

**TREASURER'S DIRECTIONS**  
**PART 2 - ACCOUNTING FRAMEWORK AND**  
**FINANCIAL REPORTING**

**Section 2 - Trust Money**

**Authorities:** Financial Management Act

Section

3. Interpretation
7. Accountable Officer's Trust Accounts
13. Duties of Accountable Officers

**Defined Terms** - Refer to Part 1 Section 2

- Accountable Officer
- Accountable Officer's Trust Account
- Agency
- entity
- negotiable instrument
- official receipt
- trust
- trustee
- trust instrument
- trust money

**OVERVIEW**

An Accountable Officer is trustee of money held by the Territory or by his/her Agency in trust and accordingly, is bound by the responsibilities inherent in a trust relationship. A trust relationship exists when money is held by the Territory or an Agency as legal owner on behalf of another person who is the beneficial owner.

**STATEMENT OF INTENT**

- 2.2.1 This Section provides a framework and minimum control requirements to ensure that money held in trust by the Territory or an Agency is appropriately identified, recorded, safeguarded and disbursed in accordance with the nature of the trust relationship.

## REQUIREMENTS FOR ACCOUNTING AND PROPERTY MANUALS - *refer to part 3 section 1*

2.2.2 Accountable Officers are responsible for incorporating in their Agency's accounting and property manual, procedures and appropriate controls in order to ensure that:

- trust money is identified;
- adequate records are maintained of all trust money;
- adequate information is available for reporting purposes;
- where appropriate, interest on trust money is correctly calculated and disbursed;
- trust money is adequately safeguarded and secured; and
- a Register of Negotiable Instruments held in trust is maintained in an appropriate format.

### ESTABLISHMENT OF ACCOUNTABLE OFFICER'S TRUST ACCOUNT

2.2.3 The Accountable Officer of an Agency that holds money in trust shall apply to the Treasurer, through Northern Territory Treasury, to establish an Accountable Officer's Trust Account.

2.2.4 All trust money shall be credited to, and held in, an Accountable Officer's Trust Account in accordance with section 7 of the Act.

### RECEIPT OF TRUST MONEY

2.2.5 An official receipt shall be issued for any trust money received by the Territory or an Agency and shall, at a minimum, specify the beneficial owner and a clear description of the trust money.

### DISBURSEMENT OF TRUST MONEY

2.2.6 Payments from Accountable Officer's Trust Accounts constitute a disbursement of trust money and shall only be made in accordance with the trust relationship and where applicable, the trust instrument.

## INTEREST PAYABLE ON TRUST MONEY

- 2.2.7 The Territory or an Agency shall pay interest on trust money only where the trust instrument specifically requires that interest be paid.
- 2.2.8 Unless specifically provided otherwise by the trust instrument, interest on trust money will be paid at a rate determined by Northern Territory Treasury Corporation.

## UNCLAIMED TRUST MONEY

- 2.2.9 All money credited to an Accountable Officer's Trust Account which remains unclaimed for a period of six years after the time at which it became payable to the beneficial owner shall, at the expiration of that period, be transferred to the Consolidated Revenue Account under the classification "Miscellaneous Revenue".

## SPECIFIC REQUIREMENTS FOR NEGOTIABLE INSTRUMENTS HELD IN TRUST

- 2.2.10 A negotiable instrument is held in trust only where the rights inherent in that instrument are assigned to the Territory or an Agency.
- 2.2.11 Accountable Officers shall maintain a Register of Negotiable Instruments detailing full particulars of any negotiable instruments held in trust by their Agency.
- 2.2.12 Negotiable instruments held in trust which are no longer required by the Territory or an Agency shall be returned to the beneficial owner and evidence of receipt by the beneficial owner shall be obtained.