

Worksheet	Certificate of Compliance Document	Number of Defence Applicable Requirements (sections, regulations, paragraphs)	Assessed likelihood (risk) of non compliance		
			High	Medium	Low
1	FMA Act 1997	10	5	1	4
2	FMA Regulations 1997	2	0	0	2
3	FMA Orders 2005	5	0	2	3
4	FMA (Finance Minister to Chief Executives) Delegation 2002	2	0	2	0
5	Australian Government's foreign exchange risk management requirements (Guidelines for the Management of Foreign Exchange Risk)	16	0	1	15
6	legal and financial requirements for the management of Special Accounts (Finance Circular 2003/09 and the accompanying Guidelines for the Management of Special Accounts)	34	2	8	24
9	Contingent liabilities as articulated in the Guidelines for Issuing and Managing Indemnities, Warranties, Guarantees and Letters of Comfort	7	0	5	2
10	GST liability as outlined in Finance Minister's (A New Tax System) Directions 2005	8	2	1	5
	Total	84	9	20	55

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<b>Collection, custody etc of public money</b>														
	CEI 5.4 Liquidated Damages	30	Appropriation to be reinstated for amounts repaid	If an amount is repaid to the Commonwealth after having been paid out of the CRF under the authority of an appropriation, then the appropriation has effect as if the amount had not been paid out.	HIGH	Portfolio			Responsible: FOB Tax management					
		30A	Appropriations to take account of recoverable GST	<p><i>Appropriation for recoverable GST on acquisitions</i></p> <p>If: a payment in respect of an acquisition is to be made in reliance on a limited appropriation; and a GST qualifying amount has arisen, or will arise, for that acquisition; then the appropriation is increased by the amount of the GST qualifying amount. The increase in the appropriation takes effect immediately before the payment is made.</p> <p>If: a payment in respect of an acquisition has been made (either before or after the commencement of this section) in reliance on a limited appropriation; and a GST qualifying amount later arises for that acquisition; then the appropriation is increased by the amount of the GST qualifying amount. The increase in the appropriation takes effect when the GST qualifying amount arises.</p> <p>The total of the increases under subsections (1) and (2) for an acquisition cannot be more than the total of the GST qualifying amounts for that acquisition.</p> <p><i>Appropriation for recoverable GST on importations</i></p> <p>If: a payment of GST on an importation is to be made in reliance on a limited appropriation; and a GST qualifying amount has arisen, or will arise, for that importation; then the appropriation is increased by the amount of the GST qualifying amount. The increase in the appropriation takes effect immediately before the payment is made.</p> <p>If: a payment of GST on an importation has been made in reliance on a limited appropriation; and a GST qualifying amount later arises for that importation; then the appropriation is increased by the amount of the GST qualifying amount. The increase in the appropriation takes effect when the GST qualifying amount arises.</p> <p>The total of the increases under subsections (4) and (5) for an importation cannot be more than the total of the GST qualifying amounts for that importation.</p>	HIGH	Portfolio			Responsible: FOB Tax Management Policy: GST is also covered in Due Diligence CFO Sign-Off & GST Manual					
	CEI 5.4 Liquidated Damages Delegations F10-1	31	Agreements for "net appropriations"	<p>(1) The Finance Minister may enter into agreements for the purposes of items in Appropriation Acts that are marked "net appropriation".</p> <p>(2) In the case of items for which the Finance Minister is responsible, the agreement is to be made with the Chief Executive of the Agency for which the appropriation is made. In all other cases, the agreement is to be made with the Minister who is responsible for the item.</p> <p>(3) An agreement need not relate to a particular Appropriation Act or Acts and may be made for any period, including a period longer than a financial year.</p> <p>(4) The Finance Minister may at any time cancel or vary an agreement, without the consent of the other party.</p> <p>(5) In this section: Appropriation Act includes a Supply Act.</p>	HIGH	Portfolio			Responsible: Fob SPM & Administered Funds					
		39	Investment of public money	(1) The Finance Minister may invest public money in any authorised investment. [See FMA Act Section 39 for further details]	LOW	Portfolio			Responsible: Financial Management Policy Question: Has any public money been					
<b>Special responsibilities of Chief Executives</b>														
	Instructions Framework and Financial Delegations CEI 1.2 Computer System Processes CEI 2.1 Procurement CEI 2.2 Official Hospitality CEI 2.3 Defence Purchasing Card CEI 2.4 Payments of Accounts CEI 2.5 Credit Memos and Movement Credits CEI 2.8 Foreign Military Sales CEI 2.9 Special Purpose Stationary CEI 2.10 Overseas Accounting Arrangements CEI 2.11 Payment of Medical Dental and Hospital Expenses Overseas CEI 3.5 Petty Cash Administration CEI 3.7 Advances CEI 3.10 Grants CEI3.11 Postage stamps, bulk postage and franking machines administration CEI 4.3 Financial Guarantees CEI 4.4 Internal Audits within Defence CEI 5.1 Debt Management CEI 5.2 Debt Write-Off CEI 5.3 Debt Waiver CEI 5.4 Liquidated Damages CEI 5.5 Payroll Management	44	Promoting efficient, effective and ethical use of Commonwealth resources	(1) A Chief Executive <b>must</b> manage the affairs of the Agency in a way that promotes proper use of the Commonwealth resources for which the Chief Executive is responsible. (2) If compliance with the requirements of the regulations, Finance Minister's Orders, Special Instructions or any other law would hinder or prevent the proper use of those resources, the Chief Executive must manage so as to promote proper use of those resources to the greatest extent practicable while complying with those requirements. (3) In this section: proper use means efficient, effective and ethical use.	HIGH	Portfolio			Policy: CEI's & Monthly Due Diligence. Financial Controls Framework Compliance Certificate.					
	CEI 4.4 Internal Audits within Defence	46	Audit committee	A Chief Executive <b>must</b> establish and maintain an audit committee for the Agency, with the functions and responsibilities required by the Finance Minister's Orders	LOW	Portfolio			Policy: FSR - DAC Governance Principles.					

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	CEI 1.4 Defence's Financial Statements CEI 1.6 Retention and Disposal of Accounts and Records CEI 3.10 Grants CEI 4.3 Financial Guarantees	49	Annual financial statements	(1) A Chief Executive <b>must</b> give to the Auditor-General the annual financial statements required by the Finance Minister's Orders. (2) The financial statements <b>must</b> be prepared in accordance with the Finance Minister's Orders and must give a true and fair view of the matters that those Orders require to be included in the statements. (3) If financial statements prepared in accordance with the Finance Minister's Orders would not otherwise give a true and fair view of the matters required by those Orders, the Chief Executive <b>must</b> add such information and explanations as will give a true and fair view of those matters. (4) In the financial statements, the Chief Executive <b>must</b> state whether, in his or her opinion, the financial statements give a true and fair view of the matters required by Finance Minister's Orders.	MEDIUM	Portfolio			Policy: FSR/FR Due Diligence & Tabled Annual Report.					
	CEI 1.4 Defence's Financial Statements	50	Additional financial statements and information	(1) A Chief Executive <b>must</b> , when required by the Finance Minister, give the Finance Minister financial statements covering a period of less than a financial year. The Finance Minister may require the statements to include some or all of the details that are required to be included in the annual financial statements. (2) A Chief Executive <b>must</b> give the Finance Minister any information that the Finance Minister requires about the financial affairs of the Agency. However, a Chief Executive is not required to give information whose disclosure is prohibited by any law.	LOW	Portfolio								
	CEI 1.1 Chief Executive Instructions Framework and Financial Delegations DRB47	52	Chief Executive's instructions	(1)The regulations may authorise Chief Executives to give instructions to officials in their Agencies on any matter on which regulations may be made under this Act. (2)An instruction <b>cannot</b> create offences or impose penalties.	LOW	Portfolio			Responsible: TA/Fin Management Policy - CEI's. Question: Do any CEI's impose penalties?					
	CEI 1.1 Chief Executive Instructions Framework and Financial Delegations	53	Chief Executive may delegate powers	1)A Chief Executive may, by written instrument, delegate any of the following powers and functions to an official in any Agency: (a)the Chief Executive's powers or functions under this Act (including powers or functions that have been delegated to the Chief Executive under section 62); (b)the Chief Executive's power to give instructions under regulations referred to in section 52. (1A)If the Chief Executive delegates to a person (the second delegate) a power or function that has been delegated to the Chief Executive under section 62, then that power or function, when exercised or performed by the second delegate, is taken for the purposes of this Act to have been exercised or performed by the Finance Minister. (2)In exercising powers or functions under the delegation, the official <b>must</b> comply with any directions of the Chief Executive.	HIGH	Portfolio			Responsible: FSR/Accounting Policy Policy: DRB 47 + CEI's + Due Diligence.					

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		<b>Powers of Chief Executives</b>												
		6	Chief Executive's Instructions (Act s.52)	(1) The Chief Executive of an Agency is authorised to give instructions (to be called Chief Executive's Instructions) to officials in that Agency on any matter necessary or convenient for carrying out or giving effect to the Act or these Regulations, and, in particular:(a) on any of the following matters: (i) handling, spending and accounting for public money; (ii) making commitments to spend public money; (iii) recovering amounts owing to the Commonwealth; (iv) using, or disposing of, public property; (v) acquiring property that is to be public property; and (b) for ensuring or promoting: (i) the proper use and management of public money, public property and other resources of the Commonwealth; and (ii) proper accountability for the use and management of public money, public property and other resources of the Commonwealth.(2) A Chief Executive <b>must</b> not issue an instruction that is inconsistent with: (a) the Act; or (b) these regulations; or (c) FMA Orders.	LOW	Portfolio			Responsible: TA/Financial Management. Policy: CEI's					
		<b>Miscellaneous</b>												
		26	Chief Executive may delegate powers	(1) The Chief Executive of an agency may delegate to an official, by signed instrument, any of the Chief Executive's powers or functions under these regulations (including powers delegated to the Chief Executive by the Finance Minister or the Finance Chief Executive). (2) In exercising powers and functions under a delegation, the official <b>must</b> comply with any directions of the Chief Executive.	LOW	Portfolio			Responsible: FSR/Policy Policy DRB47 + CEI's					

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<b>Special responsibilities of Chief Executives</b>														
		2.1.1	Special responsibilities of Chief Executives	The terms of reference for an Audit Committee established under section 46 of the Act <b>must</b> include particulars of membership, frequency of meetings, functions and responsibilities of the Committee.	LOW	Portfolio			Policy: DAC Governance Principles					
		2.1.2	Special responsibilities of Chief Executives	The functions and responsibilities of an Audit Committee include: (a) the approval of internal annual and strategic audit plans of the Agency; and (b) the review of all audit reports involving matters of concern to senior management of the Agency, including the identification and dissemination of good practices; and (c) the provision of advice to the Chief Executive on action to be taken on matters of concern raised in a report of the internal auditors or in a report of the Auditor-General concerning the Agency; and (d) as far as practicable, the coordination of audit programs conducted by internal auditors and the programs conducted by the Auditor-General; and (e) the provision of advice to the Chief Executive on the preparation and review of financial statements of the Agency.	LOW	Portfolio			Policy: DAC Governance Principles					
		2.4.1	Estimates	A Chief Executive <b>must</b> prepare budget estimates for each financial year, and for any other periods directed by the Finance Chief Executive.	LOW	Portfolio			Policy: Defence Budget Rules & Guide					
		2.4.2	Estimates	The estimates <b>must</b> be: (a) prepared in the form specified by the Finance Chief Executive; and (b) provided as required by the Finance Chief Executive.	MEDIUM	Portfolio			Policy: Due Diligence					
		6.1	Compliance with instruction issued by the Chief Executive of another Agency	An official who uses another Agency to perform a financial task <b>must</b> comply with an instruction by the Chief Executive of the other Agency about the performance of the task.	MEDIUM	Portfolio			Do you use another agency to perform a financial task? Note financial task is limited to only procurement activities, not reporting, reconciliation or financial IT tasks. Was this financial task performed in accordance with the chief executive instructions of the agency delegated to perform the task?					

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		Schedule 3.1	Directions for exercise of delegations - certification of proper exercise of delegations	(1) Each year the delegate <b>must</b> , after proper consideration, give to the Minister, by the date the Agency's annual financial statements are signed by the Chief Executive, a written certificate: (a) confirming that the powers and functions exercised under this Delegation have been exercised in accordance with this Delegation; or (b) if the terms of this Delegation have been exceeded — detailing: (i) the circumstances in which the terms were exceeded; and (ii) the corrective action taken or the time lines for taking corrective action. (2) If the Minister requires the delegate to give him or her more information than is set out in the certificate, the delegate must give the Minister that information.	MEDIUM	Portfolio								
		Schedule 12.5	Directions for regulation 10 - approval of future spending proposals - periodic reporting of amounts authorised	(1) The delegate must give the Finance Chief Executive a short description* of each proposal (or such proposals required by a determination of the Finance Minister) authorised under this Delegation: (a) for each financial year: i. for the period from 1 July to 31 December, within 6 weeks from 31 December; and ii. for the period 1 January to 30 June, within 6 weeks from 30 June; and (b) for any other reporting period, by a date provided by a determination of the Finance Minister. (2) The description must include the total amount of public money that would or could become payable under the spending proposal and the times when the public money would or could become payable.	MEDIUM	Portfolio			Policy: DRB 47 - F2 - 1, Due Diligence & Defence Budgeting Guide					

\* A short description of each proposal authorised (including such proposals authorised under a Determination of the Finance Minister) by the Chief Executive or delegate under FMA Regulation 10 is to be provided in WORKSHEET 14.



	5.2	Entity Report to Finance	Generally, the reports that Finance will request from relevant entities are: * a reconciliation of previous year's realised gains and losses against the budget estimated gains and losses, including explanations of the factors driving variations; * estimated foreign exchange gains and losses for the current financial year and future years, including explanations of the factors driving any variations; * statement of estimated foreign exchange exposures (revenue and expenditure) for the current financial year and future years. These estimated exposures should be calculated, and updated from prior reports, using the latest BER.	LOW	Portfolio							
	6.1	Procedures and Controls	It is recommended that each Entity develop and document a distinct set of procedures for the management of foreign currency and foreign exchange exposures. Any internal procedures developed should take into account these guidelines and the entity's particular business practices.	MEDIUM	Portfolio							
	6.2	Foreign Exchange Control Responsibilities	A <b>system is in place</b> to control access to counterparty payment details or that requires independent verification of counterparty payment details so that reasonable assurance is provided that every payment made is being made to the correct counterparty and to the correct bank account.	LOW	Portfolio							
	6.2	Foreign Exchange Control Responsibilities	A <b>process is in place</b> to ensure that counterparties to foreign exchange transactions are approved by the entity prior to executing the transaction.	LOW	Portfolio							
	6.2	Foreign Exchange Control Responsibilities	A <b>process is in place</b> to ensure that all foreign exchange transactions are reconciled effectively (by a person independent of the person transacting the deal).	LOW	Portfolio							
	6.2	Foreign Exchange Control Responsibilities	A system should be in place to record and allow review, audit and reporting of foreign currency transactions, including details such as: * foreign exchange amount * currency paid * AUD equivalent amount * relevant Budget Exchange Rate * counterparty * payment date * foreign exchange rate * settlement date * cost of the transaction (if any) * current spot rate (if different to rate at which the transaction is dealt) * the reason for the difference between the spot rate and the rate at which the transaction is dealt * reason for the transaction * person dealing the transaction * person authorising the transactions * counterparty payment details	LOW	Portfolio							

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		17	When a special accounts appropriate	The following is a set of specific criteria that <b>should be</b> critically evaluated when the establishment of a Special Account is being considered.  <ul style="list-style-type: none"> <li>Will the management of an activity be enhanced by the establishment of a Special Account?</li> <li>Is there a requirement for increased transparency (e.g. through a Cabinet Decision)?</li> <li>Is the use of a Special Account essential to the effective implementation of an activity?</li> <li>Is the non lapsing nature of a Special Account appropriation necessary?</li> <li>Can the purpose of the Special Account be sufficiently bound within a written determination?</li> </ul>	HIGH	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Policy:</b> Fin Ops provided a monthly report on Special Accounts. <b>Question:</b> Is there a written policy governing the establishment of a Special A/c such that one or more of the criteria is addressed					
		18	When a special accounts appropriate	While it is difficult to make an <i>a priori</i> judgement of whether a Special Account is appropriate in a particular circumstance, as a broad rule of thumb it can be said that a successful proposal for a Special Account would satisfy one or a number of the above criteria while also being able to demonstrate that none of the other budget accounting mechanisms are satisfactory.	HIGH	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> Does the policy meet one / all of the above criteria whilst also demonstrating that none of the other budget accounting mechanism are satisfactory.					
		20	Establishing a Special Account	Special Accounts are established in either of two ways:  <ul style="list-style-type: none"> <li>through a written determination of the Finance Minister under section 20 of the FMA Act; or</li> <li>by an Act of Parliament as recognised in section 21 of the FMA Act.</li> </ul>	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> Have all special accounts been established as per criteria					
		29	Varying, Revoking and Abolishing Special Accounts	The Finance Minister may vary, revoke a variation, or abolish a Special Account established under section 20 of the FMA Act. Section 21 Special Accounts can only be varied, revoked or abolished with the amendment or repeal of the provision which establishes the Special Account in the enabling legislation.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> Have any section 21 Special Accounts been amended without legislation being amended					
		30	Varying, Revoking and Abolishing Special Accounts	Variation or revocation may occur when it has become necessary to alter the purposes of a Special Account. Abolition of a Special Account is necessary when there is no longer a need for the Special Account as its purpose has been fulfilled.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> Is this a compliance issue?					
		37	Variations and Revocations Under a Section 21 Determination	However, in the absence of specific provisions in the legislation, section 21 Special Accounts cannot be varied, revoked or abolished until the legislative provisions which created them are amended or repealed. Therefore, agencies need to raise issues relating to variation, revocation and abolition with their portfolio Minister and seek approval to go through the legislative amendment process. As stated earlier, because all proposed provisions relating to the allocation, use or control of Commonwealth moneys should be determined in consultation with Finance, agencies are encouraged to contact their Finance AAU which will then consult internally with Financial Management Group.	LOW	Portfolio								
		38	Variations and Revocations Under a Section 21 Determination	As with section 20 Special Accounts, the agency and Finance will need to consider what is to be done with the balance of the Special Account prior to abolition:  <ul style="list-style-type: none"> <li>debited according to the purposes designated in the establishing determination; or</li> <li>abolished without any further action.</li> </ul>	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin					
		39	Management of Special Accounts	Special Accounts represent a claim against the CRF in accordance with the particular purpose specified in the determination or legislation establishing the Special Account. Consequently, amounts standing to the credit of either FMA Act sections 20 or 21 Special Accounts are only for use strictly in accordance with the Account's purpose.	MEDIUM	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> How do we ensure appropriate usage					
		40	Management of special accounts	Special Accounts do not have an overdraft facility. This means that under absolutely no circumstances can the balance of a Special Account become negative. A negative balance would indicate that expenditure has been recorded against the Special Account without sufficient appropriation being available under either section 20 or section 21 of the FMA Act. In the absence of another available appropriation to support this expenditure, this would breach section 83 of the Constitution which stipulates that "No money shall be drawn from the Treasury of the Commonwealth except under appropriation made by law."	MEDIUM	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Policy:</b> Is there a policy in place to prevent a Special Account from going into overdraft.					
		41	Management of special accounts	It is an agency's responsibility to maintain proper records of the management of their Special Accounts in accordance with the Finance Minister's Orders (FMOs) and Chief Executive's responsibilities for the management of Public Money pursuant to FMA Act sections 44 and 48.	MEDIUM	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Policy:</b> Monthly Report <b>Question:</b> Are proper records maintained in accordance with the Finance Ministers Orders & Chief Executive responsibilities pursuant to sections 44 & 48 of the FMA Act					
		42	Management of Special Accounts	In all cases, agencies need to ensure that all amounts to be credited to and debited from Special Accounts are within the terms of the determination of the Special Account and obtain legal advice where necessary.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> All credits & debits must be within the determinations of the Special Account. If in doubt seek legal advice					
		43	Periodic Review	Agencies should periodically review the need for maintaining their Special Accounts. Consideration should be given to the abolition of a Special Account where either:  <ul style="list-style-type: none"> <li>the purpose has been fulfilled; and/or</li> <li>no further amounts stand to the credit of the Account and there is no likelihood of further credits.</li> </ul>	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Policy:</b> Is there a periodical review of Special Accounts to determine if any Special Accounts should be abolished?					
		44	Periodic Review	As part of the review process, agencies should consult the section "When are Special Accounts Appropriate?" to determine whether the initial rationale for a Special Account still exists.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Policy:</b> When periodically reviewing Special Accounts, need to determine whether the need for the Special Accounts still exists					

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		45	Credits	Special Accounts may only be credited with amounts where the Finance Minister's determination or relevant legislation authorises it. Subject to the amounts that may be specified in these documents, amounts credited to a Special Account may be either appropriations or come from external sources.	MEDIUM	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> Do you ensure that Special Accounts are only credited with amounts authorised by the Finance Minister or relevant legislation					
		46	Credits	That is, depending on the establishing determination/legislation, Special Accounts may be credited with amounts raised from: <ul style="list-style-type: none"> <li>the annual Appropriation Acts;</li> <li>Where the purposes of the Special Account are covered by an outcome in the annual Appropriation Acts, amounts can be transferred from that annual appropriation to the Special Account.</li> <li>special appropriations;</li> <li>legislation which credits a Special Account with amounts (sometimes upon the occurrence of specified events);</li> <li>In these circumstances no appropriation is required for the Special Account to be credited.</li> <li>notional payments (under section 6 of the FMA Act) from other Special Accounts or other appropriations (including notional interest payments);</li> <li>external sources (e.g. industry levies, state contributions and gifts); and</li> <li>the realisation of investments.</li> </ul>	MEDIUM	Portfolio			<b>Responsible:</b> Fob SPM & Admin					
		47	Debits	Amounts may be debited from a Special Account, provided they are consistent with the purpose of the account, for: <ul style="list-style-type: none"> <li>making payments out of the CRF (that is to non Commonwealth parties);</li> <li>making notional payments (i.e. payments that remain within the CRF). Such notional payments must be in the nature of compensation/recompense for goods or services or the discharge of an obligation; and</li> <li>making investments under section 39 of the FMA Act where a delegation from the Finance Minister exists.</li> </ul>	MEDIUM	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Policy:</b> Amts may be debited from the Special Account (as long as they are consistent with the accounts purpose) for making payments to c'wealth & non C'wealth parties & investments where there is a delegation					
		48	Debits	Where agencies are debiting a Special Account for expenses associated with administering the Account such as overhead expenses, they should ensure the purposes properly cover the debits.	MEDIUM	Portfolio			<b>Responsible:</b> Fob SPM & Admin					
		51	Reporting	Appendix 3 of an agency's PBS is to disclose opening balances, receipts, payments, adjustments and closing balances for each individual Special Account. Agencies are strongly encouraged to follow similar practice for Special Accounts with nil balances or those that have not been used during the financial year.	LOW	Portfolio			<b>Policy:</b> PBS 06/07 Chapter 7 Note 2					
		52	Reporting	Special Accounts are also separately disclosed in an agency's financial statements. The FMOs for reporting periods ending on or after 30 June 2003 which provide for the minimum level of disclosure, require Australian Government agencies to separately disclose in their financial statements the total receipts, payments and balances for each Special Account within their portfolio. Additionally, receipts must be separated into those from appropriations and those from other sources.	LOW	Portfolio			<b>Policy:</b> Annual Report					
		54	Reporting	Agencies should report moneys subject to trust law that stand to the credit of a Special Account in the notes to the financial statements dealing with Special Accounts. However, a footnote in the Assets Held in Trust note should also cross reference to the entry in the note dealing with Special Accounts.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> Moneys subject to trust law that stand to the credit of a Special Account should be included in notes to financial statements. A footnote in the Assets held in Trust note should also cross reference to the entry in the note dealing with Special Accounts					
		56	Reporting	In the interest of parliamentary transparency, whenever a Special Account is reported in the PBS, CFS, financial statements or other Australian Government documents, its full official title as set out in the determination or legislation should be referenced. The Account's common name, if one exists, may be a secondary reference after the official title has been identified.	LOW	Portfolio			<b>Policy:</b> PBS 06/07 Chapter 7 note 2, Annual Report.					
		57	Reporting	In relation to financial reporting, the Account's legal authority (ie. FMA Act Section 20 or the relevant legislation) should be identified and a summary of its purpose included. Where a Special Account has been either established/varied/revoked/abolished during a reporting year, the date of effect of these events should be stated in the report. In cases where a Special Account is abolished and a new one created with the same name, then both Special Accounts must be separately identified.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Policy:</b> In 2005/06 Annual Report the legislative authority & purpose has been identified, however date the account was established is not identified (NB Accounts may have been established in prior years therefore compliant with section) <b>Question:</b> The Annual Report should identify the legislative authority & the purpose of the account. The Annual Report should also note the date an account was established/revoked/abolished/etc (NB if a Special Account is abolished & a new one created with the same name, then both Special Accounts must be separately identified).					
		58	Reporting	Where the purposes of a Special Account have been changed during the year, best practice treatment would be similar to that where a Special Account has been abolished and a new one created. That is, the Special Account's transactions should be reported separately under each purpose. The date of effect should also be recorded. In this way, the expenditure against each purpose is fully transparent.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin					
		60	Reporting	The primary objective of the reporting requirements is that an agency should leave a transparent, easily followed information trail that discloses the main financial aspects of a Special Account. Adhering to the PBS guidelines, FMOs and these guidelines will generally achieve this objective. However, where a unique situation has arisen such that not all appropriate financial information will be disclosed from following these documents, further information should be disclosed or guidance should be sought in the first instance from the relevant AAU in Finance, which may then consult internally with Financial Management	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin					
		63	Banking and Investment	63. In accordance with the banking arrangements, agencies are required to classify their bank accounts according to the following: <ul style="list-style-type: none"> <li>Official Departmental Receipts and Payments;</li> <li>Official Administered Payments;</li> <li>Official Administered Receipts;</li> <li>Official Exempt SPM; and</li> <li>Official SPM.</li> </ul>	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin, FE Website, T&B Banking & Reconciliation. <b>Question:</b> Are all Special Accounts correctly clarified?					

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		64	Banking and Investment	The purpose of the Special Account would in most cases guide the decision on whether the Account should be classified as departmental, administered or Special Public Money. All classifications of Special Accounts should be cleared through the agency's AAU contact in Finance.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> Is there documentation requiring all classifications of Special Accounts to be cleared through the agency's AAU contact in Finance					
		69	Eligibility Criteria	A direct appropriation for interest will only be available for Special Accounts that have a legal entitlement or approval from Government. Eligibility will be determined subject to any of the following criteria:  <ul style="list-style-type: none"> <li>• legislation mandates the earning of interest;</li> <li>• the Government approves the earning of interest;</li> <li>• the Commonwealth is a Trustee and the Trust Deed mandates that the funds subject to the trust must earn interest; or</li> <li>• the Commonwealth has a contractual obligation to pay interest on money it holds (for example, through an inter-governmental agreement with State, Territory or foreign Governments).</li> </ul>	MEDIUM	Portfolio			<b>Responsible:</b> Fob SPM & Admin					
		74	How the Equivalency Payment will be calculated and drawn	Agencies will be required to build interest equivalency estimates into AIMS as part of the usual Budget process. Agencies will also be required to ensure that the outcomes from which the appropriation is funded covers the purpose of the Special Account concerned and that the relevant table in the agency's PBS includes a statement that the appropriation can only be credited to the eligible Special Account.	LOW	Portfolio			<b>Question:</b> Is there a policy in place requiring you to: - build interest equivalency estimates into AIMS as part of the usual Budget process; - to ensure that the outcomes from which the appropriation is funded covers the purpose of the Special Account concerned; & - that the relevant table in the Agency's PBS includes a statement that the appropriation can only be credited to the eligible Special Account					
		75	How the Equivalency Payment will be calculated and drawn	Once appropriated, agencies will draw down the cash in accordance with the "as needed" drawdown procedures detailed in Estimates Memorandum 2003/22. Agencies will not be able to access more than the appropriated amount. The direct appropriation for interest will only be available for the purposes of the eligible Special Account(s) and will not be transferred or available as an offset.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin					
		76	How the Equivalency Payment will be calculated and drawn	Where insufficient unspent appropriation exists in the agency's appropriation, no additional interest drawdowns will be made and the agency should seek additional funding through Additional Estimates or an Advance to the Finance Minister. Special Accounts will only be credited with the amount of interest owing when the additional appropriation becomes available.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> Do you have a policy in place regarding insufficient unspent appropriations & the need to seek additional funding through Additional Estimates or an Advance to the Finance Minister.					
		77	Certification	At the end of the financial year, agencies are to certify to Finance in writing the extent to which interest based on actual quarterly Special Account balances compares against the estimate. Where variances between the actual and the estimated interest are significant, adjustments to the estimates model for future direct appropriations may be required in consultation with the relevant Finance AAU contacts.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> Do you annually report to Finance the extent to which interest based on actual quarterly Special Account balances compares against the estimate? Adjustments to the estimates model for future direct appropriations may be necessary					
		78	Investment powers under section 39 of the FMA Act	Eligible agencies will be directly appropriated for interest unless authorising documentation mandates that the funds must be invested externally to the OPA. Where external investment is mandated, agencies must seek a delegation of section 39 investment powers from the Finance Minister, if this is not already in place.	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin					
		79	Investment powers under section 39 of the FMA Act	As funds physically leave the CRF when they are invested under FMA Act section 39 the Special Account ledger must be debited for the full amount of the investment and credited upon its realisation. The return on any investment under section 39 of the FMA Act should be credited to the relevant Special Account. Over the course of the year, debits and credits (reflecting principal) may cancel out leaving only unrealised investments debited from the Special Account balance at year's end. The balance of the Special Account together with the value of unrealised investments, comprise the total value that will be available for expenditure in accordance with the purpose of the Special Account (once the investment has been realised).  <ul style="list-style-type: none"> <li>• As invested amounts leave the CRF, it is essential that the balance of the Special Account be immediately adjusted in order to ensure any subsequent debiting of the Special Account does not result in a negative balance - and therefore a breach of the agency's appropriation authority.</li> </ul>	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin					
		88	Transferring Special Accounts Following Machinery of Government MOG Changes	Where a Special Account has been established in accordance with subsection 20(1) of the FMA Act and where, as a result of a MOG change, it has become necessary to transfer administrative responsibility of the Special Account to another agency, agencies should consult with their Finance AAU in the first instance as to whether:  <ul style="list-style-type: none"> <li>• the matter can be handled administratively by the Finance Minister;</li> <li>• an amendment to the determination is necessary; or</li> <li>• the losing agency's Special Account should be abolished and a Special Account established for the gaining agency (in accordance with subsections 20(3) and 20(1), respectively, of the FMA Act).</li> </ul>	LOW	Portfolio			<b>Responsible:</b> Fob SPM & Admin <b>Question:</b> Is there a policy regarding the transfer of administrative responsibility of a special Account to another Agency					

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		Guidelines	To whom may the Commonwealth give an indemnity, warranty or letter of comfort?	These instruments <b>cannot</b> be issued by one Agency within the Executive Government of the Commonwealth to another such Agency, as these Agencies are part of the Commonwealth for the purposes of the law. However, assurances can be given by one Australian Government Agency to another in relation to commercial transactions, such as property and leasing arrangements in the form of a Memorandum of Understanding.	MEDIUM	Portfolio			<b>Responsible:</b> Fin Mgmt Policy Directorate (Alan Dixon) <b>Question:</b> Have you issued an instrument to another Government Agency?					
		Guidelines	Reporting and Disclosure	One legislative basis for reporting contingent liabilities, such as indemnities, guarantees, warranties and letters of comfort, is the Charter of Budget Honesty Act 1998 (CBH Act). Section 5(1)(a) of the CBH Act requires the Government to 'manage financial risks faced by the Commonwealth prudently'. Section 12(1)(e) of the CBH Act requires events which could affect the actual budget outcome in future years to be disclosed in the Budget Papers. These events include contingent liabilities (including unquantifiable risks), publicly announced government commitments and negotiations yet to be finalised. Currently, contingent liabilities with a possible impact on the forward estimates greater than \$20 million in any one year, or \$40 million over the forward estimates period are disclosed in Budget Paper 1	LOW	Portfolio			<b>Responsible:</b> Fin Mgmt Policy Directorate (Alan Dixon) <b>Question:</b> Have you disclosed contingent liabilities impacting on forward estimates (greater than \$20 mil in one year or \$40 mil over the forward estimate period) in the Budget Papers?					
		Guidelines	Reporting and Disclosure	Agencies are also <b>required</b> to report all material contingencies in their annual financial reports in accordance with Part 5A of the Financial Management and Accountability Orders 1997 (FMOs). The Schedule of Quantifiable Contingencies includes those contingent liabilities that can be reliably measured and for which the probability that a liability will eventually be recognised is greater than remote. For the purpose of the FMOs, any event with a probability less than 5% can be considered remote. Details of material remote or unquantifiable contingencies must be disclosed separately in the notes to the financial statements.	MEDIUM	Portfolio			<b>Responsible:</b> Fin Mgmt Policy Directorate (Alan Dixon) <b>Question:</b> Have you reported all material contingencies in the annual financial report? NB Remote or unquantifiable contingencies must be disclosed separately in the notes to the financial statements.					
		Risk Management	Principles of Risk Management	Agencies <b>should</b> have both an overall corporate risk management strategy and a separate, more specific and detailed risk management plan to apply to the management of indemnities, guarantees, warranties and letters of comfort. A sound risk management system should clearly demonstrate links between the overall corporate risk management strategy and the risk management applied to the management of these instruments. These links might be achieved by the corporate risk management strategy outlining arrangements relevant to managing these risks and referencing appropriate detailed Agency guidance on how the risks will be managed.	MEDIUM	Portfolio			<b>Responsible:</b> Fin Mgmt Policy Directorate (Alan Dixon) <b>Question:</b> Do you have detailed risk management plans in relation to indemnities, guarantees, warranties & letter of comfort. Does it demonstrate the links between the overall corporate risk management strategy & the risk management applied to the management of these instruments (ie what arrangements are in place & guidance on how risks will be managed)					
		Risk Management	Register of indemnities, guarantees, warranties and letters of comfort	Agencies <b>must</b> maintain a register of all indemnities, guarantees, warranties and letters of comfort to assist in transparent reporting and disclosure, in both financial statements and the Budget Papers. The register must contain the details of the instruments, including the scope and nature of the risks involved.	MEDIUM	Portfolio			<b>Responsible:</b> Fin Mgmt Policy Directorate (Alan Dixon) <b>Question:</b> Is a register of Indemnities, guarantees, warranties & letters of comfort maintained, including details of instruments & scope & nature of risks involved?					
		Risk Management	Register of indemnities, guarantees, warranties and letters of comfort	Agencies <b>should</b> put in place procedures to ensure that all such instruments are captured by the register.	LOW	Portfolio			<b>Responsible:</b> Fin Mgmt Policy Directorate (Alan Dixon) <b>Question:</b> Is a procedure in place to ensure all instruments are recorded in the register?					
		Governance Framework regulating the issuing of indemnities, guarantees, warranties and letters of comfort		It should be noted that where the contingent liability is a loan guarantee, it <b>must not</b> be given unless the Finance Minister has authorised the giving of the specific loan guarantee under FMA Regulation 14.	MEDIUM	Portfolio			<b>Responsible:</b> Fin Mgmt Policy <b>Question:</b> Does the Finance Minister authorise all loan guarantees?					

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		6	Notional liability to pay GST	(1) The Commonwealth is notionally liable to pay GST on taxable supplies and taxable importations that it makes. (2) For subsection (1), the amount of notional GST payable is worked out under the GST Act as if the taxable supply or taxable importation was made by a person other than the Commonwealth. (3) For subsection (2), the value of the taxable importation (for subsection 13-20 (2) of the GST Act) is taken to include the value of any administrative charge payable on the taxable importation in accordance with Australian Customs Notice 90/124 published by the Australian Customs Service on 11 September 1990.	HIGH	Portfolio			Responsible: FOB / TM Policy: GST Manual					
		7	Notional entitlement to input tax credits	The Commonwealth is notionally entitled to an input tax credit if it makes: (a) a creditable acquisition; or (b) a creditable importation. (2) For subsection (1), the amount of a notional input tax credit is worked out under the GST Act as if the creditable acquisition or creditable importation was made by a person other than the Commonwealth.	HIGH	Portfolio			Responsible: FOB / TM Policy: GST Manual					
		11	Registration	(1) A Commonwealth entity must be registered under the GST Act. (2) The form of registration, and the procedures for registration, must be in accordance with guidelines made by the Minister for Finance and Administration.	LOW	Portfolio			Responsible: FOB / TM Policy: GST Manual 1.16					
		14	Notional Adjustments	A Commonwealth entity has the following notional adjustments, worked out as if the person to whom the adjustment relates were not a Commonwealth entity: (a) any adjustments arising under the GST Act; and (b) any luxury car tax adjustments arising under the LCT Act.	LOW	Portfolio			Responsible: FOB / TM					
		16	Transfer of net amounts to Commissioner	If the net amount for a Commonwealth entity for a tax period is greater than zero, the entity must transfer the net amount from a bank account or bank accounts of the entity to an official administered receipts bank account chosen by the Commissioner. (2) The net amount must be transferred: (a) if the tax period ends during the first 7 days of a month – on or before the 21st day of the month; or (b) in any other case – on or before the 21st day of the month following the end of the tax period.	LOW	Portfolio			Responsible: FOB / TM					
		17	Transfer of net amounts from Commissioner	If the net amount for a Commonwealth entity for a tax period is less than zero, the Commissioner: (a) may offset the net amount, or part of the net amount, against any withholding amounts due and payable to the Commissioner by the entity under Part 2-5 of Schedule 1 to the Taxation Administration Act 1953; and (b) must transfer an amount corresponding to the net amount, or the remainder of the net amount, from the appropriate official account of the Commissioner to a bank account of the Commonwealth entity	LOW	Portfolio			Responsible: FOB / TM					
		18	Transfer of amounts between entity accounts'	This section applies to a Commonwealth entity if: (a) the entity gives its GST return for a tax period to the Commissioner; or (b) the Commissioner transfers a net amount to a bank account of the entity. (2) A Commonwealth entity to which this section applies must, as soon as practicable before the end of the next banking day after the entity gives the return or receives the net amount, transfer amounts between the entity's bank accounts, if necessary, so that the entity's bank account balances correctly reflect the entity's departmental and administered cash balances.	MEDIUM	Portfolio			Responsible: FOB / TM					
		19	Transfer of importation amounts to Commissioner	(1) A Commonwealth entity that is notionally liable to pay: (a) an amount of GST on a taxable importation; or (b) an amount of luxury car tax on a taxable importation of a luxury car; or (c) an amount of wine tax on a customs dealing; must transfer the amount to an official bank account designated by the Australian Customs Service. (2) The amount must be transferred when the relevant goods are entered for home consumption. (3) Despite subsections (1) and (2), if the entity has an approval from the Commissioner to defer the transfer of amounts mentioned in paragraph (1) (a), an amount mentioned in that paragraph must be transferred: (a) to the official administered receipts bank account chosen by the Commissioner in accordance with subsection 16 (1); and (b) on or before the 21st day after the end of the month in which the notional liability for the amount arose.	LOW	Portfolio			Responsible: FOB / TM					