Compliance attestation checklist 2018-19

for the Standing Directions 2018 under the *Financial Management Act 1994*

January 2019

The Secretary

Department of Treasury and Finance

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Contents

[Guidelines 1](#_Toc533078109)

[1. Introduction 1](#_Toc533078110)

[1.1 Compliance reporting 1](#_Toc533078111)

[1.2 Compliance deficiencies 3](#_Toc533078112)

[1.3 Annual Report Attestation 3](#_Toc533078113)

[1.3.1 No Material Compliance Deficiencies identified 3](#_Toc533078114)

[1.3.2 Material Compliance Deficiencies identified 3](#_Toc533078115)

[FMA Compliance Attestation Checklist 4](#_Toc533078116)

[2. Roles and responsibilities 4](#_Toc533078117)

[3. Governance 11](#_Toc533078118)

[4. Delivering services 31](#_Toc533078119)

[5. Compliance and reporting 36](#_Toc533078120)

# Guidelines

* + 1. Introduction

The Standing Directions 2018 under the *Financial Management Act 1994* (Directions) set the standard for financial management by Victorian Public Sector agencies (Agencies).

This document includes a checklist of the mandatory requirements in the Directions and the supporting Instructions. It is designed to be used by Agencies to assist with monitoring, reporting on and attesting to compliance with the Directions. This includes the annual compliance reporting to Portfolio Departments and the Department of Treasury and Finance (DTF) discussed below. However, while it is not mandatory for Agencies to use the checklist, its use is recommended. **Note:** the Excel version of the checklist is easier to tailor to an Agency’s own business needs.

The checklist sets out all mandatory Directions and Instructions. It also refers to external policies that are mandated through the Directions, such as the *Asset Management Accountability Framework* (AMAF) and the *Victorian Government Risk Management Framework* (VGRMF). The Word version does not set out the individual requirements in those external policies, however these Framework documents are available on the DTF website.

A separate checklist of mandatory requirements is included in the Framework documents. These checklists must be completed by the Agency and any individual Compliance Deficiencies included within the compliance report submitted to the Portfolio Department. **Note:** the Excel version has separate worksheet tabs for each Framework, listing all mandatory requirements.

If a Direction is not applicable to an Agency, for example the requirement relates to a Portfolio Department or DTF, or it is not currently relevant to the Agency i.e. the Agency has no purchasing cards, please put N/A in the comment column. In the Excel version an Agency may wish to remove the relevant requirements from their tailored checklist.

This Introduction includes further information on compliance activities under the Directions. It should not be used as a substitute for reviewing the Directions and Instructions, and particularly Direction 5.1 and Instruction 5.1.

* + - 1. Compliance reporting

The Directions require Agencies annually to attest compliance with applicable requirements in the *Financial Management Act 1994* (FMA), the Directions and the supporting Instructions. This attestation must disclose all Material Compliance Deficiencies.

The compliance attestation must relate to compliance **for the entire period** of the relevant financial year, which in most agencies is 1 July until 30 June. However, for the 2018-19 year, please note that for Direction 4.2.4 - Public construction accountability and Direction 3.7.2.1 - Central Banking System and Eligible Financial Assets, attestation is **as at 30 June 2019 (**as per Instruction 5.1, Clauses 2.5 and 2.6).

In addition to the annual attestation within the Annual Report, Portfolio Agencies and Portfolio Departments are required to provide other forms of compliance reporting. The type and timing of this compliance reporting by 31 December and 30 June reporting balance date Agencies, Portfolio Departments and DTF is set out in Instruction 5.1 and summarised in the table below.

|  |  |  |
| --- | --- | --- |
| Compliance reporting | Due date | Content |
| Portfolio Agency to Portfolio Departments | By **15 March** (for Agencies with 31 December reporting balance dates).By **15 September** (for Agencies with 30 June reporting balance dates). | **Agency compliance report**The Accountable Officer must provide a compliance report to the Portfolio Department following the financial year reviewed. The compliance report must include relevant information drawn from the Responsible Body’s annual assessment of financial management compliance (under Direction 5.1.2), and the detailed periodic review of financial management compliance undertaken by internal audit (under Direction 5.1.3). The compliance report should include:* the processes undertaken by the Agency to achieve the level of compliance;
* Compliance Deficiencies, including planned and completed remedial actions and timeframes, and separately identifying any Material Compliance Deficiencies;
* the significant compliance risks of the Agency;
* a summary of the plan for the detailed periodic review of financial management compliance (under Direction 5.1.3(c));
* any notifications made by the Agency for the compliance year required by Directions 3.5.3 (Significant or Systemic Fraud, Corruption and Other Losses) and 5.1.6 (Reporting Material Compliance Deficiencies);
* progress on transitional Directions (if applicable); and
* a statement by the Agency Audit Committee that it has reviewed and approved the compliance report (in accordance with Instruction 5.1 clause 1.3).
 |
| Portfolio Department to DTF | By **31 October** | **Portfolio compliance summary**Based on the reports provided by Portfolio Agencies to Portfolio Departments, Portfolio Departments must provide a portfolio compliance summary to the DTF Deputy Secretary by 31 Octoberfollowing the year reviewed.  |
|  |  | The portfolio compliance summary should include:* the levels of compliance achieved across the portfolio (including within the Portfolio Department as an Agency and all Portfolio Agencies);
* key areas of Compliance Deficiency across the portfolio, including planned and completed remedial actions and timeframes of the Agencies and the Portfolio Department;
* an assessment of the significant compliance risks facing the portfolio, including key strategies of the Agencies and the Portfolio Department to mitigate these risks; and
* any additional Portfolio Department reporting required to DTF under Direction 5.1.7
 |
| DTF to the Minister for Finance | By **15 December** | Whole of government compliance report Based on the reports provided to DTF by Portfolio Departments, the Accountable Officer of DTF must report to the Minister for Finance on whole of government compliance, compliance risks, and advice on proposed strategies to improve compliance by 15 December following the year reviewed.  |

* + - 1. Compliance deficiencies

The following table describes the two concepts referred to in the Directions and Instructions in relation to a failure to fully comply with a requirement in the FMA, Directions or Instructions:

|  |  |  |
| --- | --- | --- |
| Concept | Definition | Requirements  |
| Compliance Deficiency | An attribute, condition, action or omission that is not fully compliant with a requirement in the FMA, Directions and/or Instructions. | Must be addressed, and* must be reported to Portfolio Department in the annual Compliance Report.
* key areas of Compliance Deficiency must be reported by Portfolio Department to DTF in the Portfolio Compliance Summary.
 |
| Material Compliance Deficiency | A Compliance Deficiency that a reasonable person would consider has a material impact on the Agency or the State’s reputation, financial position or financial management. | All requirements in relation to compliance deficiencies set out above apply, and additionally:* must be notified to Responsible Minister and Portfolio Department. Independent Offices must discuss with DTF.
* must be included in financial management compliance attestation in the Annual report.
 |

* + - 1. Annual Report Attestation

Direction 5.1.4 requires the Responsible Body, or a member of the Responsible Body, in relation to the relevant financial year, to attest in the Agency’s annual report to compliance with applicable requirements in the FMA, Directions and Instructions, and disclose all Material Compliance Deficiencies.

Annual reports for the relevant financial year will generally be tabled for:

* 31 December reporting balance date agencies – by **end of April**; and
* 30 June reporting balance date agencies – by **end of October.**
	+ - * 1. No Material Compliance Deficiencies identified

If an Agency has not identified a Material Compliance Deficiency that occurred during the relevant financial year, they must attest that the Agency complied with the applicable Directions and Instructions, in the form set out in Instruction 5.1, Clause 2.2(a).

* + - * 1. Material Compliance Deficiencies identified

If an Agency has identified a Material Compliance Deficiency that occurred during the relevant year they must:

* + - attest that the Agency has complied with the applicable Directions and Instructions, except for the Material Compliance Deficiency;
		- disclose the reasons for each Material Compliance Deficiency; and
		- disclose planned and completed remedial actions for each Material Compliance Deficiency, in the form set out in Instruction 5.1, Clause 2.2(b).

Guidance on Material Compliance Deficiencies is available from your Portfolio Department Compliance Manager.

# FMA Compliance Attestation Checklist

* + 1. Roles and responsibilities

|  |  |  |  |
| --- | --- | --- | --- |
| Reference | Requirement | √ / x | Agency notes/comments or N/A |
| 2.1 Overview of roles |
| Direction 2.1 Overview of roles | Under these Directions: |  |  |
| * + - 1. the Responsible Body is ultimately responsible for the Agency's financial management, performance and sustainability, and is responsible to the Responsible Minister;
 | [ ]  |  |
| * + - 1. the Accountable Officer is responsible to the Responsible Body, and in some respects to the Responsible Minister;
 | [ ]  |  |
| * + - 1. the CFO is responsible to the Accountable Officer, and in some respects to the Responsible Minister; and
 | [ ]  |  |
| * + - 1. Responsible Bodies, Accountable Officers and CFOs have various responsibilities to their Agency, to their Portfolio Department or Portfolio Agency, and to DTF.
 | [ ]  |  |
| 2.2 Responsible Body |
| Direction 2.2Responsible Body | The Responsible Body must:  |  |  |
| * + - 1. ensure that government objectives and priorities, and relevant statutory purposes and functions, are furthered in a financially efficient, effective and economical way through:
 |  |  |
|  | setting the Agency’s strategic Direction and priorities; | [ ]  |  |
|  | approving related plans, budgets and policies;  | [ ]  |  |
|  | approving major decisions related to strategic initiatives and policies; | [ ]  |  |
|  | overseeing the Agency’s delivery of services and agency objectives and performance; and | [ ]  |  |
|  | approving key accountability reports including the Annual Report and performance reports. | [ ]  |  |
|  | * + - 1. establish appropriate and effective financial governance and oversight arrangements and regularly review the effectiveness of those arrangements;
 | [ ]  |  |
|  | * + - 1. ensure the Agency implements Victorian government policy frameworks relating to the requirements of the FMA and the associated directions issued under section 8 of the FMA (including these Directions, the Instructions and the Financial Reporting Directions);
 | [ ]  |  |
|  | * + - 1. keep the Responsible Minister informed of Agency activities and strategic issues with potential financial implications for the State; and
 | [ ]  |  |
|  | * + - 1. for Agencies with a statutory board or equivalent governing body established by or under statute, conduct an annual review of their financial governance performance.
 | [ ]  |  |
| 2.3 Accountable Officer |
| Direction 2.3.1Accountable Officer – General Responsibilities | The Accountable Officer must: |  |  |
| 1. promote and regularly review the proper use and management of public resources for which the Agency is responsible;
 | [ ]  |  |
| 1. establish and maintain an effective internal control system;
 | [ ]  |  |
| 1. identify and manage the Agency’s risks;
 | [ ]  |  |
|  | 1. manage the Agency’s financial information;
 | [ ]  |  |
|  | 1. ensure the Agency plans and manages performance to achieve financial sustainability;
 | [ ]  |  |
|  | 1. ensure the Agency’s financial management compliance;
 | [ ]  |  |
|  | 1. meet internal and external reporting and information provision requirements;
 | [ ]  |  |
|  | 1. provide assurance to the Agency’s Audit Committee on:
 | [ ]  |  |
|  | the integrity of information relevant to financial management, performance and sustainability in the Annual Report; and | [ ]  |  |
|  | compliance with relevant legislation, standards and government requirements for attesting in the Annual Report; | [ ]  |  |
|  | 1. consult with the Responsible Body in relation to the appointment or the dismissal of the CFO;
 | [ ]  |  |
|  | 1. provide assurance to the Audit Committee on the integrity of the Agency’s:
 | [ ]  |  |
|  | budgets and financial projections; and | [ ]  |  |
|  | financial and performance reports.  | [ ]  |  |
|  | 1. provide the CFO, Audit Committee and internal audit function with access to the Accountable Officer, to enable those positions to carry out their responsibilities; and
 | [ ]  |  |
|  | 1. ensure that exemptions from these Directions and Instructions are sought and dealt with appropriately.
 | [ ]  |  |
|  |  |  |  |
| Direction 2.3.2Accountable Officer – Additional responsibilities to the Responsible Minister | The Accountable Officer must, as soon as practicable:  |  |  |
| 1. provide the Responsible Minister any information related to financial management, performance and sustainability required by the Responsible Minister; and
 | [ ]  |  |
| 1. notify the Responsible Minister of any significant issue of which the Accountable Officer is aware that has affected or may affect the Agency’s or State’s financial management, performance, sustainability or reputation.
 | [ ]  |  |
|  |  |  |  |
| Direction 2.3.3Accountable Officer – Additional Responsibility of Portfolio Agency Accountable Officer | A Portfolio Agency’s Accountable Officer must notify their Portfolio Department’s Accountable Officer of any significant issue of which they are aware that has affected or may affect the Agency’s or State’s financial management, performance, sustainability or reputation. | [ ]  |  |
|  |  |  |  |
| Direction 2.3.4Accountable Officer – Additional Responsibilities of Portfolio Department Accountable Officer | A Portfolio Department’s Accountable Officer must: |  |  |
| 1. provide advice and support to its Portfolio Agencies in relation to financial management, performance and sustainability;
 | [ ]  |  |
| 1. support the Responsible Minister in the oversight of Portfolio Agencies and the Responsible Minister’s portfolio as a whole, including providing information to the Responsible Minister on Portfolio Agencies’ financial management, performance and sustainability; and
 | [ ]  |  |
| 1. provide information to the DTF Accountable Officer to support the Government’s delivery of sound financial management.
 | [ ]  |  |
|  |  |  |  |
| Instruction 2.3.4Accountable Officer – Portfolio Relationship | * + 1. **Portfolio Department responsibilities**
			1. The Portfolio Department Accountable Officer must establish and maintain an effective portfolio relationship framework for:
 |  |  |
| supporting the Responsible Minister’s oversight of the financial management performance of Portfolio Agencies; and | [ ]  |  |
| assisting the Department of Treasury and Finance (DTF) to manage its whole of government responsibilities. | [ ]  |  |
|  | * + In establishing the portfolio relationship framework under clause 1.1 of this Instruction, the portfolio Department Accountable Officer must:
 |  |  |
|  | * 1. consider any functions of the Portfolio Department Accountable Officer and/or Minister in their Portfolio Agencies’ establishing legislation, including the nature and extent of such functions;
 | [ ]  |  |
|  | * 1. consider the risk profile and performance of Portfolio Agencies and/or sectors;
 | [ ]  |  |
|  | * 1. include any systems, processes, policies and procedures as necessary so as to enable key portfolio relationship functions to be undertaken by the Portfolio Department;
 | [ ]  |  |
|  | * 1. consider the roles, responsibilities and relationships between the Portfolio Department and Portfolio Agencies; and
 | [ ]  |  |
|  | * 1. include monitoring and evaluation of the effectiveness of the portfolio relationship function
 | [ ]  |  |
|  |  |  |  |
|  | **2. DTF responsibility** |  |  |
|  | * + - 1. DTF’s Accountable Officer must provide support and advice to Portfolio Departments in relation to their portfolio relationship function, including by monitoring the effectiveness of these functions.
 | [ ]  |  |
|  |  |  |  |
| Direction 2.3.5Accountable Officer – Responsibility to establish requirements for excluded entities | 1. A Portfolio Department Accountable Officer must establish appropriate financial management requirements for their portfolio entities that are excluded from these Directions under Direction 1.2(a)-(c).
 | [ ]  |  |
| 1. The Accountable Officers of VicSES and the CFA must establish appropriate financial management requirements for their registered units and volunteer brigades respectively.
 | [ ]  |  |
| 1. The financial management requirements established under this Direction must:
 |  |  |
| 1. be established having regard to the requirements in these Directions and Instructions;
 | [ ]  |  |
| 1. include appropriate accountability arrangements, and monitoring by the Portfolio Department, VicSES or CFA (as relevant), to ensure entities’ compliance with the requirements; and
 | [ ]  |  |
| 1. be consistent with relevant Agencies’ governing legislation.
 | [ ]  |  |
|  |  |  |  |
| Direction 2.3.6 Accountable Officer – Additional responsibility of DTF Accountable Officer | The DTF Accountable Officer must:  |  |  |
| 1. provide strategic, timely and comprehensive analysis and advice to the Treasurer and Assistant Treasurer about whole of state financial and resource management issues, risks and strategies;
 | [ ]  |  |
| 1. provide advice, as required, to the Assistant Treasurer to maintain the currency and effectiveness of the whole of state financial management framework; and
 | [ ]  |  |
|  | 1. provide support and advice to Portfolio Department Accountable Officers on whole of State financial management matters.
 | [ ]  |  |
|  |  |  |  |
| 2.4 Chief Finance Officer |
| Direction 2.4.1Chief Finance Officer – Access to executive | The CFO must have access to the Accountable Officer and the Responsible Body in carrying out the CFO’s responsibilities. | [ ]  |  |
|  |  |  |  |
| Direction 2.4.2Chief Finance Officer – General responsibilities | The CFO must: |  |  |
| 1. prepare accurate information relevant to financial management, performance and sustainability;
 | [ ]  |  |
| 1. establish and review accounting and financial information systems, governance and internal controls to safeguard the Agency’s resources;
 | [ ]  |  |
| 1. provide assurance to the Audit Committee and the Accountable Officer that:
 |  |  |
|  | * financial reports (estimates and actuals) present fairly, and in accordance with applicable Australian Accounting Standards and the FMA, the Agency’s financial position and operating results;
 | [ ]  |  |
|  | * financial reports (estimates and actuals) are founded on a sound system of risk management and internal compliance and control that implements the policies adopted by the Agency; and
 | [ ]  |  |
|  | * the Agency’s systems and controls for financial management, performance and sustainability are operating efficiently and effectively in all material respects;
 | [ ]  |  |
|  | 1. provide strategic advice and options to support informed decision making and organisation strategy concerning the Agency’s:
 |  |  |
|  | * financial implications of, and risks associated with, current and projected services and assets; and
 | [ ]  |  |
|  | * future financial sustainability;
 | [ ]  |  |
|  | 1. develop the Agency’s financial management capability; and
 | [ ]  |  |
|  | 1. maintain a constructive relationship within the Agency, and with the Victorian Auditor General’s Office and other CFOs in related Ministerial portfolios.
 | [ ]  |  |
|  |  |  |  |
| Direction 2.4.3Chief Finance Officer – Additional responsibilities of Portfolio Agency CFO | A Portfolio Agency CFO must: |  |  |
| 1. provide quality and timely information to the relevant Portfolio Department CFO to meet portfolio reporting obligations; and
 | [ ]  |  |
| 1. establish and maintain an effective relationship with the relevant Portfolio Department CFO to promote the purposes of the relevant Ministerial portfolio.
 | [ ]  |  |
|  |  |  |  |
| Direction 2.4.4Chief Finance Officer – Additional responsibilities of Portfolio Department CFO | A Portfolio Department CFO must:  |  |  |
| 1. support their Accountable Officer in their relationship with the Portfolio Agency;
 | [ ]  |  |
| 1. actively assist their Portfolio Agencies to manage issues in light of the possible impact on the financial performance and position of the State;
 | [ ]  |  |
| 1. manage portfolio wide issues that could have an impact on the financial performance and position of the State;
 | [ ]  |  |
|  | 1. provide timely, relevant and quality advice to the DTF Accountable Officer on their Portfolio Department’s and Portfolio Agency’s financial performance, issues and risks;
 | [ ]  |  |
|  | 1. establish and maintain effective relationships with their Portfolio Agencies CFOs and DTF to ensure the performance of their portfolio contributes positively to the State’s fiscal strategy and the achievement of financial policy objectives, targets and reporting obligations; and
 | [ ]  |  |
|  | 1. provide timely, relevant and high quality advice and information to their Portfolio Agencies, including facilitating an understanding of and compliance with these Directions and associated frameworks.
 | [ ]  |  |
|  |  |  |  |
| Direction 2.4.5 Chief Finance Officer – CFAO expertise and qualifications**(Subject to transitional arrangements in Direction 1.4.2)** | 1. The CFO must:
 |  |  |
| * be suitably experienced;
 | [ ]  |  |
| * hold a graduate or post graduate qualification in accounting or other relevant discipline granted by a tertiary education provider; and
 | [ ]  |  |
| * keep their knowledge and expertise up to date with developments in financial management including Australian Accounting Standards.
 | [ ]  |  |
| 1. A person that is temporarily acting in the role of CFO for a period no greater than four months is not subject to Direction 2.4.5(a).
 | [ ]  |  |
|  |  |  |  |
| 2.4.6 CFO whole of government responsibilities (effective from 1 February 2017) |
| Direction 2.4.6.1 Whole of government financial accountability of CFOs | The CFO of a relevant Department or an Agency must: |  |  |
| 1. support whole of government financial objectives and the principles of sound financial management; and
 | [ ]  |  |
| 1. support their portfolio Ministers in relation to the financial management of their Department or Agency, including issues and risks that may have an impact on the relevant Minister’s portfolio or the financial performance and position of the State.
 | [ ]  |  |
|  |  |  |  |
| Direction 2.4.6.2 Accountability of departmental CFOs to inform DTF | The CFO of a relevant Department must: |  |  |
| 1. inform the Secretary of DTF of issues and risks of the department and the department’s portfolio agencies that may have an impact on the financial performance and position of the State; and
 | [ ]  |  |
| 1. directly provide to DTF factual financial information requested by DTF to facilitate reporting and government decision making, within the time provided in the request.
 | [ ]  |  |
|  |  |  |  |
| Direction 2.4.6.3 Accountability of agency CFOs to inform Portfolio Department | The CFO of an Agency must: |  |  |
| 1. inform the CFO of their Portfolio Department of issues and risks that may have an impact on the financial performance and position of the State; and
 | [ ]  |  |
| 1. directly provide to their Portfolio Department factual financial information requested by the Department to facilitate reporting and government decision making, within the time provided in the request.
 | [ ]  |  |
|  |  |  |  |
| Direction 2.4.6.4 Employment arrangements of departmental CFOs | Without limiting the exercise of his or her employment powers under the *Public Administration Act 2004*, the Accountable Officer of a relevant Department must: |  |  |
| 1. ensure that the position description, employment contract and performance plan of the Department’s CFO include accountability to achieve Directions 2.4.6.1 and 2.4.6.2; and
 | [ ]  |  |
| 1. consult the Secretary of DTF on the appointment, removal, remuneration level and performance assessment of the Department’s CFO, including by ensuring that a representative of DTF is included on any CFO recruitment panel.
 | [ ]  |  |
|  |  |  |  |
| Direction 2.4.6.5 Compliance and reporting | Direction 2.4.6 is subject to the compliance and reporting requirements set out in the Standing Directions and the Instructions supporting the Standing Directions, including public attestation to compliance. | [ ]  |  |
|  |  |  |  |
| 2.5 Delegations of responsibilities under these Directions  |
| Direction 2.5Delegations of responsibility under these Directions | 1. The Responsible Body, Accountable Officer and CFO may delegate, in writing, powers and responsibilities under these Directions and the Instructions, other than this power of delegation and the requirements under Directions 5.1.4, 5.2.2 and 5.2.3.
 | [ ]  |  |
| 1. A Responsible Body, Accountable Officer or CFO that delegates a power or responsibility under Direction 2.5(a) must:
 |  |  |
|  | * retain accountability for the requirement;
 | [ ]  |  |
|  | * oversee the relevant actions of their delegates;
 | [ ]  |  |
|  | * ensure that the delegation is appropriate for the efficient and effective conduct of the business of the Agency;
 | [ ]  |  |
|  | * ensure that the delegation is assigned to a position and that position is appropriate in relation to the powers and responsibilities being delegated;
 | [ ]  |  |
|  | * keep a record of all delegations made under this Direction; and
 | [ ]  |  |
|  | * ensure that delegations are kept current and appropriate and regularly reviewed and updated as required.
 | [ ]  |  |
|  | 1. Delegates must:
 |  |  |
|  | * be Agency employees;
 | [ ]  |  |
|  | * use the delegation for the purpose intended; and
 | [ ]  |  |
|  | * act within the limits of their delegation.
 | [ ]  |  |

* + 1. Governance

|  |  |  |  |
| --- | --- | --- | --- |
| Reference | Requirement | √ / x | Agency notes/comments or N/A |
| 3.1 Effective financial governance |
| Direction 3.1Effective financial governance | The Responsible Body must establish and maintain effective financial governance that includes: |  |  |
| 1. an appropriate internal management structure and oversight arrangements for planning, managing and overseeing the financial operations, risks and opportunities of their Agency to achieve performance and compliance;
 | [ ]  |  |
|  | 1. appropriate levels of resourcing and capability (including succession planning) to deliver their Agency’s financial management, performance and sustainability obligations;
 | [ ]  |  |
|  | 1. clear roles, responsibilities, accountabilities and delegations that are documented and communicated;
 | [ ]  |  |
|  | 1. the development and implementation of policies and procedures to support the internal control system, in a way that is consistent with, and appropriate for, the sound financial management of their Agency’s business operations;
 | [ ]  |  |
|  | 1. the effective management and oversight of the Agency’s financial management activities that are undertaken externally, including shared services arrangements and outsourcing to private sector providers;
 | [ ]  |  |
|  | 1. effective relationships between stakeholders, committees of the Responsible Body and management;
 | [ ]  |  |
|  | 1. cooperation with external parties, including other Agencies, to achieve common objectives; and
 | [ ]  |  |
|  | 1. consideration of the effect of compliance burdens when developing and imposing requirements.
 | [ ]  |  |
|  |  |  |  |
| 3.2 Oversight and assurance |
| Direction 3.2.1.1Audit Committee – Responsibilities | The Responsible Body must establish an Audit Committee to:  |  |  |
| 1. independently review and assess the effectiveness of the Agency’s systems and controls for financial management, performance and sustainability, including risk management;
 | [ ]  |  |
|  | 1. oversee the internal audit function under Direction 3.2.2, including to:
 |  |  |
|  | * review and approve the internal audit charter;
 | [ ]  |  |
|  | * review and approve the strategic internal audit plan prepared under Direction 3.2.2.2(b);
 | [ ]  |  |
|  | * review and approve the annual audit work program prepared under Direction 3.2.2.2(c);
 | [ ]  |  |
|  | * review the effectiveness and efficiency of the function;
 | [ ]  |  |
|  | * advise the agency on the appointment and performance of the internal auditors; and
 | [ ]  |  |
|  | * meet privately with internal auditors if necessary;
 | [ ]  |  |
|  | 1. review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament;
 | [ ]  |  |
|  | 1. review information in the report of operations on financial management, performance and sustainability before it is released to Parliament;
 | [ ]  |  |
|  | 1. review and monitor compliance with the FMA, these Directions and the Instructions, and advise the Responsible Body on the level of compliance attained;
 | [ ]  |  |
|  | 1. review and monitor remedial actions taken to address Compliance Deficiencies;
 | [ ]  |  |
|  | 1. maintain effective communication with external auditors (including the Auditor General and the Auditor-General’s duly appointed agents and representatives), including by:
 |  |  |
|  | * understanding the external audit strategy and internal audit activities;
 | [ ]  |  |
|  | * considering the external auditor’s views on any issues, including accounting issues that may impact on the financial statements, financial management compliance issues and other relevant risks impacting the Agency’s finances;
 | [ ]  |  |
|  | * considering external audit outcomes, including financial and performance audits;
 | [ ]  |  |
|  | * providing a standing invitation to the external auditor to attend Audit Committee meetings; and
 | [ ]  |  |
|  | * meeting privately at least once each year to ensure frank and open communication;
 | [ ]  |  |
|  | 1. consider recommendations made by internal and external auditors relating to or impacting on financial management, performance and sustainability and the actions to be taken by the Agency to resolve issues raised; and
 | [ ]  |  |
|  | 1. regularly review implementation of actions in response to internal or external audits, including remedial actions to mitigate future instances of non-compliance.
 | [ ]  |  |
| Direction 3.2.1.2Audit Committees – Responsible Body role where Agency exempt from Audit Committee | Where the Agency is exempt from the requirement to maintain an Audit Committee under these Directions, the Responsible Body must:  | If applicable |  |
| 1. actively assume the responsibilities of an Audit Committee set out in these Directions; and
 | [ ]  |  |
| 1. take appropriate steps to ensure these responsibilities are fully discharged.
 | [ ]  |  |
|  |  |  |  |
| Direction 3.2.1.3Audit Committee – Audit Committee charter, skills and independence | The Audit Committee must:  |  |  |
| 1. report to the Responsible Body;
 | [ ]  |  |
| 1. have an Audit Committee charter approved by the Responsible Body and reviewed and re-approved by the Responsible Body at least once every three years;
 | [ ]  |  |
|  | 1. be constituted by members with appropriate skills and experience to discharge the Audit Committee’s responsibilities, with at least one member having appropriate expertise in financial accounting or auditing;
 | [ ]  |  |
|  | 1. exercise independent judgement and be objective in its deliberations, decisions and advice;
 | [ ]  |  |
|  | 1. have access to the Agency’s Accountable Officer, CFO, internal auditors and external auditor in carrying out the Committee’s responsibilities;
 | [ ]  |  |
|  | 1. be independent, with:
 |  |  |
|  | * at least three members, the majority being independent members (where the Responsible Body is a statutory board, at least three members must be non-executive directors of the board);
 | [ ]  |  |
|  | * an independent member as Chair (this must not be the Chair of the Responsible Body);
 | [ ]  |  |
|  | 1. self-assess its performance annually and report this assessment to the Responsible Body; and
 | [ ]  |  |
|  | 1. not include the following persons as members:
 |  |  |
|  | * Accountable Officer;
 | [ ]  |  |
|  | * CFO; or
 | [ ]  |  |
|  | * the internal auditors.
 | [ ]  |  |
|  |  |  |  |
| Direction 3.2.1.4Review | The Responsible Body must formally review the Audit Committee’s performance and membership at least once every three years. | [ ]  |  |
|  |  |  |  |
| Direction 3.2.2.1Internal Audit –function | 1. The Responsible Body must establish and maintain, and may dismiss, the internal audit function.
 | [ ]  |  |
|  | 1. The internal audit function may be sourced internally or externally.
 | [ ]  |  |
|  | The Responsible Body must ensure that the internal audit function:  |  |  |
|  | 1. is independent of management;
 | [ ]  |  |
|  | 1. has suitably experienced and qualified internal auditors;
 | [ ]  |  |
|  | 1. has access to the Responsible Body, Audit Committee, Accountable Officer and CFO, and has sufficient information, to enable it to perform its function; and
 | [ ]  |  |
|  | 1. is subject to a protocol to manage conflicts of interest for internal auditors.
 | [ ]  |  |
|  |  |  |  |
| Direction 3.2.2.2Internal Audit – Responsibilities | The internal audit function must: |  |  |
| 1. prepare and maintain an internal audit charter for approval by the Audit Committee, which is clearly understandable and made available to all agency management and staff;
 | [ ]  |  |
| 1. each year, prepare, maintain and implement a strategic internal audit plan based on the governance, risks and controls of the Agency, with a rolling period of three or four years;
 | [ ]  |  |
|  | 1. each year, prepare, maintain and implement an audit work program based on the governance, risks and controls of the Agency, that sets out the key areas of internal audit work for the year;
 | [ ]  |  |
|  | 1. in the plan under Direction 3.2.2.2(b) and the program under Direction 3.2.2.2(c), include audits of business processes or units likely to be vulnerable to Fraud, Corruption and Other Losses;
 | [ ]  |  |
|  | 1. each year, provide to the Audit Committee an independent and objective assessment of the effectiveness and efficiency of the Agency’s financial and internal control systems, reporting processes and activities in accordance with the program under Direction 3.2.2.2(c);
 | [ ]  |  |
|  | 1. assist the Responsible Body to identify deficiencies in financial risk management;
 | [ ]  |  |
|  | 1. develop and implement systems for ensuring the internal audit function operates effectively, efficiently and is appropriate for the Agency’s needs;
 | [ ]  |  |
|  | 1. apply relevant professional standards relating to internal audit; and
 | [ ]  |  |
|  | 1. report to the Audit Committee on the effectiveness of the internal audit function.
 | [ ]  |  |
|  |  |  |  |
| **3.3 Financial authorisations** |
| Direction 3.3Financial authorisations | 1. An Agency’s Responsible Body must establish and maintain authorisations covering the creation of financial liabilities and obligations (including contingent liabilities and obligations) on behalf of that Agency or, in the case of an Agency that is a Portfolio Department, its Responsible Minister.
 | [ ]  |  |
|  | 1. The Responsible Body must ensure that their Agency’s financial authorisations are:
 |  |  |
|  | * given a financial amount limit;
 | [ ]  |  |
|  | * appropriate for the efficient and effective conduct of the business of the Agency;
 | [ ]  |  |
|  | * assigned to a specific position and that position is appropriate in relation to the amount being authorised;
 | [ ]  |  |
|  | * given so as to cease immediately upon a substantial material change in the duties of the position;
 | [ ]  |  |
|  | * given to employees;
 | [ ]  |  |
|  | * kept current and appropriate and regularly reviewed and updated as required; and
 | [ ]  |  |
|  | * comprehensively maintained in a central record.
 | [ ]  |  |
|  | 1. In respect of a Portfolio Department, the Responsible Minister may:
 |  |  |
|  | * give financial authorisations to Portfolio Department employees for the creation of financial obligations for any amount; and/or
 | [ ]  |  |
|  | * authorise the Accountable Officer of that Portfolio Department to give financial authorisations to Portfolio Department employees, in which case the Accountable Officer must not authorise the creation of financial obligations for any amount exceeding $10 million.
 | [ ]  |  |
|  |  |  |  |
| 3.4 Internal control system |
| Direction 3.4Internal control system | The Accountable Officer must establish an effective internal control system in relation to financial management, performance and sustainability, including financial, operational and compliance controls, to:  |  |  |
|  | 1. ensure effective and efficient Agency operations and processes;
 | [ ]  |  |
|  | 1. safeguard resources and assets, and minimise Fraud, Corruption and Other Losses;
 | [ ]  |  |
|  | 1. produce reliable internal and external reports; and
 | [ ]  |  |
|  | 1. comply with applicable laws, regulations and standards.
 | [ ]  |  |
|  | The Accountable Officer must: |  |  |
|  | 1. design, implement and communicate policies and procedures that meet the requirements in this Direction;
 | [ ]  |  |
|  | 1. conduct periodic reviews of those policies and procedures to reflect changes in business operations, technology and good practice trends in financial and risk management; and
 | [ ]  |  |
|  | 1. ensure their Agency operations and processes comply with those policies and procedures.
 | [ ]  |  |
|  |  |  |  |
| Instruction 3.4Internal control system | 1. Internal control system1.1 The Accountable Officer must ensure that the Agency’s internal control system under Direction 3.4 includes:  |  |  |
|  | 1. a control environment;
 | [ ]  |  |
|  | 1. risk assessment;
 | [ ]  |  |
|  | 1. control activities, in particular separation of roles (segregation of duties), financial authorisations and reconciliations;
 | [ ]  |  |
|  | 1. information and communication; and
 | [ ]  |  |
|  | 1. monitoring activities.
 | [ ]  |  |
|  |  |  |  |
|  | 2. Policies and procedures 2.1 The policies and procedures required under Direction 3.4(e) must include the following topics:  |  |  |
|  | 1. revenue;
 | [ ]  |  |
|  | 1. cash;
 | [ ]  |  |
|  | 1. bank accounts;
 | [ ]  |  |
|  | 1. expenditure;
 | [ ]  |  |
|  | 1. payroll;
 | [ ]  |  |
|  | 1. liabilities;
 | [ ]  |  |
|  | 1. taxes;
 | [ ]  |  |
|  | 1. shared or outsourced services;
 | [ ]  |  |
|  | 1. gifts, benefits and hospitality.
 | [ ]  |  |
|  |  |  |  |
|  | 3. Managing revenue 3.1 The Accountable Officer must ensure that the Agency’s revenue is managed in accordance with the Agency’s revenue policies and procedures, which must provide for: |  |  |
|  | 1. promptly, completely and accurately identifying, managing, recording and reporting of revenue;
 | [ ]  |  |
|  | 1. the timely and appropriate writing off of revenue; and
 | [ ]  |  |
|  | 1. collecting and securing revenue.
 | [ ]  |  |
|  |  |  |  |
|  | 4. Managing cash 4.1 The Accountable Officer must ensure that the Agency’s cash is managed in accordance with the Agency’s cash policies and procedures, which must provide for:  |  |  |
|  | 1. promptly, completely and accurately identifying, collecting, securing, investing, banking and forecasting cash; and
 | [ ]  |  |
|  | 1. accurately recording transactions involving cash.
 | [ ]  |  |
|  | 4.2 For Portfolio Departments and Agencies which use the Central Banking System, the Agency’s cash management policies and procedures must also provide for transmitting timely and reliable cash flow forecasts to DTF. | [ ]  |  |
|  |  |  |  |
|  | 5. Managing bank accounts 5.1 The Accountable Officer must ensure that the Agency’s bank accounts are managed in accordance with the Agency’s bank account policies and procedures, which must provide for:  |  |  |
|  | * + - 1. the approval of all opening and closing of bank accounts by the Responsible Body;
			2. where applicable, the opening and maintenance of a Central Banking System account with the approved Authorised Deposit-Taking Institution under the SPC;
 | [ ] [ ]  |  |
|  | * + - 1. opening of bank accounts with an Authorised Deposit-Taking Institution(s);
 | [ ]  |  |
|  | * + - 1. effective and efficient operations of bank accounts; and
 | [ ]  |  |
|  | * + - 1. at least monthly reconciliation of bank accounts.
 | [ ]  |  |
|  |  |  |  |
|  | 6. Managing expenditure6.1 The Accountable Officer must ensure that the Agency’s expenditure is managed in accordance with the Agency’s expenditure policies and procedures, which must provide for:  |
|  | * + - 1. promptly, completely and accurately identifying, managing, recording and reporting of expenses; and
 | [ ]  |  |
|  | * + - 1. the timely and appropriate payment of expenses
 | [ ]  |  |
|  | 6.2 The Accountable Officer must ensure that the Agency develops policies and procedures to address the following expenditure types: |  |  |
|  | * + - 1. travel,
 | [ ]  |  |
|  | * + - 1. advertising and communications;
 | [ ]  |  |
|  | * + - 1. employee advances;
 | [ ]  |  |
|  | * + - 1. personal expense reimbursement;
 | [ ]  |  |
|  | * + - 1. capital expenditure;
 | [ ]  |  |
|  | * + - 1. where applicable, remuneration of boards, statutory bodies and advisory committees; and
 | [ ]  |  |
|  | * + - 1. ex-gratia payments.
 | [ ]  |  |
|  |  |  |  |
|  | 7. Managing payroll 7.1 The Accountable Officer must ensure that the Agency’s payroll is managed in accordance with the Agency’s payroll policies and procedures, which must provide for: |  |  |
|  | 1. bona fide payment to employees, including recoupment of over payment of salaries;
 | [ ]  |  |
|  | 1. correct payment made based on the rate in accordance with any written law, industrial award or industrial agreement, and for hours worked;
 | [ ]  |  |
|  | 1. prompt authorisation and disbursement of all deductions;
 | [ ]  |  |
|  | 1. an appropriate level of security for payroll distribution (including independent review prior to processing); and
 | [ ]  |  |
|  | 1. applying the Victorian Government’s *Cost Recovery Guidelines* to the costs associated with voluntary payroll deductions from gross pay.
 | [ ]  |  |
|  |  |  |  |
|  | 8. Managing liabilities |  |  |
|  | 8.1 The Accountable Officer must ensure that the Agency’s liabilities are managed in accordance with the Agency’s liability policies and procedures, which must provide for identifying, managing, recording and reporting of liabilities and commitments for capital expenditure, in a prompt, complete and accurate manner. | [ ]  |  |
|  |  |  |  |
|  | 9. Managing taxes9.1 The Accountable Officer must ensure that the Agency’s taxation obligations are managed in accordance with taxation law and the Agency’s taxation policies and procedures, which must provide for:  |  |  |
|  | 1. the prompt preparation and submission of taxation returns/statements;
 | [ ]  |  |
|  | 1. maximising of cash flows from tax entitlements; and
 | [ ]  |  |
|  | 1. informing the Portfolio Department of issues and risks relating to Commonwealth taxation obligations and concessions that are not unique to their own Agencies and which have potential portfolio-wide implications.
 | [ ]  |  |
|  | 9.2 In addition, Portfolio Departments must inform DTF of:  |  |  |
|  | * + - 1. issues that have potential whole of government risks or opportunities; and
 | [ ]  |  |
|  | * + - 1. all significant ATO ruling requests with whole of government implications**.**
 | [ ]  |  |
|  |  |  |  |
|  | 10. Managing shared services and outsourcing arrangements10.1 The Accountable Officer must ensure that the Agency’s shared services and outsourcing arrangements, related to financial management, are effectively managed, including by: |  |  |
|  | 1. prior to sharing or outsourcing functions either in full or part, the costs and benefits are analysed and the decision is approved by the Responsible Body;
 | [ ]  |  |
|  | 1. the services to be provided are detailed in a contract, service level agreement or equivalent, together with performance indicators and measures;
 | [ ]  |  |
|  | 1. performance is regularly monitored and reviewed, including a review (at least annually) by the Accountable Officer or delegate, with the results of the review reported to the Responsible Body;
 | [ ]  |  |
|  | 1. appropriate assurance is obtained, and the level of assurance is documented, annually; and
 | [ ]  |  |
|  | 1. the arrangements are subject to internal and external audit scrutiny.
 | [ ]  |  |
|  |  |  |  |
|  | 11. Managing gifts, benefits and hospitality |  |  |
|  | 11.1 The Accountable Officer must ensure that the Agency develops policies and procedures that apply the minimum accountabilities set out in the Victorian Public Sector Commission’s (VPSC) *Gifts, Benefits and Hospitality Policy Framework*.**The Framework (outlining the minimum accountabilities) is available on the VPSC website.** | [ ]  |  |
|  |  |  |  |
| 3.5 Fraud, Corruption and Other Losses |
| Direction 3.5.1Fraud, Corruption and Other Losses Policy | The Responsible Body must:  |  |  |
| 1. take all reasonable steps to minimise and manage the risk of Fraud, Corruption and Other Losses; and
 | [ ]  |  |
| 1. establish a Fraud, Corruption and Other Losses prevention and management policy that is implemented across the Agency.
 | [ ]  |  |
|  |  |  |  |
| Direction 3.5.2Fraud, Corruption and Other Losses – Recordkeeping | The Accountable Officer must: |  |  |
| 1. keep records of all actual and suspected Fraud, Corruption and Other Losses, including remedial actions planned and taken; and
 | [ ]  |  |
| 1. on request, provide their Responsible Minister, Portfolio Department or Audit Committee with a copy of records kept under Direction 3.5.2(a).
 | [ ]  |  |
|  |  |  |  |
| Direction 3.5.3Significant or Systemic Fraud, Corruption and Other Losses  | Where an Agency is made aware of an actual or suspected Significant or Systemic Fraud, Corruption or Other Loss, the Accountable Officer must:  |  |  |
| * notify, as soon as is practicable, the Responsible Minister, Audit Committee, Portfolio Department and Auditor-General of the incident and remedial action to be taken,
 | [ ]  |  |
|  | * ensure that the persons notified under Direction 3.5.3(a) are kept informed about the incident, including the outcome of investigations; and
 | [ ]  |  |
|  | * ensure that the Agency takes appropriate action to mitigate against future Fraud, Corruption and Other Losses.
 | [ ]  |  |
|  |  |  |  |
| Instruction 3.5Fraud Corruption and Other Losses | 1. Fraud, Corruption and Other Losses prevention and management policy1.1 The Fraud, Corruption and Other Losses prevention and management policy under Direction 3.5.1(b) must: |  |  |
|  | 1. outline the Agency’s systems for the prevention, management and tolerance of Fraud, Corruption and Other Losses
 | [ ]  |  |
|  | 1. provide for a control environment to mitigate the risk of Fraud, Corruption and Other Losses;
 | [ ]  |  |
|  | 1. provide for a control environment to identify and manage incidents of Fraud, Corruption and Other Losses;
 | [ ]  |  |
|  | 1. include processes for the investigation of actual and suspected incidents of Fraud, Corruption and Other Losses; and
 | [ ]  |  |
|  | 1. include a requirement and process for recording all actual and suspected incidents of Fraud, Corruption and Other Losses.
 | [ ]  |  |
|  | 1.2 The Fraud, Corruption and Other Losses prevention and management policy under Direction 3.5.1(b) must include a defined value threshold, above which an actual or suspected Fraud, Corruption or Other Loss is considered ‘Significant’ for the purpose of reporting under Direction 3.5.3. The threshold must not exceed $5 000 in money or $50 000 in other property. | [ ]  |  |
|  |  |  |  |
| 3.6 Purchasing and prepaid debit cards |  | [x]  |
| Direction 3.6Purchasing and prepaid debit cards | The Accountable Officer must establish policies and procedures to ensure appropriate use and administration of purchasing and prepaid debit cards. | [ ]  |  |
|  |  |  |  |
| Instruction 3.6Purchasing and prepaid debit cards | 1. **Application**

In this Instruction, clauses 2-3 and 6-7 apply to all purchasing and prepaid debit cards. Clauses 4-6 apply to purchasing and prepaid debit cards issued to employees of Agencies (internal to VPS). Clause 8 applies to prepaid debit cards issued to the public. |  |  |
|  |  |  |  |
|  | 1. **Purchasing and prepaid debit cards – roles and responsibilities for the Accountable Officer**

2.1 The Accountable Officer must: |  |  |
|  | 1. ensure that cardholders are required to use purchasing and prepaid debit cards for official business only, that is, purchasing goods and services for government purposes;
 | [ ]  |  |
|  | 1. consistent with the Directions, authorise the opening of a facility account on behalf of the Agency;
 | [ ]  |  |
|  | 1. assign a program administrator to manage the purchasing and prepaid debit card programs;
 | [ ]  |  |
|  | 1. assign authorised signatories to review and approve transactions and payments;
 | [ ]  |  |
|  | 1. ensure the effective, efficient and appropriate use of the card facility by the Agency; and
 | [ ]  |  |
|  | 1. ensure effective internal controls are maintained for the issue, use and acquittal of the purchasing and prepaid debit card to prevent unauthorised use and non-compliance.
 | [ ]  |  |
|  |  |  |  |
|  | 3. Purchasing and prepaid debit cards – roles and responsibilities for officials |  |  |
|  | 3.1 For the purposes of this Instruction, the program administrator is the person assigned by the Accountable Officer under clause 2.1(c) and the authorised signatory is the person assigned by the Accountable Officer under Instruction 2.1(d). | [ ]  |  |
|  | 3.2 The authorised signatory is responsible for reviewing and approving transactions and payments appearing on a cardholder’s statements in accordance with this Instruction.  | [ ]  |  |
|  | 3.3 The authorised signatory must hold a financial authorisation. | [ ]  |  |
|  | 3.4 For the purposes of this Instruction, a cardholder is a person issued with a purchasing card or prepaid debit card | [ ]  |  |
|  | 3.5 Cardholders are responsible for using cards in accordance with this Instruction. | [ ]  |  |
|  | 4. Internal purchasing and prepaid debit cards – Issue and withdrawal4.1 The program administrator must ensure that:  |  |  |
|  | 1. only Agency employees are cardholders
 | [ ]  |  |
|  | 1. only one of each card facility type is to be issued to an employee approved as a cardholder (that is, only one purchasing card and one prepaid debit card per cardholder);
 | [ ]  |  |
|  | 1. for purchasing cards:
 |  |  |
|  | * 1. a maximum purchasing card limit has been set for each cardholder. Purchasing card limits above $50 000 must be approved by the Accountable Officer;
 | [ ]  |  |
|  | * 1. a maximum monthly limit and individual transaction limit has been set for each cardholder;
 | [ ]  |  |
|  | * 1. the individual transaction limit must not exceed the cardholder’s financial authorisation; and
 | [ ]  |  |
|  | * 1. where applicable, restrictions on the types of goods or services for which the cardholder may use the card have been imposed, for example, restrictions on domestic and overseas travel, hospitality and entertainment.
 | [ ]  |  |
|  | 1. for prepaid debit cards:
 |  |  |
|  | * 1. cards must not be loaded with a value greater than $5 000;
 | [ ]  |  |
|  | * 1. cards must not be pre-loaded and stored unless there are sound security controls around the inventory storage, activation and issue of the cards; and
 | [ ]  |  |
|  | * 1. individual transaction limits must not exceed the cardholder’s financial authorisation. When the cardholder does not have a financial delegation, the authorised signatory is responsible for the use of the card and all expenditure incurred; and
 | [ ]  |  |
|  | 1. debit cards other than prepaid debit cards are not issued. Cards linked directly to a bank account are covered by Direction 3.4 and Instruction 3.4 and not by this Instruction.
 | [ ]  |  |
|  | 4.2 A cardholder must report immediately to the program administrator and the card provider: |  |  |
|  | 1. the loss or theft of the cardholder’s purchasing or prepaid debit card; and
 | [ ]  |  |
|  | 1. if the purchasing cardholder knows or suspects unauthorised transactions have been made by a third party, this fact, along with the reasons for such knowledge or suspicion.

In both cases the program administrator must take action to cancel the card. | [ ]  |  |
|  | 4.3 The program administrator must ensure that a framework, approved by the Agency Accountable Officer, is in place for dealing with unauthorised use or non-compliance by a cardholder. The framework must state that a purchasing or prepaid debit card is to be withdrawn when the cardholder incurs:  |  |  |
|  | 1. an unauthorised transaction exceeding the amount deemed appropriate by the Agency Accountable Officer. The amount deemed appropriate must not exceed $1 000.
 | [ ]  |  |
|  | 1. a pattern of unauthorised use or non-compliance. The pattern must not exceed three separate instances.
 | [ ]  |  |
|  | 4.4 A cardholder must return the card to the program administrator at the end of the period for which the card was issued or when changes to the cardholder’s employment status result in use of the card as no longer being required.  | [ ]  |  |
|  | 4.5 The program administrator must cancel a purchasing card returned under clause 4.4 of this Instruction immediately.  | [ ]  |  |
|  | 4.6 For prepaid debit cards returned under clause 4.4 of this Instruction, the Agency must establish appropriate procedures to manage the cancellation (including the return of any remaining prepaid amount to the Agency) or reuse of prepaid debit cards | [ ]  |  |
|  |  |  |  |
|  | 5. Internal purchasing and prepaid debit cards – use |  |  |
|  | 5.1 A cardholder must only use the purchasing or prepaid debit card for official business, and consistently with all applicable legislation, standards and policies of the Government and the Agency. | [ ]  |  |
|  | 5.2 In using and administering a purchasing and prepaid debit card, a cardholder must:  |  |  |
|  | 1. always act in the interests of the State, as opposed to personal interests or convenience; and
 | [ ]  |  |
|  | 1. perform their duties honestly and with skill and care.
 | [ ]  |  |
|  | 5.3 A cardholder must not use the purchasing or prepaid debit card:  |  |  |
|  | 1. to obtain cash, except for prepaid debit cards, where cash may only be obtained if the Accountable Officer has authorised the use of the card for this purpose;
 | [ ]  |  |
|  | 1. for purchases covered by other existing contracts, where applicable to an Agency, to which the Government is a signatory, for example, fuel cards and travel expenses;
 | [ ]  |  |
|  | 1. to pay for an expense when reimbursement has been made (or will be made) to the cardholder for that same expense;
 | [ ]  |  |
|  | 1. to pay fines;
 | [ ]  |  |
|  | 1. for gifts and hospitality purposes other than in accordance with the Agency’s gifts, benefits and hospitality policies and processes and the Gifts, Benefits and Hospitality Policy Framework issued by the Victorian Public Sector Commission and approved by the authorised signatory;
 | [ ]  |  |
|  | 1. for the payment of tips or gratuities, except in countries other than Australia, to the minimum extent expected in accordance with common practice in the country;
 | [ ]  |  |
|  | 1. for total expenses within one month that exceed the monthly limit; or
 | [ ]  |  |
|  | 1. for personal transactions.
 | [ ]  |  |
|  | 5.4 If a cardholder inadvertently incurs private expenses, for example, as part of a larger official business purpose transaction, the cardholder must settle all such private expenses as soon as practicable.  | [ ]  |  |
|  | 5.5 The program administrator must ensure cardholders:  |  |  |
|  | 1. acknowledge and agree with the responsibilities, liabilities and consequences of unauthorised use; and
 | [ ]  |  |
|  | 1. understand the policies and procedures established for card use.
 | [ ]  |  |
|  | 5.6 The cardholder will be held personally liable for any unauthorised use unless the unauthorised use results from the card being lost or stolen, or because of Fraud on the part of a third party.  | [ ]  |  |
|  | 5.7 The Accountable Officer must establish specific policies to ensure prepaid debit cards are used for business purposes only. | [ ]  |  |
|  |  |  |  |
|  | 6. Internal purchasing card payment and prepaid debit cards – acquittal |  |  |
|  | 6.1 A cardholder must review and sign-off the monthly purchasing card statement or prepaid debit card transaction report for completeness and accuracy, by matching transactions with sufficient supporting documentation and receipt of goods and services.  | [ ]  |  |
|  | 6.2 The authorised signatory must review and approve the monthly statements or transaction report. Discrepancies with the cardholder or card provider must be resolved in a timely manner. | [ ]  |  |
|  | 6.3 Agencies using electronic procurement must issue specific policies to ensure requirements for signatories and sufficient documentation are met and can be audited | [ ]  |  |
|  |  |  |  |
|  | 7. Reporting of significant instances of purchasing and prepaid debit card non–compliance |  |  |
|  | 7.1 The program administrator must define a value threshold, above which an actual or suspected Fraud, Corruption or Other Loss in relation to purchasing and prepaid debit cards is considered ‘significant’ for the purpose of Direction 3.5.3. The threshold must not exceed $1 000. | [ ]  |  |
|  |  |  |  |
|  | 8. Prepaid debit cards issued to the public |  |  |
|  | 8.1 When prepaid debit cards are used to make payments of government benefits to the public, the roles and responsibilities of the Accountable Officer and program administrator in clauses 1 and 2 of this Instruction applies.  | [ ]  |  |
|  | 8.2 In addition, the program administrator must ensure that: |  |  |
|  | 1. clause 4.1(d)(i) and (ii) of this Instruction is complied with;
 | [ ]  |  |
|  | 1. staff administering the Government’s program to the public are fully aware and apply the Agency’s policies and procedures for safeguarding, activating, issuing, monitoring and reconciliation of the cards, and the need for segregation of duties;
 | [ ]  |  |
|  | 1. arrangements are made for the authorised signatory responsible for the program to be provided with a fully reconciled list of cards issued under that program; and
 | [ ]  |  |
|  | 1. compliance monitoring of operations against policies and procedures is performed on a regular basis.
 | [ ]  |  |
|  | 8.3 The authorised signatory responsible for the program must:  |  |  |
|  | 1. have the appropriate financial authorisation for the amount authorised; and
 | [ ]  |  |
|  | 1. review and approve the reconciled list of cards issued for the program and the payments distributed.
 | [ ]  |  |
|  |  |  |  |
| 3.7 Managing risk |
| Instruction 3.7Managing specific risks – business continuity planning, indemnities and immunities | 1. Business continuity planning1.1 The Accountable Officer must ensure that the Agency: |  |  |
| 1. develops, implements and maintains documented Business continuity planning (BCP) processes consistent with the latest Australian/New Zealand standard on Business continuity or, where relevant, another Australian, international or industry recognised standard; and
 | [ ]  |  |
|  | 1. reviews and tests its BCP processes on a regular basis, but at a minimum, every two years.
 | [ ]  |  |
|  |  |  |  |
|  | 2. Treasurer’s indemnity**Seeking an indemnity** |  |  |
|  | 2.1 The Accountable Officer must ensure that a request to the Treasurer for an indemnity under Part 6A of the *Financial Management Act 1994* is made in writing by the Responsible Minister and in accordance with relevant legislation, standards and policies. | [ ]  |  |
|  | 2.2 The submission under clause 2.1 of this Instruction must include the following: |  |  |
|  | 1. a clear identification of the risk assumed by the State if the indemnity is granted;
 | [ ]  |  |
|  | 1. an assessment of the likelihood of the risk materialising;
 | [ ]  |  |
|  | 1. the financial and other impacts or consequences that will occur if the risk materialises;
 | [ ]  |  |
|  | 1. the availability or non-availability of insurance, on commercially reasonable terms from a reputable insurer, in respect of that risk;
 | [ ]  |  |
|  | 1. who is responsible for managing the risk on behalf the relevant Agency;
 | [ ]  |  |
|  | 1. what risk management or mitigation strategies that the Agency proposes to adopt with respect to that risk;
 | [ ]  |  |
|  | 1. the indemnity period proposed; and
 | [ ]  |  |
|  | 1. any further information required by DTF on behalf of the Treasurer.
 | [ ]  |  |
|  | 2.3 When an indemnity is granted, the Agency must record, at minimum, the following information on the indemnity: |  |  |
|  | 1. a clear description of the risk
 | [ ]  |  |
|  | 1. the name of each party;
 | [ ]  |  |
|  | 1. the name of the party responsible for managing the risk (usually an Agency)
 | [ ]  |  |
|  | 1. an estimate of the financial risk created by the indemnity; and
 | [ ]  |  |
|  | 1. the indemnity period (e.g. commencement and termination or expiry).
 | [ ]  |  |
|  | 2.4 The Accountable Officer of DTF must: |  |  |
|  | 1. review all indemnities on behalf of the Treasurer;
 | [ ]  |  |
|  | 1. record all indemnities; and
 | [ ]  |  |
|  | 1. monitor and report all significant quantified and unquantified contingent liabilities as part of the Victorian Government’s annual financial management process.
 | [ ]  |  |
|  | 2.5 The Accountable Officer of an Agency must: |  |  |
|  | 1. monitor each indemnity granted by the Treasurer under the *Financial Management Act 1994* and advise the Treasurer in the event of any change in circumstances that may change the nature of the risk covered by the indemnity; and
 | [ ]  |  |
|  | 1. record each indemnity for which it is responsible as a contingent liability in accordance with Australian Accounting Standards.
 | [ ]  |  |
|  | 2.6 The Accountable Officer of DTF is responsible for monitoring and reporting all significant quantified and unquantified contingent liabilities. | [ ]  |  |
|  |  |  |  |
|  | 3. Statutory immunity3.1 The Accountable Officer of a Portfolio Department must, in relation to matters relevant to financial management, performance and sustainability:  |  |  |
|  | 1. ensure that statutory immunities are relied on consistently with relevant legislation, standards and policies;
 | [ ]  |  |
|  | 1. consult DTF and the Department of Justice and Community Safety (DJCS) regarding any proposal for a statutory immunity; and
 | [ ]  |  |
|  | 1. when proposing to amend existing statute, review statutory immunities with DTF and DJCS, to align the statutory immunities with government policy.
 | [ ]  |  |
|  |  |  |  |
| Direction 3.7.1Risk management framework and processes | The Responsible Body must ensure that the Agency applies the *Victorian Government Risk Management Framework* (VGRMF). A separate checklist of mandatory requirements is included in section 3.1 of the VGRMF issued December 2016, updated July 2018, with the current version available on the DTF website under ‘Planning, Budgeting and Financial Reporting’. **This checklist must be completed by the Agency and any individual compliance deficiencies included within the compliance report submitted to the Portfolio Department.** | [ ]  |  |
|  |  |  |  |
| Direction 3.7.2Treasury management, including Central Banking System | Note: This Direction only applies to Agencies that are authorised to undertake borrowings, investments and other financial arrangements and Direction 3.7.2.1 only applies to Departments and General Government agencies and not Public Non-Financial Corporations and Public Financial Corporations.  |  |  |
|  |  |  |  |
| Direction 3.7.2.1Central Banking System and Eligible Financial Assets | * + - * 1. The Responsible Body must ensure that all money of the Agency is deposited within the Central Banking System, except:
 |  |  |
| * notes and coins;
 | [ ]  |  |
|  |  |  |  |
| (SD 3.7.2.1 is subject to transitional arrangements in Direction 1.4.6)  | money held in a transactional bank account with an Authorised Deposit-Taking Institution, provided that the balance of that account at any given time is minimised and does not exceed an amount that the Agency reasonably considers necessary to meet its daily cash flow requirements (taking into consideration that money held in the CBS is at call); | [ ]  |  |
| (See Instruction 5.1 Clause 2.6 for attestation requirements for 2018-19) | money held on trust by the Agency for, and repayable to, a known beneficiary (other than the State or an Agency) pursuant to a statutory function; or  | [ ]  |  |
| where the Treasurer has provided an exemption under Direction 1.5(b).  | [ ]  |  |
|  | * + - * 1. The Responsible Body must ensure that any money to which Direction 3.7.2.1(a)(iv) applies is deposited with:
 |  |  |
|  | Treasury Corporation of Victoria; or | [ ]  |  |
|  | Victorian Funds Management Corporation, | [ ]  |  |
|  | or as otherwise specified by the Treasurer in the relevant exemption under Direction1.5(b). | [ ]  |  |
|  | * + - * 1. The Responsible Body must ensure that any Eligible Financial Asset held by the Agency from time to time is, as soon as is practicable without the Agency incurring any material and avoidable penalties or other break costs, converted into money and deposited within the Central Banking System in accordance with these Directions.
 | [ ]  |  |
|  | * + - * 1. The Responsible Body must ensure that the Agency instructs and authorises any Authorised Deposit-Taking Institution with which the Agency has an account to provide, or make available, real-time information regarding that account to:
 |  |  |
|  | the Authorised Deposit-Taking Institution which has been appointed under the SPC to administer the Central Banking System | [ ]  |  |
|  | DTF; | [ ]  |  |
|  | Treasury Corporation of Victoria; and | [ ]  |  |
|  | the Agency’s Portfolio Department. | [ ]  |  |
|  |  |  |  |
|  | * + - * 1. Direction .1.1.1(c) does not apply to:
 |  |  |
|  | any asset or class of assets specified in an exemption from the Assistant Treasurer under Direction 1.5(a)(ii); and | [ ]  |  |
|  | an Eligible Financial Asset of an Agency where there is a current approval, authorisation or direction of the Treasurer or the Assistant Treasurer under an Act, or instrument made under an Act, for that Agency to hold that Eligible Financial Asset in a specified form. | [ ]  |  |
|  |  |  |  |
| Direction 3.7.2.2.Treasury Management policies and procedures | 1. The Responsible Body must establish and maintain policies and procedures to identify, assess, monitor, report on and mitigate its treasury and investment risks.
 | [ ]  |  |
|  | 1. These policies and procedures must address, at a minimum:
 |  |  |
|  | * interest rate risk;
 | [ ]  |  |
|  | * liquidity risk;
 | [ ]  |  |
|  | * foreign exchange risk;
 | [ ]  |  |
|  | * counterparty risk;
 | [ ]  |  |
|  | * commodity price risk;
 | [ ]  |  |
|  | * credit risk;
 | [ ]  |  |
|  | * treasury operational risk; and
 | [ ]  |  |
|  |  |  |  |
| **Instruction 3.7.2.2**Treasury Management policies and procedures | 1. The Responsible Body of an Agency with borrowings, cash or term deposits, investments with Treasury Corporation of Victoria (TVC) or the Victorian Funds Management Corporation (VFMC), or authorised long-term or other high-risk investments such as equities and managed funds, must establish, maintain and ensure Agency compliance with a Treasury Management Policy that:
 |  |  |
|  | * 1. is consistent with the requirements of Directions 3.7.2.1, 3.7.2.3 and 3.7.2.4;
 | [ ]  |  |
|  | * 1. includes a clear definition of each treasury and investment risk along with details of recognition, measurement, timing and objectives of risk management
 | [ ]  |  |
|  | * 1. addresses the Agency’s treasury and investment risks
 | [ ]  |  |
|  | * 1. contains guidelines for the management of any investments; and
 | [ ]  |  |
|  | * 1. contains guidelines for the use of any borrowings and/or financial arrangements
 | [ ]  |  |
|  |  |  |  |
|  | 1. Subject to Instruction 1.3, the Responsible Body must approve the Treasury Management Policy.
 | [ ]  |  |
|  | 1. Before submitting a new or materially revised Treasury Management Policy to the Responsible Body for approval, the CFO must prove a draft to DTF for review. When submitting the Treasury Management Policy to the Responsible Body for approval, the CFO must also submit any DTF review comments on, or requested changes to, the draft which the CFO has not incorporated into the draft.
 | [ ]  |  |
|  | 1. On request at any time, the CFO must make the Treasury Management Policy available to the Portfolio Department and/or DTF for review.
 | [ ]  |  |
|  |  |  |  |
| Direction 3.7.2.3Borrowings | A Responsible Body with authority (including, where required, the Treasurer’s approval) to enter into borrowings must do so with Treasury Corporation of Victoria except where the Treasurer has provided an exemption under Direction 1.5(b). | [ ]  |  |
|  |  |  |  |
| Direction 3.7.2.4Other financial arrangements | 1. A Responsible Body with authority (including, where required, the Treasurer’s approval) to enter into financial arrangements not covered by Direction 3.7.2.1 or 3.7.2.3 must do so with:
 |  |  |
|  | * Treasury Corporation of Victoria; or
 | [ ]  |  |
|  | * Victoria Funds Management Corporation.
 | [ ]  |  |
|  | 1. Direction 3.7.2.4(a) does not apply where:
 |  |  |
|  | * To a foreign currency hedging transaction less than $1 million undertaken with an Authorised Deposit-Taking Institution; or
 | [ ]  |  |
|  | * where the Treasurer has provided an exemption under Direction 1.5(b).
 | [ ]  |  |
|  |  |  |  |
| Instruction 3.7.2 | **1. Reporting requirements** |  |  |
| Treasury management internal reporting (for information on definitions refer to Instruction 3.7.2 (2)) | 1.1 The Responsible Body must ensure the agency reports all borrowings, investments or financial arrangements outside the Central Banking System, TCV, or VFMC to the Portfolio Department CFO annually. | [ ]  |  |
|  | 1.2 The Portfolio Department CFO must provide details of all borrowings, investments and financial arrangements outside the Central Banking System, TCV or VFMC to DTF on request.  | [ ]  |  |
|  |  |  |  |
|  | **Note: A Transfer Negotiation Authority (TNA), also known as a Transactional Negotiation Agreement, is an arrangement which guarantees that a client’s bank will honour all payroll-related instructions from a specialist third party payroll company. TNAs are used by a number of public sector agencies such as hospitals. DTF considers that a TNA is not a borrowing/overdraft, and therefore an exemption is not necessary for an agency to use a TNA.** |  |  |
| 3.8 Pricing |
| Direction 3.8Pricing | The Accountable Officer must ensure that the Agency applies the Victorian Government’s *Cost Recovery Guidelines*.The Guidelines are available on the DTF website. An Agency must assess whether it falls within the scope of these Guidelines. | [ ]  |  |
| 3.9 Managing financial information |  | [ ]  |
| Direction 3.9Managing financial information | The Accountable Officer must ensure that the Agency applies relevant legislation, standards and policies in relation to the management of financial information, including financial information systems. | [ ]  |  |

* + 1. Delivering services

|  |  |  |  |
| --- | --- | --- | --- |
| Reference | Requirement | √ / x | Agency notes/comments or N/A |
| 4.1 Planning and managing performance |
| Direction 4.1.1Accountable Officer responsibilities  | The Accountable Officer must: |  |  |
| 1. ensure that the Agency plans and manages performance to achieve financial sustainability based on its business, regulatory, governance and funding arrangements;
 | [ ]  |  |
| 1. prepare short and longer-term plans, budgets and financial projections;
 | [ ]  |  |
| 1. consider government objectives and priorities and statutory functions in planning and managing financial related performance;
 | [ ]  |  |
| 1. allocate resources to deliver against the Agency’s plans and strategies efficiently, effectively and in a timely manner;
 | [ ]  |  |
| 1. establish systems to regularly monitor, evaluate and report on the Agency’s financial related performance;
 | [ ]  |  |
|  | 1. ensure the availability of financial and financial related information about the Agency that is relevant, appropriate and fairly represents actual performance, including as against key performance indicators and associated targets; and
 | [ ]  |  |
|  | 1. inform the Responsible Body and its relevant committees on financial management plans, policies, strategies, risks and resolutions regularly, and performance against plans at least quarterly.
 | [ ]  |  |
|  |  |  |  |
| Direction 4.1.2Performance management in Portfolio Departments | The Accountable Officer of a Portfolio Department must ensure that the Portfolio Department applies the *Performance Management Framework* (PMF) issued by the DTF Deputy Secretary.Mandatory requirements are outlined in the PMF document with the current version on the DTF website under ‘Planning, Budgeting and Financial Reporting’ (issued April 2016, updated June 2017, effective 1 July 2017) and a separate checklist should be completed. **Note – this only applies to Portfolio Departments**. | [ ]  |  |
| 4.2 Using and managing public resources |
| Direction 4.2.1Acquisition of assets, goods and services | In relation to the acquisition of assets, goods and services, the Accountable Officer must ensure that the Agency: |  |  |
| 1. establishes, maintains and embeds appropriate governance arrangements;
 | [ ]  |  |
| 1. is efficient, effective and economical;
 | [ ]  |  |
|  | 1. has appropriate processes in place covering the acquisition lifecycle;
 | [ ]  |  |
|  | 1. as appropriate capability to manage the acquisition throughout the acquisition lifecycle;
 | [ ]  |  |
|  | 1. is able to demonstrate that any financial commitment, obligation or expenditure delivers value for money for the Agency and/or the State; and
 | [ ]  |  |
|  | 1. undertakes investment planning and evaluation of performance when Agency planning has identified the need to acquire significant services, assets or infrastructure.
 | [ ]  |  |
|  |  |  |  |
| Instruction 4.2.1Acquisition of assets, goods and services | 1. Acquiring goods and services1.1 When acquiring assets, goods and services, the Accountable Officer must ensure that the Agency: |  |  |
| * + - 1. applies relevant legislation, standards, policies and funding arrangements;
 | [ ]  |  |
| * + - 1. achieves value for money;
 | [ ]  |  |
| * + - 1. understands and engages the market;
 | [ ]  |  |
|  | * + - 1. encourages open and fair competition;
 | [ ]  |  |
|  | * + - 1. supports probity, accountability and transparency; and
 | [ ]  |  |
|  | * + - 1. manages risks appropriately.
 | [ ]  |  |
|  |  |  |  |
|  | 2. Acquisition processes 2.1 The Accountable Officer must ensure that the Agency’s processes covering the acquisition lifecycle under Direction 4.2.1(d) include: |  |  |
|  | * + - 1. strategic planning;
 | [ ]  |  |
|  | * + - 1. transition planning; and
 | [ ]  |  |
|  | * + - 1. evaluation of acquisitions.
 | [ ]  |  |
|  |  |  |  |
|  | 3. Contract management and performance3.1 The Accountable Officer must ensure the Agency facilitates contract performance, including by: |  |  |
|  | 1. establishing a sound governance framework for effectively managing contracts;
 | [ ]  |  |
|  | 1. securing people with sufficient capability for contract design and management;
 | [ ]  |  |
|  | 1. establishing an effective performance management framework for the contract;
 | [ ]  |  |
|  | **Contract specification** |  |  |
|  | * + - 1. defining all contract deliverables in terms of objectives required;
 | [ ]  |  |
|  | * + - 1. including key components of the contract performance regime in the contract;
 | [ ]  |  |
|  | * + - 1. setting parameters around the ownership, sharing of data, and protocols for communication;
 | [ ]  |  |
|  | * + - 1. providing for the Auditor-General to have access to the premises and systems of private sector contractors and subcontractors as necessary under statute;
 | [ ]  |  |
|  | **Contract management** |  |  |
|  | * + - 1. establishing and implementing effective internal controls to manage contract variations and disputes;
 | [ ]  |  |
|  | * + - 1. regularly monitoring and managing performance; and
 | [ ]  |  |
|  | * + - 1. regularly reporting to the Responsible Body on the Agency's assessment of contractor performance.
 | [ ]  |  |
|  |  |  |  |
| Direction 4.2.2Discretionary financial benefits – grants, sponsorships and donations | In relation to discretionary financial benefits, including grants, sponsorships and donations, the Accountable Officer must: |  |  |
| * + - 1. ensure that value for money outcomes are maximised;
 | [ ]  |  |
| * + - 1. establish effective and efficient administrative controls;
 | [ ]  |  |
| * + - 1. apply the Government’s Investment principles for discretionary grants; and
 | [ ]  |  |
| * + - 1. apply the Victorian Government Sponsorship Policy.

**Documents (outlining principles/policy) for (c) and (d) are available on the DTF and DPC websites respectively.** | [ ]  |  |
|  |  |  |  |
| Direction 4.2.3 Asset management accountability**Direction 4.2.4**Public construction accountability(See Instruction 5.1 Clause 2.5 for attestation requirements for 2018-19) | The Responsible Body must ensure that the Agency applies the Victorian Government’s *Asset Management Accountability Framework* (AMAF). A checklist of mandatory requirements is outlined in Appendix 1 of the AMAF document with the current version available on the DTF Website under ‘Infrastructure investment’ (AMAF issued February 2016, with minor updates in October 2017). **This checklist must be completed by the Agency and any individual compliance deficiencies included within the compliance report submitted to the Portfolio Department.**The Responsible Body must ensure that the Agency applies the Ministerial Directions for Public Construction Procurement in Victoria. ***Ministerial Directions of the Assistant Treasurer and Instructions issued under the Project Development and Construction Management Act 1994.***A checklist of mandatory requirements of the Direction and Instructions for Public Construction Procurement are outlined on the DTF website under ‘Infrastructure investment’ – ‘Public construction policy and resources’ – ‘Practitioners Toolkit’ – ‘Practitioners Toolkit- Fact sheets for public construction’ – ‘Checklist- Mandatory requirements of the Directions and Instructions for Public Construction’. **This checklist must be completed by the Agency and any individual compliance deficiencies included within the compliance report submitted to the Portfolio Department** | [ ] [ ]  |  |
| 4.3 Budget operations in Portfolio Departments |
| Direction 4.3 Budget operations in Portfolio Departments | The Accountable Officer of a Portfolio Department must ensure that the Portfolio Department applies the *Budget Operations Framework* (BOF) issued by the DTF Deputy Secretary.Mandatory requirements are outlined in the BOF document with the current version on the DTF website under ‘Planning, Budgeting and Financial Reporting’ (issued March 2016, updated February 2017, effective immediately) and a separate checklist should be completed. **Note – this only applies to Portfolio Departments.** | [ ]  |  |
|  |  |  |  |
| 4.4 Financial reporting operations in Portfolio Departments |
| Direction 4.4Financial reporting operations in Portfolio Departments | The Accountable Officer of a Portfolio Department must ensure that the Portfolio Department applies the *Financial Reporting Operations Framework* (FROF) issued by the DTF Deputy Secretary. Mandatory requirements are outlined in the FROF document with the current version on the DTF website under ‘Planning, Budgeting and Financial Reporting’ (issued March 2016, updated March 2017, effective 1 July 2017) and a separate checklist should be completed. **Note – this only applies to Portfolio Departments.** | [ ]  |  |
|  |  |  |  |

* + 1. Compliance and reporting

|  |  |  |  |
| --- | --- | --- | --- |
| Reference | Requirement | √ / x | Agency notes/comments or N/A |
| 5.1 Financial management compliance |
| Direction 5.1.1Financial management compliance framework | The Responsible Body must establish a framework for financial management compliance to ensure compliance with: |  |  |
| * + - 1. the FMA, these Directions and the Instructions;
 | [ ]  |  |
| * + - 1. applicable Commonwealth and State laws relating to financial management; and
 | [ ]  |  |
|  | * + - 1. applicable industry codes and standards relating to financial management.
 | [ ]  |  |
|  |  |  |  |
| Direction 5.1.2Annual assessment of financial management compliance | * + - 1. The Responsible Body must conduct an annual assessment of compliance with all applicable requirements in the FMA, these Directions and the Instructions.
 | [ ]  |  |
| * + - 1. The Audit Committee must review the assessment under Direction 5.1.2(a).
 | [ ]  |  |
|  |  |  |  |
| Direction 5.1.3Detailed periodic review of financial management compliance | * + - 1. The Responsible Body must ensure that the internal audit function conducts a detailed review of the Agency’s compliance with all requirements in the FMA, these Directions and the Instructions over the period specified in Direction 5.1.3(b).
 | [ ]  |  |
| * + - 1. The period of review under Direction 5.1.3(a) must be the same as the period of the strategic internal audit plan under Direction 3.2.2.2(b).
 | [ ]  |  |
| * + - 1. A plan for the review under Direction 5.1.3(a) must be included in the strategic internal audit plan under Direction 3.2.2.2(b).
 | [ ]  |  |
|  |  |  |  |
| Direction 5.1.4Financial management compliance attestation | * + - 1. The Responsible Body, or a member of the Responsible Body, must, in the Agencies’ Annual Report, in relation to the relevant financial year, attest to compliance with applicable requirements in the FMA, these Directions and the Instructions, and disclose all Material Compliance Deficiencies.
 | [ ]  |  |
|  | * + - 1. The compliance attestation under Direction 5.1.4(a) must relate to compliance for the entire period of the relevant financial year.
 | [ ]  |  |
|  | * + - 1. The Audit Committee must review the attestation under Direction 5.1.4(a).
 | [ ]  |  |
|  |  |  |  |
| Direction 5.1.5Dealing with Compliance Deficiencies | The Accountable Officer must take remedial action to address, and to mitigate the risk of recurrence of, any Compliance Deficiency as soon as practicable.  | [ ]  |  |
|  |  |  |  |
| Direction 5.1.6Reporting Material Compliance Deficiencies | 1. The Accountable Officer must notify the Responsible Minister and, for Portfolio Agencies, the Accountable Officer of their Portfolio Department, of any Material Compliance Deficiency, and of planned and completed remedial actions, as soon as practicable.
 | [ ]  |  |
| 1. The Accountable Officer of an Independent Office, CSV, JCV and the Judicial Commission must discuss any Material Compliance Deficiency, and planned and completed remedial actions, with the DTF Accountable Officer.
 | [ ]  |  |
|  |  |  |  |
| Direction 5.1.7Portfolio Departments’ reporting to DTF | The Accountable Officer of a Portfolio Department must, at least annually, inform DTF of: |  |  |
| 1. all Material Compliance Deficiencies reported to the Accountable Officer by a Portfolio Agency under Direction 5.1.6;
 | [ ]  |  |
| 1. all actual or suspected Significant or Systemic Fraud, Corruption or Other Losses reported to the Accountable Officer by a Portfolio Agency under Direction 3.5.3; and
 | [ ]  |  |
| 1. strategies of the Portfolio Department to mitigate the risk of future non-compliance by their Portfolio Agencies.
 | [ ]  |  |
| 1. The Accountable Officer of a Portfolio Department must meet with the DTF Accountable Officer or DTF Deputy Secretary on their request to discuss compliance performance, including to discuss the matters reported to DTF under Direction 5.1.7(a)-(c).
 | [ ]  |  |
|  |  |  |  |
| Instruction 5.1Financial management compliance | 1. **C 1. Compliance Reporting**
 |  |  |
| **Portfolio Agency to Portfolio Department (by 15 September)**  |  |  |
| 1.1 The Accountable Officer of a Portfolio Agency must provide a compliance report to the Portfolio Department by: |  |  |
| * + - 1. by **15 September** following the year reviewed, if the Agency has an annual reporting period of 1 July to 30 June;
 | [ ]  |  |
| * + - 1. by **15 March** following the year reviewed, if the Agency has an annual reporting period of 1 January to 31 December; and
 | [ ]  |  |
| * + - 1. within **75 days** of the final day of the year reviewed for all other Agencies.
 | [ ]  |  |
| 1.2 The compliance report under this Instruction must include relevant information drawn from the annual assessment of financial management compliance under Direction 5.1.2, and the detailed periodic review of financial management undertaken by internal audit under Direction 5.1.3, including on: |  |  |
| * + - 1. the level of compliance achieved;
 | [ ]  |  |
| * + - 1. Compliance Deficiencies, including planned and completed remedial actions and timeframes;
 | [ ]  |  |
|  | * + - 1. the significant compliance risks of the Agency; and
 | [ ]  |  |
|  | * + - 1. a summary of the plan for the detailed periodic review of financial management compliance under Direction 5.1.3(c).
 | [ ]  |  |
|  | 1.3 The Audit Committee must review and approve the compliance report under this Instruction before it is provided to the Portfolio Department. | [ ]  |  |
|  |  |  |  |
|  | **Portfolio Department to DTF (by 31 October)** |  |  |
|  | 1.4 Having regard to the reports received under clause 1.1 of this Instruction, Portfolio Departments must provide a portfolio compliance summary to the DTF Deputy Secretary by **31 October** following the year reviewed, including: |  |  |
|  | * + - 1. the levels of compliance achieved across the portfolio (including within the Portfolio Department as an Agency, and all Portfolio Agencies);
 | [ ]  |  |
|  | * + - 1. key areas of Compliance Deficiency across the portfolio, including planned and completed remedial actions and timeframes of the Agencies and Portfolio Department; and
 | [ ]  |  |
|  | * + - 1. an assessment of the significant compliance risks facing the portfolio, including key strategies of the Agencies and the Portfolio Department to mitigate these risks.
 | [ ]  |  |
|  |  |  |  |
|  | **DTF to the Assistant Treasurer (by 15 December)** |  |  |
|  | 1.5 Having regard to the reports received under clause 1.4 of this Instruction, the Accountable Officer of DTF must report to the Assistant Treasurer on whole of government compliance, compliance risks, and advice on proposed strategies to improve compliance by **15 December** following the year reviewed. | [ ]  |  |
|  |  |  |  |
|  | 1. **2. Financial management compliance attestation in Annual Report**

2.1 The financial management compliance attestation under Direction 5.1.4 must:  |  |  |
|  | 1. where the Agency has not identified a Material Compliance Deficiency that occurred during the relevant year, attest that the Agency has complied with the applicable Directions and Instructions, in the form set out in clause 2.2(a) of this Instruction; and
 | [ ]  |  |
|  | 1. where the Agency has identified a Material Compliance Deficiency that occurred during the relevant year:
 |  |  |
|  | * + - attest that the Agency has complied with the applicable Directions and Instructions, except for the Material Compliance Deficiency;
 | [ ]  |  |
|  | * + - disclose the reasons for each Material Compliance Deficiency; and
 | [ ]  |  |
|  | * + - disclose planned and completed remedial actions for each Material Compliance Deficiency, in the form set out in clause 2.2(b) of Instruction 5.1.
 | [ ]  |  |
|  | 2.2 The Responsible Body’s compliance attestation under Direction 5.1.4 must appear in the Annual Report in the following form. [Name of the Agency] Financial Management Compliance Attestation Statement1. **[Where the Agency has not identified a Material Compliance Deficiency in relation to the relevant year:]**

I [name of member of the Responsible Body], on behalf of the Responsible Body, certify that the [name of the Agency] has complied with the applicable Standing Directions made under the *Financial Management Act 1994* and Instructions.1. **[Where the Agency has identified a Material Compliance Deficiency in relation to the relevant year:]**

I [name of member of the Responsible Body], on behalf of the Responsible Body, certify that the [name of Agency] has complied with the applicable Standing Directions made under the *Financial Management Act 1994* and Instructions except for the following Material Compliance Deficiencies:* [Insert reference to relevant Direction, e.g. Direction 3.2.1.2(b)] [Insert brief summary of the reasons for/circumstances of the Material Compliance Deficiency]. [Insert details of planned and completed remedial actions].
 | [ ]  |  |
|  | 2.3 Agencies with an annual reporting period that is not 1 July until 30 June must: 1. provide their first attestation under Direction 5.1.4 to cover the period from 1 July 2017 to balance date in the relevant Annual Report; and
2. in all subsequent years, attest to compliance under Direction 5.1.4 for the Agency’s relevant financial year.
 | [ ]  |  |
|  | 2.4 In relation to Direction 4.2.3, the attestation in the 2017-18 Annual Report must relate to compliance, and disclose Material Compliance Deficiencies, **as at 30 June 2018**. 2.5 In relation to Direction 4.2.4 , the attestation in the 2018-19 Annual Report must relate to compliance, and disclose Material Compliance Deficiencies, **as at 30 June 2019.**2.6In relation to Direction 3.7.2.1 , the attestation in the 2018-19 Annual Report must relate to compliance, and disclose Material Compliance Deficiencies, **as at 30 June 2019.** | [ ] [ ] [ ]  |  |
|  | 3. DTF assurance program |  |  |
|  | 3.1 The DTF Accountable Officer may conduct a targeted assurance program on either Agency specific or portfolio-wide issues as part of monitoring the effectiveness of the whole of state financial management framework.  | [ ]  |  |
|  | 3.2 If requested by DTF to participate in the assurance program, the Agency’s Accountable Officer must support the assurance program by providing all relevant information to DTF and/or its delegate. | [ ]  |  |
| 5.2 Annual reporting |
| Direction 5.2.1Requirements | 1. The Accountable Officer must implement and maintain a process to ensure the Agency’s Annual Report is prepared in accordance with the FMA, these Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.
 | [ ]  |  |
|  | 1. A Portfolio Department must apply the M*odel Financial Report for Government Departments*.
 | [ ]  |  |
|  | 1. An Agency must publish its Annual Report on the Agency’s or their Portfolio Department’s public website.
 | [ ]  |  |
|  |  |  |  |
| Direction 5.2.2Declaration in financial statements | 1. An Agency’s financial statements must include a signed and dated declaration by:
 |  |  |
| * the Accountable Officer;
 | [ ]  |  |
| * subject to Direction 5.2.2(c), the CFO; and
 | [ ]  |  |
| * for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body.
 | [ ]  |  |
| 1. The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons:
 |  |  |
|  | * the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period; and
 | [ ]  |  |
|  | * the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards.
 | [ ]  |  |
|  | 1. If an Agency’s CFO (including an acting CFO) does not have expertise and qualifications in compliance with Direction 2.4.5(a), or if an Agency does not have a CFO:
 |  |  |
|  | * the CFO must not sign financial statements; and
 | [ ]  |  |
|  | * the Accountable Officer must ensure that the financial statements are instead signed by a person with the expertise and qualifications required under Direction 2.4.5(a).
 | [ ]  |  |
|  |  |  |  |
| Direction 5.2.3Declaration in report of operations | The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body. | [ ]  |  |
|  |  |  |  |
| 5.3 External reporting and information provision |
| Direction 5.3.1 Agency reporting and information provision | The Accountable Officer must provide financial and financial related information: |  |  |
| 1. requested by their Portfolio Department to support advice to the Responsible Minister;
 | [ ]  |  |
| 1. requested by DTF to facilitate reporting and Government decision making, within the time provided in the request; and
 | [ ]  |  |
| 1. relevant to the Portfolio Department and/or DTF on:
 |  |  |
|  | * any significant foreseeable issues that may affect Government decision making and/or the Agency’s or the State’s financial management, performance, sustainability or reputation as soon as practicable; and
 | [ ]  |  |
|  | * any significant issues that have affected the Agency or the State’s financial management, performance, sustainability or reputation as soon as practicable.
 | [ ]  |  |
|  | 1. Information provided by the Accountable Officer under this Direction must be relevant, of sufficient quality, and provided in a timely manner.
 | [ ]  |  |
|  |  |  |  |
| Direction 5.3.2Additional reporting for Controlled Entities | Portfolio Agencies that are Controlled Entities must prepare and submit to their Portfolio Department and DTF, in a timely manner:  |  |  |
| 1. robust estimates for the budget year and forward estimates period that fairly present the estimated financial impacts of the Portfolio Agency’s activities for the period, within reasonable time for portfolio consolidation; and
 | [ ]  |  |
| 1. regular actuals based financial and performance reports that fairly present the Portfolio Agency’s activities for the relevant period.
 | [ ]  |  |
|  |  |  |  |
| Direction 5.3.3Portfolio department to report material issues to DTF | The Accountable Officer of a Portfolio Department must:  |  |  |
| 1. notify the DTF Accountable Officer, as soon as practicable, of any material issues within the Department or a Portfolio Agency that may affect the State’s financial management, performance, sustainability or reputation; and
 | [ ]  |  |
| 1. provide the DTF Accountable Officer with relevant reports, documents and other information to support a notification under this Direction.
 | [ ]  |  |