

TREASURER'S DIRECTIONS

PART 3 - RESPONSIBILITIES OF ACCOUNTABLE OFFICERS

Section 1 - Accountable Officers

Authorities: *Financial Management Act*

Section

3. Interpretation
13. Duties of Accountable Officers
14. Money to be committed by Accountable Officer
15. Internal audit
16. Accounting and property manuals
17. Exemption of Accountable Officer

Defined Terms - *Refer to Part 1 Section 2*

- Accountable Officer
- Agency
- commitment
- employee
- expenditure
- internal audit
- risk management

OVERVIEW

The Act establishes Accountable Officers as the primary authority for providing financial management and accountability in Agencies. The Accountable Officer is the head of an Agency, unless the Treasurer has determined otherwise, and is responsible for the financial management of that Agency.

STATEMENT OF INTENT

- 3.1.1 This Section provides an outline of the primary responsibilities of Accountable Officers under the Act, and specifically addresses the requirement for Accountable Officers to prepare an accounting and property manual for their Agency.

DUTIES OF ACCOUNTABLE OFFICERS

3.1.2 Accountable Officers are responsible for the general financial administration of their Agency as specified under section 13 of the Act, with specific responsibilities relating to:

- commitment of money (section 14 of the Act);
- internal audit capacity (section 15 of the Act); and
- issue and maintenance of accounting and property manuals (section 16 of the Act).

APPLICATION OF RISK MANAGEMENT

3.1.3 Accountable Officers may, where appropriate, develop and apply risk management strategies in fulfilling their financial management responsibilities.

AGENCY ACCOUNTING AND PROPERTY MANUALS

3.1.4 An Agency's accounting and property manual should:

- provide relevant, current and accurate information on the accounting systems, practices and procedures to be used by employees;
- be a practical and effective reference document consistent with the scope and complexity of the Agency's operations; and
- provide the means of promoting sound policies, practices and procedures for financial management and changes in such policies within the Agency.

3.1.5 Accountable Officers shall ensure that references to relevant authorities, being the *Financial Management Act*, the Financial Management Regulations, the Treasurer's Directions or other authority, are appropriately cited in their Agency's accounting and property manual.

3.1.6 Accountable Officers are responsible for incorporating in their Agency's accounting and property manual, policies, procedures and appropriate controls as specified in Appendix A to this Section.

3.1.7 Accountable Officers shall ensure that all employees have access to the Agency's accounting and property manual, or relevant parts thereof, and that all manuals contain current policies, practices and procedures of the Agency.

- 3.1.8 Agency accounting and property manuals shall be reviewed on a timely basis to ensure that all material is current and amended where necessary.
- 3.1.9 Accountable Officers shall provide copies of their Agency's accounting and property manual, and each amendment thereto, to the relevant Minister in accordance with section 16 of the Act.

EXEMPTION OF AN ACCOUNTABLE OFFICER

- 3.1.10 Where it is not possible for an Accountable Officer to meet a particular obligation, requirement or responsibility under the Act, Regulations or Treasurer's Directions, that Accountable Officer may apply, with the endorsement of the relevant Minister, to the Treasurer, through Northern Territory Treasury, for an exemption under section 17 of the Act.

REQUIREMENTS FOR ACCOUNTING & PROPERTY MANUALS

Agency accounting and property manuals should contain procedures and appropriate controls relating to:

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| <i>INTRODUCTION</i> | <ul style="list-style-type: none"> (a) The purpose and scope of the manual; (b) legislation (and provisions) relevant to the financial management of the Agency; and (c) descriptions of the financial organisation of the Agency (eg organisation charts and delegations). |
| <i>DEFINITIONS</i> | The definition of relevant terms. |
| <i>RECEIPTS TO OPERATING ACCOUNTS</i> | <ul style="list-style-type: none"> (a) Receipts which may be paid into Operating Accounts under section 6(2) of the Act; (b) accounting for clearing money, such that the net result is recorded and double counting is avoided; and (c) development of forecasts of monthly receipts and expenditure. |
| <i>TRUST MONEY</i> | <ul style="list-style-type: none"> (a) Identification of trust money; (b) recording of trust money; (c) calculation and disbursement of interest on trust money where appropriate; (d) safeguarding and security of trust money; and (e) maintenance of a Register of Negotiable Instruments. |
| <i>GOVERNMENT FINANCIAL REPORTING</i> | <ul style="list-style-type: none"> (a) The standard classification format adopted (ie Part A or B of these Directions); (b) details of investments in corporations, trusts, joint ventures or similar entities in the format prescribed by Part 2 Section 4 of these Directions; (c) records of liabilities, contingent liabilities including guarantees and indemnities, and other material obligations of the Territory and the Agency; and (d) the recording of details of waivers, postponements and write offs approved under the Act. |

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| <i>FINANCIAL INTERESTS, CONTINGENCIES, GUARANTEES AND INDEMNITIES</i> | <ul style="list-style-type: none"> (a) Identification and reporting of financial interests in companies, corporations, joint ventures and trusts; (b) acquisition, accountability and audit of entities in which the Territory or the Agency has a controlling interest; and (c) identification and reporting of contingent liabilities including guarantees and indemnities. |
| <i>AGENCY FINANCIAL REPORTING</i> | Preparation of Agency annual financial statements. |
| <i>GOVERNMENT BUSINESS DIVISIONS</i> | <ul style="list-style-type: none"> (a) Maintenance of commercial accounting systems for any Government Business Divisions; (b) preparation of Government Business Division financial statements; and (c) valuation, calculation and recognition of on-costs and services provided free-of-charge to Government Business Divisions. |
| <i>STANDARD CLASSIFICATION OF RECEIPTS AND EXPENDITURE</i> | Development of a chart of accounts using the applicable standard classification format. |
| <i>GOVERNMENT ACCOUNTING AND PERSONNEL INFORMATION/PAYROLL SYSTEMS</i> | The use of the Government Accounting and Personnel Information/Payroll Systems including compliance with user manuals issued by Northern Territory Treasury. |
| <i>INTERNAL AUDIT</i> | <ul style="list-style-type: none"> (a) The development of a program of internal audit; and (b) access for auditors to relevant information, personnel and records. |
| <i>AUDIT COMMITTEES</i> | Terms of reference, composition, accessibility and reporting requirements of audit committees where appropriate. |
| <i>PHYSICAL ASSETS</i> | <ul style="list-style-type: none"> (a) Maintenance of a Register of Assets; (b) identification security, stocktaking and lending or hiring out of physical assets; |

- (c) maintenance of records pertaining to minor physical assets, particularly attractive and portable items;
- (d) disposal of physical assets (including trade-ins);
- (e) write off of lost, deficient, condemned, unserviceable, abandoned or obsolete physical assets; and
- (f) maintenance of a Register of Leased Assets.

*OFFICIAL TRAVEL,
TELEPHONES AND
HOSPITALITY*

- (a) Authorisation, recording and acquittal of official travel;
- (b) provision of subsidies associated with official telephones installed in employees' residences;
- (c) programming, approval and guidelines for conducting hospitality on behalf of the Territory; and
- (d) Fringe Benefits Tax considerations associated with employee telephone cost subsidies and hospitality expenditure.

ACCOUNTABLE FORMS

- (a) Identification of accountable forms used in the Agency;
- (b) printing, safe custody, control, issue and disposal of accountable forms;
- (c) maintenance of a Register of Accountable Forms; and
- (d) independent random checks of stocks of accountable forms.

BUDGET MANAGEMENT

- (a) Development of estimated budgetary requirements for Activities;
- (b) monitoring expenditure to ensure Allocations are not exceeded, and receipts to ensure Territory revenue is maximised;
- (c) preparation and monitoring of cash flows; and
- (d) development and submission of proposals for variations to Allocations.

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| <i>WORKS PROGRAMMING</i> | Development and management of capital works, design list, forward works, minor new works and repairs and maintenance program proposals. |
| <i>OFFICIAL BANK ACCOUNTS</i> | Opening, operating and closing official bank accounts. |
| <i>COLLECTION OF PUBLIC MONEY</i> | <ul style="list-style-type: none"> (a) Appointment of employees and agents to collect, receipt, secure and bank public money; (b) collection of public money, issue of official receipts and reconciliation of official receipts with bank deposits; (c) acceptance of post-dated cheques and payment of change on cheques, postal orders or credit card transactions; (d) security of personnel and public money; and (e) dishonoured cheques and credit card vouchers. |
| <i>PROCESSING OF ACCOUNTS PAYABLE</i> | <ul style="list-style-type: none"> (a) Validation of accounts payable and claims for payment, including funds availability; (b) adoption of appropriate strategies to ensure the timely payment of accounts payable; (c) accounting for credit notes; (d) prevention of duplicate payments and overpayments; and (e) authorisation and identification of agents. |
| <i>METHODS OF PAYMENT</i> | <ul style="list-style-type: none"> (a) Processing of ledger transfers and electronic funds transfers; (b) utilisation of Corporate Credit Cards; and (c) petty cash purchases. |
| <i>LOSSES</i> | <ul style="list-style-type: none"> (a) Investigation and reporting of losses; (b) maintenance of a Register of Losses; and (c) recovery of losses. |

ADVANCES

- (a) Approval, recording, use, review, adjustment and acquittal of advances;
- (b) appointment of employees and agents to record, use, review, adjust, reimburse, reconcile and secure standing advances;
- (c) security of personnel and standing advances; and
- (d) independent random checks of standing advances.

*DELEGATIONS BY THE
TREASURER*

- (a) Identification of relevant extracts from the Treasurer's Delegations; and
- (b) advice of changes in titles or designations in the Treasurer's Delegations.

*LEGAL AND STATUTORY
ARRANGEMENTS*

- (a) Recovery of debts affected by *Statutes of Limitations* and/or the *Bankruptcy Act*;
- (b) retention of financial management records;
- (c) granting of ex gratia payments;
- (d) maintenance of a Register of Ex Gratia Payments; and
- (e) maintenance of a Register of Fees and Charges.