

Queensland



Subordinate Legislation 1999 No. 273

Financial Administration and Audit Act 1977

FINANCIAL MANAGEMENT AMENDMENT STANDARD (No. 1) 1999

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Short title

1. This standard may be cited as the *Financial Management Amendment Standard (No. 1) 1999*.

Standard amended

2. This standard amends the *Financial Management Standard 1997*.

Amendment of commentaries

3. The commentaries in the *Financial Management Standard 1997* are amended as stated in the schedule.¹

Amendment of s 8 (Special application provisions for pt 3)

4. Section 8—

insert—

‘(3) If, under the document called ‘Code of Practice for Government Owned Corporations’ Financial Arrangements’,² 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, the corporation is not required to comply with the document.’.

Replacement of s 13 (Relationship between this standard and certification of financial statements)

5. Section 13—

omit, insert—

¹ Section 46LB of the Act states that the commentaries included in a financial management standard are not part of the standard. Accordingly, changes to the commentaries are set out in the schedule.

² 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.

‘Relationship between this standard and auditor-general’s report about financial statements

‘13. 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.³’.

Amendment of s 15 (Purpose)

6.(1) Section 15(1)(a), after ‘on’—

insert—

‘its performance and’.

(2) Section 15(1)(c), ‘physical’—

omit.

Amendment of s 16 (Relationship of strategic plan to other plans)

7. Section 16, ‘physical’—

omit.

Amendment of s 17 (Responsibility for strategic plan and operational plan)

8.(1) Section 17(2), from ‘3’—

omit, insert—

‘4 years.⁴’.

(2) Section 17—

insert—

‘(4) A strategic plan and operational plan must be developed in the context of the Government’s policy priorities.’.

³ See sections 40 (General purpose financial statements) and 46G (Report of auditor-general) of the Act.

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

Amendment of s 18 (Elements of strategic plan)

9.(1) Section 18 (1)(b) to (h)—

omit, insert—

- (b) identifying the agency’s purpose, role, goals and outputs; and
- (c) identifying and analysing the impact of key issues on the agency’s operations; and
- (d) stating the relationship between the agency’s goals and outputs and the Government’s policy priorities; and
- (e) setting performance measures for reviewing the progress towards achieving—
 - (i) the Government’s policy priorities; and
 - (ii) each of the agency’s goals and outputs.’.

(2) Section 18(2), from ‘for’ to ‘year’—

omit, insert—

‘before the start of the timeframe’.

Amendment of s 19 (Consultation about strategic plans)

10. Section 19(2), from ‘resource’ to ‘changes,’—

omit, insert—

‘major policy changes and consequential resource implications’.

Amendment of s 20 (Strategic plan to be submitted)

11. Section 20(3), from ‘include’ to ‘changes,’—

omit, insert—

‘state major policy changes and consequential resource implications’.

Amendment of s 21 (Operational plans)

12.(1) Section 21(1), ‘supply’—

omit, insert—

‘deliver’.

(2) Section 21(2), from ‘reasonable’ to ‘for’—

omit, insert—

‘details about output performance measures that allow’.

Amendment of s 22 (Responsibility for strategic planning for information systems)

13. Section 22(3), ‘3 years’—

omit, insert—

‘4 years’.

Amendment of s 23 (Elements of information systems strategic plan)

14. Section 23(2)—

omit, insert—

‘(2) Asset implications arising from the agency’s information systems 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 information systems strategic plan is developed and available before the start of the timeframe to which the plan relates.’.

Amendment of pt 2, div 4 hdg

15. Part 2, division 4, heading, ‘*physical*’—

omit.

Amendment of s 24 (Responsibility for strategic planning for physical assets)

16.(1) Section 24(1), ‘physical’—

omit.

(2) Section 24(2), ‘3 years’—

omit, insert—

‘4 years’.

Amendment of s 25 (Elements of physical assets strategic plan)

17.(1) Section 25, ‘physical’—

omit.

(2) Section 25(2), ‘any 3’—

omit, insert—

‘any 4’.

(3) Section 25(3)—

omit, insert—

‘**(3)** 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.’.

Amendment of s 26 (Consultation about physical assets strategic plan)

18. Section 26, ‘physical’—

omit.

Amendment of s 32 (Definitions for division)

19.(1) Section 32—

insert—

‘**“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.’.

(2) Section 32, definition “full cost”, paragraph (e), after ‘financing’—

insert—

‘and equity financing costs’.

Amendment of s 34 (Elements of systems for charging for goods and services)

20. Section 34(c)—

omit, insert—

‘(c) ensuring the basis for charging complies with the information standards applicable to the goods and services; and’.

Amendment of s 36 (Level of charges)

21. Section 36(3)(d)—

omit, insert—

‘(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’.

Amendment of s 38 (Responsibility for expense management)

22.(1) Section 38(2)(a)—

omit.

(2) Section 38(2), paragraphs (b) and (c)—

renumber as section 38(2)(a) and (b).

(3) Section 38—

insert—

‘**(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, the accountable officer or statutory body must record the reason for not complying with it.’.

Amendment of s 40 (Credit card facilities)

23. Section 40(3)(f), ‘Use of the Queensland Corporate’—

omit, insert—

‘use of the Queensland Corporate Purchasing’.

Amendment of s 45 (Elements of systems for asset management)

24.(1) Section 45(2)(c)—

omit, insert—

‘(c) setting an amount (not more than \$20 000) as the threshold for the agency’s non-current physical assets, and an amount (not more than \$50 000) as the threshold for its intangible assets, and recognising an asset costing more than the threshold for the asset; and’.

(2) Section 45—

insert—

‘**(2A)** In setting an amount under subsection (2)(c), the accountable officer or statutory body must consider—

- (a) the nature and materiality of the agency’s non-current physical assets and its intangible assets; and
- (b) the cost of identifying and recording the assets; and
- (c) whether the amount gives—
 - (i) a fair representation of the agency’s assets; and
 - (ii) reliable and relevant information to users of the agency’s financial statements.’.

Replacement of s 46 (Other documents to which accountable officers and statutory bodies must have regard)

25. Section 46—

omit, insert—

‘Compliance with Government Land Management System Procedural Manual

‘**46.** Each accountable officer and statutory body must, in managing the agency’s assets efficiently and effectively, comply with the Government

Land Management System Procedural Manual as published by the Department of Natural Resources, to the extent the manual applies to the agency's assets.'

Amendment of s 47 (Evaluations of physical asset investments)

26. Section 47(3)(c), 'agency's physical'—
omit, insert—
'agency's'.

Amendment of s 48 (Maintenance of assets)

27. Section 48, 'physical'—
omit.

Amendment of s 50 (Suspense accounts)

28. Section 50(2)(c), after 'performed'—
insert—
'regularly'.

Insertion of new s 54A

29. Part 3, division 7, after section 54—
insert—

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

'54A. 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.⁵.

⁵ See schedule 1 for details about these documents.

Amendment of s 57 (Availability of financial information)

30.(1) Section 57(1), ‘certificate’—

omit, insert—

‘report’.

(2) Section 57(2), from ‘form’—

omit, insert—

‘form.’.

(3) Section 57(3), after ‘original form’—

insert—

‘or another form’.

(4) Section 57—

insert—

‘**(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.’.

Insertion of new pt 3, div 9

31. Part 3, after section 57 and the commentary after section 57—

insert—

‘Division 9—Management of contingent assets and contingent liabilities

‘Responsibility for systems for contingent assets and contingent liabilities

‘**57A.** 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.

'Elements of systems for managing contingencies

'57B.(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.'

Amendment of s 58 (Purpose of part)

32. Section 58(2)(a) and (b)—

omit, insert—

- '(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.’.

Amendment of s 59 (Responsibility for information about performance)

33. Section 59(b), after ‘goals’—

insert—

‘and the delivery of its outputs’.

Amendment of s 61 (Elements of systems for information about operational performance)

34. Section 61(c)—

omit, insert—

‘(c) delivering its outputs and meeting its output performance measures as stated in its operational plan.’.

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

35.(1) Section 63(a), ‘and’—

omit, insert—

‘, and the’.

(2) Section 63(b), ‘indicators are suitable to measure’—

omit, insert—

‘measures are suitable to assess’.

Omission of s 64 (Report about achieving agency goals)

36. Section 64—

omit.

Insertion of new subdiv 1 hdg

37. Part 5, division 5, before section 83—

insert—

‘Subdivision 1—General’.

Insertion of new subdiv 2 hdg

38. Part 5, division 5, after section 85—

insert—

‘Subdivision 2—Insurance contracts’.

Replacement of s 87 (Contract performance guarantee)

39. Section 87—

omit, insert—

‘Subdivision 3—Contract performance guarantees

‘Definitions for subdiv 3

‘87. 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 IBCA 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 IBCA 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 registered corporation within the meaning of the *Financial Corporations Act 1974* (Cwlth), included in the categories of money market corporation or finance corporation in the list prepared for section 10⁶ of that Act.

‘Responsibility for contract performance guarantees

‘87A. 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.

‘Agency’s systems not limited by ss 87C–87G

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

‘Elements of systems for contract performance guarantees

‘87C.(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

⁶ *Financial Corporations Act 1974* (Cwlth), section 4, provides—

“registered corporation” means a corporation the name of which is entered in the Register of Corporations kept by the Reserve Bank under subsection 9(9).

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.

‘Contract performance guarantees

‘87D.(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.

‘Contract performance guarantee by contractor

‘87E.(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.

‘Contract performance guarantee by approved security provider

‘87F.(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.

‘Replacement of contract performance guarantees

‘87G.(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.

‘Treasurer’s approval of security provider

‘87H.(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.’.

Amendment of s 95 (Content of annual report)

40.(1) Section 95(1)(e), from ‘, including’ to ‘year’—
omit.

(2) Section 95(1)(g)—

omit, insert—

- ‘(g) a review of the agency’s progress towards achieving its goals and

delivering its outputs, including the effectiveness and efficiency of the agency's operations for the year;'

(3) Section 95—

insert—

'(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 Australian Accounting Standard 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.'

Insertion of new pt 6, div 4

41. Part 6, after section 99 and the commentary for part 6, division 3—

insert—

Division 4—Reporting about derivatives

'Requirement to report to appropriate Minister about derivatives—Act, s 43D

'99A.(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 under section 43C of the Act; and
 - (ii) how conditions of approval are complied with; and
 - (iii) realised or unrealised gains or losses from the transaction.’.

Insertion of new pt 7, div 1 hdg

42. Part 7, before section 100—

insert—

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

Insertion of new pt 7, div 2

43. After section 101—

insert—

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

‘Definitions for div 2

‘**102.** 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.

‘Transitional provisions for contract performance guarantees

‘103.(1) A previous guarantee is taken to be a contract performance guarantee under part 5, division 5, subdivision 3.⁷

‘(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.⁸

‘Procedure if approved security provider under previous guarantee no longer rated as approved security provider under previous provision

‘104.(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

⁷ Part 5 (Corporate management), division 5 (Risk management), subdivision 3 (Contract performance guarantees)

⁸ Sections 87 (Definitions for subdiv 3), 87D (Contract performance guarantees), 87E (Contract performance guarantee by contractor) and 87F (Contract performance guarantee by approved security provider)

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.

‘Physical assets

‘105. 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—

- 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”.’.

Amendment of sch 1 (Documents made by the Treasurer or published by the Treasury Department and to which section 46L(2) of the Act applies)

44.(1) Schedule 1, item 7—

omit.

(2) Schedule 1, item 6, from ‘for 1996/1997’ to ‘May 1997’—

omit, insert—

‘for 1998/1999’, as made by the Treasurer in June 1999’.

(3) Schedule 1, item 9—

omit, insert—

- ‘9.** ‘Treasurer’s Guidelines for the use of the Queensland Corporate Purchasing Card’, as made by the Treasurer on 29 August 1997.

10. 'Overdraft Facilities—Operational Guidelines for the Public Sector', as published by the treasury department in March 1998.
11. 'Leasing in the Queensland Public Sector—Policy Guidelines', as published by the treasury department in September 1999.
12. 'Code of Practice for Government Owned Corporations' Financial Arrangements', as published by the treasury department in April 1999.'

Amendment of sch 3 (Prescribed accounting standards)

45.(1) Schedule 3, part 2—

omit, insert—

'PART 2—AUSTRALIAN ACCOUNTING STANDARDS

- 'AAS 1 Profit and Loss or other Operating Statements
- AAS 2 Inventories
- AAS 3 Accounting for Income Tax (Tax-effect Accounting)
- 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 Accounting for the Revaluation of Non-Current Assets
- AAS 11 Construction Contracts
- AAS 13 Accounting for Research and Development Costs
- AAS 14 Accounting for Investments in Associates
- AAS 15 Revenue
- AAS 16 Financial Reporting by Segments
- AAS 17 Leases

- AAS 18 Accounting for Goodwill
- AAS 19 Interests in Joint Ventures
- AAS 20A Foreign Currency Translation
- AAS 21 Accounting for the Acquisition of Assets (including Business Entities)
- AAS 22 Related Party Disclosures
- 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 30 Accounting for Employee Entitlements
- AAS 31 Financial Reporting by Governments
- 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’.

(2) Schedule 3, part 3—

insert—

- ‘Abstract 13 The Presentation of the Financial Report of Entities whose Securities are “Stapled”
- Abstract 15 Early Termination of Foreign Currency Hedges
- 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 26 Accounting for Major Cyclical Maintenance’.

Amendment of sch 6 (Dictionary)

46.(1) Schedule 6, definitions “audit certificate”, “audit report” and “information standards”—

omit.

(2) Schedule 6—

insert—

‘**“approved security provider”** see section 87.

“audit report” means, other than in section 79, a report of the auditor-general under section 40 or 46G⁹ of the Act.

“contingencies”, of an agency, see section 57A.

“Government’s policy priorities” means the policy priorities stated in the charter of social and fiscal responsibility for the State.¹⁰

“outputs” means—

(a) for a department—departmental outputs; or

(b) for a statutory body—non-departmental outputs.’.

(3) Schedule 6, definition “information standards”—

insert—

‘(c) the Information Standards issued by the Department of Communication and Information, Local Government and Planning.’.

⁹ Section 40 (General purpose financial statements) or 46G (Report of auditor-general) of the Act

¹⁰ Part 1A of the Act provides for the Treasurer to prepare and table a charter of social and fiscal responsibility for the State.

(4) Schedule 6, definitions “physical assets maintenance system”, “physical assets strategic plan” and “plans”, ‘physical’—

omit.

SCHEDULE

AMENDMENT OF COMMENTARIES

section 3

Amendment of commentary after s 21 (Operational plans)

1.(1) Commentary after section 21, item 1, after ‘agency’s goals’—

insert—

‘and the delivery of its outputs to the required standards’.

(2) Commentary after section 21, item 3, ‘indicators’—

omit, insert—

‘measures’.

(3) Commentary after section 21, item 3, ‘more on outputs’—

omit, insert—

‘on agency outputs rather’.

(4) Commentary after section 21, item 4—

renumber as item 5.

(5) Commentary after section 21—

insert—

‘4. As a general guide, an agency should start its strategic planning before the end of the agency’s budget processes.’.

Amendment of commentary after s 26 (Consultation about physical assets strategic plan)

2.(1) Commentary after section 26, ‘physical’—

omit.

(2) Commentary after section 26, item 2, ‘current’—

omit, insert—

‘existing’.

SCHEDULE (continued)

(3) *Commentary after section 26, item 2(b), ‘appropriate’—
omit, insert—
‘optimal’.*

(4) *Commentary after section 26, item 2(d), ‘investment’—
omit, insert—
‘cost’.*

(5) *Commentary after section 26, item 2(e), from ‘project’ to ‘estimates’—
omit, insert—
‘funding from budget sources’.*

(6) *Commentary after section 26, item 4—
omit.*

Insertion of new commentary

3. *Part 3, division 1, after section 28—
insert—*

‘Commentary—Management of Resources

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

1. *Further guidance on the management of resources can be found in the document called ‘The Financial Management Manual’, as published by the treasury department.’.*

Amendment of commentary after s 29 (Separation of duties)

4. *Commentary after section 29—
insert—*

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.’.*

SCHEDULE (continued)

Amendment of commentary after s 31 (Elements of systems for revenue management)

5.(1) Commentary after section 31, item 1, 'document called 'Accounting policy guideline No. 5—Definition and recognition of revenue' '—

omit, insert—

'accounting policy guidelines that are part of 'The Financial Management Manual' '.

(2) Commentary after section 31, item 11—

renumber as item 12.

(3) Commentary after section 31—

insert—

'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.'

Amendment of commentary after s 37 (Level of charges for certain entities)

6. Commentary after section 37—

insert—

'4. Guidance on the level of charges may be found in the document Information Standard No. 33 called 'Information Pricing and Access' '.

Amendment of commentary after s 39 (Elements of systems for expense management)

7.(1) Commentary after section 39, item 5, from 'following'—

omit, insert—

'accounting policy guidelines that are part of 'The Financial Management Manual', as published by the treasury department.'

(2) Commentary after section 39—

insert—

'6. Guidance on establishing and maintaining cost-effective expense 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.'

SCHEDULE (continued)

Amendment of commentary after s 45 (Elements of systems for asset management)

8.(1) *Commentary after section 45, item 6, from ‘If’ to ‘items.’—*

omit, insert—

‘Assets should be verified on a rolling basis to ensure all assets are verified at least once every 3 years.’.

(2) *Commentary after section 45—*

insert—

9. *Guidance on establishing and maintaining cost-effective asset 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.’.*

Amendment of commentary after s 48 (Maintenance of assets)

9. *Commentary after section 48, item 1—*

omit, insert—

1. *Guidance about managing an agency’s assets may be found in the accounting policy guidelines that are part of ‘The Financial Management Manual’, as published by the treasury department and the ‘Project Evaluation Guidelines’, as published by the treasury department.’.*

Amendment of commentary after s 52 (Elements of systems for cash management)

10. *Commentary after section 52—*

insert—

4. *Guidance on establishing and maintaining cost-effective cash flow management processes for an agency may be found in the following documents as published by the treasury department—*

(a) *‘Cost-Effective Internal Control, Underpinning Agency Performance’;*

(b) *‘Operational Guidelines for Payment of Interest on Controlled Bank Balances; Equity Return; Cash Funding’.’.*

SCHEDULE (continued)

Omission of commentary after s 54 (Elements of systems for liability management)***11. Commentary after section 54—***

omit.

Insertion of new commentary after s 54A (Other documents to which accountable officers and statutory bodies must have regard)***12. Part 3, division 7, after section 54A—***

insert—

‘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 that are part of ‘The Financial Management Manual’, 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.’.*

Amendment of commentary after s 56 (Elements of systems for financial information management)***13. Commentary after section 56, item 5, ‘certain type’—***

omit, insert—

‘certain types’.

Insertion of new commentary after s 57B (Elements of systems for managing contingencies)***14. Part 3, division 9, after section 57B—***

insert—

SCHEDULE (continued)

‘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.’.*

Amendment of commentary after s 61 (Elements of systems for information about operational performance)

15.(1) Commentary after section 61, item 1, ‘performance indicators’—

omit, insert—

‘output performance measures’.

(2) Commentary after section 61, item 2, from ‘performance’ to ‘goals’—

omit, insert—

‘output performance (actual results to date) and the set operational targets’.

(3) Commentary after section 61—

insert—

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.’.*

Omission of commentary after s 64 (Report about achieving agency goals)

16. Commentary after section 64—

omit.

Insertion of new commentary after section 65 (What is corporate management)

17. Part 5, division 1, after section 65—

insert—

SCHEDULE (continued)*‘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.’.*

Amendment of commentary after s 71 (Control procedures)**18. *Commentary after section 71—***

insert—

- ‘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.’.*

Amendment of commentary after section 82 (Audit committees)**19. *Part 5, division 4, after section 82—***

insert—

- ‘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.’.*

Amendment of commentary after s 96 (Additional requirements for other entities in annual report of agency)**20. *Commentary after section 96—***

insert—

- ‘3. *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.’.*

ENDNOTES

1. Made by the Treasurer on 28 October 1999.
2. Notified in the gazette on 5 November 1999.
3. Laid before the Legislative Assembly on . . .
4. The administering agency is the Treasury Department.