



*Financial Administration and Audit Act 1977*

# **Financial Management Standard 1997**

**Reprinted as in force on 1 July 2005**

**Reprint No. 3C**

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**Also see endnotes for information about—**

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Queensland

# Financial Management Standard 1997

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# **Financial Management Standard 1997**

[as amended by all amendments that commenced on or before 1 July 2005]

## **Part 1                      Introductory**

### **Division 1                  Preliminary**

#### **1                      Short title**

This standard may be cited as the *Financial Management Standard 1997*.

#### **2                      Commencement**

- (1) Section 97(1) and schedule 3 commence on 6 June 1997.<sup>1</sup>
- (2) The remaining provisions commence on 1 July 1997.

#### **3                      Dictionary**

The dictionary in schedule 6 defines particular words used in this standard.

### **Division 2                  Purposes of standard and commentaries**

#### **4                      Purpose of standard**

- (1) The purpose of this standard is to provide for the following—

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<sup>1</sup> Section 97 (Requirements for annual financial statements of departments) and schedule 3 (Prescribed accounting standards for a financial year ending before 1 July 2005)

- (a) the policies and principles to be observed in financial management, including planning, performance management, internal control and corporate management;
  - (b) the content of financial statements and annual reports;
  - (c) the matters to be included in manuals.<sup>2</sup>
- (2) The purpose is achieved by stating the functions of each accountable officer and statutory body about matters for which this standard may be made.<sup>3</sup>

## **5 Purposes of commentaries**

- (1) This standard also includes commentary provisions.<sup>4</sup>
- (2) The commentary provisions—
  - (a) provide extra guidance, by including examples and referring to other policies and guidelines, about provisions identified in the commentary; and
  - (b) may state the best way for complying with this standard; and
  - (c) may include a provision about related topics (*associated topics*).

## **Division 3 Application of standard**

### **6 Application generally**

This standard applies to each accountable officer or statutory body unless—

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2 The purpose reflects the matters about which the Treasurer may make standards under section 46L(1) (Financial management standards) of the Act.

3 Section 46L(3) of the Act provides that ‘Each accountable officer and statutory body must comply with relevant provisions of a standard.’.

4 Section 46LB (Financial management standard may include commentary about its operation) of the Act provides that the Treasurer may include in a standard a commentary if ‘the Treasurer considers it desirable’. However, the commentary is not part of the standard.

- (a) this standard provides otherwise; or
- (b) the accountable officer or statutory body is exempted from compliance under section 46LC of the Act.<sup>5</sup>

## **7 Special application provisions for pt 2**

- (1) Part 2 does not apply to—
  - (a) a government owned corporation; or
  - (b) a business undertaking of a department, if the undertaking has entered into an annual performance contract under the document called ‘Commercialisation of Government Service Functions in Queensland’.<sup>6</sup>
- (2) Sections 19, 20 and 26 do not apply to the auditor-general.<sup>7</sup>
- (3) However, the auditor-general must consult with the Treasurer and the parliamentary committee about the resource implications of strategic plans for the audit office.

## **8 Special application provisions for pt 3**

- (1) Part 3, division 3 and sections 41, 43, 45(2)(c) and (7), 47, 48(3) and 56(2) do not apply to a government owned corporation.<sup>8</sup>
- (2) Also, section 48(3) does not apply to a business undertaking of a department, if the undertaking has entered into an annual performance contract under the document called ‘Commercialisation of Government Service Functions in Queensland’.

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5 Section 46LC (Exemption from financial management standards) of the Act

6 Part 2 (Planning). Also, see schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about this document.

7 Sections 19 (Consultation about strategic plans), 20 (Strategic plan to be submitted) and 26 (Consultation about assets strategic plan)

8 Part 3 (Management of resources), division 3 (User charging) and sections 41 (Record of special payments), 43 (Record of material losses), 45 (Elements of systems for asset management), 47 (Evaluations of acquisitions, maintenance and improvements of physical assets), 48 (Maintenance of assets) and 56 (Elements of systems for financial information management)

- (3) If, under the document called ‘Code of Practice for Government Owned Corporations’ Financial Arrangements’,<sup>9</sup> the board of a government owned corporation approves a policy for the corporation and the subject matter of the policy is the same as the subject matter of a document mentioned in section 54A,<sup>10</sup> the corporation is not required to comply with the document.

## **9 Special application provision for pt 4**

Section 63 does not apply to government owned corporations or the auditor-general.<sup>11</sup>

## **10 Special application provision for pt 5**

The following provisions do not apply to a government owned corporation—

- (a) section 71(2)(g);
- (b) part 5, division 3;
- (c) part 5, division 5, subdivision 3;
- (d) section 98(2)(b).

*Commentary—Application of standard*

*In complying with division 3, the following comments should be considered—*

- 1 Statutory GOCs must comply with this standard because, under the Government Owned Corporations Act 1993, section 127(1), the Financial Administration and Audit Act 1977 applies to a statutory GOC with any necessary changes.*
- 2 This standard does not apply to company GOC’s because, under the Government Owned Corporations Act 1993, section 128(3), the provisions of the Financial Administration and Audit Act 1997*

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9 See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about this document.

10 Section 54A (Other documents to which accountable officers and statutory bodies must have regard)

11 Section 63 (Elements of systems for evaluating achievement of agency’s goals)

*(other than section 38C and those prescribed by the Government Owned Corporations Act 1993, schedule 3) do not apply to a company GOC.*

- 3 *Although government owned corporations, and business undertakings of departments, are exempted from part 2, the statement of corporate intent of a government owned corporation, and the annual performance contract of a departmental business undertaking, reflect provisions similar to the requirements of this standard.*

## **Division 4                      Overview of relationship of standard, the Act and other documents**

### **11            Other financial management legislation and this standard**

- (1) The financial management of an agency is governed by the Act, this standard and other legislation that applies to the agency.
- (2) The Act—
  - (a) authorises the Treasurer to make standards as subordinate legislation; and
  - (b) requires each accountable officer and statutory body to prepare a manual for the agency, stating the particulars of the agency's financial systems and the practices and controls necessary to give effect to matters about the agency's financial management;<sup>12</sup> and
  - (c) requires each officer engaged on duties in connection with the financial management of an agency to comply with the agency's manual.
- (3) This standard provides a framework for an accountable officer or statutory body to develop and implement systems, practices and controls for inclusion in the agency's manual.

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12 See sections 36(1)(g) (Functions and duties of all accountable officers), 46C(h) (Functions and duties) and 46M(2) (Financial Management Practice Manuals) of the Act.

## **12 Responsibilities of accountable officers and statutory bodies**

- (1) Under the Act, each accountable officer and statutory body is assigned various functions.<sup>13</sup>
- (2) As part of the functions, every accountable officer and statutory body must manage the agency efficiently, effectively and economically, including, for example, by developing and implementing systems to ensure the appropriate use of, accountability for and safeguarding of, public resources.
- (3) Accountable officers and statutory bodies must not be limited by this standard but adopt a pro-active approach in monitoring the appropriateness of the agency's systems, operations and overall financial position.

*Example of subsection (3)—*

An accountable officer or statutory body may include matters in a system other than matters mentioned in this standard as elements of the system.

## **13 Relationship between this standard and auditor-general's report about financial statements**

Compliance with the provisions of this standard about the establishment and keeping of accounts forms part of the audit report for the financial statements of an agency.<sup>14</sup>

## **14 Relationship of this standard with other documents**

- (1) This standard states the status and relationship of other documents to it.
- (2) If this standard provides that an accountable officer or statutory body must have regard to another document, the officer or body complies with the provision by considering the contents of the document and deciding if the contents apply to the agency's circumstances.

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13 See sections 36 (Functions and duties of all accountable officers) and 46C (Functions and duties) of the Act.

14 See sections 40 (General purpose financial statements) and 46G (Report of auditor-general) of the Act.

- (3) Schedule 1 states the documents made by the Treasurer, or published by the treasury department, that are mentioned in this standard together with details about the particular time the document is in force.<sup>15</sup>
- (4) Other documents mentioned in a provision of this standard are the documents as in force from time to time, unless the provision otherwise provides.<sup>16</sup>
- (5) Documents mentioned in a commentary are included for guidance only.

## **Part 2                      Planning**

### **Division 1                      Purpose of part and relationship of plans**

#### **15                      Purpose**

- (1) The purpose of this part is to state the functions of each accountable officer and statutory body for ensuring—
  - (a) the agency plans its operations to focus on its performance and achieving results; and
  - (b) the agency's ICT resources support its operations; and
  - (c) the agency effectively plans for its assets; and
  - (d) the agency's operations are reviewed to assess whether an operation is suitable for commercialisation.
- (2) Each accountable officer and statutory body is responsible for the development of plans under this part and for the on-going implementation of the plans.

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15 See section 46L(2) (Financial management standards) of the Act.

16 See section 38(2)(b) (Responsibility for expense management) for an example of an exception.

**16 Relationship of strategic plan to other plans**

- (1) Divisions 2, 3 and 4 state the functions of each accountable officer and statutory body for an agency's—
  - (a) strategic plans and operational plans; and
  - (b) ICT resources strategic plans; and
  - (c) assets strategic plans.<sup>17</sup>
- (2) Each accountable officer and statutory body must ensure the agency's operational plans, ICT resources strategic plan and assets strategic plan are consistent with, and support, the agency's strategic plan covering the timeframes of the operational plans, ICT resources strategic plan and assets strategic plan.
- (3) Subject to section 25(3), the agency's ICT resources strategic plan and assets strategic plan may be included in the agency's strategic plan.<sup>18</sup>

**Division 2 Strategic and operational planning for agencies****17 Responsibility for strategic plan and operational plan**

- (1) During every financial year, each accountable officer and statutory body must develop—
  - (a) a strategic plan for the agency; and
  - (b) operational plans at levels of the agency that the accountable officer or statutory body considers appropriate, or an operational plan for the whole of the agency.
- (2) A strategic plan must cover a period of at least 4 years.<sup>19</sup>

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17 Divisions 2 (Strategic and operational planning for agencies), 3 (Strategic planning for ICT resources) and 4 (Strategic planning for assets)

18 Section 25 (Elements of assets strategic plan)

19 Even though a strategic plan must cover a period of at least 4 years, the plan must be developed every financial year.



- (3) An operational plan must cover a period of not more than 1 year.
- (4) A strategic plan and operational plan must be developed in the context of the Government's social and fiscal objectives.

## **18 Elements of strategic plan**

- (1) Each strategic plan for an agency must provide for—
  - (a) stating the timeframe to be covered by the plan; and
  - (b) identifying the agency's purpose, role, goals and outputs; and
  - (c) identifying and analysing the potential impact of key issues on—
    - (i) the agency's operations; and
    - (ii) achieving the Government's social and fiscal objectives; and
  - (d) stating the relationship between the agency's goals and outputs and the Government's social and fiscal objectives; and
  - (e) stating the ways in which the agency intends to—
    - (i) achieve its goals and outputs; and
    - (ii) assist in achieving the Government's social and fiscal objectives; and
  - (f) setting performance measures for reviewing the progress towards achieving the agency's goals and outputs.
- (2) An accountable officer or statutory body must ensure the agency's strategic plan is prepared, and available before the start of the timeframe to which the plan relates.

**19 Consultation about strategic plans**

- (1) In developing an agency's strategic plan,<sup>20</sup> the accountable officer or statutory body must consult with—
  - (a) the appropriate Minister and, if the agency is a department, the Treasurer; and
  - (b) other relevant persons.
- (2) For subsection (1)(a), the accountable officer must give to the appropriate Minister and the Treasurer a statement of major policy changes and consequential resource implications resulting from the proposed strategic plan.

**20 Strategic plan to be submitted**

- (1) After a department's strategic plan has been prepared and consultations under section 19 are complete, the accountable officer must submit the strategic plan to the Premier, Treasurer and the appropriate Minister.
- (2) If the appropriate Minister directs a statutory body to submit the body's proposed strategic plan to the Premier and Treasurer, the body must comply with the direction.
- (3) A submission under subsection (1) or (2) must state major policy changes and consequential resource implications resulting from the proposed strategic plan.

**21 Operational plans**

- (1) An agency's operational plan must provide for the outputs the agency intends to deliver during the plan's timeframe.
- (2) The plan must include details about output performance measures that allow the accountable officer or statutory body to assess the agency's performance in delivering the outputs.
- (3) An operational plan must be available for distribution before the start of the timeframe to which it relates.

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<sup>20</sup> This section does not apply to the auditor-general—see section 7 (Special application provisions for pt 2).

*Commentary—Strategic and operational planning for agencies*

*In complying with division 2, the following comments should be considered—*

- 1 Each accountable officer and statutory body is required to structure the agency's operations to facilitate the achievement of the agency's goals and the delivery of its outputs to the required standards. They are also required to assess their performance in achieving the goals.*
- 2 The resource implications of an agency's operations should be assessed against a department's approved forward estimates or a statutory body's available levels of resources.*
- 3 As a general guide, an agency should start its strategic planning before the end of the agency's budget processes.*
- 4 Associated topics include—  
part 4—Performance management.*

## **Division 3 Strategic planning for ICT resources**

### **22 Responsibility for strategic planning for ICT resources**

- (1) During every financial year, each accountable officer and statutory body must develop a strategic plan for the agency's ICT resources.
- (2) The plan must—
  - (a) be consistent with the targets stated in the GEA; and
  - (b) demonstrate how the agency aligns with the targets stated in the GEA, including, for example, by—
    - (i) meeting a target within the period stated in the GEA for the target; or
    - (ii) qualifying for an exception for a target; and
  - (c) be consistent with the mandatory principles of each information standard; and
  - (d) cover a timeframe of at least 4 years.
- (3) If an information standard states a period in which a mandatory principle of the standard must be applied, the plan must provide for applying the principle—

- (a) in the period; or
  - (b) if the results of a risk assessment indicate the principle is to be applied in another period—in the other period.
- (4) If an information standard does not state a period in which a mandatory principle of the standard must be applied, the plan must provide for applying the principle in a period that is consistent with the results of a risk assessment about when the principle is to be applied.

## **23 Elements of ICT resources strategic plan**

- (1) Each ICT resources strategic plan for an agency must provide for the following—
- (a) stating the timeframe to be covered by the plan;
  - (b) stating the goals of the plan and how the goals assist in—
    - (i) delivering the agency’s outputs; and
    - (ii) achieving the Government’s social and fiscal objectives;
  - (c) stating how the agency intends to support the whole-of-government policy about information and communication technology;
  - (d) evaluating the needs of the agency and its clients for the agency’s existing ICT resources and any additional ICT resources;
  - (e) stating how the agency will optimise the use of, and fund, existing and future ICT resources;
  - (f) evaluating the effect on the agency’s operations of relevant external factors, including, for example, changes to the agency’s business environment.
- (2) Asset implications arising from the agency’s ICT resources strategic plan must be disclosed in the agency’s assets strategic plan developed under part 2, division 4.
- (3) The accountable officer or statutory body must ensure the ICT resources strategic plan is developed and available before the start of the timeframe to which the plan relates.

*Commentary—Strategic planning for ICT resources*

*In complying with division 3, the following comments should be considered—*

- 1 An agency's ICT resources strategic plan is dependent on the agency's direction under its strategic plan. The ICT resources strategic plan may be affected by other areas of the agency's operations, including human resources, assets and finance plans. The dependencies should be identified and the appropriate processes documented.*
- 2 Although agencies are required to align with targets in the GEA and apply the mandatory principles of the information standards, in developing ICT resources strategic plans, agencies should also have regard to other guidelines issued by the Office of Government ICT about 'best practice'.*
- 3 In deciding the period in which a mandatory principle of an information standard is to be applied, the department administering the standard should consult with each agency that has significant ICT resources and have regard to the agency's capacity to apply the mandatory principle within the period to be stated in the information standard.*
- 4 The Government's social and fiscal objectives are stated in the charter of social and fiscal responsibility for the State prepared under part 1A of the Act.*
- 5 Associated topics include—  
part 3—Management of resources, division 8—Financial information management.*

## **Division 4 Strategic planning for assets**

### **24 Responsibility for strategic planning for assets**

- (1) During every financial year, each accountable officer and statutory body must develop for the agency a strategic plan for assets.
- (2) The plan must cover a period of at least 4 years.

### **25 Elements of assets strategic plan**

- (1) In developing an assets strategic plan for an agency, the accountable officer or statutory body must have regard to the following documents—

- (a) ‘Asset Strategic Plan Guidelines’;<sup>21</sup>
  - (b) ‘Maintenance Management Framework’, as issued by the Department of Public Works.<sup>22</sup>
- (2) Each assets strategic plan for an agency must provide for—
- (a) analysing the key issues that may influence the agency’s requirements for assets in the medium to long term; and
  - (b) analysing the appropriateness of existing assets in relation to the agency’s strategic plan and needs of its clients; and
  - (c) identifying the need for new assets and developing strategies to meet the needs; and
  - (d) identifying and developing strategies for—
    - (i) achieving and maintaining the appropriate level of operational performance for assets; and
    - (ii) maintaining physical assets in an appropriate condition; and
  - (e) developing strategies for disposing of assets that are surplus to the agency’s requirements.<sup>23</sup>
- (3) If the agency’s investment in assets is expected to be more than \$30000000 over any 4 consecutive financial years during the plan’s timeframe, the plan must be developed, and available for distribution, as a separate document.<sup>24</sup>
- (4) The accountable officer or statutory body must ensure the plan is developed and available before the start of the timeframe to which the plan relates.

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21 See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about this document.

22 A copy of this document may be obtained during business hours from the office of the Department of Public Works at 80 George Street, Brisbane or from that department’s website at <<http://www.build.qld.gov.au>>.

23 See section 49 (Disposal of assets).

24 Section 16(3) (Relationship of strategic plan to other plans) provides—  
Subject to section 25(3), the agency’s ICT resources strategic plan and assets strategic plan may be included in the agency’s strategic plan.

**26 Consultation about assets strategic plan**

In developing an agency's assets strategic plan, the accountable officer or statutory body must consult with—

- (a) the appropriate Minister and, if the agency is a department, the Treasurer; and
- (b) other departments and statutory bodies with whom the accountable officer or statutory body considers it is necessary or appropriate to consult to ensure coordination of capital investment.

*Commentary—Strategic planning for assets*

*In complying with division 4, the following comments should be considered—*

- 1 *An agency's assets strategic plan complements the agency's strategic plan because it focuses on the strategic plans of the agency in relation to its management of assets. The plan should be linked with other aspects of strategic planning elements including, for example, goals, finance, human resource and information systems.*
- 2 *A best practice analysis of the asset needs of an agency would involve analysing the following—*
  - (a) *the service environment, including, for example, the impact of population and distribution trends;*
  - (b) *whether the existing level and configuration of assets are optimal for the agency's strategic plan and client needs, including an assessment of utilisation, valuation, functionality, location, whole-of-life costs and relationship with the strategies of other relevant departments and statutory bodies;*
  - (c) *appropriate actions to be carried out, including options for dealing with inadequately maintained assets and disposal action for surplus assets;*
  - (d) *the cost needed to maintain the service potential of existing assets including cost needed to replace and upgrade existing assets to maintain the service potential of the asset;*
  - (e) *apparent gaps between forecasted needs and existing asset infrastructure and a broad assessment of options to fill the gaps, including, for example, the disposal of surplus assets, funding from budget sources, private funding and other non-budget financing.*

- 3 *Consultation with other accountable officers and statutory bodies prevents duplication of service delivery and enables a whole of government perspective to be taken in considering the asset needs of the State.*

## **Division 5                      Commercialisation**

### **27            Responsibility for commercialisation**

- (1) An accountable officer must regularly review the department's operations to assess whether an operation may be commercialised.
- (2) In conducting a review, the accountable officer must have regard to the document called 'Commercialisation of Government Service Functions in Queensland',<sup>25</sup>
- (3) Before commercialising an operation, an accountable officer must consult with the Treasurer.

## **Part 3                              Management of resources**

### **Division 1                      Purpose of part and separation of duties**

#### **28            Purpose of part**

The purpose of this part is to state the functions of each accountable officer and statutory body for ensuring the efficient and effective management of the agency's resources, namely—

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<sup>25</sup> See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about this document.



- (a) the agency's revenue (including charging for goods and services), expenses, assets (including cash) and liabilities; and
- (b) the agency's information, including, for example, the storage, retention, reproduction and destruction of financial information.

## **29 Separation of duties**

- (1) To the extent practicable, an accountable officer or statutory body must assign responsibility for each element of the management of the agency's resources to different officers of the agency.
- (2) Also, each accountable officer and statutory body must have regard to part 5, division 2 and ensure there are cost-effective controls for the management of the agency's resources.<sup>26</sup>

### *Commentary—Separation of duties*

*In complying with section 29, the following comments should be considered—*

- 1 *Specific officers should be assigned responsibility to perform the different elements. All elements should be assigned. Responsibility ensures an officer is held accountable for performing the element.*
- 2 *Guidance on establishing and maintaining cost-effective internal control structures for an agency may be found in the document called 'Cost-Effective Internal Control, Underpinning Agency Performance', as published by the treasury department.*

## **Division 2 Revenue management**

### **30 Responsibility for revenue management**

Each accountable officer and statutory body must manage the agency's revenue efficiently and effectively, including, for example, by developing and implementing systems for managing the agency's revenue.

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<sup>26</sup> Part 5 (Corporate management), division 2 (Internal control structure)

**31 Elements of systems for revenue management**

- (1) An agency's systems for revenue management must provide for promptly identifying, collecting and writing-off revenue, and recording information about revenue.
- (2) Identifying revenue includes reviewing—
  - (a) the agency's operations to identify the existing sources of revenue; and
  - (b) the environment in which the agency operates to identify potential sources of revenue; and
  - (c) the size of each source of revenue, and difficulties, limitations or problems associated with each source.
- (3) Collecting revenue includes—
  - (a) calculating amounts receivable and giving notice requiring payment of the amounts; and
  - (b) providing credit to a person; and
  - (c) collecting revenue; and
  - (d) following-up outstanding revenue.
- (4) Writing-off revenue includes requiring appropriate authority before revenue is forgone, remitted, waived or otherwise written-off.
- (5) Recording information about revenue includes—
  - (a) identifying and recording all transactions about revenue; and
  - (b) identifying and managing amounts received for goods and services the agency has not yet provided; and
  - (c) maintaining an adequate audit trail; and
  - (d) obtaining information about revenue to allow the timely provision of relevant and reliable information for the agency's managers and its external reports.
- (6) The systems may include arrangements for using a credit card facility, electronic funds transfer facility and any other facility for receipting amounts.
- (7) However, the systems may not allow the use of credit cards for paying taxation payable to the consolidated fund.

*Commentary—Revenue management*

*In complying with division 2, the following comments should be considered—*

- 1 Each accountable officer and statutory body should examine the agency's operations to identify sources or potential sources of revenue, including, for example, fees, fines, grants, levies, subsidies and charging. Guidance about revenue may be found in the 'Accounting Policy Guidelines', published by the treasury department and available on that department's website at <<http://www.treasury.qld.gov.au>>. It would be preferable if an agency's review of revenue sources was carried out by managers who are familiar with the operation of the agency and aware of proposed initiatives. Because the budget processes involve consideration of resources and requirements, the review may be undertaken at the same time.*
- 2 Each accountable officer and statutory body should also identify the limits on the revenue base. Examples of possible limits on revenue are government policies, pricing tribunals, limitations on taxation increases and funding restrictions.*
- 3 Most amounts are not payable by a person until a claim is made. It is beneficial to issue an invoice and request payment as early as possible to facilitate the cash flow of the agency. This notifies the debtor of the requirement to pay. A control should be established over the issue of invoices, for example, sequentially numbered invoices.*
- 4 Each accountable officer and statutory body should also establish an appropriate accounting policy to establish the recognition of a debt if revenue is raised without issuing an invoice.*
- 5 Each accountable officer and statutory body should decide and approve an appropriate credit policy that, amongst other things, identifies the required terms of payment for revenue raised (for example, 30 days credit). The policy should also include, if applicable, details of credit reference requirements and discount policies.*
- 6 Procedures should be implemented to ensure the accuracy of the information, including, for example, the establishment and maintenance of control accounts (for recording total revenues less total amounts received) and the performance of regular and independent checks to ensure the total of the individual account balances agree with the control account total.*
- 7 An agency's internal controls should apply to the policies and procedures about the operations of the payment facility, including, obtaining authorisations, authorised floor limits and detecting unauthorised and forged signatures.*

- 8 *An assessment of long outstanding debtors should be performed on a regular basis, by an independent officer, to determine whether the amounts should be written-off after considering the follow-up action taken. The actions taken and reasons should be documented with reference to supporting records.*
- 9 *Each accountable officer and statutory body should clearly identify and monitor the amounts received by the agency for which neither goods nor services have been provided, for example, payments in advance. The amounts represent the unfulfilled obligation of the agency.*
- 10 *Records for revenue management need to identify when money is owed. Once recorded, the status of a debt can be monitored and, if necessary, followed-up until satisfied. The information in the record should include the date of the debt, payments, the outstanding balance and any particular circumstances concerning the debtor and the debt, to enable management to assess whether the debt is likely to be, and should be, collected.*
- 11 *Guidance on establishing and maintaining cost-effective revenue management processes for an agency may be found in the document called 'Cost-Effective Internal Control, Underpinning Agency Performance', as published by the treasury department.*
- 12 *Associated topics include—*  
*part 5—Corporate management, division 2—Internal control structure.*

## Division 3                      User charging

### 32            Definitions for division

In this division—

***charge***, for goods or services, includes a fee but does not include a fine, levy or tax.

***equity financing costs*** means amounts of public moneys that are financial returns payable by an agency to the consolidated fund, including, for example, charges and dividends.

***full cost***, of goods or services, means all costs attributable to the goods or services, including, for example—

- (a) direct and indirect labour and management costs, including accruing staff entitlements and workers' compensation; and

- (b) materials, including on-costs to cover handling and holding costs; and
- (c) the opportunity cost of non-current physical assets used in producing the goods or services; and
- (d) costs of non-current physical assets consumed; and
- (e) costs of debt financing and equity financing costs; and
- (f) taxes and tax equivalent costs, other than income tax.

*goods* includes products and items.

*opportunity cost*, of a non-current physical asset, means the return available from a similar investment.

*services* includes professional services.

*user*, of goods or services, means an entity that uses the goods or services supplied by a department or statutory body.

### **33 Responsibility to charge for goods and services**

Each accountable officer and statutory body must develop and implement systems for charging for goods and services supplied by the agency.

### **34 Elements of systems for charging for goods and services**

An agency's systems for charging for goods and services must provide for—

- (a) identifying the goods and services for which users must be charged; and
- (b) regularly examining the level of charges for the goods and services; and
- (c) ensuring the basis for charging complies with the information standards applicable to the goods and services; and
- (d) recording information to collect accurate and reliable data about the goods and services.

**35 Considerations as to whether charge is to be applied**

In identifying an agency's goods and services for which users must be charged, the accountable officer or statutory body must consider whether—

- (a) the users have the capacity to pay for the goods or services; and
- (b) the users have a choice to accept the goods or services; and
- (c) the goods or services are available from a supplier other than a department or statutory body; and
- (d) the goods or services are required or permitted by legislation; and
- (e) the goods or services are supplied for the benefit of the general public or exclusively for the benefit of users who do not have the capacity to pay; and
- (f) the administrative costs of charging and collecting the charges are more than, or may be more than, the revenue collected and resulting long term gains in efficiency; and
- (g) an agreement exists about charging for the goods or services; and
- (h) charging for the goods or services improves, or may improve, resource allocation through the more economical use of the goods or services by users; and
- (i) other factors exist that the accountable officer or statutory body considers relevant.

**36 Level of charges**

- (1) Each accountable officer and statutory body must decide the charges for goods and services supplied by the agency.
- (2) In deciding charges, the accountable officer or statutory body must have regard to the full cost of providing the goods or services.
- (3) However, the accountable officer or statutory body may decide a charge for a particular good or service that is less than the full cost of the good or service (the *lower charge*) if

the officer or body is satisfied the lower charge is appropriate for another reason, including, for example—

- (a) the lower charge reflects the commercial market rates that apply to comparable goods or services in the market in which the agency is operating; and
  - (b) the lower charge may encourage a rational choice by users; and
  - (c) the impact of the lower charge on achieving the social objectives implicit in delivering the goods or services; and
  - (d) if the particular good or service involves information held by a department or statutory body—the information standard applicable to the good or service; and
  - (e) other factors exist that the accountable officer or statutory body considers relevant.
- (4) This section is subject to section 37.

### **37 Level of charges for certain entities**

- (1) This section applies to the accountable officer of a department if an operation of the department—
  - (a) has been commercialised; or
  - (b) is about to be commercialised by the accountable officer; or
  - (c) is declared, under an Act, to be a significant business activity.
- (2) The accountable officer must decide the charges for goods or services provided by a commercialised operation, or an operation about to be commercialised, under the document called 'Commercialisation of Government Service Functions in Queensland'.<sup>27</sup>

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<sup>27</sup> See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about this document.

- (3) The accountable officer must decide the charges for goods or services provided by a significant business activity under the document called ‘Full Cost Pricing Policy’, unless the charge must be decided under subsection (2).<sup>28</sup>

*Commentary—User charging*

*In complying with division 3, the following comments should be considered—*

- 1 Users of an agency’s goods or services should be charged for the consumption of the goods or services. However, charging for goods and services may not occur in every situation. Section 35 lists a number of factors the accountable officer or statutory body should consider before deciding whether a charge should be applied to the provision of a particular good or service. The factors are not exhaustive and consideration may be given to other factors considered relevant.*
- 2 Goods and services provided by a department or statutory body may be provided as a social benefit, free of charge. However if the recipient of the goods or services has the capacity to pay for the goods or services, charging may be appropriate.*
- 3 The discretion of the user as to the amount of the goods or services received, and the choice of alternative suppliers indicates a market situation that allows the supplier to charge for goods or services.*
- 4 In deciding the full cost of providing goods and services, all relevant overheads should be allocated.*

## **Division 4                      Expense management**

### **38                      Responsibility for expense management**

- (1) Each accountable officer and statutory body must develop and implement systems for managing the agency’s expenses efficiently and effectively, to achieve reasonable value for money.
- (2) To the extent the following documents apply to the agency, the accountable officer and statutory body must comply with

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<sup>28</sup> See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about this document.



them when developing the agency's systems for expense management—

- (a) The Queensland Ministerial Handbook, as published by the Department of the Premier and Cabinet;<sup>29</sup>
  - (b) General Guidelines for Personal Expenses and the Use of Credit Cards by Public Service Employees, as issued by the Office of the Public Service Commissioner.<sup>30</sup>
- (3) In developing the agency's systems for expense management, the accountable officer or statutory body must ensure the agency's systems provide that, if the agency does not comply with the State Purchasing Policy published by the Department of Public Works,<sup>31</sup> the accountable officer or statutory body must record the reason for not complying with it.

### **39 Elements of systems for expense management**

- (1) An agency's systems for expense management must deal with the issues of identifying, approving, paying and recording expenses.
- (2) Identifying expenses includes reviewing the agency's operations to identify the sources of, and reasons for, incurring expenses.
- (3) Approving expenses includes—
  - (a) requiring appropriate approval before incurring the commitment for an expense; and
  - (b) incurring an expense only for authorised purposes; and
  - (c) ensuring an expense represents reasonable value for money for the agency.

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29 A copy of this document may be obtained during business hours from the Department of the Premier and Cabinet at 100 George Street, Brisbane or from that department's website at <<http://www.premiers.qld.gov.au>>.

30 A copy of this document may be obtained during business hours from the Office of the Public Service Commissioner at 61 Mary Street, Brisbane or from that office's website at <<http://www.opsme.qld.gov.au>>.

31 A copy of this document may be obtained during business hours from the office of the Department of Public Works at 80 George Street, Brisbane or from that department's website at <<http://www.qgm.qld.gov.au>>.

- (4) Paying expenses includes—
- (a) obtaining reasonable assurances that the amount of an expense is correct and the goods or services the subject of the expense have been provided as requested by the agency; and
  - (b) paying, under the agency's systems for cash management, an expense when it is due; and
  - (c) issuing payments in a secure way; and
  - (d) ensuring an officer, with appropriate authority, authorises a payment before it is made.
- (5) Recording expenses includes—
- (a) identifying and recording all transactions in which an expense is incurred; and
  - (b) maintaining an adequate audit trail; and
  - (c) obtaining information about expenses to allow the timely provision of relevant and reliable information for the agency's managers and its external reports.
- (6) An agency's systems for expense management must also provide for—
- (a) fair and competitive procurement; and
  - (b) delegations supporting the efficient operation of the agency.

*Commentary—Elements of systems for expense management*

*In complying with section 39, the following comments should be considered—*

- 1 In identifying the sources of expenses, and when they occur, each accountable officer and statutory body should consider the information needed to manage the agency's operations efficiently, effectively and economically. This information should be used when developing the agency's budget as well as monitoring the agency's operations.*
- 2 To prepare relevant and reliable information for an agency's managers and its external reports, all transactions for expenses should be recorded accurately, completely and promptly. This requires a process to ensure an obligation is identified and immediately recorded in the accounting system. Once recorded,*

*Financial Management Standard 1997*

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*management can monitor the amount of the expense and approve payment at the appropriate time.*

- 3 All payments should be properly approved by an officer who has the appropriate delegated authority. The approval of the payment assigns responsibility for the amount spent and ensures the money is expended in accordance with the agency's objectives.*
- 4 The cost of internal controls, and the benefits and functions they provide, should be regularly evaluated. In addition to managing the resources of the agency effectively, the agency is required to be accountable for its use of the resources. The use of cost-effective internal controls helps in this process by confirming transactions are performed accurately, completely, on a timely basis and with appropriate approval.*
- 5 In developing an agency's systems for expense management, the accountable officer or statutory body should have regard to the 'Accounting Policy Guidelines', as published by the treasury department.*
- 6 Guidance about cost-effective expense management processes for an agency may be found in the document called 'Guidelines for Grant Administration', as published by the treasury department in April 1997. A copy of this document may be obtained from the department's office at 100 George Street, Brisbane or from the department's website at <<http://www.treasury.qld.gov.au>>.*

**40 Credit card facilities**

- (1) For an agency's systems for expense management, the accountable officer or statutory body may enter into arrangements for the following credit card facilities—
  - (a) general credit card facilities, including, for example, a purchase card facility established by the Treasurer;
  - (b) special purpose credit cards facilities, including, for example, a fuel card facility.
- (2) The arrangement for a credit card facility must—
  - (a) state the charges that may be imposed by the provider of the facility; and
  - (b) provide for the accountable officer or statutory body to be given frequent and regular information, including, at least, a monthly statement or record of transactions and balances; and

- (c) provide for individual card limits and security against unauthorised use; and
  - (d) state the agency and the State are not liable for unauthorised use of individual cards by a person other than the authorised user.
- (3) Each accountable officer and statutory body must implement systems for credit card facilities that ensure—
- (a) credit cards are used only for authorised purposes; and
  - (b) misuse is promptly detected, through the operation of internal controls, and reported to the accountable officer or statutory body; and
  - (c) use of an official credit card facility is restricted to appropriate officers; and
  - (d) if practicable, only one account in the name of the department or statutory body is opened with the provider of the facility; and
  - (e) reasonable documentation about the transactions is kept; and
  - (f) for a department—the systems are consistent with the document called ‘Treasurer’s Guidelines for the use of the Queensland Government Corporate Purchasing Card’.<sup>32</sup>

*Commentary—Credit card facilities*

*In complying with section 40, the following comments should be considered—*

*1 When an officer uses a credit card facility, the officer responsible for the card should keep the relevant documents, including supporting invoices and dockets. This documentation can be used to substantiate the use of the card and form the basis of supporting documentation for payment of the account within the settlement period. In addition, the provision of relevant and reliable information helps the agency in monitoring the usage and transactions of the facility.*

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<sup>32</sup> See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about this document.

**41 Record of special payments**

- (1) Each accountable officer and statutory body must keep a record of the agency's special payments<sup>33</sup> of more than \$5000 (*prescribed special payments*), including the following details about each payment—
  - (a) its date;
  - (b) the recipient;
  - (c) the reason for the payment;
  - (d) the approval given.
- (2) The record may include other details the accountable officer or statutory body considers relevant.

*Commentary—Record of special payments*

*In complying with section 41, the following comment should be considered—*

*1 The classes of special payments include ex-gratia payments, extra-contractual payments, out of court settlements and court ordered damages.*

**42 Action to be taken when losses are identified**

- (1) After an accountable officer or statutory body becomes aware of a material loss, the officer or body must promptly—
  - (a) investigate the circumstances of the loss; and
  - (b) prepare a report about it; and
  - (c) take action to prevent the loss recurring.
- (2) If the accountable officer or statutory body suspects any loss to be a result of an offence under the Criminal Code or another Act, the accountable officer or body must also give written notice about the loss to—
  - (a) a police officer; and

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<sup>33</sup> Schedule 3 (Dictionary) of the Act—

*special payments* includes ex gratia and extra-contractual expenditure.

- (b) if official misconduct of an officer of a department or statutory body is suspected—the Criminal Justice Commission; and
- (c) the auditor-general.

*Commentary—Action to be taken when losses are identified*

*In complying with section 42, the following comment should be considered—*

*1 If a loss is not material, an agency's Financial Management Practice Manual should provide for the action to be taken, including, for example, the following—*

- (a) whether to investigate the circumstances of the loss;*
- (b) the extent of any investigation;*
- (c) whether to prepare a report about the loss;*
- (d) the action to be taken to obtain reimbursement of the loss;*
- (e) when to write-off the loss.*

## **43 Record of material losses**

- (1) Each accountable officer and statutory body must keep a record of each material loss of property, including money.
- (2) The record must include the following details about each material loss—
  - (a) a description of the property, including its value;
  - (b) the reason for the loss;
  - (c) action taken about the loss, including, for example, action taken to obtain reimbursement;
  - (d) provision established in anticipation of the type of loss;
  - (e) details about approval for writing-off the loss.

*Commentary—Record of material losses*

*In complying with section 43, the following comments should be considered—*

*1 Losses may result from various causes including theft, writing-off bad debts, unauthorised acts and omissions and wilful destruction.*

*Losses do not include provisions for doubtful debts nor periodic inventory adjustments. Also losses do not include the consequences of events such as floods, bush fires, cyclones or similar events.*

- 2 *The agency's report must recommend an action required to minimise the resulting loss and prevent its recurrence. The losses must be written off under the approved delegations.*
- 3 *Associated topics include—*  
*part 5—Corporate management, division 6—Delegations.*

## **Division 5                      Asset management**

### **44            Responsibility for asset management**

- (1) Each accountable officer and statutory body must manage the agency's assets efficiently and effectively, including, for example developing and implementing systems for asset management.
- (2) Also, each accountable officer and statutory body must review the agency's operations for the following—
  - (a) the need for existing or additional assets;
  - (b) the appropriateness of the depreciation rates used;
  - (c) the agency's assets maintenance system for physical assets.

### **45            Elements of systems for asset management**

- (1) An agency's systems for asset management must provide for—
  - (a) identifying, acquiring, maintaining, disposing of, valuing, recording and writing-off assets; and
  - (b) dealing with assets held in trust separately from other assets.
- (2) Identifying assets includes—
  - (a) identifying cost-effective options for acquiring, maintaining and disposing of assets; and
  - (b) promptly identifying assets; and

- (c) for a not-for-profit agency, recognising as an asset of the agency any of the following—
  - (i) a building having a value of at least \$10000;
  - (ii) infrastructure having a value of at least \$10000;
  - (iii) land having a value of at least \$1;
  - (iv) major plant and equipment having a value of at least \$5000;
  - (v) other non-current physical assets having a value of at least \$5000;
  - (vi) intangible assets having a value of at least \$100000; and
- (d) verifying the existence of assets on a regular basis.
- (3) For subsection (2)(c), an item that is the subject of a finance lease is taken to have been purchased by the agency.
- (4) Acquiring assets includes obtaining appropriate authority before acquiring the assets.
- (5) Maintaining assets includes—
  - (a) using assets for authorised purposes only; and
  - (b) maximising the benefits from using assets; and
  - (c) protecting assets from loss; and
  - (d) storing assets securely; and
  - (e) checking for compliance, and taking action to remedy any noncompliance, with the agency's assets maintenance system.
- (6) Disposing of assets includes developing and implementing systems for disposing of the assets, as required under section 49.<sup>34</sup>
- (7) Valuing assets includes—
  - (a) valuing and revaluing assets under the prescribed accounting standards; and

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34 Section 49 (Disposal of assets)



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- (b) accurately and regularly appraising the useful life of assets to the agency.
- (8) In valuing or revaluing an agency's assets, the accountable officer or statutory body must ensure the valuation or revaluation is consistent with the document called 'Non-Current Asset Policies for the Queensland Public Sector'.<sup>35</sup>
- (9) The accountable officer or statutory body must comprehensively revalue material assets at least once every 5 years, and otherwise revalue the assets at least annually between comprehensive revaluations.
- (10) Recording assets includes—
- (a) accurately calculating depreciation based on the asset's useful life to the agency; and
  - (b) maintaining an adequate audit trail; and
  - (c) identifying and recording transactions for assets; and
  - (d) obtaining information about assets to allow the timely provision of relevant and reliable information for the agency's managers and its external reports; and
  - (e) for land assets, complying with the Government Land Policy section on 'Property Tenure'.<sup>36</sup>
- (11) Writing-off assets includes obtaining appropriate authority for writing-off the assets.
- (12) In this section—
- material assets*** means those assets in a class, the combined value of which forms a material proportion of the total value of all the assets in the class.
- major plant and equipment*** means an asset that—
- (a) has a value of at least \$5000; and

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35 See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about this document.

36 The Government Land Policy section on 'Property Tenure' may be found in the 'Government Asset Management System'. The Government Asset Management System may be viewed at the website address <[www.gams.qld.gov.au](http://www.gams.qld.gov.au)>.

- (b) has potential for high price volatility, including, for example, because of fluctuations in foreign exchange rates or high incidence of obsolescence.

***not-for-profit agency*** means an agency whose principal objective is not the making of a profit.

*Commentary—Elements of systems for asset management*

*In complying with section 45, the following comments should be considered—*

- 1 Most agencies hold significant assets. It is important for the assets to be used for their intended purpose and put to their optimal use. During asset verification procedures, agencies should be able to identify surplus assets and assets that are not used to their full capacity.*
- 2 Before purchasing an asset, an agency should consider other alternatives. The evaluation process should also involve an assessment of the efficiency and effectiveness of the asset, the benefits expected from the asset, its suitability for the purpose and alternative methods of achieving the expected benefits. In choosing the most appropriate option for asset investment, opportunities for improved design and functional efficiency (having regard to whole-of-life costs and quality of service delivery outcomes) should be considered.*
- 3 If an asset is identified and recognised as soon as it exists, an agency can promptly record, monitor and manage the benefits flowing from the asset and the associated expenses.*
- 4 Assets should be appropriately maintained to maximise their benefit to the agency. There are further requirements about the development of a strategy for the maintenance of physical assets in section 48.*
- 5 The document called ‘Non-Current Asset Policies for the Queensland Public Sector’ sets out the classes of assets required to be revalued using the fair value system. It is not necessary to revalue all assets in a class that are valued using the fair value system. However, accountable officers and statutory bodies should ensure the total value of assets that are not revalued does not form a material proportion of the total value of the assets within the class. Guidance on applying the concept of materiality is contained in AAS 5/AASB 1031 ‘Materiality’.*
- 6 The frequency of asset verification procedures should be decided after considering the risk profile and materiality of each class of asset. Assets should be verified on a rolling basis to ensure all assets are verified at least once every 3 years.*

- 7 *To prepare and produce relevant and reliable information for an agency's managers and its external reports, it is essential that all transactions about assets are recorded accurately, completely and promptly. Therefore, a system should be established for identifying when an asset exists or is acquired and recording the details in the accounting systems. These details would include the acquisition date, acquisition cost, location, useful life and other identifiable details, including a serial number. Once recorded, management can make decisions regarding the asset's use. This should help management in planning and managing the agency's resources.*
- 8 *In addition to managing the resources of the agency efficiently and effectively, the accountable officer or statutory body is required to be accountable for its use of the resources. The use of internal controls helps in this process by confirming transactions are performed accurately, completely, on a timely basis and with appropriate approval. The internal controls required under part 5, division 2 are some of the internal controls to be implemented by agencies.*
- 9 *Guidance on establishing and maintaining cost-effective asset management processes for an agency may be found in the 'Government Asset Management System' ("GAMS") as developed by the Department of Natural Resources and Mines. GAMS may be viewed at the website address, <<http://gams.govnet.qld.gov.au>>.*

#### **47 Evaluations of acquisitions, maintenance and improvements of physical assets**

- (1) This section applies if an accountable officer or statutory body estimates the cost of acquiring, maintaining or improving a physical asset is \$1000000 or more.
- (2) Before acquiring, maintaining or improving the asset, the accountable officer or statutory body must prepare a written evaluation about the acquisition, maintenance or improvement.
- (3) When evaluating the acquisition, maintenance or improvement of the asset, the accountable officer or statutory body must—
  - (a) prepare an appraisal of all reasonable options that would meet the needs of the agency; and
  - (b) ensure the most appropriate and best value for money option is chosen; and

- (c) assess the priority of acquiring, maintaining or improving the asset as opposed to acquiring, maintaining or improving other physical assets, for which the cost is \$1000000 or more; and
  - (d) provide for a review of completed assets to ensure the agency's needs were met, and compare actual performance with original objectives of the assets.
- (4) Within 6 months after the end of a department's financial year, the accountable officer must give to the Treasurer—
- (a) a list of the evaluations, and relevant amounts, performed in the financial year; and
  - (b) a document describing the processes and results of evaluations under this section if—
    - (i) the Treasurer has asked for the document; or
    - (ii) the cost of acquiring, maintaining or improving the asset is estimated to be more than \$5000000.

#### **48 Maintenance of assets**

- (1) Each accountable officer and statutory body must develop and implement a system for the maintenance of the agency's assets.
- (2) An agency's system must ensure the agency's assets remain appropriate and productive at the lowest possible long term cost.
- (3) Each accountable officer and statutory body must ensure the agency's system is consistent with, and supports, the agency's asset strategic plan.

*Commentary—Evaluations of acquisitions, maintenance and improvements of physical assets—Maintenance of assets*

*In complying with sections 47 and 48, the following comments should be considered—*

- 1 *Guidance about managing an agency's assets may be found in the documents called the 'Accounting Policy Guidelines' and the 'Project Evaluation Guidelines', as published by the treasury department.*

- 2 *The physical assets maintenance system of a department or statutory body may include an analysis of the following—*
  - (a) *the most cost-effective ways of maintaining the agency's physical assets;*
  - (b) *the appropriateness of the current level and cost of maintenance, in the context of the service potential and need for the agency's physical assets.*
- 3 *An agency's physical asset maintenance system may—*
  - (a) *evaluate and list maintenance projects according to appropriate maintenance criteria; and*
  - (b) *identify assets for which the maintenance requirements warrant consideration of retirement or disposal of the asset and link to the agency's system for the disposal of its assets.*

## **49 Disposal of assets**

- (1) Each accountable officer and statutory body must develop and implement systems for disposing of the agency's assets that are surplus to the agency's requirements.
- (2) An agency's systems for disposing of assets must provide for—
  - (a) the way of disposing of the assets, including disposing of the assets to another agency; and
  - (b) the amounts that are to be the thresholds for each way of disposing of the assets; and
  - (c) the assignment of authority to stated officers to authorise disposal of assets; and
  - (d) the assignment of responsibility to stated officers for disposing of assets.
- (3) The concurrent aims of each agency's systems must be—
  - (a) reasonable value for money; and
  - (b) best overall use of public property.

### *Commentary—Disposal of assets*

*In complying with the section 49, the following comments may be considered—*

- 1 Best overall use of public property should include consideration of whether the asset may be used by another area of the agency, or another agency, and the processes for the appropriate transfer.*

## **50 Suspense accounts**

- (1) Each accountable officer and statutory body must develop and implement systems for accounts (*suspense accounts*) for holding money until the way in which the money is to be accounted for is decided.
- (2) An agency's systems for suspense accounts must ensure—
  - (a) the sources of items in the accounts are readily identified; and
  - (b) amounts included in the accounts are promptly cleared; and
  - (c) reconciliations are performed regularly to confirm the balance of each account; and
  - (d) reports are provided to the accountable officer or statutory body about items that have been in the agency's suspense accounts for more than 6 months.
- (3) A report must state—
  - (a) the action taken to identify the source of each item; and
  - (b) a recommendation about the proposed action for the item; and
  - (c) a record of the consideration and decisions of the accountable officer or statutory body about the item.

## **Division 6 Cash management**

### **51 Responsibility for cash management**

Each accountable officer and statutory body must manage the agency's cash resources efficiently and effectively, including, for example, by developing and implementing systems for managing the agency's cash and the agency's involvement in cash transactions.

**52 Elements of systems for cash management**

- (1) An agency's systems for cash management must provide for identifying, collecting, paying and investing cash, and recording transactions involving cash.
- (2) Identifying cash includes identifying when transactions in cash are made and when cash is received.
- (3) Collecting cash includes—
  - (a) receipting and banking receipts promptly; and
  - (b) storing cash securely.
- (4) Paying cash includes making payments at a time that maximises returns on cash and satisfies payment terms.
- (5) Investing cash includes—
  - (a) promptly identifying cash surpluses or deficiencies to maximise the return on cash held; and
  - (b) for a statutory body—investing cash under the prescribed requirements.
- (6) Recording transactions involving cash includes—
  - (a) recording details about the receipt of cash promptly; and
  - (b) accounting for interest earned on money held in trust under a trust deed or an Act; and
  - (c) identifying, recording and reconciling cash transactions; and
  - (d) maintaining an adequate audit trail; and
  - (e) recording information about transactions to allow the timely provision of relevant and reliable information for the agency's managers and its external reports.
- (7) Also, a department's systems for cash management must provide for transmitting timely and reliable cash flow forecasts to the Treasurer.

*Commentary—Cash management*

*In complying with division 6, the following comments should be considered—*

- 1 *The Treasurer invests cash on behalf of accountable officers through the power conferred on the Treasurer under the Financial Administration and Audit Act 1977, section 41. Statutory bodies may be authorised to invest cash, on their own behalf, under the Statutory Bodies Financial Arrangements Act 1982 or another Act.*
- 2 *For restrictions on the investment and lending powers of a body, including a department, see the Financial Administration and Audit Act 1977, section 40C(1). Subject to section 40C(2) of that Act, a body, including a department, may operate a deposit and withdrawal account with a financial institution.*
- 3 *An agency needs to be able to identify the sources of cash transactions, to anticipate the timing of the transactions and resultant impact on the agency's cash balance. This analysis enables adequate planning to be performed to manage the various increments and decrements of the cash balance and to maximise the investment of funds surplus to immediate requirements. Agencies should also conduct reviews to assess the accuracy of their cash flow forecasts.*
- 4 *Interest earned should be compared with the amount the agency expected to earn.*
- 5 *Guidance on establishing and maintaining cost-effective cash flow management processes for an agency may be found in the document called 'Cost-Effective Internal Control-Underpinning Agency Performance', as published by the treasury department.*

## **Division 7                      Liability management**

### **53            Responsibility for systems for liability management**

Each accountable officer and statutory body must manage the agency's liabilities efficiently and effectively, including, for example, by developing and implementing systems for managing the agency's liabilities.

### **54            Elements of systems for liability management**

- (1) An agency's systems for liability management must deal with the issues of identifying, incurring, measuring, satisfying and recording liabilities.
- (2) Identifying liabilities includes providing for—
  - (a) identifying the options for incurring a liability; and



- (b) promptly identifying the existence of a liability, including, for example, employee entitlements, loans, repayable advances, leasing liabilities and revenue received for goods or services that have not yet been provided.
- (3) Incurring liabilities includes—
  - (a) incurring liabilities for authorised purposes; and
  - (b) requiring appropriate authority before incurring liabilities.
- (4) Measuring liabilities includes assessing the amount of the liabilities.
- (5) Satisfying liabilities includes settling the liabilities when they become due.
- (6) Recording liabilities includes—
  - (a) recording the liabilities in the name of the agency; and
  - (b) recording the details of the liabilities, including, for example, the date it is incurred, the settlement date, payment terms and interest rate; and
  - (c) maintaining an adequate audit trail; and
  - (d) identifying and recording transactions about liabilities; and
  - (e) providing information about liabilities to allow the timely provision of relevant and reliable information for the agency's managers and its external reports.
- (7) Also, the systems for liability management must include—
  - (a) complying with the prescribed requirements; and
  - (b) promptly identifying, monitoring, recording and reporting contingent liabilities and commitments for capital expenditure.

**54A Other documents to which accountable officers and statutory bodies must have regard**

Each accountable officer or statutory body must, in managing an agency's liabilities, comply with the following documents—

- (a) Overdraft Facilities—Operational Guidelines for the Public Sector;
- (b) Leasing in the Queensland Public Sector—Policy Guidelines.<sup>37</sup>

*Commentary—Liability management*

*In complying with division 7, the following comments should be considered—*

- 1 Guidance on liabilities may be found in the ‘Accounting Policy Guidelines’, as published by the treasury department.*
- 2 An agency should forecast its cash flows to ensure it is able to satisfy its liabilities as they fall due. Reasonable details about liabilities should be kept to ensure the correct amount is calculated and settled.*
- 3 In some instances it may be necessary to estimate, on reasonable grounds, the amount of a liability, for example, employee entitlements.*
- 4 Guidance on establishing and maintaining cost-effective liability management processes for an agency may be found in the document called ‘Cost-Effective Internal Control, Underpinning Agency Performance’, as published by the treasury department.*

## **Division 8                      Financial information management**

### **55            Responsibility for financial information management**

Each accountable officer and statutory body must manage the agency’s financial information efficiently and effectively, including, for example, developing and implementing systems for information management.

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<sup>37</sup> See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about these documents.

**56 Elements of systems for financial information management**

- (1) An agency's systems for financial information management must deal with the issues of recording, storing, keeping, retrieving and destroying financial information.
- (2) In developing and implementing the systems, each accountable officer and statutory body must—
  - (a) apply the mandatory principles of the information standards; and
  - (b) ensure the systems align with targets stated in the GEA; and
  - (c) ensure the *Public Records Act 2002* is complied with; and
  - (d) for information about a person other than a department or statutory body—ensure information about the person is secure.
- (3) Also, the agency's systems must provide for—
  - (a) responding to reasonable requests for information within a reasonable period; and
  - (b) providing information on a cost-effective basis; and
  - (c) providing relevant and reliable information; and
  - (d) providing safe custody for documents the accountable officer or statutory body—
    - (i) must, under an Act, keep in safe custody; or
    - (ii) considers it appropriate to keep in safe custody.
- (4) Before introducing a computerised financial information system or significantly changing a financial information system, the accountable officer or statutory body must consult with—
  - (a) the person immediately responsible for the agency's internal audit function, if relevant; and
  - (b) the authorised auditor or, if the auditor-general has been exempted from the audit, the other auditor appointed

under section 74 of the Act, on matters regarding audit and internal control.<sup>38</sup>

*Commentary—Elements of systems for financial information management*

*In complying with section 56, the following comments should be considered—*

- 1 To prepare and produce relevant, reliable and timely information for an agency's managers and its external reports, it is essential all necessary information about transactions is recorded accurately, completely and promptly.*
- 2 The information management systems should be coordinated around the needs of management. The systems established should be cost-effective, for example, the cost of obtaining and retrieving the information should be, in most cases, less than the benefit obtained by having this information available. This analysis should consider the risks of not having the information available when making a decision.*
- 3 When developing computerised financial information systems, liaison with internal and external auditors ensures appropriate processes and controls are included in the system to ensure the accountability of public funds and the safeguarding of public property. Also, liaison with the State archivist ensures appropriate processes and controls are included in the systems to ensure information is able to be kept in an appropriate form for the necessary retention period and suitable strategies are developed for migrating information of continuing value through successive systems.*
- 4 Each accountable officer and statutory body should keep registers for certain types of documents including, for example, legal documents, cheques and other documents to be accounted for. The register for each type of document should include details about—
  - (a) the existence of the document; and*
  - (b) its nature; and*
  - (c) the destruction, cancellation, transfer or issue of the documents.**
- 5 Associated topics include—  
part 4—Performance management.*

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38 Section 74 (Exemption of certain public sector entities from audit by auditor-general) of the Act

**57 Availability of financial information**

- (1) Each accountable officer and statutory body must keep financial information, in its original form, for—
  - (a) if the information relates to 1 financial year—1 year after the date of the audit report for the financial year; or
  - (b) if the information relates to more than 1 financial year—1 year after the date of the audit report for the last of the financial years to which the information relates.
- (2) After the period for which financial information must be kept under subsection (1), the information may be kept in another form.
- (3) The financial information stated in schedule 2 must be kept, in its original form or another form, for the period stated in the schedule for the information.<sup>39</sup>
- (4) Each accountable officer and statutory body must ensure financial information that may be required in evidence in proceedings or otherwise, or for an audit purpose, is kept until no longer required even if—
  - (a) for information stated in schedule 2—the period stated in the schedule for the information has ended; or
  - (b) for other information—the period mentioned in subsection (1)(a) or (b) has ended.
- (5) This section applies even if the State archivist has authorised the disposal of the financial information.<sup>40</sup>
- (6) In this section—

***another form***, for keeping information, means keeping the information in a form that—

  - (a) ensures the integrity and reliability of data; and
  - (b) enables it to be reproduced with or without the aid of another article or device.

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<sup>39</sup> Schedule 2 (System of information management)

<sup>40</sup> However, this section does not authorise the disposal of financial information. The *Public Records Act 2002* provides for disposing of public records and creates an offence of disposing of public records other than under that Act.

*Commentary—Availability of financial information*

*In complying with section 57, the following comments should be considered—*

- 1 Each accountable officer and statutory body should consider keeping a register of information kept in another form under section 57(2). If financial information is destroyed on purpose, a register of destroyed information should be kept with information about each destruction. The registers should contain details to ensure an adequate audit trail is maintained about the information.*

## **Division 9                      Management of contingent assets and contingent liabilities**

### **57A      Responsibility for systems for contingent assets and contingent liabilities**

Each accountable officer or statutory body must manage the agency's contingent assets (the *contingencies*) and contingent liabilities (also the *contingencies*) efficiently and effectively, including, for example, by developing and implementing systems for managing the agency's contingencies.

### **57B      Elements of systems for managing contingencies**

- (1) An agency's systems for managing its contingencies must provide for reporting to the accountable officer or statutory body, at least quarterly, about the agency's material contingencies.
- (2) Reports must include—
  - (a) action taken by the agency to identify the source and value of its contingencies; and
  - (b) a recommendation about proposed action for the contingencies; and
  - (c) details of the accountable officer's or statutory body's consideration of, and decision about, the contingencies.
- (3) Also, an agency's systems for managing its contingencies must include a register of the contingencies.

- (4) For each contingency, the register must include the following—
- (a) a description of the contingency;
  - (b) the contingency's value, if the value can be measured reliably;
  - (c) the way in which the contingency arose, for example, its source;
  - (d) any action relating to the contingency, for example, action to minimise potential loss.

*Commentary—Management of contingent assets and contingent liabilities*

*In complying with division 9, the following comments should be considered—*

*1 Guidance on establishing and maintaining cost-effective contingency management processes for an agency may be found in the document called 'Cost-Effective Internal Control, Underpinning Agency Performance', as published by the treasury department.*

## **Part 4                      Performance management**

### **58            Purpose of part**

- (1) The purpose of this part is to ensure departments and statutory bodies are operating efficiently, effectively and economically.
- (2) The purpose is achieved by requiring each accountable officer and statutory body—
  - (a) to obtain information about the agency's operations and decide if the operations are—
    - (i) achieving the goals, and delivering the outputs, identified in its plans; and
    - (ii) meeting the output performance measures identified in its plans; and
  - (b) to report to the appropriate Minister about—

- (i) achieving the goals, delivering the outputs and meeting the output performance measures; and
- (ii) whether the goals, outputs and measures remain appropriate.

## **59 Responsibility for information about performance**

Each accountable officer and statutory body must obtain information about the way the agency performs its operations, including, for example, by developing and implementing systems—

- (a) to monitor the agency's financial and operational performance; and
- (b) to evaluate the achievement of its goals and the delivery of its outputs.

## **60 Elements of systems for information about financial performance**

An agency's systems for obtaining information about financial performance must ensure the accountable officer or statutory body decides if the agency is—

- (a) maximising the yield of revenue from its available revenue base; and
- (b) operating within its budget and achieving reasonable value for money; and
- (c) maximising the benefits arising from its investments, including long and short term investments; and
- (d) maximising the use of, and the benefits available from, its assets, including, for example, receivables, inventories and non-current physical assets; and
- (e) minimising its costs and risks in relation to its liabilities and contingent liabilities; and
- (f) monitoring events or transactions that may have a material impact on the agency's operations.



*Commentary—Elements of systems for information about financial performance*

*In complying with section 60, the following comments should be considered—*

- 1 Accountable officers and statutory bodies are dependent on quality information to facilitate effective decision making. Information should be collected, compiled and available in an appropriate format to give a timely indication of the agency's performance.*
- 2 Associated topics include the following divisions in part 3—Management of resources—*
  - division 2—Revenue management*
  - division 4—Expense management*
  - division 5—Asset management*
  - division 6—Cash management*
  - division 7—Liability management.*

## **61 Elements of systems for information about operational performance**

An agency's systems for obtaining information about operational performance must ensure the accountable officer or statutory body decides if the agency is—

- (a) achieving its goals efficiently, effectively and economically; and
- (b) allocating its resources to produce best value for money; and
- (c) delivering its outputs and meeting its output performance measures as stated in its operational plan.

*Commentary—Elements of systems for information about operational performance*

*In complying with section 61, the following comments should be considered—*

- 1 The information captured should be consistent with the intent of the goals and reflect the purpose of the output performance measures. The information may be quantitative in monetary terms or statistical or qualitative information.*
- 2 The systems should also enable a comparison to be made between the progress of the agency's output performance (actual results to*

*date) and the set operational targets. This comparison must be available on a timely basis to ensure reasonable time is available for appropriate action to be identified, assessed and implemented. Also, the information should be accurate, reliable and appropriate as the agency's officers should use the information for important decisions and making recommendations about the agency's operations and direction.*

- 3 *Relevant criteria for output performance measures include quality, quantity, timeliness, location and cost.*
- 4 *Guidance on establishing and maintaining performance management and review processes for an agency may be found in the document called 'Cost-Effective Internal Control, Underpinning Agency Performance', as published by the treasury department.*

## **62 Reporting about performance**

The systems mentioned in sections 60 and 61 must provide for the information to be given to—

- (a) the accountable officer or statutory body—
  - (i) at least once every 3 months; and
  - (ii) when the accountable officer or statutory body asks for the information; and
- (b) the appropriate Minister—
  - (i) at least annually; and
  - (ii) when the Minister asks for the information.

## **63 Elements of systems for evaluating achievement of agency's goals**

An agency's systems for evaluating the achievement of its goals includes assessing the following—

- (a) the appropriateness of the goals, and the strategies to achieve each goal, as identified in the agency's strategic plan;
- (b) whether the agency's performance measures are suitable to assess or evaluate the degree to which the goals have been achieved;

- (c) the options to improve the efficiency, effectiveness and economy of the agency's operations.

## Part 5 Corporate management

### Division 1 Introduction

#### 65 What is corporate management

- (1) Corporate management is the way the management of a department or statutory body controls the agency's functions and operations, and includes corporate governance.
- (2) Corporate management is based on principles of openness, integrity and accountability.
- (3) Corporate management incorporates the cultural and operational aspects of an agency that are influenced by management's actions and decisions.
- (4) Also, corporate management includes the concepts of—
  - (a) due care; and
  - (b) public defensibility; and
  - (c) the ethical principles under the *Public Sector Ethics Act 1994*, section 4.<sup>41</sup>
- (5) Corporate management also includes performance management, see part 4.<sup>42</sup>

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41 The *Public Sector Ethics Act 1994*, section 4 provides that—  
*ethics principles* for public officials are—

- respect for the law and the system of government
- respect for persons
- integrity
- diligence
- economy and efficiency.

42 Part 4 (Performance management)

*Commentary—Corporate management*

*In complying with division 1, the following comments should be considered—*

*1 Guidance on internal controls about governance and ethics for an agency may be found in the document called ‘Cost-Effective Internal Control, Underpinning Agency Performance’, as published by the treasury department.*

**66 Purpose of part**

The purpose of this part is to state the responsibilities of accountable officers and statutory bodies for the following aspects of corporate management—

- (a) internal control structure;
- (b) appraisal and risk assessment of systems;
- (c) internal audit function;
- (d) risk management;
- (e) delegations.

**Division 2 Internal control structure****67 Responsibility for internal control structure**

- (1) Each accountable officer and statutory body must establish a cost-effective internal control structure for the agency.<sup>43</sup>
- (2) In establishing the internal control structure, the accountable officer or statutory body must have regard to the document called ‘Cost-Effective Internal Control-Underpinning Agency

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43 *Internal control* is defined in schedule 3 (Dictionary) of the Act as follows—

*internal control* means the methods adopted within an entity—

- (a) to safeguard its assets; and
- (b) to check the accuracy and reliability of its accounting information; and
- (c) to secure compliance with the prescribed requirements that apply to the entity.

Performance'.<sup>44</sup>

- (3) The internal control structure must be included in the agency's manual.

## **68 Elements of structure for internal control**

An agency's internal control structure must provide for—

- (a) the agency's control environment; and
- (b) the agency's information systems; and
- (c) the agency's control procedures.

## **69 Control environment**

Each accountable officer and statutory body must develop and implement a control environment within the agency, including—

- (a) a strong emphasis on accountability, best practice management of the agency's resources and internal control; and
- (b) an organisational structure and delegations, supportive of the agency's goals and operations; and
- (c) efficient, effective and economic operation of the agency's internal audit function and, if an audit committee is established for the agency, the committee; and
- (d) employment of qualified and competent officers, training of the officers and assessment of their performance; and
- (e) if the agency controls another entity—the efficient, effective and economic operation of the entity and the maintenance of accountability for it.

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44 See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about this document.

**70 Information systems**

- (1) Each accountable officer and statutory body must develop and implement information systems<sup>45</sup> within the agency for ensuring all transactions in which the agency is involved are recorded—
  - (a) accurately, completely and promptly, including, for example, with details about the authority for the transactions; and
  - (b) during the correct accounting period adopted by the agency; and
  - (c) in a way that allows for the preparation of financial reports under the prescribed accounting standards.
- (2) Each information system must provide for—
  - (a) controlling access to the system, including, for example, physical controls on access to computers and use of passwords to restrict access for authorised purposes only; and
  - (b) maintaining an adequate audit trail; and
  - (c) obtaining approval before developing or changing the agency's software applications; and
  - (d) implementing, operating, maintaining and securing the information system; and
  - (e) specifying, developing, modifying or purchasing information systems for the agency's business needs; and
  - (f) recovering the information system if there is a breakdown of the system.

**71 Control procedures**

- (1) Each accountable officer and statutory body must develop and implement internal controls within the agency for—

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<sup>45</sup> Section 56(4) (Elements of systems for financial information management) requires each accountable officer and statutory body to consult with certain persons before introducing a computerised financial information system or significantly changing a financial information system.

- (a) ensuring the effective, efficient and economical management of the agency's resources; and
  - (b) accomplishing the agency's strategic goals.
- (2) Without limiting subsection (1), the internal controls must include—
- (a) assigning responsibility to appropriate officers; and
  - (b) separating the function of record-keeping from any other function to the extent practicable; and
  - (c) establishing physical controls over access to and use of assets and records; and
  - (d) internally checking and independently verifying data; and
  - (e) preparing reconciliations and other administrative controls; and
  - (f) properly authorising transactions and activities; and
  - (g) authorising, dealing with and keeping a register of—
    - (i) gifts and benefits given by the agency; and
    - (ii) gifts and benefits received by officers or members of the agency, other than gifts and benefits received in a purely personal capacity; and
  - (h) preparing reasonable documentation and records on a timely basis; and
  - (i) maintaining a well organised chart of accounts; and
  - (j) preparing and maintaining comprehensive and current manuals; and
  - (k) verifying transaction balances; and
  - (l) providing regular assurance to the accountable officer or statutory body as to whether the agency's systems are cost-effective; and
  - (m) regularly verifying the existence of assets against recorded information about the assets, and follow-up on the results of the comparison; and
  - (n) complying with the prescribed requirements; and

- (o) preserving the accuracy, integrity and reliability of information systems; and
  - (p) promptly detecting irregularities or errors.
- (3) In developing and implementing an agency's internal controls, the accountable officer or statutory body must consider—
- (a) the inherent limitations of internal controls; and
  - (b) the availability of alternative controls; and
  - (c) the cost-effectiveness of particular controls.

*Commentary—Internal control structure*

*In complying with division 2, the following comments should be considered—*

- 1 An agency's internal control structure plays an integral part in ensuring accountability. It is crucial the structure is cost-effective and appropriate for the transactions involved and gives reasonable assurance to the accountable officer or statutory body about the efficient, effective and economical operation of the agency.*
- 2 The internal control structure includes—*
  - management's philosophy and operating style—as well as the competence and integrity of management, style includes effective delegation, supervision, fiscal discipline and regular review of the internal control structure.*
  - organisational structure—this includes the assigning of responsibility to appropriate officers, direct lines of communication and reporting and an efficient structure that is aligned with the goals and operations of the agency to facilitate the planning, coordination and monitoring of the agency's activities.*
  - human resources policies—the development and operation of various human resource policies covering recruitment and selection, training, qualifications, job rotation and performance assessment.*
- 3 Guidance on establishing and maintaining cost-effective corporate management processes for an agency may be found in the document called 'Cost-Effective Internal Control, Underpinning Agency Performance', as published by the treasury department.*
- 4 In developing and implementing internal controls for authorising, dealing with and recording gifts and benefits given by an agency or received by an officer or member of an agency, the accountable*



*officer or statutory body should consider relevant policies or guidelines issued by the Office of the Public Service Commissioner, the agency's code of conduct, and relevant legislation, including the Public Sector Ethics Act 1994, the Criminal Code and the Crime and Misconduct Act 2001.*

## **Division 3                      Appraisal and risk assessment of agencies' systems**

### **72      Responsibility for appraisal and risk assessment of systems**

- (1) Each accountable officer and statutory body must ensure the agency's systems required under part 3<sup>46</sup> remain cost-effective and appropriate for the agency's operations.
- (2) Subject to subsection (3), for ensuring an agency's systems remain cost-effective and appropriate for the agency's operations under subsection (1), the accountable officer or statutory body must carry out an appraisal or a risk assessment of each system at least once every 3 years.
- (3) If an agency existed immediately before the commencement and has continued to exist since the commencement, the accountable officer or statutory body must carry out an appraisal or a risk assessment of each of the agency's systems by 30 June 2006.
- (4) Before carrying out an appraisal or a risk assessment of a system, the accountable officer or statutory body must develop and implement a framework for carrying out the appraisal or risk assessment.
- (5) If a risk assessment of a system indicates an appraisal of the system is required, the accountable officer or statutory body must carry out an appraisal of the system within 3 months after the risk assessment is carried out.
- (6) Subject to subsection (5), if an appraisal or a risk assessment of a system indicates that action is required, the accountable officer or statutory body must carry out the action as soon as practicable.

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46 Part 3 (Management of resources)

(7) In this section—

*commencement* means the commencement of this section.

### **73 Elements of framework for systems appraisal**

An agency's framework for appraising each of its systems must provide for deciding if each system is—

- (a) adequately documented in the agency's manual; and
- (b) functioning as documented; and
- (c) appropriate for its objectives; and
- (d) operating efficiently, effectively and economically; and
- (e) the best practice alternative for the agency's operations; and
- (f) providing for cost-effective controls to minimise the risks associated with the agency's operations.

### **74 Requirements for appraisal and risk assessment of systems**

- (1) Subject to subsections (2) and (3), an appraisal or a risk assessment of an agency's system under section 72 must be carried out by the accountable officer or statutory body in a way the officer or body considers appropriate.
- (2) An appraisal or a risk assessment of a system must be documented and include the following—
  - (a) the results of the appraisal or risk assessment;
  - (b) the action required as a result of the appraisal or risk assessment;
  - (c) recommendations for follow-up action;
  - (d) if an appraisal or a risk assessment of the system has been previously carried out—an evaluation about the actions, if any, taken as a result of the last appraisal or risk assessment carried out.
- (3) An appraisal or a risk assessment must not be devolved to the internal audit function.

*Commentary—Appraisal and risk assessment of systems of agencies*

*In complying with division 3, the following comments should be considered—*

- 1 Systems appraisals and risk assessments give each accountable officer and statutory body a continuous improvement mechanism to help ensure the agency's systems remain the most appropriate, cost-effective and relevant for the agency's operations.*
- 2 One of the main benefits of a systems appraisal or risk assessment is the increased awareness for line managers of their responsibilities for the review and maintenance of adequate and cost-effective systems.*
- 3 The internal audit function may perform an independent review of the systems as part of the function's approved work program, as distinct from the manager's performance of the systems appraisal or risk assessment.*
- 4 The agency's manual should contain the broad principles and objectives of the appraisals and risk assessments, who is responsible for performing them, whether there are timing considerations and the mechanisms to be employed in reporting the results.*

## **Division 4                      Internal audit and audit committees**

### **75            Application of division**

This division applies to each accountable officer and statutory body that has established an internal audit function within the agency.<sup>47</sup>

### **76            Responsibility for internal audit function**

Each accountable officer and statutory body must develop and implement systems for ensuring the agency's internal audit function operates efficiently, effectively and economically.

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<sup>47</sup> *Internal audit* is defined in schedule 3 (Dictionary) of the Act as follows—

***internal audit*** means an independent appraisal activity established and maintained for this Act.

**77 Charter of internal audit function**

- (1) An agency's internal audit function must operate under an internal audit charter.
- (2) Each agency's internal audit charter must—
  - (a) be consistent with auditing standards of CPA Australia, the Institute of Internal Auditors and The Institute of Chartered Accountants in Australia; and
  - (b) be approved by the accountable officer or statutory body; and
  - (c) be readily available to the agency's officers.
- (3) An agency's internal audit charter must include provisions about—
  - (a) the scope of the internal audit function; and
  - (b) organisational relationships, including the relationship with each controlled entity; and
  - (c) the independence of the function; and
  - (d) ancillary roles of the function; and
  - (e) competence and standards; and
  - (f) conduct of audit work; and
  - (g) audit planning; and
  - (h) reporting directly to the accountable officer or statutory body; and
  - (i) shared internal audit staff and contracting for internal auditing by persons other than officers of the agency; and
  - (j) confidentiality.

**78 Planning by internal audit function**

- (1) An agency's internal audit function must prepare—
  - (a) a strategic audit plan that provides an overall strategy for the internal audit function over a period of more than 1 year; and
  - (b) an annual audit plan, having regard to—

- (i) the responsibilities of the accountable officer or statutory body under the prescribed requirements; and
  - (ii) a risk assessment for each area of the agency's operations; and
- (c) a plan for each audit to be performed under the annual audit plan.
- (2) During the preparation of the agency's audit plans, the internal audit function must consult with—
  - (a) the accountable officer or statutory body; and
  - (b) the agency's officers in charge of the areas to be audited under the plan; and
  - (c) the authorised auditor.
- (3) An agency's strategic and annual audit plans must be approved by the accountable officer or statutory body.
- (4) An agency's annual audit plan must provide for reviewing the agency's annual financial statements.

## **79 Reports by internal audit function**

- (1) An agency's internal audit function must give to the accountable officer or statutory body and audit committee—
  - (a) each audit report; and
  - (b) a report about the performance of the annual audit plan and progressive results to date; and
  - (c) other reports as the accountable officer or statutory body or internal audit function considers necessary or useful.
- (2) However, the manager or officer in charge of an audited area must be given a copy of the proposed audit report for the area and any comments of the person about the proposed report must be included in the final report.
- (3) In this section—

***audit report*** means a report by an agency's internal audit function about the results of an audit it has conducted within the agency.

**80 Consideration of reports**

An agency's accountable officer or statutory body must—

- (a) consider the contents of all reports under section 79, including actions required because of a report; and
- (b) ensure follow-up action is performed by reviewing the outcome of directions or recommendations made.

**81 Relationship with authorised auditors**

The internal audit function must consult with the authorised auditor—

- (a) during the planning phases of the audit plans; and
- (b) at other times the manager of the internal audit function considers appropriate.

**82 Audit committees**

- (1) Each accountable officer and statutory body may establish and maintain an audit committee for the agency.
- (2) If an audit committee is established, the accountable officer or statutory body must prepare terms of reference, including provisions about—
  - (a) the role of the audit committee; and
  - (b) its responsibilities; and
  - (c) the membership of the committee; and
  - (d) the relationship of the committee with the accountable officer or statutory body, the internal audit function and the authorised auditors.
- (3) In establishing or maintaining an audit committee, the accountable officer or statutory body must have regard to the document called, 'Audit Committee Guidelines - Improving Accountability and Performance'.<sup>48</sup>

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<sup>48</sup> See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about this document.

*Financial Management Standard 1997*

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- (4) The audit committee of a statutory body must include members of the body.
- (5) Without limiting subsection (2)(b), it is a responsibility of an audit committee to give the accountable officer or statutory body, as soon as practicable after the end of each financial year, a report about the committee's operations for the year.

*Commentary—Internal audit and audit committees*

*In complying with division 4, the following comments should be considered—*

- 1 *The existence of an internal audit unit in an agency strengthens the agency's internal control structure by giving an independent and objective review of the agency's operations.*
- 2 *For an agency's internal audit function to be effective, it should be independent of influence or direction about its operations. However, the internal audit function is part of the accountable officer's or statutory body's accountability mechanisms and should be under the direct control of the officer or body. The direct line of reporting ensures the accountable officer or statutory body is kept informed of progress and results of audits.*
- 3 *For a statutory body, the internal audit function should report directly to the body or to an audit committee of the body, rather than to the chief executive officer, to ensure the members of the statutory body receive advice on significant audit issues.*
- 4 *The following should be considered before deciding to include an activity (other than an internal audit function) in the scope of the function—*
  - (a) *limitations on the internal audit function's ability to give independent advice on the agency's operations;*
  - (b) *the impact on the core internal audit function;*
  - (c) *the availability of skills and knowledge required to effectively perform the activities.*
- 5 *To facilitate the audit process and promote acceptance of audit findings, managers should generally be kept informed of the audit's progress by regular briefings throughout the course of the audit.*
- 6 *The relationship between the internal audit function and authorised auditors should include regular consultation.*
- 7 *Guidance on preparing an audit committee's annual report may be found in the document called 'Audit Committee Guidelines - Improving Accountability and Performance', as published by the treasury department.*

- 8 *Guidance on establishing and maintaining an effective internal audit process for an agency may be found in the document called 'Cost-Effective Internal Control, Underpinning Agency Performance', as published by the treasury department.*
- 9 *An agency may have one committee that performs the roles and responsibilities of an audit committee and a risk management committee.*

## **Division 5                      Risk management**

### **Subdivision 1              General**

#### **83              Responsibility for policies and systems for risk management**

Each accountable officer and statutory body must protect the agency from unacceptable costs or losses associated with its operations, including, for example, by developing and implementing systems for effectively managing the risks that may affect the agency's operations.

#### **84              Elements of systems for risk management**

An agency's systems for risk management must provide for—

- (a) assessing the nature and extent of the risks associated with the agency's operations; and
- (b) deciding an acceptable level of loss; and
- (c) deciding the way to treat the risk; and
- (d) monitoring and reporting the level of risk exposure; and
- (e) evaluating the need for insurance.<sup>49</sup>

*Commentary—Elements of systems for risk management*

*In complying with section 84, the following comments should be considered—*

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49 Section 86 (Insurance contracts)



*Financial Management Standard 1997*

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- 1 *The nature and extent of the risks associated with an agency's operations should be identified and assessed to establish the level of threat the risk poses to the agency's operations. The assessment of the risks would involve 2 aspects—the probability the risk will eventuate and the potential adverse consequences. Risk management can be applied to almost every type of activity, including policy making, business decisions, purchasing methods, fraud control, counter-terrorism preparedness and contingency planning as well as to specialist areas, including, for example, foreign exchange.*
- 2 *Each agency needs to review existing and alternative control mechanisms. The mechanisms could include doing nothing, insurance, additional training, reorganising work methods and security measures. The use of insurance is only one aspect of risk management and should be considered in light of other ways to minimise the agency's risk exposure.*
- 3 *The operations of an agency are subject to change. Change may introduce new risks or eliminate others. The areas prone to greater risks should be reviewed more frequently. Also, the accountable officer or statutory body should be regularly advised about the progress and status of the agency's risk management processes.*
- 4 *In developing and implementing an agency's systems for risk management, the accountable officer and statutory body should consider the following documents—*
  - (a) *the Australia and New Zealand Standard on Risk Management as published by Standards Australia and available at its website at <<http://www.standards.com.au>>;*
  - (b) *Government Agency Preparedness Counter-terrorism Risk Framework and Guidelines for Queensland Government Agencies (March 2004) published by the Department of the Premier and Cabinet and available for Queensland government agencies only on <<http://premiers.govnet.qld.gov.au/security/gap.html>>.*

**85 Risk management committee**

- (1) Each accountable officer and statutory body may establish and maintain a risk management committee for the agency.
- (2) If a risk management committee is established, the accountable officer or statutory body must prepare terms of reference, including provisions about—
  - (a) the role of the committee; and

- (b) the responsibilities of the committee; and
- (c) the membership of the committee.

## **Subdivision 2 Insurance contracts**

### **86 Insurance contracts**

- (1) An accountable officer may enter into a contract of insurance with an insurer only if the accountable officer obtains the under-Treasurer's approval for entering into the contract.
- (2) Subsection (1) does not apply if—
  - (a) in entering into the contract, the accountable officer is exercising a power or performing a duty as a trustee; or
  - (b) the contract is for—
    - (i) a compulsory third-party insurance policy under the *Motor Accident Insurance Act 1994*; or
    - (ii) accident insurance under the *Workers' Compensation and Rehabilitation Act 2003*; or
    - (iii) insurance against liability arising out of the agency's property in a motor vehicle or the use of a motor vehicle by an officer of the agency; or
    - (iv) insurance against liability arising out of travel undertaken by an officer of the agency.

#### *Commentary—Insurance contracts*

*In complying with section 86, the following comments should be considered—*

*1 The Queensland Government Insurance Fund ("QGIF") was established on 1 July 2001 to provide insurance cover for most insurable property and liability risks. All agencies have access to QGIF. QGIF can also provide advice to agencies about insurance cover that is not provided by QGIF.*

## Subdivision 3      **Contract performance guarantees**

### 87      **Definitions for sdiv 3**

In this subdivision—

***approved security provider*** means—

- (a) a security provider, if the security provider is other than an insurance company—
  - (i) rated by Fitch Ratings with a long-term credit rating not less than A-; or
  - (ii) rated by Moody's Investors Service with a long-term credit rating not less than A3; or
  - (iii) rated by Standard & Poor's with a long-term credit rating not less than A-; or
- (b) a security provider that is an insurance company, if the insurance company is—
  - (i) rated by Fitch Ratings with an insurance claims-paying ability rating not less than A-; or
  - (ii) rated by Moody's Investors Service with an insurance financial strength rating not less than A3; or
  - (iii) rated by Standard & Poor's with an insurer financial strength rating not less than A-; or
- (c) a security provider, if the security provider is approved by the Treasurer under section 87H.

***contractor*** means a person who enters into a contract with an accountable officer or statutory body.

***contract performance guarantee*** means a security given by or for a contractor for the performance of 1 or more of the contractor's obligations under a contract with an accountable officer or statutory body.

***insurance company*** means a company authorised under the *Insurance Act 1973* (Cwlth) to carry on insurance business.

***monetary security deposit*** means a deposit of funds that is immediately available in the form of, or a combination of, any of the following—

- (a) cash;
- (b) a cheque drawn by a financial institution on itself, for example, a bank cheque;
- (c) telegraph transfer;
- (d) direct deposit;
- (e) electronic transfer.

***security provider*** means—

- (a) a financial institution; or
- (b) an insurance company; or
- (c) Queensland Treasury Corporation; or
- (d) a corporation that is a registered entity under the *Financial Sector (Collection of Data) Act 2001* (Cwlth) and is included in either of the following categories in the list of names of registered entities<sup>50</sup> kept under section 11(1) of that Act—
  - (i) category D (money market corporations);
  - (ii) category other (formerly categories E, F and G).

## **87A Responsibility for contract performance guarantees**

Each accountable officer and statutory body must develop and implement systems for—

- (a) deciding when contracts entered into by or for the accountable officer or statutory body must provide for the contractor to give security for the performance of the contract; and
- (b) managing the agency's contract performance guarantees.

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<sup>50</sup> The list of names of registered entities may be viewed at the website of the Australian Prudential Regulation Authority at <[www.apra.gov.au](http://www.apra.gov.au)>.

**87B Agency's systems not limited by ss 87C–87G**

Sections 87C to 87G do not limit the systems that the accountable officer or statutory body may develop under section 87A for the agency.

**87C Elements of systems for contract performance guarantees**

- (1) The agency's systems under section 87A must provide for—
  - (a) the circumstances when it is appropriate to obtain a contract performance guarantee; and
  - (b) deciding entitlement to the payment of interest on contract performance guarantees that are monetary security deposits; and
  - (c) assessing, at least quarterly, the ongoing need for, and adequacy of, existing contract performance guarantees.
- (2) Also, the agency's systems must provide for each contract, under which a contract performance guarantee is given by an approved security provider, to include a condition that, if the approved security provider stops being an approved security provider, the contractor must give, or arrange the giving of—
  - (a) a monetary security deposit; or
  - (b) a security by an approved security provider.

**87D Contract performance guarantees**

- (1) The accountable officer or statutory body must ensure the benefit of a contract performance guarantee is—
  - (a) irrevocable and unconditional; and
  - (b) payable, in whole or in part, immediately on demand; and
  - (c) payable without reference to another person; and
  - (d) not conditional on another right or obligation contained in another document; and

- (e) not conditional on the accountable officer or statutory body proving that a demand mentioned in paragraph (b) has been made; and
  - (f) available until the performance of all obligations secured by the guarantee.
- (2) The contract performance guarantee must be—
- (a) given by the contractor or for the contractor by an approved security provider; and
  - (b) in a form, and for an amount, the accountable officer or statutory body is satisfied provides sufficient and suitable security for the performance of the contractor's obligations under the contract.

### **87E Contract performance guarantee by contractor**

- (1) A contract performance guarantee given by a contractor must be a monetary security deposit.
- (2) For the contract performance guarantee, the accountable officer or statutory body must enter into a written agreement with the contractor that states the conditions on which the monetary security deposit is held, including, for example—
  - (a) conditions that ensure the benefits mentioned in section 87D(1); and
  - (b) conditions about the entitlement to interest.

### **87F Contract performance guarantee by approved security provider**

- (1) A contract performance guarantee given for the contractor by an approved security provider must be in the form of, or a combination of, any of the following—
  - (a) a written performance bond or surety bond, including, for example, an insurance bond;
  - (b) a written performance guarantee or performance undertaking, including, for example, a bank guarantee;
  - (c) a monetary security deposit.

- (2) If the contract performance guarantee is or includes a monetary security deposit, the accountable officer or statutory body must enter into a written agreement with the approved security provider that states the conditions on which the monetary security deposit is held, including, for example—
  - (a) conditions that ensure the benefits mentioned in section 87D(1); and
  - (b) conditions about the entitlement to interest.

### **87G Replacement of contract performance guarantees**

- (1) This section applies if, under a contract between an accountable officer or a statutory body and a contractor, the security provider that gives a security other than a monetary security deposit, stops being an approved security provider.
- (2) As soon as the accountable officer or statutory body becomes aware that the approved security provider stopped being an approved security provider, the accountable officer or statutory body must—
  - (a) ask the contractor, by written notice, to give, or arrange the giving of, within 30 days after the date of the notice—
    - (i) a monetary security deposit; or
    - (ii) a security by an approved security provider; and
  - (b) take reasonable steps to ensure paragraph (a) is complied with.

### **87H Treasurer's approval of security provider**

- (1) For section 87, definition *approved security provider*, paragraph (c), the Treasurer may approve a security provider as an approved security provider if the security provider—
  - (a) is subject to a national supervisory scheme, including, for example, prudential supervision by the Australian Prudential Regulation Authority; and
  - (b) complies with all requirements under the scheme.

- (2) Before approving a security provider under subsection (1), the Treasurer must have regard to any matter about the security provider that the Treasurer considers relevant, including, for example, the following—
  - (a) the nature and history of the security provider's business operation;
  - (b) its experience in providing contract performance guarantees;
  - (c) its financial position;
  - (d) the relationship between the contractor and the security provider;
  - (e) the location of its business operation;
  - (f) the members of its board and management.

## **Division 6                      Delegations**

### **88            Responsibility for delegations**

Each accountable officer and statutory body must develop and implement systems for delegations within the agency.

### **89            Elements of systems for delegations**

- (1) An agency's systems for delegations must ensure the effective delegation of authority within the agency.
- (2) Before delegating a power, the accountable officer or statutory body must consider—
  - (a) the agency's internal control structure; and
  - (b) the control procedures operating for the transactions that are covered by the delegated power; and
  - (c) the significance of the transactions.
- (3) The agency's systems for delegations must also provide for documenting, communicating and regularly reviewing, the delegations.
- (4) An agency's manual must include—



- (a) the delegations for the agency; or
- (b) a reference to where the delegations may be found.

*Commentary—Delegations*

*In complying with division 6, the following comments should be considered—*

- 1 The government may set various policies for transactions, goods or services and decide the upper limit on expenditure for transactions, including entering into of contracts. The policies should be incorporated into the delegations to ensure consistency with the policies. The requirements should be clearly identified and communicated to the appropriate officers.*
- 2 Delegations also help in ensuring the agency operates effectively and efficiently by empowering the officers with appropriate delegations. For this reason, it is essential the delegation is assigned to ensure officers can perform their duties effectively.*
- 3 The delegations should be communicated to the officers of the agency to ensure they are aware of the necessary procedures for various transactions, including, for example, information about monetary limits to which a delegation may be subject. Recording and documenting the delegations ensures the delegations are firmly established and recorded for the reference of the agency's officers.*
- 4 Associated topics include the following divisions in part 3—Management of resources—  
division 2—Revenue management  
division 4—Expense management  
division 5—Asset management.*

## **Part 6                      Reporting by departments and statutory bodies**

### **Division 1                Purpose of part**

#### **94            Purpose**

The purpose of this part is to state—

- (a) the requirements for annual reports and annual financial statements; and
- (b) the application of the prescribed accounting standards in preparing the annual financial statements.

## **Division 2                      Annual reporting**

### **95                      Content of annual report**

- (1) The following information about an agency must be included in the agency's annual report—
  - (a) the constitution, goals and functions of the agency, including, for example—
    - (i) the Act under which the agency is established and the date it was established; and
    - (ii) the agency's statutory objectives, functions and powers; and
    - (iii) the agency's goals and outputs identified in its strategic plan;
  - (b) the location of the agency's principal place of business and regional offices;
  - (c) its structure, including, for example—
    - (i) a summary of the agency's organisational structure; and
    - (ii) for a statutory body—the names, appointment criteria in terms of statutory requirements and basis or term of appointment of members of the body; and
    - (iii) for a controlled, associated or trustee body of the agency—the authority for its establishment and the way it is to be audited for the Act;
  - (d) if the annual report was prepared or given after the times allowed by section 39(1) or 46J(1) of the Act—the reason for not preparing or giving the report within the

- period stated in the relevant section;<sup>51</sup>
- (e) a review of the progress in achieving the agency's statutory obligations;
  - (ea) information about overseas travel undertaken by the agency's officers and, for a statutory body, members of the body, including, for example—
    - (i) the names of, and the offices or positions held by, the officers or members; and
    - (ii) the destination, purpose and cost of the travel;
  - (eb) information about the agency's expenditure on each category of consultancies, including a description of the category;
  - (f) information about the agency's operations, including, for example—
    - (i) an outline of the nature and range of the agency's operations and a summary of significant operations; and
    - (ii) changes in the law, the economic climate or other factors that have affected, or may affect, the agency; and
    - (iii) human resourcing issues, including, for example, an organisation chart, staffing policies and establishment, management development, industrial relations and safety; and
    - (iv) matters of interest to special interest groups served or regulated by the agency; and
    - (v) for a statutory body—the number of meetings of the body;
  - (g) a review of the agency's progress towards achieving its goals and delivering its outputs for the year, including details about the agency's actual performance in relation to its goals and outputs measured using the performance measures in the agency's strategic plan;

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51 Sections 39 (Annual report by department and short form annual report) and 46J (Annual report) of the Act

- (h) a review of the proposed forward operations of the agency, including—
    - (i) its forward plans, proposed changes to operations and the need to continue current operations; and
    - (ii) the goals identified in the agency’s strategic plan for the next financial year;
  - (i) information about how efficiently and effectively the agency has carried out its operations, including a review of the agency’s progress in benchmarking and achieving best practice and cost-effectiveness in carrying out its operations;
  - (j) a summary of the agency’s systems for obtaining information about financial and operational performance;
  - (k) details about the name, membership and activities of any committees established for the agency’s risk management, including, for example, the agency’s audit committee and risk management committee;
  - (l) details of the public availability of the annual report.
- (2) However, the annual report of a government owned corporation need not include the information required under subsection (1)(a)(iii), (e), (ea), (eb), (g) and (h).
- (3) If an appropriate Minister approves the preparation, by an accountable officer or statutory body, of a short form annual report, the report must include—
- (a) an abridged version of the information required under subsection (1) and section 96; and
  - (b) the information required by AASB 1039, ‘Concise Financial Reports’ so far as it is relevant; and
  - (c) a copy of the audit report; and
  - (d) statements that—
    - (i) the short form annual report, including the relevant financial information, has been derived from the annual report and the annual financial statements; and

- (ii) the annual report is available, on request, from the agency.

**96 Additional requirements for other entities in annual report of agency**

- (1) An agency's annual report must also include—
  - (a) a list of entities controlled by the agency, together with—
    - (i) a statement of the functions of each entity; and
    - (ii) details of financial reporting arrangements for each entity; and
    - (iii) if an entity has been exempted, under a regulation, from audit by the auditor-general, the way in which the regulation provides for the entity's audit; and
  - (b) a list of other bodies that—
    - (i) have been formed or acquired by the agency to carry out functions in relation to the agency's functions (excluding normal contractual arrangements); and
    - (ii) receive funds from the agency to carry out the agency's functions.
- (2) A department's annual report must also include a schedule of statutory authorities or instrumentalities that are part of the department, together with details of—
  - (a) legislation under which the authorities or instrumentalities are established; and
  - (b) whether the transactions of the authorities or instrumentalities are accounted for in the department's financial statements.
- (3) This section is in addition to sections 39 and 46J of the Act and section 95.<sup>52</sup>

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52 Sections 39 (Annual report by department and short form annual report) and 46J (Annual report) of the Act and section 95 (Content of annual report)

*Commentary—Annual reporting*

*In complying with division 2, the following comments should be considered—*

- 1 An agency's annual report is a mechanism to enable the accountable officer or statutory body to discharge the officer's or body's duties. The detail included in an annual report is, to some extent, influenced by the social and economic significance of the agency, its size and whether or not it is a subordinate unit within a group of departments or statutory bodies. However, a comprehensive report would be expected from the more significant agencies.*
- 2 Information or explanatory material that has not been audited must not be included in the financial statements section of an annual report. See the Financial Administration and Audit Act 1977, section 39(4)(d).*
- 3 Further guidance about annual reports may be found in the document called 'Guidelines for Annual Reports' issued by the Department of the Premier and Cabinet. A copy of this document may be inspected at that department's website at <<http://www.premiers.qld.gov.au>>.*
- 4 Guidance on establishing and maintaining cost-effective reporting processes for an agency may be found in the document called 'Cost-Effective Internal Control, Underpinning Agency Performance', as published by the treasury department.*

## **Division 3                      Annual financial statements**

### **97                      Requirements for annual financial statements of departments**

- (1) Each accountable officer must prepare the department's annual financial statements for each financial year under—
  - (a) the prescribed accounting standards stated in schedule 4<sup>53</sup> to the extent the standards apply to the department; and
  - (b) for the 2004-2005 financial year—the minimum reporting requirements mentioned in the document

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<sup>53</sup> See also section 106 (Prescribed accounting standards for a financial year ending before 1 July 2005—accountable officers) and schedule 3 (Prescribed accounting standards for a financial year ending before 1 July 2005).

called ‘Financial Reporting Requirements for Queensland Government Agencies Effective for Reporting Periods Ending on or After 30 June 2004’;<sup>54</sup> and

- (c) for the 2005-2006 financial year and later financial years—the minimum reporting requirements mentioned in the document called ‘Financial reporting requirements for Queensland government agencies effective for reporting periods beginning on or after 1 January 2005’.<sup>55</sup>
- (2) If there is a departmental reporting entity within a department, the accountable officer of the department must prepare financial statements for the entity under the prescribed accounting standards stated in schedule 4, to the extent the standards apply to the entity.
- (3) A departmental reporting entity’s financial statements must be consolidated with the department’s financial statements for the annual report.
- (4) The accountable officer must ensure the financial statements for each departmental reporting entity are included in the department’s annual report.

## **98 Requirements for annual financial statements of statutory bodies**

- (1) A statutory body must prepare its annual financial statements under the prescribed accounting standards stated in schedule 4,<sup>56</sup> to the extent the standards apply to the body.
- (2) Also, for preparing its annual financial statements, a statutory body must have regard to—

54 See schedule 1 (Documents made by the treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about this document.

55 See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about the documents mentioned in paragraphs (b) and (c).

56 See also section 107 (Prescribed accounting standards for a financial year ending before 1 July 2005—statutory bodies) and schedule 3 (Prescribed accounting standards for a financial year ending before 1 July 2005).

- (a) for the 2004-2005 financial year—the document called ‘Financial reporting requirements for Queensland government agencies effective for reporting periods ending on or after 30 June 2004’; or
  - (b) for the 2005-2006 financial year and later financial years—the minimum reporting requirements mentioned in the document called ‘Financial reporting requirements for Queensland government agencies effective for reporting periods beginning on or after 1 January 2005’.<sup>57</sup>
- (3) The annual financial statements must include details of the total remuneration paid to each member of the body.
- (4) In this section—
- remuneration* includes—
- (a) salary, fees and commissions; and
  - (b) contributions to members’ superannuation and other benefits received by members.

### **98A Other requirements for annual financial statements of agencies**

An agency’s financial statements must disclose the following—

- (a) the classes of prescribed special payments made by the agency and the total amount of the payments for each class;
- (b) the classes of material loss and the total amount of the loss for each class.

*Commentary—Annual financial statements*

*In complying with division 3, the following comments should be considered—*

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<sup>57</sup> See schedule 1 (Documents made by the Treasurer or published by the treasury department and to which section 46L(2) of the Act applies) for details about the documents mentioned in this subsection.



*Financial Management Standard 1997*

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- 1 *The content of annual financial statements required under division 3 is the minimum considered relevant to users of general purpose financial statements.*
- 2 *To ensure the information provided is relevant to users for making and evaluating decisions about the allocation of scarce resources, disclosures relating to performance, financial position, financing and investing and compliance should be made in a way that helps in discharging accountability.*
- 3 *For each prescribed accounting standard stated in schedule 3 or 4, accountable officers and statutory bodies should decide if the standard applies to the agency by considering the application provision of the standard.*
- 4 *More information on the characteristics of information is contained in the Framework for the Preparation and Presentation of Financial Statements issued in July 2004.*
- 5 *An agency should—*
  - (a) *have in place quality control systems to ensure publication of complete and accurate copies of the annual financial statements, as certified by the Auditor-General; and*
  - (b) *to prevent inappropriate use of the signatures of the Auditor-General or delegated officers, remove the signatures from electronic copies of annual financial statements before the statements are posted on the internet; and*
  - (c) *consider the use of disclaimers for electronic copies of annual financial statements posted on the internet.*

## **Division 4                      Reporting about derivatives**

### **99A      Requirement to report to appropriate Minister about derivatives—Act, s 43D**

- (1) For section 43D of the Act, the times when a department must give the appropriate Minister a report about a derivative transaction are—
  - (a) for the duration of the transaction—the first day of each calendar month; and
  - (b) when the transaction is complete—the first day of the calendar month after completion.
- (2) If the duration of a transaction is less than 1 month, a department must give the appropriate Minister a report about

the transaction on the first day of the calendar month after the completion of the transaction.

- (3) A report by a department to the appropriate Minister about a derivative transaction must—
- (a) identify the transaction; and
  - (b) state the underlying exposure against which the department is using the transaction to hedge; and
  - (c) state details of—
    - (i) the Treasurer's approval to enter into the transaction; and
    - (ii) how conditions of approval are complied with; and
    - (iii) realised or unrealised gains or losses from the transaction.

## **Part 7                      Transitional provisions**

### **Division 1                      Transitional provisions for Subordinate Legislation 1997 No. 141**

#### **100      Definition for part**

In this part—

*continuing standards* means the standards as in force immediately before the day of the commencement of the *Financial Administration and Audit Amendment Act 1996*,<sup>58</sup> sections 4(5) and (6), 30, 31 and 37.

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<sup>58</sup> The *Public Finance Standards 1990* continue to have effect as if they had been made under the Act after the commencement of the *Financial Administration and Audit Amendment Act 1996*, sections 4(5) and (6), 30, 31 and 37, because of the *Statutory Instruments Act 1992*, section 20C.

**101 Financial information**

- (1) This section applies to each record that, immediately before the commencement of this section, was required to be kept under the continuing standards.
- (2) The record is financial information and section 57 applies to it.
- (3) The period for which the financial information was kept under the continuing standards<sup>59</sup> must be taken into account when calculating the periods under section 57 and schedule 2.

**Division 2 Transitional provisions for Financial Management Amendment Standard (No. 1) 1999****102 Definitions for div 2**

In this division—

*commencement* means the commencement of this section.

*previous guarantee* means a contract performance guarantee under subsection (1) of the previous provision, that is in force immediately before the commencement.

*previous provision* means the *Financial Management Standard 1997*, section 87, as in force immediately before the commencement.

*rating* means a credit rating mentioned in subsection (4) of the previous provision.

**103 Transitional provisions for contract performance guarantees**

- (1) A previous guarantee is taken to be a contract performance

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<sup>59</sup> The relevant provision of the continuing standards was the *Public Finance Standards 1990*, section 401 (Retention of records).

Section 57 (Availability of financial information) and schedule 2 (System of information management)

guarantee under part 5, division 5, subdivision 3.<sup>60</sup>

- (2) For subsection (1)—
  - (a) the person who gave the previous guarantee is taken to be an approved security provider for section 87; and
  - (b) sections 87D, 87E and 87F do not apply to the previous guarantee.<sup>61</sup>

#### **104 Procedure if approved security provider under previous guarantee no longer rated as approved security provider under previous provision**

- (1) This section applies to a previous guarantee if—
  - (a) the rating in relation to the approved security provider for the previous guarantee changes; and
  - (b) because of the change, the approved security provider would not be an approved security provider under subsection (4) of the previous provision.
- (2) As soon as the accountable officer or statutory body becomes aware that this section applies to the previous guarantee, the accountable officer or statutory body must—
  - (a) ask the relevant contractor, by written notice, to give, or arrange the giving of, another contract performance guarantee under part 5, division 5, subdivision 3 within 30 days after the date of the notice; and
  - (b) take reasonable steps to ensure paragraph (a) is complied with.

#### **105 Physical assets**

For the financial year ending 30 June 2000, a reference to ‘asset’ or ‘assets’ in the following provisions is taken to be a reference only to a physical asset or to physical assets—

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60 Part 5 (Corporate management), division 5 (Risk management), subdivision 3 (Contract performance guarantees)

61 Sections 87 (Definitions for sdiv 3), 87D (Contract performance guarantees), 87E (Contract performance guarantee by contractor) and 87F (Contract performance guarantee by approved security provider)

- sections 15 and 16
- part 2, division 4
- section 47(3)(c)
- section 48
- schedule 6, definitions *assets maintenance system*, *assets strategic plan* and *plans*.

### **Division 3                      Transitional provisions for Financial Management Amendment Standard (No. 1) 2004**

#### **106      Prescribed accounting standards for a financial year ending before 1 July 2005—accountable officers**

- (1) This section applies if an accountable officer is preparing a department's annual financial statements for a financial year ending before 1 July 2005.
- (2) For preparing the annual financial statements, section 97(1)(a) and (2)<sup>62</sup> applies as if a reference to the prescribed accounting standards stated in schedule 4 were a reference to the prescribed accounting standards stated in schedule 3.

#### **107      Prescribed accounting standards for a financial year ending before 1 July 2005—statutory bodies**

- (1) This section applies if a statutory body is preparing its annual financial statements for a financial year ending before 1 July 2005.
- (2) For preparing the annual financial statements, section 98(1)<sup>63</sup> applies as if the reference to the prescribed accounting standards stated in schedule 4 were a reference to the prescribed accounting standards stated in schedule 3.

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62 Section 97 (Requirements for annual financial statements of departments)

63 Section 98 (Requirements for annual statements of statutory bodies)

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**Schedule 1            Documents made by the  
Treasurer or published by the  
treasury department and to  
which section 46L(2) of the Act  
applies**

section 14(3)

- 1 'Audit Committee Guidelines - Improving Accountability and Performance', as published by the treasury department in January 2000.
- 2 'Asset Strategic Plan Guidelines', as published by the treasury department in July 2003.
- 3 'Code of Practice for Government Owned Corporations' Financial Arrangements', as published by the treasury department in June 2002.<sup>64</sup>
- 4 'Commercialisation of Government Service Functions in Queensland', as tabled in the Legislative Assembly on 23 November 1994.
- 5 'Cost-Effective Internal Control-Underpinning Agency Performance', as published by the treasury department in April 2002.
- 6 'Full Cost Pricing Policy', as published by the Treasurer in May 1997.
- 7 'Leasing in the Queensland Public Sector—Policy Guidelines', as published by the treasury department in August 1998 (revised December 2001).
- 8 'Financial Reporting Requirements for Queensland Government Agencies Effective for Reporting Periods Ending on or After 30 June 2004', as published by the treasury department in October 2004.

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<sup>64</sup> A copy of this document may be obtained during business hours from the Office of Government Owned Corporations at 100 George Street, Brisbane or from the Office's website at <<http://www.ogoc.qld.gov.au>>.

**Schedule 1 (continued)**

- 9 'Financial reporting requirements for Queensland government agencies effective for reporting periods beginning on or after 1 January 2005', as published by the treasury department in May 2005.
- 10 'Non-current asset policies for the Queensland public sector', as published by the treasury department in June 2005.
- 11 'Overdraft Facilities—Operational Guidelines for the Public Sector', as published by the treasury department in March 1998.
- 12 'Project Evaluation Guidelines', as published by the treasury department in March 1997.
- 13 'Treasurer's Guidelines for the use of the Queensland Government Corporate Purchasing Card', as made by the Treasurer in May 2001.<sup>65</sup>

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65 Copies of the documents mentioned in items 1 to 3 and 5 to 13 may be obtained during business hours from the office of the Treasury Department at 100 George Street, Brisbane or from the department's website at <<http://www.treasury.qld.gov.au>>.

## **Schedule 2      System of information management**

section 57

- 1    20 years after the financial year to which the following financial information relates—
  - the central accounting record, including, for example, the general ledger or, if cash accounting only is used, the summary cash book or similar document.
- 2    10 years after the financial year to which the following financial information relates—
  - main transaction summary records, including, for example, general journals and transaction summaries
  - internal audit reports
  - appraisals or risk assessments of systems under section 72.
- 3    6 years after the financial year to which the following financial information relates—
  - time and wages records.
- 4    5 years after the financial year to which the following financial information relates—
  - primary evidentiary records, including, for example, copies of forms issued for value, vouchers to support payments made including pay sheets and acquittances for cash payments and cheques (if returned), cheque journals, invoice (sales) journals, abstracts and similar records associated with the receipt or payment of money
  - subsidiary ledgers, including, for example, inventory cards, accounts payable, accounts receivable and records relating to assets no longer held or liabilities that have been discharged.



**Schedule 2 (continued)**

- 5 3 years after the financial year to which the following financial information relates—
  - supplementary or partial type accounting records, including, for example, cash register strips and bank statements.
- 6 2 years after the financial year to which the following financial information relates—
  - general and incidental source documents not included in items 1 to 4, including, for example, stock issue and receivable notes, copies of official orders (other than the copies used to substantiate payments or for unperformed contracts), bank deposit books and cash by post book.

## **Schedule 3      Prescribed accounting standards for a financial year ending before 1 July 2005**

sections 106 and 107

### **Part 1                      Statements of accounting concepts**

- SAC 1      Definition of the Reporting Entity
- SAC 2      Objective of General Purpose Financial Reporting
- SAC 3      Qualitative Characteristics of Financial Information
- SAC 4      Definition and Recognition of the Elements of Financial Statements

### **Part 2                      Accounting standards**

- AAS 2      Inventories
- AAS 3      Income Taxes
- AAS 4      Depreciation
- AAS 5      Materiality
- AAS 6      Accounting Policies
- AAS 7      Accounting for the Extractive Industries
- AAS 8      Events Occurring After Reporting Date
- AAS 10     Recoverable Amount of Non-Current Assets
- AAS 11     Construction Contracts

**Schedule 3 (continued)**

AAS 13	Accounting for Research and Development Costs
AAS 14	Accounting for Investments in Associates
AAS 15	Revenue
AAS 17	Leases
AAS 18	Accounting for Goodwill
AAS 19	Interests in Joint Ventures
AAS 21	Acquisitions of Assets
AAS 23	Set-off and Extinguishment of Debt
AAS 24	Consolidated Financial Reports
AAS 25	Financial Reporting by Superannuation Plans
AAS 26	Financial Reporting of General Insurance Activities
AAS 28	Statement of Cash Flows
AAS 29	Financial Reporting by Government Departments
AAS 29A	Amendments to the Transitional Provisions in AAS 29
AAS 31	Financial Reporting by Governments
AAS 31A	Amendments to the Transitional Provisions in AAS 31
AAS 32	Specific Disclosures by Financial Institutions
AAS 33	Presentation and Disclosure of Financial Instruments
AAS 34	Borrowing Costs
AAS 35	Self-Generating and Regenerating Assets
AAS 35A	Amendments to Australian Accounting Standard AAS 35
AAS 36	Statement of Financial Position
AAS 37	Financial Report Presentation and Disclosures
AASB 1005	Segment Reporting
AASB 1012	Foreign Currency Translation

**Schedule 3 (continued)**

AASB 1018	Statement of Financial Performance
AASB 1020A	Amendments to Accounting Standard AASB 1020 and Australian Accounting Standard AAS 3
AASB 1020B	Amendments to Accounting Standard AASB 1020 and Australian Accounting Standard AAS 3
AASB 1028	Employee Benefits
AASB 1039	Concise Financial Reports
AASB 1041	Revaluation of Non-Current Assets
AASB 1042	Discontinuing Operations
AASB 1043	Changes to the Application of AASB and AAS Standards and Other Amendments
AASB 1044	Provisions, Contingent Liabilities and Contingent Assets
AASB 1045	Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A
AASB 1047	Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards

**Part 3                      Urgent issues group abstracts**

Abstract 1	Lessee Accounting for Surplus Leased Space Under a Non-cancellable Operating Lease
Abstract 3	Lessee Accounting for Lease Incentives under a Non-Cancellable Operating Lease
Abstract 4	Disclosure of Accounting Policies for Restoration Obligations in the Extractive Industries

**Schedule 3 (continued)**

- Abstract 7      Accounting for Non-current Assets—Derecognition of Intangible Assets and Change in the Basis of Measurement of a Class of Assets
- Abstract 9      Accounting for Acquisitions—Recognition of Acquired Tax Losses
- Abstract 11     Accounting for Contributions of, or Contributions for the Acquisition of, Non-Current Assets
- Abstract 13     The Presentation of the Financial Report of Entities whose Securities are ‘Stapled’
- Abstract 17     Developer and Customer Contributions in Price Regulated Industries
- Abstract 19     The Superannuation Contributions Surcharge
- Abstract 20     Equity Accounting—Elimination of Unrealised Profits and Losses on Transactions with Associates
- Abstract 21     Consistency—Different Cost Formulas for Inventories
- Abstract 24     Equity Accounting—Carrying Amount of an Investment in an Associate
- Abstract 25     Redesignation of Hedges
- Abstract 27     Designation as Hedges—Sold (Written) Options
- Abstract 28     Consolidation—Special Purpose Entities
- Abstract 29     Early Termination of Interest Rate Swaps
- Abstract 30     Depreciation of Long-lived Physical Assets, including Infrastructure Assets: Condition-Based Depreciation and Other Related Methods
- Abstract 31     Accounting for the Goods and Services Tax (GST)
- Abstract 32     Designation as Hedges—Rollover Strategies
- Abstract 33     Hedges of Anticipated Purchases and Sales
- Abstract 34     Acquisitions and Goodwill—First Time Application of Accounting Standards

**Schedule 3 (continued)**

- Abstract 36      Non-Monetary Contributions Establishing a Joint Venture Entity
- Abstract 37      Accounting for Website Costs
- Abstract 38      Contributions by Owners Made to Wholly Owned Public Sector Entities
- Abstract 39      Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances
- Abstract 40      Non-Reciprocal Transfers within an Economic Entity for Monetary or No Consideration
- Abstract 41      Fair Value of Equity Instruments Issued as Purchase Consideration
- Abstract 43      Classification of Financial Instruments with Conversion Options
- Abstract 44      Acquisition of In-Process Research and Development
- Abstract 45      Subsidiary becomes a Joint Venture Entity or an Associate
- Abstract 46      Initial Foreign Currency Translation for Redomiciled Entities
- Abstract 49      Revenue—Barter Transactions involving Advertising Services
- Abstract 50      Evaluating the Substance of Transactions involving the Legal Form of a Lease
- Abstract 51      Recovery of Unfunded Superannuation of Universities
- Abstract 52      Income Tax Accounting under the Tax Consolidation System
- Abstract 53      Pre-completion Contracts for the Sale of Residential Development Properties
- Abstract 54      Defined Benefit Superannuation Disclosures by Employers
- Abstract 55      Accounting for Road Earthworks

## **Schedule 4      Prescribed accounting standards for a financial year starting on or after 1 January 2005**

sections 97 and 98

### **Part 1                      Statements of accounting concepts**

- SAC 1      Definition of the Reporting Entity
- SAC 2      Objective of General Purpose Financial Reporting

### **Part 2                      Accounting standards**

- Framework for the Preparation and Presentation of Financial Statements issued in July 2004
- AASB 1      First-time Adoption of Australian Equivalents to International Financial Reporting Standards
- AASB 2      Share-based Payment
- AASB 3      Business Combinations
- AASB 4      Insurance Contracts
- AASB 5      Non-current Assets Held for Sale and Discontinued Operations
- AASB 6      Exploration for and Evaluation of Mineral Resources
- AASB 101      Presentation of Financial Statements
- AASB 102      Inventories
- AASB 107      Cash Flow Statements

**Schedule 4 (continued)**

AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Balance Sheet Date
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 114	Segment Reporting
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
AASB 128	Investments in Associates
AASB 129	Financial Reporting in Hyperinflationary Economies
AASB 130	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Disclosure and Presentation
AASB 133	Earnings per Share
AASB 134	Interim Financial Reporting
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets



**Schedule 4 (continued)**

AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1039	Concise Financial Reports
AASB 1045	Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31
AASB 1046	Director and Executive Disclosures by Disclosing Entities
AASB 1046A	Amendments to Accounting Standard AASB 1046
AASB 1048	Interpretation and Application of Standards
AASB 2004-2	Amendments to Australian Accounting Standards
AASB 2005-1	Amendments to Australian Accounting Standard
AASB 2005-2	Amendments to Australian Accounting Standard
AASB 2005-3	Amendments to Australian Accounting Standards
AAS 25	Financial Reporting by Superannuation Plans
AAS 29	Financial Reporting by Government Departments
AAS 29A	Amendments to the Transitional Provisions in AAS 29
AAS 31	Financial Reporting by Governments
AAS 31A	Amendments to the Transitional Provisions in AAS 31

## Schedule 4 (continued)

**Part 3****Urgent Issues Group  
Interpretations**

Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
Interpretation 3	Emission Rights
Interpretation 107	Introduction of the Euro
Interpretation 110	Government Assistance—No Specific Relation to Operating Activities
Interpretation 112	Consolidation—Special Purpose Entities
Interpretation 113	Jointly Controlled Entities—Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases—Incentives
Interpretation 121	Income Taxes—Recovery of Revalued Non-Depreciable Assets
Interpretation 125	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 129	Disclosure—Service Concession Arrangements
Interpretation 131	Revenue—Barter Transactions Involving Advertising Services
Interpretation 132	Intangible Assets—Web Site Costs
Interpretation 1013	Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements
Interpretation 1017	Developer and Customer Contributions for Connection to a Price-Regulated Network

**Schedule 4 (continued)**

- Interpretation 1019 The Superannuation Contributions Surcharge
- Interpretation 1030 Depreciation of Long-Lived Physical Assets:  
Condition-Based Depreciation and Related Methods
- Interpretation 1031 Accounting for the Goods and Services Tax (GST)
- Interpretation 1038 Contributions by Owners Made to Wholly-Owned  
Public Sector Entities
- Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia
- Interpretation 1042 Subscriber Acquisition Costs in the  
Telecommunications Industry
- Interpretation 1047 Professional Indemnity Claims Liabilities in Medical  
Defence Organisations
- Interpretation 1055 Accounting for Road Earthworks

## Schedule 6 Dictionary

### section 3

**AAS** or **AASB** means an accounting standard issued or maintained by the Australian Accounting Standards Board.<sup>66</sup>

**agency** in relation to—

- (a) an accountable officer—means the department for which the officer is the accountable officer; or
- (b) a statutory body—means the body.

**annual financial statements** means—

- (a) for a department—the general purpose financial statements for each financial year that the accountable officer of the department must prepare and give to the auditor-general, under section 40 of the Act; or
- (b) for a statutory body—the annual financial statements for each financial year that the statutory body must prepare and give to the auditor-general, under section 46F of the Act.<sup>67</sup>

**annual report**, of a department or statutory body, means the written report the accountable officer or statutory body must, under section 39 or 46J of the Act, prepare and give to the agency's appropriate Minister about the agency's operations during the preceding financial year.<sup>68</sup>

**approved security provider** see section 87.

**assets maintenance system** means a system developed and implemented under section 48.

<sup>66</sup> AAS or AASB may appear with a number and a title, for example, AAS 2—Inventories.

<sup>67</sup> Sections 40 (General purpose financial statements) or 46F (Statutory body to prepare annual financial statements) of the Act

<sup>68</sup> Sections 39 (Annual report by department and short form annual report) or 46J (Annual report) of the Act

## Schedule 6 (continued)

**assets strategic plan** means a plan developed under section 24.

**audit committee** means an audit committee established under section 82.

**audit plans**, of an agency, means the plans mentioned in section 78(1).

**audit report** means, other than in section 79, a report of the auditor-general under section 40 or 46G<sup>69</sup> of the Act.

**authorised purpose**, in relation to agency, means a purpose that is consistent with the agency's goals, as identified in its strategic plan.

**business undertaking** means—

- (a) part of a department that has been commercialised; or
- (b) a statutory body or a part of a department whose principal activities include providing goods or services at a charge (other than as taxes or rates) with the objective of recovering a substantial portion of the cost of the principal activities.

**charge**, in part 3, division 3, see section 32.

**commercialisation** means the process by which a department charges for the goods or services it produces and adopts, in varying degrees, other features of the commercial environment, including adopting the principles of competitive neutrality, clear and non-conflicting objectives, an appropriate level of management responsibility, authority and autonomy and accountability for performance.

**contingencies**, of an agency, see section 57A.

**CPA Australia** means CPA Australia ACN 008 392 452.

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<sup>69</sup> Section 40 (General purpose financial statements) or 46G (Report of auditor-general) of the Act

## Schedule 6 (continued)

**departmental reporting entity** means a business undertaking within a department that is a reporting entity under ‘SAC 1—Definition of the Reporting Entity’, but does not include the whole of the department.

**disposal**, of an asset, includes its sale.

**external reports**, of an agency, means—

- (a) the agency’s annual report; or
- (b) the agency’s annual financial statements.

**financial information**, of a department or a statutory body, means a document that is part of, or used for, the agency’s financial records.

**full cost**, in part 3, division 3, see section 32.

**GEA** means the document named Government Enterprise Architecture.<sup>70</sup>

**goods**, in part 3, division 3, see section 32.

**Government’s social and fiscal objectives** means the social and fiscal objectives stated in the charter of social and fiscal responsibility for the State.<sup>71</sup>

**ICT resources**, of an agency, means the agency’s information and communication technology resources.

**ICT resources strategic plan**, of an agency, means the plan developed and implemented under section 22.

**information and communication technology resources**—

- 1 **Information and communication technology resources**, for an agency, means the resources the agency needs to meet the informational requirements of the agency and its clients, and carry out the agency’s operational responsibilities.

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70 A copy of this document may be obtained from the Office of Government ICT website at <[www.governmentict.qld.gov.au](http://www.governmentict.qld.gov.au)>.

71 Part 1A of the Act provides for the Treasurer to prepare and table a charter of social and fiscal responsibility for the State.

**Schedule 6 (continued)**

- 2 For item 1, resources includes the following—
- (a) information obtained, produced or supplied by the agency;
  - (b) the information systems of the agency;
  - (c) equipment or facilities that support the agency's information systems, including, for example, communication equipment or software;
  - (d) the agency's human resources.

***information standard*** means an information standard issued by—

- (a) the Information and Planning Board of the Department of the Premier, Economic and Trade Development before 1 March 1996; or
- (b) the Information Planning Branch of the Department of the Premier and Cabinet; or
- (c) the Department of Communication and Information, Local Government and Planning before 25 February 2000; or
- (d) the Department of Communication and Information, Local Government, Planning and Sport between 25 February 2000 and 21 February 2001; or
- (e) the Department of Innovation and Information Economy, Sport and Recreation Queensland between 22 February 2000 and 11 February 2004; or
- (f) the Department of Public Works.<sup>72</sup>

***information systems***, of an agency, means the methods, mechanisms and records established within the agency to identify, assemble, analyse, classify, record and report transactions and other events affecting the agency.

***internal control structure***, of an agency, means the structure within the agency to provide for its internal controls.

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<sup>72</sup> An information standard may appear with a number, for example, Information Standard No. 25.

## Schedule 6 (continued)

**losses**, for an asset of an agency, means a decrease in economic benefit to the agency because of an unauthorised act or omission in relation to the asset.

**mandatory principles**, of an information standard, means the principles stated in the information standard to be the mandatory principles of the standard.

**manual** see section 46M<sup>73</sup> of the Act.

**material loss**, for property of an agency, means—

- (a) if the property is money, a loss of more than \$500; or
- (b) for other property, a loss valued by the accountable officer or statutory body at more than \$500.

**non-current physical assets** means the assets that an agency may reasonably expect will provide it with economic benefits for more than 1 year, including, for example, buildings, land and plant and equipment.

**opportunity cost**, in part 3, division 3, see section 32.

**outputs** means—

- (a) for a department—departmental outputs; or
- (b) for a statutory body—non-departmental outputs.

**plans**, of an agency, means the plans required under part 2, namely—

- (a) the agency's strategic plan and operational plan or plans; and
- (b) its ICT resources strategic plan; and
- (c) its assets strategic plan.

**prescribed special payments** see section 41(1).

**resources**, of an agency, means the agency's revenue (including revenue from charging for goods and services), expenses, assets (including cash), liabilities and information.



## Schedule 6 (continued)

**risk management**, for an agency, means managing the risks associated with the agency's operations by using proactive management techniques to protect the agency from unacceptable costs or losses.

**risk management committee** means a risk management committee established under section 85.

**services**, in part 3, division 3, see section 32.

**State Archivist** means the State Archivist under the *Public Records Act 2002*, section 21(1).

**Statements of Accounting Concepts** or **SAC** means the Statement of Accounting Concepts issued jointly by or for the National Councils of CPA Australia and The Institute of Chartered Accountants in Australia.<sup>74</sup>

**strategic plan**, of a department or statutory body, means the agency's strategic plan developed under section 17.

**strategic planning**, by an agency, means the cyclical process by which the agency decides a future position it intends to achieve, in the light of relevant environmental factors, and identifies the means by which the position is to be achieved.

**system** means a set of associated policies, procedures, controls and information systems that combine to record and manage certain financial tasks and transactions of a department or statutory body.

**timeframe**, of a plan, means the period stated in the plan as the period for the plan.

**useful life**, for an asset of an agency, means—

- (a) the estimated period of time over which the future economic benefits embodied in a depreciable asset are expected to be consumed by the agency; or

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<sup>74</sup> SAC may appear with a number and a title, for example, SAC 1 Definition of Reporting Entity.

**Schedule 6 (continued)**

- (b) the estimated total service, expressed in terms of production or similar units, that is expected to be obtained from the asset by the agency.

*user*, in part 3, division 3, see section 32.

## Endnotes

### 1 Index to endnotes

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### 2 Date to which amendments incorporated

This is the reprint date mentioned in the Reprints Act 1992, section 5(c). Accordingly, this reprint includes all amendments that commenced operation on or before 1 July 2005. Future amendments of the Financial Management Standard 1997 may be made in accordance with this reprint under the Reprints Act 1992, section 49.

### 3 Key

#### Key to abbreviations in list of legislation and annotations

Key	Explanation	Key	Explanation
AIA	= Acts Interpretation Act 1954	(prev)	= previously
amd	= amended	proc	= proclamation
amdt	= amendment	prov	= provision
ch	= chapter	pt	= part
def	= definition	pubd	= published
div	= division	R[X]	= Reprint No.[X]
exp	= expires/expired	RA	= Reprints Act 1992
gaz	= gazette	reloc	= relocated
hdg	= heading	renum	= renumbered
ins	= inserted	rep	= repealed
lap	= lapsed	(retro)	= retrospectively
notfd	= notified	rv	= revised edition
o in c	= order in council	s	= section
om	= omitted	sch	= schedule
orig	= original	sdiv	= subdivision
p	= page	SIA	= Statutory Instruments Act 1992
para	= paragraph	SIR	= Statutory Instruments Regulation 2002
prec	= preceding	SL	= subordinate legislation
pres	= present	sub	= substituted
prev	= previous	unnum	= unnumbered

### 4 Table of reprints

Reprints are issued for both future and past effective dates. For the most up-to-date table of reprints, see the reprint with the latest effective date.

If a reprint number includes a letter of the alphabet, the reprint was released in unauthorised, electronic form only.

Reprint No.	Amendments to	Effective	Reprint date
1	none	1 July 1997	28 July 1997
1A	2000 SL No. 1	7 January 2000	11 January 2000
2	2000 SL No. 1	7 January 2000	2 March 2000
2A	2000 SL No. 187	30 June 2000	14 July 2000
2B	2002 SL No. 1	4 January 2002	18 January 2002

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Reprint No.	Amendments included	Effective	Notes
2C	2003 SL No. 170	18 July 2003	
2D	2004 SL No. 1	16 January 2004	R2D withdrawn, see R3
3	—	16 January 2004	
3A	2004 SL No. 321	17 December 2004	
3B	2004 SL No. 321	1 January 2005	
3C	2005 SL No. 154	1 July 2005	

## 5 Tables in earlier reprints

Name of table	Reprint No.
Corrected minor errors	2

## 6 List of legislation

**This standard contains commentaries that do not form part of the standard (see section 46LB of the Act). Amendments to the commentaries have been annotated to help users in the List of annotations to commentaries (see endnote 8).**

### **Financial Management Standard 1997 SL No. 141**

made by the Treasurer on 3 June 1997

notfd gaz 6 June 1997 pp 586–7

ss 1–2, 97(1) sch 3 commenced 6 June 1997 (see s 2(1))

remaining provisions commenced 1 July 1997 (see s 2(2))

exp 1 September 2007 (see SIA s 54)

Note—The expiry date may have changed since this reprint was published. See the latest reprint of the SIR for any change.

amending legislation—

### **Financial Management Amendment Standard (No. 1) 1999 SL No. 273**

notfd gaz 5 November 1999 pp 918–21

s 46(3) (amdt could not be given effect)

commenced on date of notification

### **Financial Management Amendment Standard (No. 2) 1999 SL No. 1 of 2000**

notfd gaz 7 January 2000 pp 49–50

ss 1–2 commenced on date of notification

s 11(1) commenced 5 November 1999 (see s 2)

remaining provisions commenced on date of notification

### **Financial Management Amendment Standard (No. 1) 2000 SL No. 187**

notfd gaz 30 June 2000 pp 736–48

commenced on date of notification

### **Financial Management Amendment Standard (No. 1) 2001 SL No. 1 of 2002**

notfd gaz 4 January 2002 pp 47–8

commenced on date of notification

### **Financial Management Amendment Standard (No. 1) 2003 SL No. 170**

notfd gaz 18 July 2003 pp 1016–17

commenced on date of notification

### **Financial Management Amendment Standard (No. 2) 2003 SL No. 1 of 2004**

notfd gaz 16 January 2004 pp 144–5

commenced on date of notification

**Financial Management Amendment Standard (No. 1) 2004 SL No. 321**

notfd gaz 17 December 2004 pp 1277–85

ss 1–2 commenced on date of notification

ss 15(1), (3), 16(1), 18, 21(1), 22, sch ss 3–5, 15–16 commenced 1 January 2005  
(see s 2)

remaining provisions commenced on date of notification

**Financial Management Amendment Standard (No. 1) 2005 SL No. 154**

notfd gaz 30 June 2005 pp 672–3

ss 1–2 commenced on date of notification

remaining provisions commenced 1 July 2005 (see s 2)

## **7 List of annotations**

**Special application provisions for pt 3**

s 8 amd 1999 SL No. 273 s 4; 2005 SL No. 154 s 5

**Special application provision for pt 4**

s 9 sub 2002 SL No. 1 s 4

**Special application provision for pt 5**

s 10 sub 2000 SL No. 1 s 4

amd 2004 SL No. 1 s 4; 2005 SL No. 154 s 6

**Relationship between this standard and auditor-general's report about financial statements**

s 13 sub 1999 SL No. 273 s 5

**Purpose**

s 15 amd 1999 SL No. 273 s 6; 2002 SL No. 1 s 5

**Relationship of strategic plan to other plans**

s 16 amd 1999 SL No. 273 s 7; 2002 SL No. 1 s 6

**Responsibility for strategic plan and operational plan**

s 17 amd 1999 SL No. 273 s 8; 2002 SL No. 1 s 7

**Elements of strategic plan**

s 18 amd 1999 SL No. 273 s 9; 2002 SL No. 1 s 8

**Consultation about strategic plans**

s 19 amd 1999 SL No. 273 s 10

**Strategic plan to be submitted**

s 20 amd 1999 SL No. 273 s 11

**Operational plans**

s 21 amd 1999 SL No. 273 s 12

**Division 3—Strategic planning for ICT resources**

div hdg amd 2002 SL No. 1 s 9

**Responsibility for strategic planning for ICT resources****prov hdg** amd 2002 SL No. 1 s 10(1)**s 22** amd 1999 SL No. 273 s 13; 2002 SL No. 1 s 10(2)–(3); 2005 SL No. 154 s 7**Elements of ICT resources strategic plan****prov hdg** amd 2002 SL No. 1 s 11(1)**s 23** amd 1999 SL No. 273 s 14; 2002 SL No. 1 s 11(2)–(3); 2004 SL No. 321 s 5;  
2005 SL No. 154 s 8**Division 4—Strategic planning for assets****div hdg** amd 1999 SL No. 273 s 15**Responsibility for strategic planning for assets****prov hdg** amd 2000 SL No. 1 s 5**s 24** amd 1999 SL No. 273 s 16**Elements of assets strategic plan****prov hdg** amd 1999 SL No. 273 s 17(1)**s 25** amd 1999 SL No. 273 s 17; 2002 SL No. 1 s 12; 2004 SL No. 321 s 6**Consultation about assets strategic plan****prov hdg** amd 1999 SL No. 273 s 18**s 26** amd 1999 SL No. 273 s 18**Definitions for division****s 32** def “**equity financing costs**” ins 1999 SL No. 273 s 19(1)def “**full cost**” amd 1999 SL No. 273 s 19(2)**Elements of systems for charging for goods and services****s 34** amd 1999 SL No. 273 s 20**Level of charges****s 36** amd 1999 SL No. 273 s 21**Responsibility for expense management****s 38** amd 1999 SL No. 273 s 22; 2000 SL No. 187 s 4; 2002 SL No. 1 s 13**Credit card facilities****s 40** amd 1999 SL No. 273 s 23; 2000 SL No. 1 s 6; 2002 SL No. 1 s 14**Record of special payments****prov hdg** amd 2002 SL No. 1 s 15(1)**s 41** amd 2002 SL No. 1 s 15(2)–(3)**Action to be taken when losses are identified****s 42** amd 2002 SL No. 1 s 16**Record of material losses****prov hdg** amd 2002 SL No. 1 s 17(1)**s 43** amd 2002 SL No. 1 s 17(2)–(3)**Responsibility for asset management****s 44** amd 2002 SL No. 1 s 18; 2005 SL No. 154 s 9**Elements of systems for asset management****s 45** amd 1999 SL No. 273 s 24; 2002 SL No. 1 s 19; 2004 SL No. 321 s 7; 2005  
SL No. 154 s 10

**Compliance with Government Land Management System Procedural Manual**

**s 46** sub 1999 SL No. 273 s 25  
om 2002 SL No. 1 s 20

**Evaluations of acquisitions, maintenance and improvements of physical assets**

**prov hdg** sub 2002 SL No. 1 s 21(1)  
**s 47** amd 1999 SL No. 273 s 26; 2002 SL No. 1 s 21(2)–(7)

**Maintenance of assets**

**s 48** amd 1999 SL No. 273 s 27

**Disposal of assets to corporatised entities**

**s 49A** ins 2000 SL No. 187 s 5  
om 2002 SL No. 1 s 22

**Suspense accounts**

**s 50** amd 1999 SL No. 273 s 28

**Elements of systems for liability management**

**s 54** amd 2002 SL No. 1 s 23

**Other documents to which accountable officers and statutory bodies must have regard**

**s 54A** ins 1999 SL No. 273 s 29

**Elements of systems for financial information management**

**s 56** amd 2002 SL No. 1 s 24; 2004 SL No. 321 s 8; 2005 SL No. 154 s 11

**Availability of financial information**

**s 57** amd 1999 SL No. 273 s 30

**Division 9—Management of contingent assets and contingent liabilities**

**div hdg** ins 1999 SL No. 273 s 31

**Responsibility for systems for contingent assets and contingent liabilities**

**s 57A** ins 1999 SL No. 273 s 31

**Elements of systems for managing contingencies**

**s 57B** ins 1999 SL No. 273 s 31

**Purpose of part**

**s 58** amd 1999 SL No. 273 s 32

**Responsibility for information about performance**

**s 59** amd 1999 SL No. 273 s 33

**Elements of systems for information about financial performance**

**s 60** amd 2002 SL No. 1 s 25

**Elements of systems for information about operational performance**

**s 61** amd 1999 SL No. 273 s 34

**Reporting about performance**

**s 62** amd 2002 SL No. 1 s 26

**Elements of systems for evaluating achievement of agency's goals**

**s 63** amd 1999 SL No. 273 s 35



**Report about achieving agency goals**

s 64 om 1999 SL No. 273 s 36

**What is corporate management**

s 65 amd 2002 SL No. 1 s 27

**Purpose of part**

s 66 amd 2002 SL No. 1 s 28; 2004 SL No. 1 s 5; 2004 SL No. 321 s 9

**Responsibility for internal control structure**

s 67 amd 2002 SL No. 1 s 29

**Control procedures**

s 71 amd 2004 SL No. 1 s 6

**Division 3—Appraisal and risk assessment of agencies' systems**

div hdg sub 2004 SL No. 321 s 10

**Responsibility for appraisal and risk assessment of systems**s 72 sub 2004 SL No. 321 s 10  
amd 2005 SL No. 154 s 12**Elements of framework for systems appraisal**

s 73 amd 2004 SL No. 321 s 11

**Requirements for appraisal and risk assessment of systems**

s 74 sub 2004 SL No. 321 s 12

**Charter of internal audit function**

s 77 amd 2002 SL No. 1 s 30

**Planning by internal audit function**

s 78 amd 2002 SL No. 1 s 31

**Audit committees**

s 82 amd 2002 SL No. 1 s 32

**Subdivision 1—General**

sdiv hdg ins 1999 SL No. 273 s 37

**Subdivision 2—Insurance contracts**

sdiv hdg ins 1999 SL No. 273 s 38

**Insurance contracts**s 86 sub 2002 SL No. 1 s 33  
amd 2004 SL No. 321 s 13**Subdivision 3—Contract performance guarantees**

sdiv hdg ins 1999 SL No. 273 s 39

**Definitions for sdiv 3**

prov hdg sub 2000 SL No. 1 s 7

s 87 sub 1999 SL No. 273 s 39

def “**approved security provider**” amd 2004 SL No. 321 s 14(1)def “**security provider**” amd 2004 SL No. 321 s 14(2)**Responsibility for contract performance guarantees**

s 87A ins 1999 SL No. 273 s 39

**Agency's systems not limited by ss 87C–87G**

s 87B ins 1999 SL No. 273 s 39

**Elements of systems for contract performance guarantees**

s 87C ins 1999 SL No. 273 s 39

**Contract performance guarantees**

s 87D ins 1999 SL No. 273 s 39

**Contract performance guarantee by contractor**

s 87E ins 1999 SL No. 273 s 39

**Contract performance guarantee by approved security provider**

s 87F ins 1999 SL No. 273 s 39

**Replacement of contract performance guarantees**

s 87G ins 1999 SL No. 273 s 39

**Treasurer's approval of security provider**

s 87H ins 1999 SL No. 273 s 39

**Division 7—Reportable gifts**

div hdg om 2004 SL No. 1 s 7

**Definitions for division**

s 90 om 2004 SL No. 1 s 7

**Meaning of “reportable gift”**s 91 sub 2002 SL No. 1 s 34  
om 2004 SL No. 1 s 7**Reportable gift to be dealt with as an asset**s 92 sub 2002 SL No. 1 s 34  
om 2004 SL No. 1 s 7**Reportable gift to be declared and accounted for**s 92A ins 2002 SL No. 1 s 34  
om 2004 SL No. 1 s 7**Register about reportable gifts**s 93 sub 2002 SL No. 1 s 34  
om 2004 SL No. 1 s 7**Content of annual report**s 95 amd 1999 SL No. 273 s 40; 2000 SL No. 1 s 8; 2000 SL No. 187 s 6; 2002 SL  
No. 1 s 35; 2003 SL No. 170 s 4**Additional requirements for other entities in annual report of agency**

s 96 amd 2000 SL No. 1 s 9

**Requirements for annual financial statements of departments**s 97 amd 2002 SL No. 1 s 36; 2003 SL No. 170 s 5; 2004 SL No. 321 s 15; 2005  
SL No. 154 s 13**Requirements for annual financial statements of statutory bodies**s 98 sub 2002 SL No. 1 s 37  
amd 2004 SL No. 321 s 16; 2005 SL No. 154 s 14

**Other requirements for annual financial statements of agencies**

s 98A ins 2002 SL No. 1 s 37

**Use of forms in schedules 4 and 5 and statements in forms**

s 99 om 2002 SL No. 1 s 38

**Division 4—Reporting about derivatives**

div hdg ins 1999 SL No. 273 s 41

**Requirement to report to appropriate Minister about derivatives—Act, s 43D**s 99A ins 1999 SL No. 273 s 41  
amd 2004 SL No. 321 s 17**PART 7—TRANSITIONAL PROVISIONS**

pt hdg sub 2000 SL No. 1 s 10

**Division 1—Transitional provisions for Subordinate Legislation 1997 No. 141**

div hdg ins 1999 SL No. 273 s 42

**Division 2—Transitional provisions for Financial Management Amendment Standard (No. 1) 1999**

div hdg ins 1999 SL No. 273 s 43

**Definitions for div 2**s 102 prev s 102 exp 30 June 1998 (see s 102(5))  
pres s 102 ins 1999 SL No. 273 s 43**Transitional provisions for contract performance guarantees**s 103 prev s 103 exp 30 June 1998 (see s 103(2))  
pres s 103 ins 1999 SL No. 273 s 43**Procedure if approved security provider under previous guarantee no longer rated as approved security provider under previous provision**s 104 prev s 104 om R1 (see RA s 40)  
pres s 104 ins 1999 SL No. 273 s 43**Physical assets**

s 105 ins 1999 SL No. 273 s 43

**Division 3—Transitional provisions for Financial Management Amendment Standard (No. 1) 2004**

div 3 (ss 106–107) ins 2004 SL No. 321 s 18

**SCHEDULE 1—DOCUMENTS MADE BY THE TREASURER OR PUBLISHED BY THE TREASURY DEPARTMENT AND TO WHICH SECTION 46L(2) OF THE ACT APPLIES**amd 1999 SL No. 273 s 44  
sub 2002 SL No. 1 s 39  
amd 2003 SL No. 170 s 6; 2004 SL No. 321 s 19; 2005 SL No. 154 s 15**SCHEDULE 2—SYSTEM OF INFORMATION MANAGEMENT**

amd 2002 SL No. 1 s 40; 2004 SL No. 321 s 20

**SCHEDULE 3—PRESCRIBED ACCOUNTING STANDARDS FOR A FINANCIAL YEAR ENDING BEFORE 1 JULY 2005**

sch hdg sub 2004 SL No. 321 s 21(1)

**sch 3** amd 1999 SL No. 273 s 45  
amd 2002 SL No. 1 s 41; 2003 SL No. 170 s 7; 2004 SL No. 321 s 21(2)–(5)

**SCHEDULE 4—PRESCRIBED ACCOUNTING STANDARDS FOR A FINANCIAL YEAR STARTING ON OR AFTER 1 JANUARY 2005**

prev sch 4 om 2002 SL No. 1 s 42  
pres s 4 ins 2004 SL No. 321 s 22  
amd 2005 SL No. 154 s 16

**SCHEDULE 5—ANNUAL FINANCIAL STATEMENTS FOR NON-BUSINESS UNDERTAKINGS**

om 2002 SL No. 1 s 42

**SCHEDULE 6—DICTIONARY**

def “**AAS**” or “**AASB**” ins 2003 SL No. 170 s 8  
def “**annual report**” amd 2000 SL No. 1 s 11(2)  
def “**approved security provider**” ins 1999 SL No. 273 s 46(2)  
def “**assets maintenance system**” amd 1999 SL No. 273 s 46(4)  
def “**assets strategic plan**” amd 1999 SL No. 273 s 46(4)  
def “**audit certificate**” om 1999 SL No. 273 s 46(1)  
def “**audit report**” sub 1999 SL No. 273 s 46(1)–(2)  
def “**Australian Accounting Standards**” or “**AAS**” sub 2002 SL No. 1 s 43(1)–(2)  
om 2003 SL No. 170 s 8  
def “**code of conduct**” om 2004 SL No. 1 s 8  
def “**contingencies**” ins 1999 SL No. 273 s 46(2)  
def “**CPA Australia**” ins 2002 SL No. 1 s 43(2)  
def “**current market value**” om 2004 SL No. 1 s 8  
def “**deprival value principle**” om 2002 SL No. 1 s 43(1)  
def “**GEA**” ins 2005 SL No. 154 s 17  
def “**gift**” om 2004 SL No. 1 s 8  
def “**Government’s policy priorities**” ins 1999 SL No. 273 s 46(2)  
om 2002 SL No. 1 s 43(1)  
def “**Government’s social and fiscal objectives**” ins 2002 SL No. 1 s 43(2)  
def “**ICT resources**” ins 2002 SL No. 1 s 43(2)  
def “**ICT resources strategic plan**” ins 2002 SL No. 1 s 43(2)  
def “**information and communication technology resources**” ins 2002 SL No. 1 s 43(2)  
def “**information standard**” ins 2002 SL No. 1 s 43(2)  
amd 2004 SL No. 321 s 23(1)  
def “**information standards**” om 1999 SL No. 273 s 46(1)  
amd 1999 SL No. 273 s 46(3) (amdt could not be given effect)  
ins 2000 SL No. 1 s 11(1)  
om 2002 SL No. 1 s 43(1)  
def “**information systems strategic plan**”  
om 2002 SL No. 1 s 43(1)  
def “**mandatory principles**” ins 2002 SL No. 1 s 43(2)  
def “**material loss**” ins 2002 SL No. 1 s 43(2)  
def “**outputs**” ins 1999 SL No. 273 s 46(2)  
def “**plans**” amd 1999 SL No. 273 s 46(4); 2002 SL No. 1 s 43(3)  
def “**prescribed special payments**” ins 2002 SL No. 1 s 43(2)

- def “**reportable gift**” om 2004 SL No. 1 s 8  
 def “**reportable gift threshold**” ins 2002 SL No. 1 s 43(2)  
     om 2004 SL No. 1 s 8  
 def “**risk management committee**” ins 2002 SL No. 1 s 43(2)  
 def “**State archivist**” amd 2000 SL No. 187 s 7  
     sub 2004 SL No. 321 s 23(2)  
 def “**Statements of Accounting Concepts**” or “**SAC**” amd 2002 SL No. 1 s 43(4)

## **8 List of annotations to commentaries**

- Commentary after s 10 (Special application provision for pt 5)**  
 amd 2002 SL No. 1 s 3 sch; 2005 SL No. 154 s 4 sch
- Commentary after s 21 (Operational plans)**  
 amd 1999 SL No. 273 s 3 sch; 2005 SL No. 154 s 4 sch
- Commentary after s 23 (Elements of ICT resources strategic plan)**  
 amd 2002 SL No. 1 s 3 sch; 2004 SL No. 321 s 4 sch; 2005 SL No. 154 s 4 sch
- Commentary after s 26 (Consultation about assets strategic plan)**  
 amd 1999 SL No. 273 s 3 sch
- Commentary after s 28 (Purpose of part)**  
 ins 1999 SL No. 273 s 3 sch  
 om 2002 SL No. 1 s 3 sch
- Commentary after s 29 (Separation of duties)**  
 amd 1999 SL No. 273 s 3 sch
- Commentary after s 31 (Elements of systems for revenue management)**  
 amd 1999 SL No. 273 s 3 sch; 2002 SL No. 1 s 3 sch
- Commentary after s 37 (Level of charges for certain entities)**  
 amd 1999 SL No. 273 s 3 sch; 2002 SL No. 1 s 3 sch
- Commentary after s 39 (Elements of systems for expense management)**  
 amd 1999 SL No. 273 s 3 sch; 2002 SL No. 1 s 3 sch
- Commentary after s 41 (Record of special payments)**  
 ins 2002 SL No. 1 s 3 sch
- Commentary after s 42 (Action to be taken when losses are identified)**  
 ins 2002 SL No. 1 s 3 sch
- Commentary after s 43 (Record of material losses)**  
 amd 2002 SL No. 1 s 3 sch
- Commentary after s 45 (Elements of systems for asset management)**  
 amd 1999 SL No. 273 s 3 sch; 2002 SL No. 1 s 3 sch; 2003 SL No. 170 s 3 sch; 2004 SL No. 321 s 4 sch; 2005 SL No. 154 s 4 sch
- Commentary after s 48 (Maintenance of assets)**  
 amd 1999 SL No. 273 s 3 sch; 2002 SL No. 1 s 3 sch; 2004 SL No. 321 s 4 sch

**Commentary after s 49A (Disposal of assets to corporatised entities)**

om 2002 SL No. 1 s 3 sch

**Commentary after s 52 (Elements of systems for cash management)**

amd 1999 SL No. 273 s 3 sch; 2002 SL No. 1 s 3 sch

**Commentary after s 54 (Elements of systems for liability management)**

om 1999 SL No. 273 s 3 sch

**Commentary after s 54A (Other documents to which accountable officers and statutory bodies must have regard)**

ins 1999 SL No. 273 s 3 sch

amd 2002 SL No. 1 s 3 sch

**Commentary after s 56 (Elements of systems for financial information management)**

amd 1999 SL No. 273 s 3 sch; 2002 SL No. 1 s 3 sch

**Commentary after s 57B (Elements of systems for managing contingencies)**

ins 1999 SL No. 273 s 3 sch

**Commentary after s 61 (Elements of systems for information about operational performance)**

amd 1999 SL No. 273 s 3 sch

**Commentary after s 64 (Report about achieving agency goals)**

om 1999 SL No. 273 s 3 sch

**Commentary after s 65 (What is corporate management)**

ins 1999 SL No. 273 s 3 sch

**Commentary after s 71 (Control procedures)**

amd 1999 SL No. 273 s 3 sch; 2004 SL No. 1 s 3 sch

**Commentary after s 74 (Requirements for appraisal and risk assessment of systems)**

amd 2004 SL No. 321 s 4 sch

**Commentary after s 82 (Audit committees)**

amd 1999 SL No. 273 s 3 sch; 2002 SL No. 1 s 16

**Commentary after s 84 (Elements of systems for risk management)**

amd 2002 SL No. 1 s 3 sch; 2004 SL No. 321 s 4 sch; 2005 SL No. 154 s 4 sch

**Commentary after s 86 (Insurance contracts)**

amd 2002 SL No. 1 s 3 sch

**Commentary after s 93 (Register about reportable gifts)**

amd 2000 SL No. 187 s 3 sch

om 2004 SL No. 1 s 3 sch

**Commentary after s 96 (Additional requirements for other entities in annual report of agency)**

amd 1999 SL No. 273 s 3 sch; 2002 SL No. 1 s 3 sch; 2004 SL No. 321 s 4 sch

**Commentary after s 98A (Other requirements for annual financial statements of agencies)**

amd 2004 SL No. 321 s 4 sch

