 1, which provides general definitions and principles for the application of the Treasurer's Instruction.

17.5 For the purpose of this instruction:

17.5.1 "Public sector initiatives" include any proposals involving a cost in order to derive a benefit consistent with some specified Government objective. The term public sector initiative would, for example, include a capital project, an information technology systems project, a change in pricing policy, change in service delivery models or an initiative requiring an environmental impact assessment.

17.5.2 A "commercial sector project" is one for which the expected rate of return is equal to or greater than the enterprise's hurdle rate approved in its performance statement. An enterprise's rate of return will, as a minimum, equate to its weighted average cost of capital.

17.5.3 "Evaluation" means a considered assessment of a public sector initiative, which can be before or after the fact or while the activity is in progress.

17.5.4 "Regulatory initiatives" means introducing or amending any form of government regulation to address a problem or risk and which either imposes mandatory

requirements upon or seeks voluntary change of behaviour from business and the community. The term regulation is defined in the Handbook.

- 17.5.5 All financial amounts quoted in this instruction are GST inclusive. Financial amounts quoted in clauses 17.11 and 17.12 refer to the total amount of Government funds to be used for the public sector initiative.

Instruction

- 17.6 The Chief Executive of each public authority shall ensure that officers of that public authority evaluate:
- 17.6.1 public sector regulatory initiatives in accordance with the evaluation framework detailed in *Better Regulation Handbook*.
 - 17.6.2 all other public sector initiatives in accordance with the evaluation framework detailed in *Guidelines for the Evaluation of Public Sector Initiatives*.
- 17.7 The Chief Executive of each public authority shall ensure that proposed initiatives are clearly linked to and are consistent with strategic plans of the public authority, and that those plans underpin the authority's corporate objectives as directed by the Government.
- 17.8 A Chief Executive is required to justify initiatives on economic grounds, and to specify the implications of a public sector initiative on the financial performance of the proponent public authority and on the State budget, when seeking approval to proceed with a public sector initiative.
- 17.9 The required scope and depth of assessment will depend broadly on the magnitude and/or sensitivity of the initiative. However:
- 17.9.1 for initiatives that are to be submitted to Cabinet, details of the format for presentation are to be found in appendices to the Handbook or Guidelines; and
 - 17.9.2 initiatives that do not meet the criteria above should be evaluated to the extent necessary to ensure that the public authority is acting in the best interests of the public sector, and to ensure sufficient information is available for the purposes of reviewing progress at some later date.

Approval to Proceed with Public Sector Initiatives

- 17.10 A commercial sector project which is undertaken by a public corporation is exempt from the requirements of clauses 17.11 to 17.13 of this instruction provided that the project is included in the corporation's Capital Plan and that Plan is endorsed as part of the annual performance statement required by section 13 of the *Public Corporation Act*.
- 17.11 When entering into a public sector initiative, the following approvals to proceed with the public sector initiative shall be obtained at the completion of the concept evaluation phase:
- 17.11.1 the Chief Executive, or an employee or an occupant of a position in the public authority nominated by the Chief Executive, where the estimated cost

- of the public sector initiative does not exceed the monetary limit specified under clause 8.12.3 of Treasurer's Instruction 8 *Financial Authorisations* for the employee or occupant of the position, or \$1,500,000, whichever is the lesser;
- 17.11.2 the Minister, where the estimated cost of that public sector initiative exceeds the authority of clause 17.11.1 above, but is less than \$15,000,000; and
- 17.11.3 Cabinet, where the estimated cost of that public sector initiative is equal to or greater than \$15,000,000.
- 17.12 A Chief Executive shall, prior to commencing a public sector initiative, ensure that the following approvals are obtained before tenders are called for a public sector initiative which has not been included in a budget approval previously by Cabinet:
- 17.12.1 the Chief Executive or an employee or an occupant of a position in the public authority nominated by the Chief Executive, where the estimated cost of the public sector initiative does not exceed the amount of the monetary limit specified under clause 8.12.3 of Treasurer's Instruction 8 *Financial Authorisations* for the employee or occupant of the position, or \$1,500,000, whichever is the lesser amount, and where that cost is less than one per cent of the public authority's total annual operating and investing expenditure;
- 17.12.2 the Minister, where the estimated cost of that public sector initiative exceeds \$1,500,000 but is less than \$6,000,000, and where that cost is less than one per cent of the public authority's total annual operating and investing expenditure; and
- 17.12.3 Cabinet, where the estimated cost of that public sector initiative is equal to or greater than \$6,000,000 or is one per cent or more of the public authority's total annual operating and investing expenditure.
- 17.13 Submissions seeking Ministerial approvals in accordance with this instruction are required to be accompanied by written advice from the Department of Treasury and Finance on budgetary aspects of the initiative.

For queries contact the Department of Treasury and Finance:

Account Manager

Budget, Analysis and Performance Branch

or

Public Finance Branch

Telephone No. (08) 8226 1786

TREASURER'S INSTRUCTION 19

FINANCIAL REPORTING

Reissued: 21 January 2015

Effective: 16 April 2008

Scope

19.1 This instruction applies to all public authorities unless otherwise stated.

Objective

19.2 To set out the responsibility of each public authority for the discharge of financial accountability in respect of that authority and the maintenance of accounting and other financial records to permit the Treasurer to comply with statutory and other reporting requirements.

Interpretation and Definition

19.3 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

19.4 For the purposes of this instruction "General Purpose Financial Statements" are as defined in Australian Accounting Standards.

Instruction

Annual Financial Statements

19.5 The *Public Sector Act 2009* and Regulations, *Public Corporations Act 1993* and the *Public Finance and Audit Act 1987* set out the annual reporting obligations of public authorities.

19.6 The Chief Executive of each public authority is responsible for the preparation of a General Purpose Financial Statements. The statements shall comply with Australian Accounting Standards and all accounting policy statements issued by the Treasurer pursuant to section 41 of the *Public Finance and Audit Act 1987*. The preferred form and content of the General Purpose Financial Statements for the public sector is incorporated in the model financial statements issued by the Department of Treasury and Finance.

19.7 In the event of any inconsistency between an accounting policy statement issued by the Treasurer and an Australian Accounting Standard, the requirements of the accounting policy statement will prevail.

19.8 Each Chief Executive must ensure that the General Purpose Financial Statements required to be prepared in accordance with this Instruction is provided to the Auditor-General within 42 days of the end of the reporting period.

19.9 Each Chief Executive must ensure that the annual report which is required to be submitted to the responsible Minister in accordance with the *Public Sector Act 2009* or, in the case of a public authority which is not an administrative unit, the relevant enabling legislation, includes the General Purpose Financial Statements. The General Purpose Financial Statements will have the same form and content as the General Purpose Financial Statements that was certified in accordance with section 23 of the *Public Finance and Audit Act 1987*, by the Chief Executive and the officer responsible for financial administration, together with a copy of the opinion of the Auditor-General on the General Purpose Financial Statements.

19.10 Each Chief Executive must ensure that, where applicable, the General Purpose Financial Statements required to be prepared in accordance with this Instruction is reconciled with relevant accounting records maintained by the Treasurer.

Budgetary Control and Reporting

19.11 The Minister responsible for a public authority that is not a public corporation may request from the relevant Chief Executive such information as the Minister considers necessary to enable an assessment to be made about the extent to which the authority has achieved, or is likely to achieve, agreed performance targets. The Chief Executive shall ensure that all information requested by the Minister pursuant to this Instruction is provided in a timely manner and on such a basis as the Minister may direct.

19.12 The Minister responsible for a public corporation may request from the relevant Chief Executive such information as the Minister considers necessary to enable an assessment to be made about the extent to which the authority has achieved, or is likely to achieve, agreed performance targets. The Chief Executive shall ensure that all information requested by the Minister pursuant to this Instruction is provided in a timely manner and on such a basis as the Minister may direct.

19.13 Unless the responsible Minister directs otherwise, the Chief Executive of each public authority shall forward to the responsible Minister an annual budget and regular reports of actual income and expenses compared with the budget. The budget and the reports shall be prepared in such a form and be forwarded at such times as the Minister may direct. Budget estimates must be accurate and based on fair and reasonable assumptions

19.14 The Chief Executive of each public authority must comply with any direction by the Treasurer, Under Treasurer, or an employee or an occupant of a position of the public authority nominated by the Under Treasurer, which requires that the authority provide to the Department of Treasury and Finance information about the authority's budgets, tax arrangements and financial results and/or copies of accounting and financial records. Information must be provided in formats prescribed from time to time and within the timeframe specified by the Treasurer, Under Treasurer or nominated employee or occupant of the position. Information provided must be accurate and in accordance with relevant policies and standards.

19.15 The Chief Executive must:

19.15.1 develop, implement and maintain a robust and transparent budget process;

- 19.15.2 ensure the public authority's budget is reconciled to the appropriations approved by Parliament (where relevant) and the supporting budget and program estimates, at least on an annual basis;
- 19.15.3 have arrangements in place that enable the prompt identification of emerging budget issues;
- 19.15.4 review the public authority's performance against its budget on a regular basis and ensure that appropriate action is taken; and
- 19.15.5 ensure the public authority adopts appropriate management strategies for all known risks that may affect the financial sustainability of the public authority.

Maintenance of Financial Records

- 19.16 The Chief Executive of each public authority must establish and maintain at all times financial records and systems:
 - 19.16.1 that accurately record and explain the budget, tax and accounting transactions, financial performance and financial position of the authority;
 - 19.16.2 as specified by the Treasurer or Under Treasurer, to permit the Treasurer to prepare General Purpose and Special Purpose Financial Statements to satisfy the requirements of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and to comply with budgetary, statistical and other reporting requirements imposed upon the Treasurer.

For queries contact:
Department of Treasury and Finance

Government Accounting, Reporting and Procurement Branch

Financial Management Team
Telephone No. (08) 8226 9529
or
Account Manager
Finance Branch

TREASURER'S INSTRUCTION 20

GUARANTEES AND INDEMNITIES

Re-issued 28 March 2012

Effective 20 February 2007

Scope

20.1 This instruction applies to all public authorities unless otherwise stated.

Objective

20.2 To ensure the Government's exposure to guarantees or indemnities given by public authorities is appropriately monitored and managed.

20.3 To require each public authority to maintain a register of guarantees and indemnities given by it.

Interpretation and Definitions

20.4 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

20.5 Whilst administrative units are able to impose legal obligations on the Crown in right of the State of South Australia through the actions of its individual officers, an administrative unit has no legal personality. As such the Minister for the relevant administrative unit is the appropriate contractual party to any guarantee or indemnity to be documented.

20.6 For the purposes of this instruction:

20.6.1 "guarantee" includes a legally binding promise to assume responsibility for the debt of, or performance of obligations by, another person should that person default but excludes a guarantee that is required to be given by a public authority under an Act of Parliament. Instruments intended to be covered include those commonly known as guarantees, performance bonds or guarantees and letters of credit.

20.6.2 "indemnity" includes a legally binding promise to accept the risk of, or compensate for, loss or damage that another person may suffer but excludes an indemnity that is:

20.6.2.1 required to be given by a public authority under an Act of Parliament;

20.6.2.2 an ancillary obligation in a document, where the dominant purpose of that document is other than to give an indemnity; or

20.6.2.3 given to persons in the performance of their duties for the State of South Australia.

If a public authority is uncertain as to whether or not a particular indemnity is an ancillary obligation in a document it may consult the Department of Treasury and Finance which has authority to clarify the nature of that obligation for the purposes of this Instruction.

Instruction

- 20.7 A public authority that is a Minister or an administrative unit must not give a guarantee or indemnity unless the Minister is expressed to be able to give that guarantee or indemnity under an Act of Parliament.
- 20.8 A Minister or administrative unit requiring a guarantee or indemnity in respect of its operations may request the Treasurer to give a guarantee or indemnity under the *Public Finance and Audit Act 1987* (or other relevant Act of Parliament for which the Treasurer is the responsible Minister).
- 20.9 When making a request of the Treasurer under clause 20.8, the Minister or administrative unit must provide the Treasurer with a request in writing setting out the following information:
- 20.9.1 the total dollar amount of the guarantee or indemnity;
 - 20.9.2 the probability of the guarantee or indemnity being invoked;
 - 20.9.3 the obligation to be guaranteed or indemnified;
 - 20.9.4 the policy objective/s to be achieved through the provision of the guarantee or indemnity;
 - 20.9.5 the recipient of the guarantee or indemnity or the person or organisation that will benefit from the guarantee or indemnity;
 - 20.9.6 alternatives to the provision of a guarantee or indemnity and the costs of implementing those alternatives;
 - 20.9.7 the risks to which the Government can be expected to be exposed as a consequence of providing a guarantee or indemnity; and
 - 20.9.8 where it is proposed that a guarantee or indemnity be given in respect of a project, an evaluation of the project, to enable an assessment to be made of the extent to which the expected costs of the project incorporate any guarantee or indemnity.
- 20.10 A guarantee or indemnity given to a public authority by the Treasurer pursuant to the *Public Finance and Audit Act* (or other relevant Act of Parliament for which the Treasurer is the responsible Minister):
- 20.10.1 may be subject to fees as determined by the Treasurer; and
 - 20.10.2 may be conditional, and otherwise on such terms as the Treasurer determines.
- 20.11 The Chief Executive of a public authority must ensure that appropriate risk management strategies, controls and procedures are established to regulate the giving and monitoring of guarantees and indemnities (via the *Public Finance and Audit Act* or other relevant Act of Parliament). This should include procedures for:

- 20.11.1 ensuring transparency in the evaluation and decision making process and its review;
 - 20.11.2 managing the ongoing risks associated with the giving of a guarantee or indemnity; and
 - 20.11.3 maintaining physical security of relevant instruments and associated documents.
- 20.12 The Chief Executive of a public authority must ensure that a register is maintained of guarantees and indemnities entered into by or on behalf of that public authority. That register must include:
- 20.12.1 the name of the person or organisation to which the guarantee, indemnity or letter of comfort is given;
 - 20.12.2 the name of the person or organisation providing the guarantee, indemnity or letter of comfort;
 - 20.12.3 the nature of the instrument under which the guarantee, indemnity or letter of comfort was given;
 - 20.12.4 the date from which the guarantee, indemnity or letter of comfort was given or became operable;
 - 20.12.5 the expiry date of the guarantee, indemnity or letter of comfort;
 - 20.12.6 where the amount can be measured reliably, the amount of the guarantee, indemnity or letter of comfort; and
 - 20.12.7 the circumstances under which that guarantee, indemnity or letter of comfort may be invoked.
- 20.13 Where a public authority is a parent entity according to accounting principles and practices applying by law or that are generally accepted and consistently applied in Australia its register of guarantees and indemnities is to include details of guarantees and indemnities given by its subsidiary entities.
- 20.14 A public authority must provide to the Treasurer any information that the Treasurer may request that relates to a public authority's compliance with this Instruction, including (without limitation) details as to guarantees and indemnities provided by a public authority.

For queries contact:
Department of Treasury and Finance
South Australian Government Financing
Authority (SAFA)

Governance and Planning Section
Telephone No. (08) 8226 9460

TREASURER'S INSTRUCTION 22

TAX EQUIVALENT PAYMENTS

Reissued 21 January 2015

Effective 26 September 2005

Scope

22.1 This instruction applies to public authorities and business units that are required to pay tax equivalent payments to the Treasurer.

Objective

22.2 To specify the requirements for the calculation, and manner of payment, of tax equivalent payments.

Application

22.3 This instruction will apply to the financial years commencing 1 July 2005 and following.

Interpretation and Definition

22.4 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

22.5 For the purposes of this instruction:

22.5.1 "Accounting Profits Method" means the accounting profit income tax equivalent regime more particularly described in the 'Department of Treasury and Finance's Manual for the State's Tax Equivalent Regime'. This regime broadly involves the application of the companies income tax rate for the time being under the Commonwealth's *Income Tax Assessment Act 1997* to the audited accounting profit of the relevant public authority or business unit.

22.5.2 "business unit" means an administrative structure within an administrative unit that operates as an autonomous economic unit and is identified by the Department of Treasury and Finance as a trading enterprise.

22.5.3 "Tax Equivalent Payments" are payments equivalent to:

- income tax that a public authority or business unit (if a legal entity) would be liable to pay under the Commonwealth's *Income Tax Assessment Act 1997*; or
- land tax, other state taxes and local government rates that a public authority or business entity (if a legal entity) would be liable to pay;

were that public authority or business unit (if a legal entity) not an instrumentality of the Crown in right of the State of South Australia.

Instruction

- 22.6 Where a public authority or business unit is required to pay Tax Equivalent Payments to the Treasurer those payments are to be paid to the Consolidated Account, or, if directed by the Treasurer, to a special deposit account established for that purpose, unless an applicable law of the State of South Australia requires otherwise.
- 22.7 Tax Equivalent Payments required to be paid by a public authority or a business unit to the Treasurer as the equivalent of:
- 22.7.1 land tax are to be calculated and paid in the same manner as if they were required to be calculated and paid under the *Land Tax Act* (ie using Site Value on a multiple holding basis); and
 - 22.7.2 local government rates are to be calculated and paid based on applying the local government rate equivalent to the Capital Value and otherwise in the same manner as if they were required to be calculated and paid under the *Local Government Act*.
- 22.8 Tax Equivalent Payments required to be paid by a public authority or business unit to the Treasurer as the equivalent of Commonwealth income tax are to be calculated and paid on the basis of the Accounting Profit Method and otherwise in accordance with requirements of the 'Manual for the State Tax Equivalent Regime' published by the South Australian Department of Treasury and Finance.
- 22.9 The Lotteries Commission of South Australia will pay from the Lotteries Fund (as permitted by section 16(3)(e) of the *State Lotteries Act 1966*) all income tax equivalent payments into the Hospitals Fund.

For queries contact:
Department of Treasury and Finance
Government Accounting, Reporting and Procurement Branch

Financial Management Team
Telephone No. (08) 8226 9529

TREASURER'S INSTRUCTION 23

MANAGEMENT OF FOREIGN CURRENCY EXPOSURES

Reissued 21 January 2015

Effective 21 January 2015

Scope

23.1 This instruction applies to all public authorities unless otherwise stated.

Objective

23.2 To prescribe a policy for the appropriate management of foreign currency exposures incurred by public authorities.

Interpretation and Definition

23.3 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

23.4 For the purposes of this instruction "Semi-government authority" has the same meaning as set out in the *Public Finance and Audit Act 1987*.

Instruction

23.5 The Chief Executive of a public authority is required to recognise and manage all foreign currency risks and exposures arising from the public authority's operations, including (without limitation) foreign currency risks and exposures that might arise for the public authority with a contemplated transaction during the forthcoming financial year; and during the period between approval being sought for a contractual arrangement and that contract being signed.¹

23.6 The Chief Executive of a public authority must ensure that all existing, contingent or potential assets and liabilities involved in the public authority's operations are assessed to determine if any might give rise to future foreign

¹ "Approval being sought to enter into contractual arrangements" refers to the time when draft contract terms have been negotiated but where the negotiated contract terms may require approval by a Minister, Cabinet or other relevant person/entity. It does not relate to the approval to conduct a procurement process where the nature of any exposures would be unknown at that time." Advice on the identification and management of foreign currency risks and exposures can be obtained from the South Australian Government Financing Authority (SAFA).

currency exposures. Where future foreign currency exposures exist, all assessments of the exposure should use appropriate forward (rather than spot) exchange rates.²

23.7 Generally, an asset or liability with a future foreign currency exposure arises from rights and obligations (definite, contingent or potential) to pay or receive an amount, in a foreign currency, or in A\$ where that A\$ is to be determined by reference to a particular exchange rate at a particular time. Examples include:

- tender process where the tendered price for goods and/or services is in a foreign currency or converted into A\$ based on a foreign exchange rate at a particular time that will change up to the date of execution of the contract;
- shares, dividends/return of capital in foreign currencies;
- guarantees/indemnities of obligations in a foreign currency; and
- purchase price for goods or services, or revenue receipts, in a foreign currency.

23.8 Where an asset or liability is expected to give rise to a foreign currency risk or exposure exceeding the equivalent of A\$250,000, forward foreign exchange cover, or another appropriate hedging strategy, must be obtained by:

- (a) administrative units, Ministers and semi-government authorities; and
- (b) all other public authorities,

and be implemented through SAFA, unless the prior approval of the Treasurer has been given for a public authority to implement the forward cover, or another hedging strategy, through a financial institution licensed under the laws of Australia to conduct foreign exchange business.

For queries please contact:
Department of Treasury and Finance

South Australian Government Financing
Authority (SAFA)

Manager Client Services
Telephone no. (08) 8226 9441

² Information on forward exchange rates can be obtained from SAFA.

TREASURER'S INSTRUCTION 25

TAXATION POLICIES

Reissued: 21 January 2015

Effective: 29 May 2014

Scope

25.1 This instruction applies to all public authorities unless otherwise stated.

Objective

25.2 To outline procedures for the preparation of Commonwealth and State taxation returns and Commonwealth private taxation rulings.

25.3 To require certain prior approvals before a private taxation ruling is lodged with the Australian Taxation Office or legal counsel is engaged to pursue a taxation matter/disagreement with the Australian Taxation Office.

Interpretation and Definitions

25.4 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

25.5 To assist with the interpretation and application of this instruction and compliance with tax obligations, the Department of Treasury and Finance has issued a *Financial Management Toolkit* and taxation manuals for FBT, GST and PAYG.

25.6 For the purposes of this instruction, unless otherwise defined below, terms used are as defined in the *Fringe Benefit Tax Assessment Act 1986* (FBTAA), *A New Tax System (Goods and Services Tax) Act 1999* and the *Income Tax Assessment Act 1936* (ITAA).

Actual method means determining the taxable value of entertainment provided to recipients by the employer treating each item of expenditure of food or drink separately under the FBTAA. The employer is required to determine whether the provision of each benefit is tax exempt body meal entertainment or non-meal entertainment and treat it accordingly.

An associate for an SA public authority includes all employees of other SA public authorities and all employees of SA local government authorities but does not include employees of public authorities of other States or Territories. An associate for an SA Government employee includes a spouse and children.

The term associate is defined in Sections 135U(5) and 159 of the FBTAA and Section 318 of the ITAA. These definitions are extremely comprehensive and FBT return preparers will need to refer to both the FBTAA and ITAA.

Associate provisions means the FBTAA makes an employer liable to pay tax on benefits provided to its employees by either the employer or an associate of the employer, or a third party under an arrangement with either the employer, or an associate of the employer.

Government related entity means all public authorities under the *Public Finance and Audit Act 1987* and *State Procurement Act 2004* and includes a class of government related entities ie Schools, Hospitals.

Private taxation ruling is a written expression of opinion by the Commissioner of Taxation about the way in which a tax law or tax laws will apply to the applicant in relation to an arrangement in respect of a specified year of income. For example: a private tax ruling (and extension), administratively binding advice, exercise of the Commissioner of Taxation's discretion (and extension).

Instruction

State and Commonwealth taxation returns

- 25.7 The Chief Executive of each public authority must ensure that the public authority complies with the requirements of all Commonwealth and State taxation legislation.
- 25.8 The Chief Executive of each public authority must ensure that:
- 25.8.1 Business Activity Statements are prepared promptly and lodged with the Australian Taxation Office within 21 days of the end of the tax period;
 - 25.8.2 Fringe Benefit Taxation returns are prepared promptly and lodged with the Australian Taxation Office by 21 May of each year; and
 - 25.8.3 Payroll Tax returns are prepared promptly and lodged with the Commissioner of State Taxation within 7 days of the end of the tax period.

Private taxation rulings

- 25.9 The Chief Executive of each public authority must forward applications for private taxation rulings to the Department of Treasury and Finance for approval by the Under Treasurer prior to lodgement with the Australian Taxation Office.
- 25.10 Applications must include a:
- hard and soft copy of the ruling request and all attachments; and
 - certification by the Chief Executive that all information contained in the ruling request and any attached documents are true and correct; and
 - certification by the Chief Executive that the appropriate taxation provisions of the relevant taxation law and interpretative decisions of the Commissioner of Taxation (eg rulings and determinations) have been considered; and the relevant taxation provisions and interpretative decisions have been referred to in the ruling request.

Fringe Benefits Tax - entertainment

- 25.11 All public authorities, other than public hospitals and public benevolent institutions, must classify entertainment fringe benefits as tax exempt body entertainment fringe benefits. The 'Actual method' must be used for determining the taxable value of a tax exempt body entertainment fringe benefit to ensure that the total FBT liability for SA Government will be met under the associate provisions.
- 25.12 All public authorities must pay FBT on the proportion of the tax exempt body "meal" entertainment that relates to any SA Government employee(s) and their associate(s). Where tax exempt body "meal" entertainment relates to a mixture of SA Government employees and other persons, the expenditure must be apportioned between the number of SA Government employees and other persons. That is, the public authority that pays for the tax exempt body "meal" entertainment must pay the FBT.
- 25.13 All public authorities that have provided tax exempt body "recreational" entertainment fringe benefits to employees of another SA Government public authority (including associates) will provide notification to that authority (ie the SA Government employees' employer) to enable that authority (ie the employer) to, where required, pay the FBT and report that benefit on the employees' payment summary. Notification will be provided within 44 days of the end of the FBT year (ie 14 May).

Fringe Benefits Tax – living away from home allowance

- 25.14 From 1 October 2012, before a public authority provides an employee with a living away from home allowance (LAFHA) benefit, that public authority must obtain a statutory declaration from that employee stating that he or she has not received a concessional tax LAFHA benefit (up to the 12 month limit) for that location from that public authority or any other public authority. The FBTAA advises that an employee can only receive concessional tax LAFHA benefits for a maximum of 12 months at one location for the duration of their employment. Due to the associate provisions, this 12 month limit applies for the duration of the employee's employment with the SA State Government, regardless of any movements between government related entities during the period of employment in the SA State Government.

Other taxation matters

- 25.15 All public authorities must self assess whether that authority's taxes, fees and charges are exempt from Goods and Services Tax or not under Division 81 (including associated regulations) of the *A New Tax System (Goods and Services Tax) Act 1999*. Assessments are to be forwarded to the Department of Treasury and Finance for consideration and recommended action, if any.
- 25.16 The Chief Executive of each public authority must inform, in writing, the Department of Treasury and Finance of any disputes which may lead to litigation or other processes (eg Alternative Dispute Resolution Processes for notional GST) with the ATO as these may have wider tax policy and/or GST base integrity implications for the State.

- 25.17 The Chief Executive of each public authority must seek the Under Treasurer's approval prior to engaging legal counsel to pursue a taxation matter/disagreement with the Australian Taxation Office.
- 25.18 The Chief Executive of each public authority must provide to the Department of Treasury and Finance information on taxation matters or taxation returns as requested by the Under Treasurer or an officer nominated by the Under Treasurer.
- 25.19 The Chief Executive of each public authority must advise the Under Treasurer and the Chief Executive of the Department of the Premier and Cabinet where a Chief Executive has agreed with another Chief Executive to transfer employees between two public authorities pursuant to section 9(3) and 9(4) of the *Public Sector Act 2009*. The advice must include details of the public authorities involved; the date employees/function is transferred; the nature of the transfer of employees/function; the number of employees transferred and any budget impacts.

For queries contact:
Department of Treasury and Finance
Government Accounting, Reporting and Procurement Branch

Financial Management Team
Telephone No. (08) 8226 9529

The Department of Treasury and Finance has issued a *Financial Management Toolkit* and taxation manuals for FBT, GST and PAYG which contain guidance in relation to taxation matters.

TREASURER'S INSTRUCTION 28

FINANCIAL MANAGEMENT COMPLIANCE PROGRAM

Reissued: 29 May 2014

Effective: 29 May 2014

Scope

28.1 This instruction applies to all public authorities.

Objective

28.2 To require each public authority to develop, implement, document and maintain a robust and transparent financial management compliance program.

Interpretation and Definitions

28.3 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

28.4 For the purpose of this instruction "compliance program" means activities that when combined are intended to achieve compliance with financial management obligations/requirements. Australian Standard AS 3806:2006 *Compliance Programs* provides guidance in establishing an appropriate compliance program.

28.5 To assist with the interpretation and application of this instruction, the Department of Treasury and Finance has issued a *Financial Management Toolkit*, which contains guidance and checklists in relation to internal controls, compliance programs, financial reporting, compliance self-assessment and administrative restructures.

Instruction

Financial Management Compliance Program

28.6 The Chief Executive must:

28.6.1 develop, implement, document and maintain a robust and transparent financial management compliance program. The financial management compliance program will include an assessment of relevant policies, procedures, systems, internal controls, risk management, statutory and other financial reporting, and the adequacy of management reporting;

- 28.6.2 ensure responsibility for the financial management compliance program and its performance outcomes/operations is documented and assigned to appropriate senior officers;
- 28.6.3 ensure appropriate resources are allocated to develop, implement, maintain and improve the public authority's financial management compliance program;
- 28.6.4 ensure compliance with applicable financial management legislation including *Public Finance and Audit Act 1987*, *Public Corporations Act 1993*, *A New Tax System (Goods and Services Tax) Act 1999*, *Fringe Benefits Tax Assessment Act 1986*, *State Procurement Act 2004*; Treasurer's instructions, accounting policy statements and other financial management policies/requirements of the State including Department of Treasury and Finance Circulars and the cash alignment policy. The *Financial Management Toolkit* may be of assistance in identifying other applicable financial management policies/requirements of the State;
- 28.6.5 ensure that financial management compliance failures are dealt with appropriately;
- 28.6.6 address within a reasonable time or in a reasonable manner an irregularity or internal control/governance failure identified by the Auditor-General; and
- 28.6.7 implement appropriate arrangements to ensure he or she is informed on all relevant financial management compliance and governance matters.

Income

- 28.7 As part of the financial management compliance program, the Chief Executive must:
 - 28.7.1 ensure responsibility for financial management compliance relating to all income activities is documented and assigned to appropriate senior officers;
 - 28.7.2 ensure performance against contracts, service level agreements or equivalent are regularly monitored and reviewed, to ensure services are being provided, and income is received, in accordance with agreed arrangements;
 - 28.7.3 ensure that revenue is only collected for fees and charges that have been approved by the appropriate authority eg in accordance with regulations; and
 - 28.7.4 ensure that the de-recognition of, or adjustments to, amounts previously recognised (eg correcting journals, credit notes issued) and accounts receivable waived and/or written off are authorised in accordance with the established authorisations.

Expenditure

- 28.8 As part of the financial management compliance program, the Chief Executive must:
- 28.8.1 ensure responsibility for financial management compliance relating to procurement, expenditure and accounts payable activities is documented and assigned to appropriate senior officers;
 - 28.8.2 ensure all procurements are conducted in an ethical manner and in accordance with relevant policies and guidelines;
 - 28.8.3 ensure contractors'/suppliers' performance against orders, contracts, service level agreements (including services outsourced and PPP contracts) or equivalent are regularly monitored and reviewed to ensure services are being received, and payments are made, in accordance with agreed arrangements;
 - 28.8.4 ensure abatements are promptly applied in accordance with the relevant contract documentation where abatable contract performance failures occur. Public authorities must not delay the application of abatement or enter into extra-contractual arrangements in lieu of abatement (eg a negotiated settlement involving abatement being 'traded off' for other 'benefits'), unless agreed to by the Department of Treasury and Finance and the Crown Solicitor's Office. Public authorities must develop, document and implement contract management policies and procedures (including for PPP contracts);
 - 28.8.5 ensure that fees and charges can only be paid when the fee/charge schedule has been approved by the appropriate authority eg board member sitting fees approved by the Governor; and
 - 28.8.6 ensure that the de-recognition of, or adjustments to, amounts previously recognised (eg correcting journals for amounts in dispute, credit notes received) must be authorised in accordance with established authorisations.

Asset and Liability

- 28.9 As part of the financial management compliance program, the Chief Executive must:
- 28.9.1 ensure responsibility for financial management compliance relating to all asset and liability activities is documented and assigned to appropriate senior officers; and
 - 28.9.2 ensure contractors' performance against contracts, service level agreements or equivalent are regularly monitored and reviewed to ensure compliance with contract terms and conditions.

Budgeting and Reporting

28.10 As part of the financial management compliance program, the Chief Executive must:

28.10.1 ensure responsibility for budget management is documented and assigned to appropriate senior officers; and

28.10.2 establish and document policies, procedures and systems to ensure compliance with budgeting, monitoring and whole of government financial management reporting requirements issued by the Department of Treasury and Finance.

For queries contact:
Department of Treasury and Finance
Government Accounting, Reporting and Procurement Branch

Financial Management Team
Telephone No. (08) 8226 9529

The Department of Treasury and Finance has issued a *Financial Management Toolkit* which contains guidance and checklists in relation to internal controls, compliance programs, financial reporting, compliance self-assessment and administrative restructures.