In April 2010, the Australian Government announced its intention to undertake significant reform of the Australian healthcare system. In August 2011, Queensland, as a member of the Council of Australian Governments (COAG), signed the National Health Reform Agreement (NHRA), committing to major changes in the way that health services in Australia are funded and governed. These National Health Reform changes took effect from 1 July 2012. Fundamentally, these changes included moving to a purchaser-provider model, with health service delivery to be purchased from legally independent health service entities, referred to in Queensland as, Hospital and Health Services (HHS).

The *Hospital and Health Boards Act 2011* (HHBA), provides the structural arrangements of Queensland Health - the Queensland public sector health system - comprising of 17 Hospital and Health Services and the department. The department is referred to as the Department of Health (DOH) and in accordance with the HHBA, is established as the system manager of the public sector health system.

The department is required to comply with Queensland legislation and whole of government policies including the:

- Hospital and Health Boards Act 2011 (HHBA)
- Financial Accountability Act 2009 (FAA)
- the Financial and Performance Management Standard 2009 (FPMS)

The FAA and FPMS have been prepared using a principles-based approach. This provides senior management with greater flexibility to determine specific processes and functions to be used in the delivery of objectives and services; develop and implement efficient, effective and economic systems of internal control that meet prescribed accountability requirements, whilst ensuring they are balanced with public defensibility.

Section 16(1) of the *Financial and Performance Management Standard 2009* requires that each department and statutory body prepare and maintain a Financial Management Practice Manual (FMPM), that complies with legislation, regulation, accounting standards, financial reporting requirements and whole of government policies, for use by all employees in the performance of their roles.

Each HHS and the department maintain a FMPM reflective of their operations. As system manager, the department’s FMPM has regard to HHS specific operations to ensure the department maintains a broad oversight of the public sector health system.

The department’s FMPM underpins the legislative framework and is the initial point of reference for departmental employees in relation to departmental financial policy. The FMPM has been designed for practical application to departmental financial processes and operations. It can be progressively reviewed and revised to reflect ever-changing structural, financial, operational, legislative and regulatory requirements.

Certain specific, policies, procedures and definitions are to be set out in policies, protocols, procedures and desk top manuals tailored to the specific requirements of the accounting and financial management systems at divisional and operational units. This manual is the paramount financial manual, notwithstanding that other manuals and frameworks have been approved covering individual aspects of local financial management and operations.
Directors and Managers should ensure that these policies are read, understood, and followed. Should a situation arise whereby exemption from any policy is required, applications can be made in accordance with Section 1.3 'Changes to and exemption or deviation from policy'.
Department of Health

Financial Management Practice Manual

Chapters

1. Introduction
2. Financial Management
3. Planning, Budgeting, Forecasting and Performance
4. Financial Reporting
5. Income Management
6. Expense Management
7. Asset Management
8. Liability Management
9. Equity Management
10. Corporate Management
11. Financial Information Management & Reporting
12. Taxation Management
13. Internal Controls

Appendices
Financial Management Practice Manual

Chapter One

Introduction
Chapter 1 – Introduction

Table of Contents

1.1 Overview ........................................................................................................................................................................... 2
1.1.1 General Background .................................................................................................................................................. 2
1.1.2 Role of System Manager ......................................................................................................................................... 7
1.1.3 Health Service Directives .................................................................................................................................... 7
1.1.4 Health Employment Directives ............................................................................................................................. 8
1.1.5 Policies ........................................................................................................................................................................... 8
1.1.6 Purpose and Scope of the Financial Management Practice Manual ................................................................. 8
1.1.7 Availability of the Manual ....................................................................................................................................... 9
1.1.8 Training ......................................................................................................................................................................... 9
1.1.9 Compliance .................................................................................................................................................................... 9
1.1.10 Financial Legislation ............................................................................................................................................. 9
1.1.11 Formatting .................................................................................................................................................................. 10
1.2 How to Use this Manual ..................................................................................................................................................... 10
1.2.1 Page Numbering .......................................................................................................................................................... 10
1.2.2 Glossary of Terms and Abbreviations ......................................................................................................................... 10
1.2.3 Forms and Schedules ................................................................................................................................................ 10
1.3 Exemption or Deviation from Policy ............................................................................................................................. 10
1.3.1 Policy Change ............................................................................................................................................................. 10
1.3.2 Request for Exemption or Deviation .......................................................................................................................... 10
1.4 Amendments History ....................................................................................................................................................... 11
1.4.1 Recording of Amendments .................................................................................................................................... 11
Chapter 1 – Introduction

1.1 Overview

1.1.1 General Background

The Financial Management Practice Manual (FMPM) provides policy statements, practice statements and guidelines regarding significant accounting and financial management issues within the Department of Health and its operational units. Section 16 of the Financial and Performance Management Standard 2009 (FPMS) places responsibility on each department to prepare and maintain a FMPM for use in the financial management of the department and which must comply with any Act or law applicable to the financial management of the department.

The FMPM is the fourth layer of financial management instructions within the Queensland Government, applicable to the department as under:

- **Level 1**
    - an Act to provide for accountability in the administration of the State’s finances and to provide for financial administration of departments and statutory bodies
    - the Act establishes the high level financial management and accountability obligations for all departments and statutory bodies
    - the Act is principles based, focusing on accountability and outcomes; it provides an appropriate level of discretion to Department of Health executives to optimise resource allocation and to tailor systems for the administration of the department, whilst also ensuring a high-level of accountability
    - the functions for which departmental management are accountable include:
      - governance
      - undertaking regular strategic and operational planning
      - implementing and maintaining systems to manage the department’s financial resources
      - monitoring the performance of the entity
      - resource management
      - risk management
      - contract performance
      - preparing annual financial statements for audit by the Auditor- General and
      - preparing an annual report which is tabled in parliament by the appropriate Minister.
  - *Auditor – General Act 2009* (AGA)
    - an Act to provide for the Queensland Auditor-General and the Queensland Audit Office and the audit of the State’s public finances and all public sector entities
  - *Statutory Bodies Financial Arrangements Act 1982* (SBFAA)
    - an Act to provide for guarantees by the Treasurer of statutory bodies’ financial arrangements, to confer on statutory bodies power to enter into and perform financial arrangements and to confer on statutory bodies the authority to invest moneys
• the Act will apply where the Health and Hospital Services enabling legislation does not provide for these powers; issues covered by the Act include:
  • guarantees
  • derivative transactions
  and
  • the formation of companies

• **Statutory Bodies (Superannuation Arrangements) Act 1994** (SBSAA)

  • an Act to provide superannuation arrangements for members of statutory authorities

• **Hospital and Health Boards Act 2011** (HHBA)

  • an Act to provide for the delivery of public sector health services and other health services in Queensland and is the enabling legislation for the governance of Hospital and Health Services and which establishes them as statutory bodies; it sets out their purpose and specific powers
  • the Act establishes the department in the role of the System Manager of the public health system
  • the Act prescribes the governance arrangements for the Hospital and Health Services through the requirement to appoint a Hospital and Health Board to control each Hospital and Health Service
  • the Act prescribes that the Hospital and Health Service Chief Executive is subject to the Hospital and Health Board
  and
  • provision is also made for the Director-General of the department to delegate his or her functions under the Act to a Hospital and Health Service Chief Executive **Public Service Act 2008** (PSA)

  • an Act about the administration of the public service and the management and employment of public service employees, and to provide for matters concerning particular agencies in the public sector
  • the main purposes of the Act are to:
    • establish a high performing, apolitical public service that is responsive to Government priorities and is focussed on the delivery of services in a professional and non-partisan way
    • promote the effectiveness and efficiency of government entities
    • provide for the administration of the public service and the employment and management of public service employees
    • provide for the rights and obligations of public service employees and
    • promote equality of employment opportunity in the public service and in other particular agencies in the public sector
  and
  • the Act fixes principles to guide public service management, public service employment and the work performance and personal conduct of public service employees
Chapter 1 – Introduction

- **Right to Information Act 2009** (RTIA)

  the Act aims to make more information available and to provide equal access to information across all sectors of the community

- **Information Privacy Act 2009** (IPA)

  the Right to Information Act 2009 and the Information Privacy Act 2009 are designed to extend as far as possible the right of access to information held by the Queensland government. The IPA also sets out the privacy principles which regulate how personal information is collected by Queensland public sector agencies

- **Public Sector Ethics Act 1994** (PSEA)

  - the Act declares the ethical principles that are fundamental to good public administration
  - it covers the ethics obligations for public officials, code of conduct for public officials, additional responsibilities for Chief Executives and disciplinary action for the contravention of approved codes
  - all public officials should adhere to the ethics obligations as set out in the Act

- **Integrity Act 2009** (IA)

  - the purpose of the Act is to encourage confidence in public institutions by helping Ministers, members of the Legislative Assembly and others to deal appropriately with ethics or integrity issues and regulating contact between lobbyists and State or local government representatives so that lobbying is conducted in accordance with public expectations of transparency and integrity

- **Public Records Act 2002** (PRA)

  - the Act provides for the management of public records in Queensland
  - a public record is any form of recorded information, both received and created, that provides evidence of the decisions and actions of a public authority while undertaking its business activities
  - the Act covers all public records irrespective of the technology or medium used to generate, capture, manage, preserve and access those records
  - all employees have some responsibilities for making, keeping and managing the public records that they receive or create

- **Crime and Misconduct Act 2001** (CMA)

  - the main purposes of this Act are to combat and reduce the incidence of major crime and to continuously improve the integrity of, and to reduce the incidence of misconduct in, the public sector
  - the Act also has the purpose to facilitate the Crime and Misconduct Commission’s involvement in the investigation of any confiscation related activity for the enforcement of confiscation related legislation

- **Work Health and Safety Act 2011** (WHSA)
Chapter 1 – Introduction

- the main objective of this Act is to provide for a balanced and nationally consistent framework to secure the health and safety of workers and workplaces

- Copyright Act 1968 (Commonwealth Government) (CA)

- the purpose of this Act is to protect original work over which a copyright exists

Level 2

- Financial Accountability Regulation 2009 (FAR)
- Financial and Performance Management Standard 2009 (FPMS)
- Auditor-General Regulation 2009 (AGR)
- Statutory Bodies Financial Arrangements Regulation 2007 (SBFAR)
- Crime and Misconduct Regulation 2005 (CMR)

and

- Hospital and Health Boards Regulation 2012 (HHBR)

Level 3

- Queensland Treasury and Trade Policies and Guidelines including:
  - A Guide to Risk Management
  - Annual Leave Central Scheme Guidelines
  - Audit Committee Guidelines: Improving Accountability and Performance
  - Cash Funding Profile Guidelines
  - Cash Management Handbook for Departments and Agencies
  - Executive Council Minute Number 63 – available from Cabinet and Parliamentary Services, Queensland Health
  - Financial Accountability Handbook (FAH)
  - Financial Circulars
  - Financial Management Tools (FMT)
  - Financial Reporting Requirements for Queensland Government Agencies, Parts A,B,C and D (FRRs)
  - Full Cost Pricing Policy
  - Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies
  - Investment Policy Guidelines for Statutory Bodies
  - Leasing in the Queensland Public Sector Guidelines
  - Long Service Leave Central Scheme Guidelines
  - Non-Current Asset Policies for the Queensland Public Sector
  - Overdraft Facilities: Operational Guidelines for the Queensland Public Sector
  - Overview of Queensland’s Financial Accountability Framework
  - Principles for Fees and Charges
  - Project Evaluation Guidelines
  - SAP Whole of Government Chart of Accounts and Asset Register
  - Statutory Bodies Financial Arrangements Act 1982 Operational Guidelines
  - Statutory Body Guide

and
Chapter 1 – Introduction

- Treasurer's Guidelines for the Use of the Queensland Government Corporate Purchasing Card
- Public Service Commission
- Directives
- Gifts and Benefits
  and
- Declaration of Interests – Senior Executives and Equivalent Employees (including Statutory Office Holders)
- Queensland Government Chief Information Office
- The Queensland Government Enterprise Architecture
- Crime and Misconduct Commission Policies
- The Public Scrapbook: Guidelines for the Correct and Ethical Disposal of Scrap and Low-Value Assets
- Queensland Audit Office
- Better Practice Guides
- Queensland Government Chief Procurement Office
- Queensland Procurement Policy 2013
- Department of the Premier and Cabinet Policies
  - Agency Planning Requirements
  and
  - Annual Report Requirements for Queensland Government Agencies
- Department of Natural Resources and Mines
  - Land Management Manuals and Guidelines
- Department of Justice and Attorney-General
  - Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities
- Other State Government Agencies Whole-of-Government policies and guidelines
- Level 4
- HHS Service Agreements
Chapter 1 – Introduction

- Department of Health, Health Service Directives
- Department of Health Financial Management Practice Manual (FMPM)
- Department of Health FMPM Circulars providing policy updates between releases of approved FMPMs
- Department of Health Taxation Business Procedures
- Business Procedures issued and published on the Department of Health intranet by Taxation Unit, Finance Branch, System Support Services Division are to be read as forming part of this Manual
- the Business Procedures referred to above may be added to, amended, or removed on the authority of the Director, Taxation Unit, Finance Branch, System Support Services Division

- Level 5
  - departmental operational units’ procedures and work instructions.

- For further information – refer to FAH, Volume 1 Introduction

1.1.2 Role of System Manager

The Hospital and Health Boards Act 2011 (HHBA) provides as follows:

- section 8(2): The overall management of the public sector health system is the responsibility of the department through the chief executive (the Director-General) (the system manager role)

- section 8(3): In performing the system manager role, the chief executive is responsible for the following:
  
  (a) Statewide planning
  (b) managing Statewide industrial relations
  (c) managing major capital works
  (d) monitoring service performance
  (e) issuing binding health service directives to Services

Section 45 (Functions of the chief executive) provides a detailed list of the functions of the chief executive.

Section 47 details the issues about which the chief executive may issue a health service directive to a Hospital and Health Service (HHS).

1.1.3 Health Service Directives

The HHBA, section 47, authorises the Chief Executive of the Department of Health (as System Manager) to issue Health Service Directives (HSDs) to HHSs. HSDs may be issued for the purposes of:

- promoting service coordination and integration in the delivery of health services
  - between HHSs
  - between HHSs, the department and other service providers
- optimising effective and efficient use of available resources in the delivery of health services
Chapter 1 – Introduction

- setting standards and policies for the safe and high quality delivery of health services
- ensuring consistent approaches to the delivery of health services, employment and the delivery of support services
- supporting the application of public sector policies, State and Commonwealth Government Acts, and agreements entered into by the State.

HSDs are brief and focussed on specific requirements of, or outcomes to be achieved by, HHSs. Adherence to HSDs is mandatory.

This FMPM details health service directives that have been issued. HSDs are published on the Health Service Directives website.

1.1.4 Health Employment Directives

The HHBA, section 51A authorises the Director-General to issue Health Employment Directives (HEDs) about the conditions of employment for health service employees engaged under the HHBA, to ensure consistency in employee entitlements.

A HED is binding on the health service employees to which it applies, and compliance is mandatory by Hospital and Health Services and the Department of Health.

HEDs are published on the Health Employment Directives webpage.

1.1.5 Policies

As a transitional arrangement, a number of Queensland Health policies and protocols were identified to roll-over and to apply, as mandatory, to HHSs until 30 June 2013. These policies were reviewed during 2012-2013 in consultation with HHSs as to whether they needed to become, or inform the development of, a HSD.

A number of Queensland Health policies and protocols did not apply, as mandatory, to HHSs. The Scope section of these documents have been modified to reflect this non-mandatory application.

Policies are published on the Policy website.

1.1.6 Purpose and Scope of the Financial Management Practice Manual

The purpose of the FMPM is to document the Department of Health’s financial management policy and practice requirements for the operation of all operational units under its control. These policies comply with the department’s legal obligations and are based upon sound business practices. Where necessary, the FMPM incorporates HHS practices that are relevant to the department’s role of system manager.

The FPMS, section 16(4) requires each person involved in the financial management of a department to comply with this FMPM.

In addition, managers of non-finance operational units should be aware of the sections of this manual that affect their particular area of operation.

It is therefore incumbent upon officers directing and undertaking financial operations within the department to appraise themselves of the requirements of the FMPM to ensure that they comply with the aspects of the manual which are relevant to those operations.
Chapter 1 – Introduction

Unless otherwise stated in individual sections, the contents of this manual are to be effective as and from the date on which the Director-General has granted approval.

For further information – refer to:

- FAH, Information Sheet 3.14 Financial Management Practice Manuals, issued by Queensland Treasury and Trade
- section 2.1.3.5 Financial Management Practice Manual (FMPM) and

1.1.7 Availability of the Manual

The manual will be made available to all departmental officers through electronic means and will reside on the Queensland Health Electronic Publishing Site (QHEPS) intranet site. FMPM Circulars will be issued by the department providing policy updates, between releases of approved FMPMs. The FMPM Circulars form an adjunct to the FMPM and should be read in conjunction with it.

1.1.8 Training

Induction and appropriate specialised training modules will be developed to ensure that officers are aware of their obligation to understand and to comply with the various sections of the manual relevant to their operational areas. Access to all training will be via the QHEPS intranet site. Training may comprise a variety of learning media.

1.1.9 Compliance

This manual has been prepared in accordance with Financial Management Levels 1, 2, 3, 4 and 5 referred to in FMPM section 1.1.1 General Background and of commonly held understandings of best practice, to establish a robust corporate governance framework for the department and to provide a clear and concise reference tool for its officers.

Compliance with HSDs issued under section 47 of the HHBA, as enforced within HHS Service Agreements, is a mandatory requirement.

The accounting practices presented in this manual are in compliance with the principles of Australian Accounting Standards (AAS) and Queensland Treasury and Trade’s Financial Reporting Requirements for Queensland Government Agencies (FRRs) which mandate that agencies must comply with the latest accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB).

This manual will be updated and reissued as required.

1.1.10 Financial Legislation

Three pieces of legislation support the Financial Management Framework:

- Financial Accountability Act 2009
- Financial Accountability Regulation 2009 and
The legislative framework for financial management has a principles-based approach which provides for flexibility, streamlining and user-friendliness whilst meeting legislative obligations. The principles-based legislation does not compromise or diminish the accountabilities and responsibilities of the Director-General. The FMPM will remain as the internal instructional manual for the department to ensure compliance with the mandated requirements.

The FAH and FMT published by Queensland Treasury and Trade provide guidance in applying the legislation.

1.1.11 Formatting

This manual contains 13 chapters as outlined in the Table of Contents at the front of the manual. All chapters follow a similar format of a brief introduction or an overview of policy and objective, followed by the detailed policies and practices for each subsection.

1.2 How to Use this Manual

1.2.1 Page Numbering

Page numbers in this manual run consecutively for each chapter. For ease of reference, the chapter number and title have been placed at the bottom of each page along with the chapter: page number.

1.2.2 Glossary of Terms and Abbreviations

The Glossary of Terms and Abbreviations used in conjunction with this manual has been included as Appendix 1 and should be referenced for the interpretation/explanation of any of the terms encountered during the reading and application of the FMPM.

1.2.3 Forms and Schedules

Relevant forms and schedules as referred to in various chapters of this manual are also included in the Appendices for ease of reference. These forms and schedules or the information contained therein may, from time to time, be updated as necessary.

1.3 Exemption or Deviation from Policy

1.3.1 Policy Change

Changes to financial policies contained in this manual can only be made by officially amending the manual.

Recommendations for new or changed policies are to be delivered by a Department Briefing Note for Decision submitted to the Director-General or delegate.

1.3.2 Request for Exemption or Deviation
Chapter 1 – Introduction

If it is determined that a specific policy, practice or procedure in this manual:

- is not applicable,
- would be detrimental to operations
  or
- would otherwise impose undue hardship

a request for exemption or deviation may be delivered by a Department Briefing Note for Decision submitted to the Chief Finance Officer (CFO) through the relevant operational unit manager. The CFO shall make a recommendation to the Finance Committee which will make its recommendation to the Director-General.

1.4 Amendments History

1.4.1 Recording of Amendments

Any changes to the department’s accounting policy or amendments to any of the legislation relevant to this document will result in amendments being issued to this manual. In the interim, FMPM Circulars are to be issued up to the release of the new FMPM and can be accessed on QHEPS.

From time to time, Queensland Treasury and Trade will issue policies and circulars which will be mandated for departments and statutory bodies. Additionally, the Department of Health will issue HSDs and circulars on strategic issues relating to accounting and financial management where uniformity of approach will be required.

Any officers with suggestions for changes or enhancements to this manual should direct them to the CFO through the relevant operational unit manager.
Table of Contents

2.1 General Responsibilities ..............................................................5
  2.1.1 Overview ..............................................................................5
  2.1.2 Hospital and Health Services .............................................6
    2.1.2.1 Legislation ........................................................................6
    2.1.2.2 Responsibilities of a Hospital and Health Service ...........7
    2.1.2.3 Role of the Hospital and Health Service Boards ..........8
    2.1.2.4 Functions of a Hospital and Health Service chief executive .8
    2.1.2.5 Powers of a Hospital and Health Service Chief Executive ..9
    2.1.2.6 Responsibilities of the Department of Health and the Director-General ...9
    2.1.2.7 Health Service Directives ..............................................11
    2.1.2.8 Powers of the Minister ....................................................12
  2.1.3 Financial Management Framework and Principles ..................13
    2.1.3.1 Internal Control Framework .........................................14
    2.1.3.2 Financial management system ........................................15
    2.1.3.3 Financial management principles ....................................15
    2.1.3.4 Financial policy ..........................................................15
    2.1.3.5 Financial responsibility ..................................................16
    2.1.3.6 Financial Management Practice Manual (FMPM) ...........17
    2.1.3.7 Procedure manuals and training .......................................17
    2.1.3.8 Funding of the public health system ................................18
    2.1.3.9 Administrator of the National Health Funding Pool ..........18
    2.1.3.10 National Health Reform Agreement – role of State and Territory Governments ...19
    2.1.3.11 National Health Reform Agreement – role of Hospital and Health Services ....19
    2.1.3.12 Finance roles of the System Manager and the Hospital and Health Services ...19
    2.1.3.13 Officers in Charge .......................................................20
    2.1.3.14 Authorised Accounting Officer Being Relieved .............21

2.2 Organisational Structure and Reporting Relationships ...............21
  2.2.1 Overview ..............................................................................21
  2.2.2 Responsibilities of the Hospital and Health Service ................22

2.3 Delegations and Authorisations ..................................................22
  2.3.1 Background and Policies .....................................................22
  2.3.2 Exercising Financial and Procurement Delegations ................24
  2.3.3 Current Financial Delegations .............................................25
  2.3.4 Process for Obtaining Financial and Procurement Delegations .25
    2.3.4.1 Financial delegations .....................................................25
    2.3.4.2 Procurement delegations ..............................................26
    2.3.4.3 Signatory registration and verification procedures ..........26
    2.3.4.4 Review of delegations ..................................................27

2.4 Conduct and Ethics .....................................................................27
  2.4.1 Code of Conduct - General ................................................27
    2.4.1.2 Fiduciary duties ..........................................................29
  2.4.2 Making an Official Misconduct Complaint .........................30
  2.4.3 Conflicts of Interest ............................................................32
  2.4.4 Confidential business Information .......................................33
2.5 Gifts and Benefits ........................................................................................................... 36
  2.5.1 Overview .................................................................................................................. 36
  2.5.2 Definition of Gifts and Benefits ................................................................................. 37
  2.5.3 Legislative Requirements and Interpretation ............................................................ 37
  2.5.4 Reportable Threshold ............................................................................................... 38
  2.5.5 Responsible Officer for the Valuation of Gifts .......................................................... 38
  2.5.6 Ownership of Reportable Gifts and Benefits ............................................................. 38
  2.5.7 Gifts and Benefits Received ....................................................................................... 39
      2.5.7.1 Receiving of gifts and benefits ........................................................................... 39
  2.5.8 Gifts and Benefits Made ............................................................................................. 41
      2.5.8.1 Approval ........................................................................................................... 41
      2.5.8.2 Gifts or benefits to staff .................................................................................... 41
  2.5.9 Register of Gifts and Benefits ................................................................................... 41
  2.5.10 Publication of the Gifts and Benefits Register ......................................................... 41
  2.6 Registers Required ....................................................................................................... 42
  2.6.1 Overview .................................................................................................................. 42
  2.6.2 Accountable Advance Register .................................................................................. 42
  2.6.3 Accountable Forms Register ..................................................................................... 43
  2.6.4 Assets Loaned Register ............................................................................................. 43
  2.6.5 Bank Account Register ............................................................................................ 43
  2.6.6 Cab Charge Card Register ....................................................................................... 44
  2.6.7 CabCharge Docket Books and eTicket Register ....................................................... 44
  2.6.8 Capital Commitment Register .................................................................................. 45
  2.6.9 Cheque Register ...................................................................................................... 45
  2.6.10 Chief Executive’s (Director General’s) Domestic Travel Register ......................... 46
  2.6.11 Consultancies Register ............................................................................................ 46
  2.6.12 Contracts Register .................................................................................................. 47
  2.6.13 Corporate Purchasing Card Register ...................................................................... 47
  2.6.14 Entertainment Register ............................................................................................ 47
  2.6.15 Financial Delegations Register ............................................................................... 48
  2.6.16 Fuel Card Register .................................................................................................. 49
  2.6.17 Gifts and Benefits Register ...................................................................................... 49
  2.6.18 Goods and Services Provided or Received at Below Fair Value Register ............... 50
  2.6.19 Grants Applications Register .................................................................................. 50
  2.6.20 Guarantees and Indemnities Register ...................................................................... 51
  22.6.21 Investment Register .............................................................................................. 52
  2.6.22 Lease Register ........................................................................................................ 52
  2.6.23 Legal Documents Register ...................................................................................... 52
  2.6.24 Litigation Register .................................................................................................. 53
  2.6.25 Loans Payable and Receivable Register .................................................................. 53
  2.6.26 Losses Register ...................................................................................................... 53
  2.6.27 Money and Property Received Register .................................................................. 55
  2.6.28Non-Current Assets Register ................................................................................... 55
  2.6.29 Overseas Travel Register ........................................................................................ 56
  2.6.30 Payment Summaries Register .................................................................................. 56
  2.6.31 Register of Audit Findings ...................................................................................... 56
2.7 Risk Management.............................................................................................................. 60
  2.7.1 Overview .......................................................................................................................... 60
  2.7.2 Objectives .......................................................................................................................... 62
  2.7.3 Policy and Principles .......................................................................................................... 62
  2.7.4 Risk Management Process ............................................................................................... 64

2.8 Security and Specific Controls .......................................................................................... 64
  2.8.1 General Responsibility ...................................................................................................... 64
  2.8.2 General Security Considerations ..................................................................................... 65
  2.8.3 Access to Premises ............................................................................................................ 66
  2.8.4 Security of Money ............................................................................................................. 66
  2.8.5 Equipment Loaned by the Department of Health ............................................................. 68
  2.8.6 Equipment Loaned to the Department of Health ............................................................... 68

2.9 Internal Controls .................................................................................................................. 69
  2.9.1 Overview .......................................................................................................................... 69
  2.9.2 Design of Internal Controls ............................................................................................... 69
  2.9.3 Adequate Controls ............................................................................................................. 70
  2.9.4 General Ledger Controls ................................................................................................ 72
  2.9.5 Subsidiary Ledger Control Accounts ................................................................................ 73
  2.9.6 Suspense Accounts ........................................................................................................... 74
  2.9.7 Journal Adjustments ......................................................................................................... 74

2.10 Internal Audit ..................................................................................................................... 75
  2.10.1 Overview .......................................................................................................................... 75
    2.10.1.1 Legislative basis ........................................................................................................... 75
    2.10.1.2 Head of Internal Audit .............................................................................................. 76
  2.10.2 Objectives ....................................................................................................................... 76
  2.10.3 Scope ............................................................................................................................... 77
  2.10.4 Internal Audit Operations ............................................................................................... 78
  2.10.5 Relationship with the Queensland Audit Office ............................................................... 80
  2.10.6 Audit Committee ............................................................................................................ 81
  2.10.7 Register of Audit Findings ............................................................................................... 81

2.11 External Audit .................................................................................................................... 81
  2.11.1 Legislative Authority ....................................................................................................... 81
  2.11.2 Audit Engagement .......................................................................................................... 82
  2.11.3 Conduct of the Audit ...................................................................................................... 82
  2.11.4 Department of Health Responsibilities .......................................................................... 83
  2.11.5 Communication and Reporting .................................................................................... 84
  2.11.6 External Audit and the Audit Committee ..................................................................... 84
  2.11.7 Register of Audit Findings ............................................................................................. 85
Chapter 2 – Financial Management

2.12 Corporate Governance ......................................................................................................85
2.12.1 Overview ......................................................................................................................85
2.12.2 Service Agreements and Contracts ..............................................................................86
2.12.3 Department of Health Committees ..............................................................................88

2.13 Performance Monitoring ................................................................................................88
2.13.1 Overview ......................................................................................................................88
2.13.2 Hospital and Health Service Performance Reporting .................................................89
   2.13.2.1 Role of the National Health Performance Authority/National Reporting .............89

2.14 Communication Guidelines ............................................................................................90
2.15 References .......................................................................................................................91
2.1 General Responsibilities

2.1.1 Overview

The Department of Health must maintain a set of financial policies, systems, guidelines and procedures as part of its statutory responsibilities.

This chapter of the Financial Management Practice Manual (FMPM) provides an overview of key financial management issues together with a coverage of the broader areas of general financial management and ethical topics that do not readily fall into any of the other more specific sections or chapters. Where a matter is also addressed in another chapter of this manual, a cross reference is provided.

Section 8 (1) of the Hospital and Health Boards Act 2011 states that the public sector health system is comprised of the hospital and health services and the department. Section 8(2) of the Act provides that the overall management of the public sector health system is the responsibility of the department, through the Chief Executive (Director-General) in the system manager role. Given the legislative responsibilities of the department and the Director-General, this manual includes practices of the Hospital and Health Services where they are relevant. The chapter also provides a legislative overview of the operation of Hospital and Health Services.

The high-level requirements associated with the delegations of the Director-General’s responsibilities or authorities are briefly outlined in FMPM section 2.3 - Delegations and Authorisations, whereas FMPM chapter 10 – Corporate Management covers detailed policy on delegations and other corporate management policy.

Duties carried out by authorised officers (delegates) are regarded as performance by the Director-General and where a delegation of functions and duties is authorised, the Director-General retains ultimate responsibility.

An officer, to whom a function or duty has been delegated by the Director-General, may carry it out in accordance with the terms of the delegation, as considered necessary or expedient, to properly perform that function or duty. However, such authorised officers are ultimately responsible to the Director-General for their actions in exercising delegated responsibility.

A delegated officer is always to ensure that such functions or duties (including assets and other resources under his/her control) are managed:

- efficiently
- effectively
- economically
- and
- in accordance with this FMPM.

Also, such officers must ensure that:

- procedures exist to provide, at all times, adequate safeguards to prevent fraud or mistakes
- arrangements exist to ensure that approval is only given for the incurrence of liabilities for authorised (official) purposes
- procurement is carried out in accordance with the Queensland Procurement Policy 2013 (QPP)
2.1.2 Hospital and Health Services

2.1.2.1 Legislation

Hospital and Health Services (HHSs) are statutory bodies under the *Financial Accountability Act 2009* (FAA) and the *Statutory Bodies Financial Arrangements Act 1982* (SBFAA) and is a unit of public administration under the *Crime and Misconduct Act 2001* (CMA). The HHS is a body corporate, representing the State with the privileges and immunities of the State. The HHBA is supported by the *Hospital and Health Boards Regulation 2012*.

Pursuant to section 7(2) of the HHBA, HHSs are independently and locally controlled Hospital and Health Boards which are responsible for setting the strategic direction for the HHSs with HHS Chief Executives. Section 22 of the HHBA provides that a Hospital and Health Board Controls the HHS for which it is established. The Hospital and Health Board, together with the HHS Chief Executive, is accountable for the HHS’s performance and for establishing and maintaining effective systems to ensure that health services meet the needs of the community. The Hospital and Health Services Board is also responsible for employing the HHS Chief Executive, subject to Ministerial approval (section 33 of the HHBA).

In particular, the Hospital and Health Board is responsible for:

- entering into a written contract of employment with the HHS Chief Executive
- appointing health service executives
- terminating a health service executive’s employment if the executive fails to give reasonable grounds to refuse transfer
- signing the service agreement on behalf of the HHS
- strategic direction of the HHS
- effective planning, information control systems and monitoring
- financial management of the HHS
- management of the HHS’s land and buildings
- for a prescribed HHS, the management of the HHS’s staff
- performance reporting and management
- client focus – patient, community and government
- financial accountability
- ethical behaviour
- and
- legal and statutory compliance.

The chair of the Hospital and Health Board reports to the Minister for Health.

Pursuant to section 35(2) of the HHBA, the chair must sign service agreements on behalf of the HHS.

Pursuant to section 74(1)(c) of the HHBA, the chair must enter into a written contract of employment with the HHS Chief Executive.

For information regarding the conduct of business by the Hospital and Health Board and its committees – refer to Schedule 1 of the HHBA.
Refer to Part 2, Division 2 of the HHBA for detailed responsibilities of the Hospital and Health Board.

**The Hospital and Health Boards Regulation 2012.** The *Hospital and Health Boards Regulation (HHBR) 2012*, made under the enabling Act, covers such matters as:

- minimum requirements for consumer and community engagement strategies
- prescribed committees of Boards
- the application of the *Public Service Act 2008* (PSA) to HHSs.

**The Financial Accountability Act 2009 (FAA).** The FAA contains a number of sections which are applicable to statutory bodies. These sections are contained in:

- Part 1 Division 2 Interpretation (meaning of statutory body)
- Part 3 Division 4 Approvals by Treasurer
- Part 4 Provisions applying to departments and statutory bodies.

**The Financial Performance and Management Standard (FPMS).** The FPMS applies to both departments and statutory bodies.

Reference should also be made to the Statutory Body Guide, issued by Queensland Treasury and Trade.

**2.1.2.2 Responsibilities of a Hospital and Health Service**

The HHS represents the State and has all of the privileges and immunities of the State (section (18(2) HHBA).

The HHS’s main function is to deliver hospital services, other health services, teaching, research and other services stated in the Service Agreement for the HHS.

For information regarding the responsibilities of HHSs - refer to section 7 of the HHBA.

For information regarding the functions of HHSs – refer to section 19 of the HHBA.

Hospital and Health Services are individually accountable for their performance to the Minister through the Chair and are required to report their performance to the Chief Executive (Director-General, Queensland Health, in the System Manager role) consistent with the terms of a Service Agreement entered into between the Hospital and Health Board and the Chief Executive.

The HHS must, in accordance with its Service Agreement:

- provide actual and estimated financial and operating information regarding recurrent expenditure, capital expenditure, staffing, performance measures and the achievement of goals to, and in accordance with Health Service Directives issued by the Director-General in the System Manager role
- produce monthly reports to the Queensland Health Corporate Office regarding the activities and performance of the HHS, at a time and in a format determined by the Director-General in the System Manager role
Chapter 2 – Financial Management

- comply with any accounting or Health Service Directive issued by the Director-General in the System Manager role
- observe the budget binding upon it and must not exceed that budget without the approval of the Director-General in the System Manager role
- observe in all respects the conditions and terms of the respective Service Agreement
- and
- bank to the Revenue Account or to the Operating Account, as the case requires, all moneys collected, except those received by way of donations and bequests or in trust, or where otherwise directed in this manual.

Refer to section 20 of the HHBA for information regarding the powers of Hospital and Health Services.

The HHS must discharge its responsibilities pursuant to the provisions of Part 4 of the FAA.

The HHBA makes the following provisions in relation to employees and health service executives:

- the statewide employment and industrial relations arrangements in the public sector health system (section 10)
- for a HHS prescribed by regulation, the employment of staff under the HHBA (section 19(2)(ha) and 20(4)(5))
- the employment of health service executives (section 20(3))
- functions of the Chief Executive (Director-General):
  - to employ staff in the department, including to work for HHSs other than prescribed Services (section 45(e))
  - to establish the terms and conditions of employment for health service employees (section 45(g))
  - to develop and issue health service directives to Services including the terms and conditions of employment for health service employees (section 47(2)(c))

and

- health service employees, including health service executives (Part 5).

2.1.2.3 Role of the Hospital and Health Service Boards

For information regarding the role of Hospital and Health Service Boards – refer to Division 2 of the HHBA.

2.1.2.4 Functions of a Hospital and Health Service chief executive

The functions of the HHS Chief Executive will be determined pursuant to the following sections of the HHBA:

- delegations from the Hospital and Health Board (section 30 (1)(c))
- Service Agreements that the departmental Chief Executive negotiates with the Hospital and Health Board (section 35)
- directions given to the Hospital and Health Board by the Minister (section 44)
- functions of the Chief Executive (section 45)
- delegations by the departmental Chief Executive to the HHS Chief Executive (section 46)

and

- Health Service Directives issued by the Chief Executive (section 47).
2.1.2.5 Powers of a Hospital and Health Service Chief Executive

The HHS Chief Executive has the following powers pursuant to the nominated sections of the HHBA:

- to appoint health service auditors (section 56(2))
- to take appropriate action on a health service audit report (section 64 (6)(b)(7))
- to enter into a contract with an employee on a fixed term, other than a health executive (section 68(2)(b))
- to enter into a written contract of employment with a health executive (section 74(1)(a))
- to terminate a health executive’s employment (section 74(4)(a))
- to terminate a health service employee’s employment if the employee fails to establish reasonable grounds to refuse a transfer (section 78 (2))
- to appoint root cause analysis teams (section 98 (a))
- to appoint clinical reviewers (section 125(2))
- to take appropriate action on a clinical review report (section 135 (7)(b)(8))
- to appoint health service investigators (section 190(2)
- to take appropriate action on a report on a health service investigation (section 199 (7)(b)(8))
- to authorise the disclosure of confidential information to prevent serious risk to life, health or safety of a person (section 147)
- to authorise the disclosure of confidential information to a designated person for the purposes of managing a funding arrangement or for analysing, monitoring or evaluating public health (section 149)
- to authorise the disclosure of confidential information under an agreement with a Commonwealth or State entity (section 151)
- to authorise the disclosure of confidential information if the disclosure is for the relevant chief executive’s function under the HHBA (section 154)
- to authorise the disclosure of confidential information to a lawyer who is representing the State or a Service (section 158)
- to authorise the disclosure of confidential information in the public interest (section 160)
- to appoint authorised persons (section 163)
- to appoint security officers (section 164)
- must issue identity cards to authorised persons and to security officers (section 169)
- may erect regulatory notices regulating the driving, parking or standing of vehicles (section 175)
- may dispose of unclaimed vehicles (section 178)
  and
- to nominate smoking places on health services land (section 184).

2.1.2.6 Responsibilities of the Department of Health and the Director-General

The Department of Health will not manage the delivery of services but, through the Chief Executive (Director-General), will act in the role of System Manager of the public health and hospital system and the purchaser of public health services.

The System Manager is responsible for the sole management of the relationship with the HHS to ensure a single point of accountability in the State for public hospital performance, performance management and planning as is required by section 8 of the National Health Reform Agreement.

In performing the System Manager role, the Chief Executive will be responsible for the following:
Chapter 2 – Financial Management

- overall management of the public sector health system
- state-wide planning
- managing State-wide industrial relations
- managing major capital works
- monitoring HHS performance
- issuing binding health service directives to Hospital and Health Services - refer to section 8(3) HHBA.

The relationship between the Chief Executive and the HHS is also governed by the Service Agreement between the Chief Executive and each HHS – refer to FMPM section 2.12.2 Service Agreements and Contracts.

The Chief Executive (Director-General) has the following powers pursuant to the nominated sections of the HHBA:

- to decide other matters to be included in a service agreement in addition to services, funding, performance measures and data to be reported (section 16(1)(e))
- to approve major capital works to be undertaken by Services (section 19(2)(g))
- to issue health service directives to Services (section 47(1))
- to provide performance and other data to the Commonwealth Government or to a Commonwealth Government entity (section 54)
- to appoint health service auditors (section 56(1))
- to issue directions to a Service as a result of a Health Service report (section 64(4))
- to take appropriate action on a health service audit report (section 64(6)(b)(7))
- to be provided with a copy of a health service audit report undertaken in a Service (section 65)
- to decide that the conditions of employment for a particular employee are to be more favourable that those in an industrial instrument (section 66(3))
- to appoint health service employees in the department (section 67(1))
- to enter into a contract with an employee on a fixed term, other than a health executive (section 68(2)(a))
- to enter into a written contract of employment with a health executive (section 74(1)(b))
- to terminate a health executive’s employment (section 74(4)(b))
- to set the terms of employment of health executives (section 76)
- to terminate a health service employee’s employment if the employee fails to establish reasonable grounds to refuse a transfer (section 78(2))
- to establish a quality assurance committee (section 82(1)(b))
- to appoint root cause analysis teams (section 98(b))
- to require a commissioning authority to provide a copy of a root cause analysis report to the chief executive (section 114)
- to appoint clinical reviewers (section 125(1))
- to issue directions to a service as a result of a clinical review report (section 135(5))
- to take appropriate action on a clinical review report (section 135(7)(a)(8))
- to be provided with a copy of a clinical review report undertaken in a Service (section 137(2))
- to authorise the disclosure of confidential information to prevent serious risk to life, health or safety of a person (section 147)
- to authorise the disclosure of confidential information to a designated person for the purposes of managing a funding arrangement or for analysing, monitoring or evaluating public health (section 149)
- to authorise the disclosure of confidential information under an agreement with a
Commonwealth or State entity (section 151)
• to authorise the disclosure of confidential information if the disclosure is for the relevant chief executive’s function under the HHBA (section 154)
• to authorise the disclosure of confidential information to a lawyer who is representing the State or a Service (section 158)
• to authorise the disclosure of confidential information in the public interest (section 160)
• to appoint health service investigators (section 190(1))
• to issue directions to a Service as a result of a health service investigation report (section 199(5))
• to take appropriate action on a report on a health service investigation (section 199 (7)(a)(8)
• to be provided with a copy of a health service investigation report undertaken in a Service (section 200(2))
• to appoint inspectors (section 203)
• may issue identity cards to inspectors (section 207)
• may decide a seized thing is forfeited to the State (section 238)
• may decide how to deal with a thing that is seized or otherwise transferred (section 243)
• may decide to extend the period for applying for a review of a decision under part 10 of the HHBA (section 257(3)
• to decide on the review of a decision under Part 10 of the HHBA (section 259)
• to approve forms for use under the HHBA (section 281)
• to issue a direction to facilitate the transition of health executives from health service districts to a Service (section 286(4))
and
• may decide there is not reasonable time to negotiate an initial service agreement (section 317).

Refer also to the following sections of the HHBA:
• section 44F in relation to directions by the Minister
• section 45 for information regarding the Chief Executive’s functions
• section 46 for information regarding the Chief Executive’s delegations
and
• section 47 for information regarding health service directives that the Chief Executive may issue.

The System Manager has established an Office of Health Statutory Agencies (OHSA) to facilitate formal interaction between entities, particularly where a co-ordinated approach is desirable, for example, at a whole-of-Government level.

### 2.1.2.7 Health Service Directives

Section 47(1) of the HHBA permits the Director-General, Queensland Health, in the role of System Manager, to issue health service directives. These directives are binding on Hospital and Health Services, pursuant to section 50 of the HHBA and are a lever to ensure that system-wide approaches are retained where this is necessary and beneficial. Directives may be issued for a range of purposes, including:

• to promote service coordination and integration in the delivery of health services
  • between HHSs
  and
  • between HHSs, the department and other service providers
• to optimise the effective and efficient use of available resources in the delivery of health
Chapter 2 – Financial Management

• to set standards and policies for the safe and high quality delivery of health services
• to ensure consistent approaches to the delivery of health services, employment and the delivery of support services
and
• support in the application of public sector policies, State and Commonwealth Government Acts and agreements entered into by the State.

Refer to the HHBA with respect to health service directives:

• issues to be covered by health service directives (section 47)
• consultation on health service directives (section 48)
• the publication of health service directives (section 49)
• the binding nature of health service directives (section 50)
and
• the review of health service directives (section 51).

Health Service Directives may be accessed at the following site:


2.1.2.8 Powers of the Minister

The Minister has the following powers pursuant to the nominated sections of the HHBA:

• to approve other service functions (section 19(2)(o))
• to recommend board membership to the Governor in Council (section 23)
• to advertise for expressions of interest to be a member of a board (section 24)
• to recommend the chairperson and deputy chairperson of a board to the Governor in Council (section 25(1))
• suspend a member pending further consideration of the matter (section 27A (c))
• to recommend the removal of a board member (section 28(e))
• to approve the appointment of health service chief executives (section 33(2))
• to decide on the terms of a service agreement if the Director-General and a service cannot agree (section 38(3))
• to decide on a proposed amendment to a service agreement if the Director-General and a service cannot agree (section 39(3))
• to give directions to a Service in the public interest (section 44)
• to approve the termination of appointment of a health service chief executive (section 74(5))
• to require a commissioning authority to provide a copy of a root cause analysis report to the Minister (section 114)
• to recommend the dismissal of all members of a board to the Governor in Council (section 275)
• to recommend the appointment of an Administrator for a Service to the Governor in Council (section 276)
• to establish advisory committees (section 278)
• may delegate some functions to the Director-General (section 279)
• to issue a transfer notice to facilitate the transfer of a function from the Director-General or the State to a Service (section 307)
• to direct a chairperson to call a board meeting (Schedule 1, section 3(2))
• to establish a Hospital and Health Ancillary Board to give advice to the Hospital and Health Board in relation to:
2.1.3 Financial Management Framework and Principles

Financial management is defined as the:

- planning
- directing
- monitoring
- organising

and

- controlling of the monetary resources of an organisation.

The aim of financial management is to ensure effective, economical, equitable and efficient management of available departmental financial resources. Financial management should be understood and applied by staff at all levels within the department. The Financial Management Framework (the Framework) should be applied to all decision-making processes in the management of public and departmental resources that contribute to the efficiency and effectiveness of program and service delivery within important accountability frameworks, including the governance framework.

The Framework aims to enhance financial management transparency and accountability across the department to strengthen oversight and to better ensure sound management of public resources entrusted to the department.

The Framework should form an integral component of every manager’s fiduciary responsibility to strengthen oversight and sound management of public resources. The Framework is thus an integral governance instrument to financial management within the department.

The Framework identifies financial management process standards for:

- budgeting
- resource allocation
- revenue and expenditure management
- asset and liability management
- transactional procedures
Chapter 2 – Financial Management

- internal controls
  and
- ongoing monitoring and assurance.

Financial management is the responsibility of everyone within the department. In carrying out their duties, all operational unit managers should be responsible for considering the financial implications of their actions and for managing the resources entrusted to them in a cost effective way. Operational unit managers are responsible for understanding and complying with all aspects of the Framework, including:

- relevant legislation
- policies and guidelines
- the appropriation, expenditure and use of money and resources
  and
- the collection of revenue.

2.1.3.1 Internal Control Framework

The department’s Internal Control Framework describes the strategies, policies, practices and procedures established to mitigate risks to the achievement of departmental objectives. Internal controls also promote efficiency, ensure integrity in financial information and reduce the risk of loss, both intentional and unintentional.

Control activities are performed at all levels of the department and include:

- appropriate delegations and adherence to requisite checking / assurance by delegates
- processes for verification, reconciliation and certification of expenditure
- business performance reviews
- segregation of duties (not the same person authorising the expenditure and approving the procurement of goods/services; receipt of goods/services is separate to purchasing function)
- policies and procedures to safeguard assets
- employee compliance with Code of Conduct and Fraud Control Policy
  and
- financial management assurance program.

Departmental policies and procedures included in the Internal Control Framework:

- Internal Control Framework
- Control Framework for Expenditure
- Fraud Control Policy
- Delegations Policy
- Procurement Policy
- Risk Management Policy

2.1.3.2 Financial management system

Good financial management is not the responsibility of the Finance Branch alone. Rather, it is the product of a comprehensive system of functions.

The department is to establish an appropriate financial management system to enable financial reporting and similar functions. Key functions of the department’s financial management system are to include:

- data integrity
- data consistency
- financial information responsiveness, that is, information is to be provided in a timely manner and
- appropriate reporting functionality to meet both management and the statutory reporting requirement.

The department’s financial management system will ensure that uniform general ledger accounts are utilised to enable consistent and consolidated reporting to be undertaken.

The key component of a sound financial management system is a sound internal control framework.

2.1.3.3 Financial management principles

Compliance with ethical and generally accepted accounting principles and practices, such as the following, is required from officers and employees:

- objectivity - avoiding bias in the reporting and recording of financial data
- consistency - recording and classifying financial data in compliance with departmental standards
- reliability - ensuring that systems, procedures and controls that are in place process financial data accurately and completely
- relevance - information required for operational management purposes is reported on a timely basis
- confidentiality - control is exercised over the use, disclosure, dissemination and storage of information and associated processes
- delegated authority - systems and procedures are in place to ensure that financial transactions that are processed are properly authorised.

2.1.3.4 Financial policy

Sound financial policy underpins robust financial management practices within the department. Financial policy provides officers and employees at all levels with clear and concise rules and guidelines, enabling the department to meet legislative requirements and other regulatory obligations. Financial policy also enables consistency within the department, such as consistency in applying accounting policies.

Financial policies for the department will encompass the following, although the list is not exhaustive:

- planning, budgeting and forecasting
• cash management/liquidity management
• activity based funding
• expenditure
• revenue
• banking
• borrowings
• investments
• inventory management
• procurement
• accounts payable
• accounts receivable
• capital expenditure and asset management
• fraud management
• credit risk management
• write-offs/bad debts
• management reporting
• statutory reporting
and
• trust accounting, including both general trust and patient trust funds.

In addition, financial policy should be supported by:

• appropriate financial delegations
• adequate fraud management practices
• an up-to-date FMPM, including procedure manuals
and
• a robust internal control framework.

2.1.3.5 Financial responsibility

The FAA outlines the functions and duties of the accountable officer who is ultimately responsible to the Minister and to the Parliament for the performance and actions of the department.

The FAA permits the accountable officer to delegate the accountable officer’s functions to an appropriately qualified public service officer or other employee of the State. The FAA contains a mandatory delegation for departments, in section 77, requiring the accountable officer to delegate certain responsibilities to a Chief Finance Officer (CFO). The FAR specifies the minimum qualifications of the officer nominated to the CFO role.

The Financial Accountability Act 2009 also prescribes minimum responsibilities to be undertaken by the CFO. These responsibilities are:

• financial resource management including the establishment, maintenance and review of financial internal controls
• budget management
• preparation of financial information including annual financial statements to facilitate the discharge of the department’s statutory reporting obligations
• provision of advice on the effectiveness of accounting and financial management information systems and financial controls in meeting the department’s requirements;
• provision of advice concerning the financial implications of, and financial risk to, the department’s current and projected services; and
Chapter 2 – Financial Management

Refer to the FAH, Information Sheet 2.5 Chief Finance Officer for further information regarding the role of the CFO.

The responsibility of the CFO will include the interpretation and development of policies and the maintenance of the FMPM with reference to the:

- FAA
- FAR
- Financial and Performance Management Standard 2009 (FPMS)
- Financial Reporting Requirements for Queensland Government Agencies, issued by Queensland Treasury and Trade which mandates compliance, where relevant, with:
  - Statements of Accounting Concepts
  - Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB)

and related policies.

As soon as practical, the CFO will ensure that new and varied financial policies/interpretations are included in the FMPM, and that, in the interim, such new/varied policies are communicated to relevant officers and employees through FMPM circulars. These FMPM Circulars are to be released/published on QHEPS as required.

Where no relevant policy or practice statement is contained within the FMPM, officers and employees must seek advice from the relevant contact officer or from the CFO.

Advice on accounting treatment may be sought from the Manager, Financial and Asset Accounting Team, Finance Branch, System Support Services Division, or email FAT@health.qld.gov.au.

It is the intention of the FAA, to allow flexibility in financial operations. However, the CFO has overall internal responsibility for setting financial policies, and is to be held accountable for the compliance of those policies with legislation.

2.1.3.6 Financial Management Practice Manual (FMPM)

Section 16(1) of the FPMS requires an accountable officer to prepare and maintain a specific FMPM that complies with related legislation, regulation and policies for use by all officers and employees in the performance of their financial management roles.

Refer also to FMPM section 13.8.1.2 Financial Management Practice Manual (FMPM).

Being statutory authorities, HHSs will compile their own FMPMs but the System Manager will provide overarching general policy advice to HHSs (not advice on local practices) and will provide circulars for mandated accounting/legislative changes.

2.1.3.7 Procedure manuals and training

The department shall develop procedure manuals to assist staff with financial transaction recording and processing. In addition, finance officers should have access to training to enable them to build and/or retain the skills necessary to undertake financial transaction recording and processing.

For information regarding internal and external processing flows – refer to FMT, Information Sheet 4.4 External and Internal Processing Flows, issued by Queensland Treasury and Trade.
2.1.3.8 Funding of the public health system

The public sector health system is funded by the State and Commonwealth governments.

The State Pool Account and the State Managed Fund enhance the accountability and transparency of the funding of the public sector health system – refer to section 8A of the HHBA.

As per the Queensland State Budget Service Delivery Statements, the following diagram illustrates the funding flow:

![Diagram showing funding flow]

For further information regarding the operation of the State Pool Account – refer to Part 3A, Division 2 of the HHBA.

For further information regarding the operation of the State Managed Fund – refer to Part 3A, Division 3 of the HHBA.

Refer also to Health Funding Principles and Guidelines, supporting document three to the Service Agreement.

2.1.3.9 Administrator of the National Health Funding Pool

The Administrator of the National Health Funding Pool publicly reports on funds paid into, and out of, the State Pool Account and the State Managed Fund - refer to section 8A of the HHBA.

The Administrator is an independent statutory office holder, distinct from Commonwealth, State and territory government departments, established under legislation of the Commonwealth, State and territory governments.

The role of the Administrator, with support from the National Health Funding Body, is to administer the payments of public hospital funding according to the National Health Reform Agreement (the Agreement), and to oversee payments into and out of the Reserve Bank pool account for each state and territory, collectively known as the National Health Funding Pool.
Chapter 2 – Financial Management

The Administrator is the signatory on all pool accounts, and is responsible for ensuring payments into the pool accounts from the Commonwealth, States and territories, and payments from the pool accounts to Hospital and Health Services are made in accordance with directions from the responsible State or Territory Minister and in line with the Agreement. The Administrator is also responsible for:

- performing calculation processes of the Commonwealth Government contribution
- reconciling estimated and actual service volumes
- authorising payment instructions in RBnet
- reporting on all activities for the funding pool.

The administrator is not subject to the control or direction of any Commonwealth Minister.

For further information regarding the role and responsibilities of the Administrator of the National Health Funding Pool – refer to Part 3A, Division 4 of the HHBA.

2.1.3.10 National Health Reform Agreement – role of State and Territory Governments

The role of State and Territory Governments within the National Health Reform Agreement is:

- to be responsible for providing estimated and actual service figures for the State or Territory
- to be responsible for depositing funds into their state or territory pool account.

2.1.3.11 National Health Reform Agreement – role of Hospital and Health Services

The role of HHSs within the National Health Reform Agreement is to receive funding under the agreement with each HHS establishing a Reserve Bank of Australia Account, the details of which are to be entered a proposed payments system.

2.1.3.12 Finance roles of the System Manager and the Hospital and Health Services

Financial roles and functions will be devolved over a period of time from the System Manager to the HHSs.

Respective roles are detailed below.

**System Level Functions.** Strategic finance functions will continue to be provided at a system level, such as:

- budgetary policy, development, allocation and analysis
- models and costing
- finance system development, support and reporting
- coordination of the State Budget Process.

From 1 July 2013, HHSs will perform this function.

**Financial Transactions Functions.** The Financial Transactions Unit operates as a service whose operational management is centered around nine (9) hubs across Queensland that provide
financial accounting and financial operations functions to a number of HHSs.

**HHS Functions.** These will include:

- the development and maintenance of a financial management framework incorporating:
  - financial governance
  - a Financial Management Practice Manual
  - financial, procurement and contract signing delegations
  - risk and audit management
  - statutory financial reporting
  - cash flow management
  - ongoing financial training and development.

**Other Services Provided Centrally.** Various services will continue to be provided centrally by the System Manager as under:

- financial policy, for example, the System Manager will provide advice regarding Australian Accounting Standards and Queensland Treasury and Trade accounting policy
- taxation
- financial and asset accounting – consolidation and coordination
- insurance premium coordination and claims management
- own source revenue coordination
- education.

### 2.1.3.13 Officers in Charge

Each officer in charge of any area of the department must:

- periodically review the practices and procedures, (including internal checks as part of the Financial Management Assurance (FMA) Program and legislative requirements), regarding financial administration in his/her area, to ensure they are adequate to enable the proper performance of functions and duties imposed on the Director-General by legislation
- ensure that any officer under his/her administrative control signs and dates accounting records to indicate the performance of any particular function or duty relating to those records
- where practicable, rotate from time to time, the functions and duties of officers performing financial operations under his/her control, and ensure that functions and duties assigned to any such officer are within his/her capacity
- give whatever guidance, training, explanations, or instructions that are necessary for his/her officers to ensure the proper and effective performance of their functions and duties
- ensure that the work of his/her area of responsibility is timely and accurately performed
- ensure that requirements are observed for the recording of officers’ attendance and time worked
- and report immediately, in writing, to the relevant authority and Premium Management Group, details of:
  - any loss or suspected loss of public or other moneys, or public or other propertor
  - any inadequate or improper practices or procedures regarding financial administration in his/her area of responsibility.
In addition, every officer with the responsibility for the financial management of a particular area of the department, must ensure that all accounting records (of assets, liabilities, equity, income and expenses) that are required to be kept pursuant to financial legislation, Queensland Treasury and Trade guidelines, any other relevant Act or law, other central agency policies and guidelines and this manual are diligently and properly maintained in accordance with prescribed requirements.

While day-to-day responsibility may be assigned to subordinate officers, accountability cannot be delegated. Therefore, effective supervisory practices must be implemented to ensure that the responsibilities are met.

For a definition of ‘officer in charge’ – refer to FMPM Appendix 1, Glossary of Terms and Abbreviations.

2.1.3.14 Authorised Accounting Officer Being Relieved

Wherever an officer is officially required to relieve an Authorised Accounting Officer of his/her duties, that relieving officer must:

- be deemed to be the responsible Authorised Accounting Officer for the timeframe concerned
- observe all the functions and duties imposed upon that accounting position and
- be held responsible for the proper performance of the functions and duties imposed upon that position during the period of official relief.

Refer to the FAH Information Sheet 2.5 – Chief Finance Officer, for specific requirements for an officer to relieve the Chief Finance Officer and FAH Information Sheet 2.6 – Head of Internal Audit for specific requirements for an officer to relieve the Head of Internal Audit (HIA). Refer to FMPM section 2.10.1.2 for information regarding the Head of Internal Audit.

For a definition of an Authorised Accounting Officer – refer to FMPM Appendix 1 Glossary of Term and Abbreviations.

2.2 Organisational Structure and Reporting Relationships

2.2.1 Overview

The departmental Organisation Chart illustrates the structure of the department and its reporting lines. In establishing the structure of the department, priority was given to the effective grouping of functions and to client service delivery. Executive positions in the department are the Director-General and the senior management comprising the Executive Management Team.

The Director-General has single point accountability and is responsible to the Minister for the management, administration and delivery of public sector health services in Queensland pursuant to the provisions of the HHBA.

The Director-General may either generally, or otherwise delegate, all or any of the functions or duties of the Accountable Officer under section 76 of the FAA. The delegation of any function or duty does not relieve the Director-General from his obligation to ensure that the function or the duty is properly discharged.

Refer to:
Chapter 2 – Financial Management

- FAH, Volume 5 Reporting Systems, issued by Queensland Treasury and Trade
- FMPM section 10.9.2 Organisational Structure (Corporate Internal Controls) and
- FMPM section 13.9.2.1 Structure (Financial Internal Control).

2.2.2 Responsibilities of the Hospital and Health Service

For information regarding the responsibilities of the HHS – refer to FMPM section 2.1.2.2 Responsibilities of the Hospital and Health Service.

2.3 Delegations and Authorisations

2.3.1 Background and Policies

In order for the department to achieve its purpose, authority must be given to executives to develop strategy and direction for higher level approval. Authority should be further delegated as it is not feasible for a small number of individuals to make all of the decisions. Parties in receipt of authority must exercise it and do so in a responsible manner.

Delegations must be in place to ensure that officers’ responsibilities are matched with the necessary authority to enable them to validly perform their duties.

Section 8 of the FPMS requires that an accountable officer must establish a cost-effective internal control structure including an organisational structure and delegations supportive of the objectives and operations of the department.

Section 76 of the FAA provides that the accountable officer may delegate the officer’s functions under the Act to an appropriately qualified public service employee or other employee of the State.

Despite section 8 of the Public Service Act 2008 (PSA), a function so delegated may not be sub-delegated.

The FAA provides the accountable officer with the following power of delegation:

- to delegate to the Chief Finance Officer a minimum range of financial responsibilities – section 77(1)(b)
- to delegate to the Head of Internal Audit a minimum range of audit responsibilities – section 78(1)(b).

The HHBA provides as follows:

- that the chief executive (Director-General) may delegate the chief executive’s functions under the Act to a health service chief executive or an appropriately qualified employee of the department – refer to section 46.
- that the Minister may delegate the Minister’s functions under the Act to the chief executive – refer to section 279.
Refer to sections 46 and 279 for further information regarding these powers of delegation.

The Chief Executive (the Director-General) may delegate the Chief Executive’s functions under the HHBA to a HHS Chief Executive or to an appropriately qualified employee of the department (section 46(1) and the HHS Chief Executive, with the written approval of the Chief Executive, may sub-delegate a function delegated to the HHS Chief Executive by the Chief Executive (the Director-General) to an appropriately qualified:

- health executive employed by the HHS
  or
- HHS employee employed in the department and working for the Service (section 46 (5)).

No responsibility or authority delegated to an officer by the Director-General may be further delegated by that officer to any other officer.

Functions cannot be delegated to contractors or consultants.

Financial delegations cover authorisation and commitment of general expenditure transactions, for example:

- finance (expenditure, special payments and loss write off) – refer to FMPM section 10.1 Financial Delegations
- contract signing – refer to FMPM section 6.2.4 Delegation of Authority to Sign Contracts
- procurement of goods and services – refer to:
  - FMPM section 6.2.2 Delegation of Authority to Perform Purchasing
  and
  - FMPM section 10.3 Procurement Delegations
- right to information
  - FMPM section 2.4.6 Right to Information and Information Privacy
  and
  - FMPM section 10.8 Financial Records Management
- real estate – refer to Corporate Real Estate Delegations
- legal
  and
- health related matters

all within specified monetary thresholds, budget allocations and responsibility areas, in accordance with government procurement guidelines and policies. All departments and statutory bodies are required by legislation to implement and maintain a delegations framework in order to ensure that officers have appropriate authority to conduct their activities and that all transactions incurred are appropriately authorised.

Administrative delegations may also be made, for example, correspondence and the disposal of records.

The Department of Health is to determine appropriate financial delegation limits. Directors should nominate individual positions to which a delegation should be made. Proposed delegations should be referred to the Director-General for consideration. Any changes to approved delegation limits for individual positions should be authorised following a similar approvals process.
The department must ensure that local policies, practices and procedures for the delegation of authority comply with the requirements of the *Acts Interpretation Act 1954*, the FPMS and the HHBA.

In accordance with this Act, delegations must be assigned only to officers with the requisite qualifications, experience or standing appropriate to the exercise of power. Section 27A of this Act provides specific requirements in relation to the delegation of a statutory function or power and, in particular, sets out that:

- all delegations must be assigned in writing and be signed by the delegator; this is usually done through an instrument of delegation in order to provide clear and unambiguous authority for officers to act
- laws apply to the delegate in the performance of the delegated function or in the exercise of a delegated power, as if the delegate was the delegator
- anything done by the delegate in relation to the delegation, is taken to be done by the delegator
- a delegated authority, function or power may be exercised only in accordance with any conditions to which the delegation is subject
- the delegator may still carry out the authority, function or power that has been delegated and
- the delegation of an authority, function or power does not relieve the delegator of their obligation to ensure that the authority, function or power is properly performed or exercised.

Where relevant, delegations are to be subject to monetary limits.

All departmental delegations will be published on QHEPS.

Reference should be made to the following:

- FMPM section 6.2 Purchasing Policy
- FMPM section 10.2 Financial Delegations
  and
- FMPM section 10.3 Procurement Delegations.

Reference should also be made to FAH, Information Sheet 3.4 Delegations, issued by Queensland Treasury and Trade.

### 2.3.2 Exercising Financial and Procurement Delegations

A delegation is the entrusting of authority to another position. Responsibility cannot be delegated. It will always ultimately rest with the delegator. It is therefore important that, when considering a position for becoming a delegate, due care must be taken with segregation of duties and responsibilities to ensure that there is no potential conflict of interest or any private personal gain (particularly in the procurement function) which may arise through the process – refer to FMPM section 10.2 Financial Delegations and to section 10.3 Procurement Delegations for detailed policy relating to financial and procurement delegations.

An officer who is officially acting in another officer’s position is empowered to exercise the delegated authority of that position.

A financial delegate may only approve expenditure:
• in cost centres under the delegate’s authority
• where there is sufficient budget to cover the cost
• on goods and services related to official work and business use
• where all relevant departmental procedures and policies have been followed
• to the financial limit of the delegation
and
• where evidence exists that goods have been received and/or services have been performed in accordance with and at the rate/s of an agreed contract or arrangement.

A financial delegate may not:
• approve a gift or the settlement of any legal claim
• transfer the expenditure authority of a delegated position; if an officer is relieving or acting in a position that has a financial delegation attached, that officer is deemed to automatically take over that delegation
• break one purchase down into several smaller items to avoid breaching the financial limit of the delegation
• approve any expenditure incurred by the delegate on travel, meals, conferences and other similar expenditure, or on any item where the delegate has a conflict of interest – the ‘one-up’ rule applies
and
• approve expenditure on capital works, contracts or special payments.

The limits of financial delegations are different for recurrent and non recurrent expenditure:

• recurrent expenditure is for goods and services of a repetitive, periodic or standard nature relating to day-to-day operating expenses, for example, payroll, clinical supplies and building utilities
• non-recurrent expenditure results from a ‘one-off’ previously approved contract, request, agreement or transaction or commitment, for example, travel, repairs and maintenance, journal subscriptions, books and library materials and software.

Corporate card holder delegations are separate delegations.

2.3.3 Current Financial Delegations

For current financial delegations for the department, reference should be made to the QHEPS intranet site - Financial Delegations for Expenditure, Losses and Special Payments.

2.3.4 Process for Obtaining Financial and Procurement Delegations

2.3.4.1 Financial delegations

Financial Policy and Business Requirements, Finance Branch is to coordinate six monthly reviews of financial delegations for positions. A revised version is to be submitted to the CFO for endorsement before submitting it to the Director-General for approval. Requests for changes outside the six monthly reviews can occur if endorsed by the CFO on the basis of urgency should there be a change in organisational structure or new positions created.

Requests should first be approved by the relevant departmental executive and forwarded to the CFO for processing and coordination of the approval by the Director-General.
Refer to FMPM section 10.2 Financial Delegations for further information.

2.3.4.2 Procurement delegations

The department is to coordinate six monthly reviews of procurement delegations for positions. A revised version is to be submitted to the CFO for endorsement before submitting it to the Director-General for approval. Requests for changes outside the six monthly reviews can occur if endorsed by the CFO on the basis of urgency should there be a change in organisational structure or new positions created.

Requests should first be approved by the relevant departmental health executive and forwarded to the CFO for processing and coordination of the approval by the Director-General.

Refer to:

- FMPM section 6.2 Purchasing Policy
- FMPM section 10.3 Procurement Delegations

for further information.

2.3.4.3 Signatory registration and verification procedures

The following procedures relate to the registration, maintenance and verification of signatories for approved officers with Authority to Incur Expenditure, that is financial delegates, and Certifying Officers in relation to general purpose vouchers over $1,000. The procedures exclude patient travel expense claims:

- signatory registration
  - the CFO is responsible for the registration, maintenance and safe custody of all approved signatories for the department
  - approved signatories are required to sign the list of authorised signatories depending on the role that they are performing prior to approval by the CFO; separate lists are to be maintained for financial delegates and for Certifying Officers
  - an original copy of the approved list of Financial Delegate Signatories is to be provided to each Certifying Officer
  - an original copy of the approved list of Certifying Officer Signatories is to be provided to the Financial Transactions Unit
  - either one of two processes can be used to develop the authorised signatory lists:
    - a summary authorised signatory list for Authorised Officers and for Certifying Officers (available on the QHEPS internet)
    - individual authorised signatory forms for Authorising Officers and for Certifying Officers (available on the QHEPS internet)
- signatory maintenance
  - original hard-copy documents of blank/completed signatory lists are to be securely stored by the CFO on site and (in the case of Certifying Officers) on the internet; such documents must be able to be readily produced for verification against scanned copies and for audit purposes
and
• when a new signatory is added to the list of approved financial delegates or the list of 
  Certifying Officers, an amended list must be prepared and signed by all authorised 
  signatories before being approved by the CFO; the list is to include officers acting in a role 
  during periods of absence or leave of the original approved officer

• signatory verification
  • verification of financial delegate signatures against the original approved list of signatories 
    is to be undertaken by an approved Certifying Officer
  • the Certifying Officer is to sight the original general purpose voucher and the attachments 
    and certify that:
    • the Authorising Officer has the necessary authority to incur the expenditure
    • the signature of the Authorising Officer has been verified
    and
    • the general purpose voucher and supporting documentation, for example, invoices and 
      contracts, has been sighted and is in order
  • if a significant variation is found, including where the documentation is inadequate, the 
    details are to be reported immediately to the CFO for review and further investigation

• Certifying Officer signatures
  • verification of Certifying Officer signatures against the original approved list of signatories is 
    to be undertaken by Accounts Payable supervisors in the Financial Transactions Unit
  • Accounts Payable supervisors are to ensure that the Certifying Officer has the necessary 
    authority and that the signature of the Certifying Officer is correct; the Financial 
    Transactions Unit will only pay on appropriately certified original general purpose vouchers 
  • If a significant variation is found, including where the documentation is inadequate, the 
    details are to be reported immediately to the CFO for review and further investigation.

2.3.4.4 Review of delegations

Delegations should be reviewed at six monthly intervals, unless there have been significant 
changes to the department, in which case they should be more frequently) to ensure they remain 
appropriate, and changed or withdrawn as required (for example, on the change in officers 
appointed to various positions, or in the event of a departmental restructure. The department 
should ensure that processes are in place to withdraw or change delegations if individual officers 
change positions.

Any review should include an assessment of whether officers with a delegation actually need it for 
their normal roles and responsibilities. The more staff with the ability to authorise expenditure, the 
greater the risk of inappropriate payments and the more difficult it is to maintain controls to ensure 
that payments are appropriately and correctly authorised.

2.4 Conduct and Ethics

2.4.1 Code of Conduct - General

The Public Sector Ethics Act 1994 (PSEA) provides the legal basis for the Code of Conduct for the 
Queensland Public Service (the Code) which applies to all employees of Queensland public 
service agencies, including those entities prescribed by the Public Sector Ethics Regulation 2010
which incorporates Hospital and Health Services. The department will adopt the Code and publish it on its intranet site.

Employees of a public service agency include:

- volunteers
- students
- contractors
- consultants
and
- anyone employed in any other capacity.

The Code contains:

- the ethics principles
- their associated set of values which are prescribed in the PSEA
- standards of conduct for each ethics principle.

The ethics principles are:

- integrity and impartially
- promoting the public good
- commitment to the system of government
and
- accountability and transparency.

These are the fundamental principles of ethical behaviour essential to robust public sector integrity and accountability and which public sector entities must promote in their internal and external relationships.

Each principle is strengthened by the set of values describing the behaviour that will demonstrate that principle. The principles and associated values are equally important.

The standards of conduct contained in the Code under each set of principles and values assist individuals to understand how to put these principles into practice as well as identifying specific responsibilities for senior executives and managers.

The standards are not intended to cover every possible scenario, therefore in adhering to the Code, there should be a commitment to upholding the intention and spirit of the principles and values.

The department expects its officers and employees, and other persons bound by the Code, to familiarise themselves with it and to ensure that its principles are observed by committing to and demonstrating the intent and spirit of the ethics principles and values. The Code provides standards of behaviour expected of all officers and employees within the department to build a positive workplace culture. It embodies the department’s values of caring for people, leadership, respect, and integrity. It is not intended to be, and must not be, used to intimidate or to threaten officers and employees.

The Director-General has a responsibility to visibly demonstrate and uphold the principles and values of the PSEA and to demonstrate a conscious commitment to ethics by communicating the
importance of ethical decision-making in the workplace and to promote ethical behaviour in day-to-day actions. The Director-General must also ensure that officers and employees have access to training in the operation of the Code and in ethical decision-making more broadly, making the Code meaningful to all officers and employees.

As well as upholding the principles and values and complying with standards of conduct set out in the Code, the department will also comply with:

- all relevant legislation
- awards
- certified agreements
- subsidiary agreements
- directives
- whole-of-Government policies and standards.

Some possible consequences of a breach of the Code or concerns about a breach of the Code are listed and clarified in the document. Breaches of the Code will not be tolerated.

The Code is supported by the Queensland Health policy on Workplace Ethics, Conduct and Behaviour HR Policy E1.

In addition, the department is to develop a Standard of Practice as provided in section 12D of the PSEA.

The Standard of Practice allows the department to identify additional standards of conduct applicable to its officers and employees as a result of the nature of the role that they perform or because of critical business requirements that impact on officer and employee conduct. The Standard of Practice must be developed in consultation with affected officers and employees and with relevant industrial and trade unions before being submitted to the Public Service Commission (PSC) for approval. The PSC has published a guideline – Code of Conduct Standard of Practice.

The Standard of Practice is to be approved by the Director-General prior to submission to the PSC.

An approved Standard of Practice will apply to departmental officers and employees in the same manner as the Code. Refer also to:

- FMPM section 2.6 Registers Required
- Declaration of Interests – Senior Executive Service and Equivalent Employees including Statutory Office Holders, issued by the Public Service Commission.

2.4.1.2 Fiduciary duties

Fiduciary duties are obligations of trust and confidence owed by a fiduciary to another person. The law usually recognises certain relationships, including those of director and company and employer and employee, to be fiduciary relationships. The courts may also find other relationships to be fiduciary in nature, particularly where one party stands in a position of trust and confidence in relation to the other, and is bound to place the interests of the other before his or her own personal interests.
Chapter 2 – Financial Management

An officer or employee, acting in a fiduciary capacity, has an obligation to:

- act honestly and to exercise powers for their proper purpose
- avoid conflicts of interest
- act in good faith
- exercise diligence, care and skill

and

- ensure that information acquired by virtue of the position is not used to gain, directly or indirectly, an advantage for the member or any other person.

2.4.2 Making an Official Misconduct Complaint

The department is required to report allegations of official misconduct directly to the Crime and Misconduct Commission (CMC). Section 38 of the *Crime and Misconduct Act 2001* places an obligation on the Chief Executive Officer of a Unit of Public Administration, to refer complaints of suspected official misconduct to the CMC.

The CMC will assess all referrals it receives and provide advice back to the department regarding how the complaint is to be dealt with. It is likely that the complaint will be referred back to the department to manage. The level of monitoring and oversight by the CMC will depend on the seriousness of the complaint and the capability of the department.

The department has a designated CMC Liaison Officer who is the CMC’s key contact for complaint referrals and their management.

The *Crime and Misconduct Act 2001* defines official misconduct in Part 4, Division 2. The CMC Guide, Facing the Facts, summaries the definition as conduct relating to the performance of a person’s duties that:

- is dishonest or lacks impartiality
- involves a breach of the trust placed in an officer or employee by virtue of the officer’s or employee’s position
- is a misuse of officially obtained information
- is a criminal offence

Whilst each matter is assessed according to its particular circumstances, some common types of official misconduct are:

- fraud, for example, incorrect timesheets and misuse of CabCharge dockets
- drug/medication theft or misuse
- systemic non-compliance with legislation, policies and directives
- failure to report suspected official misconduct
- unauthorised disclosure of information
- process corruption, for example, recruitment and purchasing processes.
Chapter 2 – Financial Management

Process. All officers and employees must promptly refer all cases of suspected official misconduct to their immediate supervisor, line manager, or to the Director-General. Complaints may be made either in writing or verbally and will be treated in strictest confidence.

In certain circumstances, a breach of the FMPM could amount to official misconduct. If there is any doubt about whether a breach of the FMPM amounts to suspected official misconduct, the CFO should be consulted directly for advice.

If a breach of the FMPM has the potential to amount to a criminal offence, or could result in a disciplinary process warranting termination, then this must be reported to the Director-General or delegate.

Refer to Requirement for Reporting Official Misconduct Policy.

Such an action may be regarded as whistle blowing (see Glossary of Terms and Abbreviations for definition). Making a valid complaint of official misconduct or maladministration can bring justice, stop the wrong-doing, identify systemic weaknesses, expose fraud, protect the public interest and promote accountability in workplaces.

The department is committed to protecting any person who raises a concern about a breach of the Code from retaliation or reprisals.

Members of the public may also make an official misconduct complaint against a departmental officer or employee.

All complaints received shall be managed in terms of the Public Interest Disclosure Act 2010 and the Public Interest Disclosure Standard – refer to FMPM section 2.4.5 Public Interest Disclosures.

Reference should be made to the Queensland Ombudsman, for further guidance.

The CMC investigator provides an investigation report to the relevant decision maker (normally the Director-General or delegate). The report contains findings as to whether the allegations could be substantiated based on the available evidence and will also include recommendations in relation to any systemic issues. The decision maker is then responsible for undertaking appropriate action based on the report. This may include the commencement of ‘show cause’ proceedings if the allegations are substantiated and disciplinary action is proposed. The CMC will maintain oversight of investigations and may review them prior to any action being taken by the Director-General or delegate.

Generally, an investigation is a last resort, or reserved for the most serious allegations. Investigations can be time-consuming, resource intensive and impact negatively on the morale of operational units. There are a number of alternatives to investigations, such as:

- an existing system or process, for example, an internal review
- preliminary enquiries
- managerial resolution
- the mediation process
- the grievance process
- systems review
- the commencement of disciplinary action
- taking no action.
The appropriateness of other resolution methods is to be examined before an investigation is recommended.

### 2.4.3 Conflicts of Interest

Public sector employees are obliged to make impartial decisions in favour of the public interest. A conflict of interest may arise in situations where an officer or employee of the department has an actual or perceived private or personal interest in a matter or an issue, sufficiently enough to influence or appear to influence the decision or outcome of a related their official duty.

The department has the right to determine whether a conflict of interest exists in a particular case, and to decide how that conflict is to be managed.

It is important to note that conflicts of interest are not restricted to pecuniary (financial) interests.

Conflicts of interest which may amount to a criminal offences include:

- bribery – the acceptance of money by an officer or employee for special favours
- influence peddling – attempts by an officer or employee to influence decisions in favour of a third party in order to secure personal gain
- improper use of official information – provision of inside information for personal advantage and
- insider-trading with official financial transactions – where officers or employees may stand to make personal gain if they make certain decisions.

Conflicts of interests which may not constitute criminal offences but which must be handled appropriately according to the principles and procedures outlined in this manual include:

- gifts and entertainment – seeking or accepting gifts which may influence impartiality
- outside employment – part-time employment or consulting outside of official duties which may have an adverse impact on the performance of those duties
- future employment – the giving of favourable treatment to private organisations which may be future sources of employment
  and
- relatives and friends – using an official position to do favours for relatives and friends.

In most cases, the conflict is only a perceived or potential conflict of interest rather than an actual conflict. A potential conflict of interest may develop into an actual conflict of interest over time. For an actual conflict to occur, there must be a private interest that is known to the officer or employee of the department, and that interest must have sufficient influence over him/her to be likely to influence decisions he/she makes or advice given.

Section 186 of the Public Service Act 2008 requires public service employees (extended by this manual to include all departmental officers and employees) are to notify the Director-General or delegate immediately a conflict becomes apparent. An apparent conflict of interest exists when it appears that private personal interests have the potential to interfere with the proper performance of official duties.

It is important that all departmental officers and employees not just behave ethically, but are seen by the community to be behaving ethically in order to gain the community’s confidence in the department’s impartiality and professionalism.
Refer also to Managing Conflicts of Interest in the Public Sector: Guidelines and Toolkit, issued by the Crime and Misconduct Commission.

2.4.4 Confidential business Information

No officer or employee will disclose or use any information gained in the course of departmental employment for the personal profit or advantage of the officer or employee, or of any other person whether associated or not.

Departmental information must be kept confidential by departmental staff, in accordance with the confidentiality principles contained in Principle 1 - Integrity and Impartiality - in the Code.

If an officer or employee receives a request for information that is not publicly available via the public libraries or internet websites, the officer or employee should contact their Information Access Unit for advice.

Information and documents that exist solely within Government are to be construed as not for public access. For example, draft policy documents, internal documents on QHEPS or a paper prepared by the department for Queensland Treasury and Trade would fall into this category.

If a document that is usually available through GoPrint is available from the department, then it must be provided by the department. Otherwise, the person making the request should be directed to contact GoPrint.

All requests for financial information received from the community regarding the department, or any operational unit within it, are to be directed to the Director-General or delegate. The Queensland Health Media Policy, which applies to all Queensland Health staff, must be complied with. In line with the policy, only authorised Queensland Health staff may comment on matters relating to the department.

When speaking to the media, the policy within the HHS Media Policy and Contact Guidelines must be complied with.

Information regarding the department prepared for distribution outside the department, must be approved by the Director-General or delegate.

Unpublished financial information regarding the department or any operational unit within it will not be made public without the prior approval of the Director-General or delegate. Sensitive information may require higher level consultation before the information is released.

2.4.5 Public Interest Disclosures

The Public Interest Disclosure Act 2010 (PIDA) and the Public Interest Disclosure Standard applies to, and is binding on, all public sector entities. The Department of Health also has its own policy, HR Policy I5, Public Interest Disclosures.

A public interest disclosure, in general terms, is a report of certain wrongdoing or danger. For the report to be considered to be a public interest disclosure and to attract the protections of the PIDA, the report must be an appropriate disclosure, made to a proper authority. The following types of disclosure could amount to a PID:
public officers can disclose official misconduct
• public officers can disclose maladministration that adversely affects a person’s interests in a substantial and a specific way
• public officers can disclose a substantial misuse of public resources
• any person and public officers can disclose a substantial and specific danger to public health or safety
and
• any person and public officers can disclose a substantial and specific danger to the environment.

An appropriate disclosure is one that satisfies either the substantive or objective test if:

• the person honestly believes, on reasonable grounds, that the information tends to show the conduct or other matter (subjective test)
or
• the information tends to show the conduct or other matter regardless of whether the person honestly believes that the information shows the conduct.

The Director-General or delegate must:

• develop and implement a management program for PIDs pursuant to section 28 of the PIDA; management programs would include a commitment to encouraging reporting of wrongdoing, communication and training strategies
• develop and implement reasonable procedures for dealing with PIDs under section 28 of the PIDA; procedures would include the establishment of reporting mechanisms and assessment procedures
• so far as is appropriate given the nature and size of the department, establish a central point with expertise to be responsible for PIDs - for the Department of Health this is the Ethical Standards Unit
• ensure that all disclosures to the department are assessed
• ensure that proactive measures are in place which are proportionate to the risk of reprisal and the potential consequences of reprisal.

The Queensland Ombudsman is the oversight agency for the management of PIDs within Queensland public sector entities. The department must provide the Queensland Ombudsman with de-identified information about PIDs in electronic format on a central PID database.

2.4.6 Right to Information and Information Privacy

The Director General may delegate the power to deal with applications under s30 of the Right to Information Act 2009 (the RTIA) and s50 of the Information Privacy Act 2009 (the IPA).

These Acts are designed to provide the community with greater access to information held by the Queensland Government.

The RTIA and the IPA apply to all documents held by government. The definition of ‘document’ is very broad and includes financial information, both in paper and in electronic form.

Right to Information. Under the RTIA, an applicant has a statutory right to access information held by government that is considered to be non-personal as it relates to the applicant, unless the information is exempt from release or, if released, would be contrary to the public interest.
Access to information (administrative and clinical) of the department is subject to the RTIA.

The department and all HHSs have delegated RTI decision-makers in place to manage RTI access applications.

**Information Privacy.** The IPA is designed to operate in parallel with the RTIA and provides a statutory right to apply to access and to amend personal information. The IPA also provides a set of rules which govern the handling of personal information by Queensland Government agencies.

The department is accountable for information privacy compliance pursuant to the provisions of the IPA.

The department is governed in its handling of personal information by:
- the National Privacy Principles (NPPs),
  - which are incorporated into schedule 4 of the IPA,
- s33 of the IPA apply in relation to the transfer of personal information outside of Australia and
- s35 of the IPA binding contracted service provider to privacy principles.

A person may lodge a privacy complaint if the person believes that there has been a failure to comply with the NPPs and the person’s personal information has not been afforded the protections provided in the IPA. If the complainant is not satisfied with the response, the person may bring the complaint to the OIC. If dissatisfied with the outcome of a complaint to the OIC, the complainant may choose to progress it to the Queensland Civil and Administrative Tribunal, which is able to order financial compensation to a complainant of up to $100,000.

The department and all HHSs have trained Privacy and Confidentiality Contact Officers.

**Process.** The RTIA reflects the ‘push model’ philosophy adopted by the Queensland Government. Under the legislation, certain information will be freely available to the public through a publication scheme on the departmental website, for example, see the Queensland Health publication scheme or under established ‘administrative access’ schemes. The formal application process under the RTIA and the IPA is intended to be a last resort for categories of information not yet published or not suitable for inclusion in the department’s publication scheme.

However, if a departmental officer or employee receives a request for financial information and is of the opinion that it is more appropriately dealt with as an application under the RTIA or the IPA, the relevant RTI decision-maker should be contacted for advice.

All applications made under the RTIA/IPA must be directed to the departmental Privacy and Right to Information Unit or the HHS RTI decision-maker immediately, as there are strict timeframes associated with processing applications under the RTIA/IPA which must be met.

Only officers occupying, or acting in, positions delegated with powers under the legislation by the Director-General are authorised to deal with RTIA/IPA applications.

The RTIA decision-maker will contact officers or employees who may hold documents relevant to an application with a search request. The search request requires officers and employees to forward all documents within the scope of the application for processing to the RTIA/IPA decision-maker, and to certify that they have done so. All relevant documents must be provided to the RTIA decision-maker in order to comply with the provisions of the RTIA/IPA.
Financial managers may be asked, at the time of processing by the RTIA decision-maker, for information about the documents to determine whether or not the documents (or any part of a document) fall within any of the grounds of refusal within the RTIA/IPA.

Following consultation with appropriate stakeholders (both relevant departmental officers and employees and if applicable, external parties), the RTIA decision-maker will make a decision about access, in accordance with the provisions of the RTIA.

A list of RTIA/IPA decision-makers is available on the departmental website:


Alternatively, to locate your local RTI decision-maker or for further queries regarding the RTI and IP Acts, please contact the Privacy and Right to Information Unit, Department of Health, as follows:

Email: RTI-IP@health.qld.gov.au
Telephone: (07) 323 41735

2.4.7 Loyalty programs - Frequent Flyer and Fly Buy Points

The use of and accruing of frequent flyer points under loyalty programs such as, but not limited to, Frequent Flyer and Fly Buy Points, are permitted to be retained when gained travelling in an official capacity, providing ethical decisions are made in booking travel.

For further detail, refer to section 6.14.8.3 Frequent Flyer and Fly Buy Points.

2.5 Gifts and Benefits

2.5.1 Overview

Departmental officers and employees, including non-employees, contractors and all other persons generally representing the department in an official capacity, must comply with the requirements contained in this section. For clarification on the application of this policy for staffing arrangements of contractors, temporary employees or those involved in private practice arrangements, refer to the Finance Branch.

The objective is to ensure that officers and employees and the department are not left in an awkward or compromising position through exposure to conflicts of interest, or the appearance of conflicts of interest. Due to the political element inherent in public sector financial operations, public defensibility must be a key consideration by all staff in all financial management decisions and operations.

This departmental gifts and benefits policy has been developed to comply with the requirements of:

- Public Service Commission (PSC) Directive 22/09 Gifts and Benefits
- PSC Guideline: Gifts and Benefits
- Code of Conduct for the Queensland Public Service.
Care should be exercised regarding the receipt of gifts from fellow officers and employees, particularly where the acceptance places the recipient in a compromising situation, for example, supervisor/employee relationships. Judgement should be exercised with the visibility, materiality and defensibility of the gift being major considerations.

2.5.2 Definition of Gifts and Benefits

As defined in PSC Directive 22/09 Gifts and Benefits, gifts and benefits means the transfer of property or other benefit:

- without recompense
- or for a consideration substantially less than full consideration
- or a loan of property made on a permanent, or on an indefinite basis
- and received or given by an officer or employee when acting in his/her official capacity.

Gifts and/or benefits include tangible items of lasting value and intangible items of no lasting value, including hospitality.

It does not include any gifts or benefits given or received under an appropriately approved employee health and well-being program or an appropriately approved rewards and recognition program. For further detail - refer to HR Policy G21, Recognition of High Levels of Performance and Length of Service. It does not include benefits negotiated when the department sponsors a service, product or activity on its own or with another government agency, as may occur under the Queensland Government Sponsorship Policy.

Monetary loans to staff, by the department or otherwise, are prohibited and advances are not allowed, unless permitted under a specific directive.

The PSC Guideline Gifts and Benefits lists items to be included as gifts and benefits. The list is not exhaustive and Appendix 1 of the Guideline has a useful decision-making guide for consideration in acceptance or otherwise of a gift or benefit.

Goods received as samples during a tendering process are not considered to be reportable gifts.

Incentives for participation or prizes given as part of competitions are considered to be gifts.

Refer also to FMPM section 6.22.13 Sponsorships.

2.5.3 Legislative Requirements and Interpretation

Any offer of cash, or any items which are readily converted into cash or cash equivalents, such as gift cards, must be refused in all circumstances. Accepting money in any form will breach legislative requirements and a number of public service policies, for example, the Code of Conduct for the Queensland Public Service, and may be seen as an attempt at bribery.

Sections 25 and 26 of the Public Service Act 2008 provide for management and employment principles and work performance and personal conduct principles respectively. These principles shall be adopted by the department.
Any gift or benefit that has a retail value greater than $150 must be recorded in a gifts and benefits register.

Gifts or benefits should not involve time away from official duties unless the recipient is representing the department or the Government at the time. Gifts or benefits can only be used outside normal working hours or on approved leave.

Any conflict of interest considerations will be handled in accordance with FMPM section 2.4.3 Conflicts of Interest.

Official misconduct is defined in section 14 of the Crime and Misconduct Act 2001 and to summarise for this purpose is, “conduct that could adversely affect, directly or indirectly, the honest and impartial performance of functions or exercise of powers”.

2.5.4 Reportable Threshold

The department’s reportable threshold of $150, aligns with PSC Directive 22/09 Gifts and Benefits and is referred to in this manual as the ‘gifts and benefits limit’.

A gift or benefit is reportable when its retail value exceeds the gifts and benefits limit.

If multiple gifts and/or benefits are received from the same donor or from donors in a similar relationship with the officer or employee in a financial year and the cumulative retail value is greater than $150, then each gift and benefit must be reported.

Deliberately undervaluing a gift or benefit to avoid reporting it or to fraudulently retain it may be official misconduct.

Gifts of cultural or historical significance must be reported, regardless of their value.

Quarterly, gifts and benefits registers are to be endorsed by the Director-General or delegate before transmission to the Finance Branch at the end of the quarter for consolidation and publication. The departmental gifts and benefits register must be published online each quarter and within ten (10) calendar days of the end of the quarter.

At the end of each financial year, the Finance Branch will analyse the gifts and benefits register for reporting of trends and patterns to the Director-General or delegate.

2.5.5 Responsible Officer for the Valuation of Gifts

If the estimated retail value of a gift is not easily established, the Finance Branch shall assist in establishing a fair estimated retail value of the gift.

2.5.6 Ownership of Reportable Gifts and Benefits

Any gifts of cultural or historical significance must remain the property of the department, regardless of their value.

Gifts with no cultural or historical significance or benefits:
which have a retail value of $150 or less, may be retained by the officer or employee or
which have a retail value greater than $150 may be retained by the officer or employee with the
approval of the Director-General or delegate.

Gifts or benefits offered to the Director-General may be retained as approved only by the Minister
for Health.

Gifts or benefits offered to the Deputy Director-General(s) may be retained as approved only by the
Director-General.

The Code of Conduct for the Queensland Public Service requires that "all gifts received must be
reported to the relevant manager who will advise on the correct course of action".

Gifts or benefits retained by the department must be used for the public benefit and in an
appropriate manner. If the department does not have an appropriate use for the gift or benefit, it
may be disposed of in accordance with these principles as outlined in the PSC Guideline Gifts and
Benefits:

- disposal of gifts must be in the public interest and must pay due respect to the wishes and
  expectations of the donor (if known); disposal by donation to a charity, hospital, school,
  community or to a non-profit organisation or similar should be considered
- disposal of gifts to individuals is not permitted (the gift or benefit cannot be given to
departmental officers or employees)
- the disposal is to be properly documented for audit purposes and
- conflicts of interest are to be avoided.

2.5.7 Gifts and Benefits Received

The incidence of receiving gifts and benefits from external parties should be low and should be
actively discouraged. Officers and employees, particularly those in procurement positions, should
not accept gifts or benefits which could give the impression of or lead to a conflict of interest with
their duties and responsibilities.

If the gift becomes the property of the department, it is to be accounted for in accordance with the
relevant sections of this manual. Reportable gifts retained by the department are to be evaluated
for inclusion in the Portable and Attractive Items asset class within FAMMIS and/or CMMS or the
Non Current Assets Register under their recognition criteria.

Refer also to Gifts and Benefits, issued by the Crime and Misconduct Commission.

2.5.7.1 Receiving of gifts and benefits

It is critical that the recipient of a gift or benefit from a donor should not be involved in any
impending purchase decision involving the donor organisation.

The first consideration must always be whether a gift or benefit is appropriate to accept. There are
two major considerations:

- the reason for the offer being made
and
• the public perception of acceptance.

All officers and employees will report immediately to their supervisors any offer of a gift and/or benefit of anything of value to themselves or to their immediate family, in the context of that offer or gift or benefit arising as a consequence of the relationship between the department and its officers and employees. Officers and employees and their immediate families must not accept anything of value from third parties or offer anything of value to representatives of third parties in connection with departmental business.

Officers and employees may accept non-reportable gifts and benefits provided they inform their supervisor or line manager of the circumstances and of the benefits. A signed declaration (FMPM Appendix 6, Department of Health Declaration of Reportable Gifts and Benefits) must be completed and forwarded to the officer coordinating the gifts and benefits register for the department.

Registration, travel and accommodation for conferences, training, and similar activities, paid for or subsidised by external parties for an officer or employee to attend, is to be classified as a benefit to the officer or employee for reporting purposes.

Travel, accommodation and expenses paid for or subsidised by external parties for officers or employees to attend business meetings, board meetings and similar activities is a benefit to the department. The latter scenario is likely to be a regular occurrence and an agreement must be in place for the officer or employee to attend.

PSC Directive 22/09 Gifts and Benefits states that gifts or benefits may be retained by the officer or employee if the approval of the Director-General or delegate has been granted.

Unless authorised to do so by the Director-General or delegate, departmental officers or employees presenting material at meetings or lectures should not personally accept fees where any one or more of the following situations apply:

• the officer or employee is representing the department
or
• the presentation or lecture is to occur during normal working hours
or
• officers or employees utilise a skill or knowledge or information derived from their employment
or
• the Crown has ownership of the intellectual property involved.

An astute decision must be made where indirect or less obvious gifts and benefits are offered, for example, the use of a holiday unit or discounted goods and services. Advice may be sought from departmental executives.

Reference must also be made to the requirements set out in Code of Conduct for the Queensland Public Service, Principle 1 - Integrity and Impartially.

It is important to be aware that there may be Fringe Benefits Tax (FBT) implications on the receipt of a gift/benefit and its retention for private use. A fringe benefit may also arise where a third party provider gives an officer or employee a benefit, provided there is an arrangement (agreement, understanding, promise or undertaking) between the employer and a third party provider for the provision of that benefit.
Chapter 2 – Financial Management

Refer to FMPM section 12.2 Fringe Benefits Tax (FBT) for further information or contact the departmental FBT Team for advice.

2.5.8 Gifts and Benefits Made

2.5.8.1 Approval

The practice of giving gifts should not be common or frequent in occurrence. The appropriateness of gift giving should be considered and appropriate approval must be obtained. Where a gift is to be made on behalf of the State, consideration should be given to selecting an appropriate gift from the Official Gift Range maintained by Protocol Queensland.

Gifts and benefits made, for departmental purposes are a form of special payment, may only be made after approval by the Director-General or an officer with a ‘special payments’ financial delegation. Note, it is the departmental position that the giving of gifts does not form part of core business and should be infrequent, appropriately monitored, closely scrutinised, limited in nature and only approved by senior management holding a special payments financial delegation.

2.5.8.2 Gifts or benefits to staff

The use of departmental funds for the purchase of gifts or benefits for staff is prohibited except where they are:

- part of an appropriately approved employee health and wellbeing program
- an appropriately approved rewards and recognition program
- where they are permitted by a relevant PSC Directive.

Gifts for officers or employees include, for example, personal presentations for weddings, illness, bereavement and officers or employees leaving. Such gifts include, but are not limited to, flowers and wreaths.

2.5.9 Register of Gifts and Benefits

A register is to be kept for all gifts of cultural or historical significance and gifts and benefits made and received with a retail value greater than $150. The register must be maintained at a convenient point for collection and collation of information. Declarations are to be completed and submitted for inclusion in the Gifts and Benefits Register within a month of the making or receipt of the gift or benefit or as soon as possible after the event. A standard form of declaration is included at FMPM Appendix 6, Department of Health Declaration of Reportable Gifts and Benefits.

A template for gifts and benefits registers is located on QHEPS.

FMPM Appendix 7 The Approval and Reporting Process for Gifts and Benefits, illustrates the process flow, from a gift or benefit offer to publication of reportable gifts and benefits on QHEPS.

2.5.10 Publication of the Gifts and Benefits Register

The Department of Health Gifts and Benefits Register must be published online each quarter, within ten (10) calendar days of the end of the quarter.
2.6 Registers Required

2.6.1 Overview

The requirement to hold certain records and registers for inclusion in the annual financial statements and for audit purposes is mandated by the FPMS.

The objective of this section is to provide guidelines as to how these records and registers are to be maintained within the department in order to satisfy minimum requirements. Some of the information kept may also be of relevance to litigation support, if the need arises. The registers are also used as effective measures for internal control.

Registers should be maintained at a level most appropriate for the collection of information. This may commence within an operational unit, for collection and collation by the Director-General or delegate.

Operational units that require a register to be kept will be responsible for maintaining the register and reporting to the Director-General or delegate for consolidation as requested.

The registers listed and discussed hereunder, in alphabetical order, are to be maintained in the department ensuring that information is readily available. Checks should be made at regular intervals to ensure that the forms on hand agree with the register.

2.6.2 Accountable Advance Register

An Accountable Advance Register is to be established to manage the level and use of:

- cash advances
- prepayments
- deposits
  and
- similar advances of cash.

For further details regarding Accountable Advances - refer to FMPM section 7.4.5 Accountable Advances.

Operational units making accountable advances should ensure that these are appropriately recorded for control purposes either in a manual or electronic form with an appropriate audit trail to supporting vouchers/documentation.

The information required to be recorded is:

- the amount
- the date approved
- the name of the delegated granting officer
- the date of settlement
  and
- the receipt number.
2.6.3 Accountable Forms Register

An Accountable Forms Register must be established to control the issue and use of pre-numbered stationery documents. The information required to be recorded is:

- the serial numbers of forms received, as well as the respective dates of receipt and origin details
- a separate line entry is required for each book/series of accountable/money forms
- the serial numbers of forms issued/transferred to authorised officers
- the respective dates of issue
- the officers or organisational areas to which the forms were issued/forwarded
- the signature of the receiving officer together with their official position
- the serial numbers of unused forms returned
- the serial numbers of unused forms destroyed
- the date of the destruction of the unused forms
- reference to the authority for the destruction of the unused forms
- stocks of unused forms on hand.

Checks should be made at regular intervals to determine that the forms on hand agree with the register.

2.6.4 Assets Loaned Register

An Assets Loaned Register is to be kept by operational unit managers, to record all approved loaned assets. The register is to include the following details:

- the date that the asset was loaned
- the asset number
- the asset description
- the name of the borrowing officer
- the signature of the borrowing officer
- the signature of the approving officer
- the date of return
- the signature of the approving officer upon the return of the asset.

2.6.5 Bank Account Register

Details of all bank accounts, banking arrangements and authorised signatories are to be held by the Finance Business Centre Banking Arrangements Officer in the Finance Business Centre Banking Team, Financial Transactions Unit. Bank contact numbers should be included and updated.

A Bank Account Register is to record the following:

- the name of the bank and branch
- the name of the accounts
- the BSB and account numbers
- the purpose of the accounts
• the overdraft limits that may apply
and
• the authorities given in respect of each account.

The register should list details of current authorities for the:

- Director-General
- Chief Finance Officer
- Authorising Officers
- Verifying Officers
- Cheque Signatories
and
- Encashment Officers.

### 2.6.6 Cab Charge Card Register

A Cab Charge Card Register is to be kept by operational unit managers, containing details of all Cab Charge Cards issued within the unit. The register is to include the following details:

- the name and position of the officer holding the card
- the date that the card was issued
- the card type
- the card number
- the register/file number
- comments, for example, replacement of lost card
and
- the date of the surrender of the card.

The CFO or delegate is responsible for arranging the issue and cancellation of Cab Charge Cards and the replacement of lost cards.

Cards recorded in the register as issued are to be checked and confirmed at regular intervals. Unused cards are to be withdrawn from service.

### 2.6.7 CabCharge Docket Books and eTicket Register

A register is to be kept of Cab Charge docket books issued. The registers are to be kept by the operational unit manager.

The Cab Charge Docket Books Register shall contain the following minimum details:

- the book number
- the voucher series in each book
- the name of the operational unit to which the book was issued
and
- the cost centre to be charged.

A register is also to be kept of Cab Charge electronic tickets called eTickets. These are accountable forms because there are no dockets issued, and the tickets are issued by Cab Charge without any stubs attached which might be used as a record of the release of the ticket to the passenger. The tickets are issued in a numerical sequence within each batch.
Chapter 2 – Financial Management

The eTicket register must contain:

• the ticket number
• the name of the passenger
and
• the date of the release of the ticket to the passenger.

2.6.8 Capital Commitment Register

A Capital Commitment Register is to be kept by each operational unit and is to record major capital transactions approved in one financial year but not to be paid until the following financial year.

The register should contain the following details:

• the location of approval documents, for example, the file reference and purchase order reference
• the amount approved
• the expected date that the capital asset is to arrive and the installation is to commence
• the date upon which the approval was given
• the anticipated date(s) for payment and the amount(s) thereof
and
• the date of completion and readiness for use.

Supporting schedules, to explain the items, should be prepared for inclusion in the register.

2.6.9 Cheque Register

Cheque registers are to be maintained to control the stock, and to record the issue and cancellation of cheques and cheque books. This register may be system-generated.

Where cheques are system generated, a manual register is not required as the register is maintained within the system. Input of the number sequence of the cheque forms available must reconcile with the periodic receipt of the cheque forms printed.

The register should include, or be capable of producing on demand:

• lists of cheques issued (system generated) or lists of cheque books held (manual) by the department and details of the following:

  • the bank account name
  • issued cheque numbers and the dates issued
  • the payee
  • the summary of documents paid
  and
  • the amount of each cheque.

In addition to the above details, manual registers of cheque books must also record:

• the name, date and signature of the officer verifying the register
• the listing or the system audit log of cheques cancelled, detailing:
Chapter 2 – Financial Management

- the bank account name
- the cancelled cheque numbers and the amounts
- the date that the cheques were cancelled
- the replacement cheque number (if applicable)
- the name or user ID of the officer cancelling the cheques
  and
- a signature if the register is manual.

2.6.10 Chief Executive’s (Director General’s) Domestic Travel Register

The department shall maintain a Chief Executive’s Domestic Travel Register.

The following information shall be maintained in the register:

- the Chief Executive’s name
- the purpose of the meeting or title of the conference
- the date of the meeting or conference
- the dates of travel
- the destination/location of the meeting or conference
- total travel and accommodation costs
  and
- the date of approval by the Minister.

2.6.11 Consultancies Register

Each operational unit must keep a Consultancies Register for recording consultancy expenditure details which are required to be reported in the department’s annual report.

The following data is to be recorded in a Consultancies Register:

- the name of the organisation or individual undertaking the consultancy, including the names of
  the personnel who worked on the project
- the dates of engagement and the duration of the consultancy
- the category of the project including a brief description of the project and the reasons for the consultancy
- the name, work address and contact telephone number of the officer responsible for managing
  the consultancy
- an itemised statement of the direct costs incurred by the consultant (fees, travel, material and
  similar costs)
- a statement of the indirect costs borne by the department, for example, facilities, clerical
  support, materials
- a comparison of the estimated final cost and originally agreed cost, as at the time of the
  agreement and the execution of documents, and at each subsequent review
- an assessment of the effectiveness and conduct of the consultancy, related directly to project
  specifications and objectives
- a comment on the competence of the consultant and the individual personnel involved in the project
  and
- the records management file number.
Chapter 2 – Financial Management

The register must be submitted to the Finance and Assets Accounting Team on a quarterly (July to March) and monthly (April to June) basis according to the determined timetable.

2.6.12 Contracts Register

Each Division or Centralised Business Unit should maintain a Contracts Register for recording of contractual commitments and expenditure details. This register should be maintained in addition to other registers.

This register should be kept up-to-date and reviewed on a regular basis.

As a minimum, a Contracts Register should contain the following information:

- Contract Description
- Date Commenced
- Contract Type
- Contract Value (including GST)
- Contract Value (excluding GST)
- Details of Contract Variations (if applicable)
- Initial Contract Term
- Option(s)
- Contract Review Date (Current Term)
- Contract Expiry Date (Current Term)

and

- Status (Active/Expired)

2.6.13 Corporate Purchasing Card Register

The Corporate Card may also be known as the Department of Health Corporate Purchasing Card or the Queensland Government Corporate Purchasing Card.

A register is kept by the Finance Transactions Branch of credit cards issued expressly for use in purchasing, and this register is to include the following details:

- the name and position of the officer holding the card
- the date that the card was issued
- the card number
- transaction and monthly limits
- cardholder supervisors name
- training details
- conditions of use certificate

and

- comments.

Cards still showing in the register as issued are to be checked and confirmed at regular intervals. Unused cards must be withdrawn from service.

2.6.14 Entertainment Register

The department is required to keep a monthly record of expenditure related to entertainment, official functions and hospitality. This register will provide a control and monitoring capability.
The Entertainment Register must contain the following:

- the date of the function
- the venue
- the total cost of:
  - venue hire
  - all catering costs including refreshments
  - the hire of equipment and services
  - payments to, or on behalf of, special guests, for example, presenters
  - stationery and supplies
  - the cost of minor presentations and hospitality placed on tables
  - the rewards to speakers and to presenters
  - the cost of novelties, and rewards or incentives given to participants

- the purpose of the function/hospitality, including a description of the relationship between the hospitality/official function and the conduct of departmental business
- a declaration that the expenditure was incurred in performing official duties
- the number and names of participants classified as State Government employees and their associates, Commonwealth Government employees and their associates, or official visitors and their associates.

Departmental expenditure records are to be placed on identifiable departmental files and registered into a departmental records management system, for example, RecFind, as guided by Queensland Health Procedure – Capture & Classification of Administrative and Functional Records.

Minor expenditure, where the cost of each hospitality event (not per person) is less than $50, for morning and afternoon teas and ‘after meeting’, may not be cost effective to record individually under these circumstances. Such expenditure may be recorded as a total for the month. This minimum does not apply for fringe benefits tax (FBT) purposes. All expenditure subject to FBT must be recorded.

Additional details that must be recorded relevant to FBT are:

- the type of food provided, for example, finger food or full meal
- whether alcohol was included or not with the meal
- the reason for providing the food
- when the food was provided, that is, during or after travel or the conference
- where the food was provided, that is, at work premises or at a functions centre.

For further information regarding FBT requirements – refer to the Taxation Unit, Finance Branch.

### 2.6.15 Financial Delegations Register

The schedule of financial delegations is reviewed, as required, by the Director-General. Once the revised schedule is approved, it is promulgated through executives to officers who have been approved with a financial delegation.
A register of the financial delegations is to be held and maintained by the Finance Branch and published on QHEPS. It will include the following information:

- the name of the position to which the delegation has been issued
- the amounts of the delegations for each of:
  - recurrent expenditure
  - non-recurrent expenditure
  - the writing off of asset losses
  and
- special payments
  and
- the date upon which the delegation was approved.

Any specific conditions attached to the delegation are to be noted. Any restrictions or limitations imposed on the exercise of the delegation are also to be noted.

Review dates and specific discontinuance dates must be noted in the delegation when and if stated.

2.6.16 Fuel Card Register

The following details relating to each vehicle are to be imprinted on each allocated fuel card and are to be recorded in a Fuel Card Register:

- the expiry date of the card
- the vehicle registration number
- the vehicle make
  and
- the vehicle colour.

Cards showing in the register as issued are to be checked and confirmed at regular intervals. Unused cards are to be withdrawn from service.

2.6.17 Gifts and Benefits Register

A register is to be kept for all gifts received of cultural or historical significance and other gifts, received and made, exceeding $150 fair value. The following details are required:

- the date that the gift was given or received
- a description of the gift or benefit
- the assessed value
- the donor’s name and the organisation or the donor area within the department
- the recipient’s full name (and officer/employee number for staff)
- whether the gift is to be retained by the officer or by the department
- the reason for accepting or giving the gift
- an identification as to whether the gift is of historical or cultural significance
- the name and the position of the approving officer
- documentation of the supervisor’s approval or rejection by using the gift declaration template)
- the asset number if the gift is to be retained by the department
• any conditions attached for the use of the gift as to purpose, timeframe or specific location and
• the document number of the transaction.

Refer to:

• AASB 13 Fair Value Measurement
  and
• FMPM section 2.5 Gifts and Benefits for guidance on reportable gifts and benefits.

2.6.18 Goods and Services Provided or Received at Below Fair Value Register

A register must be maintained to record the details of:

• the name of the organisation from whom the goods or services were received
• the particulars of the goods or services, including serial numbers if relevant
• the fair value of the goods or services
• the consideration received/given
  and
• the benefit received/provided.

Refer to AASB 13 Fair Value Measurement.

2.6.19 Grants Applications Register

The following information must be recorded and maintained in a register or equivalent file for all grant applications received:

• the applicant's name
• the applicant's address
• the contact name within the applicant's organisation
• the applicant's telephone number
• the date of the receipt of the application
• the project title
• the project details
• the sponsoring program
• the amount requested
• the date of the approval
• the amount approved
• the date of rejection, if applicable
  and
• any comments.

For competitive offer processes (both open and closed) for grants, the following information must also be recorded and maintained in the register or equivalent file for all grant applications received:

• the grant reference number to which the grant is referred
  and
• the grant registration number, that is, of the applicant’s response.
2.6.20 Guarantees and Indemnities Register

A register must be maintained to record details of:

- the nature of the document (guarantee or indemnity or both)
- the initial amount involved
- the extent of the guarantee or indemnity, that is, the extent of the liability
- the duration of the document and the date of normal expiration and
- the current amount of the guaranteed instrument, including any accrued interest or reductions in principal and/or interest.

22.6.21 Intellectual Property Register

A register is to be kept for all Intellectual Property on the following basis:

(a) For, “Significant IP” means all Department IP, HHS IP or Jointly Owned IP:
   1) that cost more than $20,000 to develop or involved more than 200 full time equivalent hours to develop; or
   2) of significant strategic or operational value, or that is important to the HHS’s statutory functions; or
   3) which is registered with a relevant authority such as IP Australia;

(b) The HHS must keep a register, in the form required by the Department, of all:
   1) Significant IP that the HHS or the Preceding District acquires, creates or contributes to acquiring or creating;
   2) Intellectual Property Commercialised by the HHS;
   3) Third Party IP in which the HHS or the Department have a significant interest, such as a contractual right to a share of Commercialisation proceeds.

(c) The HHS must provide a report within 60 days of the end of the financial year in relation to:
   1) the activities it has participated in during the previous financial year that have led to the acquisition or creation of Significant IP;
   2) the Commercialisation activities it has undertaken for the Department for the previous financial year;
   3) the revenue that has been generated and which is to be distributed in accordance with the Commercialisation Framework; and
   4) account to the Department under the Commercialisation Framework.

(d) The HHS must give the Department access to its Intellectual Property register and any supporting documentation for purposes related to this Deed.

For further guidance on departmental Intellectual Property, refer to:

- Intellectual Property Health Service Directive
- Intellectual Property Webpage
2.6.21 Investment Register

An Investment Register is to be maintained by each operational unit for monitoring investments of funds placed with the Queensland Treasury Corporation. This register shall include the following information:

- the name of the organisation with whom the investment is placed
- the amount of the investment
- the interest rate applicable to the investment
- the expected interest due on maturity
- the date that the investment was placed
- the investment maturity date
- the name and signature of the officer or employee placing the investment
- the fund to which the investment relates or belongs

The register shall also bear a cross-reference to a cheque number or file reference number for ease of access to documents.

If a certificate has been issued, the location of that certificate shall be recorded in the register, together with the certificate number.

2.6.22 Lease Register

A Lease Register is to be kept by each operational unit and should contain the following information:

- a description of the leased asset
- the lease term/period
- the repayment schedule, including the residual value and balloon payments
- the present value of minimum or total lease payments
- the type of lease, that is, an operating or a finance lease
- the name and address of the lessor
- the name of the officer who approved the lease contract
- the nominal rate of interest applied in the lease
- the location of the lease agreement, for example, file reference and location.

2.6.23 Legal Documents Register

A Legal Document Register listing legal documents (identified as vital records) is to be held by the department, as the circumstances require.

The register is to include:

- the date upon which the record/s were received
- the date upon which the acknowledgement of the receipt of the records was sent
- the information custodian of the record/s including position title and name
- whether the record/s are physical or electronic
- the security level applied
- the nature of the record/s
2.6.24 Litigation Register

A Litigation Register shall be maintained by each paying centre for monitoring and annual reporting purposes, particularly in relation to the reporting of contingent liabilities.

This register shall include the following details for cases where legal action is in hand or expected:

- the file/register number
- the insurance reference number (where applicable)
- the other party’s name
- the other party’s legal representative
- a brief description of the claim
- the departmental officers(s)/agent(s) involved (where applicable)
- the date that the file was created
- the commencement date of the action
- the date of the service of writs
- the departmental legal representative (panel and non-panel)
- the action taken to date
- the total estimate of the costs, inclusive of legal and damages
- the legal costs (amounts, description and date) incurred to date
- any comments, for example, reference to legal opinions received and other pertinent details
- the current status of the claim, for example, claim settled.

Where the litigation involves a potential payout by the department, an estimate of that payout (contingency) shall be included, based on a best estimate of both the expected outcome (settlement out of court or full proceedings) and the likely cost, given the outcome.

2.6.25 Loans Payable and Receivable Register

A Loans Payable and Receivable Register, to be kept by each operational unit, shall contain the following information, whether the loan is an asset to a borrowing entity or a liability from a lending entity:

- the name of the borrower or lender as the case may be
- the purpose of the loan
- the location of the loan agreement or other supporting documentation, for example, the file reference number, and where the file is stored
- the loan repayment schedule and period
- in the case of a lending entity, the name of the financial or lending organisation, for example, a loan through Queensland Treasury and Trade.

2.6.26 Losses Register

The department will maintain a Losses Register to record material losses which are defined in the Schedule Dictionary of the FPMS and in accordance with sections 21(2), 22 and 23 of the FPMS - refer also to FMPM section 6.18 Loss of Assets for further detail.
The Dictionary defines material loss as:

- if the property is money, a loss of more than $500
- or
- for other property, a loss valued by the accountable officer or statutory body at more than $5,000.

Each operational unit must keep a Register of Losses in which the details of each loss are to be recorded. The register must include the following details about each loss:

- the details of the item lost or written off, for example, asset code, description, value
- a statement as to the circumstances of the loss, for example, dates, personnel involved, how the loss occurred
- the loss category (see below)
- the corrective action taken
- the official file reference to any loss report
- the general ledger account and cost centre codes
- the preparer’s name and title
- and
- the name and title of the approval officer who must have a special payments delegation.

Loss categories in use (other than losses on disposals of non-current physical assets) for annual reporting include:

- losses of public moneys or other moneys
  - losses due to stealing or other offences
  - losses due to the foregone assessment of collections
  - losses due to overpayments written off
  - losses due to debts written off
  - and
  - other money losses not included above.

- losses of public property or other property
  - losses due to stealing or other offences
  - losses due to destruction or damage
  - losses due to an inventory shortage where theft is suspected
  - losses due to an over provision of stores
  - losses due to excess deterioration caused by a natural break down of stores
  - other property losses not included above
  - and
  - legally unavoidable payments.

Deficiencies in stores that do not fall into the above categories are not to be treated as losses in the annual financial statements, for example, deficiencies revealed by stocktaking where no theft or suspicion of theft occurred. Write off still needs to occur in accordance with financial delegations.

All physical losses due to stealing or other offenses and losses due to destruction or damage should be reported to PMG to assess possibility of recovery of funds through QGIF.
2.6.27 Money and Property Received Register

Money and property received are to be recorded as follows:

- property not involving cash is to be valued at fair market value and
- money is to be receipted at the source and posted to the relevant trust fund with sufficient detail entered to describe the use to be made of such amounts.
- Refer also to Queensland Health General Trust Fund Policy.

Property received is to be registered in the Non Current Assets Register held at the cost centre level. Information recorded will include details of the item, for example:

- a description of the property and its serial number
- its estimated fair value and
- the conditions of the trust.

Refer to AASB 13 Fair Value Measurement.

2.6.28 Non-Current Assets Register

A Non Current Asset Register is to be maintained at each cost centre within the department and is to identify any physical and intangible asset valued at not less than the capitalisation threshold shown in FMPM section 7.9.3 Non-Current Physical Assets - Acquisition and items of a portable and attractive nature valued below the asset recognition threshold.

As a general principle, assets purchased for a value less than the recognition threshold are not recorded in the Non-Current Assets Register. However, attractive items are to be recorded in the register at a nil value.

Upon receipt, each asset is to be given a number/code and this is to be affixed by a bar code, engraving or sticker, as appropriate.

The Non Current Assets Register shall include the following information:

- the operational unit name
- the location (facility, building, room or bay)
- the asset category
- the asset code/number
- the asset’s description
- its acquisition date
- the service date, that is, the date upon which the asset was first put into service
- the cost for book depreciation purposes
- the estimated life for book depreciation purposes
- the recoverable value at the end of its estimated life and
- the voucher/cheque number.
2.6.29 Overseas Travel Register

Each operational unit must keep an Overseas Travel Register for recording overseas travel, the details of which are required to be reported in the department’s annual report and also to the Department of the Premier and Cabinet.

Minimum details include:

- the traveller’s name
- the traveller’s payroll number
- the traveller’s position title
- the traveller’s position stream
- the funding source for the expenditure
- the destination country
- the destination region
- the year of travel
- evidence of ministerial approval
- the starting and finishing date of the travel
- any contribution from other sources
- the name of the contributor
- the purpose of the trip
- and other information as specified in the overseas travel report template.

The register must be submitted to the Finance and Asset Accounting Team on a monthly basis according to a determined timetable.

2.6.30 Payment Summaries Register

This register is to be maintained to record the receipt and issue of manual payment summaries to officers or employees after the end of each financial year and upon their cessation of duties with the department.

The register shall contain the following information:

- the officers’ names
- the date upon which the payment summaries were received
- the serial numbers of the payment summaries
- the date upon which the payment summaries were issued to the officers
- the method of delivery of the payment summaries to the officers
- returned payroll summaries
- the dates upon which the payroll summaries were returned
- and the dates upon which the returned payroll summaries were returned to the Finance Transactions Unit, Finance Branch, System Support Services Division.

2.6.31 Register of Audit Findings

The department has an obligation to address weaknesses in internal controls and processes that may be identified by either internal or external audit. As a means of recording the matters identified
Chapter 2 – Financial Management

by the audit process, the department shall establish a Register of Audit Findings to record those matters and to track the progress of their resolution.

An example of a Register of Audit Findings appears in FMT, Information Sheet 4.5 Register of Audit Findings and Resolution for XYZ Agency, issued by Queensland Treasury and Trade.

2.6.32 Register of Lobbyists

The Register of Lobbyists, which is maintained by the Integrity Commissioner, is a list of professional lobbyists who wish to lobby government representatives. It provides the public with significant details about professional lobbyists who represent a client’s views to government representatives.

This information has been provided to the Queensland Integrity Commissioner’s Office by external sources. It is not intended for any purpose other than in connection with the Register of Lobbyists.

Registered lobbyists and registered consultancy groups which are identified in the register with an asterisk, are members of the Government Relations Professionals Association Incorporated, which is an association established to represent the interests of lobbyists in Queensland and uphold high ethical standards among its members.

Any queries regarding the details provided by a professional lobbyist should be directed to the professional lobbyist concerned.

The register contains the following information

- the names of the lobbyists
- the lobbyists’ code of conduct
- the requirement to register
- the registration process
- changes in lobbyists’ details
- frequently asked questions
- scenarios
- registers in other jurisdictions and
- a register of lobbying contacts.

The department is required to report quarterly to the Integrity Commissioner on meetings held between public servants and lobbyists.

All operational units of the department are required to keep a register of meetings held by any staff member with a person on the Lobbyists Register. Lobbying activity is not permitted except with registered lobbyists

2.6.33 Register of Procedures Revision Manuals

A register must be maintained to record details of:

- the name of the manual being revised
- the section reference
- the name and the location of the disk file containing the document/s
• the date and the number of the revision, that is, the date of the revision is the date of the approval and
• the author’s name and section (optional).

2.6.34 Reproduced Accounting Record Register

This register is intended to be used to locate copies of documents converted to a more convenient medium such as electronically scanned documents where the original documents have been destroyed (or are destined for destruction).

Minimum particulars required are:

• a brief description of the original document or the group of documents
• the date of the document or the financial year to which it relates
• the date of the destruction of the original document
• the medium on which the copy has been made
• the box number, file reference number in which the copy has been stored
• the location of the storage or the departmental drive used and
• the date of the last check of reproduction quality.

Checks are to be conducted on that medium to confirm the ability to either reproduce paper copies from it or to view it reliably. Copies that are beginning to fail should be reproduced immediately as a scanned digital image.

2.6.35 Queensland Health Risk Register

As part of the department's risk profile, risk registers are to be maintained in the QH Risk Register to record risks that the department has identified.

The following information is to be included in risk registers:

• a description of the risk
• a single risk owner (by position not name)
• a risk review date
• current controls in place
• risk treatment/s which clearly define agree actions intended to be undertaken to moderate the risk
• a responsible position assigned to each risk treatment and
• assessment to determine the level of risk rating of the risk in terms of likelihood, consequence and risk rating

For further information refer to section 2.7 Risk Management and the Implementation Standard for Risk Management.

2.6.36 Special Payments Register

The following details in relation to special payments other than gifts, whose value exceeds $5,000, are to be recorded by the Director-General or delegate or delegate:
the date of the payment
the payment amount
the details of the payee
the cost centre and the general ledger account codes
file references (directing where the documentation has been filed)
the special payment category
and
the nature of the payment, details of the approval for the payment, and the reason for the payment having been made.

Refer to section 20 of the FPMS.

2.6.37 Travel Advance Register

This register, separate from the Accountable Advance Register – refer to FMPM section 2.6.2 Accountable Advance Register – is used to record:

• the full name of the officer receiving the advance
• the amount advanced
• the dates of departure and return
and
• the date and full details of the acquittal of the advance.

2.6.38 Treasurer's Approvals Register

The department must keep a register of all approvals by the Treasurer and all approvals by the Treasurer to exempt the department from applying the FPMS, in whole or in part, as well as any conditions attached, including the expiry date. The Director-General shall approve all requests addressed to the Treasurer.

2.6.39 User Charges Register

The department shall maintain a User Charges Register in which will be recorded all approved internal charges for the financial year. The register will be an up-to-date reflection of approved charges and charging by divisions.

The Statewide Own Source Revenue Unit will enter new internal charges in the register following approval by the Resource Executive Committee.

The register will be located on QHEPS within the Finance Branch website.

The internal charges approved by the Resource Executive Committee are distinct from the legislatively approved fees and charges.

Each year the Statewide Ownsource Revenue Unit will undertake a complete review of the Register of Internal User Charges (as distinct from legislatively approved Fees and Charges). The
Chapter 2 – Financial Management

The purpose of this review is for charging divisions to identify current user charges which require amendment and current user charges which are to be deleted.

2.6.40 Wage and Salary Overpayments Register

A Wage and Salary Overpayments Register is to be maintained to record all wage and salary overpayments. The register is to include:

- the name of the employee to whom the payment was made
- the amount of the payment
- a brief description of how the overpayment occurred
- the repayment plan
- alternate recovery action (litigation, for example)
- and
- the loss write off, if any.

2.7 Risk Management

2.7.1 Overview

Section 61 of the FAA requires that the accountable officer establish and maintain appropriate risk management systems.

The FPMS provides as follows with respect to risk management:

- section 7 prescribes the accountabilities of accountable officers in respect of system wide risk governance
- section 15(1)(h) requires the accountable officer to establish a risk management system
- in establishing the system, section 15 (2) requires that the accountable officer shall have regard to the FAH issued by Queensland Treasury and Trade
- section 15 (3) requires that the accountable officer must regularly review the system to ensure that it remains appropriate for managing the financial resources of the department
- and
- section 28 of the FPMS for further legislated obligations regarding risk management.

Risk management is an integral part of department’s management processes and a key activity of corporate governance. The department’s effectiveness is enhanced when risk management is part of the culture and is embedded in its values, practices and business processes. This includes decision-making by committees and boards.

The department’s model for risk management recognises each HHS and the department is responsible for its own risk management. It also recognises the need for health system wide risk management discussion and planning to occur across organisational boundaries. This is further explained in the Roadmap for System Risk Management.

It is generally accepted that risk is managed on an enterprise-wide basis, rather than it being the responsibility of a few officers to directly manage the risk. The application of effective enterprise-wide risk management practice as part of the strategic planning and monitoring systems of the department will ensure that decisions are founded on evidence-based decision making and are linked to the strategic directions of the department.
A Guide to Risk Management, issued by Queensland Treasury and Trade, defines risk management as the process of identifying, assessing and responding to risks and communicating the outcomes of these processes to the appropriate parties in a timely manner. The Guide provides practical support and guidance regarding establishing and applying effective risk management practices.

The ongoing monitoring of the impact of mitigation strategies is an essential part of the process and completes the cycle through ensuring that organisations are evaluating and updating their risk profile on an ongoing basis.

Risk management should not be an isolated function to be performed within the department. Nor should it be regarded as a simple compliance activity. Rather, it should form an integral part of strategic planning, management and everyday activities and operational processes undertaken by the department. The Director-General is responsible for ensuring that the department has a robust internal organisational culture and process capable of identifying and managing risks. It is a central part of corporate governance and should be embedded into everyday activities and governance arrangements.

To be effective, the approach to risk management needs to be consistent, standardised and integrated with activities in all areas that are relevant to risk, for example, strategic and operational planning, performance and clinical and general management. Risk management must be supported at the most senior level of the department and, in particular, risk management must be embedded at the operational and strategic level where accountability and responsibility are clearly defined.

Within the department, implementation of the Risk Management Framework is supported by two elements:

- Governance Branch is responsible for developing the Policy Framework, provision of risk advice in relation to implementation of the Policy Framework, coordination of system risks and the risk profile and administration of the department’s risk-based risk register system
- operational units which are responsible for implementing the principles of the Policy and Standards, and for controlling the risks to objectives within their respective areas of responsibility.

Integrated risk management is the systematic application of the risk management process in all activities undertaken at all levels of the department to manage its risks in a proactive, integrated, and accountable manner to ensure that risks are identified, analysed, prioritised and managed through continuous improvement to achieve its objectives.

Risk management frameworks and/or policies should be compatible with the international standard AS/NZS ISO 31000-2009 Risk Management Principles and Guidelines.

For further information regarding risk management - refer to:

- FAH, Information Sheet 3.1 Risk Identification and Management
- FMT, Information Sheet 3.1 Risk Management Template/Risk Management Matrix

issued by Queensland Treasury and Trade, and
Chapter 2 – Financial Management

- Risk Management Policies and Guidelines on QHEPS.

Issued by the department.

The Executive oversight of the department’s risk profile occurs through the Executive Management Team. This allows the Executive to communicate risks effectively across lines of responsibility. The Audit and Risk Committee advises the DG on the effectiveness of the overall system for risk management for the department and health system.

The Health Renewal Portfolio Board oversees and makes decisions about key risks that may impact renewal portfolio delivery.

Two working groups respectively support the implementation of the Risk Management Policy and the Roadmap for System Risk Management:

- Risk Management Working Group (Department of Health focus)
- Health System Risk Working Group (Health System focus)

2.7.2 Objectives

Departmental services will be managed in accordance with Queensland Government Policy, and requirements including standards for financial management, risk management and workplace health and safety.

Risks will be managed in a proactive, integrated, and accountable manner to ensure that risks are identified, analysed, prioritised and managed through continuous improvement and performance management strategies.

Proactive risk management will protect people, assets and revenue by avoiding or minimising the potential for loss and ensuring adequate provision of funds to recover from losses that do occur.

Systems must be in place to effectively and efficiently manage risks that may cause unacceptable costs or losses to the department, its officers, and/or to its operations.

The department’s Risk Management Policy, Implementation Standard and supporting documents are consistent with the risk management provisions contained within the FAA and the FPMS, and applies to all departmental officers and employees.

2.7.3 Policy and Principles

The department’s risk framework includes:

- Risk Management Policy
- Implementation Standard for Risk Management
- Procedure for Risk Assessment and Treatment
- Risk Analysis Matrix
and
- Executive Risk Profile Process Map
which describes the intent, roles and responsibilities, accountabilities and process for the department’s risk management.

These documents can be accessed on QHEPS at: http://qheps.health.qld.gov.au/audit/IRM_Stream/policies.htm

The Department of Health Risk Management Policy and supporting Implementation Standards are based on the following principles:

- Creates and protects value:
  - achieves objectives, performance and financial efficiency

- Is an integral part of all organisational processes:
  - risk management is integrated with all planning and governance processes

- Is a part of decision making:
  - resource allocation is cost effective and delivers value to the community.

- Explicitly addresses uncertainty:
  - risks are analysed and reviewed, ensuring uncertainty is understood and adequately moderated within the Department’s risk appetite

- Is systematic, structured and timely:
  - is consistent with the Department’s risk framework and AS/NZS ISO 31000:2009

- Is based on the best available information:
  - all sources of valid information are used in discussion and review of risks

- Is tailored:
  - consistent with the Department’s principles, processes and tools while taking into account local context and any additional requirements or needs

- Takes human and cultural factors into account:
  - rational, open, unbiased consideration of risk

- Is transparent and inclusive:
  - activities and communications are transparent and inclusive of all divisions and CBUs. All business areas understand and moderate risks within the department and with partners and other key stakeholders

- Is dynamic, iterative and responsive to change:
  - adaptive to change and uncertainties which may change priorities and/or the frequency of reviews of some risks

- Facilitates continual improvement of the organisation:
  - supports the pursuit of opportunities and innovation and delivers performance improvements and efficiency. Innovation, contestability and other performance and
efficiency opportunities are pursued while risks are well managed to ensure improvements are realised.

2.7.4 Risk Management Process

The department’s risk management process is based on AS/NZS ISO 31000:2009 and is detailed in the department’s risk framework – refer to FMPM section 2.7.3.

Refer also to:

- FMPM section 2.6.34 QH Risk Register
- FMPM section 2.10.7 Audit Committee
- FMPM section 5.7.3 Revenue Risk Categories
- FMPM section 6.2.5 Contract Performance Guarantee
- FMPM section 13.2.4 Internal Control Limitations and Risk Assessment
- FMPM section 13.10.1.9 Governance and risk management
- Audit Committee Guidelines: Improving Accountability and Performance, issued by Queensland Treasury and Trade.

2.8 Security and Specific Controls

2.8.1 General Responsibility

The Director-General or delegate is responsible for ensuring that adequate arrangements are developed, implemented and maintained for the security and control of all assets, income, expenses and liabilities within the department, both during and outside normal working hours, ensuring that:

- as far as is practicable, all cash is kept at a bank - refer to FMPM section 7.3 - Bank Account Management
- petty cash is locked away in a secure place when not in use
- where collections, salaries and wages/contract labour payments, accountable advances, inventories or other current assets are held in the safe custody of an authorised accounting officer, reasonable security is provided to restrict the access of unauthorised persons to those assets - refer to FMPM section 2.8.4 Security of Money
- bar-coding or other suitable marking equipment is used to clearly identify the assets of the department
- adequate security measures, for example, physical locks, stock takes and physical access restrictions, are implemented to protect assets from unauthorised use, abuse, damage, and theft
- public moneys and property under the control of operational units are not used for private purposes, or are kept with personal money or property, without the written approval of the Director-General or delegate
- officers and employees return all departmental assets in their possession before their transfer within Government, retirement, dismissal or resignation.

Refer to the following FMPM chapters for policy and practice requirements relating to income, expenses, assets and liabilities:
Chapter 2 – Financial Management

- FMPM chapter 5 Income Management
- FMPM chapter 6 Expense Management
- FMPM chapter 7 Asset Management
- FMPM chapter 8 Liability Management.

2.8.2 General Security Considerations

Money or property held in trust is to be recorded in a specific register maintained by operational units and stored separately from departmental assets refer to FMPM section 2.6.26 Money and Property Received Register.

All physical assets must be properly stored and protected. Physical security over all assets must be such that the threat of unauthorised access or the impact of environmental or other hazards is reduced to an acceptable level, given the possibility of a threat occurring, and the cost of disruption to departmental operations if it did.

In relation to information technology assets, the requirements of Information Standard No. 18 - Information Security issued by the Queensland Government Chief Information Office must be observed. This standard can be accessed at:


Reference should also be made to Queensland Health IT Security Policy which can be accessed at – Queensland Health Information Security Policy.

Due to accountability requirements, specifications for safes, strongboxes, and strong rooms should be given special consideration before purchase.

Where a safe, strongbox or strong room is fitted with a combination lock, the combination relating to that lock must be known only by those officers responsible for opening the device at the beginning of each day, and reeling off the combination at the end of each day.

The combination must be changed:

- upon the departure of an officer previously using such device
- where knowledge of the combination by un-authorised persons is suspected
- where an officer is no longer responsible for the safe, strongbox, or strong room
- or
- at least annually.

A full set of all keys to secure storage devices must be placed in the safe custody of a bank or other place of security.

Keys to security devices must be of a kind that cannot be duplicated without written authorisation to do so. Keys to security devices must be held by both the respective departmental officer with authorised access and another responsible officer, either on themselves, or otherwise in a secure place.

In the case of any pre-arranged absence of the key holding officer, responsibility for the key/s may be transferred to another officer. Otherwise, when the key holding officer is unavailable, and it is
necessary to obtain access to the storage device, the key must be obtained from that officer, or the duplicate key obtained. The storage device is to be opened in the presence of two officers who are to count the moneys contained and sign a record thereof - refer also to FMPM section 2.8.4 Security of Money.

Where any discrepancy or other weakness is discovered in a check of any internal control system, the officer performing the check is to ensure that the discrepancy or weakness is immediately investigated and action is taken to ensure that it is rectified.

Refer to FMPM section 2.9 Internal Controls for further general control requirements.

### 2.8.3 Access to Premises

In the determination of security procedures, consideration must be given to relevant guidelines approved by Cabinet. Particular attention must be given to:

- the safety of the public and of departmental officers and employees handling money
- the security of public and other moneys, and property and
- the efficiency and economy of departmental operations.

Except for defined departmental areas available to the public, access to departmental premises during business hours is to be restricted to departmental officers and employees and to other authorised persons.

Except where other arrangements have been made, departmental areas must be securely locked outside business hours, and keys and/or combinations to those locks must only be available to authorised personnel.

Operational unit procedures may also need to provide for the:

- security of certain assets overnight
- or
- assignment of assets to individual officers who shall then take responsibility for the security of those assets at all times.

### 2.8.4 Security of Money

All money is to be kept in a secure place at all times and must not be able to be accessed by unauthorised persons. Signed cheques are to be securely stored, and not left unattended in in/out trays, pigeon holes or similar receptacles.

All money and stamps on hand must be stored in a device providing security. Where money is held in money containers, such as, cash drawers or money tins when not in use, or if the responsible cash handling officer leaves the work area for any length of time, the containers must be locked and also stored in a device providing security.

At the close of business each day, each authorised officer with the custody of public moneys, who is also provided with a device for the secure storage of those moneys, must ensure that those moneys are locked in that device, and must retain the key. Where a money container is provided, that container must also be stored in the secure storage device.
Public moneys held by authorised officers who are also responsible for any other duty relating to the accounting for those moneys, shall be subject to an internal check at least monthly as to the actual amount on hand.

Security arrangements regarding moneys under the control of authorised officers or employees should be reviewed at regular intervals by the Director-General, delegate or officer performing an internal check, to ensure that those arrangements are adequate.

Where an officer or employee involved in handling public or other moneys does not arrive for duty, and his/her duties are to be performed in his/her absence by a relieving officer or employee, that relieving officer or employee and a senior officer or employee in the department must:

- together count the moneys to be handed-over before the actual hand-over to the relieving officer or employee
- prepare and both sign a suitable record of those moneys, and any accompanying vouchers or other relevant paperwork at the time of hand-over.

Where an officer or employee who is authorised to handle moneys is absent from duty without satisfactory explanation, prompt investigation of the records maintained by that officer or employee shall be carried out.

On all other occasions where control over moneys is to be passed from one authorised accountable officer or employee to another, due to relieving or any other arrangements, the first mentioned officer or employee is to:

- count the moneys and check the records to be handed-over in the presence of the replacement officer or employee
- hand-over to the other officer or employee all public and other moneys, all public and other property, and all accounting records, in his/her possession
- prepare and sign a return in respect of what is handed-over.

All accounting records shall be balanced immediately before handing them over to another officer or employee. The replacement officer must satisfy him/herself of the accuracy of the signed return, and moneys and accounting records handed-over, and then sign that return. If an irregularity is identified by the replacement officer or employee, he/she should immediately report this to the senior officer or employee in charge.

Refer to section 73 of the FAA regarding recovery of moneys.

Refer to FMPM section 2.1.3.14 Authorised Accounting Officer Being Relieved, for further information.

Those positions responsible for the security and custody of moneys including all forms of payment should be identified in the relevant procedure manuals - refer to:

- FMPM section 6.4 Processing and Payment
- FMPM section 5.6 Receipting of Funds.
2.8.5 Equipment Loaned by the Department of Health

The loan of operational unit assets, including portable and attractive items, for non-official or unauthorised purposes is not permitted. Assets may be removed from an operational unit’s premises only if their removal is authorised in writing beforehand by the Director-General or delegate. Such delegations of administrative authority, and resulting approvals, are to be in writing.

Requests to borrow assets are to indicate the specific need and expected period of use. Where, however, assets are routinely required to be used away from the department’s premises in the pursuit of official business, standing written loan arrangements for individual officers or employees are to be put in place.

Any officer or employee borrowing an operational unit asset has a duty of care to ensure that the borrowed asset:

- is not lost or damaged
- and
- is returned by the specified date and in a similar condition to that when it was originally received.

Where an asset is lost or damaged while in the possession of an officer or employee, details of the loss or damage must be reported in writing to the approving officer.

The approving officer is to investigate the circumstances of the loss or damage and is to submit to a relevant higher authority a recommendation for appropriate action such as write-off, recovery from the borrowing officer or employee or other appropriate action.

Refer also to FMPM section 2.6.25 Losses Register for further guidance regarding the appropriate action to be taken.

Loans of physical assets to parties external to the department are to be similarly recorded, as well as the loan being acknowledged in a register.

Where an asset has been on loan for at least six months, the loan arrangement shall be reviewed, and consideration given to making a permanent transfer of the asset subject to the consent of both parties. If such a transfer is not agreed to, the asset should be either returned to the department, or the loan arrangement allowed to continue with further reviews at six monthly intervals.

Refer to the Code of Conduct for the Queensland Public Service for further guidance as to usage of the department’s assets.

Refer also to FMPM section 2.6.4 Assets Loaned Register.

2.8.6 Equipment Loaned to the Department of Health

Such loaned assets are to be maintained in good condition as if they were the operational unit’s own assets, including arranging all necessary repairs. The loaned assets must be returned in good order and condition, fair wear and tear excepted.
2.9 Internal Controls

2.9.1 Overview

The Director-General, as the accountable officer, is required, pursuant to section 7 of the FPMS, to establish a governance framework appropriate for the department. Governance includes establishing a performance management system, a risk management system and an internal control structure.

Section 8 of the FPMS provides for the legislative requirements regarding the internal control structure.

Internal controls are the methods and procedures adopted within an entity to:

- safeguard its assets
- ensure the accuracy and reliability of financial information
- ensure compliance with all financial and operational requirements
- generally assist in achieving the entity's objectives.

Reference should be made to the following:

- FMPM section 2.1.3.1 Internal Control Framework
- FMPM section 10.9 Corporate Internal Controls
- FMPM chapter 13 Internal Controls.


For further guidance regarding internal controls – refer to:

- FAH, Information Sheet 2.1 What is Governance?
- FAH, Information Sheet 2.2 What is a Control Environment?
- FAH, Information Sheet 2.3 What are Internal Controls?
- FAH, Information Sheet 2.4 Limitations of Internal Controls
- FAH, Information Sheet 3.2 Internal Control Structure
- FAH, Information Sheet 4.1 Monitoring and Assessment of Internal Controls
- FMT, Information Sheet 2.3 Internal Controls Accountability Framework
- FMT, Information Sheet 4.1 Monitoring/Assessment of Internal Controls

issued by Queensland Treasury and Trade.

2.9.2 Design of Internal Controls

Systems of internal control within operational units shall be designed to ensure that:

- operations are conducted in an orderly and efficient manner, and in accordance with corporate goals and objectives
- transactions are processed in accordance with management's general or specific authorisation
transactions and events are promptly recorded for the correct amount, in the appropriate accounts, and in the accounting period to which they relate; for material amounts a check should be made with the Finance and Asset Accounting Team or delegate to confirm whether the period is open or closed; periods will not be opened for immaterial amounts

accountability for assets is maintained, records are compared with existing physical assets at reasonable intervals, and appropriate action is taken with regard to any differences - refer also to FMPM section 7.12.4 Asset Stocktakes for detailed stock take requirements

assets are safeguarded from unauthorised use or disposal, and access to them is permitted only in accordance with management’s authorisation

irregularities are prevented as far as possible, and are detected promptly should they occur and

financial records and other relevant databases completely and accurately reflect all operational transactions and activities, and permit the preparation of financial information in accordance with applicable accounting policies.

The costs, benefits and functions provided by internal controls should be regularly evaluated.

Reference should be made to FAH, Volume 3 Designing Internal Controls, issued by Queensland Treasury and Trade.

2.9.3 Adequate Controls

Adequate cost-effective systems of internal control and reporting must be established and maintained by line management within each of the operational units to monitor and ensure that:

- responsibility is assigned to appropriate officers
- prescribed requirements are complied with
- practices and procedures are operating in accordance with requirements as set out in this FMPM and in relevant procedural manuals
- the effective, efficient and economical management of resources
- the function of record keeping is separated from any other function as far as is practicable
- the department’s strategic goals are accomplished by managing risk exposure, including highlighting possible fraud and inefficiency and avoiding waste and extravagance - refer to FMPM section 3.2.2 Strategic Planning
- accounting transactions are not duplicated or inappropriately processed
- incorrect accounting transactions are identified, rejected or corrected in a timely manner
- prevent errors, frauds and other irregularities, as far as possible, and to promptly detect them if they occur
- ensure accuracy, completeness, reliability and relevance of transactions, timely financial and management information reflected in the accounting records within a framework of recognised accounting policies, in the period in which they occur
- ensure compliance with all financial, regulatory and operational requirements
- ensure that transactions are executed in accordance with management’s general or specific authorisation
- safeguard assets from unauthorised use or disposal
- physical controls are established over access to and use of assets and records and
- adequate organisational and accounting practices and procedures are established to ensure accounting records, whether computer-based or otherwise, are:
  - subject to adequate and effective checks and balances to preserve their integrity and
accuracy, and to ensure the reliability of financial reports

- kept secure and protected from unauthorised access or alteration
- printed, typed or written in permanent ink where kept as a hard copy, and that any errors are corrected by ruling through, initialling and dating; correction fluid is not acceptable and
- retained in accordance with the FPMS.

Internal controls shall include:

- internally checking and independently verifying data
- preparing reconciliations and other administrative controls
- properly authorising transactions and activities
- preparing reasonable documentation and records on a timely basis
- maintaining a well organised chart of accounts
- preparing and maintaining comprehensive and current manuals
- verifying transaction balances
- providing regular assurance as to whether the system is cost effective
- regularly verifying the existence of assets against recorded information about the assets and follow up on the results of the comparison
and
- preserving the accuracy, integrity and reliability of information systems.

In developing and implementing internal controls, consideration shall be given to the following:

- the inherent limitations of internal control
- the availability of internal controls
and
- the cost effectiveness of particular controls.

Determination of an adequate and cost-effective internal control for a particular item or accounting record depends on an assessment of the risk of errors, fraud, theft or other misfortune occurring - refer to FMPM section 2.7 – Risk Management.

Arrangements for the segregation of duties are to be implemented, wherever possible, to enhance internal checking and controls, consistent with the risks involved.

Departmental officers responsible for the maintenance of accounting records must:

- regularly examine and, where necessary, balance those accounting records to ensure their accuracy
- where applicable, regularly examine and follow-up all outstanding items or discrepancies identified thereon
- unless given instructions to the contrary, prepare any statement required of transactions/balances dealt with in those accounting records
and
- carry out any additional reviews of those accounting records as necessary.

Every authorised accounting officer or internal checking officer who performs any duty assigned to him/her must provide evidence of having performed that duty by signing/initialling and dating the accounting records prepared or checked by him/her in accordance with any required certification for that function.
Departmental officers must not use either green or purple ink or other marking to produce, annotate or otherwise mark records. Green ink is reserved for officers from the Queensland Audit Office (QAO), while purple ink is reserved for internal audit officers.

Operational unit procedures must document appropriate controls to be observed in signing official documents or electronically approving records, files or transactions. Signatures must comply with approved delegations of authority. Procedures must specify the delegations, personal identification numbers (PIN) numbers and passwords assignable specifically for the release of funds via electronic funds transfer (EFT).

Impressed or lithograph signatures must not be used on accounting records, except where specifically authorised by the Director-General and used in connection with the issue of cheques, payment summaries, receipts and similar output documents where this is legally acceptable and in accordance with relevant procedure manuals. Similarly, a rubber stamp signature must not be used on any documents used in conjunction with the making of payments. Such documents must be signed personally by the officers concerned.

Tight security must be maintained over equipment, its associated keys and electronic signatures.

Where the cheque signature is stored electronically and printed directly onto the cheques as they are printed, tight security must be maintained over the cheque preparation process and the computer system within which the signature is stored.

Relevant procedures are to indicate, in particular:

- the locations to be identified on all relevant stationery:
  - the principal place of business
  - places for the receipt of money/goods
  - and
  - places for the lodgement of claims
- the position/s responsible for the security, custody and prompt acknowledgment of revenue and assets accepted
- the position/s responsible for verifying the existence and condition of assets during each financial year.

For further information – refer to:

- **FAH, Information Sheet 4.1 Monitoring and Assessment of Internal Controls**
- **FMT, Information Sheet 4.1 Monitoring/Assessment of Internal Controls**
- issued by Queensland Treasury and Trade.

### 2.9.4 General Ledger Controls

Where appropriate, financial systems should, as an essential internal control, incorporate a balancing or reconciliation function including the utilisation of general ledger control accounts and related subsidiary ledgers.
Wherever a subsidiary ledger exists, for example, for inventory, cash advances, accounts receivable and suspense accounts, the detailed ledger must be reconciled, at least monthly by operational units and the parent entity, to the independently maintained control account(s). All discrepancies must be identified and resolved promptly. All such reconciliations are to be documented and signed by both the preparer and the supervisor responsible for reviewing them.

In addition to reconciling general ledger control accounts to subsidiary detail, reconciliations should also be carried out at least monthly, between general ledger figures of inter operational units and also with any corresponding figures in other Government systems.

An audit trail is to be maintained to ensure transparency and traceability.

In both of the above cases, any discrepancies are to be clearly identified, and action taken to resolve each discrepancy as quickly as possible.

Input documents, including load and interface files, submitted for processing must be accounted for. The number and value of transactions submitted must be reconciled with processing results.

Mechanisms must be built into all general ledger systems to report daily to the relevant supervisor, cases of transactions being backdated to a prior month after the ledger had been closed for that month, and any circumstances preventing a transaction from being processed to the ledger, for example, an invalid account number.

Replaced/cancelled cheques processed shall be reported daily to the relevant supervisor.

Responsibility for the maintenance of any computer system should be segregated from the actual operation of that system, wherever possible.

Mechanisms must also be built into all general ledger systems to report daily to the relevant supervisor, all general ledger maintenance work carried out on ledger accounts and cost centres.

2.9.5 Subsidiary Ledger Control Accounts

Subsidiary ledger control accounts are maintained within the general ledger and are intended to verify the accuracy of transaction postings to the subsidiary ledger. The general ledger account is updated with totals only of the detailed postings within the subsidiary ledger, and the general ledger account balance must equal the sum of the individual account balances within the subsidiary ledger.

The types of subsidiary ledger control accounts that may exist are:

- inventory
- advances
- investments
- non-current physical assets
- accounts receivable
- accounts payable
- suspense accounts
- clearing accounts
- payroll
The subsidiary ledger must be regularly reconciled to the control account. All discrepancies must be identified and resolved promptly.

The general ledger control accounts must be maintained separately, that is, there must be one control account for each subsidiary ledger, and two or more subsidiary ledgers cannot be controlled by a single control account.

Subsidiary ledger transactions must originate from authorised source documents.

Subsidiary ledger control accounts are blocked against journal entries to these accounts. For reporting purposes, end of period accrual journals are coded to general ledger accounts that are not control accounts.

Reconciliations should be documented, signed and dated by the preparer and by the officer responsible for reviewing it.

2.9.6 Suspense Accounts

Suspense accounts may be maintained by operational units in respect of revenue and/or expenditure transactions.

Suspense accounts are defined as accounts established to hold transaction information pending either:

- a determination as to the most appropriate recording treatment in the general ledger
- the correction of any invalid or rejected transactions.

Action must be taken to clear transactions from suspense accounts as quickly as possible.

Quarterly reports must be submitted to the relevant finance manager in respect of all items remaining in a suspense account for more than six months. Such reports are to be prepared by all accounting officers responsible for the monitoring of suspense accounts, and are to reconcile with the suspense account balance.

The particulars of all suspense account transactions over six months old are to include:

- the action taken to identify the source of each suspense transaction
- the name of the payer, if known, or payee, as appropriate
- the reason for the payment, if known
- the reason the receipt/payment has not been cleared
- the recommended action regarding each suspense receipt/payment
- the anticipated date of clearance.

2.9.7 Journal Adjustments

Journal transactions are sensitive and powerful accounting transactions, which adjust data recorded in the general ledger. As a result, there must be an appropriate segregation of duties between preparation, authorisation and processing responsibilities.
Input of journal vouchers to a general ledger is to be restricted to authorised journal posting officers who have received adequate training. The general ledger system incorporates access controls. When granting an individual's access, separation of duties is to be considered. These controls are to be documented and reviewed regularly.

For journal adjustments, the authorised accounting officer has an obligation to ensure:

- the accuracy of the details, including accounts/cost centres, of all journal transactions
- the attachment of, or reference to, adequate supporting documentation
- the approval of all journal transactions by authorised officers before those transactions are processed
- the processing of necessary prior period adjustments
- the input of adequate details, including explanatory text/narrations into general ledger systems, to facilitate subsequent reviews of those transactions and to provide an effective audit trail
- the prevention of duplicate processing once transactions have been input into general ledger systems
- the cross-referencing of documentation including the original transactions/balances where a journal adjustment transfers transactions/balances between accounts and/or cost centres and
- the review of the results of journal processing, and the follow-up and/or correction of any apparent errors.

Refer to FMPM sections 10.2.9 Journals and Expenditure Transfer Vouchers and 10.8.8 - Journal Entries for more information on this topic.

2.10 Internal Audit

2.10.1 Overview

2.10.1.1 Legislative basis

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the operations of the department. This is achieved by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Section 29(2) of the FPMS provides that the accountable officer must establish an internal audit function for the accountable officer’s department.

Section 29 (3) of the FPMS outlines that once an internal audit function has been established, appropriate systems must be developed and implemented to ensure that the internal control function operates efficiently, effectively and economically. To achieve this, the internal audit function should conform to the International Professional Practices Framework (IPPF) developed by the International Institute of Internal Auditors.

The internal audit function must operate under an internal audit charter approved by the Director-General and as recommended by the Audit Committee of the department. The charter, which is to be aligned with the IPPF, states that internal audit has no limitation on access to information that it may require for the performance of its duties. Internal audit is authorised to review all areas of the
department and to have full, free and unrestricted access to all organisational activities, records, property and personnel. Management is responsible for ensuring that internal audit has the support of departmental staff.

This charter incorporates:

- internal audit's role
- the independence of the function
- relationship with the Audit Committee
- relationship with external audit
- competence and standards
- conduct of audit work
- audit planning
and
- internal audit's reporting relationships.

Refer to the Internal Audit and Audit Committee Framework, issued by Queensland Health.

Refer also to FPMS, Part 2, Division 5, Internal audit and audit committees.

2.10.1.2 Head of Internal Audit

The FAA outlines the functions and duties of the accountable officer in each department. The accountable officer is ultimately responsible to the Minister and to the Parliament for the performance and actions of the department.

The FAA requires the accountable officer to delegate the accountable officer’s functions to an appropriately qualified public service officer of the accountable officer’s department or other appropriately qualified public service employee or other employee of the State. The Act contains a mandatory delegation for departments in section 78 requiring the accountable officer to delegate certain responsibilities to a Head of Internal Audit (HIA). The FAR specifies the minimum qualifications of the officer nominated to the HIA role.

For further information – refer to:

- FAH Information Sheet 2.6 Head of Internal Audit
- FAH Information Sheet 2.9 Internal Audit
and
- FAH Information Sheet 5.4 Audit Role in Financial Statement Preparation

issued by Queensland Treasury and Trade.

2.10.2 Objectives

The objectives of internal audit are:

- to ensure that all corporate activities and operational units comply with departmental policies and procedures and that these activities conform to legislative requirements and to all professional standards
- to ensure that systems are in place for the internal audit function to operate efficiently, effectively and economically
• to provide sound practical advice, assistance and professional support to the Director-General and to any other interested parties on any matters affecting the delivery of health care services in the department 

and

• to provide authoritative, confidential advice and counsel to appropriate officers or employees of the department on matters and issues arising from audits or reviews in the department.

Internal audit performs this role by providing independent advice regarding the:

• reliability and integrity of information
• compliance with policies, plans, procedures, laws and regulations
• design, development, implementation, and the operation of systems, procedures, processes and controls, whether manual or computer based
• safeguarding of assets
and
• economical and efficient use of resources.

2.10.3 Scope

As an internal assurance provider, internal audit is part of the department, yet independent from its core activities. Departmental management is responsible for the achievement of business objectives which includes the prevention and detection of fraud and the design, implementation and monitoring of adequate and effective systems of internal control. Internal audit is independent of all operational and functional management and does not assume any management functions in its capacity as internal auditor. Internal audit, therefore, has no authority or responsibility for the activities within the department which they audit. Internal audit’s mandate is to improve the overall effectiveness of risk management, control and governance processes. It expresses an opinion regarding the adequacy and effectiveness of the internal controls and it assists the department via consulting services where appropriate.

Internal audit generally has no executive or management powers, authorities, functions or duties, except those relating to management of the unit. It is not involved in the day-to-day operation of the department’s accounting and financial management information/ control systems, or in internal checking systems.

Internal audit must be totally independent of the activities and organisational areas that it audits.

The internal audit unit is not responsible for the detailed development/ modification or implementation of new systems, but should be consulted at key stages on such matters to ensure that:

• adequate controls are incorporated
• system documentation is complete
and
• proper testing is performed prior to implementation.

Internal audit unit activity may cover any aspect of departmental operations, and may involve assessing and expressing opinions on:

• the design, development, implementation and operation of systems, procedures, processes and controls, either manual or computer-based
Chapter 2 – Financial Management

- the reliability and accuracy of information available for decision-making and accountability purposes
- the adequacy of protection of public funds and assets
- and
- the extent of compliance with legislative requirements and departmental policy, for example, the FMPM.

Internal audit unit officers must have full and free access to:

- activities, accounts, records, systems, documents, physical assets, and all other relevant information and property of the department
- the Director-General
- the Audit Committee
- the Executive Management Team
- and
- departmental officers at reasonable times.

Departmental officers and employees must provide internal audit officers with such information, advice, explanations or assistance as necessary to allow them to undertake an effective internal audit.

To facilitate the audit process and to encourage acceptance of audit findings, managers of audited areas are generally kept informed of the audit’s progress via regular briefings throughout the course of the audit. The reporting requirements of internal audit are set out in the Internal Audit Charter.

2.10.4 Internal Audit Operations

Appropriate systems must be developed and implemented to ensure that the internal audit function operates efficiently, effectively and economically. To achieve this, the internal audit function should conform to the International Professional Practices Framework (IPPF) developed by the International Institute of Internal Auditors (IIA).

The IIA has developed the IPPF to provide internal audit guidance. The IPPF consists of:

- Code of Ethics - definition of Internal Auditing and Standards (mandatory)
  - Practice Advisories (strongly recommended)
  - Position Papers (strongly recommended)
  - Practice Guides (strongly recommended).

**Code of Ethics.** The purpose of the Code of Ethics is to promote an ethical culture in the profession, since the profession is founded on trust placed in its objective assurance about risk management, controls and governance. Under this code, internal auditors are expected to apply and uphold the principles of integrity, objectivity, confidentiality and competency.

The Code of Ethics states that all internal auditors shall perform internal audit services in accordance with the Standards.

**International Standards for the Professional Practice of Internal Auditing.** These standards represent best practice for internal auditing. They are the criteria by which the operations of internal audit are evaluated and measured.
Attributable Standards. These standards cover the attributes of individuals/organisations performing internal audit services. They refer to:

- the Purpose, Authority and Responsibility of Internal Audit
- Independence and Objectivity
- Proficiency and Due Professional Care
- Quality Assurance and Improvement.

Performance Standards. These standards cover the nature of internal audit services and the criteria against which the performance of audit services can be measured. They refer to:

- Managing Internal Audit (planning, communication and approval, resource management, policies and procedures, coordination and reporting)
- Nature of Work (governance, risk managing and control)
- Engagement Planning (planning, objectives, scope, resource allocation and work program)
- Performing the Engagement (identifying information, analysis and evaluation, documenting information and supervision)
- Communicating Results (criteria, quality, errors and omissions, disclosure of non-conformance and disseminating results)
- Monitoring Progress
- Senior Management Acceptance of Risks.

Practice Advisories. Practice Advisories assist internal auditors in applying the Definition of Internal Auditing, the Code of Ethics and the Standards and in promoting good practices. Practice Advisories address internal auditing’s approach, methodologies and consideration but do not detail processes or procedures. They include practices relating to international, country specific or industry specific issues, specific types of engagements and legal or regulatory issues.

Position Papers. Position papers assist a wide range of interested parties, including those not in the internal audit profession, in understanding significant governance, risk or control issues and delineating related roles and responsibilities of internal auditing.

Practice Guides. Practice Guides provide detailed guidance for conducting internal audit activities. They include detailed processes and procedures, such as tools and techniques, programs and step-by-step approaches as well as examples of deliverables.

In order to ensure independence, the internal audit unit reports functionally to the Director-General and to the Audit Committee.

Internal audit reports are presented at all meetings of the Audit Committee. If considered beneficial by the Chair of the Audit Committee, additional meetings may be held with internal audit. Reporting is through periodic summaries of results of audit activities and performance against plan.

After the completion of an audit, internal auditors generally issue draft audit reports of their audit reviews and evaluations of business activities. These draft reports will then include responses by managers to finalise the report.

Internal audit provides reports on the results of audit activities as follows:
• written reports to the Director-General on all audits and reviews conducted
• copies of all reports to the Audit Committee and to the Queensland Audit Office (QAO)
and
• copies of reports to the relevant executives and managers.

Audit reports include management’s responses and corrective action taken, or to be taken, with regard to audit findings and recommendations. The quarterly report to the Audit Committee and to the Director-General will include details of Follow-Up audits, indicating the status of the implementation of management actions in response to audit findings and recommendations.

The HIA, who reports to the Audit Committee and to the Director-General, is authorised to present directly to the Minister any significant matters which, in the judgement of HIA, have not been satisfactorily resolved by appropriate action by management.

The HIA is also authorised to present directly to the Auditor-General any significant matters which, in the HIA’s judgement, have not been satisfactorily addressed or resolved by appropriate action of the department.

The HIA, will prepare a systematic and objective audit report for every audit performed. Audit reports summarising major audit issues will be regularly prepared and provided to:

• the Director-General
• Executive Management Team
and
• the Audit Committee.

2.10.6 Relationship with the Queensland Audit Office

The roles and objectives of internal and external audit differ.

Internal audit is primarily concerned with the internal control framework and is responsible for expressing an opinion on the adequacy and effectiveness of internal controls. Management is responsible for the design, implementation and monitoring of adequate and effective controls.

Internal audit evaluates the control environment to provide reasonable assurance that objectives will be met in the future. External audit expresses an opinion on financial statements which represent historical information. QAO may also conduct performance audits and audit the performance management systems of agencies.

Notwithstanding that the roles and objectives differ, QAO may rely, to a certain extent, on the work of internal audit. Some of the means of achieving the respective objectives of internal audit and QAO are often similar and, thus, certain aspects of the work of internal audit may be useful in determining the nature, timing and extent of external procedures. In effect, QAO relies on the work done by internal audit to assess the control environment. This assessment influences the amount of work that QAO does and may have an influence on the scope of external audit work.

Internal audit consults on a regular basis with QAO representatives to:

• ensure appropriate coverage of audit work
• minimise unnecessary duplication of audit work
and
• maximise the efforts of any audit activity.
Internal audit cooperates with QAO representatives, and also makes available to them their working papers, audit reports, management responses, and annual audit plans - refer to FMPM section 2.12 - External Audit for further information.

The Audit Committee oversees the department’s liaison with QAO in relation to the department’s proposed audit strategies and plans.

2.10.7 Audit Committee

The department must establish an Audit Committee pursuant to section 35 of the FPMS and must prepare terms of reference for the committee.

Refer to:

- FMPM section 13.6.2 Audit Committee for further information regarding the Audit Committee and
- Information Systems Audit and Control Association.

2.10.8 Register of Audit Findings

For information regarding the Register of Audit Findings – refer to:

- FMPM section 2.6.30 Register of Audit Findings and
- FAH, Information Sheet 4.5 Register of Audit Findings and Resolution for XYZ Agency issued by Queensland Treasury and Trade.

2.11 External Audit

2.11.1 Legislative Authority

Pursuant to the Auditor-General Act 2009, section 30 (AGA), the Auditor-General of Queensland is required to audit each year the financial records and financial statements of all Queensland public sector entities and to provide independent reports to the Queensland Parliament. The Auditor-General is empowered to decide as to how best to conduct each audit, that is:

- financial statement audits
- performance audits
- collaborative audits
- follow-the-dollar audits.

Financial statement audits provide independent assurances to the parliament and to the community that the information contained in the financial statements of public sector entities is presented fairly and in accordance with Australian Accounting Standards and applicable legislation.
**Chapter 2 – Financial Management**

**Performance audits** evaluate whether an entity or government program is achieving its objectives effectively, and doing so economically and efficiently and in compliance with relevant legislation. The Auditor-General must prepare a strategic audit plan in relation to performance audits which are proposed in the next three years.

For information regarding a performance audit – refer to section 37A and 38A of the AGA.

**Collaborative audits** allow the Auditor-General to work in conjunction with other Audit Offices and to share information where the Auditor-General reasonably believes that there is an interest for the Commonwealth or other State government in the audit topic.

For information regarding a collaborative audit – refer to section 42A of the AGA.

**Follow-the-dollar audits** permit the Auditor-General, under certain conditions, to undertake audits of non-public sector entities in relation to the effective use of funds provided by government agencies.

For information regarding a follow-the-dollar audit – refer to section 36A of the AGA.

The Queensland Audit Office (QAO) is an independent office which assists the Auditor-General in discharging the Auditor-General’s legislated responsibilities.

The QAO’s primary client is the Queensland Parliament. The QAO reports findings directly back to the auditees with any significant issues reported to the Minister, parliament and to the Treasurer.

2.11.2 Audit Engagement

The audit engagement letter, the relevant annual Client Strategy and the Conditions of the Audit Engagement will form the entire agreement between the QAO and the department relating to the services to be provided.

The audit will be conducted on a fee for service basis.

2.11.3 Conduct of the Audit

All accounting and associated records of the department are to be audited by the QAO. The audit will be conducted in such manner as considered appropriate, having regard to:

- Auditor-General of Queensland Auditing Standards
- standards issued by the Australian Auditing and Assurance Standards Board (AUASB) to the extent that these are not inconsistent with the requirements of the AGA or other applicable legislation
- the timeframes of the Queensland parliament
- the department’s internal controls including internal checks
- internal audit activities - refer to FMPM section 2.10 - Internal Audit
- recognised professional accounting standards and practices and
- any other pertinent circumstances.

Sections 46-48 of the AGA provide the Auditor-General’s powers with respect to:
Chapter 2 – Financial Management

- access to documents and property
- obtaining information
  and
- obtaining evidence.

The external audit process will involve three phases:

- planning
- interim
  and
- final.

During the planning stage, the QAO will assess the departments control environment to develop an audit strategy. The proposed audit strategy, and the audit fee, will be communicated to the department through a client strategy letter. In addition, the audit timetable will be agreed with the department.

Internal controls will be tested during the interim period, the results of which will determine the extent of transaction testing to be performed.

The final phase will focus on the department’s annual financial statements as well as any intervening period audit coverage of transactions processed since the interim audit phase.

The Auditor-General or a QAO representative may request any departmental officer or employee to appear personally, for the purposes of any audit required by law, and any such officer or employee must appear as requested, producing any records or other documents in the possession of or under the control of that officer or employee, as appear to be necessary.

To obtain evidence, an authorised auditor may examine, on oath, any departmental officer in respect of any matters or items necessary for the exercise of his/her powers and authorities or the performance of the functions and duties conferred on the Auditor-General.

The Auditor-General may require any officer or employee responsible for accounts to provide whatever information, advice or explanations are deemed necessary, and any officer or employee so required must observe such a request.

The Auditor-General may at any time initiate a search of, and take extracts from, any records or other documents in the custody of the department.

It is important that any issues identified through the audit process are adequately addressed by management and corrective measures undertaken.

2.11.4 Department of Health Responsibilities

Departmental officers and employees must always extend their courtesy and full cooperation to QAO representatives. Upon request, they must provide external audit officers with full and free access to activities, accounts, records, systems, documents, physical assets, and all other relevant information and property of the department.
Departmental officers and employees, at all reasonable times, must provide all information requested, allow copies to be taken of any relevant documents and answer all questions asked relating to the audit in an honest and straightforward manner.

There are penalties defined within the legislation for individuals not complying with a request.

Failure to supply information is treated by the QAO as an error. The result is that QAO reports two issues:

- the error
- that the department continues to not supply requested information.

In order to comply with this legislation, the department must nominate a senior officer as the key contact point for the QAO. This officer will usually be the CFO. The Financial Transactions Unit, Finance Branch must also nominate the most senior officer in each functional area as the key unit contact point for the QAO.

An email account must also be nominated for the department to which requests from QAO will be forwarded. The email account must be of a nature that is monitored on a daily basis. It should not be impacted by any one officer being on leave.

The purpose of the nominated officer is that he/she is to be a central point of contact and coordination for all relevant QAO information requests. This also establishes a single point of accountability for the supply of requested information.

### 2.11.5 Communication and Reporting

For information regarding communication with the QAO and reporting by the QAO – refer to Auditor-General of Queensland Auditing Standards.

The Auditor-General will forward the report on the audit of the department to the Director-General

For information regarding external audit recommendations – refer to FAH, Information Sheet 2.8 External Audit, issued by Queensland Treasury and Trade.

For information regarding the auditor’s report – refer to the AGA, section 40.

### 2.11.6 External Audit and the Audit Committee

It is customary to invite the appropriate officer from the QAO to attend meetings of the Audit Committee.

For further information regarding external audit – refer to:

- FAH Information Sheet 2.8 External Audit
- FAH Information Sheet 4.5 Audit Findings and Resolution
- FAH Information Sheet 5.4 Audit Role in Financial Statements Preparation

issued by Queensland Treasury and Trade.
2.11.7 Register of Audit Findings

For information regarding the Register of Audit Findings – refer to:

- FMPM section 2.6.30 Register of Audit Findings.
- and
- FMT 4.5 Register of Internal Audit Findings and Resolution for XYZ Agency

issued by Queensland Treasury and Trade.

2.12 Corporate Governance

2.12.1 Overview

A strong governance framework needs to be in place to ensure that the department fulfils its overall purpose, achieves its intended outcomes and operates in an effective, efficient and ethical manner.

Section 7 (1) of the FPMS provides that each statutory body must ensure that an appropriate governance framework is established. Section 7 of the FPMS goes on to describe the concept of governance.

Governance is aimed at achieving organisational goals and objectives, and can be described as the set of responsibilities and practices, policies and procedures used to provide strategic direction, ensure objectives are achieved, manage risks and use resources responsibly and with accountability. Good public sector governance provides adequate accountability to its many stakeholders, including taxpayers, and encourages performance improvement while meeting control and compliance requirements.

Departmental officers and employees have responsibilities which are defined by their roles and authority, and have a responsibility to apply governance practices and procedures in their day-to-day work, particularly as they relate to how decisions are made and policies are implemented, incorporating the foundations of public sector governance which include:

- **accountability** – being answerable for decisions and having meaningful mechanisms in place to ensure that the agency adheres to all applicable standards
- **transparency/openness** – having clear roles and responsibilities, and clear procedures for making decisions and exercising power
- **integrity** – acting impartially, ethically and in the interests of the agency, and not misusing information acquired through a position of trust
- **stewardship** – using every opportunity to enhance the value of the public assets and institutions that have been entrusted to care
- **efficiency** – ensuring the best use of resources to further the aims of the organisation, with a commitment to evidence-based strategies for improvement and
- **leadership** – achieving an agency-wide commitment to good governance through leadership from the top.
There are eight key corporate governance principles which have been adapted to apply to the department. These principles are:

- foundations of management and oversight
- structure the department to add value
- promote ethical and responsible decision-making
- safeguard integrity in financial reporting
- make timely and balanced disclosures
- respect the rights of employees and managers
- recognise and manage risk
- remunerate fairly and responsibly.

The Queensland Health Governance Framework is available on QHEPS.

This Framework is consistent with the recommendations made by the Auditor-General in the report Corporate Governance: Beyond Compliance which specified the controls required to ensure that organisational objectives are met, as:

- operational plans which are developed from operational objectives and from these, the organisational structure and the roles and responsibilities of individual officers and employees
- delegations to ensure that responsibilities are matched with authority
- code of conduct setting the expected standard of behaviour
- reporting and monitoring processes which ensure compliance with laws, policies, procedures and code of conduct and performance against the organisational plans
- clear and timely internal and external reporting which provides accountability\(^1\).

For further information regarding corporate governance – refer to:

- Hospital and Health Service Performance Management Framework, supporting document two to the Service Agreement
- FAH, Volume 2 Governance, issued by Queensland Treasury and Trade
- FMPM section 13.10.1.9 Governance and risk assessment.

### 2.12.2 Service Agreements and Contracts

Since 1 July 2012, the department has taken on a new role as System Manager of the Queensland public sector health system and purchaser of public health and hospital services (system manager) from Hospital and Health Services (HHSs).

The establishment of Service Agreements between the System Manager and the HHSs is the key accountability mechanism and means of managing the performance of the health system.

The Service Agreement between the department and the HHS – refer to sections 16 and 35 of the HHBA and to the National Health Reform Agreement 2011 (NHRA) - will:

\(^1\) Queensland Audit Office. 1999. Corporate Governance: Beyond Compliance. Queensland Government
Chapter 2 – Financial Management

- define the extent of public hospital services, other health services, teaching, research and other services to be provided by the HHS
- detail the funding provided to the HHS for the provision of services including the way in which the funding is to be provided
- establish the performance indicators and benchmarks (quality and service standards) that will be measured to ensure that the outcome is achieved
- detail the performance data and other data to be provided by a HHS to the Chief Executive (Director-General), including how, and how often the data is to be provided
- detail any other matter that the Chief Executive considers relevant to the provision of services by a HHS.

The Service Agreement may also:

- deal with the abovementioned matters relating to funding provided by the Commonwealth Government
- state the circumstances in which a HHS may agree with another HHS to deliver services for the first HHS.

The Service Agreement will comprise of the agreement itself, together with:

- Health System Priorities for Queensland – supporting document one
- Hospital and Health Service Performance Management Framework – supporting document two
- Health Funding Principles and Guidelines – supporting document three.

Agreements or contracts may also be used when the HHS purchases services from other service providers either in the public, not for profit or private sectors or from another HHS.

A Service Agreement will also be in place between the HHS and the department for the provision of a range of statewide support services.

A Service Agreement must be for a term of not longer than three years (section 36 of the HHBA).

The Service Agreement is binding on the System Manager and the HHS and must be signed by the Chair of the HHS on behalf of the HHS.

The Service Agreement must be publicly released within fourteen (14) calendar days of finalisation as required under the NHRA.

The Hospital and Health Services Performance Framework is part of the Service Agreement – refer to:

- Hospital and Health Services Service Agreement website
- FMPM section 3.4.1.1 Hospital and Health Service Performance Framework.

Refer to the HHBA with respect to the following:
• negotiations for a Service Agreement (section 37)
• ministerial decision on the terms of a Service Agreement (section 38) and
• procedures to amend a Service Agreement (section 39).

2.12.3 Department of Health Committees

For information regarding departmental committees – refer to Executive Committees on QHEPS.

The committees provide essential integration and uniformity of approach to strategic health service planning, service development, resource management, and performance management and reporting. The combined outcomes from the different committees provide a significant contribution to effective governance in the department.

Refer to FMPM section 13.6 Corporate Committee Structure and Framework for information regarding the committees that have been established by the department and the responsibilities of those committees.

2.13 Performance Monitoring

2.13.1 Overview

For information regarding performance monitoring – refer to:

• FPMS, Part 2, 3 Division 3 Performance management
• FMPM chapter 3 – Planning, Budgeting, Forecasting and Performance
• FMPM section 3.4 Performance Evaluation
• FMPM chapter 4. Financial Reporting
• FMPM section 10.11 Hospital and Health Service and Performance Agreements
• FMPM section 13.4.1 Performance Reporting
• Hospital and Health Service Performance Management Framework, supporting document two to the Service Agreement
• Better Practice Guide Performance reviews, issued by the Queensland Audit Office.
• FAH, Information Sheet 3.13 Performance Management Systems
• FMT, Information Sheet 3.13 Performance Management Systems

issued by Queensland Treasury and Trade.

Section 35 of the HHBA provides that that the HHS must enter into a Service Agreement with the Chief Executive (Director-General (Queensland Health). The Service Agreement must outline the key performance indicators and measurements that the HHSs are to achieve. Each HHS, although individually accountable for its performance, must report its performance to the Chief Executive. It is the responsibility of the Chief Executive to validate this data and to report it to the Commonwealth Government. The Chief Executive must undertake remedial action when the HHS’s performance is unsatisfactory and does not meet the terms defined in the Service Agreement.
2.13.2 Hospital and Health Service Performance Reporting

The above responsibilities are embodied in the Hospital and Health Services Performance Framework which explains how Queensland Health will monitor and assess the performance of Hospital and Health Services against the outcomes and targets within the service agreement. It also includes a protocol for managing poor performance when this occurs.

The Performance Framework is consistent with the National Performance and Accountability Framework and the Queensland Government Performance Management Framework.

The performance of each HHS is assessed using a set of Key Performance Indicators (KPIs) which are contained in the Service Agreement and which are used to monitor the extent to which the high level objectives in the service agreement are being met. These indicators cover key aspects of HHS performance across the following areas:

- access
- efficiency and financial performance
- safety and quality
- patient experience
- workforce
- mental health and alcohol and other drugs
- aboriginal and Torres Strait islander health.

Each month, a performance report for each HHS is to be produced which outlines the HHS’s performance against the KPI’s. This report is to be forwarded to the System Manager.

Information regarding the performance of HHSs is also published nationally through the My Hospitals website and via Our Performance – Performance Reports issued by Queensland Health.

For further information – refer to Hospital and Health Services Performance Framework, issued by Queensland Health.

2.13.2.1 Role of the National Health Performance Authority/National Reporting

The National Health Performance Authority (NHPA) is an independent statutory body with a role to report on the performance of the health system at the local level, including trends over time.

The NHPA will be responsible for developing and producing reports on the performance of hospitals and healthcare services, including Medicare Locals.

For HHSs, these reports will take the form of hospital performance reports which will be published via the My Hospitals website. These reports will cover:

- service and financial performance standards and targets agreed to by the Council of Australian Governments (COAG)
- the National Access Target, the National Access Guarantee and any new national standards agreed to by COAG
- National Clinical Safety and Quality Standards developed by the Australian Commission for Safety and Quality in Healthcare (ACSQHC) and endorsed by Health Ministers and will:
• identify high performing organisations to facilitate the sharing of innovative and effective practices
• identify poorly performing organisations to the Commonwealth, State and Territory Governments to assist with performance management and
• provide a comparative analysis of the performance of hospitals and HHSs across jurisdictions and across the public and private sectors in order to identify best practice and to ensure focus on the achievement of results.

The NHPA will not report on the performance of individual clinicians.

Data is to be provided to the Chief Executive (Director-General) who will validate it and provide it to the NHPA.

2.14 Communication Guidelines

For guidelines regarding communication between the System Manager and the HHS - refer to Communication Guidelines - System Manager and Hospital & Health Services issued by Queensland Health.
2.15 References

Legislation

- Acts Interpretation Act 1954
- Auditor-General Act 2009
- Crime and Misconduct Act 2001
- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Hospital and Health Boards Act 2011
- Hospital and Health Boards Regulation 2012
- Information Privacy Act 2009
- Public Interest Disclosure Act 2010
- Public Sector Ethics Act 1994
- Public Sector Ethics Regulation 2010
- Public Service Act 2008
- Right to Information Act 2009 Right to Information Regulation 2009
- Statutory Bodies Financial Arrangements Act 1982

Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB)

- AASB 13 Fair Value Measurement

Australian Auditing Standards issued by the Australian Auditing and Assurance Standards Board (AUASB)

- as applicable

Queensland Government Directives, Policies and Guidelines

Queensland Health

- Communication Guidelines - System Manager and Hospital and Health Services
- Control Framework for Expenditure
- Executive Committees
- Financial Delegations for Expenditure, Losses and Special Payments
- Health Service Directives
- Hospital and Health Services Performance Framework
- Hospital and Health Services Service Agreement website
- HR Policy G21 Recognition of High Levels of Performance and Length of Service
- Information Security Policy
- Integrated Risk Management Policy
- Internal Audit Charter
- Internal Control Framework
- Media Policy and Contact Guidelines
- Organisation Chart
- Queensland Health Governance Framework
• Queensland Health Procedure – Capture and Classification of Administrative and Functional Records
• Queensland Health General Trust Fund Policy
• Requirement for Reporting Official Misconduct Policy
• Risk Management Framework
• Template for Gifts and Benefits Register
• Workplace Ethics, Conduct and Behaviour HR Policy E1

Queensland Treasury and Trade

• A Guide to Risk Management
• Audit Committee Guidelines: Improving Accountability and Performance
• Financial Accountability Handbook
• Financial Management Framework
• Financial Management Tools
• Financial Reporting Requirements for Queensland Government Agencies
• Overview of Queensland’s Financial Accountability Framework
• Statutory Body Guide

Department of the Premier and Cabinet

• Queensland Government Performance Management Framework
• Queensland Government Sponsorship Policy

Public Service Commission

• Code of Conduct for the Queensland Public Service
• Code of Conduct Standard of Practice
• Declaration of Interests – Senior Executive Service and Equivalent Employees including Statutory Office Holders
• Guideline for the Grant of Indemnities and Legal Assistance to State Employees
• Public Interest Disclosure Standard
• Public Service Commission Directive 22/09 Gifts and Benefits
• Public Service Commission Guideline Gifts and Benefits

Crime and Misconduct Commission

• Facing the Facts
• Gifts and Benefits
• Managing Conflicts of Interest in the Public Sector: Guidelines and Toolkit

Queensland Audit Office

• Auditor-General of Queensland Auditing Standards
• Better Practice Guide Performance Reviews
Chapter 2 – Financial Management

- Conditions of the Audit Engagement
- Corporate Governance: Beyond Compliance

Department of Housing and Public Works

- Queensland Procurement Policy 2013

Other

- International Professional Practices Framework developed by the International Institute of Internal Auditors
- Information Standard No. 18 - Information Security issued by the Queensland Government Chief Information Office
- Queensland Ombudsman website
- National Performance and Accountability Framework
- National Health Reform Agreement 2011
- Information Systems Audit and Control Association
- Standards for the Professional Practice of Internal Auditing and Code of Ethics
Financial Management Practice Manual

Chapter Three

Planning, Budgeting, Forecasting and Performance
Table of Contents

3.1 Planning Overview ................................................................................................................................................. 3
  3.1.1 Introduction .................................................................................................................................................................. 3
  3.1.2 Planning and Performance ......................................................................................................................................... 3
  3.1.3 Planning and Risk ......................................................................................................................................................... 4
  3.1.4 Whole-of Government Financial Management Framework .............................................................................................. 4

3.2 Planning ........................................................................................................................................................................ 5
  3.2.1 Overview ................................................................................................................................................................... 5
  3.2.2 Legislative Requirements .............................................................................................................................................. 6
  3.2.3 Asset Strategic Planning ............................................................................................................................................... 9
    3.2.3.1 Overview ............................................................................................................................................................... 9
    3.2.3.2 Objectives ............................................................................................................................................................. 10
    3.2.3.3 The process .......................................................................................................................................................... 11
    3.2.3.4 Capital Acquisition Plan (CAP) ................................................................................................................................ 11
    3.2.3.5 Ownership of assets pursuant to a capital funding agreement ................................................................................ 12
  3.2.4 Operational Planning ................................................................................................................................................. 13
  3.2.5 Workforce Planning ..................................................................................................................................................... 14
    3.2.5.1 Overview ............................................................................................................................................................... 14
    3.2.5.2 Objective ............................................................................................................................................................. 14
  3.2.6 Information and Communication Technology (ICT) Strategy ...................................................................................... 15

3.2.7 Procurement Plans ..................................................................................................................................................... 15
  3.2.7.1 Corporate procurement plan .................................................................................................................................... 15
  3.2.7.2 Significant procurement plan .................................................................................................................................... 16

3.2.8 Resource Allocation ..................................................................................................................................................... 16
  3.2.8.1 Healthcare Purchasing ............................................................................................................................................... 17
  3.2.8.2 Activity based funding ................................................................................................................................................ 20
  3.2.8.3 Own source revenue .................................................................................................................................................. 22

3.3 Budgeting and Forecasting ......................................................................................................................................... 23
  3.3.1 Overview ................................................................................................................................................................... 23
  3.3.2 Unforseen expenditure .................................................................................................................................................. 26
  3.3.3 Lapse of appropriation .................................................................................................................................................. 26
  3.3.4 Carryover ................................................................................................................................................................... 26
  3.3.5 Advance drawings ........................................................................................................................................................ 26
  3.3.6 Redistribution of public business .................................................................................................................................. 26
  3.3.7 Payments from the Treasurer’s advance ..................................................................................................................... 26
  3.3.8 Cabinet Budget Review Committee (CBRC) .................................................................................................................. 26
  3.3.9 Committee of Budget Officials (COBO) ..................................................................................................................... 27
  3.3.10 Cabinet Budget Review Committee strategic meeting ............................................................................................ 27
  3.3.11 Cabinet Budget Review Committee operational meeting .......................................................................................... 30
  3.3.12 Mid year budget review ............................................................................................................................................... 32
  3.3.13 State Budget Papers .................................................................................................................................................. 32
Chapter 3 – Planning, Budgeting, Forecasting and Performance

3.3.4.1 Service Delivery Statements ................................................................. 33
  3.3.4.2 Regional Budget Statements ............................................................... 35
  3.3.4.3 Estimates committees meetings .......................................................... 36
3.3.5 Tridata ........................................................................................................ 37

3.4 Performance Evaluation .............................................................................. 38
  3.4.1 Agency Performance .............................................................................. 38
    3.4.1.1 Hospital and Health Services Performance Framework .................. 38
    3.4.1.2 Queensland Government Performance Management Framework .......... 39
    3.4.1.3 National Performance and Accountability Framework .................. 39
  3.4.2 Hospital and Health Service Performance Management Dashboard .......... 40

3.5 References .................................................................................................. 41
3.1 Planning Overview

3.1.1 Introduction

Planning, budgeting and forecasting is an important process in setting the direction, goals and values of an organisation and to inform decision making. This process consists of grouping the financial management activities that are used to aid the planning process and to improve an organisation’s performance.

These activities include:

- strategic planning
- operational planning
- service planning
- resource allocation
- budgeting and forecasting.

3.1.2 Planning and Performance

Section 11 of the Financial and Performance Management Standard 2009 (FPMS) requires the Director-General, as accountable officer, in managing the performance of the department, to comply with the document called “A Guide to the Queensland Government Performance Framework” prepared by the Department of the Premier and Cabinet (DPC).

The Queensland Government Performance Management Framework (QGPMF) refers to services and service standards and applies to all agencies of the state government.

The aim of the QGPMF is to ensure that the social, economic and environmental services for Queensland communities are optimised through the efficient and effective management of available government resources.

It represents the whole delivery of services. By relating community needs to desired services, the framework assists decision makers to test the alignment of government services and resources.

In essence, services are the goods and services which have been identified and are delivered by agencies to achieve the strategic delivery being sought by the government.

Under the QGPMF, an agency’s:

- strategic plan is to describe the agency’s objectives, including its contribution to whole-of-Government objectives, and how the performance indicators will measure the extent to which actual results will achieve the agency’s objectives over time
- operational plan/s are to translate those agency objectives into service areas (related services grouped into a high level service areas for communicating the broad types of services delivered by an agency) and services that deliver outputs and collectively result in outcomes for clients, stakeholders and the community; operational plans describe the level of performance that is expected to be achieved, appropriate for the department to demonstrate that services are being delivered efficiently and effectively.
The Guide assists agencies with planning, measuring and monitoring results, and public reporting as under:

- planning – at the whole-of-Government, agency and individual levels is integral to determining the services to deliver to clients, stakeholders and the community
- measuring and monitoring results – achieved across the whole-of-government direction, the agency business direction and agency service delivery and
- public reporting – of the performance of the Queensland public sector is essential for accountability and transparency and to drive continuous improvement in performance and to influence trust and confidence in public sector service delivery.

Within the department, a Performance Management Framework has been established to enable the department to manage performance against strategic goals. The Performance Management Framework describes the process for ensuring the achievement of organisational objectives contained within the strategic and various enabling plans, through ongoing performance measurement, reporting and management and is aligned with the QGPMF.

### 3.1.3 Planning and Risk

The Government requires that departments ensure that their strategic plans identify and analyse the potential impacts of key strategic risks and/or critical issues on the achievement of their vision and purpose.

Public sector health organisations are exposed on a daily basis to a range of potential risks which may affect their business and may jeopardise the achievement of strategic and operational objectives. To minimise the potential of risks to affect the achievement of objectives, the development of a strategic plan and its respective supporting plans should include an integrated approach to identifying risks and a robust process for putting in place and reviewing the impact of strategies intended to mitigate these risks.

For further information regarding risk management – refer to:

- FMPM section 2.7 Risk Management
- FMPM section 13.2.4 Internal Control Limitations and Risk Management and
- FMPM section 13.10.1.9 Governance and risk management.

### 3.1.4 Whole-of Government Financial Management Framework

The Queensland Government’s Financial Management Framework consists of the State’s governing legislation and the systems and processes that enable it to meet its obligations. It compliments the QGPMF which focuses on non-financial performance.

The overview diagram depicts the interactions between whole-of-Government and agency level planning, budget (resource allocation) and performance management, monitoring and reporting functions. External inputs feed into the processes and result in the services that are provided to Queensland communities.

Note that this framework applies primarily to departments but may apply to statutory bodies.
Chapter 3 – Planning, Budgeting, Forecasting and Performance

There are three key components of the framework from both the whole-of-Government and agency perspectives:

- planning – to set high-level government objectives and priorities and to set agency objectives and strategies
- budget – to allocate resources to meet government and agency service demands and to achieve desired outcomes
- performance - to manage resources to achieve government outcomes and to manage agency resources to deliver services.

3.2 Planning

3.2.1 Overview

Services and service standards in relation to community needs are articulated as part of the State’s:

- strategic direction
- priorities and plans
- its fiscal and economic policies
- and
• major expense and revenue initiatives.

These services and service standards are met by government agencies. Each agency reviews its objectives and related services and identifies the broad measures by which these will be achieved by agency strategic planning.

The Premier and Minister for Health in February 2013, released the *Blueprint for better healthcare in Queensland*, which outlines structural and cultural improvements to establish Queensland as the leader in Australian healthcare.

The blueprint focuses on four principal themes:
1. Health services focused on patients and people.
2. Empowering the community and our health workforce.
3. Providing Queenslanders with value in health services.
4. Investing, innovating and planning for the future.

It is the framework for which the department and HHSs will use as the base to develop strategic, operational and health service plans.


### 3.2.2 Legislative Requirements

Section 10(1) of the *Financial Accountability Act 2009* (FAA) requires the Premier to prepare and table in the legislative Assembly, a statement of the State government’s broad objectives for the community.

Section 11(1) of the FAA requires the Treasurer, from time to time, to prepare and table in the Legislative Assembly, a charter of fiscal responsibility giving details of the government’s fiscal objectives.

Section 34 of the FAA provides for funds to be paid from the Treasurer’s advance account.

Section 79 of the FAA provides for the payment of appropriations from a transferor department to a transferee department where there has been a redistribution of services from the transferor department to the transferee department.

Section 9(1) of the FPMS requires the Director-General, as the accountable officer, to develop:

- a strategic plan for the department
- an operational plan for:
  - the whole of the department
  - or
  - the levels of the department that the Director-General considers appropriate.

A strategic plan must cover a period of four years but may be reviewed or amended during that period – section 9(2).

An operational plan must cover a period of not more than one year – section 9(3).
In developing the plans, the Director-General must comply with the document called “Agency planning requirements” prepared by DPC – section 9(4).

The Director-General is responsible for the implementation of the plans – section 9(5).

Section 12 of the FPMS requires the Director-General, as the accountable officer, to have systems in place for obtaining information that will allow the Director-General to determine whether the department is achieving the objectives stated in the strategic plan in an efficient, effective manner and delivering its services to the standard stated in its operational plan.

Section 13 of the FPMS requires that performance information about the agency’s achievements or progress towards the delivery of its strategic plan and of its services in its operational plan be provided at least every three months to the accountable officer or statutory body and at least annually to Ministers or when the Minister asks for the information.

Section 14 of the FPMS details the criteria on which the systems for evaluating the achievement of objectives are to be based.

The Hospital and Health Boards Act 2011 (HHBA) provides as follows:

- section 8(2): The overall management of the public sector health system is the responsibility of the department through the chief executive (the Director-General) (the system manager role)

- section 8(3): In performing the system manager role, the chief executive is responsible for the following:
  
  (a) Statewide planning
  (b) managing Statewide industrial relations
  (c) managing major capital works
  (d) monitoring service performance
  (e) issuing binding health service directives to Services

Section 45 (Functions of the chief executive) provides a detailed list of the functions of the chief executive.

Section 47 details the issues about which the chief executive may issue a health service directive to a Hospital and Health Service (HHS).

### 3.2.2 Strategic Planning

Strategic planning is the annual process by which an organisation identifies goals and a plan for how each goal is to be achieved. The strategic plan should align the department’s priorities and activities to the System Manager’s purchasing intentions and the Queensland Government’s policies, priorities, fiscal and economic policies, major expense and revenue initiatives and service standards and should demonstrate how the Government’s policy agenda is to be delivered. It also supports the commitment Queensland Health has to implementing the shared initiatives between the State and Commonwealth Governments.

The strategic plan is the department’s principal planning document and informs all other planning activities, including those of HHSs. These planning activities include:

- operational plans
Chapter 3 – Planning, Budgeting, Forecasting and Performance

- health service plans
and
- enabling plans covering areas such as
  - workforce
  - funding
  - infrastructure
and
  - information management.

These plans must align directly with the strategic plan and support its implementation.

The Ministerial Charter Letter from the Premier to the Minister for Health details the Government’s commitments and priorities to be delivered through Queensland Health. Refer also to the Statement of Government Health Priorities. The strategic direction of the department should align to deliver on the Government’s priorities for health and the Hospital and Health (HHS) Service Agreements with the System Manager.

As specified in the National Health Reform Agreement (NHRA), each Hospital and Health Board will be responsible for developing a strategic plan for its HHS and for implementing an operational plan to guide the delivery of the services within the budget agreed under the HHS Service Agreements.

The department will be responsible for producing a four year strategic plan. A strategic plan should articulate the department’s vision, purpose and values and set goals for the future. Specific objectives for the department should be determined along with strategies to meet each objective. In addition, regular monitoring should take place to review the performance of the department against the plan.

Queensland Health has developed a Strategic Planning Framework which may be useful for the completion of operational unit and HHS-specific plans.

A minimum requirements checklist for strategic plans is available within the Framework.

For information regarding the detailed requirements for strategic plans – refer to section 18, Agency Planning Requirements, issued by DPC.

As the HHSs will be included in the Queensland Health Service Delivery Statement, it is mandatory that each HHS consult with both the DPC and Queensland Treasury and Trade regarding the strategic plan in accordance with the timelines in the Strategic Management Planner, issued by Queensland Treasury and Trade.

The strategic planning process within the department is led by the System Policy and Performance Division. The Department of Health Strategic Plan can be located on QHEPS.

3.2.2.1 Budgeting

Through the budget process, the Cabinet Budget Review Committee (CBRC) considers the level of investment in individual departments to ensure that the correct mix of services is achieved by the department to meet the desired services identified through the planning process.
3.2.2.2 Performance review

Section 12 of the FPMS requires the Director-General, as the accountable officer, to have systems in place for obtaining information that will allow the Director-General to determine whether the department is achieving the objectives stated in the strategic plan in an efficient, effective manner and delivering its services to the standard stated in its operational plan.

Section 14 of the FPMS details the criteria on which the systems for evaluating the achievement of objectives are to be based.

It is critical that the strategic and the operational objectives of the department align with the performance measures in the Service Agreements with HHSs. The statutory annual report and Service Agreement reporting processes will be the mechanisms by which performance outcomes are provided.

Section 13 of the FPMS requires that performance information about the agency’s achievements or progress towards the delivery of its strategic plan and of its services in its operational plan be provided at least every three months to the accountable officer or statutory body and at least annually to Ministers or when the Minister asks for the information.

Each agreed service will have specific performance standards of efficiency and effectiveness relating to quality, quantity, timeliness, cost and location, where appropriate, assigned to it to allow monitoring and evaluation of the department’s progress in delivering the agreed service.

For further information regarding performance – refer to:

- FMPM section 2.12.2 Service Agreements and Contracts
- FMPM section 2.13 Performance Monitoring
- FMPM section 10.11 Hospital and Health Service and Performance Agreements
- FMPM section 13.4.1 Performance Reporting.

3.2.3 Asset Strategic Planning

3.2.3.1 Overview

Asset management planning is a structured process which provides a snapshot of the asset portfolio and focuses on:

- capital investment requirements
- the maintenance and use of existing assets
  and
- the disposal of surplus assets in response to service delivery objectives, plans and programs.

It is designed to ensure the best use of assets in the delivery of health services and ongoing compatibility between the composition of an asset portfolio and the changing environment in which it operates. It is a dynamic process involving analysis and direction setting for the investment, maintenance, operation and disposal of capital assets.

and the Queensland Government Strategic Asset Management Framework which can be found at -

Asset management planning is a key departmental activity which, along with other enabling
planning (such as for workforce, funding and information), should contribute to the achievement of
the department’s strategic objectives, including service priorities.

The department undertakes strategic asset management planning on an annual basis with a
medium to longer term focus with the review and update of the Statewide Asset Management Plan
on an annual basis.

The Statewide Asset Management Plan:

- provides a summary of the asset portfolio
- identifies the strategic asset management directions
- informs:
  - the Capital Acquisition Plan
  - other capital investment programs
  - Strategic and Annual Maintenance Plans
- asset disposal plans.

The Statewide Asset Management Plan is informed by, and responds to, the strategic service
delivery objectives and programs identified by the Queensland Health Strategic Plan, as well as
Statewide and HHS Strategic Plans.

The Government Energy Management Strategy, issued by Queensland Treasury and Trade, must
be incorporated into the asset strategic planning process.

3.2.3.2 Objectives

The objective of asset management planning is to:

- apply a consistent, whole-of-life approach to the department’s management of its assets ensuring
  that asset investment/procurement decisions occur only to support health service delivery plans,
  objectives and programs
- ensure that assets are managed efficiently, effectively and sustainably
- ensure that disposed assets achieve the best return with a focus on ‘value for money’ throughout
  the asset life cycle.

Asset management planning provides a snapshot of the asset portfolio with the purpose of:

- identifying asset issues and gaps within the asset portfolio
- identifying service delivery driven investment priorities for investigation, planning and investment
  decision making in the medium to longer term
- developing strategies to best manage the asset portfolio in the medium to longer term including
  the identification of major asset maintenance strategies
- identifying asset disposal opportunities.
3.2.3.3 The process

Asset management planning is undertaken at a state-wide and local level.

In both instances, asset management planning requires the initial identification of the requirements of strategic and state-wide plans as well as referring to relevant legislation, standards and policies to determine the key issues, initiatives and other drivers that may influence asset management planning in the medium to longer term.

The process also requires that consideration needs to be given to any key local level issues and initiatives that may impact on or influence asset management requirements.

The next step is to consider the appropriateness of the asset base in relation to the assets/sites/facilities with regard to the identified issues and initiatives.

Using the outcomes from the previous step, a structured review should be used to:

- prioritise identified investment requirements or proposals for new and upgraded hospital and health care facilities for the medium to longer term
- identify new and future land/property investments that are required to meet the identified service delivery needs
- provide a comprehensive overview of the current and likely future management-in-use requirements and significant maintenance issues and
- identify potential disposal opportunities and strategies for the disposal of vacant, unused or excess land or properties.

Asset management planning at the local HHS level identifies local asset priorities and issues which may be included in the development of the Statewide Asset Management Plan.

Health Infrastructure Branch develops the Statewide Asset Management Plan which:

- describes the System Manager’s asset portfolio position
- identifies the departmental asset management directions
- prioritises future investment requirements and
- identifies asset disposal opportunities.

The Asset Management Policy, the requirements of the Asset Management Implementation Standard and an Asset Management Plan Template provide guidance for the preparation of strategic and local asset management plans.

3.2.3.4 Capital Acquisition Plan (CAP)

The Capital Acquisition Plan (CAP) represents the plan for the acquisition, development or enhancement of non-current assets over the next five years. The CAP details both acquisitions and associated funding sources.

The Capital Funding Policy clearly defines governance related to funding sources for the approved CAP to ensure that the utilisation of these funds is managed in a transparent and effective manner.
There are three categories of items that shall be funded from the approved CAP:

- information technology (IT), both software and hardware
- property, plant and equipment – non IT
- minor acquisitions.

Refer to the Capital Funding Policy Implementation Standard – Items to be Funded from the CAP for further detail.

There are five sources of funding for the approved CAP:

- equity – State and Commonwealth
- depreciation
- borrowings
- sale proceeds
- other.

Refer to the Capital Funding Policy Implementation Standard – Funding Sources for further detail.

3.2.3.5 Ownership of assets pursuant to a capital funding agreement

Ownership of assets considerations must include:

- assets in existence
- assets to be bought
- assets yet to be brought into existence as a consequence of a project.

To this end, an asset will have to have or have to produce some form of enduring benefit or economic potential.

The terms of agreement must also seek to protect the department and/or the interest in any assets. Assets on third-party premises must be protected by:

- insurance
- indemnity
- guarantee

and in that order of preference. The agreement may be required to include a charge over the asset or assets. If so, this charge must be registered at the service provider’s cost.

Where funding is provided to projects with a finite life, agreements should clearly specify how assets purchased with the funds should be disposed of at the conclusion of the project and the rights that the department or the HHS, depending on whether the asset is prescribed by regulation or not, may have to the proceeds of sale.

Funding arrangements can be used to protect intellectual property rights where relevant and those developed during the course of a funded project, or those resulting from sponsored activities. It is important to establish ownership of copyright and patents where these may result from the use of
the funds. The requirement to acknowledge the source of the funding should also be included in the funding arrangements.

The System Manager has issued the Intellectual Property Health Service Directive to HHSs.


Where a grantee enters into a lease over land which is not owned by the State, and part or any of the improvements thereon are owned by or revert to the department or to the HHS under the conditions of the service or funding agreement, then the department’s or the HHS’s interest in that or those improvements must be noted in the lease agreement or in a schedule thereto.

An agreement between a service provider and the department or the HHS must acknowledge that assets as specified must not be charged or otherwise encumbered without the department’s or HHS’s prior written consent.

That consent may be given by the appropriate delegate after due consideration of a written request from the funded body. The request should set out particulars as to how the department’s or the HHS’s exposure is or will be still protected.

The agreement is to acknowledge that the department or the HHS does not carry any responsibility for damages arising from the use of the assets by the funded body. The agreement is to acknowledge also that the funded body keeps the department or the HHS indemnified at all times until the assets are handed over to the department or to the HHS.

Assets in which the department or the HHS has a direct interest as the owner or the potential owner or an indirect interest, because of the grant until the project is complete, must be listed and identified. The agreement should state that these assets are not to be sold without clearance from the department or the HHS. The clearance may be given by the Chief Executive, Health Services Supply Agency after a review of the project to ensure that the project will not be jeopardised as a result of the sale. That review should also include a recommendation as to what proportion of the proceeds of sale must be returned to the department or to the HHS or applied against the next payment, and how the proceeds might otherwise be applied.

Any lease agreement between the service provider and the department or the HHS as the asset owner must acknowledge that assets as specified must be maintained at a level to comply with the Maintenance Management Framework Condition Standard Rating of S3 as required by the department or the HHS as the asset owner.

3.2.4 Operational Planning

Section 9 of the FPMS prescribes that operational plans must also be developed for a period of not greater than one year. The operational plan must comply with Agency Planning Requirements issued by the DPC.

Operational planning is the process by which an organisation’s strategic plan is translated into the specific activities that will be put in place to enable the objectives within the strategic plan to be achieved. It describes in greater detail than the strategic plan, the services that will be provided and the service standards that will be achieved in the short term and guide the department over a twelve month period. In this way, a strong link is made between strategy and day-to-day operations thus ensuring that operational objectives support strategic objectives.
The department is to produce an operational plan every year, effective from 1 July. Operational plans should also be produced by individual operational units and by teams and should support and be aligned to departmental operational and strategic plans. There needs to be a clear alignment between the System Manager’s purchasing intentions and HHS operational plans and budget.

A minimum requirements checklist and template for operational plans is available within the department’s Performance Management Framework.

Operational plans must be endorsed by the relevant delegated officer within the department.

It is also likely that the department will require staff to have in place performance and development plans that would be updated annually with performance being reviewed semi-annually.

3.2.5 Workforce Planning

3.2.5.1 Overview

Workforce planning is a key activity which, along with other enabling planning, contributes to the achievement of an organisation’s strategic objectives. Workforce planning is the process designed to identify the workforce that is required to meet current and future objectives and, as such, forms the basis of organisation wide workforce (human resource) strategies to meet these specific requirements.

Queensland Health has jurisdictional responsibility to ensure that there is a strong and skilled health workforce in place to deliver the services that Queenslanders need. Workforce planning provides managers with a framework for making informed staffing decisions in line with Queensland Health’s mission, strategic plan and budgetary resources.

3.2.5.2 Objective

Workforce planning aims to provide a framework that supports the establishment and maintenance of an integrated health workforce with the skills, competence and flexibility required to provide high quality health care, across the continuum, to the community that it serves.

The department has developed the Future Workforce Strategy for better healthcare in Queensland 2013–2018, which is a core workforce planning document for the department.

The Future workforce strategy for better healthcare in Queensland 2013–2018 is a five year plan with key initiatives and deliverables aimed at:

1. Creating a workplace culture and leadership environment which places a high value on scarce health resources, valuing our employees, and putting patients first.
2. Orienting health services to better meet local health needs, which requires significant change to many of the established cultures and practice that impact on performance and a strong culture of customer service.
3. Empowering healthcare staff to lead system reform and improve service delivery.
4. Growing total health capacity and increasing health services across a system of public, private and not-for-profit providers.
5. Partnering with Hospital and Health Services, private, not-for-profit sectors and other levels of government on workforce planning and other strategies to develop the future capability of the health workforce.
6. Improving the financial performance of our healthcare system to match the national average by mid–2014.
7. Breaking down traditional professional barriers and being open to new ways of working and models of care.
8. A flexible, easy to understand employment and industrial relations system that facilitates local decision-making.

The Future workforce strategy for better healthcare in Queensland 2013–2018 articulates the significant workforce reform required to achieve the government’s strategic directions set out in the blueprint and can be located at http://qheps.health.qld.gov.au/hsci/

3.2.6 Information and Communication Technology (ICT) Strategy

Every ICT provider within Queensland Health, in conjunction with the Health Services Information Agency, aims to provide the right information to the right place and people at the right time. The ICT Strategy will align the investment in our information, information systems and information infrastructure with the strategic directions outlined in Queensland Health and across Government in terms of ICT.

The ICT strategy will provide Queensland Health with a justification for specific ICT initiatives, but also provides confidence that initiatives being undertaken are of the most benefit to the organisation. In order to develop the ICT Strategy across Queensland Health, the Health Services Information Agency will:

- adhere to the Government ICT Planning Methodology
- work across networks and entities to understand their priorities and future ICT requirements (including asset replacement)
- ensure alignment with Queensland Health strategic priorities and supports whole-of-Government directions

and

- use the ICT planning process to support good ICT governance in Queensland Health.

3.2.7 Procurement Plans

3.2.7.1 Corporate procurement plan

The Queensland Procurement Policy 2013 requires every agency to prepare a corporate procurement plan which links the agency’s procurement to its strategic plan and covers the same period as the agency’s strategic plan. This plan must be approved by the agency’s accountable officer, and reviewed annually.

The department’s corporate procurement plan is to set out:

- the objectives to be achieved through the department’s procurement activities consistent with the objectives of the Queensland Procurement Policy 2013
• how the department will meet its specified objectives
and
• mechanisms through which the achievement of the department’s procurement objectives will be measured.

As a minimum, the corporate procurement plan must contain a balance of strategic and operational information in relation to the following areas:

• procurement objectives
• the procurement profile of the agency
• procurement systems, processes and practices, including management and resourcing arrangements for the procurement function
• procurement strategies that will achieve the stated procurement objectives and
• procurement measures, targets, and annual comparisons against targets.

For further information regarding the requirements relating to the corporate procurement plan – refer to the Queensland Procurement Policy 2013.

3.2.7.2 Significant procurement plan

The Queensland Procurement Policy 2013 requires every agency to prepare a significant procurement plan for approval by the accountable officer or delegate, when procuring goods, services and capital projects that have been identified by the agency as being high expenditure and/or for which there is a high degree of business risk. Significant procurements can be significant single, one-off procurements or a number of smaller projects in a category of like goods and/or services which when combined, are considered significant. Agencies should not over aggregate goods and services to minimise the number of significant procurement plans to be prepared.

As a minimum, these plans must:

• establish the objectives to be achieved from the procurement
• specify how the procurement supports the achievement of agency procurement objectives
• analyse demand for the procurement
• analyse the supply market relevant to the area of procurement and the likely impact the procurement will have on the market
• evaluate potential supply strategies and identify the preferred strategy to be followed and
• specify measures for the evaluation of the implementation of the supply strategy.

For further information regarding the requirements relating to the corporate procurement plan – refer to the Queensland Procurement Policy 2013.

3.2.8 Resource Allocation

Each HHS will be allocated an agreed budget under a Service Agreement. This will enable HHS management to allocate resources to deliver budgeted output.

The signed National Health Reform Agreement (NHRA), committed major changes in the way that health services in Australia are funded and governed. These changes take effect from 1 July 2012 and include moving to a purchaser-provider model, with health service delivery to be purchased
from legally independent hospital networks, referred to as Hospital and Health Services in Queensland.

Under the new arrangements, the role of Queensland Health’s current corporate office changes. Corporate office has transitioned to the role of System Manager and will purchase services from the HHSs under Service Agreements negotiated between the two entities.

3.2.8.1 Healthcare Purchasing

The implementation of the National Health Reform Agreement 2011 (NHRA), has seen the introduction of a formal purchaser – provider relationship from 1 July 2012.

Under the NHRA, both Commonwealth and State Governments are jointly responsible for funding public hospital services, the growth in public hospital services and the increasing cost of those services, whilst collecting and providing data to support the objectives of comparability and transparency.

The purchaser – provider model separates the roles of purchaser and provider in service delivery to achieve best value service delivery.

The purchaser – provider model of service delivery entails two components. Firstly, it involves the existence of a purchasing agency (the Department of Health as System Manager) with the responsibility for purchasing healthcare services and ensuring that the needs of the population are covered through improving health, reducing inequalities and enhancing patient experience. The purchasing agency is not directly involved in the provision of services. Secondly, it features service providers (HHSs), usually with a degree of autonomy and responsibility in relation to their function of delivering services. Providers of services relate to purchasers through contracts that specify each party’s roles and responsibilities.

Healthcare purchasing is a key function of the System Manager. Each financial year, the System Manager will consult HHSs about the System Manager’s purchasing intentions.

From 1 July 2012, funding will be provided on the basis of activity through activity based funding (ABF).

The purchasing framework is currently restricted to the 28 ABF facilities with the exception of Purchasing Activity on the Basis of Health Need, Own Source Revenue (OSR) and Quality Improvement Payment (QIP) which will be HHS-wide.

All purchasing initiative calculations are to be based on prior year actuals and/or actual in year performance. The impact of each of these initiatives on HHSs is included within Part B (Service Agreement Value).

For example:
There are nine (9) purchasing intentions within the framework for 2012-2013. These are illustrated in Figure 1 below and are detailed within schedule 3 of the Service Agreements agreed between the System Manager and the HHSs.

Chapter 3 – Planning, Budgeting, Forecasting and Performance

Aim: The best value services to achieve the maximum health gain for those most in health need

1. Purchasing activity on the basis of health need

2. Reshape demand
   - Care in the most appropriate setting
     - Hospitalised in the home
     - Outpatient access
     - Renal dialysis
     - ED attendances

3. Chronic disease mgt/admission avoidance
   - Diabetes
   - Respiratory (COPD/Asthma)
   - Aged care interface

4. Reshape supply
   - Improved clinical and cost effectiveness
     - Out of scope
     - Referral criteria

5. Best Practice Models of Care
   - Inpatient day case surgery
   - Pre-operative elective bed days

6. Pay for quality
   - Ensuring Patient Safety & Quality
     - Never events
     - Adverse events

7. Rewarding best practice
   - In QI Improvement payment

8. Budget adjustments
   - Own Source Revenue
   - Transitional Funding Adjustment

9. Adjustment to purchased volumes to balance to funds available

The schedule is structured as follows:

- Part A – the current financial year Healthcare Purchasing Framework: description of the purchasing intentions for the current financial year
- Part B – Service Agreement Value: itemisation of the services to be purchased from HHSs in the current financial year including both the activity based funding components and the non-activity based funding components; a total Service Agreement value is provided within the Contract Offer table in the individual HHS Service Agreement
  - this information is specific to each HHS; whilst the services are itemised by facility to allow for ease of calculation purposes, purchasing is at the HHS level
  - the following items have been funded within the Contract Offer:
    - enterprise bargaining
    - non-labour costs
    - HHS governance costs
  - Part C – In-Year Contract Management Rules: description of the in-year contract management rules that will apply to all services purchased in that year.

The Commonwealth and State Government’s activity based hospital funding will be paid into and out of the National Health Funding Pool and reported on publicly.

A key principle of the purchasing framework is that activity is to be purchased on the basis of health need. Need is forecast using service planning that utilises a range of benchmarks, tools and methodologies to project future activity, including:

- the Acute Inpatient Modelling tool (AIM)
- population based benchmarks and
- linear projections.

Projection methodologies also take into account:
• projected population changes
• anticipated changes to health service delivery
• changes in the average length of stay
• changes in patient flows/referral patterns
  and
• adjustments to the utilisation of services.

The purchasing framework also takes into account HHS specific developments and investments, for example, major capital projects or additional investment to reduce long wait patients.

The activity to be purchased from HHSs will be outlined in the Service Agreement Schedules and will include:

• the activity volumes to be purchased expressed as Weighted Activity Units (WAUs)
• the associated funding (dollars)
• specific purchasing initiatives
  and
• in year contract management.

The Service Agreement will also detail other specific obligations as outlined in:

• applicable national partnership agreements and other Commonwealth Government agreements
• Closing the Gap obligations
  and
• the scope of services to be provided by HHSs for Mental Health and Alcohol and Other Drug Treatment Services.

The purchasing framework will continue to evolve to ensure that the best value services are purchased to achieve the maximum health gain for those in need.

The System Manager and the HHSs will monitor actual demand and activity against purchased levels, taking action as necessary to ensure the delivery of purchased levels. This process (in-year contract management) will be governed by the Performance Framework.

As part of the Service Agreement Value, additional services will be purchased by the System Manager from the HHSs and will be the focus of detailed in-year tracking and potential adjustments. For example, in 2012-2013 this includes:

• Regional Cancer Centres
• NPA2 Subacute
• Mental Health Plan
  and
• elective surgery activity in six long wait specialties.

In addition, where funding has been provided for specific programs, the System Manager retains the right to withdraw funding if the program is not being delivered according to the program objective.
Further detail on all of the above may be found in Health System Priorities for Queensland, supporting document one to the Service Agreement, a copy of which may be accessed from the System Policy and Performance Division QHEPS page.

3.2.8.2 Activity based funding

The Commonwealth and State Governments have committed to work in partnership to implement the National Health Reform Agreement 2011 with a view to creating a nationally unified and locally controlled health system which will:

- improve patient access to services and improve public hospital efficiency through the use of activity based funding (ABF) based on a national efficient price
- ensure the sustainability of funding for public hospitals by increasing the Commonwealth Government’s share through an increased contribution to the costs of growth
- improve the transparency of public hospital funding through a National Health Funding Pool and a nationally consistent approach to ABF.

ABF is a management tool that has the potential to enhance public accountability and drive technical efficiencies by:

- capturing consistent information on hospital sector activity and costs
- creating explicit relationships between funding and services
- strengthening the focus on outputs, outcomes and quality while encouraging clinicians and managers to identify and manage variations in costs.

The ABF framework allocates health funding to HHS hospitals based on the cost of health care services (referred to as ‘activities’) delivered. The framework promotes smarter health care choices and better care by placing greater focus on the value of the health care delivered for the amount of money expended.

Using a funding tool to inform ‘value for money’ decisions, ensures that public moneys are directed towards those health care activities that are most likely to improve the quality of health outcomes and the patient experience.

For the 2012-13 financial year, the Queensland ABF model will be used. Thereafter, the National ABF Model will be used.

ABF is central to HHS funding arrangements and forms part of Queensland Health’s new purchasing and funding direction that provides Smarter Choices and Better Care. The Funding Model is a tool used to calculate and distribute funding to hospitals. It is based on how health care services, called activities, are delivered against a base price across Queensland Health. The ABF funding framework is designed to identify and capture the activities for an ‘episode of care’ - meaning the health care services that a patient receives from admission through to discharge.

For each patient, HHS hospitals collect and report information that includes:

- patient demographics
- diagnostic and treatment information
- admission time
- and
Chapter 3 – Planning, Budgeting, Forecasting and Performance

- discharge time.

In ABF, the counting captures ‘patient activity’, that is, the health care services that a patient receives. If activity is not accurately counted, it will significantly affect the level of funding allocated to a health care provider. It is vital that activity is recorded in a consistent manner across facilities.

The counting of patient activity is performed by Clinical Coding which is used to record the number of diagnoses and procedures encountered by a patient during their ‘episode of care’. Codes are applied based on the information recorded by clinical staff in a patient’s clinical file. These codes provide detailed information about the types of services provided that make up the activity profile of a hospital. Coding ensures that clinically similar services can be grouped together and that activity is correctly reported.

Clinical coders rely on the information provided by data capture staff to code the patient episode and recover funding for the health care provider.

The calculation and allocation of costs back to an ‘episode of care’ is based on the health care services that a patient receives from admission through to discharge. All costs that a hospital must incur to deliver a health care service must be reflected in the ‘activity cost’. The correct cost allocation and mapping is essential under ABF.

Under the Queensland ABF model, WAUs are used as a measurement unit to determine the relative value of the hospital’s activity. In 2012-2013, one WAU is equivalent to $4,359.

Refer also to Health Funding Principles and Guidelines, supporting document three to the Service Agreement.

**National ABF Model.** The Independent Hospital Pricing Authority (IHPA) is responsible for establishing a national ABF model and for determining a National Efficient Price (NEP) for services provided in public hospitals. The National Hospital Cost Data Collection (NHCDC) calculates and reports the average cost of delivering activities at a national, state and national peer group level. This national average is the NEP and will be expressed as a National Weighted Activity Unit (NWAU). Funding for each activity will be provided based on the NEP.

The NEP enables health care providers to undertake meaningful cost comparisons between Queensland and other states to ‘benchmark’ their cost of health care service delivery against the average. Incorrect costing will negate the benchmarking process as it will impact the average activity costs as well as the NWAU. The NWAU represents the relative resource consumption of an activity and provides a common unit of comparison or a ‘common currency’ between the variable components of the model. The more resource intensive that an activity is, the higher the NWAU. Activity funding is equal to the NWAU multiplied by the Standard Unit Price to determine the cost of each episode. The Standard Unit Price per NWAU is $4,808 – as at June 2012.

ABF will provide incentives for hospitals to treat more patients more efficiently, and will provide incentives for hospitals and governments to ensure that patients are treated in the most appropriate setting. Commonwealth, state and territory government contributions for public hospital funding, provided to hospitals on the basis of services that they actually provide, will be transparently reported.

To ensure that the ABF payments are fair and equitable, the NHRA allows for adjustments to the NEP. This is to reflect legitimate and unavoidable variations in the cost of service delivery, for example, hospital location, that is, remoteness and patient complexity including indigenous status.
Each HHS will enter into a Service Agreement (SLA) with the System Manager for the hospital services that it provides. The SLA will determine the type and volume of service being provided. The Commonwealth government contribution for ABF will then be calculated by applying the NEP. Both the State and Commonwealth Government contribution for ABF will flow through a State Pool Account to improve the transparency and line of sight of funds.

For further information, refer to the ABF site on QHEPS.

**National Partnership Agreements.** There are two main healthcare funding agreements for Queensland, the National Healthcare Agreement and the National Health Reform Agreement. Underpinning each of these agreements are National Partnership Agreements (NPAs) that are supported with state-focused implementation plans.

The NPAs are intended to promote reform or to support the delivery of specified outputs or projects. The agreements include payments that are set for defined periods and consist of either up-front facilitation or a mix of facilitation and reward payments. State co-funding may be required.

The reform NPAs involve new funding while many of the project NPAs are a continuation of previous funding arrangements redesigned to correspond to the new funding structure. Some former Commonwealth Government payments have been grouped under the heading of new National Partnerships, for example, for health services and health infrastructure.

NPAs are supported by implementation plans where State-specific or project specific information is included. The implementation plans provide greater detail about funding and focus on the achievement of the outcomes sought by the Commonwealth and State Governments.

Significant health-related NPAs signed to date are:

- National Partnership on Health Infrastructure
- National Partnership on Improving Public Hospital Services
- National Partnership on Essential Vaccines
  and
- National Partnership on Hospital and Health Workforce Reform.

### 3.2.8.3 Own source revenue

Own source revenue (OSR) plays an important role in the HHS operating budget. Generated revenue derived through the provision of private and compensable patient options aids in the sustainability of current services and funds new initiatives.

OSR generally comprises the following components:

- Department of Veterans Affairs
- private inpatients (through right of private practice)
- interstate (cross border residents)
- motor accident patients
- non-patient revenue (retail proceeds, pharmaceutical recoveries, prosthetic recoveries and NGO research grants)
- other revenue (external recoveries)
- private outpatients (through right of private practice)
• workers’ compensation patients
  and
• Medicare ineligible patients (for example, overseas residents).

### 3.3 Budgeting and Forecasting

#### 3.3.1 Overview

Budgeting assists an organisation to determine how much money can be spent and on what. Budgeting for the department will include a budget for its operational units. The HHSs overall budgets will form part of the consolidated Queensland Health budget, as well as part of the State Government budget for Queensland. Budgets should have clearly defined target outputs and performance indicators that must be achieved within specified timeframes and for which officers can be held accountable. In addition, the budget should be reviewed and monitored on a regular basis.

Each year a detailed annual budget will be required to be prepared, together with a less detailed budget for the four out years, that is, a five year Forward Estimates budget.

Forecasting is undertaken to consider the whole of life impacts of decisions. Often, decisions are made based on the impacts of the current year and not subsequent years. The impact of forecasting should be depicted in the five year budget. At all times, the department and Queensland Health must forecast a surplus or a balanced budget. A five year model will be provided to assist with budget preparation.

#### 3.3.2 State Budget Preparation

The budget process is the method by which the Government:

• articulates fiscal imperatives and principles
• sets the strategic direction of its finances over the medium term
• establishes and communicates its resource allocation decisions for the fiscal year and
• reports on actual services and service standards of the previous year.

Preparation for the State Budget must comply at all times with the requirements of Queensland Treasury and Trade and the Department of the Premier and Cabinet.

Most elements of the budget process are carried out on a rolling twelve month cycle. Some elements, for example, departmental evaluations and the development of performance measures, are ongoing in nature and extend beyond a twelve month time span.

The five year budget, or Forward Estimates, represents the projected annual position for each year of a five year planning horizon, that is, current year, budget year, plus four out years. Budget reporting to Queensland Treasury and Trade occurs through Tridata updates to the Forward Estimates – refer to FMPM section 3.3.5 Tridata.

Given the cyclic and integrated nature of planning, budgeting, performance management and corporate governance, the link between internal (departmental) and external reporting (to Queensland Treasury and Trade) will overlap at certain times in the financial year. For example, reporting the current year budget and actuals occurs concurrently with the preparation of the Forward Estimates data for publication in the State Budget papers.
Chapter 3 – Planning, Budgeting, Forecasting and Performance

The state budget process incorporates the following steps:

- develop and approve the budget strategy based on the State’s fiscal position – whole-of-Government
- develop budget process – whole-of-Government
- regularly update CBRC on the State’s fiscal position based on forward estimates – whole-of-Government
- prepare and develop agency budget priorities - agency
- submit budget submissions – agency
- portfolio Ministers advocate budget requests with CBRC – agency
- resource allocation decisions and advice of outcomes – whole-of-Government
- update whole-of-Government forward estimates – whole-of-Government and agency
- prepare, finalise and table annual State Budget Papers – whole-of-Government and agency
- conduct estimates committee hearings – whole-of-Government and agency
- consider the Appropriation Bills – whole-of-Government
- undertake agencies’ internal budget allocation process – agency.

For detailed information in relation to these steps – refer to State Budget Process (Financial Management Framework), issued by Queensland Treasury and Trade.

Budget cycle/calendar for external reporting:

- Stage 1: agencies prepare State Budget submissions to CBRC (November to March)
- Stage 2: agencies develop State Budget papers (March to May)
- Stage 3: agencies co-ordinate information for the Estimates Hearings (May to July)
- Stage 4: Mid-year Review of the Budget (October to December).

In December each year, Queensland Treasury and Trade rolls the forward estimates forward one year and updates the parameter values to reflect the latest estimates.

Queensland Treasury and Trade issues Financial Circulars outlining key dates and processes for updating the Forward Estimates.

Just as monthly performance reporting would occur within the department, Queensland Treasury and Trade will require quarterly, and possibly monthly, reporting of variances between the Tridata Budget and Actuals.

3.3.3 Internal Preparation for the State Budget

The Queensland Health Business Rules and Guidelines outline that the budget process aims to provide budget certainty for budget holders through the full allocation of known resources in advance of the commencement of the financial year. To support this process, all Fund Holders are required to allocate all funds and associated activity targets (where applicable) to operational units. This will minimise the level of funds being held and prevent the delayed allocations of these funds.

The internal budget build process begins ten (10) months ahead in August. This process begins with:
Chapter 3 – Planning, Budgeting, Forecasting and Performance

- the review of the design and development of costing templates for the Cabinet Budget Review Committee (CBRC)
- a review of State Special line items
- base funding with options on growth allocation and available funds
- revenue estimates
- activity based funding
- full time equivalent (FTE) calculation
- network or held funds allocation
- cash flow
- release of Statements of Comprehensive Income and
- the phasing and upload of revenue, budgets and forecasts at the start of the financial year in July.

The budget process involves full allocation of resources before the commencement of the financial year.

The historical PBA process will be discontinued and will be replaced with a contract variation round (under the purchasing framework). This is expected to occur in months 2, 6, and 10 of each financial year. These variations will coincide with any movement of activity targets (with associated dollars) between HHSs as determined by the purchaser.

A balanced budget is defined within the Monthly Performance Report as being Operating Revenue less Operating Expenditure and excludes Trust and Research funds.

Budget cycle/calendar for internal processes to link with State Budget papers:

- Step 1: the department and the HHS prepare targeted concept briefs for consideration and prioritisation by the Executive Management Team and HHS Executive Committees respectively (September to November); usually the concept briefs are prepared for the budget year and not for the current year
- Step 2: Executive Management Team and Executive Committee approved and prioritised concept briefs are developed for inclusion in the Budget Submission - Short Form to the Minister for approval (November to December); the Budget Submission is lodged with the Cabinet Secretariat (December); CBRC considers Budget Submissions - Short Form at its strategic meeting in February

and

- Step 3: CBRC approved Budget Submissions - Short Form are developed for inclusion in the Budget Submission - Long Form to the Minister for approval at the CBRC operational meeting (February to March); the Budget Submission is lodged with the Cabinet Secretariat (February/March); CBRC considers Budget Submissions – Long Form (March/April).

3.3.3.1 Appropriations

The Legislative Assembly grants appropriations for departmental expenditure as contained in the department’s approved budget by passing an Annual Appropriation Act. The Treasurer is then authorised to issue such sums from the public accounts to the department in the financial year or within a further two weeks.
3.3.3.2 Unforseen expenditure

Unforseen expenditure arises where there has been an expenditure of moneys for which there has been no appropriation. Approval for unforseen expenditure must be sought from the Governor in Council. The funding should be sought as soon as practicable after the need arises, but not later than the end of the financial year to which the expenditure relates, to enable the Treasurer to seek an appropriation of these moneys by parliament.

3.3.3.3 Lapse of appropriation

A lapse of appropriation will occur where the Treasurer has made less than the approved payment to the department for its agreed services, administered items or equity adjustments.

3.3.3.4 Carryover

In order to provide the department (and all other agencies) with increased flexibility in resource allocation between years and to promote the efficient utilisation of budget resources, a formalised system of year-end carryovers and advance drawings, within set limits, has been approved by the CBRC.

Carryovers relate to savings generated in one year which are being carried forward to the following year. A percentage of the base allocation budget estimate, negotiated with Queensland Treasury and Trade, may be carried over.

3.3.3.5 Advance drawings

Advance drawings relate to the bringing forward of expenditure allocations from the following year to the current year. The department may draw in advance an agreed percentage of operating costs in any one year, provided that Queensland Treasury and Trade is satisfied that funds shall be repaid in the following year without any adverse impact on service delivery. Advances shall not be drawn for two consecutive years.

3.3.3.6 Redistribution of public business

Pursuant to section 79 of the FAA, where there has been a redistribution of a service delivered by Queensland Health, an administered item or an equity adjustment to another department/agency or vice versa, the Governor in Council may, by gazette notice, decide that part of the department’s appropriation which is attributable to the distributed service, item or adjustment and had not been paid to the department, is available for payment to the transferee department/agency for application to the distributed service, item or adjustment.

3.3.3.7 Payments from the Treasurer’s advance

Section 34 of the FAA provides for a payment to be made to the department from the Treasurer’s advance account for the purpose of achieving a service delivered by the department, administered item or equity adjustment for which the original appropriation was not sufficient.

3.3.3.8 Cabinet Budget Review Committee (CBRC)

The CBRC is a general supervisory body of the parliament which:
• in conjunction with the Cabinet, reviews and determines macro fiscal strategy for the State early in the year so that it can be communicated to government agencies well before the preparation of budget submissions
• develops and approves annual budget priorities
• approves the budget process developed by Queensland Treasury and Trade
• meets with individual ministers to ensure that the quantum and direction of funding for individual portfolios is consistent with the macro fiscal, social and economic policy strategy for the State
• reviews and approves:
  • the services to be delivered by government agencies and the associated performance standards
  • the funds to be provided for services, administered items and equity adjustments
  • the capital program and its funding sources for each agency
  and
  • the budgeted financial statements for each agency
  and
• considers variations to agencies’ funding allocations at the mid year review.

The CBRC consists of:

• the Premier
• the Deputy Premier
• the Treasurer
  and
• another minister (normally rotated per budget round).

The Director-General and advisors attend CBRC meetings.

3.3.3.9 Committee of Budget Officials (COBO)

The Committee of Budget Officials reviews major fiscal management issues, for example, funding submissions, and prepares policy options for consideration by the CBRC.

3.3.3.10 Cabinet Budget Review Committee strategic meeting

At the strategic meeting, the CBRC and portfolio Ministers seek to discuss matters that are achievable within the department’s forward estimates fiscal limits, initially on a no-policy-change basis. Queensland Health may also take the opportunity to highlight the direction intended to be taken with respect to services or investment adjustments at the operational meeting.

Strategic Budget Submission. The Strategic Budget Submission comprises two parts:

• Part 1 Strategic Overview
  and
• Part 2 Current Forward Estimates Fiscal Limit.

Strategic Overview. The required minimum components of the Strategic Overview are

• Overview of Queensland Health
• Strategic Priority Areas and Resource Implications
  and
• Potential Whole-of-Government Issues.
Chapter 3 – Planning, Budgeting, Forecasting and Performance

The Overview of Queensland Health identifies:

- the relationship between its services and Government services (may be textual or diagrammatic as appropriate)
- Queensland Health’s funding mix, for example, the proportion of funds obtained from the State, user charges and other sources and
- environmental factors impacting for example, Commonwealth Government policies or issues and demographic factors).

The Strategic Priority Areas and Resources Implications highlights:

- emerging funding pressures, for example, expected cuts to Commonwealth Government funding, expected increased demand for services caused by specified demographic factors
- proposals for re-direction of existing resources to meet emerging service delivery pressures and
- priority directions for resource adjustments with indicative funding implications.

Where Queensland Health wishes to assume a lead agency role in a Whole-of-Government proposal, Queensland Health must identify the likely participating agencies and resource implications of the proposal within the Potential Whole-of-Government Issues section.

The Strategic Overview should be no more than three pages of generally textual information. Tables can be included where appropriate.

The commentary is to provide sufficient detail to give the CBRC knowledge of what the services involve. It is expected that a maximum of four pages of information will be provided, essentially highlighting why the Government should be purchasing the service from Queensland Health. A structure of four headings has been provided for the commentary, however it should be noted that both the structure and the requirements in italics are a minimum requirement only. The department has the flexibility to add whatever further information it believes will provide an understanding of their business.

It should be noted that the information provided under the final heading on the commentary is to be consistent with the strategic priority areas addressed in the Strategic Overview.

**Fiscal limits.** This part of the submission provides the CBRC with a more detailed picture of the services the departments and budget-funded statutory authorities will deliver within the forward estimates funding limit, the capital investment plans to support service delivery, and budgeted financial statements.

The presentation comprises a services summary, a services commentary, and service delivery statement, a capital investment plan, and financial statements. The financial statements templates are available on a secure page of Treasury’s webpage, encompassing the actual figures for the financial year preceeding the budget year, estimates for the budget year and the three years following.

**Forward estimates.** The forward estimates system provides rolling five year estimates of the budgetary allocations required to maintain existing services and commitments. Currently these estimates are constructed on a whole of Queensland Health basis only. The four out years are advised on a 'no policy change' basis.
The forward estimates system seeks to provide a realistic and consistent expenditure baseline for budget formulation within a given set of parameters. The forward estimates define the basic cost of maintaining Queensland Health's services under the existing policy. The basis for ongoing consideration of forward estimates is an updating and review function performed by Queensland Treasury and Trade in conjunction with Queensland Health.

The accrual forward estimates fiscal limit details funding provided to the department, namely:

- controlled
- service funding (which includes depreciation as a component of service costs)
- equity injection funding (which represents a capital investment by government in the department) and
- administered item funding (funding to provide whole-of-Government services).

The forward estimates process is designed to take into account all 'supplementation' factors including adjustments for price changes, wage and salary award increases, major changes in demand factors and any other factors, extra-ordinary events, which impact on Queensland Health's budget requirements.

The forward estimates are subject to review and consultation between Queensland Treasury and Trade and Queensland Health. However, the final determination of the forward estimates rests with CBRC and is binding on Queensland Health. From Queensland Health's perspective, the forward estimates provide some predictability of levels of resources and are used as a multi-year planning tool.

**Service costing.** A service is defined as “a discrete service or product produced by agencies with funding from the Government for external customers or consumers”.

Service costing is defined as “the process of determining the total cost of each product and service produced”. It assigns the total costs incurred to establish the total cost of producing each service.

The purpose behind “service costing” is not singular in nature. There are a number of reasons for costing services including the following:

- identifying the cost of providing a product or service
- providing one measure of the success or failure in efficiently producing services
- estimating anticipated service costs for budget submissions to the CBRC, justifying the forward estimates and negotiating appropriate resource levels
- continually monitoring performance and budget for internal and external purposes such as meeting the requirement to report service costs to the CBRC quarterly and
- identifying the nature, quantity and quality of services that can be produced within the forward estimates and negotiating appropriate service standards and performance targets with the CBRC.

The department has to negotiate the levels and costs of services with the CBRC for approval. Services are to be costed on the basis of the accrued costs of all resources (direct and indirect) consumed in production. When calculating service costs for budget funding, relevant costs should include all costs contributing to the total costs of services. By definition, total cost must include an appropriate share of total overhead (indirect) costs, such as executive management and corporate services, that cannot be assigned directly to services.
The purchase of non-current assets during a period does not directly form part of service costs. Instead, their cost is spread over the useful life of the asset as a depreciation/amortisation expense. Depreciation forms part of total operating costs which are included in service costs. Similarly, financing costs, including interest on borrowings, form part of service costs.

Service costs include non-cash costs.

**Funding submission.** At the strategic meeting of the CBRC, the Minister for Health and the CBRC discuss what is achievable within the forward estimates fiscal limit of the department.

The CBRC also advises the Minister of its strategic priority areas, that is, areas of particular attention or focus for policy change in relation to:

- enhancements or savings within the portfolio
- whole-of-Government initiatives.

This may lead to changes in the forward estimates fiscal limit of the department.

In approximately January each year, the department shall submit a strategic submission to the Treasurer which includes a short form funding submission. This submission is discussed at the strategic meeting of the CBRC in March and it;

- provides the CBRC with information on the funding of the operations of the department within the existing forward estimates fiscal limit
- canvasses the CBRC regarding service or investment adjustments that the department intends to propose to the operational meeting of the CBRC and
- contributes towards a Queensland Treasury and Trade briefing for the operational meeting.

The basis of strategic meeting submissions might be derived from:

- election commitments
- unforeseen increases in workload (particularly those generated from changes to legislation or where the cost drivers have increased significantly
- proposed legislation
- proposals (including trials) for enhanced services and
- proposals which might generate funding.

### 3.3.3.11 Cabinet Budget Review Committee operational meeting

The second meeting of the CBRC will be an operational meeting, normally conducted in March. At this meeting, the CBRC will review the in-depth service analysis requested at the strategic meeting and will consider all service/investment proposals submitted by Queensland Health.

The operational meeting will confirm the fiscal limit or advise of an adjusted forward estimate fiscal limit, including approved new funding for enhancements.

The type of information which may be sought by the CBRC includes:
• detailed costing of the service or of its component parts, including marginal cost information
• specific activities performed within the ambit of the service
and
• the impact of the changes in funding levels on the performance of the service.

Further clarification of the CBRC requirements would be likely to be a component of the pre-submission consultation with Queensland Treasury and Trade.

**Financial statements.** Updated financial statements for the department or any HHS may be provided to the operational meeting where there has been a significant adjustment to those financial statements previously provided to the strategic meeting, for example, where the estimated actual figures have been materially modified. Otherwise, the financial statements provided to the strategic meeting will be utilised by the CBRC for the operational meeting.

**Service/Investment Proposal and Summary.** ‘Service/Investment Proposal’ is the term to be used for all requests for a change in the department’s or HHSs’ state funding. The standard formats may be used for:

• an enhancement to a service
• a totally new service
• a proposed revenue or savings option
or
• a specific capital investment sought.

A Service/Investment Proposal is to be completed at the individual service level. Therefore, if the department or a HHS wishes to request an enhancement that will affect more than one service, it will be required to submit a Service/Investment Proposal for each affected service to identify the effect of the change sought on the performance of individual services.

The format and content of the proposals and summaries are adequately covered in Queensland and Treasury’s secure webpage.

Funding submission. At the operational meeting, the CBRC reviews the in depth service analysis which was requested at the strategic meeting and considers a long form funding submission submitted by the department. The outcome of the operational meeting is a confirmation or adjustment of the forward estimates fiscal limit.

An operational budget submission includes, as appropriate:

• the departmental funding submission
• whole-of-Government funding submission
• any in depth analysis requested at the strategic meeting
and
• updated financial statements where these differ significantly from those provided in the strategic budget submission.

As a general rule only those strategic meeting submissions which receive in-principle endorsement from the CBRC at the strategic meeting will be considered at the operational meeting.

On occasions, the CBRC undertakes a one step process only, whereby there is no strategic meeting and the operational meeting is held in mid March.
A funding submission template is available from Queensland Treasury and Trade.

### 3.3.3.12 Mid year budget review

The purpose of the mid year budget review is to give the department the opportunity to increase its fiscal limit if there are new or significant initiatives not foreseen at the time of the original CBRC funding.

Whilst Treasury monitors budget actual results on a month by month basis, the CBRC undertakes a major mid year review of the department’s financial position generally in December each year.

In addition to monitoring the outcome of the approved annual budget, the department is given the opportunity to put forward requests for an increase of the fiscal limit as a part of the mid year review. The success of requests for additional funding is as much linked to the availability of additional funding as the merits of requests put forward.

Mid year review submissions generally comprise proposals that were unsuccessful in attracting funding in the strategic and operational meetings of the CBRC, for which additional funding is still required, plus any other issues arising during the first six months of the financial year.

Requests for additional funding for initiatives that were not included in the approved fiscal limit may be submitted in the form of a funding submission for consideration in the mid year review. The CBRC Funding Submission template shall be used.

### 3.3.4 State Budget Papers

Each year, the Treasurer delivers the State Budget in Parliament on State Budget day (usually on the first Tuesday in June). While Queensland Treasury and Trade has overall responsibility for the production of budget documentation, Government agencies prepare several budget documents and contribute material to other budget papers.

Queensland’s State Budget papers contain financial statements that are prepared and presented under the Uniform Presentation Framework (UPF) of reporting required under the Australian Loan Council arrangements. The framework was reviewed following the release in October 2007 of the Australian Accounting Standard Board’s (AASB) accounting standard, AASB1049 Whole of Government and General Government Sector Financial Reporting. The standard aims to harmonise Government Finance Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) with the objective of improving clarity and transparency of government financial statements.

In a ‘normal’ year, (that is, State elections may affect timeframes) the process to report financial statements in the State Budget papers usually commences in March, and includes the April update to the Forward Estimates (CBRC outcomes), and may include information from the Commonwealth Government Budget (in May), and is published on State Budget day.

Tridata is used to develop information for several published State Budget papers, including Budget Papers 2, 3, 4 and 5. There may be other related documents published by the Treasurer or the Premier which require direct or indirect input from the department or HHSs, for example, Rebuilding Queensland after the natural disasters of the summer of 2010-11.

State Budget papers include:
### Budget Documentation

<table>
<thead>
<tr>
<th>Budget Paper 1: Treasurer’s Budget Speech</th>
<th>Titled ‘Appropriation Second Reading Speech’.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Paper 2: Budget Strategy and Outlook</td>
<td>Provides the context and background to the Budget.</td>
</tr>
<tr>
<td>Budget Paper 3: Capital Statement</td>
<td>Presents an overview of proposed departmental capital projects in a budget year.</td>
</tr>
<tr>
<td>Budget Paper 4: Budget Measures</td>
<td>Presents an overview of new policy initiatives announced in the Budget (expense, revenue and capital measures).</td>
</tr>
<tr>
<td>Budget Paper 5: Service Delivery Statements (SDS)</td>
<td>Formerly Ministerial Portfolio Statements. Primary source of information for Parliamentary Estimates Committees and provides an overview of strategies, achievements, details of service delivery and financial statements for the Minister’s portfolio and for the Legislative Assembly.</td>
</tr>
<tr>
<td>Regional Budget Statements (RBS)</td>
<td>Outlines the Government’s ongoing investment in the regions and funding highlights for the budget year. Queensland regions comprise the ten ABS statistical division groupings, plus a whole of State RBS.</td>
</tr>
<tr>
<td>Appropriation Bills</td>
<td>The Appropriation Bills appropriate funds for the forthcoming financial year and appropriated funds for unforeseen expenditure in respect of previous years.</td>
</tr>
</tbody>
</table>

Information regarding State Budget Papers can be obtained from:


### 3.3.4.1 Service Delivery Statements

Section 11 of the FPMS states: that each accountable officer and statutory body must, in managing the performance of the officer’s department or the statutory body, comply with the document called ‘A guide to the Queensland Government performance management framework’ prepared by the Department of the Premier and Cabinet.
A Guide to the Queensland Government Performance Management Framework (the Guide) requires each department and statutory body (agencies) to plan service delivery and to measure and monitor the efficiency and effectiveness of the services it delivers. Expected results, established by the agencies, are to be published in the Service Delivery Statements (SDS), as part of the State Budget Papers.

The SDS provides consolidated detail about the activities and strategic direction of all agencies falling within the Minister for Health’s portfolio and will be a primary source of information for the hearing of the Parliamentary Estimates Committee. Each service described is to be linked to a Government outcome and supporting outcome.

The public sector health system’s contribution to the annual State Budget Papers (including the SDS), the preparation of which begins in March, will be coordinated by the department.

The SDS will be presented in the following format:

- System Wide
- Corporate
- Hospital and Health Services (17)
- Health Quality and Complaints Commission
- Queensland Institute of Medical Research.

The Queensland Health SDS will provide information regarding:

- its portfolio budgets
- future highlights
- recent achievements
- performance
- staffing
- administered items
- budgeted financial statements.

The performance and financial data covers the estimated actuals for the current financial year and the target/estimates for the forthcoming year.

By measuring performance, the extent to which services are creating value can be determined. The categories of performance measures are:

- quantity
- quality
- timeliness
- location (where appropriate)
- cost.

The required performance measures will have been previously agreed, and the Service Delivery Statement is to provide detail of the current targets for each of the performance measures, and
expected targets to be achieved within the Forward Estimates provided by Queensland Treasury and Trade.

The aim is to ensure that the social, economic and environmental services for Queensland communities are optimised through the efficient and effective management of available government resources. By relating community needs to desired services, decision makers are able to test the alignment of government services and resources.

A Service Summary table gives a break-up of Queensland Health’s services and the total funding allocated to each service and the funding sources, that is, State Government, user charges, Commonwealth Government revenue and other sources of funds, including retained earnings. The table enables the reader to see at a glance the extent to which these services are funded by the State Government and the extent to which other sources are being used to fund the services.

While the department is required to identify the costs of individual services, both on the summary sheet and in the Performance Statement, it should be noted that the forward estimates fiscal limit for services is a global departmental limit. The SDS also includes detail on highlights, achievements, strategic directions for the department and reporting against the service standards which fall under each service.

HHS service standards and targets are aligned with the HHS Service Agreements. The system wide service standards will present, in the SDS, a consolidated view of most of the HHS service standards.

The DPC annually reviews all service standards in consultation with agencies. Any changes (including adding, modifying or discontinuing service standards need to be approved by Cabinet. For consistency, all HHSs will be reporting against the same set of service standards.

The SDS information, like all budget data, is to be treated as confidential until released by the Treasurer.

The SDS is tabled in parliament and released publicly with the State Budget, usually on the first Tuesday in June, and forms the main source document for the Estimates Committee Hearings which are usually held in July.

The HHSs will be required to provide information for the SDS on a template which will be provided by the department. The template is developed by Queensland Treasury and Trade and the DPC and cannot be modified. The HHSs are to adhere to the requirements outlined in the SDS Guidelines.

The Chairs of the Hospital and Health Boards will be responsible for endorsing the HHS SDSs.

For detailed information regarding the structure and content of the SDS - refer to Service Delivery Statements, issued by Queensland Treasury and Trade

### 3.3.4.2 Regional Budget Statements

For many Queenslanders, the Regional Budget Statements (RBS) are the primary source of information about the government’s commitment to regional service delivery and infrastructure development. As such, the RBS is an opportunity for Queensland Health to highlight its service contributions to the community.
Capital and recurrent initiatives, projects and programs may be included with the emphasis on new financial commitments. Eleven RBS are produced specific to the regions of:

- Brisbane
- Cairns
- Darling Downs
- Fitzroy
- Gold Coast
- Ipswich
- Mackay
- Outback Queensland
- Sunshine Coast
- Townsville
- and
- Wide Bay.

Information provided by Queensland Health might be aggregated with the initiatives of other government agencies to highlight a specific commitment, government priority or issue of regional significance. The information for the statements is prepared by Queensland Treasury and Trade in consultation with the Department of the Premier and Cabinet and the Department of Communities, Child Safety and Disability Services’ regional offices.

Queensland Health shall include all portfolio entity initiatives in its consolidated return.

The final priority ranking of all initiatives, in line with current budget and general budget priorities, will be made by the Treasurer’s office. Therefore, some of the items presented by Queensland Health may not be included in the final printed documents.

An RBS submission template is issued annually by Queensland Treasury and Trade.

### 3.3.4.3 Estimates committees meetings

Estimates committees are parliamentary committees that analyse agencies’ proposed budget on behalf of parliament. Hearings are held in the weeks following the delivery of the state budget. A number of estimates committees are formed to scrutinise the entire budget. The committees consist of Legislative Assembly members from the government, opposition, minor parties and independents.

Estimates committees meetings are usually held, in public, in July each year and examine and report on the proposed expenditure of the different Ministerial portfolios.

At the meetings, Ministers and Directors-General (supported by senior departmental staff) are required to answer questions from committee members regarding their portfolio’s proposed budget and performance targets for the forthcoming financial year.

Other members of the Legislative Assembly, who are not members of the estimates committee may also ask questions, with the leave of the committee. Time limits are imposed on both questions and answers. Written answers can be provided for questions taken on notice.

The HHSs have a role to play in this process in relation to preparing briefings on the HHSs financial and performance data to assist the Minister to respond to the committee’s questions during the hearing. The department will liaise with the HHSs regarding the Minister’s requirements.
Following the committee meetings, the committees will report to the parliament stating whether they agree with the proposed expenditure.

### 3.3.5 Tridata

Tridata is a Whole of Government (WoG) financial reporting and budget management system that is used by Queensland Treasury and Trade to develop the State Budget and to perform WoG consolidations of Government entities at the State financial sector level.

It is the tool used by Queensland Government agencies and entities to supply their:

- controlled and administered budget
- actuals
- forecasts
- non-financial performance data

that is required by Queensland Treasury and Trade for State-wide consolidation and reporting purposes.

Tridata is comprised of a number of modules, each performing specific tasks that are designed to:

- handle the entry
- validate/review the data
- to approve the data.

Some modules are used by all agencies, while others are only used by certain agency groups for certain tasks.

Tridata is used:

- to develop several published State Budget papers each year, including Budget Papers 2, 3, 4 and 5
- to administer agency appropriation payments
- for external reporting purposes, for example, Australian Bureau of Statistics uses the information held in Tridata for its own statistical reporting.

There are two categories/types of agencies in Tridata:

- departments: (typically larger funded) agencies that have a controlled and administered split of their funding
- statutory bodies: (typically smaller funded) agencies that are established by legislation for a specific purpose; ‘Statutory Bodies’ covers Statutory Authorities, Government Owned Corporations and Commercialised Business Units.
Currently, budget data is reported to Queensland Treasury and Trade through Tridata updates to the Forward Estimates in approximately October, December (Mid Year Fiscal and Economic Review), February, April (State Budget papers) and June-July (end of financial year adjustments).

Actuals data is reported through Tridata by departments each calendar month plus a period for June Audited Actuals (a total of 13 Actuals periods). Statutory bodies provide data for each quarter (September, December, March and June). All agencies are required to provide June Audited Actuals data. Queensland Treasury and Trade have advised that HHSs will be reported quarterly.

Once the June Audited Actuals have been accepted in Tridata by Queensland Treasury and Trade, the budget year rolls forward one year to give a new five year Forward Estimates budget, reflecting the latest, updated budget estimates.

Refer also to FMPM section 4.3.2.1 Tridata Overview.

3.4 Performance Evaluation

3.4.1 Agency Performance

3.4.1.1 Hospital and Health Services Performance Framework

The Hospital and Health Services Performance Framework, supporting document two to the Service Agreement, provides a process for cascading the elements of the Queensland Government Performance Management Framework throughout the HHSs and establishes a robust system for the monitoring and reporting of performance information and holds HHSs to account for the delivery of the services and obligations outlined in their Service Agreement with the System Manager.

The Framework includes a formal classification system for HHS performance which will enable each HHS to be allocated a performance rating or category (High Performing/Performing/Under-Performing/Serious Under-Performing). It sets out how performance issues will be managed and includes an escalation protocol that recognises both poor and high performance. It sets out the interventions and responses that the System Manager could potentially put in place to remedy poor performance and to recognise high performance.

The Framework is aligned to the National Performance and Accountability Framework (NPAF) which establishes the high level performance indicators and standards against which the National Health Performance Authority (NHPA) will monitor and report on each HHSs performance. It incorporates a requirement to report on the agreed national indicators – refer to FMPM section 2.13.2.1 Role of the National Health Performance Authority/National Reporting.

HHSs are required to report regularly on their performance against the indicators and targets set within the schedules of the Service Agreement. The Framework identifies a reporting timetable for this.

The System Manager will review the performance of HHSs through the Performance Management Executive Committee which will:

- provide a single focal point for significant HHS performance management issues as well as detailed discussion of these issues.
Chapter 3 – Planning, Budgeting, Forecasting and Performance

- facilitate consistency in the System Manager’s approach to service agreement and performance management issues
- ensure that service agreements are consistent with Government and legislative priorities and
- provide a forum for discussions in relation to the purchasing framework.

Refer to Hospital and Health Services Performance Framework 2012 - 13.

3.4.1.2 Queensland Government Performance Management Framework

The Queensland Government Performance Management Framework (QGPMF) supports the delivery of legislative obligations by establishing the minimum requirements for Queensland public sector agencies (departments and statutory bodies) in relation to performance management including the development of strategic and operational plans and the publication of results through the Service Delivery Statement and the annual report.

Refer to the Guide to the Queensland Government Performance Management Framework, issued by DPC.

3.4.1.3 National Performance and Accountability Framework

The key objective of the National Performance and Accountability Framework (NPAF) is to support a safe, high quality Australian health system through improved transparency and accountability.

It applies to all Australian public health and hospital services, private hospitals and primary care services (through Medicare Locals).

The NPAF supports the objectives set out within the National Health Reform Agreement 2011 specifically to:

- improve performance reporting through the establishment of the National Health Performance Authority (NHPA) – refer to FMPM section 2.14.2.1 Role of the National Health Performance Authority/National Reporting and
- improve accountability through the NPAF.

The NPAF includes a set of standardised national indicators which are designed to measure local health system performance and to drive improved performance. The indicators span four domains of health service delivery:

- safety and quality
- access
- efficiency and financial performance
- patient experience.

The Australian Commission for Safety and Quality in Healthcare (ACSQHC) will be responsible for developing indicators for the measurement of safety and quality for approval by Health Ministers.

The Performance Framework for Hospital and Health Services will be aligned to the NPAF which establishes the high level performance indicators and standards against which the NHPA will monitor and report on each HHSs performance.
3.4.2 Hospital and Health Service Performance Management Dashboard

Within the Hospital and Health Performance Framework 2012-13, the System Manager is to produce a standard HHS dashboard each month which will:

- provide a one page summary of performance across all escalation key performance indicators (KPIs)
- provide a statement of key actions agreed between the System Manager and the HHSs to remedy adverse variances; Service Agreement managers are to take ownership of this activity and are to ensure that actions are progressed within the HHSs between meetings
- provide a summary of the trend performance on each escalation KPI
- provide detailed information:
  - to back up National Emergency Access Target (NEAT) (identifying specific wards, for example, where there is an issue)
  - to back up National Elective Surgery Target (NEST) (focusing more on the forward order book rather than examining past performance)
- regarding finance
- provide supporting information on all monitoring KPIs.

For guidance regarding performance management – refer to:

- FPMS, Division 3, Performance management
- Better Practice Guide, Performance reviews, July 2010, issued by the Queensland Audit Office
- FMPM section 2.14 Performance Monitoring
- FMPM section 10.11 Hospital and Health Service, Service and Performance Agreements
- FMPM section 13.4.1 Performance Reporting.
Chapter 3 – Planning, Budgeting, Forecasting and Performance

3.5 References

Legislation

- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009

Australian Accounting Standards

- AASB1049 Whole of Government and General Government Sector Financial Reporting

Queensland Government Directives, Policies and Guidelines

Queensland Health

- Activity Based Funding website
- Asset Management Policy
- Asset Management Implementation Standard
- Asset Management Plan Template
- Blueprint for Better Healthcare in Queensland
- Business Analysis and Management’s Business Rules
- Capital Funding Policy
- Capital Funding Policy Implementation Standard – Items to be Funded from the CAP
- Capital Funding Policy Implementation Standard – Funding Sources
- Future Workforce Strategy for better healthcare in Queensland 2013-2018
- Hospital and Health Services Performance Framework 2012 - 13
- Intellectual Property Health Service Directive
- Queensland Health Performance Management Framework
- Queensland Health Strategic Plan 2012-2016
- Statement of Government Health Priorities
- Strategic plans - minimum requirements checklist
- Strategic Planning Framework

Queensland Treasury and Trade

- A Guide to Risk Management
- Financial Accountability Handbook
- Financial Management Tools
- Government Energy Management Strategy (GEMS)
- Service Delivery Statements
- State Budget Process (Financial Management Framework)
- Strategic Management Planner Whole of Government Financial Management Framework including:
  - State Budget Process (including Service Delivery Statement Guidelines)
  - State Budget Papers
  - and
  - Financial Circulars
Chapter 3 – Planning, Budgeting, Forecasting and Performance

Department of the Premier and Cabinet

- Agency Planning Requirements
- Annual Report Requirements for Queensland Government Agencies
- Guide to the Queensland Government Performance Management Framework
- Ministerial Charter Letter

Department of Housing and Public Works

- Queensland Government Strategic Asset Management Framework
- Maintenance Management Framework
- Queensland Procurement Policy 2013

Queensland Audit Office

- Better Practice Guide, Performance reviews, July 2010

Public Service Commission

- Workforce planning

Other

- National Health Reform Agreement 2011
- National Healthcare Agreement
- National Health Workforce Strategic Framework
- National Performance and Accountability Agreement
Financial Management Practice Manual

Chapter Four

Financial Reporting
4.1 Introduction ............................................................................................................................... 3
4.1.1 Overview ............................................................................................................................... 3
  4.1.1.1 Legislative requirements ........................................................................................... 3
  4.1.1.2 Departmental reporting .......................................................................................... 4
  4.1.1.3 Management reporting ............................................................................................ 4
4.1.2 Chart of Accounts .................................................................................................................. 5
  4.1.2.1 Overview ............................................................................................................... 5
  4.1.2.2 Whole-of-Government CoA .................................................................................... 5
  4.1.2.3 Master data naming and numbering ....................................................................... 7
  4.1.2.4 Tax codes for GST .................................................................................................. 7
  4.1.2.5 Counter party identifiers (CPIDs) .......................................................................... 7
  4.1.2.6 Government purpose classification codes ............................................................... 8
4.2 Reporting Entities .................................................................................................................... 8
  4.2.1 Overview .......................................................................................................................... 8
4.3 Reporting Requirements ....................................................................................................... 8
  4.3.1 Overview ............................................................................................................................ 8
    4.3.1.1 Legislative requirements ...................................................................................... 8
    4.3.1.2 Departmental reporting ....................................................................................... 9
    4.3.1.3 Financial analysis ................................................................................................. 9
  4.3.2 Reporting to Queensland Treasury and Trade ................................................................. 10
    4.3.2.1 Tridata overview ................................................................................................. 10
    4.3.2.2 Obligations ........................................................................................................... 10
  4.3.3 Annual Financial Statements .......................................................................................... 10
    4.3.3.1 Legislative requirements ...................................................................................... 10
    4.3.3.2 Financial Reporting Requirements for Queensland Government Agencies .......... 11
    4.3.3.3 Responsibility for preparation .............................................................................. 11
    4.3.3.4 Consistency of presentation ............................................................................... 13
    4.3.3.5 Cross referencing ................................................................................................. 13
    4.3.3.6 Sources of estimation uncertainty ................................................................-------- 13
    4.3.3.7 Events after the reporting period ......................................................................... 13
    4.3.3.8 Specific disclosures ............................................................................................... 14
    4.3.3.9 Audit role in the preparation of the annual financial statements ......................... 14
    4.3.3.10 Audit of the annual financial statements ............................................................ 15
    4.3.3.11 Annual report .................................................................................................... 15
  4.3.4 Commonwealth Program Reporting ............................................................................... 15
  4.3.5 Daily Cash Reporting ....................................................................................................... 15
4.4 Controlled and Administered Items and Agency Transactions ........................................ 16
  4.4.1 Overview ............................................................................................................................ 16
  4.4.2 General Considerations .................................................................................................... 16
  4.4.3 Controlled Transactions and Balances ............................................................................ 16
  4.4.4 Administered Transactions and Balances ....................................................................... 17
  4.4.5 Agency Transactions and Balances ............................................................................... 17
  4.4.6 Disclosure Requirements ............................................................................................... 18
4.5 Annual Reports ..................................................................................................................... 19
4.5.1 Legislative Requirements .............................................................. 19
4.5.2 Content ...................................................................................... 19
4.5.3 Timing ....................................................................................... 19
4.5.4 Publication and Distribution ...................................................... 19

4.6 Audit Reports – External and Internal ............................................. 20

4.6.1 Overview .................................................................................. 20
4.6.2 External Auditor’s Reports ......................................................... 20
  4.6.2.1 Legislative requirements .................................................. 20
  4.6.2.2 Actioning the report ......................................................... 21
4.6.3 Internal Auditor’s Reports ......................................................... 21
  4.6.3.1 Legislative requirements .................................................. 21
  4.6.3.2 Actioning the report ......................................................... 21
4.6.4 Report Distribution ................................................................. 22
4.6.5 Acceptance of Audit Recommendations ................................... 22
4.6.6 Rejection of Audit Recommendations ...................................... 22
4.6.7 Register of Audit Findings ....................................................... 22

4.7 References ................................................................................... 23
4.1 Introduction

4.1.1 Overview

Financial reporting is a critical part of the process of business review which is used by both internal management and external parties to assess the state of a business’s affairs and its financial performance.

Regulated external reporting allows interested external parties to review the performance and status of the department’s operations. Operational unit and divisional directors are responsible for submitting reports and for meeting deadlines.

Revenues, expenses, assets, liabilities and equity will be categorised into ‘controlled’ and ‘administered’. ‘Controlled’ items will be disclosed in the departmental annual financial statements, and the administered items will be included in the notes to those statements unless they are material in amount in relation to the controlled financial statements - refer to Accounting Policy Guideline (APG) 8 Controlled and Administered Transactions and Balances, issued by Queensland Treasury and Trade. APG’s are part of the Financial Reporting Requirements for Queensland Government agencies (FRRs) and can be accessed on Queensland Treasury and Trade’s Knowledge Centre, financial reporting webpage.

The objective of financial reporting is to provide consistent, timely, and accurate data by operational unit management to executive management.

Annual financial statements are developed in accordance with legislative requirements and enable the department to meet its reporting commitments to the Queensland parliament.

4.1.1.1 Legislative requirements

Part 2, Division 3 of the Financial and Performance Management Standard 2009 (FPMS) requires the Director-General, as the accountable officer, to have systems in place for obtaining information that will allow the Director-General to determine whether the department is:

- achieving the objectives stated in its strategic plan in an efficient, effective and economic manner
- and
- delivering its services to the standard stated in its operational plan.

The Director-General must regularly (at least once every three months) assess the following:

- the appropriateness of the objectives and the services that the department delivers to achieve its objectives
- whether the performance information that the department collects is suitable to assess the extent to which the objectives have been achieved
- and
- options to improve the efficiency, effectiveness and economy of the operations of the department.

For information regarding the legislative requirements applicable to performance reporting requirements – refer to FMPM section 13.4.1.2 Legislated performance and reporting requirements.
requirements.

**4.1.1.2 Departmental reporting**

The level of detail in departmental financial and management reports will vary depending upon the purpose of the reports. While management reports are detailed and contain the information necessary to conduct the day-to-day operations of the department, executive management reports are prepared to enable executive officers to obtain a ready snap-shot of the performance of the department.

Reporting should embrace three critical areas:

- operational/performance reports - focusing on the overall objectives and services of the department
- financial reports – focusing on the financial performance and the sustainability of the department:
  - financial reporting provides consistent, timely, and accurate financial data for departmental and operational unit management, external parties and integrates with corporate office as required
  - annual financial statements are developed in accordance with legislative and policy requirements and enable the department to meet its legislative reporting commitments
- and
- risk reports – focusing on the key risks to the department.

Refer also to Overview of Queensland’s Financial Accountability Framework issued by Queensland Treasury and Trade.

**4.1.1.3 Management reporting**

Management reporting is the process of providing departmental management with timely, accurate and relevant information that is designed to assist in the strategic and operational management of the department.

Reports can be set up as standard reports which are generated on a regular basis, or ad hoc reports which are developed in response to specific agency demands.

Standard report formats should provide management with the information required for day to day agency activities and may, depending on user requirements, include:

- reports on key performance indicators, achievement of government commitments, operational/service delivery
- capital project reports, including information such as:
  - budget and actual cost review
  - project timelines
  - project variations
  - estimated time to completion
- budget/forecast versus actual results (financial and non-financial performance)
- and
- other reports, such as:
  - staffing levels
  - revenue and expenses by line item, program, category, asset class or project
  - schedules of assets, including estimates of remaining useful lives
• schedules of liabilities, including payment due dates
  and
• cash flow reports.

While the timing of standard reports will differ depending upon the nature of the information, many of the above reports should be prepared and actioned (as appropriate) on a monthly basis.

Ad hoc reports should be available to management in timeframes and formats that allow effective and timely decision making by management. For example, performance reporting on high risk projects might be more regularly reported than those considered to be low risk. A simple ‘traffic light’ approach may be incorporated to draw attention to urgent or problem areas requiring immediate attention.

For further information regarding management reporting – refer to:
• Financial Accountability Handbook (FAH), Information Sheet 5.1 Management Reporting
  and
• Financial Management Tools (FMT), Information Sheet 5.1 Management Reporting

issued by Queensland Treasury and Trade.

4.1.2 Chart of Accounts

4.1.2.1 Overview

The Chart of Accounts (CoA) provides the framework within which financial information is recorded. The chart lists all accounts by name and number. The titles of accounts reflect the nature of the business of the department and the transactions to be recorded in the account.

Some features of the CoA are common across the Queensland public service.

The CoA enables the inclusion of accounts at each level appropriate to the responsibilities of the officers-in-charge of cost centres or groups of cost centres.

From time to time, officers-in-charge of the cost centres should review the accounts within their control to ensure that they are adequate to meet the needs of the cost centre or cost centre group and that all available accounts are currently in use or are likely to be used in the foreseeable future. In the event that the responsibilities of officers in relation to a cost centre or to a group of cost centres changes, it is possible to add, amend and delete accounts.

4.1.2.2 Whole-of-Government CoA

The whole-of-Government CoA consists of:

• SAP general ledger structure/groupings
• whole-of-Government financial information requirements (WOGFIR)
• counter party identifiers (CPID)
• tax codes for the goods and services tax (GST)
  and
• SAP general ledger accounts and their definitions.
The WOGFIR CoA follows a similar pattern to that of the department at the highest level but varies at lower levels.

The whole-of-Government CoA is based on a single common structure and common numbering and naming conventions, that is:

- fixed common account numbers and ranges
- unique departmental specific accounts that meet the department’s needs
- centralised maintenance of account codes
- consistent definition of account codes
- a central custodian for the CoA
- consistent identification of accounts, that is, name and number
- a six digit numeric SAP general ledger account code defined and configured at the CoA level to prevent any other lengths being used
- consistent mapping of the account codes to the WOGFIR
- CPIDs
- fixed asset accounts based on whole-of-Government perspectives and departmental variations at company code level.

The reporting requirement under WOGFIR is represented by the Financial Information Requirements (FIR) code, which is a 23 character alpha/numeric block. It comprises the following components:

- entity code (6 characters)
- controlled or administered identification (1 character)
- account code (6 characters)
- government purpose classification (4 characters)
- counter party identifier (6 characters).

The entity code identifies the department as the reporting entity and uses the same set of codes as the counter party identifier – refer to FMPM section 4.1.2.5.

The controlled or administered character code uses C or A respectively.

The account code structure is described in FMPM section 4.1.2.3 Master data naming and numbering.

The government purpose classification component is described in FMPM section 4.1.2.6 Government purpose classification codes.

Some SAP general ledger accounts are specific to the department. These accounts will exist on a whole-of-level CoA level but will not be used by all agencies.

In order to provide WOGFIR information to Queensland Treasury and Trade, the department has mapped its CoA to the WOGFIR chart.

The Financial and Asset Accounting Team (FAAT) is responsible for the maintenance of the CoA and the assignment of each general ledger account code to a WOGFIR and to a general purpose code (GPC). Counter party identifiers (CPIDs) are assigned to departmental customers and to vendors.
The CoA in SAP is established and maintained in accordance with:

- mandated Australian Accounting Standards (AASs)
- the FPMS and
- FRRs issued by Queensland Treasury and Trade.

### 4.1.2.3 Master data naming and numbering

The structure of the CoA follows that of the financial statements for external reporting using six digit numeric characters. The first numeric character of the account code indicates the basic classification of the account as follows:

<table>
<thead>
<tr>
<th>ACCOUNTING CLASS</th>
<th>ACCOUNT CODES beginning with:</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSET</td>
<td>1</td>
</tr>
<tr>
<td>LIABILITY</td>
<td>2</td>
</tr>
<tr>
<td>EQUITY</td>
<td>3</td>
</tr>
<tr>
<td>REVENUE</td>
<td>4</td>
</tr>
<tr>
<td>EXPENSE</td>
<td>5</td>
</tr>
</tbody>
</table>

Reference: Refer to Chart of Accounts.

The second numeric character designates major account groups, for example, current assets 110000.

The third character designates sub-groups under the major group, for example, cash 111000.

The fourth through sixth numeric characters represent further groupings under the sub-group, for example, cash on hand – increase/decrease 111112.

The account codes apply to all agencies.

The FAAT, Finance Branch, System Support Services Division, is charged with the responsibility of reviewing and maintaining a uniform CoA. Any queries relating to addition, deletion, or defining of the CoA must be directed to the Manager of the FAAT.

### 4.1.2.4 Tax codes for GST

A list of all available tax codes for GST which have been established in the SAP system is provided as a reference for all agencies. CorpTech is the custodian of the tax codes.

### 4.1.2.5 Counter party identifiers (CPIDs)

CPIDs, which are used to identify other parties to departmental transactions, are provided by the Fiscal and Taxation Policy Unit, Queensland Treasury and Trade. They are a function of the vendor and customer master data and not the SAP general ledger account.
The provision of accurate information on counter parties is essential for the elimination of intra-sector flows and balances in order to produce consolidated whole-of-Government financial statements. The CPIDs are also used to provide data to the Australian Bureau of Statistics. On consolidation, exceptions are highlighted and agencies are notified to provide a reconciliation of material transactions.

The CPID is a six digit alpha/numeric character specifying other parties to a transaction with the department.

A complete list of CPIDs is provided in section D2 of the WOGFIRS.

The CPID is recorded in SAP for all transactions and processes that permit an entry into the 'Trading Partner' field. This will include the majority of transactions and processes. Examples of transactions and processes that do not include a CPID are PP and Ps transactions arising from the payroll process and depreciation transactions and processes.

Requests for additional CPIDs are to be made to Fiscal and Taxation Policy Unit, Queensland Treasury and Trade by the FAAT.

### 4.1.2.6 Government purpose classification codes

Agencies are required to code each transaction according to purpose. Government purpose classification codes (GPCs) are to be mapped to cost centres to provide the requirements of Australian Bureau of Statistics and Commonwealth Grants Commission reporting.

The GPC is a four digit numeric character.

A detailed definition of each specific GPC code is provided in section C3 of the WOGFIRS Manual.

### 4.2 Reporting Entities

#### 4.2.1 Overview

Each Hospital and Health Service (HHS) and the Department of Health will be separate reporting entities.

Should the department control an entity, the annual financial statements will reflect a consolidation with the controlled entity’s financial statements.

### 4.3 Reporting Requirements

#### 4.3.1 Overview

#### 4.3.1.1 External reporting

The department will establish an External Reporting Framework to summarise the external reporting requirements and to outline key deadlines. Responsibility to deliver each external financial reporting requirement shall rest with the Chief Finance Officer.
External reporting requirements will include, but not be limited to:

- Director-General/ Executive Management Team reporting
- Minister for Health reporting
- annual report
- annual financial statements
- gifts and benefits reporting
- Commonwealth Government reporting
- Queensland Treasury and Trade reporting
- Australian Taxation Office reporting
- and
- various regulatory reporting requirements.

Changes in the requirements for reporting to Queensland Treasury and Trade and for annual financial statements specifically will be disseminated by Finance Branch, System Support Services Division.

4.3.1.2 Internal reporting

The department will establish an Internal Reporting Framework. The framework should consist of a suite of internal reporting requirements due at varying times, for example, weekly, monthly, quarterly or annually. Internal reporting will enable the Director-General/Executive Management Team and management to confirm whether the department is meeting its objectives and is achieving internal performance targets. It will also highlight areas of concern.

The internal management reporting framework could consist of the following:

- suite of daily reports
- monthly management reporting framework
- monthly Director-General/Executive Management Team reporting framework
- and
- annual departmental reporting framework.

The Director-General may direct, from time to time, changes in internal reporting requirements. These changes will be circularised.

4.3.1.3 Financial analysis

The department is to undertake regular comprehensive financial analysis to understand variances against budget and other key performance indicators. The variance analysis is to be presented to management and the Director-General/Executive Management Team to enable them to assess decisions about resource allocation and to take corrective action where necessary. In addition, the department shall plan for future issues, for example, enterprise bargaining increases and natural disasters.

The department is to regularly review and monitor performance against budget to determine the reason for the variation in performance and the corrective action that needs to be taken. The frequency of reporting against a budget or a key performance indicator will depend on the criticality of the indicator.

The Director-General/Executive Management Team and management shall assess the impact of current performance and corrective action on not only the current year outcomes but also on future
year expected outcomes.

Financial analysis templates are to be developed taking into consideration the information needs of users/stakeholders. Appropriate timeframes are to be established to ensure that information is provided to management and/or the Director-General/Executive Management Team in a timely manner.

4.3.2 Reporting to Queensland Treasury and Trade

4.3.2.1 Tridata overview

‘Tridata’ is the name given to the WOGFIR system developed by Queensland Treasury and Trade to support agency reporting and the consolidation of Queensland Treasury and Trade’s financial data and notes to its annual financial statements.

Tridata is designed to meet all of Queensland Treasury and Trade’s financial management requirements, including:

- the production of forward estimates
- the preparation of the State Budget Papers
- management of the budget process
- whole-of-Government reporting.

Tridata collects standard financial data as well as non financial data from agencies at WOGFIR level and reports using a standard suite of accrual financial statements, as well as reporting on a Government Finance Statistics basis. The Whole-of-Government Financial Information Requirements Manual is available from Queensland Treasury and Trade’s Tridata website – contact the Tridata Help Desk via tridata.help@treasury.qld.gov.au.

For further information regarding Tridata – refer to FMPM section 3.3.5 Tridata.

4.3.2.2 Obligations

Reporting to Queensland Treasury and Trade is the responsibility of the Finance Branch, System Support Services Division.

4.3.3 Annual Financial Statements

4.3.3.1 Legislative requirements

Section 62(1)(a) of the Financial Accountability Act 2009 (FAA) requires the Director-General, as the accountable officer, to prepare annual financial statements for the department in accordance with prescribed requirements.

Section 59(6) of the FAA defines prescribed accounting standards as the following documents published by the Australian Accounting Standards Board (AASB):

- Australian Accounting Standards
- Statements of Accounting Concepts
- Interpretations

Chapter 4 – Financial Reporting

- Framework for the Preparation and Presentation of Financial Statements.

Section 42(1) of the FPMS requires the Director-General, as the accountable officer, to prepare the annual financial statements for each year under the minimum reporting requirements mentioned in the document called Financial Reporting Requirements for Queensland Government Agencies (FRRs).

4.3.3.2 Financial Reporting Requirements for Queensland Government Agencies

Australian Accounting Standards. The following references are to be consulted in the preparation of annual financial statements:

- AASB 13 Fair Value Measurement
- AASB 1053 Application of Tiers of Australian Accounting Standards
- AASB 1054 Australian Additional Disclosures
- AASB 1055 Budgetary Reporting
and
- APG 1 Australian Accounting Standards Board Pronouncements.

Financial Reporting requirements for Queensland Government Agencies (FRRs), issued by Queensland Treasury and Trade, consist of three distinct parts following the introductory part (Part A):

- Minimum Reporting Requirements (Part B)
  - the reporting requirements outline the prescribed accounting requirements and the government’s reporting policies
- Accounting Policy Guidelines (APGs) (Part C)
  - APGs provide in-depth support in interpreting and applying the FRRs; the APGs are for guidance only and may be applied to reflect individual circumstances and operational characteristics
- Sunshine Department Model Financial Statements (Part D)
  - these model statements comply with the FRRs and provide guidance in developing financial statements.

The FRRs, including the Sunshine Department Model Financial Statements, are issued to assist in the preparation of annual financial statements and to ensure consistency in presentation. The Sunshine Department Model Financial Statements are based on AASB 101 Presentation of Financial Statements and other applicable standards.

4.3.3.3 Responsibility for preparation

Section 61 (d) of the FAA states that the Director-General, as the accountable officer, shall ensure that annual financial statements are prepared, certified and tabled in parliament in accordance with the prescribed requirements.

Section 62(1) of the FAA states that the Director-General, as the accountable officer, shall, in the way and within the time stated:

- prepare annual financial statements for the department in accordance with the prescribed requirements
- certify on the statements whether the statements comply in all material respects with the prescribed requirements in relation to the establishment and keeping of accounts
• have the statements audited by the Auditor-General and
• include the statements in the annual report of the department.

Section 77(1)(b)(iii) of the FAA states the Director-General, as the accountable officer, must delegate to the Chief Finance Officer the responsibility for the preparation of financial information including annual financial statements to facilitate the discharge of the department’s statutory reporting obligations.

The department’s annual financial statements are to be prepared in accordance with:

- FAA, section 62
- FPMS, Part 3
- Financial Reporting Requirements for Queensland Government Agencies
  - Part B, Minimum Reporting Requirements
  - Part C, Accounting Policy Guidelines
  - Part D, Sunshine Department Model Financial Statements
    issued by Queensland Treasury and Trade
- FAH
  - Information Sheet 5.2 Preparation of Financial Statements
  - Information Sheet 5.4 Audit Role in Financial Statement Preparation
    issued by Queensland Treasury and Trade
- FMT
  - Information Sheet 5.2 Preparation of Financial Statements
    issued by Queensland Treasury and Trade
- Non-Current Asset Policies for the Queensland Public Sector
  issued by Queensland Treasury and Trade
  and
- Australian Accounting Standards
  issued by the Australian Accounting Standards Board (AASB)
  – refer to:
    - FMPM section 4.7 References

The annual financial statements satisfy accountability obligations, Queensland Treasury and Trade’s whole-of-Government reporting requirements and performance measurement and evaluation.

The whole-of-Government financial reporting requirements are prescribed in Financial Reporting Requirements for Queensland Government Agencies which also includes Accounting Policy Guidelines. Any significant deviations from these requirements are to be referred, in the first instance, to the Chief Finance Officer.

Assets, liabilities, revenues and expenses are classified as being controlled or administered items. Controlled items are included on the face of the financial statements while administered items are disclosed in notes to the financial statements. For further information regarding controlled and administered items – refer to section 4.4 Controlled and Administered Items and Agency Transactions.
4.3.3.4 Consistency of presentation

The department shall retain the presentation and classification of items in the annual financial statements from one period to the next unless:

- it is apparent, following a significant change in the nature of the department’s operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- or
- an Australian Accounting Standard requires it.

4.3.3.5 Cross referencing

The department shall, as far as practicable, present notes in a systematic manner. The department shall cross-reference each item in the:

- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- and
- Statement of Changes in Cash Flows

to any related information in the notes.

4.3.3.6 Sources of estimation uncertainty

The department shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

- their nature
- and
- their carrying amount at the end of the reporting period.

4.3.3.7 Events after the reporting period

Events occurring after the reporting period are those events, favourable or unfavourable, that occur between the end of the reporting period and the date when the annual financial statements are authorised for issue. This is the date on which the management certificate is signed by the Director-General, as the accountable officer, and by the Chief Finance Officer.

For the purpose of recognising and measuring these events, they shall be classified as:

- adjusting events after the end of the reporting period
- and
- non-adjusting events after the end of the reporting period.

Refer to AASB 110 Events after the Reporting Period.
4.3.3.8 Specific disclosures

The department shall comply with the requirements of any relevant accounting standard and interpretation in relation to specific disclosures for the:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Comprehensive Income by Major Services
  and
- Statement of Financial Position by Major Services

and any other disclosures required pursuant to the Financial Reporting Requirements for Queensland Government Agencies, issued by Queensland Treasury and Trade.

The department shall disclose in the notes to the annual financial statements, a note as to whether the financial statements have been prepared in accordance with Australian Accounting Standards.

The breakdown of statement line items contained in various notes shall be tailored to meet individual departmental requirements. All material amounts shall be individually disclosed in these notes. It follows that where a transaction or balance is comprised of as number of individual, material items, these items shall be separately disclosed in the notes to the annual financial statements.

For further information regarding disclosure requirements with respect to the notes to the annual financial statements – refer to Financial Reporting Requirements for Queensland Government Agencies, Part B, Reporting Requirements, Section 9, Notes to the Financial Statements, issued by Queensland Treasury and Trade.

4.3.3.9 Audit role in the preparation of the annual financial statements

Neither internal nor external audit have any responsibility for the preparation of the annual financial statements of the department, this being the responsibility of the Director-General as the accountable officer for the department.

External audit’s role is to express an opinion as to whether they received all the information and explanations which they required and that the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects. External audit also examines the department’s annual financial statements in order to express an opinion as to whether they have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the transactions and of the financial position as at the end of the year.

For further information regarding the role of internal; and external audit in the preparation of the annual financial statements – refer to FAH, Information Sheet 5.4 Audit Role in Financial Statements Preparation.

For information regarding the role of the Audit Committee with respect to the preparation of the annual financial statements – refer to Audit Committee Guidelines – Improving Accountability and Performance, issued by Queensland Treasury and Trade.
4.3.3.10 Audit of the annual financial statements

The annual financial statements shall be forwarded to the Auditor-General for audit within the timeframe agreed with the Auditor-General – refer to FPMS, section 45.

The consequences for late completion could include qualification of the statements and adverse mention in the Auditor-General’s report to parliament.

4.3.3.11 Annual report

A copy of the management certified annual financial statements and a signed independent auditor’s report shall be included in the department’s annual report, unabridged, amended or otherwise varied – refer to FPMS, section 50.

4.3.4 Commonwealth Program Reporting

Commonwealth programs are Commonwealth Government totally or partly funded initiatives undertaken by the department. Commonwealth funding may be received from Queensland Treasury and Trade as an appropriation or directly from the Commonwealth Government as a grant. Each Commonwealth program is allocated to, and monitored by, a designated Commonwealth Program Coordinator.

Each Commonwealth program is subject to specific requirements which must be complied with, as these are the conditions of the grant. Generally, programs are reported on a project level and must be fully discharged annually.

For further details, refer to the specific Commonwealth Program Coordinators.

Refer also to section 54 of the HHBA regarding the reporting of data to the Commonwealth Government by the Chief Executive (Director-General).

4.3.5 Daily Cash Reporting

Cash management requires close monitoring of cash flow and cash balances. It is imperative that funds management be pro-active, and that reporting be responsive. Charges may apply if cash requirements for the day are reported incorrectly to Queensland Treasury and Trade.

Refer to:

- FMPM section 7.4.2 Cash Management
- Cash Funding Profile Guidelines 2012-13
- Cash Management Handbook for Departments and Agencies,

issued by Queensland Treasury and Trade.
4.4 Controlled and Administered Items and Agency Transactions

4.4.1 Overview

The financial operations of the department comprise:

- those controlled by the department and which directly relate to its operational objectives and arise at the discretion and direction of the department and
- those that the department administers on a whole-of-Government basis, and over which it does not have control but for which it is charged with administering efficiently and effectively.

APG 8 Controlled and Administered Transactions and Balances, issued by Queensland Treasury and Trade contains clear and concise guidance in the identification of controlled and administered transactions and balances.

4.4.2 General Considerations

All transactions and balances of the department, except trustee and/or agency functions, must be categorised as either controlled or administered. Information about controlled and administered activities will provide an important indicator of the department’s performance in achieving its objectives and satisfying accountability requirements for:

- those items under its control and
- those items that it administers on behalf of others.

Administered and controlled transactions and balances are to be accounted for in accordance with the same policies and procedures outlined in this Manual.

The classification of a transaction as either controlled or administered is to be based on the essence of that discrete transaction. The power and authority of the department over the transaction is the deciding factor. The existence of legislation governing the transaction may be an indication, in some circumstances, as to whether it is controlled or administered.

4.4.3 Controlled Transactions and Balances

Controlled activities, transactions and balances are those controlled by the department, in that they relate directly to departmental operational objectives and arise at the discretion and direction of the department.

Control would be considered to exist if the department has:

- the capacity to benefit from the use of assets or funds in the pursuit of its objectives, and to deny or regulate the access of others to those assets or funds
- discretion and responsibility as to how funds are spent or
- expended funds, incurred liabilities, or received free services related to operations under department’s control.
Refer to APG 8 Controlled and Administered Transactions and Balances, issued by Queensland Treasury and Trade for details of policy with respect to:

- controlled revenues
- controlled expenses
- controlled assets
- controlled liabilities
and
- disclosure requirements.

### 4.4.4 Administered Transactions and Balances

Administered activities, transactions and balances are those which the department administers, but does not control, the associated resources on behalf of the Government. The department is accountable for the transactions associated with such administered resources, but does not have discretion to use those resources to achieve departmental objectives.

A transaction or balance would generally be regarded as being administered if the department:

- has restricted or no discretion in relation to the item
- has restricted or no discretion to increase or reduce the item
- has responsibility for the item but restricted or no authority over its use
  or
- is responsible only for the collection and/or transfer of the item.

Transactions and balances are administered where decisions relating to their use are primarily made by an arm of government, other than the department.

Refer to APG 8 Controlled and Administered Transactions and Balances, issued by Queensland Treasury and Trade, for details of policy with respect to:

- administered revenues
- administered expenses
- administered assets
- administered liabilities
and
- disclosure requirements.

Reference should also be made to:

- AASB1050 Administered Items
and
- AASB1052 Disaggregated Disclosures.

### 4.4.5 Agency Transactions and Balances

Transactions/balances that do not meet the criteria of ‘controlled’ transactions/balances must be properly assessed against the criteria for ‘administered’ transactions/balances.

In those rare circumstances where an agency is acting solely as an agent for another entity, that is, where the transactions do not meet the criteria for ‘administered’ or ‘transfer payments’, and acts as a collection agency for another entity, the transactions/balances do not form part of the
department. Such transactions/balances should not be recognised as either ‘controlled’ or ‘administered’.

Similarly, trust arrangements are neither controlled nor administered.

Example 21 of AASB 118 Revenue clarifies the criteria for identifying whether an entity is acting as a principal or as an agent in respect of amounts it collects.

The nexus between the collection of moneys and subsequent outlays, as well as the timeframe involved, are important factors to be considered when determining the existence or absence of an agency activity.

Agency and trust transactions should be disclosed separately in the notes to the annual financial statements.

Refer to APG 8 Controlled and Administered Transactions and Balances, issued by Queensland Treasury and Trade, for further information regarding agency transactions and their disclosure.

4.4.6 Disclosure Requirements

Controlled and administered transactions and balances are to be reported as prescribed by FRRs issued by Queensland Treasury and Trade, prior to the completion of each financial year.

The FRRs detail disclosure requirements in respect of:

- controlled statement of comprehensive income
- administered statement of comprehensive income
- controlled statement of financial position
- and
- administered statement of financial position.

Refer to:

- Financial Reporting Requirements for Queensland Government Agencies
  - Part B Minimum Reporting Requirements
  - Section 4 General Requirements
  - Section 5 Statement of Comprehensive Income
  - Section 6 Statement of Financial Position
  - Section 9 Notes to the Financial Statements
  - Part D Sunshine Department Model Financial Statements

issued by Queensland Treasury and Trade.

As indicated in sections FMPM 4.4.3, 4.4.4 and 4.4.5 above, APG 8 Controlled and Administered Transactions and Balances contains disclosure requirements.

Where controlled and administered assets, liabilities, expenses and revenue are assigned to departmental costs and achievements, the underlying individual items must be reliably attributable to those costs and achievements.
4.5 Annual Reports

4.5.1 Legislative Requirements

Annual reports are to be published by the department pursuant to section 63 of the FAA, and Part 3, Division 3 of the FPMS.

For further information regarding the preparation of annual reports – refer to:

- FAH, Information Sheet 5.5 Annual Reports
- FMT, Information Sheet 5.5 Annual Reports

issued by Queensland Treasury and Trade.

4.5.2 Content

The Department of the Premier and Cabinet (DPC) issues Annual Report Requirements for Queensland Government Agencies each year on its intranet site - refer to these requirements for further information. The document contains a compliance checklist which outlines the governance, performance, reporting and other specific requirements for agency annual reports. The department must publish the completed checklist including references to the relevant sections of the annual report where each requirement has been addressed.

The Director-General should approve the annual report before submitting it to the Minister for tabling in parliament. To provide assurance that all information in the annual report complies with the relevant legislative requirements and associated information and/or policy guidelines, a letter of compliance, addressed to the Minister, must be included in the annual report. The letter of compliance must be signed by the Director-General.

4.5.3 Timing

The department must submit a copy of its annual report to the Minister for Health for approval no later than three months after the close of each financial year, prior to its tabling in Parliament within fourteen (14) days of its receipt by the Minister – refer to section 49(2) of the FPMS and to Annual Report Requirements for Queensland Government Agencies issued by the DPC.

After tabling, the annual report must be distributed and published online.

The department is required to have its annual financial statements finalised and audited no later than two months after the close of each financial year – refer to section 45(3) of the FPMS.

Audited financial statements for the annual report is to be signed by the Director-General and the Auditor-General by 31 August each year.

4.5.4 Publication and Distribution

For information regarding the requirements for the publication and distribution of the annual report, including the online publication - refer to Annual Report Requirements for Queensland Government agencies, issued by DPC.
Chapter 4 – Financial Reporting

4.6 Audit Reports – External and Internal

4.6.1 Overview

Relevant directors and the Chief Finance Officer will address each point in external and internal audit reports, indicating either their acceptance thereof together with suggestions for implementation, or the reasons for rejecting the recommendation and will submit these promptly to the auditors for their inclusion in the final audit report.

4.6.2 External Auditor’s Reports

4.6.2.1 Legislative requirements

The Auditor-General must, for each financial year, audit all public sector entities – refer to Auditor-General Act 2009 (AGA), section 30(1)(b).

Section 42(1) of the FPMS requires the Director-General, as the accountable officer, to prepare the annual financial statements for each year under the minimum reporting requirements mentioned in the document called Financial Reporting Requirements for Queensland Government Agencies (FRRs).

The Director-General and the Chief Finance Officer must certify on the statements whether, in their opinion:

- the prescribed requirements for establishing and keeping the department’s accounts have been complied with in all material respects – refer to FPMS, section 42(2)(a) and
- the statements represent a true and fair view, in accordance with the prescribed accounting standards, of the department’s transactions for the financial year and financial position at the end of the year refer to FPMS, section 42(2)(b).

The Director-General must, within the time period agreed with the Auditor-General, pursuant to section 45 of the FPMS, give the statements to the authorised auditor for the department for audit – refer to FPMS, section 42(3).

The Auditor-General must:

- audit the annual financial statements of a public sector entity – refer to AGA, section 40(1)(a) and
- prepare an auditor’s report about the financial statements – refer to AGA, section 40(1)(b).

The auditor’s report about the financial statements of a public sector entity that is a department or a statutory body, must state whether:

- the Auditor-General has received all the information and explanations required by the Auditor-General and
- the Auditor-General considers the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects.

As soon as is practicable after the officers have certified the statements and the Auditor-General has prepared the auditor’s report about the statements, the Auditor-General must give:
Chapter 4 – Financial Reporting

- the certified statements and the auditor’s report to the Director-General – refer to AGA, section 40(4)(a)(i) and
- a copy of the certified statements and the report to the appropriate Minister and to the Treasurer.

Refer to AGA, section 54, for further legislative requirements in relation to the external audit report.

4.6.2.2 Actioning the report

External audit reports must be acted upon within the time frame specified, or if there is no such limit, within 30 days from the date of receipt. Management will respond in writing to issues and recommendations.

The Audit Committee is to assess external audit reports for the department and the adequacy of actions taken by the department as a result of the reports.

Refer to the AGA, Part 3, for further information regarding the Auditor-General’s mandate.

Refer also to:
- FMPM section 2.11 External Audit
- FMPM section 13.6.1.2 Audit Committee

4.6.3 Internal Auditor’s Reports

4.6.3.1 Legislative requirements

The internal audit function of a department must:

- give to the person in charge of an audited area, a copy of the proposed report on the audit of the area – refer to FPMS, section 32(1)(a) and
- include any comments by the person about the proposed report in the final report – refer to FPMS, section 32(1)(b).

The internal audit function must give the final report to the Director-General and to the Audit Committee – refer to FPMS, section 32(2)(a).

4.6.3.2 Actioning the report

Departmental internal auditors issue draft audit reports in respect of audit reviews conducted within the department. Managers are to provide responses to be included in the final report.

Internal Audit summarises major findings and provides this summary to the Director-General and to the Audit Committee.

Refer to:
- FPMS Part 2, Division 5 Internal audit and audit committees
- FPMS section 32 and 33
4.6.4 Report Distribution

Draft audit reports are to be distributed to the appropriate operational units. Appropriate levels of confidentiality should be maintained. The final audit report includes the response/s by managers and is forwarded to the Director-General for approval.

4.6.5 Acceptance of Audit Recommendations

Operational unit managers must provide written ‘agree/disagree’ responses to audit recommendations within 21 days (or 15 working days) of receipt of the recommendations. Responses must include the action proposed to be taken to address each agreed audit recommendation and the target date for full implementation.

Any request for an extension of time should be submitted to internal audit as soon as any difficulty in meeting the original target date is known.

4.6.6 Rejection of Audit Recommendations

In the event of an audit recommendation being rejected, operational unit managers must advise of each proposed rejection, advising the reasons for the rejections and offering alternative recommendations if necessary.

Proposed rejections of external audit recommendations require the approval of the Chief Finance Officer prior to any formal reply to the Auditor-General.

4.6.7 Register of Audit Findings

The department has an obligation to address weaknesses in internal controls and processes that may be identified by either internal or external audit. As a means of recording the matters identified by the audit process, the department shall establish a Register of Audit Findings to record those matters and to track the progress of their resolution.

An example of a Register of Audit Findings appears in FMT, Information Sheet 4.5 Register of Audit Findings and Resolution for XYZ Agency, issued by Queensland Treasury and Trade.
4.7 References

Legislation

- Auditor-General Act 2009
- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Hospital and Health Boards Act 2011

Australian Accounting Standards issued by the AASB

- AASB 13 Fair Value Measurement
- AASB 101 Presentation of Financial Statements
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 110 Events after the Reporting Period
- AASB 118 Revenue
- AASB 1050 Administered Items
- AASB 1031 Materiality
- AASB 1052 Disaggregated Disclosures
- AASB 1053 Application of Tiers of Australian Accounting Standards
- AASB 1054 Australian Additional Disclosures
- AASB 1055 Budgetary Reporting

Queensland Government Policies and Guidelines

Queensland Health

- Business Analysis and Management Unit’s Business Rules and Guidelines
- Chart of Accounts

Queensland Treasury and Trade

- APG 1 Australian Accounting Standards Board Pronouncements
- APG 8 Controlled and Administered Transactions and Balances
- Audit Committee Guidelines – Improving Accountability and Performance
- Cash Funding Profile Guidelines 2012-13
- Cash Management Handbook for Departments and Agencies
- Financial Accountability Handbook
- Financial Management Tools
- Financial Reporting Requirements for Queensland Government Agencies (including Accounting Policy Guidelines and Sunshine Department Model Financial Statements)
- Non-Current Asset Policies for the Queensland Public Sector
- Overview of Queensland’s Financial Accountability Framework
- Whole-of-Government Financial Information Requirements Manual (refer to Queensland Treasury and Trade’s Tridata website – contact the Tridata Help Desk via tridata.help@treasury.qld.gov.au)

Department of the Premier and Cabinet

- Annual Report Requirements for Queensland Government agencies
Financial Management Practice Manual

Chapter Five

Income Management
Chapter 5 – Income Management

Table of Contents

5.1 Introduction .......................................................................................................................... 4
5.1.1 Overview .......................................................................................................................... 4
5.1.2 Revenue Recognition Principles ...................................................................................... 5
5.1.3 System Manager Role ...................................................................................................... 6

5.2 Types of Income Collected by Queensland Health ................................................................. 6
5.2.1 Fees and Charges Collected by Hospital and Health Services ........................................ 6
  5.2.1.1 Hospital fees and charges including accommodation charges .................................... 7
  5.2.1.2 Commonwealth government fee payments – nursing homes .................................... 7
  5.2.1.3 Daily maintenance and accommodation charges – nursing homes and psychogeriatric hospitals ............................................................ 7
  5.2.1.4 Facility charges ........................................................................................................... 7
  5.2.1.5 Transportation charges ............................................................................................... 8
  5.2.1.6 Nursing escort costs .................................................................................................. 8
  5.2.1.7 Other hospital charges ............................................................................................... 8
  5.2.1.8 Health Service Directive - Own Source Revenue - Central coordination of Fees and Charges Increases and Category "c" Negotiation and Acquisition ....................................................... 9
  5.2.1.9 Other hospital charges ............................................................................................... 9
  5.2.1.10 Organisational restructures .................................................................................... 12
  5.2.1.11 Co-location ............................................................................................................. 12
  5.2.1.12 Insurance levy ......................................................................................................... 13
  5.2.1.13 Facility charges ........................................................................................................ 12
  5.2.1.14 Co-location ............................................................................................................. 12
5.2.2 Other Income and Receipts Collected by Hospital and Health Services ............................ 9
  5.2.2.1 Staff accommodation and staff meals ....................................................................... 9
  5.2.2.2 Rent of government buildings ................................................................................... 9
  5.2.2.3 Commissions on payroll deductions ......................................................................... 9
  5.2.2.4 Trading operations ................................................................................................... 9
  5.2.2.5 Miscellaneous receipts ............................................................................................. 9
  5.2.2.6 Proceeds from the sale of assets ............................................................................. 10
  5.2.2.7 Investment income .................................................................................................. 10
  5.2.2.8 State and Commonwealth Government Funding .................................................... 11
  5.2.2.9 Items received below fair value ................................................................................ 11
5.2.3 Income Collected by the Department ............................................................................. 13
5.3 Income Identification ............................................................................................................ 13
  5.3.1 Definition and Recognition of Income .......................................................................... 13
    5.3.1.1 General ................................................................................................................. 13
    5.3.1.2 Revenue ............................................................................................................... 14
    5.3.1.3 Gains .................................................................................................................... 14
  5.3.2 Revenue Recognition .................................................................................................... 15
5.4 Revenue Recovery ............................................................................................................... 15
  5.4.1 Overview ....................................................................................................................... 15
  5.4.2 Recovery Management ................................................................................................. 16
    5.4.2.1 Pharmacy co-payments ......................................................................................... 17
  5.4.3 Recoveries of Expenditure ............................................................................................ 17
    5.4.3.1 Recovery in same financial year as expenditure .................................................... 17
    5.4.3.2 Recovery in a subsequent year ............................................................................... 18
    5.4.3.3 Recognition of labour expenses .......................................................................... 18
    5.4.3.4 Labour expense recovery ...................................................................................... 18
5.1 Introduction

5.1.1 Overview

Each operational unit in the department and each Hospital and Health Service (HHS) is charged with the responsibility of identifying the customers or clients to be billed for particular services, goods or works provided to them.

Applicable charges have been authorised in the form of:

- Commonwealth and State Government legislated fees
- cost recovery and user charging principles in accordance with the Financial and Performance Management Standard 2009 (FPMS) and Full Cost Pricing Policy and Principles for Fees and Charges issued by Queensland Treasury and Trade
- contractual arrangements originally organised by Queensland Health/Department of Health or individual operational units and
- HHS and departmental administrative fees approved by the Director-General, the Minister or the Governor in Council and which are collected and accounted for by the HHSs and the department respectively.

Revenue must be promptly recognised and recorded in the accounts in a manner that satisfies reporting objectives and accountability. The point at which revenue should be recognised is that at which a legal entitlement to receipt first occurs. This will usually be preceded by a claim for payment, such as an invoice, even though services may have been rendered prior to that point. In general, revenue should be recognised when notification of an amount receivable, has been issued. Invoices are to be raised as soon as possible after the completion of services or in accordance with contract conditions.

Section 15(1) (a) of the FPMS requires the accountable officer (the Director-General) to establish a revenue management system.

Adequate systems, including effective internal controls, are to be established, maintained and documented to ensure that all revenue is:

- properly authorised as being claimable pursuant to statutory and/or managerial requirements
- promptly identified, assessed, invoiced, recorded and reported
- efficiently collected on or before the due date, or else followed-up/written-off in a timely manner
- protected in accordance with the Asset Management Policy, and promptly banked and
- maximised, and managed efficiently and effectively, for example, invested.

The systems for charging for goods and services provided must:

- identify those goods and services for which clients must be charged
- regularly examine the charges for those goods and services and
- record information to collect accurate and reliable data about goods and services provided.

Refer to section 17 of the FPMS for further legislated obligations regarding revenue management.
Chapter 5 – Income Management

In establishing the system, section 15 (2) of the FPMS requires that the accountable officer shall have regard to the Financial Accountability Handbook (FAH) issued by Queensland Treasury and Trade.

Section 15 (3) of the FPMS requires that the accountable officer must regularly review the system to ensure that it remains appropriate for managing the financial resources of the department.

In general terms, all revenue earned on goods and services provided by the department must be reported as controlled revenue. All revenue that has been collected by the department on behalf of the Government, is to be paid into the department’s Administered Collections Bank Account and reported as administered revenue.

The System Manager has issued the following Health Service Directive with respect to patient’s moneys held by HHSs in a fiduciary capacity:

- Trust and Fiduciary Funds – Administration of Patient Fiduciary and General Trust Monies.

This directive can be located at:


For further information regarding the accounting for revenue – refer to:

- Financial Accountability Handbook (FAH), Information Sheet 3.5 Revenue Systems
- Financial Management Tools (FMT), Information Sheet 3.5 Revenue and
- APG 8 Controlled and Administered Transactions and Balances

An additional reference for HHSs is:


5.1.2 Revenue Recognition Principles

Revenue recognition principles are as follows:

- all revenue earned is in relation to assets, goods and/or services provided by the department pursuant to legitimate operational purposes and in accordance with prescribed requirements and practices
- all revenue earned, and moneys collected, are accepted and banked to an account in the name of the department
- operational responsibility is assigned for the identification and management of all revenue
- all revenue transactions are promptly identified and recorded, and adequate audit trails are maintained, so that all internal and external reporting and accountability requirements may be satisfied
- relevant and reliable information is obtained to enable all internal and external reporting and accountability requirements to be satisfied
- amounts received by operational units for goods and services not yet provided are identified and managed
- adequate controls exist over the prompt and accurate assessment and invoicing of all
claimable revenue
• assets, goods and/or services are not provided on credit to non-government entities, except where appropriately authorised and proper arrangements are in place
• gains qualifying as income are promptly recorded
• receipts from all sources are recorded, banked and recorded against amounts receivable
• income is safeguarded from loss and is not foregone, waived, reduced, or otherwise written-off except where authorised by the Director-General, Chief Finance Officer or an officer with appropriate delegated authority
and
• adequate segregation of duties exists in the collection of, accounting for and custody of moneys received.

All operational units must document and maintain procedures to achieve the above objectives.

5.1.3 System Manager Role

The Hospital and Health Boards Act 2011 provides as follows:

• section 8(2); The overall management of the public sector health system is the responsibility of the department through the chief executive (the Director-General) (the system manager role)
• section 8(3); In performing the system manager role, the chief executive is responsible for the following:
  (a) Statewide planning
  (b) managing Statewide industrial relations
  (c) managing major capital works
  (d) monitoring service performance
  (e) issuing binding health service directives to Services.

Section 45 (Functions of the chief executive) provides a detailed list of the functions of the chief executive.

Section 47 details the issues about which the chief executive may issue a health service directive.

This FMPM details health service directives that have been issued in relation to revenue and the system manager responsibilities with respect to the management of revenue within HHSs. Those responsibilities include a direct role in the setting of some fees and charges and a coordinating/oversight role in the setting of others. The majority of fees and charges in Queensland Health are collected by the HHSs.

In order to gain an understanding of the revenue types that are generic to HHSs, comment on them is made in this Financial Management Practice Manual (FMPM).

5.2 Types of Income Collected by Queensland Health

5.2.1 Fees and Charges Collected by Hospital and Health Services

Reference should be made to Principles for Fees and Charges, issued by Queensland Treasury and Trade with respect to:
• the principles for fees and charges
• the review of existing fees and charges and
• the introduction of new fees and charges.

The types of revenue received by the HHSs are detailed below.

5.2.1.1 Hospital fees and charges including accommodation charges

All fees and charges must be charged at rates that are consistent with those authorised by either the Director-General, the Minister or the Governor in Council.

Patient fees and charges must be assessed in accordance with the Health Services Directive Own Source Revenue – Central coordination of Fees and Charges Increases and Category “C” Negotiation and Acquisition issued pursuant to section 47(2)(h) of the Hospital and Health Boards Act 2011. This directive can be accessed at:


Assessments of non-legislative charges are processed in accordance with guidance from the Own Source Revenue Unit, Finance Branch, System Support Services Division – refer to Own Source Revenue, Finance in Practice Policies

A complete list of fees and charges, including hospital accommodation charges, is provided in the Queensland Health Fees and Charges Register.

For private and Medicare ineligible patients, advance deposits commensurate with the expected length of stay should be taken by HHSs at the time of the booking if no evidence of health fund membership is produced when the booking is made. Specific procedures must be established by HHSs for the control of recording advances and the offsetting of them against the amounts due for services rendered.

5.2.1.2 Commonwealth government fee payments – nursing homes

The Commonwealth Government provides a daily care subsidy on behalf of the patient to approved nursing homes. Rates are in accordance with the Aged Care Act 1997. Claims are to be submitted monthly by HHSs to the Commonwealth Department of Health and Ageing.

5.2.1.3 Daily maintenance and accommodation charges – nursing homes and psycho-geriatric hospitals

Long term nursing home and psycho geriatric patients are required to contribute towards the cost of their care. A rate is established based on a formula that is applied to the pension. This rate varies in accordance with amendments to the Commonwealth Government legislation and is advised by the Own Source Revenue Unit, Finance Branch, System Support Services Division.

5.2.1.4 Facility charges

• Radiology/minor theatre
Chapter 5 – Income Management

- facilities fees for private and contracted services that are provided outside of Rights of Private Practice arrangements are to be charged at the discretion of Hospital and Health Boards

- Right of Private Practice

  facility and administration fees are to be deducted from fees collected on behalf of the participating medical officer in accordance with the Right of Private Practice Scheme

  fees collected under the scheme by the billing agent (facility), must be deposited initially into a Right of Private Practice bank account and later distributed in accordance with the Right of Private Practice Policy

  for information regarding the Right of Private Practice – refer to FMPM section 10.7 Private Practice Arrangements

- other chargeable services

  other charges are raised by operational units for the use of their facilities by private medical practitioners in respect of private patients not identified above.

5.2.1.5 Transportation charges

- Ambulance

  this revenue item relates to Hospital and Health Services in remote locations that retain a hospital based community ambulance transportation service with relevant charges to private patients.

5.2.1.6 Nursing escort costs

Charges may be assessed and levied to private patients for a nursing escort service from the patient’s residence, temporary or permanent, or from a private doctor’s surgery to a hospital, and transportation between a HHS hospital and a private hospital, regardless of direction, but not between two HHS hospitals. This charge is to be regarded as cost recovery for the labour costs incurred in the provision of the escort service and additional costs for vehicle and equipment hire will be included. Both ‘to and from’ trips are to be included. Cost recovery may be determined using set rates per kilometre, or pre-determined rates per hour (apportioned where required), or on a per set trip basis. The ‘set trip’ fee will require a reliable estimate of the activities and the times involved. Charges should also be extended to cover instances where the time involved extends beyond normal working hours, given that either overtime or time off in lieu may be paid or taken.

5.2.1.7 Other hospital charges

These include:

- pharmaceuticals
- medical reports/records
  and
- dental charges.

These fees and charges are listed in the Queensland Health Fees and Charges Register.
5.2.1.8 Health Service Directive - Own Source Revenue - Central coordination of Fees and Charges Increases and Category "c" Negotiation and Acquisition

For information regarding this Health Service Directive – refer to:


5.2.2 Other Income and Receipts Collected by Hospital and Health Services

Other income and receipts are detailed below.

5.2.2.1 Staff accommodation and staff meals

Officers/employees who are provided with accommodation and meals will be charged an amount at the discretion of the relevant Hospital and Health Board. The charges will be processed via the payroll deductions. Refer to the GST Business Procedure on accommodation and meals for clarification on GST treatment.

5.2.2.2 Rent of government buildings

There may be occasions where rent is received from:

- the leasing of dwellings and commercial buildings to non-employees, for example, a community health centre may have co-tenancy with another government agency but be accountable for the rental costs
- or
- the leasing of dwellings to employees, for example, in remote locations; certain employees may have negotiated the rental of government dwellings as personal accommodation as part of their remuneration package. Fringe Benefits Tax may need to be considered - refer to FMPM section 12.2 – Fringe Benefits Tax (FBT). Refer also to the GST Business Procedures and Ready Reckoner for the applicable GST treatment of property transactions.

5.2.2.3 Commissions on payroll deductions

Commissions are received by operational units for allowing deductions from employee salaries/wages/contract labour expenses for particular individual services, for example, private insurance and health fund insurance.

Payment is periodically sent to the relevant organisation for the gross amount of the payroll deductions less the negotiated commission.

5.2.2.4 Trading operations

A ‘trading operation’ is a business, a joint venture, a practice or any type of business entity through which a business is being carried on. An example within a HHS might be a canteen being operated within a hospital’s grounds by an independent private business or a ladies’ auxiliary.

5.2.2.5 Miscellaneous receipts

- parking fines (for noting purposes, HHSs may issue parking infringement notices as per section 175 of the HHBA)
Chapter 5 – Income Management

- infringement notices must be issued so as to comply with Part 3 of the State Penalties Enforcement Act 1999, and the State Penalties Enforcement Regulation 2000; regulation 17 sets out the identifying particulars relevant to vehicles

- these types of fines must be in accordance with Part 8, and in particular, Division 3 of the HHBA; parking fine tickets must be issued and a Parking Fine Register must be maintained, so that all tickets issued are eventually accounted for as revenue - refer to the relevant HHS FMPM regarding the information to be recorded in a Parking Fines Register

- summonses
  - if a HHS by-law is infringed and the fine, for example, a parking fine cannot be collected, then legal proceedings may be commenced; the cost of an action should be measured against the benefit of the proceeds to be derived before the action is commenced

- security deposits
  - security deposits which have been forfeited or are unclaimed are to be transferred from the liability account into revenue; the deposits may be retained by the operational unit if not required to be paid into the Public Trustee Unclaimed Money Fund; a description of security deposits as well as the applicable GST treatment is detailed in GST Business Procedures, and, in particular, Deposits and Part Payments.

- windfalls
  - in the event that some cash is accidentally handed over or handed in, and the owner cannot be readily identified, the cash is to be banked and credited to sundry revenue; the cash is not unclaimed money and does not have to be accounted for as such
  - if the amount of cash is over $100, it should be reported to the police and the cash handed over; it is likely that the cash will be returned if the police are unable to locate the owner/s within a specified period of time.

5.2.2.6 Proceeds from the sale of assets

For information regarding the accounting treatment of the proceeds from the sale of assets – refer to FMPM section 5.7.5 Proceeds from the Sale of Assets.

5.2.2.7 Investment income

Department of Health. With the exception of General Trust moneys, which may be invested by the department, the investment function is vested in the Treasurer. Refer to General Trust Fund Policy and the Queensland Health Research Management Policy and Implementation Standard - Research Governance for more information on authorities for and restrictions on investment of this trust fund.

The department receives interest from Queensland Treasury Corporation (QTC) on balances invested with that Corporation in accordance with the Treasurer’s approval.
Interest earned on the General Trust investment account balance is remitted monthly in arrears by Queensland Treasury Corporation to the Commonwealth Bank of Australia's General Trust Bank Account.

**Hospital and Health Services.** HHSs have Category 2 investment powers under the *Statutory Bodies Financial Arrangements Act 1982* (SBFA Act). Investments outside of those allowed under Category 2 of the SBFA Act may be made subject to prior approval by the Treasurer.

HHSs receive interest from Queensland Treasury Corporation (QTC) on balances invested.

Interest earned on General Trust Bank Account balances is remitted monthly, in arrears, by QTC to that bank account. This interest is to be retained as General Trust Fund money.

Interest earned on Patient Fiduciary Funds is to be retained in a HHS Patients' Amenities account within the General Trust Fund. As the interest income has been assigned by the patients to the HHS, it is not kept separate from the HHS's ledger. However, it must be utilised for the provision of patient amenities – refer also to Health Service Directive *Trust and Fiduciary Funds – Administration of Patient Fiduciary and General Trust Monies* and associated Patient Fiduciary Guide.


### 5.2.2.8 State and Commonwealth Government Funding

The HHSs receive funding to provide health services from Queensland Treasury and Trade, through the department and from the Commonwealth Government. This funding is remitted to the Operating bank account.

For further information regarding the funding of the public health system - refer to:

- *Financial Accountability Act 2009* (FAA), Division 3, Appropriations
- FMPM section 2.1.3.8 Funding of the Public Health System
- FMPM section 2.1.3.9 Administrator of the National Health Funding Pool
- Cash Funding Profile Guidelines (for the current year if issued)
- Cash Management Handbook for Departments and Agencies

issued by Queensland Treasury and Trade.

### 5.2.2.9 Items received below fair value

The term ‘fair value’ means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In the majority of circumstances, this will be reliably represented by market prices. If a market price is not available, then a valuation may be necessary.

This section will apply only to situations in which property has been acquired, or a liability has been extinguished, without the usual purchasing or repayment processes, at usual prices or rates.

Non-cash gains, such as gifts received by employees, should be recorded in the Gifts and Benefits Register while goods and services received at below fair value (donated items) should be included
in the Goods and Services Provided or Received at Below Fair Value Register. These non-cash gains should be recorded in the register at the determined fair value.

For information regarding fair value – refer to AASB 13 Fair Value Management.

For information regarding these registers – refer to:

• FMPM section 2.6.16 Gifts and Benefits Register
  and
• FMPM section 2.6.17 Goods and Services Provided or Received at Below Fair Value Register.

If the item contributes to the normal operations of the HHS, it should be valued at the current market buying price. If it does not so contribute, it should be valued at net realisable value (current market selling price less costs of selling).

The item is to be brought to account by crediting a revenue account and by debiting an asset account. If the item does not meet the recognition criteria for an asset, it is to be included in the Goods and Services Provided or Received Below Fair Value Register and included in the notes to the accounts in the annual financial statements.

Volunteers performing services or conducting activities outside of the normal scope of health services provision are excluded as the department/HHS would not have purchased these services in the normal course of its operations.


5.2.2.10 Organisational restructures

All revenues relevant to the department’s operations other then those that result from an organisational restructure must be recognised in the Statement of Comprehensive Income. The impact of organisational restructures is recognised directly in equity as at the effective transfer date, which is, in most instances, the date on which the restructure occurs.

The accounting journal entries required to give effect to an organisational restructure may be complex. Consultation should be made with the Senior Director, Finance in Practice Unit, Finance Branch, System Support Services Division before raising any journals.

All journals must be fully documented for audit purposes and subsequent recall of the transaction, if necessary, and should be self-explanatory.

It is mandatory, from a whole-of-Government perspective that the amounts transferred between Government entities agree between the transferor and transferee records.

5.2.2.11 Co-location

Queensland Health has entered into a number of contractual arrangements with private sector entities for the construction and operation of private health facilities for an agreed period of time on department/HHS land. Revenue from co-location includes rent, equipment hire, and technical services.
5.2.2.12 Insurance levy

The Motor Accident Insurance Commission (MAIC) assesses Queensland Health based on the information received from hospitals for the appropriate level of funding for the Hospital and Emergency Services Levy to be collected as a component of the comprehensive third party premium. MAIC then provides the relevant level of funding to Queensland Health via quarterly payments. Activity based allocations are made to the HHSs.

5.2.3 Income Collected by the Department

The department may collect the following types of income:

- fees and charges, for example, Department of Veteran’s Affairs, MAIC interstate and local Workcover patients on behalf of HHSs
- fines, for example, smoking and security service fines
- rent of government buildings – refer to FMPM section 5.2.2.2
- commission on payroll deductions – refer to FMPM section 5.2.2.3
- security deposits – refer to FMPM section 5.2.2.5
- windfalls – refer to FMPM section 5.2.2.5
- proceeds from the sale of assets – refer to FMPM section 5.2.2.6
- investment income on the General Trust Bank Account – refer to FMPM section 5.2.2.7
- State and Commonwealth Government funding – refer to FMPM section 5.2.2.8
  - the department receives funding for departmental outputs from Queensland Treasury and Trade fortnightly in advance remitted directly to the Expenditure Bank Account
  - Commonwealth Government contributions which are paid into the General Trust Bank Account
  - refer also to:
    - FMPM section 2.1.3.8 Funding of the Public Health System
    - APG 2 Contributions Received by Not-for-Profit Agencies, issued by Queensland Treasury and Trade
- Items received below fair value – refer to FMPM section 5.2.2.9
- organisational restructures – refer to FMPM section 5.2.2.10
- co-location – refer to FMPM section 5.2.2.11
- general trust fund moneys – refer to FMPM section 7.2.2.6 General Trust Bank Account.

5.3 Income Identification

5.3.1 Definition and Recognition of Income

5.3.1.1 General

Income is defined in Australian Accounting Standard AASB 118 Revenue to encompass both Revenue and Gains.

Revenue arises in the course of an entity’s ordinary activities, that is, from the sale of goods, the rendering of services, and the receipt of royalties, interest and dividends. The revenue associated with these activities is identified as own-sourced revenue, user charges, grants and contributions.
Gains represent other items that meet the criteria of income, for example, on the disposal of physical assets.

Income and expenses shall not be offset unless required or permitted by an Australian Accounting Standard, for example, net gains/net losses on sale per AASB 116 Property, Plant and Equipment.

5.3.1.2 Revenue

Revenue is specifically defined in AASB 118 Revenue as:

"the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants."

Revenue must be recognised only when:

- it is probable, that is, it is more likely rather than less likely, that future economic benefits will flow to the entity
- these benefits can be measured reliably, that is, without undue bias or error and
- there has been a transfer of risks and rewards of ownership.

Revenue includes, but is not limited to:

- payments from the Commonwealth Government
- revenue from the State Government, for example, appropriations for the department and Activity Based Funding (ABF), Teacher Training and Research (TTR) and Block funding in respect of HHSs
- the sale of goods
- the rendering of services, for example, patient fees and charges
- investment income
- property rental
- insurance compensation
- royalties
- transfer payments and
- reciprocal transfers including user charges, for example, sales of goods or services.

Where cash is received or an invoice is raised by an operational unit before the goods and/or services have been provided, or a particular period of time to which the payment relates has not yet elapsed, the receipt is treated as a prepayment in accordance with the requirements of AASB 118 Revenue.

5.3.1.3 Gains

Gains can simply be defined as all other items of income that cannot be classified as revenue.

Gains are dealt with in a number of Australian Accounting Standards, rather than in a specific one, for example, a gain or loss may arise from:

- non-current assets held for sale: AASB 5 Non-current Assets Held for Sale and Discontinued Operations
5.3.2 Revenue Recognition

Revenue must be promptly recognised and recorded in the accounts in a manner that satisfies reporting objectives and accountability requirements. This will include appropriate receipting, recording, controlling and banking procedures.

Revenue available for discretionary use by the department must be reported as controlled revenue. All other revenue is to be reported as administered revenue – refer to APG 8 Controlled and Administered Transactions and Balances, issued by Queensland Treasury and Trade.

Revenue should be recognised as soon as a legal entitlement occurs. Invoices are to be raised as soon as possible after the completion of the service or in accordance with contract conditions.

At the end of each month, an accrual for revenue must be made in respect of outstanding pharmacy co-payment invoices in subsidiary systems and any other accrued revenue not yet recognised - refer to the Debt Management of Pharmacy Co-payments policy and HBCIS, ROPP and ACIMS.

5.4 Revenue Recovery

5.4.1 Overview

Once an item of revenue has been recognised in accordance with Australian Accounting Standards and accrual accounting principles, it is then to be billed, recorded, recovered, receipted and banked promptly.

All amounts chargeable must be subject to a prompt claim for payment in the form of a statement or an invoice and must be checked and endorsed by a senior accounts receivable officer.

It is important that the accuracy of the detailed records is verified before statements are forwarded to customers, in order to ensure the correctness and integrity of the statements.

A debtor’s trial balance must be prepared each month from the accounts receivable ledger. This trial balance must be balanced against the accounts receivable control account in the general ledger to prove the accuracy of the subsidiary ledger. The individual records should then be aged in terms of:

- the current month
Chapter 5 – Income Management

- 30 days
- 60 days
and
- 90 days and older.

The main purpose of the debtors ageing is to provide management with information about the status of accounts and the effectiveness of collection policies and procedures.

It is the responsibility of the Finance Branch, System Support Services Division, to conduct a periodic review of the impairment of debtors as part of the revenue recovery process. Refer also to FMPM section 7.5 Accounts Receivable/Debtors.

5.4.2 Recovery Management

The ageing of debts is the basis for the forwarding of collection notices to customers. However, the debtor accounts must be reviewed for delinquent accounts at least once per month.

Refer also to FMPM section 7.5.8 - Use of Debt Collection Agencies.

Recovery actions should be initiated in accordance with the following schedule:

- issue invoice or other charge advice - immediate
- statement of account - end of month
- formal written reminder notice - 60 days
- formal letter of demand - 75 days
and
- legal action triggered upon the expiration of the period of notice given in the earlier letter of demand.

The formal letter of demand must state the number of days allowed for payment before legal action will be commenced. It must state the amount to be paid and the address to which payment is to be remitted. Although it is not necessary to attach a copy of the invoice/s with the letter of demand, it is prudent to do so. It will preclude the debtor from making excuses, as a delaying tactic, by requesting that a copy of the invoice be forwarded or on the pretext that the invoice has never been received or has been lost.

The follow-up action to collect outstanding accounts must broadly incorporate the following steps:

- immediately re-issue a copy of the invoice if the debtor advised that the invoice has not been received, has been misplaced or has been lost
- issue of a reminder notice, if payment has not been received by the due date or without arrangements being made for payment by the debtor
- after the due date of the reminder notice has passed without payment being received or without arrangements being made for payment, a final notice indicating the intention to proceed with legal action should be issued to the debtor
and
- if the final notice has not been actioned, then the debt must be reviewed by the appropriate staff to determine if legal proceedings should be commenced or if the debt should be written off.

A debt shall not be written-off until all reasonable attempts have been made to facilitate the collection of the debt.
Any debt write-off must be authorised in accordance with the Director-General’s financial delegations for loss write-off - refer to FMPM section 10.2.6 Losses and Special Payments Delegations. It should be noted that a loss does not arise when a charge to a debtor’s account has to be reversed and transferred to another account. A loss arises when the debt is written down or written off.

Litigation initiated on the amount outstanding must be registered in accordance with FMPM section 2.6.23 - Litigation Register.

5.4.2.1 Pharmacy co-payments

Pharmacy co-payment debtors will receive one reminder notice in the month after they received their first invoice. If the account remains unpaid after a further month, it will either be:

- submitted for approval to be written off by an officer/employee with the appropriate level of losses delegation
- raised as a sundry debtor on the Financial Accounting and Materials Management Information System (FAMMIS) for further follow up.

The recommendation by the Director of Pharmacy, or where there is no Director of Pharmacy, the Director of Nursing, as to whether to continue to pursue an account, requires a balance between efficiency and governance.

It will need to be determined whether it is cost effective or prudent from a debt management perspective to pursue collection - refer to the Debt Management of Pharmacy Co-Payments policy for further detail.

Once the outstanding invoice has either been approved for write-off or has been written off in FAMMIS Sundry Debtors, it should be removed from the subsidiary systems, for example, iPharmacy Invoicing Module, manual system.

5.4.3 Recoveries of Expenditure

5.4.3.1 Recovery in same financial year as expenditure

- overpayments
  - genuine overpayments refunded in the same financial year are to be credited to the relevant expenditure account
  - all other receipt items must be banked to the controlled or administered bank accounts and recorded as revenue using the ‘4’ codes
- subsidies
  - amounts received for employment subsidies are to be credited to the relevant controlled revenue account code and banked into the controlled Collections Bank Account
- other expenditure
  - amounts received in recovery of expenditure incurred in the same year in which the expenditure was made are to be credited to the appropriate expenditure code, and deposited into the Expenditure Bank Account.
5.4.3.2 Recovery in a subsequent year

- salary/contract labour expense overpayment
  - recovery of salary/contract labour expense is to be credited to the relevant revenue account; recoupment of salary/contract labour expense overpayments in a subsequent financial year must be for the gross pre-tax amount
- other
  - receipts for expenditure recovered in a financial year following that in which the expense was incurred are to be treated as controlled, miscellaneous receipts and are to be credited in the general ledger to account 450235 Other Reimbursements; where applicable, the receipt may relate to a sundry debtor account; the receipt must be deposited into the controlled Collections Bank Account.

5.4.3.3 Recognition of labour expenses

As the Department of Health is the legal employer for all non-executive health staff, any associated expenditure is recorded as ‘employee benefits’ expenses by the department. In a HHS, these payments represent contract labour costs and are classified as ‘contract labour’ expenses. These costs do not meet the definition of employee benefits under APG 7 Accounting for Employee Benefits.

Under AASB 119 Employee Benefits and APG 7 Accounting for Employee Benefits, payments made for seconded staff are to be included in total wages and salaries and payments received from other agencies are offset against wages and salaries. As noted above, HHS contract labour expenses do not meet the definition of employee expenses.

5.4.3.4 Labour expense recovery

HHSs should not be recovering any salaries and wages expenses from one another as they are not the legal employer.

Where an incorrect costing for contract labour expenses is identified in a HHS (after following the current business process as contained in Finance Memorandum No 7 – Payroll, issued July 2012), the FAA Team is to be notified. The FAA team, following sign off by both affected HHSs, will issue a credit note and cash refund to the HHS that has incorrectly incurred the expense, resulting in a credit to the expenditure account. The HHS that should have incurred the cost will be issued with an invoice and a debit to expenditure and cash expense.

Any transfer of staff from one HHS (HHS 1) to another HHS (HHS 2) is dealt with by the department. This should be done via an AVAC form (HR Payroll) and will result in a decrease in the invoiced amounts to HHS 1 and an increase in the invoiced amount to HHS 2.

Where there is a valid reason that this cannot be addressed through the AVAC form, on a quarterly basis an invoice adjustment via journal request form signed by both HHSs is to be submitted to the FAA Team which will manually imitate the AVAC process in the general ledger – refer to Finance Memorandum No 7.

Exceptions. In some cases, it is not possible to reliably estimate the percentage for a shared resource on a consistent basis between HHSs or the department. For example, an officer may
spend 30 per cent of their time working for HHS 2 and 70 per cent of their time for HHS 1 in one week, based on demand and the next week the ratios could vary significantly – inhibiting automation through the use of AVAC percentages. In these cases, the services provided by the person working at HHS 1 would be invoiced as a ‘fee for service arrangement’ to HHS 2 and shown as revenue in HHS 1 and a supply in HHS 2.

Accordingly, these recoveries/reimbursements must be assessed individually and reported as revenue in the receiving entity and expense in the paying entity.

5.4.3.5 Contract labour revenue from an external party to a Hospital and Health Service

Where an employee that has been contracted to, and working with, a HHS, subsequently provides services to an external party, for example, a university, via a sub-contracting fee-for-service relationship, the HHS should raise an invoice for the services provided and record the payment received as revenue.

In these circumstances, HHSs should not be offsetting the payments received against the contract labour expenditure, nor should they be utilising the 509XXX Salary Recoveries general ledger codes to record these amounts.

The following general ledger revenue accounts are to be used to record transactions of this nature:

<table>
<thead>
<tr>
<th>GL Code</th>
<th>G L Account Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>450365</td>
<td>Contract Staff Recoveries – Other Gov Dept</td>
</tr>
<tr>
<td>450370</td>
<td>Contract Staff Recoveries – External</td>
</tr>
<tr>
<td>450385</td>
<td>Contract Staff Recoveries – Workcover</td>
</tr>
<tr>
<td>450390</td>
<td>Contract Staff Recoveries – Jury Fees</td>
</tr>
</tbody>
</table>

5.4.3.6 Transfers by the System Manager

Transactions involving transfers or expenditure recoveries between the HHS and the System Manager, are to be credited to expenditure accounts 577xxx , regardless of the financial year in which the expenditure was incurred or recovered. Deposits will be credited to the Operating account.

5.4.4 Leased Assets

Where the department is the lessor of any asset, the collection of the lease rentals and the residual value, if applicable, must be strictly monitored. The lessee is to be issued with a rental schedule and obligations under the lease are to be understood.

The lessee is to be encouraged to provide a direct debit authority from his/her bank. Charges are to be at the lessee’s expense. This does not remove the requirement for recovery action. Recovery management still applies, if payment is not received.

If, at any stage, the lessee provides any indication of difficulty or general tardiness in paying the rentals as and when they become due, contact must be made immediately with the lessee to ascertain the reason. If necessary, consideration is to be given to enforcing the contract, including eviction or repossession.
Chapter 5 – Income Management

Rental income must be accounted for as controlled revenue.

If the rental contracts are significant, rental schedules should also be maintained by the lessor operational unit and rigidly marked off as and when rents have been paid, unless other methodologies have been initiated to follow up on rental collections.

The department is to manage a corporate database containing relevant information on current real property revenue leases.

5.5 Revenue Management

5.5.1 Policy

Controls over the generation of revenue are to be established and maintained. The controls must cover the authorisation, valuation, recording and documentation of revenue.

Revenue will be managed efficiently and effectively, by the development and implementation of systems for that purpose.

5.5.2 Objectives

The objectives of revenue management are to ensure that:

- all chargeable revenue is correctly identified, valued, charged, collected, waived or written-off where necessary, subject to proper authority, and recorded on a timely basis, and is correctly classified
- all revenue charged or billed is collectible
- all charges on credit are promptly followed up and overdue debts recovered
- all invoices raised are properly processed and charged to debtors’ or to cash sale accounts
- credit notes are kept to a minimum, and are issued only for valid refunds
- adequate audit trails are maintained
- all potential sources of revenue have been identified.

5.5.3 Invoicing

Operational unit managers must identify and document sources of chargeable revenue and establish systems and internal controls to ensure that chargeable revenue is billed on a timely basis and in accordance with approved rates. Data collection procedures must encompass segregation of duties and internal checks. Revenue generating activities are to be documented on accountable forms, partially or totally completed by one person and then handed on to another, who will produce an invoice. No single person should carry out the entire process. The preparer of the invoice should review the preceding document for completeness, reasonableness and arithmetic correctness.

Progressive billing is permitted and encouraged where services are provided or goods are supplied in discrete stages. Arrangements for payment should be attended to prior to the commencement of the provision or supply so that the recipient is aware of the manner in which fees or charges will be billed.
Chapter 5 – Income Management

All charges must be posted to client accounts promptly. The Director-General or delegate must establish procedures to ensure that all revenue has been accurately accounted for on a timely basis.

Invoices and charge advices are to indicate the principal place of business and the places for the receipt of moneys. Invoices are to be pre-numbered, and regularly sequence checked. Invoices must comply with the Australian Taxation Office requirements for a ‘tax invoice’ which are explained in the GST Business Procedure – Tax Invoices.

Credit notes, when issued, must be approved by a senior officer before being posted to the debtor’s account. Credit notes are to be pre-numbered and regularly sequentially checked. Duties encompassing cash receiving, invoice processing, debtors’ control and the passing of credit notes must be segregated.

Adjustments to invoices may have GST implications – refer to the GST Business Procedure – Changes & Corrections for guidance.

Any missing items found during sequence checking are to be promptly followed up and traced. Cancelled documents must have the original attached to the file duplicate copy.

5.6 Receipting of Funds

5.6.1 Receipt and Endorsement of Funds

Physical safeguards and standards of documentation of official receipts must be established at all points where cash is handled, including receipt by mail.

Officers engaged in cash receipting must be appropriately advised of receipting, recording, and banking procedures.

Official receipt books or other official accounting records for recording the receipt of money must be used at the time of the money being received, and appropriate entries made in those records.

Personal cheques, travellers' cheques, money orders, and drafts received, either in person or by mail, by the facility must be restrictively endorsed upon receipt to ensure that cheques cannot be cleared other than through the relevant bank account.

5.6.1.1 Cash by post

Any mail for the receipting officer is to be opened and date stamped by the officer responsible for mail sorting. All cheques received in the mail are to be registered in the cheque register book and verified by a general ledger officer.

Cheques that are sent to the Finance Banking Centre, Finance Transactions Unit, Finance Branch, System Support Services Division must be stapled to a Cash by Post Form providing details of:

- the cost centre
- the account code
- the tax code
- a narration and
- the contact details of the person who sent the cheques to the FBC.
Cheques that are sent in payment of FAMMIS invoices must be accompanied with an invoice number beginning with 1800.

As manual receipts are accountable forms, their supply and issue must be recorded in an Accountable Forms Register. Periodic sequence checking must be carried out, and any missing items must be resolved as to:

- reason
- consequence
  and
- action taken.

For information regarding the details to be recorded in the register – refer to FMPM section 2.6.3 Accountable Forms Register.

Any cancelled manual receipts must, therefore, be crossed through and retained, including the original and all copies, for accountability and audit purposes.

Manual receipts may be cancelled only on the day of issue, and before any balancing procedures have taken place. If this is no longer possible, then the cancellation must be done by way of a refund. Computer generated receipts may be cancelled only by the supervising officer.

Unused receipts must be stored securely by the officer responsible for their custody.

The receipting of cash should be isolated to a single point within the operational unit. Where this may be impractical, discretion must be applied when decentralising this function.

The daily total of receipts issued and/or amounts recorded in the cash register must be verified and signed off by a senior officer. These totals must be reconciled to the actual amounts held.

Banking of daily collections should be performed by an officer not responsible for the collecting, receiving, acknowledging or recording of moneys received.

An officer should ensure and evidence, by printed name, signature and date that the bank has acknowledged receipt of the day's banking. A daily check should, where practical, include a check of the cash float.

Batching of receipts should be employed, for proving against data entry. Periodic posting throughout the day is preferred to a single posting run. This will facilitate error detection and correction. Data entry must be independently verified and certified by name, signature and date on the transaction audit trail report. The reports must be retained for audit purposes, and in accordance with FMPM section 10.8 Financial Records Management.

Duplicate or replacement receipts are not to be issued under any circumstances using manual receipts. Confirmation of payment under these circumstances may be done by letter giving details of the receipt, or by certified photocopy of the original receipt. Computer generated receipts may be duplicated, so long as there is an indication thereon that it is not an original receipt, such as a ‘COPY’ or ‘DUPLICATE’ stamp impression. Care must be taken, so that reconciliations and balances are not confused by the one receipt being double counted.
5.6.2 Receiving Cash and Cheques

Recording cash transactions involves recording the receipt of cash promptly in subsidiary systems, where applicable. The FAMMIS system must provide timely and reliable cash flow forecasts for use in reporting to Queensland Treasury and Trade.

Official receipts must be issued for any collection of cash, legal tender, postal orders and money orders. Official receipts need not be issued for cheques unless the drawer or bearer requests one.

Every cheque received must be specially crossed, immediately upon receipt, with the words ‘CREDIT (add Department of Health and the name of the relevant bank account) ONLY (add name and branch of the bank if known) NOT NEGOTIABLE’ between two transverse parallel lines.

All money received is to be banked to an authorised account on the day of receipt or as early as practicable on the next ordinary banking day except where, having regard to the particular circumstances, a senior executive otherwise specifies. However, this requirement may be relaxed to permit banking within two to three days where the receipts are not material and are infrequent.

Security aspects must be considered.

The account into which the money will be deposited will have to be the same as that shown in the cheque crossing above if cheques are involved, because the crossing is a restrictive instruction to the bank.

The deposit record is to be referenced with the receipt or transaction numbers included in the deposit and then is to be filed chronologically. The final receipt duplicate or other source transaction record in each consecutive series or summary thereof ought to be similarly referenced with the total amount and the date of the deposit.

5.6.3 Bank Deposits

All receipts must be deposited intact with the bank daily, wherever possible, and cost effective. Locked boxes, where available and if cost effective, must be used for receipts by mail.

Where available and where deemed appropriate, locations with regular cash deposits should use appropriate security for the transfer of cash to and from the bank. Where large amounts are transferred, consideration should be given to using a security firm or a police officer. Transfers and banking should not be carried out at the same time each day or by the same personnel to reduce the risk of loss or attack.

An acknowledgment from the bank of the deposit must be obtained at the time of the deposit and a record kept of the total cash and the particulars of individual cheques and payment orders included in the deposit.

The officer responsible for the banking of all deposits should not, where practicable, have any data entry and reconciliation duties. Segregation of duties must be observed wherever possible.

5.6.4 Reconciliation of Receipts

Reconciliation of receipts and the compilation of bank deposits are to be performed by an officer independent of the receiving process, where practicable. An independent, senior accounting
officer should check and sign the reconciliation. Reconciliations must be performed daily on banking business days.

5.6.5 Settlement by Credit Card

As a general policy, all accounts are to be settled prior to, or on completion of services, either by:

- cash
- electronic funds transfer at point of sale (EFTPOS)

or

- approved credit card, except for charges to other government agencies.

Charges to other agencies may be placed on a 30 day account.

Receipt of amounts owed to operational units can be accepted by credit card and EFTPOS where it is cost efficient to do so, and procedures are in existence to ensure that:

- authorisation is obtained for sales in excess of an Authorised Floor Limit
- unauthorised or forged signatures are detected
- expired credit card facilities are not accepted
- transactions are not processed where a credit card tendered is listed on a Warning Bulletin.

The use of credit card and EFTPOS facilities should be encouraged, in view of the evaluated benefit of savings against costs, that is:

- commission
- machine rental
- transaction fees
- administrative cost in reconciling the amount receipted to the final bank deposit.

The savings involved may include:

- reduced collection time
- reductions in debt write off
- reductions in collection agency fees.

Any attempt to introduce a new credit provider’s service should be investigated thoroughly and with due consideration to the Queensland Government Banking Agreement. There may be limitations imposed within that agreement from time to time, and, in any case, the use of a facility must be in accordance with the Master Banking Services Agreement.

Credit cards presented in settlement of accounts or other amounts due to the department must be checked against current warning bulletin lists of cardholders in default. If such a card is presented, the service provider must be contacted, the card withheld, and the payment rejected.

5.6.6 Dishonoured Cheques

Cheques that are dishonoured are to be dealt with promptly to avoid the occurrence of a bad debt. The drawer is to be contacted immediately when any dishonour is advised by the bank. The drawer is to be requested to replace the dishonoured cheque if necessary and also to reimburse any bank
charges incurred as a result. If the answer on the cheque (that is, the reason for the dishonour) is such that the cheque cannot be represented - such as 'refer to drawer' - the drawer must be requested to supply either cash or a bank cheque for the original amount plus charges.

It is recommended that the further supply of goods and/or services be curtailed until the debt has been repaid. This action is at the discretion of the Director-General or delegate with local knowledge and the enquiries made of the debtor.

The file copy of the deposit with the original presentation of the cheque should be noted to state that the cheque was returned, and the date of the return. Also, the file copy of the deposit with the re-presented cheque should be noted to show the date of the earlier deposit and that this entry is a re-presentation. The objective is to remove any possible confusion as to the two similar entries.

It is recommended that the dishonour be followed through all systems rather than simply re-presenting the cheque, where this is a viable option. The debtor's account should be debited, and the subsequent representation of the cheque credited to that account, so that the history is retained for possible legal action and the debtor is reminded of the event when the statement is received. This action must be taken in any case where the cheque cannot be re-presented such as bank advice ‘Refer to Drawer’.

5.6.7 Control of Cash and Bank Accounts

Cash collections must be either receipted or recorded, and deposited intact. Receipts must be balanced to bank deposits and to general ledger entries.

Cash receipts must not be used to replenish petty cash or to otherwise reimburse expenditure. The use of cash receipts to cash personal cheques is also prohibited. Officers are not permitted to cash personal cheques from cash receipts.

Receipts not banked must be secured overnight. Deposit slips must be prepared in duplicate and both the original and the copy/copies are to be taken to the bank for stamping.

Mail receipts should be recorded at the time of the mail being opened for subsequent balancing to ledger postings and to banking records.

Cash receiving duties should not be performed by officers who are also performing the duties of ledger postings. Bank reconciliations should be performed by officers not engaged in either the cash receiving or ledger posting operations.

Bank statement corrections should also be investigated by an officer not engaged in cash receiving operations.

Full supporting documentation is required for audit trail purposes.

5.7 Revenue Retention

5.7.1 Policy

Revenue retention is restricted to activities approved by Queensland Treasury and Trade that generate controlled revenue from the sale of goods and services. Only controlled revenue will be deposited to the controlled Collections Bank Account. The department will retain funds generated.
through the sale of goods and services in return for an agreed deduction from the departmental budget.

### 5.7.2 Overview

Revenue retention arrangements are intended to provide an incentive to actively pursue revenue raising opportunities and to maximise revenue earned from existing activities. It is anticipated that revenue retention will increase awareness of the cost effectiveness, timing and level of receipts generated from the services provided and contribute to professional management and utilisation of departmental resources.

The arrangements are intended to apply only where there is some degree of control or influence over the activity from which revenue is generated and where users have some flexibility in the use or level of the service. Revenue retention arrangements do not apply when revenue is generated by exercising the compulsory or regulatory functions of government such as taxes and fines.

The department is not budget-funded to provide goods and services that generate revenue. Instead, the department will retain the receipts generated from the sale of those goods and services to fund their ongoing provision The current revenue retention system allows the department to retain all receipts for goods and services in return for an agreed revenue target resulting in reduced appropriation from Queensland Treasury and Trade. The incentive to maximise receipts exposes the department to the risk of reduced revenue and a reduction in available resources. The reverse is also true, in that increased revenue allows for increased resources for the department. This agreement is in place for departmental goods and services income.

Queensland Treasury and Trade will continue to contribute to the funding of the provision of goods and services that do not generate revenue, which is the bulk of the department’s responsibilities.

### 5.7.3 Revenue Risk Categories (HHS - for noting)

The receipt items for all goods and services are separated into three categories A, B and C according to historical patterns of long term risk and earning potential.

#### 5.7.3.1 Category A

Receipts in Category A are considered to be of moderately low financial risk and manageable if there is a significant downfall in revenue for that item. Receipts in this category are largely controllable at the HHS level and if the receipts diminish, for example, due to reduced activity, a reduction in service costs would also be expected. The HHS will keep 100% of these receipts and bear 100% of the down side risk.

Category A receipt items include:

- canteens *
- commissions
- subsidies
- donations
- government institution board
- hospital other charges
- hospital prosthetic charges *
- interest earned from Patient Fiduciary Funds
• laboratory fees and charges
• multi-purpose nursing home *
• multi-purpose service *
• non-Commonwealth government grants
• overseas liver transplant *
• right of private practice *
• rural health training *
• services rendered *
• vaccination information fee *
and
• vending machines.

* denotes receipt items which previously attracted budget offset

5.7.3.2 Category B

Receipts in Category B are considered to be of greater financial risk and with variable long-term earning potential. Receipts in this category are not easily controlled and are largely influenced by factors beyond the control of the HHS. In addition, diminished receipts in this category are not always likely to reduce service costs by the same amount.

For example, a reduction in private patient receipts may simply be the consequence of more private patients electing to be treated free of charge as public patients. The HHS will keep 100% of these receipts and bear 100% of the down side risk.

Category B receipt items retained by the HHS include:

• hospital inpatient fees (Medicare eligible private, Medicare ineligible, compensable including Queensland workers compensation self-insured hospital fees)
• daily maintenance charges (long stay psychiatric patients)
and
• non-admitted patient fees.

These receipts are to be credited to the HHS’s accounts and retained by the HHS in accordance with the revenue retention agreement with the HHS.

5.7.3.3 Category C

Category C comprises those receipts for goods and services where providers have:

• little or no control over the activity that generates the revenue
or
• little or no capacity to manage the financial risk associated with a significant reduction in revenue for that item.

Category C receipt items include:

• rent of equipment
• rent of real property
• interest received (but not on the Patient Fiduciary Funds)
and
• proceeds from the sale of assets (excluding trade-in allowances).

These items are all recorded as HHS revenue. Revenue in Category C is to be retained by the HHS and if the revenue is generated from within an operational unit, then that revenue may be quarantined.

5.7.3.4 Health Service Directive - Own Source Revenue - Central coordination of Fees and Charges Increases and Category "C" Negotiation and Acquisition

For information regarding this Health Service Directive – refer to:


5.7.3.5 General policy

Revenue retention applies in the HHS for all Category A and selected Category B revenue types. This is because factors affecting those Category B receipts are largely outside the HHSs’ control. Surplus funds from HHSs’ making a Category B gain will be offset against those HHS’ making a Category B loss, that is, the Department of Health will operate a Category B risk pool. Revenues and expenditure for all ordinary activities will be linked to the financial performance of all business areas.

The HHS can retain 100% of all revenue collected in Category A. To reward innovation, all new receipt items including collocated payments that are not rent/lease related, will fall into Category A and be retained by the relevant HHS. It is important to avoid excessively risky undertakings as each HHS will also bear 100% of the downside risk. All proposals for revenue retention must be approved by Directors, prior to any commitments to proceed being made.

5.7.4 Administered Items

Administered revenue must be deposited into the Administered Collections Bank Account.

The FAMMIS chart of accounts identifies all administered revenue items.

5.7.5 Proceeds from the Sale of Assets

Proceeds from the sale of administered assets must be banked into the Administered Collections Bank Account bank account and credited to administered revenue. Proceeds from the sale of controlled assets must be treated as controlled revenue and must be banked to the Collections Bank Account and credited to the relevant asset and gain or loss account. The term ‘Proceeds’ includes trade-in allowances for the purposes of this section. For further information - refer to:

• Property Management Committee
and
• Whole of Government Sale of Assets Guidelines, issued by the Department of Housing and Public Works
and
• Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

On the other hand, the transfer of an asset, without payment or other consideration, between wholly owned State Government agencies as directed by the Government, that is, as approved by
Cabinet, the Cabinet Budget Review Committee (CBRC), Executive Council or portfolio Ministers, does not constitute a sale and no gain or loss on the sale is to be recognised. In lieu, the transfer is to be treated as a non-appropriated equity injection/withdrawal at the carrying amount of the asset immediately prior to the transfer refer to Accounting Policy Guideline (APG) 9 Accounting for Contributions by Owners.

5.8 Transfers and User Charging

5.8.1 Policy

Charges are to be levied for the provision of goods, services or works to external parties and are to include recovery from any user, subject to the objectives listed in FMPM section 5.8.2 Transfer and User Charging - Objectives.

Refer to:
- section 18 of the FPMS for legislated responsibilities with respect to user charging and
- Full Cost Pricing
- Principles for Fees and Charges

issued by Queensland Treasury and Trade.

5.8.2 Objectives

The primary objectives of user charging are:

- to encourage rational economic choice in the allocation of resources and efficiency in the production of goods and services
- to ensure that any charges levied against users are properly accounted for as either controlled or administered revenue
- to ease pressure on the budget and to facilitate working within ever tightening budgets and
- to enable the department to provide additional/better services that it would otherwise not be able to provide due to financial constraints.

5.8.3 Procedures

In determining whether or not a charge should be applied, consideration must be given to the issues outlined in sections 17 and 18 of the FPMS.

The level of charges for goods and services must be regularly reviewed in accordance with Part 2, Division 4 of the FPMS.

In determining the level of charges, due consideration must be given to the full cost of providing the goods or services - refer to section 18 of the FPMS for guidance.
5.8.4 Cross Entity Charges

The primary aim of cross entity charging for goods and services by a not for profit entities is the recovery of the costs incurred to produce the related product or service. Principles for the management of cross entity charging are simplicity, transparency, accountability and equity.

Journal entries between entities as a cost recovery mechanism are not to occur. The cost recovery mechanism will be through an invoicing process.

5.8.5 Internal User Charging

The primary aim of internally charging for goods and services by a ‘not-for-profit’ entity, such as the Department of Health, is the recovery of costs incurred to produce the related product or service. Principles for the management of internal user charging are simplicity, transparency, accountability and equity.

A cohesive governance framework in relation to the development and approval of an internal user charge has been established and is detailed in the Internal User Charging Policy and Internal User Charging Implementation Standard – Governance.

The policy intent and key principles include:

- ensuring that there are clearly established rules governing internal user charging
- providing users with the opportunity to obtain value for money through enhanced transparency and communication of free structures
- protecting the rights of users of products/services via a model that is based on full cost recovery and not profit
- providing a mechanism to send a price signal to users to prevent unnecessary use of products and services
- ensuring that, over time, the operational unit moves to assure that full costs of providing services/products are attributed to and are inclusive within the services delivery provision by the operational unit.

The Internal User Charges Register is an up-to-date reflection of approved charges and charging by operational units.

The scope and process for the implementation of new charges or the amendment to existing fees and charges can be found in the Internal User Charging Policy and the Internal User Charging Implementation Standard – Governance. Sections are as follows:

- 5.2 Approved Charging Divisions
- 5.3 Rationale for Proposed User Charges
- 5.4 Method of Charge Calculation
- 5.5 Governance – Approved Products/Services and Charges
- 5.5.1 New Charges
- 5.5.2 Annual Amendment to Charges
- 5.5.3 Timetable – Start of Year
- 5.5.4 New Products and Services
- 5.5.5 Mid Year Process
- 5.5.6 Timetable - Mid Year Process
- 5.5.7 Fee-for-Service
5.6 Accounting Treatment

5.6.1 Process

Any proposed new user charges must follow the process that is documented. All recurrent fee increases can only be progressed with the initial endorsement of the relevant Deputy Director-General or equivalent. Proposed charges outside the scope of recurrent fee increases are to be prepared via a CBRC submission.

5.7 Dispute Resolution Process

5.9 Grants/Contributions Receivable and Received

Reference should be made to:

- AASB 1004 Contributions
- APG 2 Contributions Received by Not-For Profit Agencies
- APG 9 Accounting for Contributions by Owners
- FAH, Volume 6 Grant Management.

issued by Queensland Treasury and Trade.

AASB 1004 defines ‘contributions’ as:

A non-reciprocal transfer is a transfer in which an entity receives assets or services or has liabilities extinguished without directly giving approximately equal value in exchange to the other party or parties to the transfer.

The FAH describes a ‘grant’ as a generic term applied to funding or other incentives provided to individuals or bodies that exhibit some, or all, of the following characteristics:

- a transfer to a recipient which may be in return for compliance with certain terms and conditions;
- a transfer which may not directly give approximately equal value in return to the Government (that is, there is a non-exchange transaction or subsidisation);

and

- a recipient may have been selected on merit against a set of program-specific criteria.

In the Queensland public sector, the terms ‘grant’ and ‘contribution’ are used interchangeably.

Contributions to the department, which are non-reciprocal in nature, are to be recognised as income when the department obtains control of the contribution or the right to receive the contribution. The criteria for control are set out in AASB 1004 and APG 2.

The following criteria must be satisfied in order to recognise a contribution:

- obtaining control of the contribution and the right to receive the contribution
- the contribution will result in a flow of future economic benefits to the department

and

- the contribution can be measured reliably.

Where grants received are reciprocal in nature, revenue is to be accrued over the term of the funding arrangements. The presence of terms and conditions in an agreement does not of itself mean the transfer is reciprocal. However, conditions attached to a receipt, which require the receipt
to be returned to the transferor if particular services are not rendered to the transferor, would strongly indicate the existence of a reciprocal transfer.

If the amount specified in the agreement is GST exclusive, the amount payable by the grantor will be increased by the amount of the GST liability if the criteria for taxable supplies are satisfied.

Refer to GST Business Procedure – Grants for further information.

Grants and subsidies received from the private sector which are classified as fees for services are to be deposited to the revenue account as Category A revenue - refer to FMPM section 5.7 Revenue Retention.

5.9 Disclosure

Refer to paragraph 18 of AASB 1004 Contributions for the required disclosures for contributions of assets and the forgiveness of liabilities, and paragraph 60 for required disclosures for contributions.

5.10 Loss and Expenditure Recoveries

5.10.1 Policy

Loss recoveries will be properly accounted for and disclosed.

5.10.2 Objectives

To prescribe the accounting treatment for loss and recovery of expenditure.

5.10.3 Procedures

5.10.3.1 Recovery of moneys from loss or deficiency

Where a loss or deficiency has occurred in public moneys that have been advanced to an officer/s of the department, the loss or deficiency will be a debt due to the Crown and may be recovered from the officer/s legally.

Reference should be made to the Integrated (HR/IR) Resource Manual regarding recovery from officers for overpaid wages and other reasons C48-Overpayments.

5.10.3.2 Recovery of expenditure

Formal written requests are recommended for the recovery of the over-payment of moneys by the department. Should the situation arise where a vendor will not repay the amount, the cost effectiveness of recovery by legal means must be assessed. This which will include an assessment of the amounts involved and other circumstances for example:

- the nature of the claim
- how it arose
- its validity
Chapter 5 – Income Management

- the ability of the debtor to pay
  and
- the reason/s for the debtor’s refusal to pay.

If recovery is deemed not to be cost effective, the debt may be written off by an officer who possesses the proper and adequate financial delegation to write off a loss - refer to FMPM section 6.18 Loss of Assets and to FMPM section 10.1 Financial Delegations. A Form HD24 - refer to FMPM Appendix 8 - must be completed. Documentary work papers supporting and detailing the loss write-off are to be retained as evidence for internal audit, the Queensland Audit Office and the Australian Taxation Office with respect to FBT and PAYG.

5.11 Debt Waivers

Refer also to section 6.18.9.7 Debt waivers.

5.11.1 Waiver of Fees

Fees that are able to be generated specifically under relevant legislation and which have not yet been billed may not be waived by any person other than those who have an adequate write off delegation. If the amount to be waived exceeds a delegate’s loss write-off delegation, the delegate must not waive to the limit of the delegation and submit the balance to a higher authority. The full waiver must be submitted to the higher authority.

The preferred method by which the fees are to be waived is as follows:

- an invoice is to be raised for the fees in the usual manner
- the fee is to be immediately treated as a bad debt and written off, under the approval of an officer who has a valid and adequate financial delegation for losses
  and
- the loss is to be recorded in the Losses Register with the details forwarded to the Financial and Asset Accounting Team, Finance Branch, System Support Services, for inclusion in the central losses register.

5.11.2 Asylum Seekers - Medicare Ineligibility (for noting)

Asylum seekers who are ‘Medicare ineligible’ are those who:

- have applied for asylum after being in Australia on a valid visa, such as student visa
- have been released from mandatory detention on a bridging visa whilst determination of refugee status is assessed
  or
- have been found by the Refugee Review Tribunal not to be owed protection by the Australian Government and are seeking either a judicial or Ministerial review
  and
- are on a bridging visa that carries no work rights.

Legal advice is that the write off of Medicare fees in respect of asylum seekers is a matter for individual HHSs.
5.11.3 Medical Costs Incurred by Overseas Trained Staff

Newly arrived overseas trained professional staff who are taking up employment with the department and:

- who are under the sponsorship of Queensland Health within the 457 Visa Subclass
- who are Medicare ineligible
- and
- who have no private health insurance upon their arrival

are eligible to apply to the department for special consideration in respect of costs incurred in a public hospital that are normally covered by Medicare and pharmaceuticals, should they and their immediate family members require urgent medical treatments or medical services.

Such application for ‘fee consideration’ must be made to the Director-General or delegate to waive the fees in accordance with the procedures set out in FMPM section 5.11.1 Waiver of Fees and 6.18.9.7 Debt waivers.

The Director of Taxation should be consulted in respect of Fringe Benefits Tax implications and is also to report the benefits in the FBT return and these benefits shall be reflected in the officer’s annual Payment Summary.

5.12 Commercialisation

The FPMS provides as follows:

- section 55(1): the Director-General must regularly review the operations of the department to assess whether an operation may be commercialised
- section 55(2): in conducting a review, the Director-General must have regard to the document called ‘Commercialisation of government business activities in Queensland’ tabled by the Treasurer in the Legislative Assembly
- and
- section 55(3): before commercialising an operation, the Director-General must consult with the Treasurer.

Section 56 of the FAA refers to full cost pricing being applied to support the level of charges in a commercialised activity.

5.13 Disclosure - Income

For information regarding disclosure requirements in the annual financial statements – refer to:

- AASB 118 Revenue
- AASB 1050 Administered Items
- Financial Reporting Requirements for Queensland Government Agencies, Part B, Reporting Requirements
Chapter 5 – Income Management

- section 4 General Requirements
- section 5 Statement of Comprehensive Income
- section 9 Notes to the Financial Statements
and


issued by Queensland Treasury and Trade.
5.14 References

Legislation – State

- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Hospital and Health Boards Act 2012
- State Penalties Enforcement Act 1999
- State Penalties Enforcement Regulation 2000
- Statutory Bodies Financial Arrangements Act 1982

Legislation – Commonwealth

- Aged Care Act 1997

Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB)

- AASB 5 Non-current Assets Held for Sale and Discontinued Operations
- AASB 13 Fair Value Management
- AASB 116 Property, Plant and Equipment
- AASB 118 Revenue
- AASB 119 Employee Benefits
- AASB 121 The Effects of Changes in Foreign Exchange Rates
- AASB 139 Financial Instruments: Recognition and Measurement
- AASB 140 Investment Property
- AASB 1004 Contributions
- AASB 1050 Administered Items

Queensland Government Directives, Policies and Guidelines

Queensland Health

- Asset Management Policy
- Debt Management of Pharmacy Co-payments Policy
- General Trust Fund Policy
- GST Business Procedures, Forms and Other Information
- Health Service Directives:
  - Own Source Revenue – Central coordination of Fees and Charges Increases and Category “C” Negotiation and Acquisition
  - Trust and Fiduciary Funds – Administration of Patient Fiduciary and General Trust Monies
- Internal User Charging Policy
- Integrated (HR/IR) Resource Manual, C48 Overpayments
- Internal User Charging Implementation Standard - Governance.
- Own Source Revenue, Finance in Practice Policies
- Patient Fiduciary Guide
- Queensland Health Fees and Charges Register
- Queensland Health Research Management Policy and Implementation Standard – Research Governance
Chapter 5 – Income Management

Queensland Treasury and Trade

- APG 2 Contributions Received by Not-For-Profit Agencies
- APG 8 Controlled and Administered Transactions and Balances
- APG 7 Accounting for Employee Benefits
- APG 9 Accounting for Contributions by Owners
- Cash Funding Profiles (for the current financial year)
- Cash Management Handbook for Departments and Agencies
- Commercialisation of Government Business Activities in Queensland
- Financial Accountability Handbook
- Financial Management Tools
- Financial Reporting Requirements for Queensland Government Agencies
  - Part B Minimum Reporting Requirements
  - Part D Sunshine Department, Model Financial Statements
- Full Cost Pricing Policy
- Non-Current Asset Policies for the Queensland Public Sector
- Principles for Fees and Charges
- Queensland Government Master Banking Services Agreement – contact Queensland Treasury and Trade for a copy
- Statutory Body Guide

Other

Department of Housing and Public Works

- Property Management Committee: Govt Property Management
Financial Management Practice Manual

Chapter Six

Expense Management
# Chapter 6 – Expense Management

## Table of Contents

### 6.1 Introduction
- 6.1.1 Overview ............................................................................................... 9
- 6.1.1.1 Ordinary Annual Appropriation Act ......................................................... 9
- 6.1.1.2 Unforseen expenditure ........................................................................... 10
- 6.1.1.3 System Manager role ............................................................................ 10
- 6.1.2 Control Objectives .................................................................................. 11
- 6.1.2.1 Control Framework for Expenditure ....................................................... 12
- 6.1.3 Definition and Recognition of Expenses .................................................. 12
- 6.1.3.1 Controlled expenses .............................................................................. 13
- 6.1.3.2 Administered expenses ......................................................................... 13
- 6.1.3.3 Default position ..................................................................................... 13
- 6.1.3.4 Transfer payments ............................................................................... 13
- 6.1.3.5 Agency/trust transactions ...................................................................... 14
- 6.1.4 Expense Accrual ..................................................................................... 14
- 6.1.5 Prepayments .......................................................................................... 15
- 6.1.6 Impairment Losses .................................................................................. 15
- 6.1.6.1 Not-For-Profit ....................................................................................... 16
- 6.1.7 Authorisation of Expenses ...................................................................... 16
- 6.1.7.1 Allowable Christmas expenditure items ............................................... 18
- 6.1.8 Certification Authority ........................................................................... 18

### 6.2 Purchasing Policy
- 6.2.1 Overview ................................................................................................ 18
- 6.2.2 Delegation of Authority to Perform Purchasing ..................................... 19
- 6.2.3 Delegation of Authority to Incur Expenditure ......................................... 20
- 6.2.4 Delegation of Authority to Sign Contracts ............................................. 20
- 6.2.5 Contract Performance Guarantee ............................................................ 22
- 6.2.5.1 Legislative requirements ....................................................................... 22
- 6.2.5.2 Assessment of risk ............................................................................... 23
- 6.2.5.3 Other factors ....................................................................................... 24
- 6.2.5.4 Conditions of a guarantee .................................................................... 25
- 6.2.5.5 Factors for consideration ..................................................................... 25
- 6.2.5.6 How much? .......................................................................................... 26
- 6.2.6 Contract Disclosure ................................................................................. 26
- 6.2.7 Purchase Approval .................................................................................. 26
- 6.2.8 Prohibition on the Splitting of Contracts or Orders ................................. 27
- 6.2.9 Objectives of the Purchasing Function .................................................... 27
- 6.2.10 Approval Process .................................................................................. 27
- 6.2.11 Purchase Order Management ................................................................. 28
- 6.2.12 Material Requisitions and Stock Reservations ...................................... 29
- 6.2.13 Purchase Requisitions .......................................................................... 29
- 6.2.14 Purchase via Tender .............................................................................. 30
- 6.2.15 Purchase Order Issue ........................................................................... 31
- 6.2.16 Work Orders .......................................................................................... 32
- 6.2.17 Department of Health Procurement Policies and Procedures ............. 33
- 6.2.17.1 System level supply arrangements ...................................................... 33
- 6.2.17.2 Contract management ........................................................................ 34
- 6.2.17.3 Health Services Support Agency ....................................................... 34
6.2.18 Staff Purchases ......................................................... 34
6.2.19 Cancellation of Purchase Orders ........................................ 34
6.2.20 Internal Control on Purchasing ............................................. 35
6.2.21 Purchase Orders Dispensations ............................................. 37
6.2.22 Health Technology Equipment Replacement (HTER) Program ........................................ 37
  6.2.22.1 System level functions ................................................. 38
  6.2.22.2 Hospital and Health Service functions ................................ 39
6.2.23 Health Service Directive – Purchasing ........................................ 39

6.3 Goods Receiving .......................................................... 39
  6.3.1 Overview ................................................................. 39
  6.3.2 Segregation of Duties ...................................................... 40
  6.3.3 Delivery of Goods .......................................................... 40
  6.3.4 Services Rendered and Progress Claims ................................ 41
  6.3.5 Internal Control on Goods Receiving ................................. 42

6.4 Processing and Payment .................................................. 42
  6.4.1 Overview ................................................................. 42
  6.4.2 Matching Invoices to Orders ............................................ 43
  6.4.3 Invoice Processing ....................................................... 43
  6.4.4 Invoice Approval .......................................................... 43
  6.4.5 Direct Invoices ............................................................ 45
  6.4.6 Recipient Created Tax Invoice (RCTI) ............................... 46
  6.4.7 Adjustment Notes .......................................................... 46
  6.4.8 Duplicated Invoices ....................................................... 46
  6.4.9 Invoice Cancellation Before Payment ............................... 47
  6.4.10 Processing Payments .................................................... 47
  6.4.11 Recording of Payments .................................................. 50
  6.4.12 Vendor Records .......................................................... 50
  6.4.13 One-Off Payments ....................................................... 52
  6.4.14 General Purpose Vouchers ............................................. 53
  6.4.15 Payment Terms ............................................................ 54
  6.4.16 Discounts ................................................................. 54
  6.4.17 Production of Cheques .................................................. 55
  6.4.18 Signing of Cheques ....................................................... 56
  6.4.19 Electronic Funds Transfer .............................................. 56

6.5 Credit Cards .................................................................... 57
  6.5.1 Overview ................................................................. 57
  6.5.2 General Policies .......................................................... 58
  6.5.3 Information Privacy ...................................................... 58
  6.5.4 Conditions of Use ........................................................ 59
  6.5.5 General Requirements ................................................... 60
  6.5.6 Fuel Card ................................................................. 60
  6.5.7 GST Implications .......................................................... 60
  6.5.8 Card Limits ............................................................... 61
  6.5.9 Internet Purchases ........................................................ 61
  6.5.10 Settlement of Liability .................................................. 62

6.6 Employee Expenses ....................................................... 62
  6.6.1 General ................................................................. 62
    6.6.1.1 Industrial ......................................................... 62
    6.6.1.2 Employee benefits .................................................. 62
Chapter 6 – Expense Management

6.6.2 Payroll Overview

6.6.3 Compensation and Allowance

6.6.4 Time and Attendance Records

6.6.5 Payroll Deductions

6.6.6 Disbursement

6.6.7 Permanent Pay Variations

6.6.8 Temporary Pay Variations

6.6.9 Pay Verification and Certification

6.6.10 Pay Advice and Payment Mode

6.6.11 Returned Pays

6.6.12 Unclaimed Pays

6.6.13 Payroll Bank Account

6.6.14 Payroll Calculations

6.7 Salary Sacrifice Arrangements

6.7.1 Visiting Medical Officers (VMOs) (for noting)

6.7.2 General Categories of Employees

6.7.3 Common Matters Relating to Salary Sacrifice

6.8 Temporary Pay Variations

6.8.1 Leave

6.8.2 Roster variations

6.8.3 Validation of payslip information/correction of errors or omissions

6.8.4 Pay Advice and Payment Mode

6.8.5 Prior period adjustments

6.8.6 Pay Verification and Certification

6.8.7 Pay Verification and Certification

6.8.8 Pay Verification and Certification

6.8.9 Pay Verification and Certification

6.8.10 Pay Advice and Payment Mode

6.8.11 Returned Pays

6.8.12 Unclaimed Pays

6.8.13 Payroll Bank Account

6.8.14 Payroll Calculations

6.9 Pay Verification and Certification

6.9.1 Leave

6.9.2 Roster variations

6.9.3 Validation of payslip information/correction of errors or omissions

6.9.4 Pay Advice and Payment Mode

6.9.5 Prior period adjustments

6.9.6 Pay Verification and Certification

6.9.7 Pay Verification and Certification

6.9.8 Pay Verification and Certification

6.9.9 Pay Verification and Certification

6.9.10 Pay Advice and Payment Mode

6.9.11 Returned Pays

6.9.12 Unclaimed Pays

6.9.13 Payroll Bank Account

6.9.14 Payroll Calculations

6.10 Transfer of Employment

6.11 Payroll Overpayments

6.12 Scholarships

6.13 Payroll Control

6.14 Payroll Calculations

6.15 Transfer of Employment

6.16 Payroll Overpayments

6.17 Incorrect PAYG Tax Deductions

6.18 Scholarships

6.19 Reconciliations

6.20 Inter- and Intra-Operational Unit Transactions

6.21 Payroll Control

6.22 Personal Expenses

6.23 Accountable Advances

6.24 Foreign Currency Requirements

6.6.21 Payroll Control

6.6.22 Personal Expenses

6.6.23 Accountable Advances

6.6.24 Foreign Currency Requirements

6.7.1.1 Maximum salary sacrifice

6.7.2.1 Maximum salary sacrifice

6.7.3.1 Unforeseen circumstances

6.7.3.2 Fringe Benefits Tax

6.7.3.3 Superannuation

6.7.3.4 FBT liability principles

6.7.3.5 Lump sum payments of back pay

6.7.3.6 Salaries and wages that may be sacrificed
Chapter 6 – Expense Management

6.8 Consultants .................................................................................................................................. 84

6.8.1 Consultants .................................................................................................................................. 84
6.8.2 Definition of Consultant .............................................................................................................. 84
6.8.3 Engagement of Consultants ......................................................................................................... 85
6.8.4 Identify the Need .......................................................................................................................... 86
6.8.5 Specification of Requirements ..................................................................................................... 86
6.8.6 Evaluation of Consultants’ Performance ..................................................................................... 87
6.8.7 Annual Reporting ......................................................................................................................... 87
6.8.8 Approval ....................................................................................................................................... 88

6.9 Contractors ..................................................................................................................................... 88

6.9.1 Use of Temporary Employees .................................................................................................... 88
6.9.1.1 Health Service Directive – Terms and Conditions for Contractors providing Health Services and Employees exercising a Right to Private Practice ................................................. 89
6.9.2 Taxation Requirements ............................................................................................................... 89

6.10 Hire and Leasing .......................................................................................................................... 89

6.10.1 Hire Contracts Vs Leases ........................................................................................................... 89
6.10.2 Leases ........................................................................................................................................ 89
6.10.3 Lease Approval Process ............................................................................................................. 90
6.10.4 Approval of Leasing Expenditure ............................................................................................... 90
6.10.5 Recording of Leases .................................................................................................................. 91
6.10.6 Lease Vs Buy .............................................................................................................................. 91
6.10.7 Finance Lease ............................................................................................................................ 91
6.10.8 Operating Lease ......................................................................................................................... 92

6.11 Repairs and Maintenance ............................................................................................................ 93

6.11.1 Overview .................................................................................................................................... 93
6.11.2 Repairs and Maintenance Defined ............................................................................................ 93
6.11.3 Provisions for Future Maintenance .......................................................................................... 94

6.12 Special Payments .......................................................................................................................... 94

6.12.1 Definition ................................................................................................................................... 94
6.12.2 Before Making a Commitment for a Special Payment ............................................................... 96
6.12.3 After Making a Commitment for a Special Payment .................................................................. 96
6.12.4 Disclosure Requirement ............................................................................................................ 96

6.13 Disbursement of Funds .................................................................................................................. 97

6.13.1 Disbursement by Cheque .......................................................................................................... 97
6.13.2 Return of Paid Cheques ............................................................................................................ 97
6.13.3 Telegraphic Transfer .................................................................................................................. 97
6.13.4 Credit Cards .............................................................................................................................. 98
6.13.5 Cash ........................................................................................................................................... 98
6.13.6 Payments Generally .................................................................................................................. 98

6.14 Travel Expenses ........................................................................................................................... 99

6.14.1 Overview .................................................................................................................................... 99
6.14.2 Policy and Objective .................................................................................................................. 99
6.14.3 Patient Travel (for noting) ......................................................................................................... 100
   6.14.3.1 Authorisation ....................................................................................................................... 100
   6.14.3.2 Booking ............................................................................................................................... 101
   6.14.3.3 Processing subsidy payments ............................................................................................. 101
6.14.10 Use of Car Hire, Taxi and CabCharge .......................................................... 111
   6.14.10.1 Use of taxi docket ......................................................................................... 112
   6.14.10.2 Payment of monthly taxi accounts ................................................................. 113
   6.14.10.3 Reimbursement through petty cash ............................................................... 113
   6.14.10.4 Lost or stolen CabCharge etickets ................................................................. 114
6.14.11 Fringe Benefits Tax (FBT) Reporting .............................................................. 114
6.14.12 Accommodation, Meals and Incidentals ........................................................ 114
   6.14.12.1 Employee travel expenses - international ..................................................... 116
   6.14.12.4 Recall to duty while on leave ....................................................................... 117
6.14.13 Overseas Travel Reporting ........................................................................... 117
6.14.15 Hardship Allowance ........................................................................................ 118
6.15 Business Meetings, Official Functions and Hospitality ........................................ 118
   6.15.1 Overview ........................................................................................................... 118
6.15.2 Register Required .............................................................................................. 118
6.15.3 Approval ............................................................................................................. 119
6.15.4 Criteria ................................................................................................................ 119
6.15.5 Defining Official Function and Hospitality ......................................................... 120
6.15.6 Claims and Reimbursement ............................................................................... 121
6.15.7 Receiving Hospitality ......................................................................................... 122
6.15.8 Conference, Seminars, Functions and Presentations ........................................ 122
6.15.9 Taxation .............................................................................................................. 123
   6.15.9.1 Fringe Benefits Tax (FBT) ............................................................................ 123
   6.15.9.2 Payroll Tax .................................................................................................. 123
6.16 Telephone ............................................................................................................. 123
6.16.1 Policy .................................................................................................................. 123
6.16.2 Reimbursement of Personal Accounts ................................................................. 123
6.16.3 Departmental Accounts ...................................................................................... 124

6.17 Insurance .............................................................................................................. 125
   6.17.1 Policy .............................................................................................................. 125
   6.17.2 Background ................................................................................................. 125
   6.17.3 Policy Coverage ......................................................................................... 125
   6.17.4 Certificate of Currency .............................................................................. 126
   6.17.5 GST .............................................................................................................. 126
      6.17.5.1 GST on premiums .............................................................................. 126
      6.17.5.2 GST on premiums – exceptions ....................................................... 126
      6.17.5.2.1 Compulsory third party insurance .............................................. 126
      6.17.5.2.2 Private health insurance ............................................................ 127
      6.17.5.2.3 Life insurance ............................................................................. 127
      6.17.5.2.4 Insurance cover on residential property .................................... 127
      6.17.5.2.5 Duty on premiums ...................................................................... 127
   6.17.6 Workers’ Compensation ............................................................................ 127

6.18 Loss of Assets .................................................................................................... 128
   6.18.1 Overview ..................................................................................................... 128
   6.18.2 Definition of a Loss .................................................................................... 128
   6.18.3 Losses of Public Moneys or Other Moneys .............................................. 129
   6.18.4 Losses of Public Property or Other Property ......................................... 130
   6.18.5 Legally Unavoidable Payments ............................................................... 131
   6.18.6 General Reporting Requirements ........................................................... 132
   6.18.7 Losses Caused by (actual or suspected) Fraud or Theft ....................... 133
   6.18.8 Reporting Where the Loss Involves Official Misconduct ................... 133
   6.18.9 Specific Categories ................................................................................. 135
      6.18.9.1 Write off of debts ........................................................................... 135
      6.18.9.2 Cash losses ....................................................................................... 135
      6.18.9.3 Inventory ......................................................................................... 135
      6.18.9.4 Non-current physical assets ........................................................... 136
      6.18.9.5 Overpayments other than payroll .................................................. 136
      6.18.9.6 Third party claims (for noting) ......................................................... 137
      6.18.9.7 Debt waivers (for noting) ............................................................... 138
   6.18.10 Accounting Treatment .......................................................................... 138

6.19 Other Expenses ................................................................................................ 139
   6.19.1 Overview .................................................................................................. 139
   6.19.2 Club Membership and Professional Membership .................................. 139
   6.19.3 Subscriptions ......................................................................................... 140
   6.19.4 Overseas Travel ...................................................................................... 140
   6.19.5 Freight .................................................................................................... 140
   6.19.6 Unrequited Transfer (Outwards) ............................................................ 140
   6.19.7 Staff Amenities ....................................................................................... 141
   6.19.8 Specialist Fees (for noting) ................................................................. 141
   6.19.9 Alcohol (for noting) .............................................................................. 142
   6.19.10 Losses on Disposal of Property, Plant and Equipment ..................... 142
   6.19.11 Goods and Services Received at Below Fair Value ......................... 142
   6.19.12 Revaluations of Items of Property, Plant and Equipment ................... 142

6.20 Recurrent and Non-Recurrent Expenditure .................................................... 143
   6.20.1 Recurrent Expenditure .......................................................................... 143
Chapter 6 – Expense Management

6.20.2 Non-Recurrent Expenditure ................................................................. 144

6.21 General Expenditure Claims ................................................................ 144

6.21.1 Overview ......................................................................................... 144
6.21.2 Procedures ..................................................................................... 144

6.21.2.1 Travel claims ........................................................................... 147
6.21.2.2 Use of private motor vehicles ............................................... 147
6.21.2.3 Appointment and transfer expenditure claims ..................... 148
6.21.2.4 Fines ....................................................................................... 148

6.22 Grants, Subsidies and Grant Project Funding ....................................... 148

6.22.1 Overview ......................................................................................... 148
6.22.2 Grants and Service Procurement - Definitions ............................... 149

6.22.2.1 Grant ....................................................................................... 149
6.22.2.2 Service procurement ............................................................. 149

6.22.3 Reference Material .......................................................................... 150
6.22.4 Process ............................................................................................ 150
6.22.5 Program Design .............................................................................. 151
6.22.6 Program Administration .................................................................. 151

6.22.6.1 Awarding of grants and project funding ................................. 152
6.22.6.2 Handling applications .......................................................... 152
6.22.6.3 Appraising applications ....................................................... 152
6.22.6.4 Approval ............................................................................... 153
6.22.6.5 Funding announcements .................................................... 153
6.22.6.6 Establishment of service or funding arrangements ............... 153

6.22.7 Internal Control of Payments .......................................................... 154
6.22.8 SIMS ............................................................................................... 155
6.22.9 Monitor Progress – Financial and Performance Reporting ............ 156

6.22.9.1 Performance monitoring ....................................................... 156
6.22.9.2 Financial monitoring ............................................................ 156
6.22.9.3 Surplus and deficit ............................................................... 157
6.22.9.4 Ownership of assets ............................................................ 158

6.22.10 Financial Reporting ...................................................................... 158

6.22.10.1 Reciprocal transfers ............................................................ 158
6.22.10.2 Non-reciprocal transfers .................................................... 158

6.22.11 Standard Chart of Accounts (SCOA) ........................................... 159
6.22.12 Evaluation of the Funding Program ............................................ 159

6.22.12.1 Managing the review ......................................................... 160
6.22.12.2 Carrying out the review ..................................................... 160
6.22.12.3 Reporting ............................................................................ 160

6.22.13 Sponsorships .............................................................................. 160

6.23 Contracting Out of Government Services .......................................... 162

6.23.1 Policy and Objective ...................................................................... 162
6.23.2 Scope ............................................................................................. 162
6.23.3 Services Currently Provided In-house .......................................... 162
6.23.4 Services Currently Contracted Out .............................................. 163
6.23.5 New Services .............................................................................. 163
6.23.6 Services in Replacement Facilities ............................................. 163
6.23.7 Other ............................................................................................ 164

6.24 Provisions .......................................................................................... 164

6.25 Liabilities, Contingent Liabilities and Commitments .......................... 164
Chapter 6 – Expense Management

6.26 Goods and Services Tax (GST) ................................................................. 165

6.27 Expensing or Capitalisation ....................................................................... 165
  6.27.1 Intangible Asset Expenditure That Cannot Be Capitalised ....................... 165
  6.27.2 Borrowing Costs .................................................................................... 166
    6.27.2.1 Recognition .................................................................................... 166
    6.27.4.2 Capitalisation of borrowing expenses ................................................. 166
  6.27.3 Assets Recognition or Expenditure Threshold ........................................... 167
  6.27.4 Initial Project Cost .................................................................................. 167
  6.27.5 Construction Costs – Work in Progress .................................................. 167
  6.27.6 Service Concession Arrangements .......................................................... 167
  6.27.7 Employee Expenses .............................................................................. 168
  6.27.8 Regular Major Inspections ..................................................................... 168

6.28 Board and Committee Expenses ............................................................... 168

6.29 Disclosure Requirements ........................................................................... 169
  6.29.1 Overview ............................................................................................... 169
  6.29.2 Expenses Generally ................................................................................ 169
  6.29.3 Losses and Special Payments ................................................................. 170
  6.29.4 Employee Benefits ................................................................................ 170
  6.29.5 Controlled and Administered Expenses ............................................... 170
  6.29.6 Impairment Losses ................................................................................ 170
  6.29.7 Other Expenses .................................................................................... 171
  6.29.8 Disclosure - Expenses Generally .......................................................... 171

6.30 References .................................................................................................. 172
6.1 Introduction

6.1.1 Overview

Section 15(1)(b) of the Financial and Performance Management Standard (FPMS) requires the accountable officer of a department to establish an expense management system.

In establishing the system, section 15 (2) of the FPMS requires that the accountable officer shall have regard to the Financial Accountability Handbook (FAH) issued by Queensland Treasury and Trade.

Section 15 (3) of the FPMS requires that the accountable officer must regularly review the system to ensure that it remains appropriate for managing the financial resources of the department.

Adequate systems, including effective internal controls - refer FMPM section 2.9 Internal Controls - must be established, maintained and documented to ensure that:

- expenses are:
  - incurred for official purposes for the benefit of the State of Queensland and for the public generally
  - incurred in accordance with FMPM chapter 7 - Asset Management and with FMPM chapter 8 - Liability Management
  - promptly authorised, identified, calculated and recorded
  - appropriately recorded as attributable to either consumption, actual loss, impairment, or a provision for probable loss and
  - appropriate, and managed efficiently and effectively to achieve reasonable value for money
  - goods and services tax (GST) obligations are met - refer to FMPM section 12.6 Goods and Services Tax (GST).

The department shall not incur expenditure of a private nature that is primarily for the benefit of an officer of the department nor shall it incur expenditure on behalf of a minister of the Crown unless permitted by the Queensland Ministerial Handbook, issued by the Department of the Premier and Cabinet.

When the department receives goods and/or services free of charge from another entity:

- care shall be exercised in their usage as if the cost of the goods and/or services are to be met from the department’s own funds and
- the fair value of those goods/services, if material, is brought to account ensuring that the economic cost of providing services shall be applied in determining user charges.

Refer to:

- AASB 13 Fair Value Measurement
- section 19 of the FPMS for further legislated obligations regarding expense management and
- FAH, Information Sheet 3.6 Expense Management Systems (excluding HR), issued by Queensland Treasury and Trade, for guidance with respect to expense management.
6.1.1.1 Ordinary Annual Appropriation Act

The ordinary Annual Appropriation Act is and Act for the financial year that:

- authorises the Treasurer to pay from the consolidate fund, a total amount that has been appropriated by parliament for the department for the financial year and
- appropriates for the financial year, a total amount for the department, for application to the department’s services, administered items and equity adjustments which is to be paid by the Treasurer.

6.1.1.2 Unforseen expenditure

Where a determination is made by the Governor-in-Council, on the recommendation of the Treasurer, during a financial year or within four weeks of the end of a financial year, which the department’s expenditure shall be made from the consolidated fund for the financial year for which:

- there is no appropriation, for example, a natural disaster
or
- there is an appropriation but the making or charging of that expenditure to that appropriation would mean that the amount allocated to that vote would be exceeded, for example, an authorised extension to a current contract

the Governor-in-Council may authorise that such expenditure be made in advance of appropriation and charged as unforseen expenditure and allocated to one or more of the department’s headings as the Governor-in-Council directs – refer to section 35 of the Financial Accountability Act 2009 (FAA).

6.1.1.3 System Manager role

The Hospital and Health Boards Act 2011 provides as follows:

- section 8(2) The overall management of the public sector health system is the responsibility of the department through the chief executive (the Director-General) (the system manager role)

- section 8(3) In performing the system manager role, the chief executive is responsible for the following:
  (a) Statewide planning
  (b) managing Statewide industrial relations
  (c) managing major capital works
  (d) monitoring service performance
  (e) issuing binding health service directives to Services

Section 45 (Functions of the chief executive) provides a detailed list of the functions of the chief executive.

Section 47 details the issues about which the chief executive may issue a health service directive.

This FMPM details health service directives that have been issued in relation to expenses and the system manager responsibilities with respect to the management of expenses within Hospital and Health Services (HHS).
Chapter 6 – Expense Management

In its role as System Manager, the department provides a facility whereby the payment of the expenses that are incurred by the Hospital and Health Services (HHS) are processed.

In order to gain an understanding of the expenses that are generic to HHSs, the policies and practices related thereto are included in this manual as well as in the Financial Management Practice Manuals (FMPM) of the HHSs.

6.1.2 Control Objectives

Section 8(1) of the FPMS requires the Director-General to establish a cost-effective internal control structure.

Control objectives are to ensure that:

- processes of approval and control are in place ensuring that expenditure incurred is lawful and legitimate departmental expenditure
- expenditure is approved by authorised officers in accordance with:
  - budgetary constraints
  - statutory and/or contractual requirements
  - other requirements of State Cabinet, the Treasurer or other competent authority
  - the department’s financial delegations - refer to FMPM section 10.2 Financial Delegations
- operational responsibility is assigned for the identification and management of expenditure in light of strategic plans and financial management obligations
- competitive and ethical acquisition arrangements are observed, including those required by the Queensland Procurement Policy 2013
- expense payments are in accordance with payment terms, conditions, and the utilisation of discounts
- economy in the acquisition and usage of assets, goods and services is achieved
- transactions are promptly identified and accounted for enabling relevant internal and external reporting and accountability requirements to be satisfied
- transactions are supported by readily accessible records and documentation and audit trails are maintained
- segregation of duties exists in approving, ordering, accepting and paying for assets, goods and services
- legislative requirements, for example, GST, are met and
- controls exist in processing and accounting for accruals.

The department must establish and maintain procedures to achieve the above objectives.

For details in relation to internal controls over expenses – refer to:

- FAH, Information Sheet 3.6 Expense Management Systems (excluding HR)
- FAH, Information Sheet 3.7 Human Resources and Payroll Systems
- Financial Management Tools (FMT), Information Sheet 3.6 Expense Management and
- FMT, Information Sheet 3.7 HR and Payroll.

For information regarding fraud control – refer to FAH, Information Sheet 3.15 Fraud Control, issued by Queensland Treasury and Trade.
6.1.2.1 Control Framework for Expenditure

The department has established a Control Framework for Expenditure aimed at providing a holistic overview of legislative and whole-of-government policy requirements in relation to purchasing, expenditure approvals and internal controls regarding these processes.

The Framework provides a matrix which identifies the different acquisition (procurement) methods available and the most appropriate payment processes that align with these methods. When selecting an acquisition method, the need and service levels must be balanced with adequate and appropriate controls.

For further details, the Control Framework for Expenditure is located on QHEPS.

6.1.3 Definition and Recognition of Expenses

The Australian Accounting Standards Board (AASB) Pronouncement, Framework for the Preparation and Presentation of Financial Statements defines expenses as follows:

“expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants”.

The Pronouncement continues:

“the definition of expenses encompasses losses as well as those expenses that arise in the course of the ordinary activities of the entity”.

Expenses that arise in the course of the ordinary activities of the entity include, for example:

- cost of sales
- wages
- salaries
- rental charges
- depreciation.

They usually take the form of an outflow or depletion of assets or the incurrence of liabilities that result in decreases in equity.

Losses, on the other hand, represent other items that meet the definition of expenses and may, or may not, arise in the course of the ordinary activities of the entity. Losses represent decreases in economic benefits and, as such, they are no different in nature from other expenses - refer to FMPM section 6.18 Loss of Assets.

The Framework further identifies:

“expenses are recognised in the income statement when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.”
An expense must be recognised only when:

- it is probable, that is, it is more likely rather than less likely, that a consumption of or a loss of resources has occurred and
- the expense can be valued or estimated reliably, that is, without undue bias or error.

Refer to Accounting Policy Guideline (APG) 4 Definition and Recognition of Expenses, issued by Queensland Treasury and Trade.

6.1.3.1 Controlled expenses

For a transaction to give rise to a controlled expense, the expense must form part of the cost of operating the department in the pursuit of the objectives of the department and arise at the discretion and direction of the department.

Controlled expenses include those assets consumed, or liabilities incurred, in the process of providing departmental services for the purpose of performing the functions of the department. Controlled expenses may include:

- wages, salaries and other employee entitlements
- operating costs
- depreciation
- grants and subsidies when the department has discretionary powers as to recipient, value and conditions attaching to the payment of the grant/subsidy.

6.1.3.2 Administered expenses

Administered expenses mainly relate to transfer payments where the department is acting solely on behalf of the whole-of-government, for example, the distribution of grant payments where the department has no discretion regarding the distribution of those payments. Administered expenses also can arise as a result of the depreciation and maintenance of administered assets.

6.1.3.3 Default position

Where the distinction between controlled and administered is not clearly apparent, the default position is that expenses, other than transfers to the Consolidated Fund, are controlled unless agreement has been obtained from Queensland Treasury and Trade to recognise them as administered.

For information regarding the criteria to be used in determining whether an expense is controlled or administered – refer to Accounting Policy Guideline (APG) 8 Controlled and Administered Transactions and Balances.

6.1.3.4 Transfer payments

Transfer payments are treated as either administered or controlled expenses depending on whether the department controls the funds to be transferred.

Amounts received and paid are classified as administered transfer payments where:
Chapter 6 – Expense Management

- legislation or other authority determines the recipient and the value of the transfer and
- the department has no discretion as to the payment to be made or the eligible recipients, for example, welfare payments.

For further information regarding transfer payments – refer to APG 8 Controlled and Administered Transactions and Balances.

6.1.3.5 Agency/trust transactions

Transactions that do not meet the criteria of controlled expenses must be properly assessed against the criteria for administered expenses.

In those rare circumstances where the department is acting solely as an agent for another entity, that is, where the transactions do not meet the criteria for administered or transfer payments and the department acts as a collection agency for another entity, the transactions do not form part of the department. Such transactions should not be recognised as either controlled or administered. Similarly, trust arrangements are neither controlled nor administered.

6.1.4 Expense Accrual

The accrual basis of accounting is to be adopted in the preparation of the general purpose financial statements of Government agencies subject to Accounting Policy Guidelines for the Queensland Public Sector, issued by Queensland Treasury and Trade and materiality thresholds as outlined below. Accordingly, the assets, liabilities, revenues and expenses of Government agencies are required to be recognised in the reporting periods to which they relate regardless of when cash is received or paid. This will assist in ensuring that Government agencies are accountable for the transactions and events of the entity that occur during the reporting period to which the financial statements relate.

The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Examples include:

- where future economic benefits acquired by the department are consumed immediately or soon upon acquisition, for example, supplies and services, the expense qualifies for recognition in the reporting period in which the acquisition of the future economic benefit occurs
- where future economic benefits are expected to be consumed over several accounting periods, for example, most non-current physical assets, expenses (depreciation) shall be allocated systematically to the reporting period during which the future economic benefits are expected to be consumed
- where expenditure produces no future economic benefits, for example, fines paid, an expense shall be recognised immediately
- and
- where a liability is incurred without the recognition of an asset, for example, wages payable, a wages expense shall be recognised simultaneously with the recognition of the liability, that is, wages payable.

If the value of goods and services provided to the department is greater than $5,000 per transaction but no invoice has been received at the end of the month, an accrual journal must be prepared and posted in the general ledger to recognise the expense.

Examples of expenditure that may need to be accrued include, but are not limited to:
Chapter 6 – Expense Management

- temporary staff/contractors
- rent (if paid in arrears)
- patient transport
- grants expense
- telecommunication charges
- insurance
- utility expenses, for example, electricity
- drugs
- credit card expenditure billed one month in arrears and
- fuel.

Accruals for salaries and wages are calculated by the SAP Payroll software. Where an operational unit requires accruals to be adjusted, an email with supporting documentation must be forwarded to the Financial and Asset Accounting Team requesting that a journal be processed. The use of a S9/P9 tax code is essential. Hospital and Health Services (HHS) do not have access in FAMMIS to load journals to labour account codes.


6.1.5 Prepayments

When payment is made before the goods and/or services have been acquired, or before the particular period of time to which the payment relates has elapsed, a prepayment is to be recognised. Prepayments are amounts paid in advance for goods or services to be received or consumed in later periods. For recognition purposes, prepayments for items less than $5,000 need not be recognised as a current asset. Rather, items below this threshold may be recognised as an expense immediately. In this context, an item is defined as an individual transaction type or supply from a supplier - refer to:

- FMPM section 7.16 Other Assets
- FMPM section 6.2.5 Contract Performance Guarantee.

6.1.6 Impairment Losses

Recognition of impairment losses is to be included in the Statement of Comprehensive Income, in accordance with:

- AASB 136 Impairment of Assets
- AASB 139 Financial Instruments: Recognition and Measurement

The objective of these standards is to ensure that all assets, whether current or non-current, are tested for impairment and are not carried at more than their recoverable amount.

The impairment loss is, therefore, the amount by which the asset's carrying amount exceeds its recoverable amount. This amount is expensed in the Statement of Comprehensive Income.

For further information regarding impairment – refer to:
6.1.6.1 Not-For-Profit

Having regard to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade, the majority of assets are required to be recorded at fair value where there is an active and liquid market for assets similar in type and condition, for example:

- land
- houses
- office accommodation
- motor vehicles.

Assets, where there is no active market price available in their current form, for example, infrastructure assets such as roads, harbours and dams, and specialised buildings such as hospitals, shall be valued at the cost of replacing the future economic benefits from that asset. This is measured by either the lower of the cost of a current equivalent which is, the depreciated current replacement cost or the cost of reproducing the asset's future economic benefits, which is the depreciated current reproduction cost. The carrying amount of the assets is, therefore, rigorously assessed against the recoverable amount – refer to:

- AASB 13 Fair Value Measurement
- FMPM section 5.4 Revenue Recovery
- FMPM section 7.5 Accounts Receivable/Debtors
- FMPM section 7.13 Depreciation and Amortisation.

6.1.7 Authorisation of Expenses

Before any officer commits an operational unit to incurring any expenditure, authorisation for the acquisition of the particular assets, goods and/or services must be received from an officer with appropriate delegation.

Where a proposed acquisition does not meet the criteria for ‘recurrent expenditure’ - refer to FMPM section 6.20 Recurrent and Non Recurrent Expenditure - authorisation must be obtained prior to ordering those assets/goods/services. Authorisation requires the noting of the official title and name of the approving officer – refer to FMPM section 10.2 Financial Delegations.

When a payment does meet the criteria for ‘recurrent expenditure’, approval is to be obtained from an authorised officer with financial delegation, upon the receipt/preparation of the related invoices/claims, and is to be referenced on the accompanying expenditure voucher, or electronically, via the release codes within FAMMIS. Any variations to previously existing charges must be highlighted, substantiated and authorised.

When approval is granted to incur expenditure in relation to a contract under which progress/periodic payments are to be made, and that approval was for a total value for the contract, it is necessary to seek recurrent financial approval for each associated payment, even when
the payment is in accordance with the terms of the contract and, the total of such payments does not exceed the total amount originally approved.

An officer authorising the incurrence of expenditure, must do so only in accordance with their delegated authority, as per the department’s delegations - refer to FMPM section 10.2 Financial Delegations for details regarding expenditure approval.

The ability to approve expenditure is also subject to the existence of adequate uncommitted resources and, in particular, budgetary responsibility and limitations – refer to FMPM chapter 3 Planning, Budgeting, Forecasting and Performance.

For internal control and probity reasons, no officer, at any level within the department, with delegated financial authority, unless otherwise authorised by the accountable officer (the Director-General) may authorise the payment or reimbursement of expenditure incurred by themselves for either personal or official purposes.

Officers, who incur such expenses, must have the expenditure validated and authorised by a more senior officer - the ‘one-up’ rule - with delegated authority to approve that expenditure. This latter officer should not have received any benefit from, nor have been involved in any way with the expenditure, and should be that officer’s immediate supervisor, or alternatively a more senior officer with higher authority.

Similarly, when any officer, at any level, has been solely involved in the:

- incurrence of official expenditure
- negotiation of a contract or project relating to the department’s objectives

approval must be received from that officer’s Team Leader or a suitably qualified financial delegate.

An officer with delegated authority to approve expenditure must only approve commitments for expenditure to be charged to departmental operational units under their control. An officer must not approve expenditure to be charged to another operational unit without prior consent from a delegated officer for the relevant cost centre, or from the Director-General or delegate.

Before giving approval, delegated officers must be confident that the expenditure is:

- for an authorised official purpose; requesting officers must document the benefit for the operational unit, the department and/or the State of Queensland
- properly documented
- able to withstand scrutiny by:
  - the Governance Branch - refer to FMPM section 2.10 Internal Audit
  - the Queensland Audit Office - refer to FMPM section 2.11 External Audit
  - the Crime and Misconduct Commission
  - any court with applicable jurisdiction
  - any other external body with a legal right to inspect associated records

and above all else
• appropriate, reasonable and supported by evidence capable of demonstrating these qualities when that evidence is scrutinised, that is, it must be publicly defensible.

In considering reasonableness, regard needs to be paid to the following paragraphs.

Management throughout the department is accountable for the charging of expenditure to the respective areas of responsibility. Authorising officers are to check the accuracy of the proposed account/s and cost centre/s to which the acquisition will be charged. Authorisations granted must indicate details of any contingent amount included regarding rise and fall provisions, variations to the contract, or any unforeseen circumstances.

Where there is any doubt as to the appropriateness of any expenditure as being for official departmental purposes, a determination should be sought from the Director-General or delegate in relation to the principles, particularly public defensibility, as set out in this policy.

Where the Director-General or delegate cannot make a determination on the matter, advice may be sought from the Public Service Commission or approval should be obtained from the Minister for Health.

All approvals given must also comply with all applicable policies and statutory and other requirements, for example, the Queensland Procurement Policy 2013, Information Standards and workplace health and safety legislation.

Foundations are separate legal entities and payments to them should be limited in nature and should only occur where there is a clear obligation to pay in accordance with the requirements of the Financial Management Practice Manual (FMPM).

6.1.7.1 Allowable Christmas expenditure items

Officers may be permitted, where prior approval is obtained, to be reimbursed for allowable items of expenditure that are Christmas related as approved by the Director-General or delegate.

6.1.8 Certification Authority

All payments made via a General Purpose Voucher require an independent certification unless an exemption applies.

An Authorised Payment Approval Officer must be appointed by the department and must provide a specimen signature to the Chief Finance Officer to enable the processing of claims for payment.

6.2 Purchasing Policy

This section should be read in conjunction with FMPM section 10.2.2 Steps Involved in Purchasing

6.2.1 Overview

All procurement activities including the act of purchasing must be conducted in accordance with the Queensland Procurement Policy 2013, the FPMS, Department of Health Procurement Policy and Procedures and Supporting Documents, and the Department of Health Financial and Procurement Delegations.
Chapter 6 – Expense Management

The *Queensland Procurement Policy* 2013 applies to all acquisitions of goods, equipment and services, including construction activities, except for real property transactions. This policy requires all Queensland Government purchasing to be conducted according to the following objectives:

- advance Government priorities
- achieve value for money
- ensure probity and accountability of outcomes.

There are different levels of accreditation for purchasing officers. The *Queensland Procurement Policy* 2013 and the *Department of Health Procurement Policy and Procedures* encourage officers with procurement delegations to obtain appropriate levels of accreditation.

Standing Offer Arrangements (SOAs) for goods and services are put in place with suppliers by the department following a competitive procurement process. The department is not obligated to make purchases against an SOA. Although SOAs may be mandated, they may not necessarily be an exclusive commitment with the appointed providers. Some SOAs may be accessed by other government departments. Although SOAs contain pre-agreed terms and conditions (including prices), a contract is not formed until a customer issues a purchase order against a SOA to a supplier appointed to that SOA.

Refer to FMT, Information Sheet 3.6 Expense Management, issued by Queensland Treasury and Trade.

### 6.2.2 Delegation of Authority to Perform Purchasing

In accordance with *Department of Health Procurement Policy and Procedures* and Supporting Documents (DOHPPP), purchasing is to be conducted by officers with the appropriate certification level and in accordance with the instructions issued from time to time by the Director-General or delegate, for example, the *Instructions for the Engagement of External Consultants*.

Procurement delegations for the acquisition of goods and services have been introduced by the Director-General as an internal control and risk management measure. Procurement delegations emanate from the *Financial Accountability Act 2009*, section 41. The Director-General or delegate authorises delegations for procurement delegation. Procurement delegations are not valid until the delegated officer has received written confirmation from Procurement and Logistics. These valid procurement delegations are published on QHEPS.

Procurement delegations are assigned to a position and not to an individual. Therefore they cover any officer occupying a position where there has been no changes to the duties or to the designation of that position.

When exercising procurement delegations, authorised delegates must ensure that the appropriate process has been followed and adequate records are available as evidence.

Refer to:

- FMPM section 2.3 Delegations and Authorisations
- FMPM section 10.3 Procurement Delegations
6.2.3 Delegation of Authority to Incur Expenditure

Procurement and financial delegations are granted by the Director-General who has pre-approved different procurement delegation frameworks for departmental units in accordance with their operational requirements. The Health Services Support Agency administers additions, deletions and modifications to these frameworks and Director-General approval is only sought for requested changes that are outside the pre-approved frameworks.

The Finance Branch similarly administers modifications and additions to the financial delegations.

Financial delegation levels are initially established by the Queensland Government for the Minister and for the Director-General as the accountable officer. The Director-General delegates authority to officers to incur expenditure and this financial authority is required before any purchase is commenced and before any purchase requisitions are raised. Once a purchase requisition is raised, the actual purchase will be approved by an officer with an appropriate value of a Type 2 procurement delegation. A procurement delegate will exercise an approval by releasing an electronic purchase requisition on FAMMIS at which point this purchase requisition becomes a purchase order that is issued to the supplier.

A contract is put in place when a purchase order is issued to a supplier and the terms and conditions of this contract are those referenced on the purchase order. These terms and conditions have been approved by Crown Law and are applied to all departmental purchase orders. Purchases should not be made against a supplier's own terms and conditions.

A purchase order must not be issued by telephone, post, facsimile or email to a supplier until the expenditure has been approved by a financial delegate and the purchase requisition has been approved by a procurement delegate.

Refer to:

- FMPM section 2.3 Delegations and Authorisations
- FMPM section 10.2 Financial Delegations

for further information.

6.2.4 Delegation of Authority to Sign Contracts

The State’s authority to contract and carry out commercial activities is a statutory power contained in Part 5, Chapter 3 of the Constitution of Queensland Act 2001. This is a ministerial power that may be delegated to the Director-General and sub-delegated to other positions. Deeds of Delegation and Authorisation are the instruments by which contract signing delegations for nominated types of commercial activity are assigned to departmental positions.

From a legal perspective, there are several requirements that must be satisfied for a contract to be valid and enforceable at law, including:

- capacity to contract
- intention to contract
- valuable consideration
Chapter 6 – Expense Management

- legality of purpose
  and
- sufficiency of terms.

Most contracts can be executed by exercising a Type 5 Contract Signing Procurement Delegation. Contracts for ‘commercial activity’ however are excluded from a Type 5 authority. ‘Commercial activity’ is defined as activity that is outside the ordinary course and functions of administering government. The excluded categories of commercial activity include deeds, contracts and agreements or documents:

- which by statute are required to be signed by the Minister
- which relate to or are connected with dealing in real property
- with the Commonwealth, states’ or territories’ governments
- with universities, TAFE colleges and other similar higher educational institutions
- for the purchase or supply of hospital-based services from or to the private sector
  and
- which are novel or unique or reflect transactions outside the core business or traditional functions of Queensland Health.

Contract signing delegations are assigned to a position and they cover any officer occupying that position where there has been no change to the duties or to the designation of that position.

There is no requirement at law for services or supply agreements to be in writing.

The legal entity by which the department contracts with external organisations is the State of Queensland. Delegates exercising a contract signing delegation do so on behalf of the State of Queensland. Accordingly, the State requires that Crown Law approves the content and terms and conditions in any departmental contract templates.

All contracts are to be signed by officers who have been given appropriate delegation and in compliance with the Guidelines\(^1\) where appropriate.

The objective is to ensure that the department’s contractual obligations are created only by officers authorised to do so, and that the department is not committed to unintended obligations.

Subject to any express limitations contained in the contract signing delegations themselves, these delegations authorise the delegates to sign any contract, agreement, deed or other document which binds the State legally to another party, as well as any memoranda of understanding or other similar documents reflecting non-legally binding administrative arrangements.

Reference should be made to the Guide to Contract Signing Delegations in the QHEPS website for further details.

Deeds of Delegation and Authorisations are only put in place against senior departmental positions. When the Deed is executed by the current position occupant, this authority allows any occupant of the position to execute the categories of commercial contracts nominated in the deed.

---

\(^1\) Guide to Contract Signing Delegations and Guidelines for Australian Government Funding Agreements
Chapter 6 – Expense Management

The position occupant can, however, only sign agreements and other documents for these nominated categories where they relate to their area of responsibility within the department.

The Deed may still exclude some categories of commercial contracts and so this delegate cannot execute a contract if it falls within the excluded categories even where they relate to their area of responsibility within the department.

The signing of contracts or other documents relating to real property transactions is covered by a separate Instrument of Delegation. That Instrument sets out who is authorised to sign documents of that nature.

Delegates exercising a contract signing authority must be satisfied that:

- the category of commercial contract is covered in their Deed
- the contract relates to their area of responsibility
- any financial and legal pre-requisites of procurement have been satisfied.

Refer to FMPM section 6.2.5 Contract Performance Guarantee regarding performance guarantee policy.

6.2.5 Contract Performance Guarantee

6.2.5.1 Legislative requirements

Section 36 of the FPMS defines a contract performance guarantee (CPG) to mean a security given by a contractor, or for a contractor, for the performance of one or more of the contractor’s obligations under a contract with the department.

Section 37 (1) the FPMS mandates that the accountable officer must develop and implement a CPG system for the following:

- determining which contracts must provide for the contractor to give security for the performance of the contract
- management of the CPGs.

Section 37 (2) of the FPMS, mandates what a CPG system must provide for and these provisions are summarised below:

- circumstances in which a CPG will be obtained
- determining entitlement to interest where the CPG is a monetary security deposit
- assessing, at least quarterly, the ongoing need for, and adequacy of, existing CPGs and
- each contract where a CPG is given by an approved security provider to include a condition that, if the security provider ceases to be an approved security provider, the contractor must give, or arrange the giving of the following:
  - a monetary security deposit
  or
  - a security by an approved security provider.
Chapter 6 – Expense Management

The contract performance guarantee system must ensure that the Director-General or delegate becomes aware as soon as practicable after a security provider who has given a CPG ceases to be an approved security provider.

Refer to section 36 of the FPMS for the definition of an approved security provider.

Section 38 of the FPMS mandates that the accountable officer must ensure that the benefit of a CPG is:

- irrevocable and unconditional
- payable on demand and without reference to another person
and
- available until all obligations secured by the guarantee have been discharged

and that these conditions are included in the contract.

A CPG must be:

- given by a contractor, or for a contractor, by an approved security provider
and
- in a form, and for an amount, that the accountable officer is satisfied provides sufficient and suitable security for the performance of the contractor’s obligations under the contract to which the guarantee relates.

This reference is summarised - refer to the FPMS for all legislative requirements regarding the inclusions in these contracts.

Section 39 of the FPMS mandates the form of the CPG from a contractor or from an approved security provider for a contractor.

Section 40 of the FPMS applies to conditions when a security given is not a monetary security and the provider of the CPG is no longer an approved security provider. To summarise, the accountable officer must give notice to the contractor to provide within 30 days, a monetary security deposit or secure an approved security provider - refer to the FPMS for specific application.

Section 41 of the FPMS states the conditions and requirements for the Treasurer’s approval of a security provider.

6.2.5.2 Assessment of risk

This section applies to capital works contracts (related to construction and property), Government Information Technology Contracting (GITC/IT) contracts, purchases of major equipment, consultancies and the larger value and larger risk supply or service contracts. This section applies also to any contract in respect of which a prepayment has been made as part of the conditions of the contract.

The principal risk is that the contractor will not perform its obligations under the contract. The cause of that risk may be voluntary or involuntary on the part of the contractor - refusal to deliver, or inability to deliver. This risk has to be assessed with each contract.
There will be times when a guarantee by a contractor (monetary security deposit) should **not** be accepted, but instead a guarantee should be given for a contractor by an approved security provider such as the contractor’s banker. It may be necessary to carry out, or seek from a suitably qualified person, a review of the financial position and legal structure of the contractor in order to assess the ability of the business to complete the contract, including any applicable defects liability period or warranty period. If the risk of business collapse appears to be real or the contractor doesn’t have the financial or other capability to complete the contract, then other factors must be considered, before allowing the contractor to provide a guarantee directly.

The review contemplated in the preceding paragraph must, wherever possible, include an analysis of the legal structure of the business, the business’ most recent financial statements, and must consider the future commitments of the business.

### 6.2.5.3 Other factors

Other factors to be considered are contained in the table below.

<table>
<thead>
<tr>
<th>Aspect to Consider</th>
<th>Purpose or Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severity of the risk</td>
<td>Who will suffer if the contract fails – consider the impact on the delivery of patient care or other departmental objectives?</td>
</tr>
<tr>
<td></td>
<td>Is a failsafe available to provide backup?</td>
</tr>
<tr>
<td>Value of the contract</td>
<td>How material will the potential loss be?</td>
</tr>
<tr>
<td></td>
<td>Is the loss covered by the contractor’s insurance?</td>
</tr>
<tr>
<td>Duration of the contract</td>
<td>The longer the term, there may be a greater risk to the department in the event of failure.</td>
</tr>
<tr>
<td>Extent of other works in progress</td>
<td>Other works may drain funds required for the project or contract under review. Contract funding is typically not isolated.</td>
</tr>
<tr>
<td>Form of guarantee offered</td>
<td>A bank guarantee may be the lowest risk, but may tie up the contractor’s funds.</td>
</tr>
<tr>
<td>By whom is the guarantee given?</td>
<td>A third party may be preferable because of the independence and the lack of potential gain to be derived in withholding a payment.</td>
</tr>
<tr>
<td>Conditions on the guarantee</td>
<td>A financial guarantee must be unconditional; it must be irrevocable.</td>
</tr>
<tr>
<td>Is interest to be paid?</td>
<td>Interest should not be offered. The party may instead provide a bank guarantee with the deposit, on which interest will be earned.</td>
</tr>
<tr>
<td>Knowledge of the contractor</td>
<td>Does the department have a history of the contractor based on prior dealings?</td>
</tr>
<tr>
<td>Has the contractor’s business structure changed since the previous dealing?</td>
<td>There may have been a change in structure to create limited liability such as moving from a partnership to company.</td>
</tr>
</tbody>
</table>
6.2.5.4 Conditions of a guarantee

There are to be no conditions attached to a financial guarantee – it must be unconditional. There must not be any time limit stated for the guarantee and the guarantee must continue until released or paid out.

The department must not unreasonably delay, nor be seen to be delaying, the release of any guarantee that has served its purpose. However, neither should any guarantee be released before it has served its purpose.

The circumstances in which the department may have recourse to the security should be made clear in the contract. For example, where works have not been performed to the standard required by the contract or where money is payable by the contractor to the department.

The purpose of the guarantee is to ensure that the contractor meets all of its contractual obligations. Although there are other remedies available to the department in the event that a contract is not completed, those remedies are not without cost. Some resistance may be raised to the department requiring a guarantee, because the contractor may have to use working capital to provide the collateral for the guarantee, thereby tying up funds for the duration of the contract.

6.2.5.5 Factors for consideration

A guarantee must be considered:

- whenever a prepayment is required
- if a financial review of the contractor’s business indicates some degree of instability
- if the legal structure of the contractor company indicates that it has limited share capital
- if the contractor has limited expertise, experience or resources to complete the contract itself, for example, it is a distributor and is relying on products to be supplied by a third party or by a parent company
- if the contractor has several projects underway and the contractor’s cash flow is stretched
- if equipment is needed urgently or for a very specific or specialised purpose
- if creation, preservation and backup of data is required, and that data is either difficult to recreate or is essential to services
- if major or severe disruption to the business has occurred including:

<table>
<thead>
<tr>
<th>Aspect to Consider</th>
<th>Purpose or Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the guarantor an approved security provider?</td>
<td>The department may need to seek an alternative. Only approved providers are permitted. Refer to section 41 (2) (b) of the FPMS.</td>
</tr>
<tr>
<td>Is a prepayment involved?</td>
<td>Can the prepayment be avoided?</td>
</tr>
<tr>
<td></td>
<td>Is the cost of avoiding it excessive?</td>
</tr>
<tr>
<td></td>
<td>“Yes” - a guarantee must be obtained.</td>
</tr>
</tbody>
</table>
• a new board of directors
• a new parent entity
• a re-financing or a change in the gearing or leverage of the business
  or
• business interruption
and
• when quality assurance is absent; but the presence of a quality assurance system does not, in itself, mean that a guarantee is not required.

A guarantee may not be required for the following contracts:

• a short-term, one-off supply of relatively low-importance/risk low-cost equipment
• the supply of non-critical, generally replaceable, equipment or consumable items
• general consultancies
  and
• where sufficient other influence exists, for example:
  • such as other contracts that may be awarded
  or
  • other business that may be discontinued
  or
  • where a contractor has a sound financial position.

When a guarantee is not used, the reason(s) must be noted for audit purposes.

6.2.5.6 How much?

Generally, the guarantee should cover the whole contract.

If a defects liability period retention exists, it may be taken into consideration provided that the conditions under which that retention is released parallel those of the guarantee. That is, the retention cannot be released within a shorter period than is covered by the guarantee, and cannot be released before the conditions of contract have been assessed as being complete in all respects.

6.2.6 Contract Disclosure

It is a requirement of the Queensland Procurement Policy 2013 that all agencies, are required to publish details of all awarded ‘reportable’ contracts and SOAs valued at or exceed $10,000 on the Queensland Government eTender website - refer to the Department of Health Procurement Procedures, chapter 8 for further details.

6.2.7 Purchase Approval

Purchases for goods and services require an authorised purchase requisition. The authorisation must be in accordance with approved financial delegations - refer to FMPM section 10.2 Financial Delegations. The procedures outlined in the FAMMIS user’s guides, training manuals and updates, where applicable, must be followed.

Reference should also be made to FMPM section 10.2 Procurement Delegations.
The preferred contract is the fixed price purchase order, but other types of contracts may be used when appropriate. In FAMMIS, the authorisation to purchase is expressed electronically through the ‘release’ of a purchase order by a purchasing officer having appropriate procurement delegation.

For a SOA, the procurement delegation to activate the commitment is applied at the time of the release of the purchase order.

For a purchase contract, the procurement delegation to activate the commitment is applied at the time of the issue of letter/s to the successful supplier/s and/or the signing of contracts/agreements.

Refer also to FMPM section 10.2.2.1 Requisition and expenditure approval.

6.2.8 Prohibition on the Splitting of Contracts or Orders

Splitting of quotations, contracts, orders and invoices into smaller amounts thereby lowering the level of financial delegation required for approval is **expressly prohibited**, for example, an order for $10 million may require the Minister’s approval, whereas four contracts, each for $2.5 million, could be approved at senior executive level.

6.2.9 Objectives of the Purchasing Function

The following objectives are consistent with the principles embodied in the *Queensland Procurement Policy 2013*:

- to ensure that all goods and services are purchased on a value-for-money basis, that is, at the lowest possible price, including consideration of prompt payment discounts where they can be utilised, consistent with appropriate quality standards, delivery requirements, and optimum volume levels
- to ensure maximum use of departmental usage volume in obtaining the best price for goods and services purchased
- to communicate a delegation of authority for the commitment of funds for goods and services
- to maintain ethical and legal business practices and to avoid conflicts of interest within the procurement cycle
- to enhance the opportunity for Queensland and Australian suppliers of goods and services to be considered for Government business, specifically local business and industry and
- to promote purchasing practices which conserve resources, save energy, minimise waste, protect human health and maintain environmental quality and safety.

6.2.10 Approval Process

The approval process for committing departmental funds to a particular purchase involves two distinct delegations:

- **financial delegation** approves expenditure and commits funds and
- **procurement delegation** approves purchases and enters into contracts.
The process begins with the creation of a purchase requisition which must be firstly approved by an officer with a financial delegation to authorise the expenditure. The person granting that approval is known as the Authorised Expenditure Approval Officer. This Officer must approve the purchase requisition. A purchase order will be produced, which must be approved by a procurement officer so qualified in accordance with the Queensland Procurement Policy 2013.

The purchase order provides the authorisation for the procurement officer to obtain the goods and services requested. The procurement officer obtains the goods and services by executing a contract with the vendor. Typically, the purchase order may become the only written form of contract.

Care must therefore be exercised in its completion, including product descriptions, quantities, agreed prices, freight costs and who is liable for the freight costs, that is, the sender or the receiver. Details relating to the relevant contract reference number or quotation number are to be included on the purchase order. The order is to include the principal place of business and locations for the receipt of goods and the address for the forwarding of the invoice.

### 6.2.11 Purchase Order Management

These procedures describe the methodology for procuring goods and services. The purchasing cycle is broadly categorised into the following steps:

- requisitioning for goods and services by the operational units
- issuing of the purchase order
- receiving goods and services
- payment to the supplier, on the receipt of the goods or on account.

Purchase orders must be prepared and approved before ordering goods or services. To order goods or services, purchase orders must be remitted to the supplier by an Authorised Procurement Officer, either electronically or by post.

A purchase order must be issued whenever goods or services are to be supplied on credit by a supplier, or whenever terms and conditions of the contract are important, such as warranty, the return of goods, pricing conditions, quality and specifications.

Recurrent expenditure and goods and services purchased by the use of a credit card, for example, CabCharge Card, Fuel Card, are generally excluded from the rule, but must have other internal controls applied, that is, the authorised users of these cards must have the delegated approval authority to the limit of the card.

For contracts, a purchase order is to be issued to the contractor at the time that the contract is undertaken or before the contract has commenced. Those other circumstances where a purchase order is not required are detailed in FMPM section 6.2.21 Purchase Orders Dispensation.

Purchase orders are accountable forms. The only official departmental purchase orders are those issued from either the FAMMIS or iPharmacy system or the BTS system for Biomedical Technology Services (goods). In genuine emergent situations an official departmental manual purchase order may be used. These manual orders must be entered into the FAMMIS system, as outlined in user guides.
Purchase orders must be issued as set out in the sections below. Electronic copies of purchase orders are to be retained in accordance with section 27 of the FPMS and Queensland Government Information Standards (QGIS) which can be accessed via QHEPS.

A review of outstanding purchases should be performed at least monthly. The supplier may have to be contacted to establish a revised delivery schedule or for order cancellation, if the delivery is more than seven days from the estimated delivery date. If there is to be a significant delay or if the delivery is urgent, it may be necessary to consider using an alternative supplier.

In considering an alternative supplier, the following should be considered:

- the contract terms and conditions with the existing supplier
- the availability of goods or services from the alternative supplier
- the delivery schedules from the existing and alternative suppliers and
- cost variations and penalty conditions.

Refer to FMT, Information Sheet 3.6, Expense Management, issued by Queensland Treasury and Trade.

6.2.12 Material Requisitions and Stock Reservations

An operational unit may have one or more centralised purchasing and storing sections, that is, a centralised storage area where clinical, stationery and cleaning material may be held in stock.

The items held in stock at the centralised storage areas are issued to the user operational units on receipt of a stock reservation. A stock reservation may be created in three ways:

- an online transaction in FAMMIS
- by bar code scanner
- by hardcopy reservation form, where FAMMIS access is not available.

Information which should appear on the hardcopy reservation form includes:

- the originating operational unit, especially cost centre code
- the serial number of the form
- the date
- the stock item code/catalogue number
- the stock item description
- the unit of measure
- the quantity required
- the originator and
- the approver.

Items not stocked should be requested on a purchase requisition.

6.2.13 Purchase Requisitions

Purchase requisitions are to be used to request goods or services that are not held in stock at centralised storage areas. A purchase requisition may be created in one of three ways:
• an online transaction in FAMMIS
• by bar code scanner
or
• by hardcopy requisition form, where FAMMIS access is not available.

The requisition must be approved by an Authorised Expenditure Approval Officer having adequate financial delegation. The requisition is subsequently used as the authority for the creation of the purchase order line items in FAMMIS.

Information which should appear on the hardcopy requisition form includes:

• the originating operational unit, especially the cost centre code
• the serial number of the form
• the date
• the name and address of the recommended supplier or FAMMIS vendor number
• the details of the quotations obtained, if relevant, that is, where no FAMMIS material number is provided
• a description and price of the goods required or the FAMMIS material number
• the required delivery date and delivery address
• an estimate of the total amount payable, excluding GST, or the FAMMIS material number
• the unit of measure
• the quantity required
• the vendor product number
• the originator
• the approver.

The terms of payment must be specified and agreed to.

Where a SOA exists for the product, the contracted supplier must be used unless that supplier is unable to supply within the time or the quantity required.

The end user may electronically track the progress of the FAMMIS purchase requisition in the system to ascertain the expected date of supply and the assigned purchase order number.

Refer to FMT, Information Sheet 3.6, Expense Management, issued by Queensland Treasury and Trade.

6.2.14 Purchase via Tender

If a planned purchase is through a tender, an estimate must be made of the value of the contract prior to invitations to tender being issued, to ensure that the appropriate process for procurement is followed and that the appropriate level of financial delegation is applied.

A clear audit trail of the tendering process must be maintained at all times, for each stage of the tendering process. An audit trail would include:

• a register of the tenders received
• the evaluation of the tenders and the criteria applied
• copies of advertisements placed
and

- a clear justification for supporting and for rejecting tenders.

The Queensland Government Marketplace, a business unit of Department of Housing and Public Works, maintains policy and guidelines for Whole of Government procurement and should be referenced for current requirements.

### 6.2.15 Purchase Order Issue

A purchase order must be raised for the procurement of all goods and services, excluding the supply of utilities, that is, electricity, water and telephone charges, travel expenses, consultancies and purchase contracts that are payments out of petty cash.

It is important that no undertaking or any commitment binding the department is given to a supplier or prospective supplier, nor any impression that an undertaking or commitment might be given, without the required expenditure and procurement approvals being obtained first from an authorised officer.

In order that neither the supplier nor the department is embarrassed during the pre-order stages leading up to the placement of an order, the potential supplier should be alerted to the fact that the expenditure must be approved before an order can be raised.

It should also be made clear to the supplier that an order may not proceed, or may be delayed until the expenditure approval is granted. The supplier must not be given an impression, at any time, that the purchase order will be automatically forthcoming.

The release of a purchase order, on the other hand, is a separate process which requires a procurement delegation. Procurement of all goods and services must be in accordance with the QHPPP which sets the policy for all procurement. Thresholds apply for the procurement of goods and the different approaches to be adopted.

Information which should appear on a purchase order is as follows:

- the purchase order number
- the date
- the name and address of the supplier
- the supplier catalogue number of the item, if applicable
- a description of the item
- the unit of measure
- the quantity ordered
- the unit price/rate
- the discount percentage, if applicable
- the total value
- the signature of the authorised officer
- purchasing officer/group contact details
- the delivery instructions and date
- and
- the name and address of the operational unit to which the invoice is to be delivered.

Every purchase order should bear a cost of the items ordered based upon the current price or quotation agreed by the department.
On completion of the details on a manual purchase order, for emergency use only, the order must be authorised by a delegated approval officer with a delegated financial authority which equals or exceeds the expected cost of the purchase. This officer certifies that the order has been approved for official purposes and that funds are available to cover the payment of the expenditure. Where this is not always expedient or physically practicable, authority for the purchase order to be issued may be given separately prior to the purchase order being issued to the supplier, with the separate approval subsequently being attached to the records copy of the purchase order.

In these instances, the approval is to be noted on the purchase order where that document would ordinarily be signed.

For further details regarding delegations - refer to FMPM section 10.2 Delegations.

For goods that are ordinarily stocked (excluding imprest stock not managed in FAMMIS), the need to order is managed by the Materials Requirement Planning module of FAMMIS. A re-order point and maximum stock level are to be determined by the operational unit, taking into consideration the usage of the product, that is, its demand, and the lead time which elapses between the time of the order and the receipt of the goods. When the stock on hand falls below the re-order point, FAMMIS will automatically generate purchase requisitions to bring the stock level back up to the desired maximum.

Special items, which are not in stock, are ordered when a purchase requisition is submitted by an authorised user. If the same item is repeatedly requested as ‘special’, consideration has to be given to make it a ‘stock’ item.

In accordance with the Queensland Procurement Policy 2013, the purchase order is issued to the selected supplier of goods and services. The selection is carried out by an authorised purchasing officer who is trained and certified for the procurement type and value.

Payment terms must be specifically referred to on the purchase order, especially when the terms negotiated are outside of the standard terms. Normal payment terms as shown on FAMMIS should be confirmed with the vendor before the order is submitted. The notation “as per contract” may be used when a contract of supply has been executed and payment terms are stated.

Purchase orders must be issued with prices quoted exclusive of GST - refer to section 12.6 Goods and Services Tax (GST) of this manual. The prices quoted on orders will be based on the catalogue or agreed price, with a footnote to the effect that the prices quoted exclude GST, and that the department agrees to pay GST when applicable.

6.2.16 Work Orders

Work orders are generated from within the Plant Maintenance (PM) module of FAMMIS. The PM module is referred to as the Computerised Maintenance Management System (CMMS).

A work order is a document that describes a request for maintenance. It has no reference to cost or quantity and is not a legal document which is controlled by terms and conditions. Therefore a work order cannot be used in lieu of a purchase order to procure goods and services.

A work order is also used to record planned preventative maintenance actions against contracts.
Work orders are used for both internal work performed by departmental officers and to commence action to acquire the services of external contractors.

Within the maintenance work order, a purchase requisition can be raised, which is then released by an officer with an appropriate financial delegation. A purchase order is then generated by an officer with the appropriate qualifications and is released by an officer with an appropriate procurement delegation.

When a purchase requisition is created from within a work order, a comprehensive audit trail is created which includes the details of any subsequent documents created from the purchase requisition, for example, purchase order, goods receipt and invoice cost settlement postings. This information can be accessed from within the work order.

In situations where a written agreement/contract (such as the Service Agreement with QBuild) is in place, there is a dispensation on the use of purchase orders. In these cases, there is no legal requirement for a purchase order and, as such, a work order can be used.

6.2.17 Department of Health Procurement Policies and Procedures

A copy of the Department of Health Procurement Policy and Procedures and Supporting Documents (QHPPP) will be available on the departmental intranet for all operational units, for reference and guidance in respect of procurement activity. Procurement by accredited officers should only be undertaken consistent with the officer’s certification level.

6.2.17.1 System level supply arrangements

The current range of corporate supply arrangements includes:

- SOAs, for example, cross-organisation SOAs in the areas of:
  - clinical consumables and devices
  - pharmaceuticals
  - medical equipment
  - pathology supplies
  - information services
  - and other miscellaneous commodities of high relative spend
- panel arrangements
- preferred supplier arrangements
- pre-qualified supplier arrangements
- service agreements
  - and consultancy agreements.

There are various committees that oversee arrangements for:

- clinical consumables
- pharmaceuticals
- medical glass
- laundry chemicals
- uniforms
- vaccines
• radiopharmaceuticals
• temporary agency nurses
and
• IV fluids.

There are also whole-of-Government SOAs for commonly purchased items (excluding construction). These arrangements are described on the Department of Housing and Public Works website.

6.2.17.2 Contract management

System level arrangements are contract managed by the HSSA. These services are based on the demonstrated achievement of:

• value for money
  • the effective use of resources to ensure the efficient use of public funds
• consumer focus
  • the addressing of business, operational and clinical needs and the contribution to high quality healthcare services
and
• accountability
  • the highest standards of probity and defensibility.

Local arrangements are contract managed by either the HSSA or a HHS business area.

6.2.17.3 Health Services Support Agency

The HSSA is responsible for delivering services to HHSs where quality and efficiency are better achieved by a statewide approach. The specific services that are provided by the HHSA are published on QHEPS.

HHSs will rely on the HSSA to help them deliver services in accordance with a nationally set cost efficient price.

6.2.18 Staff Purchases

Staff purchases, that is, officers using departmental purchasing power to buy goods for personal use, whether at a discount or not, are strictly not permitted. This restriction applies to the use of the department’s purchase order and to the use of corporate credit cards.

6.2.19 Cancellation of Purchase Orders

In cancelling an order or part thereof, sufficient time must be allowed for the supplier to be able to remove the production or delivery from the schedule. It is inexcusable to request a supplier to cancel an order once production has been commenced or once the goods are in transit and to expect a cordial acceptance of the request.

When a purchase order has been raised in error or is otherwise required to be cancelled, prior to submission to the supplier:

• the purchase order line items are to be closed off or deleted on FAMMIS
and
the reason for purchase order cancellation may be noted either within FAMMIS or on the file copy of the purchase order (if a file copy is retained).

Any work orders that resulted in a purchase order must also be cancelled.

When a purchase order is required to be cancelled after it has been submitted to the supplier and before any delivery/filling:

- the supplier must be contacted as soon as possible by telephone or in writing
- the supplier is to be requested to return the original order
- the purchase order line items are to be closed off or deleted on FAMMIS and
- the reason for purchase order cancellation may be noted either within FAMMIS or on the file copy of the purchase order (if a file copy is retained).

When a purchase order has been partially filled, and the remainder of the order is to be cancelled:

- the supplier must be contacted as soon as possible by telephone or in writing
- the items outstanding on the purchase order are to be closed off or deleted on FAMMIS and
- the reason for purchase order cancellation may be noted either within FAMMIS or on the file copy of the purchase order (if a file copy is retained).

Should any of the items that are part of the order being cancelled be delivered after the cancellation was notified, they should be returned to the supplier with a request for a credit, quoting the order cancellation. If those goods are delivered before cancellation was requested, the supplier must be contacted with the view to obtaining approval to return the goods, before the goods are returned.

Cartage and restocking charges may have to be borne by the department certainly where the department is at fault.

Compensation to the supplier should not be offered. If compensation is requested, approval should be sought from a relevant manager before an answer is given.

6.2.20 Internal Control on Purchasing

Purchasing functions should, where possible, be separated from accounting, dispatch and receiving functions such that, at the minimum level of control, not all functions are carried out by the one officer.

Purchasing and accounting must be separated from dispatch and receiving so that internal checks can be applied. At the upper level of control, all four functions would be performed by different officers, if this was practicable and possible, providing maximum assurance as to the accuracy and reliability of the accounting system.

To remove any potential conflict of interest in purchasing decision making, there is a need to segregate financial and purchasing approvals. Therefore, officers should not exercise a financial delegation and then a procurement delegation for the same purchase. In situations where this segregation is unavoidable, the officer shall ensure that both decisions are adequately documented, transparent and defensible.
Manual purchase orders, for emergency use only, must be pre-numbered, and accounted for within each quarter. They must contain all details prior to issue, including rates and prices. Invoices received must be matched to and verified against purchase orders for prices and quantities.

Duplicate invoices should not be used for the processing of suppliers' invoices because of the high risk of the payment being duplicated - refer to FMPM section 6.4.8 – Duplicated Invoices. A system must be in place to highlight, if not eliminate, duplicate invoice processing.

Remote operational units may seek approval to email scanned invoices for payment processing – refer to FMPM section 6.4 Processing and Payment for this requirement.

Vouchers, that will not be subjected to complete purchasing and delivery checks, that is:

- purchase order
- procurement
- delivery
- validation
- processing
- release for payment

may be prepared by one or more Authorised Accounting Officers. These authorising officers must examine the vouchers and certify thereon that they have personally established that the transaction has been approved by a competent authority and the ledger accounts to be posted are correctly shown. This practice must be applied particularly whenever a goods-received note or other form of delivery docket is not available, ensuring that payment is not made without the goods or services having been received.

An officer, who will not benefit from the payment and, where practicable, did not approve the transaction, will:

- certify that each voucher due for payment has been properly examined and found in all respects to be in accordance with the requirements under the:
  - Queensland Procurement Policy 2013
  - Financial Accountability Act 2009 (FAA)
  - Financial Accountability Regulations 2009 (FAR)
  - Financial and Performance Management Standard 2009 (FPMS)
  - Financial Accountability Handbook (FAH)
  - Financial Management Tools (FMT)
  - this Manual

and

- pass those accounts for payment.

This may be done by means of a single stamp bearing the words ‘Goods or Services Received, Payment in Order’ or similar, and the certification signed and dated before the vouchers are submitted for processing and/or payment.
Chapter 6 – Expense Management

Invoices that have been entered into FAMMIS must be stamped or marked with the word ‘PAID’ or ‘ENTERED’, the date of data entry noted and the FAMMIS document number transcribed onto the invoice.

6.2.21 Purchase Orders Dispensations

There is no legal requirement for purchase orders to be issued where a written agreement/contract is in place, (except where this is required under the terms of a standing offer arrangement or similar type of agreement). The agreement itself sets out the mechanisms for service delivery and payment and those terms constitute the entire agreement between the parties. The issuing of purchase orders to suppliers/contractors where written agreements are in place may raise issues of legal concern.

To avoid this risk, those officers issuing purchase orders for agreements/contracts must ensure that the purchase order complies exactly with the arrangement.

Purchase orders are not required for the following situations:

- goods and/or services charged to a corporate card (must not include assets)
- for transactions meeting the criteria of ‘recurrent expenditure’ - refer to FMPM section 6.20 Recurrent and Non-recurrent Expenditure
- for petty cash purchases
- where a contract exists and is regarded as the order for the services, for example, consultancy agreements and purchase contracts
- where it is considered to be not cost effective, for example, ‘low value purchases (generally <$3,000)’ or impossible, for example, out of hours emergency, to raise a purchase order, but a system is in place to ensure that the value of these commitments is captured and that an adequate audit trail of the purchasing process and exercise of procurement delegations is retained; operational units must document guidelines to assist their officers in determining in which situations this would be appropriate for their operational unit, including setting a dollar threshold for ‘low value purchases’ or
- where a vendor online requisitioning system is available for end users to requisition supplies such as stationery and uniforms.

Apart from the six exceptions listed above, under no circumstances are purchases to be made without having a fully completed purchase order approved and submitted to the supplier.

6.2.22 Health Technology Equipment Replacement (HTER) Program

The Health Technology Replacement (HTER) program is a two year, Governor-in-Council approved, $140 million capital funding program, which is the major funding source for the replacement of existing health technology capital equipment assets for all Queensland Health facilities as well as designated programs and projects, for example, the Surgical Standardisation Program.

The corporate funding for this program is provided through the Capital Acquisition Program and is managed by the HTER team, Asset and Property Services Unit, Health Infrastructure Branch, System Support Services Division.
The primary function of the HTER program is to ensure that funding is utilised to replace ageing, obsolescent capital equipment assets to ensure that HHS facilities have the appropriate means to maintain clinical and service delivery in accordance with whole-of-Government policy.

The HTER team also manages the Health Technology Disposals Program (HTDP), primarily to facilitate and assist HHSs in the disposal of equipment replaced by the HTER program in accordance with FMPM section 7.14.8.3 Sale of Assets – Method – Health Technology Equipment Replacement (HTER).

The HTER program works closely with the Health Technology Procurement Unit (HTPU) which forms part of the Health Services System Support Agency to ensure that appropriate equipment options are aligned with HTER funding requirements. The two year rolling program caters for the long delivery timelines for equipment which is frequently sourced from overseas.

The HTER program aggregates equipment requirements and leverages its buying power to maximise the funding available for the purchase of health technology on behalf of HHSs.

In accordance with Health Service Directive – Procurement and Logistics – Use of Contract and Supply Arrangements – there are mandatory requirements stating that all HHSs shall procure a range of goods and services from various listed contracts and supply arrangements, including Health Technology Equipment supply and maintenance arrangements, which include those funded by the Health Technology Equipment Replacement program.

Refer also to:

- FMPM 6.11.1 Overview (Repairs and Maintenance)
- FMPM 6.20.1 Recurrent Expenditure.

### 6.22.1 System level functions

The HTER program provides strategic advice regarding the following:

- financial accountability regarding
  - mandatory policy requirements on the utilisation of funding
  - processes for requesting and allocating funding
  - funding analysis and reporting, for example, the forward estimates
  - program planning and costing
- processes required when determining and developing equipment priorities aligned with HSS and Divisional clinical and service requirements
- planning and processes for the appropriate disposal of health technology equipment, for example, cascade, sale, spare parts and donation.

The HTER program ensures that funding is distributed on an equitable and priority needs basis across all business areas to support the continuity of statewide health service delivery.

The HTER program is responsible for applying a set funding methodology (determined by the apportionment of available funds, by percentage, based on health technology accumulated asset depreciation values within the non-current assets register for each individual operational area) to
Chapter 6 – Expense Management

determine HSS and Divisional funding allocations.

The HTER team co-ordinates, effects and approves all equipment withdrawals and additions to the HTER program.

The HTDP ensures that there is strict adherence to its Terms and Conditions where it facilitates the disposal of equipment to ensure that HHS legal liability is minimised.

6.2.22.2 Hospital and Health Service functions

HHSs are responsible for:

- identifying equipment priorities in accordance with clinical and service requirements in line with the budget allocation
- participating in specification and evaluation meetings conducted by the Health Technology Procurement Unit (HTPU) to determine equipment types that are fit for the purpose
- completing equipment configurations to ensure that specific equipment inclusions meet requirements
- raising purchase orders upon receipt of order approvals from the HTPU
- managing the installation and commissioning process of equipment where required
- goods receipt of all deliveries of equipment and
- disposing of equipment in accordance with FMPM section 7.14.8.3 Sale of Assets – Method – Health Technology Equipment Replacement (HTER); the Health Technology Disposal Unit (HTDP) will assist in this process, especially in the sale of ‘high end’ equipment through its sales website.

6.2.23 Health Service Directive – Purchasing

- For information regarding the Retrieval Services Queensland – Use of Health Service Directive: refer to:


- Ambulance Services Purchasing
- )
- Retrieval Services Queensland – Use of

6.3 Goods Receiving

6.3.1 Overview

The receiving function is a fundamental control element for ensuring that all goods paid for are, in fact received, and are received in accordance with the terms and conditions of the order.

The objectives of the receiving function are, therefore:
• to ensure that all goods and services purchased are received in good order and condition, and meet the quantity and quality specifications authorised in the purchase document and
• to ensure that the department does not pay for any goods or services not received or received in poor condition.

Refer also to:

• FMPM section 10.2.2.3 Receiving
• FMT, Information Sheet 3.6 Expense Management

issued by Queensland Treasury and Trade.

6.3.2 Segregation of Duties

The receiving function must be separate from purchasing and the accounts payable functions. The receiving function should also be separate from the inventory management function. Where operational units do not have sufficient officers to allow this, alternative controls to safeguard and ensure accurate accounting must be established.

Refer to FMPM section 10.9.4 Segregation of Duties.

6.3.3 Delivery of Goods

All deliveries must generally be directed through one controlled entrance or centralised area. Direct deliveries to any operational unit outside of the centralised area may be arranged, subject to adequate internal controls being established to monitor the receipt of goods in accordance with the following sections. These deliveries would include:

• urgent clinical requests
• items requiring refrigeration
and
• areas where the purchasing, storage and distribution have been de-centralised for logistical reasons.

All goods received must be inspected to ensure that the quantities received match the delivery quantity stated on the delivery docket or delivery invoice and that the goods are in the condition specified in the purchase document. The supplier must be contacted as soon as possible with regard to any variation between the actual delivery quantity and the quantity stated on the delivery docket or delivery invoice. Purchasing officers must be advised of any quantities delivered in excess of quantities ordered. The supplier must be followed up to ascertain the reason for the excess and for rectification action to be taken. Shortages are to be followed up as per routine purchase order management procedures.

The receiver must prepare a receiving record or provide another form of evidence for documenting the receipt of the merchandise delivered. The receiving officer is to indicate, either by writing or by placing a stamp on the delivery docket or invoice from the supplier, that all of the goods shown on the document have been delivered by the supplier and are acceptable. If the quantities do not agree, the quantity received must be recorded.
Chapter 6 – Expense Management

Goods received in poor or unusable condition are to be so marked on the delivery docket, at the time of receipt, and where possible, the carrier's copy of the delivery docket is also to be marked. Where this is not possible, the supplier is to be notified as soon as possible after the goods have been checked. If at all possible, such goods should be rejected at the point of delivery.

When the supplier has been contacted, the supplier contact’s name, contact date and time must be written on the docket also. If there was any disagreement or discussion over the queries raised, the discussion is to be noted either on the docket or on a note to be attached to the docket. Favourable comment from the supplier should also be noted, in case subsequent follow up is required.

A goods receipt will be entered on FAMMIS at the time of, or as soon as possible after, the delivery has been taken. This indicates that payment is in order, in the absence of any other barrier found during further processing, such as price or quantity variances and GST adjustments. The FAMMIS goods receipt document number will be written onto the delivery docket or invoice, or both. Invoices received are to be sent to the Invoice Verification Officer.

In instances where only part of the order is received, a partial goods receipt will be entered on FAMMIS. The FAMMIS goods receipt document number will be written on the delivery docket or invoice. The invoice will be sent to the Invoice Verification Officer for processing. It is not necessary to indicate on the delivery docket that the delivery is only a partial delivery as this will be tracked within FAMMIS automatically when the invoice is entered.

Deliveries should be arranged so that the goods are received either at the centralised Procurement and Supply Unit or by the operational unit from where the goods were ordered.

Where there is a centralised Procurement and Supply Unit, it would be expected to have separate employees to carry out the following functions:

- ordering
- receiving
- record keeping
- invoice verification.

If goods are received in total and are acceptable, payment processing should commence. If the goods received are unacceptable, they should be returned immediately to the supplier for either replacement or the issue of an Adjustment/ Credit Note.

The goods receipt/invoice receipt ledger account into which goods receiving transactions and invoices are posted, must be reconciled at least monthly – refer to FAMMIS if assistance if required.

6.3.4 Services Rendered and Progress Claims

An officer responsible for obtaining services for an operational unit must authorise the invoice to document that the service was provided in accordance with specifications forming part of the contract or the purchase order. Progress fees and claims are to be similarly approved before payment is made. Progress claims must be approved by an authorised delegated officer - refer to FMPM section 10.2 Financial Delegations - given that the whole contract has been approved beforehand. Progress claims made under a contract, the total of which has already been approved, do not need the same approval level or delegation.
Whereas the approval of the contract at the outset may require non-recurrent expenditure approval at the level of the Minister. Once that approval has been given, the progress claims may be approved as recurrent expenditure by an Authorised Expenditure Approval Officer.

The progress claim is payment against an earlier committal. Evidence of satisfactory completion of services must be provided or sighted before payment is approved by an Authorised Accounting Officer and an Authorised Expenditure Approval Officer.

Advances against a progress claim may be permitted subject to there being value in the works to at least 150% of the amount requested, or may not exceed 67% of the value of works in progress (WIP) completed, and provided further that there are no other outstanding matters relating to the payee’s contract with the department.

6.3.5 Internal Control on Goods Receiving

Incoming items should be cleared by a receiving unit only. Invoices received with delivery following validation of goods received must be presented directly to the Invoice Verification Officer.

The goods receipt/invoice receipt reconciliation account must be reconciled at least monthly. Suppliers may have to be contacted to have invoices or adjustment notes issued so that the transaction may be finalised.

Reporting capabilities that exist within FAMMIS are to be used to produce audit trails throughout.

6.4 Processing and Payment

6.4.1 Overview

Payment for goods and services must only be made after verification that the vendor’s invoice agrees with the purchase authorised, and that the goods or services were received in accordance with the purchase order, other instructions or confirmation issued.

Trade credit and similar accounts are to be paid within trading terms established with individual suppliers. Liability will only be recognised when the goods and/or services have been received and verified.

Once a liability to pay arises, payment documentation, that is, vouchers and invoices should be compiled and forwarded as soon as possible to the relevant finance area for payment. It is imperative that adequate supporting documentation is produced and attached to every payment in the payment process.

Full authorisation must be obtained for the total amount of every payment before the related invoice/claim is processed - refer to FMPM section 6.1.7 Authorisation of Expenses.

No officer is to sign as having prepared a general purpose voucher when they have not prepared it or where coercion has been attempted.

Refer also to:

- Control Framework for Expenditure
- FMPM section 10.2.2.3 Receiving
6.4.2 Matching Invoices to Orders

When an invoice/claim has been received in respect of assets, goods and/or services, it is to be ‘matched’ within the relevant Materials Management Module against the previously generated goods receipt and against the purchase order. A three-way match is a standard process, that is, a properly issued and approved purchase order, which may be a continuing transaction, a properly signed acknowledgment of receipt of goods or performance of services and an invoice matching the order and the delivery note or docket.

Exceptions to this process are:

- utilities charges, for example, electricity, telephone
- government taxes
- employee expense reimbursements
- rent, lease or loan payments
- subscriptions for professional journals and similar publications
- invoices for which a purchase order has not been issued, or that are subject to another form of contractual arrangement.

Refer to FMPM section 6.2.21 Purchase Orders Dispensations.

6.4.3 Invoice Processing

Each voucher must be suitably cancelled with a ‘processed’ stamp, or similar, and the date of entry, after completion of data entry, thus avoiding duplicated payments. The processing ‘document number’ should be recorded on the voucher or the front page of a multiple page document - refer to FMPM section 12.6 Goods and Services Tax (GST).

6.4.4 Invoice Approval

All invoices supported by a purchase order are to be noted with the FAMMIS Goods Receipt Number by the receiving officer and forwarded to the Finance Transactions Unit (FTU), Finance Branch, System Support Services Division, for processing unless there is an automated payment system process in place.

Invoices not supported by a purchase order are to be processed via one of the following payment methods:

- corporate credit card
- an automated payment system (i.e. Automated Accounts Payable System) if deployed. Such a system revokes the requirement for an independent certification authority (Certifying Officer)
- General Purpose Voucher (GPV). When using a GPV, one voucher will be prepared for each invoice, or where there are several invoices these may be processed on a Multiple Purpose Invoice Voucher.

GPVs must be completed and approved as soon as possible to enable payments to be made promptly to the vendor.
Authorised Accounting Officers must exercise due care and diligence when completing GPVs. It is vital to ensure the correct vendor record is identified and recorded on the GPV to reduce the possibility of an incorrect payment being made.

Similarly, in processing purchase orders, extreme care is required with details such as vendor account and the amounts.

The account and cost centre codes to which the amount payable is to be charged must be written on the GPV, unless the goods are purchased via a FAMMIS purchase order where the purchase is approved electronically within the Material Management Module in FAMMIS.

Purchase order prices and quantities are to be checked to verify the amount charged. FAMMIS provides for a variance of $50 or ± 5 per cent, whichever is less.

The GPV is prepared and signed by the Authorised Accounting Officer who is to confirm that:

- the supporting evidence exists to substantiate the legitimate need for payment,
- the payee has
  - satisfactorily performed an approved transaction, or
  - an event under an approved scheme has occurred and gives rise to an obligation to pay,
- the invoice is valid and due for payment,
- the general ledger and cost centre codes, dollar amounts and GST codes are correct;
- the amount is computed from approved rates and is arithmetically correct, and
- any discounts have been realised.

The Authorised Accounting Officer can seek further evidence from departmental officers to be satisfied that the above criteria have been met. This could include a signature and date from an officer on the invoice confirming that goods and or services have been received as requested.

The GPV must be signed by the Authorised Accounting Officer prior to seeking approval from the Authorised Expenditure Approval Officer.

The Authorised Expenditure Approval Officer must ensure that:

- supporting evidence exists
  - that the payee has satisfactorily performed an approved transaction or
  - that an event under an approved scheme or arrangement has occurred and gives rise to an obligation to pay
  and
  - is attached or referenced
- the Authorised Accounting Officer has correctly certified the GPV
- the Authorised Accounting Officer is an appropriate officer to perform the function
- there are sufficient funds available
  and
- they have appropriate financial delegation before the GPV is signed.

Responsibility for ensuring the legitimacy of the payment rests with the AEAO. The legitimacy of the payment must be evidenced by the attached supporting documentation and/or referenced briefing note that proves there is a legal obligation for payment, that funds are available and that the invoice is duly approved for payment.
Chapter 6 – Expense Management

The Certifying Officer must sign the GPV unless:

- the invoice is less than $1,000
- the payment is being made direct to an employee
- the payment is being made direct to a patient via the Patient Travel Subsidy Scheme
- it is a payroll related payment

For all GPV’s $1,000 and over, the Certifying Officer must verify and sign the GPV to ensure that:

- the Authorised Expenditure Approval Officer is an approved delegated officer who is authorising expenditure within their delegation limit;
- the voucher is original, is the most appropriate basis for payment and sufficient supporting documentation is attached, has been sighted and is in order.

For all non recurrent payments $250,000 or greater, the Certifying Officer is to:

- sight the original GPV and the attachments and certify that:
  - the authorising expenditure approval officer has the necessary authority to incur the expenditure
  - the GPV is original and supporting documentation (for example, invoices and contracts) is attached/referenced, has been sighted and is in order.
- the signature of the authorising officer has been verified.

A specimen signature is to be obtained and kept on file from each financial delegate with a non recurrent financial delegation of $250,000 or greater within the Certifying Officer’s area of responsibility.

The certified invoices and associated documents are to be forwarded to the Accounts Payable Section, FTU.

No officer is to sign as having prepared a GPV when they have not prepared the GPV or where coercion is attempted. Where coercion is attempted, this is to be brought to the attention of a senior officer, a workplace equity and harassment officer or to the Director-General.

6.4.5 Direct Invoices

Direct invoices are invoices where a purchase order was not previously issued, and should only relate to payments meeting the criteria of recurrent expenditure - refer to FMPM section 6.20 Recurrent and Non-recurrent Expenditure for what constitutes recurrent expenditure.

Direct Invoices are processed by the Accounts Payable Section, FTU, by a GPV attached to an invoice.

Multi purpose vouchers can also be used for uploading invoices into FAMMIS.

Invoices that are disseminated electronically (emailed) by vendors, for example Office Max, Caltex and NNT Uniforms, can also be received electronically and will need to meet the Invoice Approval Process – refer to FMPM section 6.4.4 Invoice Approval. It will still require adherence to the GPV
process, that is, it must have the appropriate approval and a copy of the source email to be attached to the payment as supporting documentation.

6.4.6 Recipient Created Tax Invoice (RCTI)

In normal circumstances tax invoices are issued by the supplier. However, there are instances where it is more advantageous for the recipient of the supply to issue the invoice. This may occur where the recipient determines the value of the supply or it is more efficient for the recipient to issue the invoice. These tax invoices are referred to as Recipient Created Tax Invoices (RCTI).

The Commissioner of Taxation has specified the type of situations where the issuing of RCTI’s and Recipient Created Adjustment Notes (RCAN’s) and the type of organisations that are permitted to enter into these agreements. Amongst these are registered government related entities and organisations with a high turnover.

There are some circumstances whereby suppliers to the department are not adequately able to provide a tax invoice, and so, the department (the recipient) enters into an RCTI arrangement with the supplier. This commonly occurs for grants provided by the department to community groups. This enables the department to issue both RCTI’s and RCAN’s where applicable, on behalf of the supplier.

As RCTI Agreements can only be entered into where both parties are GST-registered, then the supply under the agreement should be a taxable supply of the GST-registered supplier.

For further detail refer to the Recipient Created Tax Invoices (RCTI) & Recipient Created Adjustment Notes (RCAN) Procedure document on QHEPS.

6.4.7 Adjustment Notes

An Adjustment/Credit Note is a document produced and forwarded by a supplier to fully or partially compensate for an incorrect amount stated as payable on a previously issued tax invoice.

Adjustment notes may be received where:

- suppliers over-bill or undersupply goods and services
- an overpayment was made by the department
  or
- goods are returned as faulty or incorrect.

An Adjustment/Credit Note Voucher must be prepared similar to the format for a payment, except that a ‘credit’ is to be processed instead of a ‘debit’ charge, approved by an Authorised Expenditure Approval Officer and Authorised Accounting Officer for processing. To process an adjustment note, the expenditure voucher should be matched with the adjustment/credit note from the supplier when received. For low use vendors, it may be necessary to seek a refund from the vendor. Such a request for credit should also be posted to the creditors’ ledger.

6.4.8 Duplicated Invoices

Copied invoices, whether submitted by request or delivered in error, must be examined in detail. The reason behind the duplication of an invoice must be questioned before the invoice is processed into the accounts payable module. It must be checked for earlier payment, and if it has
been paid it must be destroyed. If all checks show that the invoice has not been paid, it may be passed through for approval and payment. The checks to be carried out must include a perusal on all unpaid invoice files. The date of the invoice must be verified and used as shown so that a match on invoice number and date against data on FAMMIS will maximise assurance that the invoice has not been previously entered.

An officer must certify that the invoice is ‘a true copy of the original’ and that it is ‘certified payable, as not previously paid’. The officer must also indicate thereon the reason for its preparation. The duplicate, and all associated documents, must clearly and conspicuously bear the word ‘COPY’ (or ‘DUPLICATE’).

Remote operational units may apply to the HHS Chief Finance Officer for approval to scan and email invoices for payment processing. If approved, the scanned copies should be identified in a manner that when the original paperwork is sent through in confirmation of the scanned copy, it should be easily identifiable.

Operational units must adhere to ordinary procedures for authorising payment of an invoice before scanning and emailing invoices to processing centres for payment. The original invoice must note the allocated scanner reference number, the date and the time emailed to accounts payable. The original invoice is to be retained by the operational unit and filed for the required period of time in accordance with records retention standards and audit verification.

Scanned images must be approved for processing by an authorised delegated employee of the processing centre and scanner reference number noted. The invoice may require a review and signature from a certifying officer unless the payment falls into an exempt category - refer to FMPM section 6.4.4 Invoice Approval.

Accounts payable staff must apply strict adherence to a supplier’s invoice details when processing and paying invoices. FAMMIS will not accept input of a supplier’s invoice details that have already been processed, (matching on invoice number, invoice date and vendor number) thus eliminating a double payment where the correct procedure has been followed.

**6.4.9 Invoice Cancellation Before Payment**

Cancelled invoice transactions are to be processed through the Accounts Payable Module. Care should be exercised to confirm that this data is input correctly and the document is updated before the payment run is made.

The validation report for the original document is marked to show that the document was reversed and the reversal reason. The reversal document number is written on the original document and a copy placed with the original validation report.

**6.4.10 Processing Payments**

In general, payments must not be made in advance of the receipt of goods and services being supplied. Specific accepted prepaid expenses would be exceptions to this procedure, for example, dues and subscriptions. Goods deliveries on a cash-on-delivery basis should be kept to a minimum.

Payments are only to be made upon the presentation of a fully completed and correctly authorised expenditure voucher or invoice. Payments must be made in accordance with an original invoice or claim form from the vendor/employee or patient.
An exception may be when a remote operational unit has been approved to scan and email invoices for payment processing.

Scanned images must be approved for processing by an authorised delegated employee of the processing centre and scanner reference number noted.

Where an original invoice/claim has been lost or destroyed before payment thereof, a duplicate of that invoice/claim must be obtained, certified and authorised in the same manner as for the original invoice/claim - refer to FMPM section 6.4.8 Duplicated Invoices.

Statements from vendors in a summary format, stating transactions conducted and balances owing by the department must not be used as a basis for payment. Tax invoices are required in accordance with GST legislation – refer to the GST Business Procedure on Tax Invoices for further detail. However, these statements must be reviewed by an Authorised Accounting Officer, for the subsequent determination of the reason/s for any non-payments of invoices listed thereon which have remained unpaid for more than one month from the end of the month of the particular invoice date. This officer must also ensure that all credits given, as per those statements are supported by adjustment notes and processed in the relevant accounts payable system.

Invoices received that contain the words “Statement/Tax Invoice” may be used for processing where an account has been setup with the vendor and individual invoices are not issued, for example, CabCharge. In this instance, only those transactions which provide sufficient detail to enable the claim to be processed are to be processed. Balances from prior month’s statements/tax invoices cannot be paid and the vendor is to be contacted to obtain details of these transactions.

Prior to entry, GPVs must be checked for original signatures of the Authorised Accounting Officer and the Authorised Expenditure Approval Officer by the Certifying Officer.

Accounts Payable Section, FTU staff must check to ensure that the GPV is fully completed, the original signature of the Certifying Officer has been verified against the specimen and sufficient supporting documentation has been attached substantiating the claim.

The invoice is then processed in FAMMIS by Accounts Payable Section, FTU staff in accordance with procedure manuals.

Rigorous checking of invoices entered against validation reports must be completed. An officer validating another officer’s work must ensure that the vendor invoice number, invoice date and vendor name/number are correct to eliminate potential duplicate payments at the time of processing.

The data validation reports should be checked and certified independently of the officers who data entered the invoice.

Refer to FMPM section 6.4.8 Duplicated Invoices for specific conditions that must be adhered to in this instance.

An invoice entered into the accounts payable system may be cancelled/reversed, if necessary, prior to the payment being made.

Where an invoice is received for which a payment has already been made, the details of that payment are to be communicated to the supplier, and the invoice should be returned. An adjustment...
note must be issued by the supplier in accordance with GST legislation - refer to the GST Business Procedure on Adjustment Events and Adjustment Notes for further detail.

Subject to any legislative requirements, invoices/claims must be:

- entered promptly into the relevant accounts payable system but
- paid in accordance with the applicable payment terms, taking advantage of discounts.

In paying for any assets, goods and/or services, steps must be taken to check for any applicable taxation requirements, for example, Fringe Benefits Tax - refer to FMPM section 12.2 Taxation - Fringe Benefits Tax (FBT) and to FMPM section 12.6 Taxation - Goods and Services Tax (GST) and/or import regulations.

All payments are to be posted to the general ledger as soon as practicable - refer to FMPM section 6.4.11 Recording of Payments.

Controls, for example, verification reports, must be in place to review the posting of information to the general ledger ensuring that transactions are recognised and treated correctly.

Details of expenditure vouchers/transactions, either hard copy or electronic, must be entered into the relevant accounts payable system to facilitate:

- retrieval of source documentation
- determination of the nature of the expenditure
- prevention of duplicate payments.

Where a supplier offers a payment discount, it must be analysed for its economic viability. If accepting that discount is more economically viable than not, it must be accepted wherever possible, that is, operational unit processes should ensure that the payment will actually be received by the supplier before the discount period expires.

Where a decision is made not to accept a payment discount offered, the reasons for this are to be documented with the invoice.

Processed vouchers/invoices/claims must be stamped or otherwise appropriately marked to prevent duplicate processing. Payment documentation is to be filed securely - refer to FMPM section 10.8 Financial Records Management - for archiving, records retention periods and disposition.

Remittance advices are to be forwarded, with the payment run or subsequently, to payees detailing particulars of their payments.

Detailed procedures regarding the entry of payment details, verification of data entry, and the operation of the accounts payable system used should be documented in finance areas’ procedures. In particular, these procedures must incorporate the:

- controlling and appropriate cancellation/reversal of payment documentation to prevent duplicate payments or duplicate entries to the accounts payable system and
- requirement that payments are to be supported by properly certified vouchers at the time of payment.
6.4.11 Recording of Payments

Expenditure must be recorded in the general ledger in accordance with the applicable Chart of Accounts to facilitate compliance with both external and managerial reporting requirements.

When recording payment discounts taken, the assets acquired or expenses incurred are to be recorded at their gross invoice amount. The payment discount received is to be recorded as revenue. Related liabilities, for example, creditors, are to be recorded net of the discount - refer to FMPM section 6.4.10 Processing Payments.

When recording any discounts other than payment discounts, for example, quantity discounts, assets acquired or expenses incurred are recorded at their net invoice amount.

Alternative procedures may be adopted for accounting for discounts for operational reasons where the amounts are considered immaterial.

Payment transactions must be recorded against the relevant general ledger accounts and within associated subsidiary systems.

Specific general ledger accounts may be required to identify funds for specific budgetary, internal management or external reporting.

When an error occurs in the charging of expenditure, the accounts payable transaction is to be reversed or a journal voucher is to be prepared and authorised - refer to FMPM section 2.9.4 General Ledger Controls, and to FMPM section 2.9.7 Journal Adjustments, for associated requirements.

Detailed procedures regarding the recording of expenditure are to be documented in relevant finance areas’ procedures. These procedures must incorporate effective controls, including independent arithmetic checks, to ensure that the above recording requirements are observed, and that all expenditure transactions are recorded.

6.4.12 Vendor Records

Vendor master records are used to enable payments to suppliers via FAMMIS. There are a number of vendor categories within FAMMIS namely Patient Travel Subsidy Scheme (PTSS), Employee, Payroll-related (e.g. ATO, Remserv, etc), Government Agency, One-time Payment and External Supplier.

State-wide Finance Services, Finance Branch centrally perform the vendor master data creation and maintenance functions with periodic monitoring undertaken to ensure integrity of vendor master data.

A vendor master file is to be created for all payments made. This record will contain details such as the Vendor Name, Address, ABN or withholding tax status, bank details (where provided) and payment terms. All vendor master file records are recorded in FAMMIS.

Where a vendor record does not exist, for example, after a search of FAMMIS checking vendor name, ABN or address details has been performed, a vendor form is to be completed. This form will contain all the necessary information to enable a record to be completed.
A FAMMIS Vendor Setup Form is used for both creation and amendments to vendor master records for all vendor types. The form identifies the key fields to be completed and processed in FAMMIS. Refer to the Control Framework for Expenditure Appendix 5

Each form requires two signatures: a. requesting officer and approving officer. The requesting officer initiates the vendor set up or amendments request by completing the form and attaching all relevant supporting documents. Evidence to substantiate the vendor record request (such as a copy of a Tax Invoice or letter) is to be attached to this request. An ABN or withholding tax code must be entered for all external vendors.

The approving officer approves the form for processing. For any vendor creations or amendments the approving officer must be at a more senior level than the requesting officer with the approving officer’s classification level being AO5 or above. The requesting officer can be any classification level.

For Employee or PTSS type vendors, appropriate signatures by the employee or patient and if applicable by a witness need to be obtained on the vendor setup form or on a separate EFT payment request form. Correct bank details must be obtained for all vendors.

Hospital and Health Services (HHS) and Department of Health Divisions / Commercialised Business Units are responsible for ensuring legitimate, accurate and appropriately approved vendor forms are supplied to State-wide Finance Services for vendor creation and maintenance.

It should be noted, that once a vendor master record has been created in FAMMIS, the vendor can be used by any Department of Health Division / Commercialised Business Unit and by any HHS to pay an invoice. There are currently no controls within FAMMIS to restrict the use of vendor master records to specific entities or business areas.

All employee payments are to be made by electronic funds transfers (EFT). All vendors are encouraged to use EFT as the most efficient and cost effective means for the payment of invoices and claims.

A check is to be made against the Australian Business Register to confirm the ABN details match the details provided by the vendor. Any discrepancies must be resolved with the vendor prior to the form being approved.

Where bank details have been provided, evidence of the bank record is to be attached. For employee records or PTS requests, the officer or patient can sign the form indicating that the details provided are true and correct,

Once the form is completed, it is to be signed by the requesting officer. An approving officer (usually an Authorised Expenditure Approval Officer) who will have the charges for the vendor record applied against a cost centre the officer manages is to review the form, to ensure that it is complete, accurate and is a legitimate business before approving the request. The approving officer is to then review the documentation and, if satisfied with the legitimacy of the request, is to sign the request as approved.

Changes to a vendor record are to follow the same process as the request for the creation of a Vendor Master record. The vendor number is to be noted in the Vendor Number field on the relevant form.
Once the form has been signed by the approving officer, the form and supporting documentation (where applicable) is to be sent by email to the Vendor Master Data Team, State-wide Finance Services, Finance Branch, for processing.

The Vendor Master Data Team, State-wide Finance Services, Finance Branch, will review the request and confirm the details on the form and match the supporting documentation with the details held on the Australian Business Register, and update in FAMMIS. Where no discrepancies are identified, the request will be processed and the vendor number created or changed. Any requests for payments to be made into a bank account (create or change) will not be available by EFT until these details have been verified by an independent officer.

An independent officer is to check all new records or changes made on FAMMIS and is to confirm that the details have been processed correctly. Both the processing officer and independent checking officer are to sign the report to indicate that the records are valid. Payment to a bank account will also be enabled at this time.

All records are to be filed for audit purposes and in accordance with Queensland State Archives policies.

Refer to the Control Framework for Expenditure, section 5, Vendor Master Data.

Refer to FMT, Information Sheet 3.6, Expense Management, issued by Queensland Treasury and Trade.

6.4.13 One-Off Payments

A vendor master file record is required to be established, even though the payment may only be a one-time payment.2

One time vendor accounts have been set up to enable a payment to be made by Queensland Health without the need for an individual vendor master record to be created.

The use of One Time Vendor accounts is restricted to PTSS type vendors only and should not be used for any other type of vendor (e.g. Employee and External Vendors). It should be noted that payments using One Time Vendor accounts are by cheque only with cheque payment processing only occurring on a weekly basis.

The use of the cheque payment option is expected to be significantly reduced by June 2015 as remaining cheque vendors are moved to EFT payments which will result in the use of One Time Vendor accounts gradually being reduced to align with limited cheque payments.

The one time vendor account must only be used:
- for transactions less than $1,000
- for one-off PTSS payments to patients
- where the nature of the payment does not affect any statutory reporting (such as GST compliance).

---

2 The rationale is that there is little difference in file space taken for the master file record, for the savings in search capabilities, records management, reporting, and control measures. It is also important for external reporting as vendors are assigned a whole-of-government counter party identifier code used in the 'Tridata' application for reporting to Queensland Treasury.
The one time vendor account must not be used:
- for transactions $1,000 and over
- for payments to employees or external vendors
- if a recipient has already received three payments as they should be created as an individual vendor master record.

State-wide Finance Services, Finance Branch monitors the usage of one time vendors on a monthly basis with exceptions escalated to the appropriate Service Manager for liaison with the relevant client to ensure corrective action is taken.

A common master file record that allows payments to different persons is not to be used except in urgent circumstances, and then only if another payment will not arise.

Access to a common vendor code set up to cope with the urgent situation must be strictly limited, and the release of invoices so processed for payment must not be activated by any officer involved in the preparation and entry of the invoice or claim. The claim must be checked, approved and processed in accordance with this section

Refer to the Control Framework for Expenditure, section 5, Vendor Master Data.

### 6.4.14 General Purpose Vouchers

When the payee does not submit an invoice or other written claim, or the supplier has not been set up on FAMMIS as a vendor and therefore does not exist on the accounts payable master file, details of the payment must be recorded on a General Purpose Voucher (GPV). Refer to FMPM 6.4.4 Invoice Approval and to FMPM section 6.13.6 Payments Generally for further information on the use of GPVs for invoices for recurrent expenditure when there is a valid tax invoice and the vendor's account is set up in FAMMIS.

This voucher is a pre-printed form on which spaces are provided to insert the following:

- the payee's name and address
- the reference/voucher/invoice number
- the expenditure, GST and cost centre codes
- the particulars of goods or services received certification
- the value of the above
- the claimant's or Authorised Accounting Officers certificate, name, signature, organisational unit and date
- the expenditure approval signature of Authorised Expenditure Approval Officer name, position, operational unit, phone and date
- the Certifying Officer signature, name, position, operational unit, phone and date

In addition, the voucher will have a pre-printed certificate for certification and space to provide cost code and other information to facilitate data processing.

An Authorised Accounting Officer’s certificate is to be provided.

When possible, appropriate source documents, for example, a copy of the approval letter or work sheets, must be attached to the voucher in support of the payment.
Chapter 6 – Expense Management

The use of GPV’s is to be discouraged, in preference to fully utilising the facilities of FAMMIS or the corporate credit card. The corporate credit card is regarded as providing tighter control and assurance and should be used for low risk, low value payments.

Refer to the Control Framework for Expenditure, for further detail.

6.4.15 Payment Terms

Payments must be made in accordance with contractual payment terms. These are normally 30 days, however supplier discounts where favourable should be utilised. This is especially required in cases where the discount was considered necessary in the purchase decision or where the discount was influential in the decision.

In the absence of industry standard terms or specifically negotiated terms, the following default terms of trade are to be used to calculate the date when payment is due under a contract:

- thirty days after the end of the month in which a correctly rendered invoice is dated
- thirty days after the end of the month in which the liability to pay under the contract has been established.

Where specific payment terms have been negotiated prior to the issue of a purchase order, those terms must be so recorded on the purchase order, and adhered to. The supplier should not be requested to extend beyond those terms (excluding employees and Patient Travel Subsidy Scheme payment terms and conditions).

The terms of payment set out above are considered to be those most generally applied, as the minimum desirable. Where circumstances require, the payment terms may be improved upon, that is, lead period shortened, if doing so is favourable to the department.

In line with the Queensland Government – Late Payment Policy, the department is moving towards payment of all vendors within 30 days.

6.4.16 Discounts

Volume and quantity discounts are accounted for by reducing the cost price of goods. A trade discount is a reduction granted to a customer from the listed price and is not related to early payment but is used in determining the actual invoice price to the customer. These discounts are to be taken up when the invoice is processed.

FAMMIS has been configured to credit discounts received to revenue accounts. The discounts may not be readily identifiable with specific invoices or specific expenses and it is impractical to require the discounts to be directly offset against individual expense accounts. Instead, for other than purchases of non-current assets covered by individual payment, that is, the payment does not include other purchases, discounts received are credited to revenue accounts.

A discount offered and accepted in respect of the purchase of a non-current asset is to be treated as an offset to the purchase price, and the asset taken into the relevant non-current asset register at the net cost of acquisition.

6.4.17 Production of Cheques

Refer FMPM section 10.8.6 Accountable Forms, for security and other control requirements relating to the acquisition, issue and storage of cheque stationery.

A payment by cheque is achieved when:

- a cheque made payable to the payee is prepared in accordance with the requirements stated hereunder
- this cheque has been presented to and paid by the department’s bank.

Cheques must be under strict control and issued in numerical sequence.

Payments made by cheque must generally be made payable to the payee and crossed with two diagonal parallel lines having between them the words ‘NOT NEGOTIABLE - ACCOUNT PAYEE ONLY’.

However, if a party to whom a payment is due requests that the payment be made in another manner, the payment may be made by open cheque, but only where the payee can provide a receipt or other written acknowledgment for that payment at the time. Official receipts or other written acknowledgments issued by payees must include:

- the name of the recipient
- the date of the receipt
- the amount paid
- the department as payer
- the purpose of the payment
- the signature of the recipient, and the signature of an independent witness, where the payment is of a substantial amount, and an official receipt is not used.

Cheques must not be produced as payable to ‘cash’ at the outset, unless under exceptional circumstances. Arrangements are in place with the Commonwealth Bank of Australia to encash cheques drawn for the purpose of petty cash recoupments.

Cheques should be produced via automated cheque production processes, unless exceptional circumstances prevail that require manual cheques.

A record is to be maintained of the cheque production run which must include:

- the date of printing of the cheque(s)
- the number of valid cheques printed
- the cheque numbers which were voided if any
- the cheque numbers which were used for valid cheques
- the date of the receipt
- the amount paid
- the department as payer
- the purpose of the payment
- the signature of the recipient, and the signature of an independent witness, where the payment is of a substantial amount, and an official receipt is not used.
• the system validation stating the number of valid cheques printed and the total value of those cheques.

Any break in the sequence of cheque numbers used, or other irregularity, must be investigated immediately and recorded.

Refer also to FMT, Information Sheet 3.6, Expense Management, issued by Queensland Treasury and Trade.

6.4.18 Signing of Cheques

It is essential that adequate controls over the drawing of cheques are in place and that security of unused cheques held is maintained.

Each cheque drawn must be signed by an officer with delegated authority - refer to FMPM section 7.3.3.3 Cheque signatories. This officer must not also prepare the voucher for, or approve, the underlying expenditure. Blank cheques or cheques not properly completed, must never be signed.

Other controls include:

• reconciliation of cheque runs with system reports/batch header totals
• procedures that effectively manage cancelled or spoilt cheques
• ‘manual’ cheques signed by authorised persons only; at least two signatures are required.

Computer printed and signed cheques must be examined before forwarding to payees to ensure they have been printed and aligned correctly.

Signed cheques, with remittance advices, must be handed-over to the responsible officer for mailing as soon as practicable. This officer should be independent of the payment processing function.

6.4.19 Electronic Funds Transfer

Electronic funds transfer (EFT) refers to the making (and receiving) of payments electronically between entities, via their respective bank accounts.

In order to facilitate payments via EFT, relevant finance areas must implement processes to:

• obtain written agreement from the respective entities to be paid for such future transfers to occur
• record their correct BSB and bank account numbers
• forward advice of each transfer (remittance advice) to each entity
• ensure that EFT transactions are reported similarly to cheque payments.

Refer to FMPM section 6.4.17 Production of Cheques.

Refer to FMT Information Sheet 3.6 Expense Management, issued by Queensland Treasury and Trade, for further guidance as to controls over electronic payments.
6.5 Credit Cards

6.5.1 Overview

The use of credit cards streamlines the payment process by eliminating the need to prepare general purpose vouchers, requisitions and/or purchase orders. However, there are some restrictions imposed with the use of corporate credit cards for certain expenses in the department, particularly for fuel, domestic travel and accommodation, and such rules must be followed - refer to FMPM section 6.14.12 – Accommodation, Meals and Incidents.

The department’s Queensland Government Corporate Purchasing Card (QGCPC) is often referred to as:

- Corporate Card
- Credit Card
- Corporate Credit Card

These terms are often used interchangeably. The department’s preference is use of the term Corporate Card.

Corporate Card transactions are to be conducted in accordance with the policies contained in the references listed below, and with this section.

Queensland Treasury and Trade
- [Treasurer’s Guidelines for the Use of the Queensland Government Corporate Purchasing Card](#)
- Government banking webpage

Department of Health

- [GST Business Procedure – Corporate Credit Cards](#)

The following policy and standard is to be used as a guide for the departmental use of corporate cards:

**Corporate Card**
- Corporate Card Policy
- Corporate Card Implementation Standard
- Corporate Card Manual

The Treasurer’s Guidelines for the Use of the Queensland Government Corporate Purchasing Card require that an agency must prepare its own Agency Guidelines for the Use of the Queensland Government Corporate Purchasing Card.

Refer to FMT, Information Sheet 3.6, Expense Management, issued by Queensland Treasury and Trade.
6.5.2 General Policies

The department and HHSs are required to use the Commonwealth Bank of Australia (CBA) corporate purchasing card arrangements, consistent with State government banking policy.

A register of card-holders is required. Minimum requirements are noted in FMPM section 2.6.12 Corporate Purchasing Card Register.

The use of a QGCPC for Corporate Card transactions can be:

- issued to any appropriately nominated temporary or permanent employee with a Department of Health employee number
- and
- used generally for low value, low risk purchases and payments, as restricted specifically to each officer’s Conditions of Use Certificate.

Cardholders will have in place financial delegations when they are appointed as a Corporate Card Officer in accordance with the approved Financial Delegations for Corporate Card Use Only. Cardholders are not required to apply for procurement delegations for any nominated individual transaction limit up to and including $3,000.

Financial and procurement delegations are required to be held by the cardholder’s position if the Individual Transaction Limit is greater than $3,000, before a Corporate Card is issued. Requests for these delegations are made through normal procedures - refer to FMPM section 10.2 Financial Delegations or to FMPM section 10.3 Procurement Delegations.

A specific Corporate Card financial delegation has been created solely for the use of and specifically to expedite the issuance of the QGCPC. The Corporate Card financial delegation structure is based on generic position classification levels for the AO, OO, TO, HBEA, PO, HPO and Nurse Grade streams.


Exception reporting will be provided monthly by the Finance Business Centre, Finance Transactional Services, System Support Services Division for review and response.

Other forms of credit card may exist at one time or another. The use of these other cards is still subject to the policies and procedures set out in this section, regardless of the purpose of the card, specific or general.

Corporate Card expenditure entries must be approved using the ‘one-up’ rule. The cardholder must not approve his or her own expenditure vouchers for processing.

6.5.3 Information Privacy

Responsibilities are imposed by the Information Privacy Act 2009 in relation to the collection and handling of cardholders’ personal information. The government’s privacy policy is that personal information held by Queensland agencies must be responsibly and transparently collected and managed in accordance with the requirements of the Information Privacy Principles contained in Schedule 3 of the Information Privacy Act 2009.
6.5.4 Conditions of Use

The applicable conditions of use are:

- all transactions are to be for official and legitimate work related expenditure and comply with the Department of Health’s Corporate Card Policy and Corporate Card Implementation Standard
- all transactions are conducted using the cardholders PIN (if applicable and when facilities are available)
- the card may not be used for or on behalf of the Minister
- each card will be embossed with the cardholders name and labelled to identify the card as a Government business card for official use only
- individual and monthly transaction limits are imposed on the Corporate Card; no limits apply to the Travel and Entertainment Card
- the credit organisation has to provide the department and the officer concerned with access to details of purchase transactions and to monthly balances
- the use of an official credit card facility is restricted to authorised officers in accordance with the conditions of the specific card and in accordance with departmental policies and procedures governing the use of that card
- authorised officers are to be aware of the responsibilities associated with the use of the credit card before being issued with the card
- individual and monthly transaction limits are imposed
- transactions are to be undertaken in accordance with approved financial and procurement delegations
- the card may not be used for cash advances or cash withdrawals
- where practicable, only a minimal number of required Travel and Entertainment accounts are to be opened with the credit organisation, which accounts must be in the name of the Department of Health
- only authorised charges, that is, those that the department has agreed to or has requested, must be made by the credit organisation
- the arrangements entered into allow individual card limits to be applied and provide security against unauthorised use
- cardholders are to obtain a tax invoice from the merchant for their transactions
- general descriptions on merchant dockets such as ‘goods’ are not permitted; full descriptions must be inserted, where the document provides space, or otherwise the cardholder must write a full description on the vouchers
- any misuse detected through the operation of internal control measures must be promptly reported to the Director-General or delegate and/or the accountable person for assessment and possible referral to the Crime and Misconduct Commission
- statements must be reconciled and coded for data entry immediately all cardholders’ transactions have been allocated correct account codes, tax codes, cost centres and other relevant information each month
- all cardholders’ disputed transactions (if applicable) have been reported to an Authorised Officer and provided to the CBA on the correct documentation each month
- all cardholders’ tax invoices have been retained and stored in accordance with the department’s applicable procedures
- the person using credit cards is to obtain, or will otherwise maintain, particulars of each use of the credit card including supporting invoices, dockets and any other supporting documentation which
are to be attached to the credit card transaction record for the purposes of substantiating the official use of the card and settlement of the account within the settlement period

- the cards may not be used to purchase goods or services other than those for which the card is intended
- the card must not be used by another person
- the card must be kept in a secure location when not in use
- cards are not to be used to purchase items for personal consumption or use
- cards are not to be used in respect of transactions where alternative purchasing arrangements are in place, for example, fuel cards, unless in an emergency
- cardholders are to be reminded that dishonest use of a card may lead to severe penalties under section 408C of the *Criminal Code Act 1899*

and

- unauthorised use of the card by an approved cardholder is a matter between the Government and the officer and may also attract penalties under section 408C of the *Criminal Code Act 1899*; however, unauthorised use by persons other than the approved cardholder attracts only limited liability.

The department must observe the requirements of section 21 of the FPMS in relation to the reporting of losses arising from the misuse of the corporate purchasing card.

Accurate identification, classification and coding of transactions in the credit organisation’s software application must be performed in a timely manner in accordance with officer responsibilities.

Detailed instructions are contained in the Treasurer’s *Guidelines for the Use of the Queensland Government Corporate Purchasing Card and the Corporate Card Manual*.

### 6.5.5 General Requirements

It is the cardholder’s responsibility to report lost or stolen cards as soon as possible. There is no liability for the cardholder, unless the card is fraudulently used, or for the Queensland Government when the card is reported lost or stolen and notification is given to the Service Provider within 24 hours of the loss being realised.

### 6.5.6 Fuel Card

Fuel cards may be used to purchase fuel of the appropriate type and grade, according to vehicle manufacturers’ specifications. Premium unleaded fuel must not be used unless that fuel is specified by the vehicle manufacturer as the preferred fuel. All charge dockets and invoices for the fuel card must be signed and the odometer reading must be recorded at the point of purchase. The fuel cards are not to be used to purchase items for personal consumption or use. They may not be used to purchase fuel and other goods for vehicles other than that for which the card is intended.

The Corporate Card can be used to purchase fuel in emergent situations only. Wherever possible, purchasing of fuel for motor vehicles must be made using the Fuel Card.

The issue of fuel cards must be recorded in a register – refer to FMFM section 2.6.15 Fuel Card Register for details regarding the information to be recorded in the register.

### 6.5.7 GST Implications
Chapter 6 – Expense Management

The department can claim input tax credits for the GST that it has paid on its corporate purchasing card transactions provided a tax invoice has been received from a supplier/merchant.

The credit card must not be used to purchase where the supplier/merchant has not quoted an Australian Business Number (ABN), and the purchase value is greater than $75 excluding GST ($82.50 including GST). The reason for this is that the failure to quote an ABN causes that transaction to fall within the ‘no ABN withholding provisions’ of the *Taxation Administration Act 1953*. The payer is obliged to withhold PAYG tax at the top personal marginal rate plus the Medicare levy (46.5%) and there is no way for the withholding to be released through the credit card - refer to FMPM section 12.4 Non Wages/Contract Labour Expense Withholdings, and also to PAYG Business Procedure No. 6 PAYG Withholding Obligations, available on QHEPS.

If a tax invoice is not held and GST has been charged, the supplier must be requested to provide a copy of the tax invoice. When a tax invoice cannot be produced, an input tax credit cannot be claimed until a tax invoice is held as outlined in the *GST Business Procedures - Corporate Credit Cards* and Tax Invoice.

Settlement of the liability created with the credit organisation is similar to the payment of any other invoice from a service supplier.

### 6.5.8 Card Limits

The maximum limit for a Corporate Card in respect of an individual transaction is $20,000. The maximum monthly credit limit for a Corporate Card is $100,000. There are no limits imposed on the Travel and Entertainment Card.

These limits are not intended to be granted in every instance of an application. The application will be assessed on its merits, with limits set accordingly.

### 6.5.9 Internet Purchases

Internet purchases are now widely accepted as a means of obtaining goods and services. The internet offers potential savings in terms of the administrative cost and the time required in placing orders with merchants, and in many instances, it removes the obstacles imposed by geographical distance.

The internet should not be used if the goods and services can be bought competitively in the local geographic area.

Queensland Treasury and Trade has advised that agencies can use the Corporate Card for purchases over the internet. However, there is a concern that purchasing via the internet may increase the opportunities for fraud both externally and internally.

In accordance with the Corporate Card Manual, the use of the Corporate Card over the internet is permitted provided that:

- the merchant site uses Secure Socket Layer (SSL) security and
- all internet purchases are conducted in accordance with the Queensland Procurement Policy 2013, Department of Health Purchasing Policy and Procedures, Treasurer’s Guidelines for the Use of the Queensland Government Corporate Purchasing Card and other requirements as outlined in this manual.
Cardholders must record and retain details of all purchase records relevant to the transactions for 7 years. It should also be noted that tax invoice /documentation must be obtained for GST purposes.

The Treasurer’s Guidelines for the Use of the Queensland Government Corporate Purchasing Card require that the department must include a specific section covering internet transactions in its Agency Guidelines for the Use of the Queensland Government Corporate Purchasing Card.

6.5.10 Settlement of Liability

Settlement of the liability created with the credit organisation is performed by an automatic sweep of the department’s operating bank account each month for the total amount due.

6.6 Employee Expenses

6.6.1 General

6.6.1.1 Industrial

Health service employees employed by the HHS and the department are employed on the same terms and conditions – refer to section 10(2) of the HHBA.

The Director-General, Queensland Health, is authorised under the Industrial Relations Act 1999 to negotiate certified agreements for health service employees and for other health system industrial relations matters – refer to section 10(3) of the HHBA.

For further information regarding legislative requirements relating to employment matters relating to HHS employees – refer to:

- Part 5, Division 2 of the HHBA - Health executive service
- Part 5, Divisions 3 and 4 of the HHBA - employment of health service employees and
- Part 3 of the Hospital and Health Boards Regulation 2012 (HHBR) – Employment matters.

6.6.1.2 Employee benefits

For information regarding employee benefits - refer to:

- AASB 119 Employee Benefits
  and
- APG 7 Accounting for Employee Benefits, issued by Queensland Treasury and Trade.

6.6.2 Payroll Overview

For information regarding retention and disposal of records – refer to:

- QDAN 249 v6 General Retention and Disposal Schedule for Administrative Records
Chapter 6 – Expense Management

The Queensland Health rostering and payroll solution (referred to as the ‘rostering and payroll solution’ is the mandated solution for rostering and payroll management throughout Queensland Health (incorporating the Department of Health, HHSs and Commercialised Business Units).

Payroll payments must be made in accordance with the requirements of applicable Acts, Industrial Awards or Agreements, Contracts of Employment and Superannuation scheme provisions. The responsibility for payroll payments rests with the Payroll Portfolio Office.

Adequate internal controls must be implemented to ensure the integrity of each payroll in terms of data entry, authorisations, calculations and payments. The requirements of FMPM section 6.4 Processing and Payments, must generally be observed in the making of payroll payments. Payments are to be promptly posted to the relevant financial management system, against the relevant expense accounts and cost centres.

There must be appropriate segregation of duties in the performance of these functions, particularly regarding computer processing such that the duties of data entry, data verification and data review are appropriately segregated. Regular reconciliations must be performed to ensure that all amounts are completely transferred to, and treated correctly in, the general ledger - refer to FMPM section 2.9 Internal Controls for further information.

Computer payroll master file changes must be reviewed and verified to the appropriate source documents. Verification must be made that payments have been made to authentic people and are in accordance with the hours actually worked and other determining factors.

Wherever possible, payroll payments must be made by direct deposit or electronic funds transfer (EFT) to individuals’ bank accounts, in accordance with government policy. Payment may be made by cheque drawn payable to the person only if payment by EFT is not possible. Where officers or employees are not able to provide correct bank details within a specified period of time (greater than three months) payment is to be made via cheque and not EFT. Other circumstances where cheque payments may be made include to deceased estates, and in some cases, voluntary early retirement or executive contracts. For guidance on deemed payroll overpayments, refer to FMPM section 6.6.16 Payroll Overpayments.

Deposits rejected by a bank, usually due to an incorrect ‘BSB’ or account number, must be immediately re-banked and reconciled against GL account 100510.

Returned Wages Notifications must be advised by the Payroll Portfolio Office to Payroll Service Managers so that the officer’s payroll details can be crosschecked and amended where appropriate. The payment is to be re-sent using the correct information.

If moneys remain unclaimed, they should be dealt with in accordance with FMPM section 7.3.9 Unpresented Cheques.

Adequate payroll procedures must be maintained to provide information regarding current year salary payments, to form a basis for management information, and to satisfy State and Commonwealth government legislative requirements.

Refer to FMPM chapter 12 Taxation Management for the requirements relating to payroll tax, PAYG tax deductions and remittance, and to Fringe Benefits Tax recording.
Chapter 6 – Expense Management

Detailed procedures controlling the operation of payrolls and payroll processing are to be documented in the relevant operational unit procedures - the Payroll and Rostering Intranet Site is one source of payroll processing information.

Payments in respect of irregular entitlements such as:

- recreation leave
- higher duties allowance
- meal allowances
- overtime

require approval by an authorised delegated officer prior to processing.

For further information regarding payroll systems – refer to:

- FAH, Information Sheet 3.7 Human Resource and Payroll Systems
- FMT, Information Sheet 3.7 HR and Payroll

Issued by Queensland Treasury and Trade.

For all matters relating to transitional loans to employees arising from the QH change in pay date, refer to Public Service Commission Directive 03/12 - Change of Pay Date for employees of Queensland Health and the Human Resource Policy C48 – Overpayments.

6.6.3 Compensation and Allowance

Officers and employees are compensated in accordance with awards, certified agreements or employment contracts for services provided.

Changes in compensation and position must be approved by at least one level of supervisor, and then reviewed and approved by the appropriate delegate, as determined by the HR Delegations.

Salary payments and allowances are to be paid strictly in accordance with legislation, awards, contracts and directives as applicable. The matter of payments while an officer or employee is absent should be referred to the relevant industrial instrument.

Terms of employment outside those prescribed in the relevant industrial award should not be offered to any employees unless prior approval to make the offer has been granted by the Director-General - refer section 45(g) Hospital and Health Boards Act 2011.

Matters in dispute that cannot be resolved by reference to a contract or award should then be referred to relevant Directives.

Living-away-from-home allowances are generally not assessable for income tax purposes in the recipient’s hands. The allowance is taxable as a fringe benefit - refer to FMPM section 12.2 Fringe Benefits Tax (FBT).
6.6.4 Time and Attendance Records

The Director-General or delegate is responsible for ensuring that the effective time and attendance procedures, established by Human Resource Services Branch, System Support Services Division, are followed.

The rostering system should provide for officers’ commencement and finishing times to be recorded for each day and should be consistent with legislation and policy.

Roster and attendance reports must be endorsed by the delegated officer, as indicated below, to ensure that a correct payment is made. The time and attendance records must allow for breaks and for leave absences.

Exemptions from time keeping can be applied for through the delegated officer in appropriate circumstances. Suitable alternatives, with valid identifiable internal control mechanisms, must be submitted with the request for exemption.

6.6.4.1 Rosters

A roster is to be prepared for an operational unit by the delegated employee. The operational unit's master roster must be posted or published by the delegated employee following award criteria, for example, the nursing roster is to be posted seven days prior to the commencement of the roster. The published roster data is to be input into the Queensland Health rostering and payroll solution, where it will act as the master copy for purposes of pay processing. The delegated employee is responsible for ensuring that the roster data held in the electronic master copy is accurate.

6.6.4.2 Roster variations

Where an employee does not work in accordance with the posted roster, variations must be approved by the authorised delegate before payment occurs. The approving employee’s identity/staff details must be recorded so that the department is aware of who has given the approval. This will apply to all types of timekeeping records.

Using the applicable process and either by online data entry or submission of manual or electronic forms the delegated officer shall ensure the roster variation information is recorded in the rostering and payroll solution

All change requests made to the posted roster are to be retained in accordance with the requirements of the Retention and Disposal Schedule.

6.6.4.3 Validation of payslip information/correction of errors or omissions

All staff shall review their fortnightly payslips to ensure all information is as expected and accurate. Any anomalies are to be discussed with their delegated officer, operational unit manager or direct with payroll. The appropriate process is to be followed, by the staff member or delegated employee, to ensure correction at the earliest opportunity.

Any corrections/adjustments required for periods in excess of three (3) months in the past, not initiated by Payroll Portfolio, will need to follow the ‘Validation of claims older than three months’ process. No prior period adjustments fitting within this category will be processed for payment without the relevant authorisation.
6.6.4.4 Leave

Applications for planned leave such as recreation leave, conference leave, and long service leave are to be approved by the delegated employee and entered into the rostering and payroll solution **in advance** of the actual leave period.

‘Un-planned leave’ refers to leave types that have not been rostered and no prior approval has been agreed to by the delegated employee. Un-planned leave must be recorded as a roster variation in the rostering system, for example, short term sick leave, flood leave and family leave.

Using the applicable process and either by online data entry or submission of manual or electronic forms the delegated employee shall ensure that any unplanned leave is registered in the Queensland Health rostering and payroll solution as soon as notification of the unplanned leave is received and prior to the commencement of the next planned shift.

If an absence requires a medical certificate, as defined in relevant awards or legislative instruments, the Medical Certificate is to be provided on return to duty. The operational unit manager is to sight and retain the medical certificate. If there are actual or potential Workcover/QSuper impacts then the Medical Certificate will need to be retained on the employee’s personnel file (P-file) in accordance with the requirements of the Retention and Disposal Schedule.

If, on return to duty, the employee makes an application for recreation leave in lieu of sick leave and this leave is approved by the delegated employee, the delegated employee shall ensure that the change is registered in the Queensland Health rostering and payroll solution.

6.6.4.5 Overtime and recalls

Overtime and recalls are to be approved by the delegated employee once the roster has been published. Where required, either by online data entry or submission of manual or electronic forms, the delegated employee shall ensure that all overtime is reflected accurately within the rostering and payroll solution.

Adequate controls for overtime and recalls must be established by the operational unit to ensure that the hours worked are necessary and cost effective. Except in emergency situations, the prior approval of the operational unit manager or other authorised person having appropriate delegation is required.

6.6.4.6 Recalls

Recalls are managed similarly to overtime as detailed in FMPM section 6.6.4.5 Overtime and Recalls.

The Payroll Portfolio Office will record the information on the Medical Log Sheet and will issue a unique Log Number and update the rostering system. All staff must notify their line manager of overtime/recalls, and the manager is to then forward a signed Attendance Variation and Allowance Claim (AVAC) Form, either electronic or hardcopy, to the Payroll Portfolio Office for payment. Medical Log Sheets and AVAC Forms are to be retained as per departmental retention and disposal schedules - refer to FMPM section 6.6.4.7 Authorisation of hours worked.

6.6.4.7 Authorisation of hours worked
Throughout the pay period, the Payroll Portfolio Office is to update the planned roster with all exceptions, as notified by delegated officers, as per the management of variations detailed above.

### 6.6.4.8 Prior period adjustments

If, on receipt of a payment advice, the officer notices a discrepancy, the officer or operational unit manager is to contact the Payroll Portfolio Office. The Office will undertake the necessary action to rectify the anomaly based on appropriate documentation and update systems as required.

Reference should be made also to FMPM section 6.6.16 Payroll Overpayments.

### 6.6.5 Payroll Deductions

When authorised in writing by an officer, deductions may be made from an officer’s salary or wage and remitted to the appropriate bodies. Accepted forms of written authority include a letter or statutory declaration from an officer to deduct from their salary or wage.

Statutory and other permitted deductions such as:

- Pay As You Go (PAYG) tax including Higher Education Loan Program (HELP) and Student Financial Supplement Scheme (SFSS) debt components
- superannuation contributions
- Child Support
- Higher Education Contributions Scheme (HECS)
- garnishee arrangements

must be deducted as appropriate and remitted to the relevant bodies.

### 6.6.5.1 Deduction authorities

A written deduction authority is to be batch filed in the relevant pay run for the deduction commencement and is acted upon by entry into the payroll system.

Fortnightly superannuation deductions from officers’ gross salaries and wages must be in accordance with the requirements of, or elections made under, the respective Public Sector Superannuation Schemes to which the officers belong. Both officer and employer superannuation contributions must be remitted each fortnight to the Government Superannuation Office by the due date and supported by an on-line reconciliation of the payment.

Salary sacrifice, including superannuation salary sacrifice deductions will be actioned only when authorised documentation has been provided to the Payroll Portfolio Office from the department’s Salary Sacrifice or Packaging Service Provider or as relevant to the officer’s industrial award.

### 6.6.5.2 Disbursement of deductions

All external deductions are to be posted directly to vendors with the exception of those below which are to be posted to suspense accounts:

- personal superannuation
- garnishee payments
- and
Chapter 6 – Expense Management

- Australian Defence Force.

Statewide Operations Team advises the Accounts Payable Section, FTU, via email each pay-run once the vendors can be released for payments. Payments for the Annual Leave Central Scheme, Long Service Leave Central Scheme and the Office of State Revenue are released by Finance Branch, System Support Services Division.

The Payroll Portfolio Office provides authorised General Purpose Vouchers to the Accounts Payable Section, FTU, for the processing of suspense postings. The vouchers are to be prepared based on payroll reports produced from SAPHR.

The details are then entered in FAMMIS for payment by either electronic funds transfer or cheque. The voucher must be used to record cheque or reference numbers.

Electronic payments are to be forwarded to vendors, for example, unions, by the due date, with remittance advices listing amounts and for whom they apply.

The Australian Taxation Office (ATO) and some other vendors require on-line reconciliation of payments through a secure portal.

6.6.6 Disbursement

Payroll system generated payments will be disbursed by electronic funds transfer to the contracted Queensland Treasury and Trade banking centre. Full audit trails must be produced, certified and filed, particularly the Transactions List and the Bank Deposit List for each pay run.

Information forwarded by electronic funds transfer must meet the requirements set down by the banking industry/disbursement service provider.

Where the payment is flagged in the electronic payroll system to be made by cheque, the payroll officer must prepare a certified voucher, as discussed in FMPM section 6.13.1 - Disbursement by Cheque, which outlines the control procedures for the preparation and the distribution of cheques.

Where errors and/or omissions cause a deviation from this policy, details of the error and/or omission must be noted on the reconciliation report together with an explanation of how the deviation has been corrected.

Adequate segregation of duties must be maintained to ensure that no one person is solely responsible for handling disbursements. Audit reports from the electronic funds transfers must be reviewed and signed off by an officer with appropriate delegated authority independent of the Payroll Portfolio Office.

6.6.7 Permanent Pay Variations

Incremental increases in pay will, by default, progress as per the industrial award unless the Payroll Portfolio Office is notified to withhold the increment.

Adjustments in rates of pay due to promotions/demotions, either temporary or permanent, are also to be processed following advice from the delegated officer.
Increases in award rates are to be processed following the receipt of the declaration of the general ruling, Industrial Gazette variations or advice from Human Resource Services Branch, System Support Services Division. Where the declared increase is back-dated, the payment is to be calculated on specified payments from the effective date to the date of increase.

Retrospective payments must be taxed in accordance with the instalment schedules issued by the ATO. Payments that refer back to financial years earlier than twelve months prior to the date of payment must be checked for additional taxation requirements so as to allow rebates that may be available to the employee under section 159ZR of the *Income Tax Assessment Act 1936* to be claimed.

### 6.6.8 Temporary Pay Variations

Higher duties allowances are payable at conditions and rates prescribed by the Industrial Awards and as authorised by the delegated officer.

Officers acting ‘at level’ should check for additional allowances to which they may be entitled under industrial awards. These must be authorised by the delegated officer.

Relieving officers are required to complete an Employee Movement – Temporary (Higher Duties/Acting at Level) form which is certified by a delegated officer and is forwarded to the Payroll Portfolio Office prior to the commencement of the higher duties. Where single day higher duties remuneration is payable under the industrial award, the applicable process, and either by online data entry or submission of manual or electronic forms, is to be used to record the variation as detailed in FMPM section 6.6.4.2 Roster variations.

Higher Duties payments are recorded in the rostering and payroll solution.

### 6.6.9 Pay Verification and Certification

Verification of the accuracy of data input and the calculations made is required. These verifications are to be certified by an authorised officer.

An adequate audit trail must be produced for confirmation of variations to standard payroll.

### 6.6.10 Pay Advice and Payment Mode

The pay advice is the officer’s official record of payment for the hours worked during the period covered by the pay advice. Every officer must have access to a pay advice setting out the details of the salary/wages paid for the current period. Each pay advice must also display the information outlined in the *Industrial Relations Act 1999*.

Pay advices are either to be made available electronically via an approved and secure Payroll Portfolio online service or distributed manually via the officer’s operational unit or mailed to a postal address, taking note of the officer’s preference.

### 6.6.11 Returned Pays

A returned pay occurs when a direct credit intended for an officer’s bank account is unsuccessfully processed and is credited back to the bank account from which the credit was initiated. This will usually happen because either the BSB (bank-state-branch) number or the account number has been incorrectly quoted.
Returned pays are coded to account 100510 and the Statewide Operations Team is notified of the returned pays. Once the correct bank details are obtained, the system is to be updated and the net payment is redirected to the officer.

Returned pays are to be journalled on a one for one basis to match the bank statement unless the bank reconciliation team is supplied with a detailed schedule as to how two or more deposits have been combined into a single journal.

6.6.12 Unclaimed Pays

If the direct transfer credit cannot be made to the officer’s personal account, for example, the account has been closed, the amount returned will be deposited to the bank account from which the pay was drawn. In most instances, this will occur automatically where electronic funds transfer is used.

When the Payroll Portfolio Office has received notification of returned pays, it should contact the officer and request the correct banking details. If new banking details are supplied, the electronic funds transfer can be recommitted via the Payroll Portfolio Office. Payroll Portfolio shall attempt to contact the relevant officer to confirm new/replacement account details.

If a cheque is returned unclaimed, it is to be cancelled and the credit held in the Unclaimed Pays Suspense Account pending a claim by the officer. It must not be credited to or left in an expense account, as the value is a liability item. Once a claim from the officer has been received and validated, a cheque is to be drawn from the Unclaimed Pays Suspense Account in accordance with the applicable procedure.

If the period the pay(s) cannot be disbursed is in excess of six months then the funds should be transferred to the Public Trustee.

6.6.13 Payroll Bank Account

The volume of transactions has warranted a separate bank account for payroll expenditure to be operated by the System Manager for better financial and accounting control. The System Manager regularly reimburses the payroll expenditure account from the main bank account which is controlled through a payroll clearing account. These accounts are reconciled by the System Manager monthly. Reconciling items are not permitted to be carried forward beyond the end of the next reconciliation period. They must be cleared within one month.

The payroll expenditure bank account has been established for convenience and for ease of reconciliation. It is expected that the account will be properly managed and reimbursed from the No.1 Expenditure Account. It should not be operated in overdraft.

6.6.13.1 Where the payroll is calculated manually

Non-standard payments are to be checked and verified in each pay run, before the payroll is completed. The computations must include the validation of hours paid, and the confirmation of entitlements. The amounts of all deductions are to be confirmed in writing.

6.6.14 Payroll Calculations
Standard pays are also to be checked, on a random sample basis, so that the calculations may be determined as being carried out correctly. The verifications are to include calculations of standard and non-standard deductions.

6.6.14.1 Where the payroll is calculated electronically

Entitlements to non-standard leave payments, for example, long service leave, unpaid annual leave and similar payments, are to be paid on termination, and other termination payments must be checked and verified before the payroll is completed.

6.6.15 Transfer of Employment

When an officer/employee is transferred to another Government Department, an authorised delegated officer/employee is to duly advise the Payroll Portfolio Office of the details for the officer’s/employee’s record.

The officer/employee is to be requested to advise either a forwarding address, or a new address, for the delivery of payment summaries and other correspondence.

Leave entitlements are to be paid out or transferred, as applicable, under relevant industrial policy. The liability to pay is then to be assumed by the new agency.

Travel and petty cash advances must be repaid and finalised before the transfer eventuates.

Salary and wages, outstanding at the time of the transfer, are to be deducted from the final salary if an existing repayment agreement is in place. Where an officer/employee has not entered into an agreement, the overpayment is to be transferred to the Finance Branch, System Support Services Division upon termination/transfer.

Corporate Pay and Pay Date Change Loans are to be deducted from the final salary prior to transferring to another government department.

Reference should also be made to FMPM section 12.2 Fringe Benefits Tax (FBT).

6.6.16 Payroll Overpayments

It is essential that effective processes are in place to minimise the risk of overpayments being made. This would include the establishment and maintenance of adequate controls over staff appointments, terminations and leave processes and controls to ensure the accuracy of officer/employee timekeeping and payroll calculations.

The reason for any overpayment of payroll must be investigated immediately. Appropriate procedures must be implemented to identify, calculate and recover overpayments. Consideration must be given to whether corrective action, for example, changes to procedures, is required to prevent a re-occurrence.

With respect to recovery action, reference should be made to HR Policy C48.

A Register of Wage and Salary Overpayments is required to be maintained – refer to FMPM section 2.6.39 Wage and Salary Overpayments Register.
Chapter 6 – Expense Management

If recovery can and should be made, the officer/employee must be consulted and agreement reached as to repayment arrangements within a reasonable time-frame. Recovery may be by way of repayment by cash, by cheque or by payroll deduction with the officer’s/employee’s consent.

Legislation applicable to payroll overpayments is:

- section 396 *Industrial Relations Act 1999*
- regulation 17 *Industrial Relations Regulation 2000*
- section 67 *Industrial Relations (Tribunals) Rules 2000*
- section 73 of the *FAA*.

If recovery either cannot or should not be made, a loss must be recorded - refer to FMPM section 6.18 Loss of Assets. The loss will be grossed up for employer superannuation contributions incurred.

In accordance with Taxation Determination TD 2008/9, the overpayment must be removed from the officer’s/employee’s payroll records on the premise that it is money to which the officer/employee is not entitled and must now pay back. It should not be included in the officer’s/employee’s payment summary.

If an overpayment is recouped within the same financial year, the recoupment will be net of the income tax instalment, because the payroll records, and hence the withholding payment summary, will reflect a reversal of the payroll entry. The overpayment recouped does not appear in the payment summary.

Should an officer/employee transfer to another department within the State Government, or leave the employment of the State Government entirely, the arrangements formerly entered into between the officer/employee and the department/HHS shall be considered to have been terminated. The balance remaining from an overpayment must be settled in full. Superannuation contributions must also be corrected.

Overpayments should be brought into the general ledger as a sundry debtor, to the extent that the overpayment has not been recovered through the payroll system within that financial year and the relevant Salaries and Wages Account credited.

Once the overpayment has been calculated and validated, it is to be forwarded to the Salary Adjustment Unit of the Payroll Portfolio Office to manage.

Refer to FMPM section 5.10 Loss and Expenditure Recoveries for further guidance on this type of expenditure recovery.

6.6.17 Incorrect PAYG Tax Deductions

Income tax instalment deductions are based on the Tax File Number Declaration lodged by the officer/employee. If a HHS or a departmental error is made, the officer/employee must be advised in writing by the Payroll Portfolio Office, that he or she either has had the benefit of a higher net payment, in the case of short deductions, or will receive a larger credit for instalments deducted, in the case of excess deductions. Correction may be made within the same financial year if the error occurred within the current financial year. An error within a prior year may not be corrected in the current year. If it is a HHS or a departmental error, all assistance, other than financial, should be provided to the employee.
6.6.18 Scholarships

Scholarships paid in respect of full-time education are generally exempt from income tax under section 51-10 of the *Income Tax Assessment Act 1997*. However, payments made ‘on the condition’ that the recipient will, or will if required, become, or continue to be, an employee of the payer or enter into or continue to be a party to a contract for labour with the payer, are not exempt. For example, the conditions for continuing employment as part of the Nursing Scholarship Policy mean that scholarship payments are not exempt, and the payments are therefore subject to normal ‘pay as you go’ requirements. The education must also be full-time, but does not preclude the student from holding a part-time job.

The term ‘on the condition’ does not require a contract. Bonding of the payee will negate the exemption. The scholarship will then be subjected to the normal pay-as-you-go requirements, if the scholarship beneficiary is an employee - refer to FMPM section 12.3 Pay As You Go (PAYG).

If the scholarship is not principally for educational purposes, it is excluded from the exemption. Trainee remuneration is not exempt.

Payments made under the National Health and Medical Research Council scholarships will generally be exempt, but fellowships are not exempt as the conditions attaching to the fellowships amount to a requirement to render services.

Where, for example, a friendly society education fund pays education costs to or for the benefit of a student undertaking full-time education at a university or college, such a payment will not be exempt because it does not qualify as a scholarship.

Payments of HELP fees may very well give rise to a fringe benefits tax liability because of the wide definition of ‘employee’ which includes ‘future’ employees. The department/HHS has a revenue neutral policy towards fringe benefits tax, so the payee may have to pay this tax at a higher rate than the scholarship will attract.

Refer also to General Tax Business Procedure and Scholarships for a detailed analysis.

6.6.19 Reconciliations

The following reconciliations must occur on a monthly basis:

- after each payroll processing run, the total net pay amount must be confirmed with the amount withdrawn from the respective bank account; any variance, regardless of amount or materiality, must be investigated and cleared without delay
- at the end of each month, the payroll transactions must be reconciled to the general ledger transactions, to verify that the amount in the general ledger for payroll agrees with the payroll system on a monthly basis and year to date
- at the end of each month, the payroll banking transactions, (withdrawals, cheques, and deposits) must be reconciled to the general ledger transactions affecting the bank accounts and
- at the end of each month, payroll clearing accounts for payroll deductions must be verified.

Clearance of reconciling items must be dealt with promptly. Reconciliations are to be signed by the preparing and checking officers/employees with supporting documents and working papers attached for audit purposes.
6.6.20 Inter- and Intra- Operational Unit Transactions

6.6.20.1 Service level agreements

It should be noted that for intra-HHS transfers only, where both parties agree that there is no requirement to record full-time equivalents (FTE) data, a journal is to be processed in SAP to record the transfer of costs.

General ledger account number 577480 is to be used for intra-HHS transfers of this nature, and it is imperative that both operational units use this account. The providing operational unit will credit the account, and the operational unit receiving the services from the secondment will debit the account.

If the service agreements exist for a period greater than three months, a position maintenance form should be processed.

Journaling of costs between different HHSs is not to occur. Invoices against the other HHS are to be raised.

Operational units should be aware of the industrial relations rulings or directives, surrounding secondment appointments to the new pay group for periods of more than three months.

6.6.20.2 Contract details

Operational units must set up contract details within a month of the secondment commencement date, if possible, to avoid any delays in the processing of transfers.

6.6.21 Payroll Control

Each HHS, division or organisational unit shall have a process and toolset to capture actual hours worked; be this direct entry into the Queensland Health rostering and payroll solution or via another method. Whichever method is used, the organisational unit is responsible for ensuring adequate evidence is retained of actual hours worked. If an HHS, division or organisational unit wishes to be exempt from maintaining supporting evidence, they must seek exemption from the Director-General or delegate.

As covered in Section 6.6.4 Time and Attendance Records, the master roster for each staff member will be held within the Queensland Health rostering and payroll solution.

Employee master file changes must be appropriately authorised in advance of requesting the change. The Payroll Portfolio Office validates accuracy of entries made to the system.

Payroll Portfolio will ensure that critical data, such as bank account changes, are subject to segregation of duties and are separately validated to prevent errors, omissions or potential fraudulent activities.

Best practice fraud management techniques shall include:

- Payroll functions should be separated from those of bank reconciliations and time recording
Chapter 6 – Expense Management

- Payroll duties should be rotated periodically
- Cross training should be implemented.
- Officers/employees must be compelled to take leave entitlements
- Payrolls must always be checked for reasonableness and
- Audit trail reports must be produced and retained, for each pay run

Pay lists of direct deposit transfers should be checked periodically and all entries accounted for and confirmed as valid officer/employee entries. This may be done by selecting a fortnightly payroll and verifying and confirming the existence of the persons whose names appear in that list. The list must be evidenced as having been checked.

Clearing accounts must be reconciled monthly. Reconciling items must be cleared as soon as possible.

General ledger entries raised in respect of payrolls are to be fully documented and supported by documentary evidence. Those entries must also be duly authorised.

Records without tax file numbers must be investigated regularly, and those records that have been on the system without a tax file number for more than 28 days must be examined and followed up. If necessary, the tax scale must be adjusted, in accordance with the *Taxation Administration Act 1953*, until the tax file number is produced.

Only authorised personnel must approve new officers/employees, in accordance with staffing establishments.

New officers/employees are required to submit appropriate documentation relevant to their commencement.

Terms of employment should be confirmed in writing, signed off by an independent officer/employee not directly involved with the appointment of the person to whom the letter of confirmation is to be addressed.

The duties of payroll preparation, payment summaries preparation and the mail-out to officers/employees should be segregated.

Rates of pay should be periodically checked and compared against authorised rates.

The functions of approval of hours worked, payroll preparation, the approval of payrolls and the passage of disbursement/s to officers/employees should be segregated.

**6.6.21.1 Starters and leavers**

As an output from the rostering and payroll solution, a report is run that identifies all starters and leavers since the last report was generated, known as the Position Occupancy report (PosOcc). This report is made accessible to Line managers who have 14 days to confirm that this information is correct. Line Managers are required to notify any inaccuracies or omissions to Payroll Portfolio using the appropriate process.

Line Managers/organisational units shall make full use of the range of payroll management reports available from HR-DSS. In particular, HR-DSS ‘special audit reports’ should be run at least monthly and any potential exceptions should be identified, promptly investigated and satisfactorily resolved.
The Pay Protocol is to consistently be used by Payroll Portfolio to ensure the appropriate validation and error correction takes place over the pay processing fortnight and prior to each payrun.

6.6.22 Personal Expenses

Officers should always keep private personal expenses separate from official operational unit expenses.

Expenditure should not be authorised where there is an element that is non-official or private in nature - refer to FMPM section 6.6.22.1 Specific Examples of Personal Expenses.

Officers incurring official personal expenses to be paid/reimbursed by an operational unit must provide written certification as to the accuracy of the amounts concerned, and that those amounts were, in fact, for the purpose/s described.

As outlined in FMPM section 6.1.7 Authorisation of Expenses, for internal control and probity reasons, no officer may authorise the payment or reimbursement of their own personal expenses, or those of other officers at an equal or more senior level. The Director-General’s personal expenses must be authorised by the Minister for Health.

The payment/reimbursement of legitimate personal expenses may only be authorised by a more senior officer with delegated authority to approve that expenditure. This latter officer should not have received any benefit from, nor have been involved in any way with, the expenditure and should usually be the immediate supervisor, or an even more senior officer with greater authority.

There may be administrative circumstances where an operational unit is committed in the first instance to a payment where a minor proportion of it is of a non-official or private nature, for example, a hotel account containing private bar or telephone charges. Wherever possible, such non-official or private costs should be initially met by the officer from their own finances. However, where this is not possible:

- the officer must communicate full details of such charges to the appropriate delegated officer as soon as practicable after their incurrence
- the officer must reimburse their operational unit for such expenses within seven days of either their incurrence, or the officer’s return to the officer’s usual workplace.

Where there is any doubt about the validity of claiming particular expenditure, the delegated authorising officer must make a determination in accordance with the fundamental principles outlined in FMPM section 6.1.7 Authorisation of Expenses. Refer also to the specific requirements contained in the:

- Department of Health Travel and Accommodation Policy
- Public Service Commission Directive No. 22/09 Gifts and Benefits and
- Public Service Commission Guideline on Gifts and Benefits.

If an officer is unsure whether certain expenditure can be classified as being for official purposes, they officer should meet the initial costs from the officer’s personal finances, and subsequently
submit a claim for reimbursement. The appropriate delegated officer is then allowed time to arrive at a considered assessment as to its legitimacy.

The requirements of FMPM section 6.4 Processing and Payment must be observed in making payments/reimbursements of personal expenses. Therefore, in all cases of personal costs being reimbursed, adequate and appropriate supporting documentation must be attached to the related expenditure voucher.

Reimbursements of personally incurred work related expenses are subject to:

• the receipt of prior approval from an officer with appropriate delegated authority for the anticipated expenses being incurred
• appropriate delegate approval of the actual claim
and
• the production of documentary evidence, for example, receipts, itemised statements and/or certifications.

Reimbursements of certain personal expenses, such as private telephone costs, attract fringe benefits tax - refer to FMPM Section 12.2 - Fringe Benefits Tax (FBT), for information regarding administrative arrangements. Hence, additional documentation/information may also be necessary for fringe benefits tax purposes.

6.6.22.1 Specific examples of personal expenses

Examples of expenditure generally regarded as non-official or private in nature and therefore not eligible for payment or reimbursement by an operational unit include:

• non-official entertainment and travel costs for example personal video hire fees - refer to:
  • Department of Health Travel and Accommodation Policy
  • Public Service Commission Directive No. 22/09 Gifts and Benefits
 and
  • Public Service Commission Guideline on Gifts and Benefits
• expenses incidental to home entertainment, including dinners/functions at an officer’s private residence
• tea, coffee or kitchen supplies for departmental employees
• casual drinks
• stocking of office bar fridge
• personal laundry/dry cleaning/grooming expenses
• gym/exercise session fees
• child minding fees incidental to carrying out official duties
• club membership fees
and
• floral presentations.

Two guiding principles apply to the usage of departmental telephones for private purposes:
taxpayers should not be expected to pay for private telephone calls, that is, officers should not use operational unit telephones to conduct their private affairs however

the department, as a responsible employer, has obligations in respect of its officers and, as such, extends a degree of reasonableness and sensitivity toward officers; regarding telephone account management, unreasonable private use of departmental telephone equipment as identified by an operational unit’s director must be reimbursed to the department.

The use of “1900” and “0055” numbers is prohibited.

International ISD access is not permitted without authorisation by the Director-General or delegate.

Certain officers are entitled to the reimbursement of certain private expenses and benefits in accordance with their employment contract or other established conditions of employment. Due to the connection between these benefits and salaries/wages/allowances, the development/maintenance of departmental and HHS policies regarding specific entitlements to reimbursement is an industrial relations matter for which the Director-General has responsibility.

Refer to FMPM section 6.19 – Other Expenses for further examples of personal expenses which may or may not be reimbursed by the department depending on whether there is an accrued benefit to the department or whether there is a pre-arranged employment contract in place regarding salary packaging or conditions of employment.

6.6.23 Accountable Advances

Accountable advances are amounts of money provided to officers prior to actual expenditure being incurred, and are only to be made to facilitate the performance of the work of operational units. Such temporary cash advances must only be made for specific purposes and for a specific period of time. An example of an accountable advance is a travel advance provided to finance meals, minor transportation costs, miscellaneous expenses and similar expenditure, which are incidental to conducting official business while an officer is away from the officer’s usual work location - refer to FMPM section 6.14 Travel Expenses for further information. The preferred form of payment of an advance is by electronic funds transfer (EFT).

An advance may not be provided unless there has been a full and proper acquittal of any previous advance provided to that officer, as explained below. In this context, acquittal refers to the accounting by an officer for a previously paid advance, following:

- the reconciliation of the amount advanced to the substantiated spending of such moneys as detailed later
- the charging of such expenditure to the appropriate general ledger account/s and cost centre/s via the preparation, authorisation and processing of an expenditure voucher and
- recovery of any unspent funds from the officer.

The official Travel Allowance/Acquittal Form must be completed by officers requesting an advance for travel purposes. This form must be approved by an officer with delegated authority, according to Department of Health’s Financial and Procurement Delegations, and Department of Health Travel and Accommodation Policy and associated standards, and submitted for processing.
The request form is to clearly indicate whether the advance is required in cash.

On the handing-over of the cash to the requesting officer, the recipient is to complete and sign a receipt and hand this to the officer in charge of the imprest.

FMPM section 6.14 Travel Expenses sets out additional requirements regarding travel-related advances.

Any officer receiving an advance must be advised that an acquittal of that advance must be carried out as soon as possible, but generally no later than 14 days after:

- completion of the activity requiring the advance
- or
- determination that all or part of the funds advanced are no longer required.

These requirements do not apply to advances for the establishment/maintenance of standing imprest accounts, for example, petty cash, accountable advance imprest and floats.

Officers receiving advances must ensure the safe custody of those funds and any associated documentation. At the conclusion of the activity requiring the advance, the officer must produce:

- receipts to substantiate the expenses incurred for accommodation and where the expenses incurred exceed the allowance received
- any other necessary documentation, including fringe benefits tax declarations - refer to FMPM section 12.2 Fringe Benefits Tax (FBT)

and

- the remaining funds if any.

The acquittal of advances for accommodation is mandatory given the difference in the level of the advances that can be claimed under Public Service Commission, directives, guidelines and policies.

Where the advance was not sufficient to cover the expenditure, a claim for the reimbursement of the additional costs should be submitted for approval to the person who originally approved the advance. Any unspent travellers’ cheques in foreign currency must be returned to the issuing financial institution for conversion back to Australian dollars according to the exchange rate prevailing on that date.

To facilitate the acquittal of advances, a travel advance register must be maintained by each area responsible for an accountable advance imprest. This record must be immediately updated with, at least, the date, the recipient and the amount of each advance made. Separate records should be maintained in respect of travel advances as opposed to other accountable advances, detailing the:

- full name of the officer receiving the advance
- amount advanced
- dates of departure and return

and
• date and full details of the acquittal of the advance.

Refer to FMPM 2.6.36 Travel Advance Register.

Advances not acquitted within the 14-day period referred to above are to be followed-up as outlined below:

• advances less than one month old
  • verbal request to the officer concerned

• advances greater than one month but less than two months old
  • a written request to the officer concerned

• advances greater than two months old
  • a written request to the officer concerned, with a copy to the officer’s Director.

Action taken regarding outstanding advances other than travel should be noted on the applicable records of accountable advances - refer to FMPM 2.6.2 Accountable Advance Register.

Refer to FMPM section 7.5 Accounts Receivable/Debtors for requirements regarding the management and recording of debts when invoices have been issued for the recovery of accountable advances.

At the end of each month, the total unacquitted advances, as per the accountable advance records, must be reconciled to the corresponding general ledger accounts.

Refer also to FMPM section 7.4.5 Accountable Advances.

6.6.24 Foreign Currency Requirements

Wherever payment in a foreign currency is necessary, this must be clearly indicated on expenditure vouchers and on supporting documentation where appropriate. The amount required must be specified in foreign currency terms.

Foreign currency conversion figures are to be derived using the Reserve Bank of Australia’s Historical Exchange Rates.

If the Reserve Bank of Australia’s Historical Exchange Rates does not quote the required foreign currency, then, and only then, can the second source, OANDA Foreign Currency Converter be utilised.

Supporting documentation regarding the source of the currency conversion figures used is to be attached to any transaction where a foreign currency conversion occurs. The amount to be charged to the general ledger is to be derived by converting the foreign currency amount back to Australian dollars according to the prevailing exchange rate or ‘spot rate’. Refer to FMPM Appendix 1, Glossary of Terms and Abbreviation for the definition of the date upon which the foreign currency is provided. The actual payment must be made on the same day as the quote is received as exchange rates fluctuate daily.
Chapter 6 – Expense Management

Foreign currency in the form of either traveller’s cheques or notes and coins is to be arranged by the appropriate finance area.

6.7 Salary Sacrifice Arrangements

6.7.1 Visiting Medical Officers (VMOs) (for noting)

Salary sacrifice arrangements (SSA) may be offered to employee Visiting Medical Officers under the Terms and Conditions of Employment, Queensland Government Visiting Medical Officers ('VMO Agreement'). This is a separate arrangement to the whole of government SSA under the Public Sector Industrial and Employee Relations (PSIER) Circular C1/11 and any other relevant PSIER Circulars issued from time to time by the Public Service Commission.

Human Resource Services Branch, System Support Services Division, must liaise with the Taxation Unit, Finance Branch, System Support Services Division to ensure that the VMO Agreement contains an appropriate clause dealing with the SSA.

The SSA must not be contrived, artificial or intended to circumvent State or Commonwealth government legislation.

The SSA must be legal, able to withstand ATO scrutiny, publicly supportable, and must not entail any risk or additional cost to the Queensland Government.

In basic terms, the SSA allows employee VMOs to forego part of their remuneration and have the HHS make outlays on their behalf to an equivalent value. The SSA provides for the VMOs to receive the reduced remuneration in cash.

The sacrificed component is paid to a salary service bureau which then makes the disbursements. The salary sacrifice service will be outsourced under contract.

Participation in the SSA on the part of employee VMOs is voluntary and at their sole risk.

Employees should obtain their own financial advice before they enter into a salary sacrificing arrangement as this service cannot be provided by the department or by HHS staff. All arrangements are governed by Australian taxation law.

6.7.1.1 Maximum salary sacrifice

Visiting Medical Officers are able to sacrifice up to 50 percent of their ordinary earnings for nominated approved fringe benefits, or up to 100 per cent for superannuation.

6.7.2 General Categories of Employees

Salary sacrifice arrangements (SSA) may also be offered to other HHS employees and to departmental officers under the terms and conditions of the relevant certified agreement.

Human Resource Services Branch must liaise with the Taxation Unit, Finance Branch, System Support Services Division, to ensure that the certified agreement contains an appropriate clause dealing with the SSA.
Chapter 6 – Expense Management

The SSA must be in accordance with PSIER Circular C1/11 and any other relevant PSIER Circulars issued from time to time by the Public Service Commission.

The SSA must not be contrived, artificial or intended to circumvent State or Commonwealth government legislation.

The SSA must be legal, able to withstand ATO scrutiny, publicly supportable, and must not entail any risk or additional cost to the Queensland Government.

The sacrificed component is paid to a salary service bureau which then makes the disbursements. The salary sacrifice service is outsourced under a whole of Government SOA administered by the Queensland Government Chief Procurement Office.

Participation in the SSA on the part of officers and employees is voluntary and at their sole risk. Officers and employees should obtain their own financial advice before they enter into a salary sacrificing arrangement as this service cannot be provided by department or HHS staff. All arrangements are governed by Australian taxation law.

6.7.2.1 Maximum salary sacrifice

Officers and employees are able to sacrifice up to 50 percent of their ordinary earnings for nominated approved fringe benefits, or up to 100 percent for superannuation.

6.7.3 Common Matters Relating to Salary Sacrifice

The matters addressed in this section apply to all circumstances in which salary sacrifice arrangements are offered and are in operation.

6.7.3.1 Unforeseen circumstances

In the unfortunate event that an officer or employee dies before receiving payment, the payment then due, or next due, should be held pending instructions from the executors of the deceased estate - refer to FMPM section 10.14.6 - Payments Following the Death of an Employee - Salary Sacrifice Arrangements.

6.7.3.2 Fringe Benefits Tax

Notwithstanding that the public hospitals Fringe Benefits Tax (FBT) exemption cap may apply and therefore the benefits may be ultimately exempt, documentation and records of all salary sacrifice benefits provided must be retained by the salary sacrifice service provider to supply evidence, for tax audit purposes, and to enable disclosures of the reportable fringe benefits on payment summaries - refer to FMPM sections 12.2 Fringe Benefits Tax (FBT) and 12.3 Pay As You Go (PAYG).

Employees must work exclusively in and for the designated hospitals within operational units of the HHS as published by the Taxation Unit to be eligible for the public hospitals’ FBT exemption cap. Eligibility to access this employer tax concession is not an employee entitlement.

6.7.3.3 Superannuation

Contributions to superannuation funds paid under an SSA must be paid to a complying fund. If the participant's nominated fund is unable to provide a certificate issued under s.42 Superannuation
Industry (Supervision) Act 1993, the contributions are to be withheld, until such time as either the nominated fund becomes a complying fund, or the participant nominates another complying fund.

A fund is a ‘complying’ fund if it is a ‘resident, regulated’ fund and does not contravene the Superannuation Industry Supervision legislation. The reasons that the participant’s fund must be a complying fund include:

- death and disablement insurance premiums lose their deductibility status and hence can impact upon fringe benefits calculations
- the contributions may become subject to fringe benefits tax
- the contributions lose their ability to satisfy the superannuation guarantee legislation.

It should be noted that under the whole of government Salary Sacrifice Arrangement (SSA), contributions must be made to QSuper only. Visiting Medical Officers (VMOs) are able to make contributions to other complying superannuation funds under the VMO SSA. Hospital and Health Board members have fund of choice for superannuation contributions.

6.7.3.4 FBT liability principles

An FBT liability, directly or indirectly arising as a result of salary sacrificing, will be recoverable from the officer or employee in respect of whose benefits the liability arose.

This liability will be passed on to the officer or employee as set out in the Participation Agreement which the officer or employee is required to sign prior to commencing an SSA. FBT debts must be recovered and must not be written off, ignored, waived or adjusted.

FBT liability policy and principles are clearly set out in PSIER Circular C3/09 and any other relevant PSIER Circulars issued from time to time by the Public Service Commission, the Participation Agreement, and salary sacrifice clauses included in the various industrial instruments.

An FBT liability identified or remaining outstanding at the time of, or subsequent to, the officer leaving the department or the employee leaving the HHS, remains the responsibility of that person and will be a debt recoverable under the salary sacrifice agreement.

6.7.3.5 Lump sum payments of back pay

This section refers to payments in arrears arising out of:

- short paid salaries and wages, due to an error in the rate of pay or the hours paid
- payment that has become due through other than an error, such as pay variations or award increases

whereby the officer or employee is paid retrospectively.

In either case, as a general rule, salary sacrificing back pays will not be allowed as SSAs must be prospective.

It is considered that the officer or employee has earned the entitlement to the payment of back pay for an award increase on the date on which that increase became legally effective, notwithstanding that it will or may relate to the performance of service in the past.
Accordingly, it is considered that the SSA would be effective in relation to a back pay only if the officer or employee had entered into the SSA prior to the date on which the entitlement became legally effective, and if the officer or employee had elected to sacrifice a percentage of salary as opposed to a set amount per pay period.

Set amounts per pay period must be arranged prospectively. They cannot be made retrospectively. Hence, any attempt to sacrifice a back payment using a set amount will be ineffective.

A portion of back pay that is referable to greater than 12 months prior to the date of payment may qualify for a tax offset rebate, if it is properly notified to the ATO. This is ordinarily done by recording the payment as Lump Sum E on the employee’s payment summary. Where an amount is displayed on the payment summary as a Lump Sum E payment, a letter will be provided to the employee detailing the financial year(s) the payment accrued.

If part or all of the back pay is salary sacrificed, the portion of the payment which was salary sacrificed will not be included in Lump Sum E on the employee’s payment summary. Similarly, there will be no letter to the ATO, for the part that has been sacrificed. The reason for this is that that the payment is no longer considered income of the employee.

6.7.3.6 Salaries and wages that may be sacrificed

An officer or employee may elect to sacrifice a portion of the salary and wages that are identified within the relevant clause of the applicable industrial instrument. Therefore, any other remuneration is out of the scope of the SSA.

6.8 Consultants

6.8.1 Consultants

The department will aim to meet foreseeable, continuing requirements for managerial, professional, and technical staff internally. Departmental officers must comply with relevant instructions when making use of and dealing with outside consultants.

The objective is to control and optimise the costs and use of consultants and other outside services.

6.8.2 Definition of Consultant

The term ‘consultant’ is defined in the Queensland Government Marketplace’s policy Engaging and Managing Consultants as:

“A consultant, which may be an individual or an organisation, provides expert advice with recommendations to an agency as the basis for making a decision or taking a certain course of action."

Sometimes the distinction between a consultant and an operational contractor can be difficult to make. It is extremely important to determine this distinction and to decide the type of labour to engage because this decision affects the type of engagement to be used, the nature and extent of taxation obligations that apply and the rates payable for services. Generally, a consultant should
be used to develop a new concept or process which has no precedent, and where the department requires critical judgement, whereas a contractor implements or assists with an existing process under supervision to deliver a known outcome.

Some particular characteristics of consultants are provided to accurately identify whether persons should be contracted to provide services as independent contractors or whether they should be employed under supervision within the agency. A number of legal issues are affected by this distinction, including:

- the form of contract to be used
- taxation and superannuation liabilities
- worker’s compensation

and
- rates payable for services; consultant’s rates should not be paid to operational contractors as their responsibility levels are generally less onerous than consultants.

The key characteristics of a consultant include:

- generally an engagement for a fixed period of time at an agreed rate of payment
- work which is not directly supervised by the department

and
- independent research/investigation is conducted.

Examples of consultancy services include:

- providing advice on technical and professional matters
- carrying out research projects, attitude surveys, feasibility studies and fact finding investigations where recommendations are made
- developing and designing a bench-marking framework or process and standards
- designing and developing staff training courses or sessions within courses

and
- providing advice in the development of policy and strategic planning issues.

The definition of a consultant does not apply to the hiring of casual, contract or temporary employees to supply labour or to work under direction or supervision. Labour supplied in this manner constitutes a ‘contract of employment’ with the individual and is undertaken in terms of section 122 of the Public Service Act 2008. Recruitment of contract, casual or temporary employees should be in terms of Directive No. 1/10 - Recruitment and Selection and not through the purchasing process.

6.8.3 Engagement of Consultants

The extent of consultancy services is to be defined in a contract for such services and should be based on the following:

- consultancy arrangements are to be for a fixed term and for a fixed price
- contracts should only be entered into with individuals, companies, trusts or partnerships trading either in their own name or as registered businesses
and

- consultants are free to accept other engagements where the requirements of the consultancy agreement require a part-time commitment.

6.8.4 Identify the Need

When undertaking a cost-benefit analysis for a prospective consultancy, it is important that the department appreciates that the cost is likely to exceed the cost of fees payable to the consultant. Aside from consultant costs, that is, fees and expenses, other costs may include:

- administrative costs involved in specification preparation, proposal evaluation, agreement negotiation and project evaluation
- overhead costs of the department including the use of in-house facilities and equipment
- travel and accommodation costs
- report preparation
- costs of in-house staff required to assist or manage the project

and

- the provision of expert advice with recommendations in the form of a written report or an intellectual product.

Significant costs need to be identified and included in the cost-benefit analysis associated with a consultancy project. A check also must be made that sufficient funds are able to be committed for engaging a consultant, on each occasion.


6.8.5 Specification of Requirements

A written specification of requirements for any proposed consultancy should be prepared by the officer requiring consultant support. The issues of financial consequence to be considered include:

- timetable of major events, that is, cash flow forecasting requirements
- project resources, including external resources, for example, consultant fees and internal resources, for example, accommodation, equipment and availability of departmental staff support; resource provision may be negotiable depending on the ultimate selection of the consultant
- selection criteria and process; consider credit worthiness and ability of tenderer to finance part of the project pending payment of progress claims and the expiration of retention periods
- report requirements; consider classification and categorisation of the contract
- termination of the agreement; consider any penalty payments, potential for litigation if the termination may be considered to have been unjust
- payment of fees, that is:
  - the basis on which fees are payable
Chapter 6 – Expense Management

- whether or not progress claims are to be made
- whether or not a defects liability period is to apply
  and
- whether or not a retention is to apply

- reporting requirements, that is:
  - the production of a report or reports, including progress reports
  - an indication of the required format and quality of the report if necessary
  and
  - the number of copies to be made available; the cost of the report is normally included in the consultancy fee
- penalty fee policy
- confidentiality
- ownership of intellectual property, disclosure and/or subsequent use of information
- the evaluation process and the criteria to be applied
  and
- consultants will only be funded to economy class air fares if flights are involved and accommodation will only be funded using rates up to the amount specified for Queensland Public Sector employees.

Arrangements must be established to ensure that transfer of skills takes place from consultants to departmental officers wherever appropriate.

6.8.6 Evaluation of Consultants’ Performance

Evaluations must be completed by the responsible officer before the recommendation for the final payment to the consultant.

For each consultancy, the information listed in FMPM section 2.6.11 Consultancies Register must be collated.

Working papers and supporting documents are to be retained and filed with the performance report.

In addition, the details of all offers and the documentation in relation to a consultancy should be included on a specifically created records file. This is a requirement so that in the event that a grievance is lodged in respect of the selection process for the consultancy, full documentation is available for audit and inspection.

6.8.7 Annual Reporting

A report on the usage of consultants is required to be included in the annual report of the department.

In accordance with:

- section 63 of the FAA
- section 50 of the FPMS
  and
- section 16.1 Annual Report Guidelines for Queensland Government Agencies, issued by the Department of the Premier and Cabinet
total expenditure on consultancies must be included in the annual report, broken down by categories relevant to the department and the total cost.

Data and information to be reported on consultancies should be collected and collated progressively during the consultancy as well as after the completion of the contract, and not left until after the contract has been completed.

Adequate information as to cost by category of business is to be maintained. Categories are to include the following:

- management
- human resource management
- information technology
- communications
- finance/accounting
and
- professional/technical.

A Consultancies Register must be maintained. Refer to FMPM section 2.6.11 Consultancies Register for information regarding the responsibility for the maintenance of this register and the information to be included in it.

The Consultancies Register is to be submitted to the Financial and Asset Accounting Team, Finance Branch, in accordance with the timetable determined by the Team.

**6.8.8 Approval**

Submissions for approval must have the total cost of travel separated from the total for professional services. The submission must specify that the specifications for the contract refer to conditions regarding flights and that approval is sought for the total of both professional services and travel costs.

**6.9 Contractors**

**6.9.1 Use of Temporary Employees**

Contract temporary labour may be hired from time to time to fill short term staffing requirements or the need for specialist skills and the conditions of the hire must comply with relevant Enterprise Bargaining Agreements. The hiring of contract labour may be carried out through a specialist agency or directly with individual contractors.

Where the appointment of a contractor is approved in accordance with the terms of an officer’s delegated authority, a formal contract is to be signed before the commencement of any work by the contractor.

The formal contract will govern the terms of engagement of the contractor and as a minimum must include:
Chapter 6 – Expense Management

- the name of the contractor
- the hourly, daily, or weekly rate of remuneration
- a brief specification of the tasks to be performed
- the name and position of the departmental supervisor
- the anticipated duration of the contract
- the location where the contractor is to be working
- the provisions for termination and relevant notice periods.

Care must be taken in ensuring that the appropriate level of financial approval is obtained prior to extending the services of a contractor beyond the term that was originally approved. If the extension raises the total cost of the assignment above the financial approval limit of the officer who originally approved the contract, the approval of an officer with increased financial delegation must be obtained.

6.9.1.1 Health Service Directive – Terms and Conditions for Contractors providing Health Services and Employees exercising a Right to Private Practice

For information regarding this Health Service Directive – refer to:

6.9.2 Taxation Requirements

Contract services may constitute employee services under the terms of the *Income Tax Assessment Act 1936*.

If it is determined that the contract services fall within the definition of employee services under the terms of section 221A *Income Tax Assessment Act 1936*, the contract must be assessed for taxation purposes before the contractor is paid.

When the correct taxation treatment of a contractor cannot be determined, the details of the contract are to be furnished to the Director, Taxation Unit, Finance Branch, System Support Services Division or his/her delegate for a determination before any payments are made.

6.10 Hire and Leasing

6.10.1 Hire Contracts Vs Leases

Goods and services are hired when they are required for a short period of time and it is not practical or cost effective to purchase them outright.

Leases are usually entered into as a means of financing the acquisition of an asset, which may or may not be purchased at the end of the lease period.

6.10.2 Leases
Chapter 6 – Expense Management

A lease is an agreement conveying from the initial owner (lessor), to the user (lessee), certain rights to use certain property over a specified period of time, in return for a series of payments by the lessee to the lessor.

A **finance (capital) lease** is one which transfers to the lessee substantially all of the risks and benefits associated with owning the leased property, without transferring legal ownership.

An **operating lease** is one where the lessor effectively retains substantially all of the risks and benefits associated with owning the leased property. Examples of operating leases include:

- QFleet motor vehicle leases
- Certain leases of office equipment.

Each lease entered into by the department must be classified in accordance with the above criteria to determine the associated accounting treatment. Further distinctions relating to both types of leases are detailed in:

- FMPM section 6.10.7 Finance Lease
- FMPM section 6.10.8 Operating Lease.

Reference should be made to AASB 117 Leases for additional relevant definitions in relation to leases.

**6.10.3 Lease Approval Process**

All leasing transactions must be conducted in accordance with:

- **Whole of Government Lease Facility**, issued by Queensland Treasury Corporation (QTC)
- **Leasing in the Queensland Public Sector Policy Guidelines**, issued by Queensland Treasury and Trade
- **Office Accommodation Management Framework** issued by the Department of Housing and Public Works.

**6.10.4 Approval of Leasing Expenditure**

FMPM section 8.4 Leases, outlines the various issues and requirements that must be considered prior to seeking approval to enter into a lease.

It should be noted that the HHSs must not, without the prior written approval of the Minister and the Treasurer, grant or take a lease of land or buildings unless the lease is of a type prescribed by regulation – refer to section 20A(2) of the *Hospital and Health Boards Act 2012*.

Authorisation for entering into a lease agreement must be consistent with:

- FMPM section 6.1.7 Authorisation of Expenses
- FMPM section 7.9.3 Non-Current Physical Assets – Acquisition
- the *Queensland Procurement Policy 2013*
• the Department of Health Delegation of Authority Policy and
• Whole of Government Lease Facility, issued by Queensland Treasury Corporation (QTC).

6.10.5 Recording of Leases

A Lease Register must be maintained by each operating unit entering into authorised lease agreements on behalf of the department. Refer to FMPM section 2.6.21 Lease Register for information regarding the responsibility for the maintenance of this register and the information to be included in it.

The department will manage a corporate database containing relevant information regarding current real property revenue leases held within the department.

A register of all leased motor vehicles is also to be maintained.

6.10.6 Lease Vs Buy

A lease versus buy comparison should be conducted when considering funding options. Operational units may procure equipment through leasing arrangements in lieu of direct purchases, where these arrangements provide a better financial outcome for the department. However, prior to any decisions being made, a business case must be developed and submitted to the Director-General or delegate. As a guide, details could be provided regarding the following:

• when the lease is for the whole of the useful life of the equipment, an assessment based on a comparison of the Net Present Value (NPV) of lease payments with the cash cost of the equipment
• when the lease is for a period of less than the whole of the useful life of the equipment, an assessment based on a comparison of the NPV of lease payments plus residual value, with the cash cost of the equipment and
• when the lease is for equipment plus maintenance/consumables, the value of additional items must be separately identified by the supplier in tenders; the assessment is then to be based on the NPV of the lease payments, including additional items, compared with the NPV of the whole of life cost of the equipment.

The QTC offers an advisory service free of charge and should be consulted on material or significant lease/purchases.

It should be noted that, in relation to HHSs, lease or purchase decisions involving land or buildings must be made in accordance with section 20A of the HHBA.

6.10.7 Finance Lease

Assets leased under a finance lease by the department as lessee must be recorded as an asset in the general ledger and in the Non-Current Assets Register and capitalised at the present value of the lease rentals, which, in the majority of cases, will equate to the cost of the asset, when the residual value is guaranteed by the lessee. When the residual value is not guaranteed, the asset and the liability are to be recorded at the fair value of the asset as at the inception of the lease minus the present value of the unguaranteed residual value expected to accrue to the benefit of
Chapter 6 – Expense Management

the lessor at the end of the lease term - refer to FMPM section 7.9.3 Non-Current Physical Assets – Acquisition.

A lease is classified as a finance lease when substantially all of the risks and rewards of ownership are effectively passed to the lessee. Refer to AASB 117 Leases for criteria to be considered in assessing whether or not a lease is a finance lease.

For statutory reporting purposes, the total of finance lease commitments at the year end must be classified into the following periods:

- not later than one year
- later than one year and not later than five years
- later than five years.

The values are to be stated gross, from which the future interest charges are to be deducted, to agree in total with the disclosure elsewhere of the liabilities.

An overview of disclosure requirements is contained in AASB 117 Leases.

Refer also to AASB 13 Fair Value Measurement.

6.10.8 Operating Lease

An operating lease is a lease under which the lessor effectively retains all of the risks and benefits incidental to the ownership of the leased property.

Essentially, an operating lease is any lease other than a finance lease.

Assets held under operating leases are not recorded on the Statement of Financial Position of the lessee.

A non-cancellable operating lease is a lease which:

- can be cancelled only with the permission of the lessor or on the occurrence of some remote contingency
- the lessee, upon cancellation, would be committed to enter into a further lease for the same or equivalent property with the same lessor or a third party related to the lessor
- provides that the lessee, upon cancellation, would incur a penalty of a magnitude that, in normal circumstances, could be expected to discourage cancellation.

The total of non-cancellable operating lease commitments, inclusive of GST, at the year end must be classified into the following periods:

- within 12 months
- twelve months or longer and not longer than five years
- later than five years.
6.11 Repairs and Maintenance

6.11.1 Overview

Before a decision is taken to repair or replace assets, a cost/benefit exercise in writing must be undertaken by the delegated officer before the expenditure is authorised. The asset will only be repaired where it is reasonably certain that the cost to repair the asset will be more economical than to replace it after considering:

- the asset’s replacement cost
- the age and useful life of the existing asset
- the efficiency of the existing asset following repair as compared to the efficiency of a replacement
- the amount of time involved in completing the repair
- funding availability within mandated replacement programs, for example, the Health Technology Equipment Replacement (HTER) program – refer to FMPM section 6.2.22 Health Technology Equipment Replacement (HTER) Program
- the accumulated depreciation and amortisation in relation to the asset’s ‘useful life’ in accordance with FMPM section 7.13 – Depreciation and Amortisation, specifically Asset Table 3.

The Department’s Health Building and Infrastructure Maintenance Policy and supporting Implementation Standards include guidance on maintenance planning, asset replacement and renewal and facility management.


6.11.2 Repairs and Maintenance Defined

Repairs and maintenance refers to the maintenance required to keep the asset in good condition and functioning as required. Repairs falling into this category will not be performed with a "deliberate intention to improve" any aspect with respect to design, efficiency, range, capacity, capability, size or functionality of any asset.

Maintenance and repairs may be carried out on Health Technology Equipment and Information Technology assets but this is managed and recorded separately to building and infrastructure maintenance and repairs.

The department shall also observe the requirements of the Maintenance Management Framework with respect to the maintenance of departmental buildings and infrastructure.

Key objectives of the Maintenance Management Framework are to:
specify minimum requirements for the management of maintenance
ensure that building assets are adequately maintained
ensure that risks to the Government are effectively managed
ensure effective maintenance at agency level
ensure that Government has the necessary information for monitoring the maintenance condition and performance of building assets at a whole-of-Government level
and
ensure that adequate information is available at the operational level.

Mandatory elements of the framework include the requirement for regular and consistent condition assessment and performance reporting activities by agencies. There is also a requirement for agencies to spend a minimum annual amount equal to 1% of building replacement value on building maintenance.

Repairs and maintenance for buildings and infrastructure will be recorded through the appropriate expense account code, in the period in which the expense was incurred. Labour expenses directly related to building maintenance should be included in these cost codes. Major upgrades will most likely be subject to capitalization and so are excluded from this classification.

A suite of Building and Infrastructure Maintenance Key Performance Indicators (KPI) has been developed to provide a performance overview of maintenance activities. These KPI include maintenance performance benchmarks such as the level of expenditure on repairs and maintenance for departmental buildings and infrastructure. It should be noted that targeted KPI are included in the Health Service District Service Agreements.

It should be noted that the Asset Services Unit (ASU), Health Infrastructure Branch, System Support Services reports quarterly on KPI achievement to the System Manager.

Health Service Directives can be located at:


6.11.3 Provisions for Future Maintenance

The creation of a provision for future maintenance of non-current physical assets is not permitted as such action would be inconsistent with the principles of for the recognition of provisions – refer to AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

A provision is a liability and for a liability to be recognised, a past event must have occurred.

6.12 Special Payments

6.12.1 Definition

Special payments are ex-gratia or extra-contractual payments not involving any clear legal obligation for payment. Accounting Policy Guideline - APG 5 Losses and Special
Payments provides further clarification as to those payments that would be classified as ‘special payments’.

Special payments arise from events or transactions that cannot necessarily be contemplated, for example, a damages claim. Special payments include:

- **extra-contractual payments**
  
  although there is no clear legal obligation to make a payment under the terms of the contract, the circumstances are such that a court might hold that an obligation exists, for example, a contractor who incurs additional costs as a result of departmental inaction

- **ex gratia compensation**
  
  payments that are not legally due either under a contract or otherwise, for example, when a payment is made to a contractor on the grounds of hardship because of an excessive loss on a fixed price contract or a patient has suffered due to official failure or delay

- **compensation**
  
  a person may claim compensation from the State if the person incurs a loss because of the exercise, or purported exercise, of a power by or for an inspector including a loss arising from compliance with a requirement made of the person – refer to Part 10, Division 8, Subdivision 2 of the HHBA

- **other payments**
  
  includes gifts and settlements in the nature of damages, whether under a court judgement or not; this would include payments arising out of negligence, incorrect delays and inaction and loss or damage to personal property where the department is held to be liable and

  - out of court settlements.

If, however:

- a claim from an individual or organisation is received
- it is legally avoidable due to the Limitation of Actions Act 1974, that is, where a period of six calendar years has elapsed since the event giving rise to the entitlement to claim on the department

and

- after considering the claimant’s case, the department decides to make the payment nonetheless, as it would otherwise be in order

such a payment is to be regarded as ex-gratia. Any other payment made ‘out of time’ is also to be regarded as ex-gratia.

For departmental purposes, reportable gifts made by the department are special payments. For information regarding reportable gifts – refer to FMPM section 2.5 Gifts and Benefits.
Chapter 6 – Expense Management

A special payment may be made to the Director-General only with the approval of the Governor-in-Council – refer to section 72(2) of the FAA.

Special payments must always be expensed and never capitalised.

Refer also to FAH, Information Sheet 3.6 Expense Management Systems (excluding HR) issued by Queensland Treasury and Trade.

6.12.2 Before Making a Commitment for a Special Payment

Special payments must be authorised strictly in accordance with the Department of Health Financial Delegations. The requirements of FMPM section 6.4 Processing and Payment must also be observed in making special payments.

When negotiations are to be undertaken to make a special payment, the Director-General or delegate should have sufficient evidence and, where applicable, legal opinion regarding the settlement, prior to the approval of a special payment amount. This request is to include the request details as previously mentioned and a legal opinion of the proposed settlement. When settlement within the global approval is agreed between the parties, the Director-General or delegate is to certify acceptance of the settlement.

Refer to FAH, Information Sheet 3.6 Expense Management Systems (excluding HR), issued by Queensland Treasury and Trade, for guidance regarding special payments.

6.12.3 After Making a Commitment for a Special Payment

Details of all special payments greater than $5,000 must be immediately entered into the Special Payments Register - refer to FMPM section 2.6.35 Special Payments Register for the details to be recorded.

The operational unit that prepares the payment for processing must record the payment in the register.

6.12.4 Disclosure Requirement

Section 72 of the FAA permits the Director-General to make special payments from the departmental accounts. Schedule 3 of the FAA defines special payments to include ex-gratia expenditure and other expenditure that is not under a contract.

Section 20 of the FPMS mandates a minimum reporting threshold of greater than $5,000 for special payments. Special payments for less than this threshold may be excluded from the recording and reporting requirements.

Special payments should be disclosed in accordance with Financial Reporting Requirements for Queensland Government Agencies, issued by Queensland Treasury and Trade.

For the purpose of the general purpose annual financial statements, particular attention may be required with respect to payments made after balance date and before the statements are completed. Special payments reporting is by category and the total value of the payments within each category.

Disclosure may also be required regarding any contingent liability – refer to:
• FMPM section 8.1.7 Contingent Liabilities and
• FMPM section 8.9 Contingencies.

6.13 Disbursement of Funds

6.13.1 Disbursement by Cheque

Cheques must not be signed prior to having been drawn in full.

Cheques are to be made payable to a specific payee. Cheques for the payment of goods and services, including various government fees and taxes must be made payable to the specific vendor or agency involved.

Cheques, other than for petty cash and other imprest reimbursements, are not to be made payable to cash or to the operational unit itself. In addition, they must be crossed by two transverse parallel lines with the words ‘Not Negotiable - Credit Account Payee Only’ inserted between.

The cheque amount should be both scripted and written in numerals to prevent alteration. If the cheque is typewritten, the typewriter ribbon must not be lift-off correction type.

Cheques must be issued in numerical sequence.

Cheque signatories must not sign cheques until they have verified:

• that the procedures outlined in FMPM section 6.1.7 Authorisation of Expenses and in FMPM section 6.4 Processing and Payment have been completed and verified by an independent officer and
• that funds are available for payment from the designated bank account.

Cheque signatories are required to avoid signing a manual cheque where the documents on which that cheque is based were approved by the cheque signatory. In those instances where the segregation of duties cannot be applied, the signatory should make a brief notation on the documents as to the reason.

6.13.2 Return of Paid Cheques

It is not a requirement to collect paid cheques. However, where it is deemed appropriate, collection of paid cheques from the banking institution must be by an officer authorised by the operational unit manager.

6.13.3 Telegraphic Transfer

Payments made by telegraphic or bank transfer or automatic clearing house funds require authorisation by an officer with corresponding delegation levels, and authorisation by two authorising officers for the banks online payment system, to sign the request to the bank to make the transfer. The department should ensure that an internal register of the authorising officers on
the bank’s online payment system is maintained by the Banking Administration Officer, Finance Business Centre, FTU.

6.13.4 Credit Cards

Refer to FMPM section 6.5 Credit Cards for details.

6.13.5 Cash

In an exceptional circumstance, where payment is required in cash, a valid receipt must be obtained, without exception, ensuring absolutely, no possibility of a subsequent claim or statement of non-payment.

A valid receipt being dated, signed (name of recipient printed) and clearly stating the amount and the reason for payment.

Where the recipient is not the actual payee but is only acting as an agent for the payee, the name of the payee must be stated as the recipient and the agent must sign as the recipient’s authorised agent.

6.13.6 Payments Generally

Documents that are not in order are not to be processed, but returned to the source for correction or validation.

When accounts for payment are submitted and funds are determined to be available under an applicable cash budget or approved variation thereto, an authorised person (payment approving officer), who has not performed a check indicated above or who will not benefit from the payment and where practicable, did not approve the transaction, will:

- certify, as appropriate, that each voucher or transaction record or the summary report of accounts due for payment have been properly examined and found in all respects to be in accordance with the prescribed requirements under the FAA and any other applicable Act or law and
- pass those accounts for payment from a designated bank account.

Cheques so drawn are to be immediately recognised in the accounting records - refer to:

- FMPM section 6.4 Processing and Payment
- FMPM section 6.13.1 Disbursement by Cheque.

Payments are to be made in accordance with the terms and conditions of supply unless an invoice is in dispute. When a discount period is stated and the discount is taken, the payment must be remitted so as to be received by the payee within the discount period. Payment terms are covered in FMPM section 6.4 Processing and Payment.
6.14 Travel Expenses

6.14.1 Overview

‘Official travel’ is travel conducted on behalf of the department and it is travel attributable to the work of the officer.

Travel for professional development is considered to be travel for work purposes because there is a link between the education or training and the work of the officer.

Official travel must:

- advance the achievement of Queensland Government priorities
- benefit the business of the department
- be undertaken only after exploring alternatives to travel
- not duplicate activities of other agencies
- be undertaken at the most advantageous price and service level.

Non-employee travel means official travel on, or in relation to, departmental business where travel costs are fully or partially met by the department. This includes Patient Travel Subsidy Scheme (PTSS) patients and their escorts whose travel costs are fully or partially met by the HHS – refer to FMPM section 6.14.3 Patient Travel.

The Department of Health Travel and Accommodation Policy and associated standards apply to Senior Medical Officers utilising their Professional Development Allowance when the costs of travel are:

- for the purpose of professional development
- funded partially or fully by the department or a HHS
- subsidised using the Right of Private Practice Study, Education and Research Trust Account (SERTA).

In accordance with the provisions of the Queensland Procurement Policy 2013, additional personal benefits gained through incentive schemes, for example, Diners Club cards, American Express cards, gifts and similar rewards, must not be accepted personally with respect to official travel - refer to FMPM section 2.5.7 Gifts and Benefits Received.

6.14.2 Policy and Objective

Officers are to use minimal external travel facilities and keep other travel expenditure, including use of pooled vehicles, to a minimum.

Unnecessary travel must be avoided. Alternatives to travel, including teleconferencing and videoconferencing, should be considered prior to travelling.
The objective is to control travel expenses and to ensure that all travel and travel related expenditure is in accordance with the Code of Conduct for the Queensland Public Service.

The requirements of both the whole of Government and departmental policies, procedures and standing offer arrangements are to be followed. Reference should be made to the following:

- Queensland Government Air Travel Policy
- Department of Health Travel and Accommodation Policy and associated Standards and Procedures
- the current: 
  - Domestic Travelling, Relieving and Living Expenses Directive
  - International Travelling, Relieving and Living Expenses Directive, issued by the Public Service Commission
- The Treasurer's Guidelines for the Use of the Queensland Government Corporate Purchasing Card, issued by Queensland Treasury and Trade.

6.14.3 Patient Travel (for noting)

6.14.3.1 Authorisation

Patient Travel Subsidy Scheme (PTSS) expenditure is classified as non-recurrent expenditure – refer to FMPM 6.20 Recurrent and Non-recurrent Expenditure.

PTSS approval requires two types of approval:

- clinical authorisation based on the patients clinical need to travel to access services is given by the Medical Superintendent (or equivalent) of the public health facility; this PTSS authorising employee is to have appropriate clinical authority and experience to determine expenditure based on clinical requirements
- approval of the PTSS application is given by the completion of the relevant section on the PTSS Application Form; the relevant section must have the Medical Superintendents (or equivalent) signature, full name and title and be dated at the day of approval; these details must be completed in a legible format and be in close proximity of each other
- financial authorisation to incur expenditure is to be given by an Authorised Expenditure Approval Officer with appropriate non-recurrent financial delegation according to the departmental/HHS Financial Delegations for Expenditure and Losses and Special Payments
- Authorised Expenditure Approval Officers may not transfer or sub-delegate their expenditure authority, that is, an employee officially relieving or acting in a position inherits the financial delegation for that position, but when an employee is absent the financial delegation cannot be assumed by another employee – refer to FMPM section 10.2 Financial Delegation.

Both clinical and financial approval is required to approve the PTSS. One employee can provide both approvals provided they meet all requirements.

Improper performance of responsibilities may result in disciplinary action being undertaken against the employee concerned under section 187 Public Service Act 2008.
6.14.3.2 Booking

It is preferred that commercial travel bookings (air, bus and coach) be made through the Travel Hub or equivalent area. The requirements of the HHS Purchasing Procedures and standing offer arrangements are to be followed. This allows the HHS to achieve the best value for money and to use standing discount arrangements with service providers.

For commercial travel bookings completed externally, the reimbursement amount is to be that which would have been obtained had the HHS completed the booking by booking the best fare of the day.

Accommodation bookings may be booked through the Travel Hub or equivalent area or by the PTSS patient.

Air travel for PTSS patients is to be by the most cost-effective route including by the most direct and practical means.

6.14.3.3 Processing subsidy payments

Advance PTSS travel and accommodation subsidy funds are not to be given.

Employees must ensure that the PTSS subsidy payments are correct and the account, cost centre codes and other information to facilitate data processing is correct and complete.

The processing of PTSS subsidy payments is to be commenced only after the full and correct invoice and other required documentation is received by the local health facility.

PTSS subsidy payments are to be made within a payment term of 30 days.

Tax invoices are required in accordance with GST legislation and must contain the necessary information as detailed in the GST Business Procedure – Tax Invoices. Employees must ensure that the appropriate tax code is applied when processing PTSS payments – refer to GST Business Procedure for the PTSS.

Original invoices must be obtained. However, if the original invoice has been lost or destroyed, a duplicate of that invoice/claim must be obtained, certified and authorised in the same manner as for the original invoice/claim.

General Purpose Vouchers must contain the following:

- the payee’s name and address
- the reference/voucher number
- the expenditure amount, tax code, general ledger code and cost centre code
- the particulars of goods or services received are certified
- the approval signature of both the Authorised Accounting Officer, Authorised Expenditure Approval Officer and the Certifying Officer when applicable
  and
- the date.
Appropriate PTSS documents (such as the PTSS Application Form and associated documents) must be attached to the General Purpose Voucher in support of the payment including the following information:

- the purpose of the trip
- expenses itemised on a daily basis
- original receipts
- the tax invoice and evidence of payment
- the approved travel authorisation
  and
- a certification that the official travel was taken in accordance with the itinerary.

In addition, where applicable, the mileage subsidy calculation sheet should also be provided. PTSS mileage subsidy figures are to be derived using whereis.com for all patients. When using whereis.com to calculate PTSS claims, it is recommended that the option of “Fastest without Tolls” is selected.

The Medical Superintendent, or relevant Clinical Director (where available) must approve all PTSS applications.

Patients applying for PTSS for the first time should have their eligibility and subsidy assessed using the whereis.com calculation method.

If a patient who is currently receiving, or who has previously received PTSS believes that they have been disadvantaged as a result of using the whereis.com model (following its introduction on 17 December 2010), PTSS employees may continue to pay a subsidy equivalent to the amount the patient would have received prior to the introduction of whereis.com. This is to be assessed on a case by case basis.

Supporting documentation verifying the source of the distance figures used is to be attached to any transaction, or filed centrally within each PTSS office.

The certification by the treating Medical Specialist on the PTSS Application Form is sufficient certification that travel was undertaken for the purposes of receiving specialist medical services and in accordance with the itinerary.

Also, if the above required information is not on the PTSS Application Form, other attachments which verify this are to be attached.

Payments must be paid in accordance with FMPM section 6.4.10 Processing Payments.

6.14.3.4 Health Service Directive – Patient Travel Subsidy Scheme

For information regarding this Health Service Directive – refer to:


6.14.4 Employee Travel Approvals - Domestic
6.14.4.1 Director-General

From a performance and accountability perspective, intrastate and interstate travel, accommodation and related expenses for the Director-General must be approved by the Minister.

A Director-General’s Domestic Travel Register is to be maintained to record travel details as follows:

- the Director-General’s name
- the purpose of the meeting or title of conference
- the date of the meeting or conference
- the dates of travel
- the destination/location of the meeting or conference
- total travel and accommodation costs
- the date of approval by the Minister.

Refer to FMPM section 2.6.10 Director-General’s Domestic Travel Register.

6.14.4.2 All other employees

All official travel undertaken by officers must have both HR and financial delegate approval, as authorised by the Director-General. In addition to HR approval, the ‘one up’ approval system applies. The financial delegate must be listed in the Financial Delegations Register and have responsibility for the budget to which the travel is being charged.

6.14.5 Employee Travel Expenses – Domestic

An officer who is required to:

- travel on official duty
- or
- to take up duty away from the officer’s usual place of work to relieve another officer or to perform special duty

shall be allowed actual and reasonable expenses or allowances for accommodation, meals and incidental expenses necessarily incurred by the officer as provided in Directive 9/11 Domestic Travelling and Relieving Expenses issued by the Public Service Commission.

The Director-General or delegate may determine the method of payment of travelling and relieving expenses or allowances for officers. For the options available to the Director-General or delegate – refer to Directive 9/11 Domestic Travelling and Relieving Expenses issued by the Public Service Commission. A combination of any of the options may be used.

If an officer has specific reasons or believes that they will be financially disadvantaged by a particular method of payment, they may apply as a special case to the Director-General or delegate for payment by a different method.

Where the officer is to be paid travelling or relieving allowances or will be claiming reimbursement of actual expenses, the officer may be granted an advance of up to one hundred percent of the
Chapter 6 – Expense Management

estimated costs.

Approved expenses, incurred by an officer while performing official duties, are to be promptly claimed by the officer and processed by the department as an expense. The entitlement to expenses and the rates and allowances payable is prescribed by the Award and conditions under which officers are engaged.

Supervisors/financial delegates are responsible for ensuring that expenses claimed:

- are for legitimate purposes and for travel that has actually occurred that was appropriately approved and
- are in accordance with the conditions of employment and the department’s policy.

Travel approval must be obtained prior to any bookings being made. Evidence of the approval or itinerary is to be attached to the Staff Expense Claim form. The Staff Expense Claim form and supporting documentation in respect of actual expenses must contain the following information:

- **the purpose of the trip which must be clearly defined** expenses which are to be reported and itemised on the claim form on a daily basis
- original invoices and receipts which are required for expenses
- hotel accounts and evidence of payment which are to be attached when seeking reimbursement
- the approved travel itinerary which is to be attached
- expense claims in respect of airline or coach travel which is to include tickets and, where available, boarding passes and
- a certification that the official travel was taken in accordance with the approved itinerary (this is incorporated in the Staff Expense Claim).

A statutory declaration is not sufficient to replace the foregoing requirements. However, if a statutory declaration is produced to evidence that travel had occurred and expenditure had been incurred, a travel allowance may be paid instead of an expense reimbursement. Travelling allowances paid to an officer must be acquitted by the officer. The acquittal (Staff Expense Claim form) must contain the following information:

- evidence of the approval which is to be attached to the Staff Expense Claim form
- the purpose of the trip which must be clearly defined if this information is not within the letter of approval and
- a certification that the official travel was taken in accordance with the approved itinerary.

Where an allowance has been paid, there is no need to verify the expenditure of the allowance.

No officers may authorise or approve the payment of allowances or expenses to themselves.

Once the proposed travel has been authorised by an appropriate delegated officer/s payment should be approved by the financial delegate.

Bookings must be made through the local travel co-ordinators for both domestic and international travel. The requirements of the Department of Health Purchasing Policies and Procedures should be used as a guide and standing offer arrangements must be followed.
**Travel and medical insurance.** Travel and medical insurance is not normally required by officers for domestic travel.

For further information regarding domestic air travel – refer to the Whole-of-Government Air Travel policy.

Refer also to FMPM section 6.21.2.1 Travel Claims, and 10.2.2.1 Requisition and expenditure approval.

**6.14.6 Travel Approvals and Expenses - Overseas**

The Department of Health Overseas Travel and Accommodation Standard and Procedure documents set out the requirements and process associated with overseas travel. Approval to travel overseas is required if any of the following occur:

- an individual is seeking to represent the department at a conference/meeting or has been invited or requested to represent the department at the same
- an individual is seeking to use departmental funds to cover some or all of the costs associated with overseas travel; departmental funds include trust funds and Commonwealth grants
- an individual is seeking to use conference leave to attend a conference/meeting
- the department is funding international guest speakers to attend a departmental forum
- the department is funding some or all travel costs associated with international job candidates being transported to the department’s facilities for interviews and/or site visits and
- the department is funding some or all travel costs associated with returning a patient to their home/hospital overseas from a departmental facility.

Approval to travel overseas is NOT required if any of the following occur:

- the traveller is not representing the department in an official capacity (travelling for personal development only) AND no departmental/trust funds/Commonwealth grants are being used to cover costs (self-funding and/or funded externally)
- Senior Medical Officers using Professional Development Leave and Professional Development Allowance to attend a conference/meeting, for example, for personal development as outlined in Health Practitioners QH Professional Allowance and Development Leave HR Policy C42 (not seeking ANY funds or reimbursement from the Department of Health for the travel)
- the department is funding travel costs for new officers (from an international destination) to allow them to begin work with the department (covered by Directive 11/11 – Transfer and Appointment Expenses, issued by the Public Service Commission)
- if an individual is on leave from the department and chooses to attend and/or present at a conference, this is NOT considered to be official travel, as long as the person:
  - is not using departmental funds, trust funds or Commonwealth grants to fund any part of the travel
  - has not been asked to represent the department in an official capacity

  or
Chapter 6 – Expense Management

- is not intending to use conference leave during the conference period.

If an individual's private travel while on leave is funded by an external agency, the gift must be noted on the Gifts and Benefits Register – refer to FMPM section 2.6.16 Gifts and Benefits Register.

6.14.6.1 Entitlement to travelling allowances and expenses

An officer’s entitlements to travelling allowances and expenses shall be in accordance with Directive 10/11 International Travelling, Relieving and Living Expenses, issued by the Public Service Commission.

6.14.6.2 Additional travelling expenses

The following travelling expenses, in addition to those contained in the directive, may be considered for payment:

Tips and gratuities. In instances of overseas travel, where expenditure associated with tips and gratuities is an accepted custom or practice of the country, reasonable payments may be made.

Private telephone calls. Private telephone calls which are made while an officer is travelling overseas shall be paid for personally. The only exception is where an officer telephones his or her home.

6.14.6.3 Personal expenses

Personal expenses incurred, while travelling overseas on official business beyond the member’s entitlement, shall be paid by the member. Under no circumstances, shall personal expenditure be charged to any departmental credit card while undertaking official business.

6.14.6.4 Vaccinations

Officers shall receive the relevant vaccinations advised by the consular travel advisories. The department shall pay for all vaccinations.

Where an officer may not be able to be vaccinated, the Director-General or delegate shall assess the risk before approving any overseas travel.

6.14.6.5 Travel insurance

Persons travelling on official overseas travel shall have comprehensive travel insurance that includes adequate medical cover. Wherever possible this insurance should be purchased through Queensland Health travel officers. Where insurance has not been purchased through QH travel officers, a certificate of insurance should be provided to travel officers

6.14.6.6 Gifts

Care shall be taken to ensure that costs associated with the purchase and making of gifts and the responsibilities associated with the acceptance of gifts are incurred in accordance with:

- Public Service Commission Directive No. 22/09 Gifts and Benefits
- Public Service Commission Guideline on Gifts and Benefits
and
• FMPM section 2.5 Gifts and Benefits.

6.14.7 Travel Advances

• Travel advances must not be provided to persons who are not officers or not acting in the capacity of an officer unless it is a condition of a contract.

Travel expense advances are paid to officers when they are travelling on official or on approved business. Usually, the advance is intended to cover all costs that will be incurred and paid by the traveller. The advance is to be paid at a standard daily rate in accordance with the current Travelling, Relieving and Living Expenses Directives, issued by the Public Service Commission, and is to be charged to a general ledger advance account.

• Claims for advances are to be submitted to the paying office a minimum of three full working days prior to the officer’s departure.

• The payment for the advance is to be received by the claimant no more than two days prior to that officer’s departure.

• Urgent advances can be processed in less time provided the relevant manager approves them in writing.

• Recipients are responsible for the safe custody of advanced moneys and for ensuring that the advance is used only for the purposes for which it was intended, that is, expenses relating to official duties.

All advance payments must be acquitted within 14 days on completion of the travel. An acquittal must be submitted on a Travel Claim Voucher whether or not a balance is payable by or due to the claimant. Claims for the excess must include documentation for the total expenditure and not merely the excess. Where travel advances remain unacquitted in excess of 14 days, further travelling allowance payments may be withheld. Prior approval of an extension of time is to be granted using the ‘one up’ rule.

• Advances for travel deferred for more than seven days from the commencement date shown on the advance request must be returned to the department and acquitted with a fresh advance sought when a new date for the travel is known. Advances for cancelled travel are to be acquitted immediately.

If for any reason, for example, a change in the officer’s travel plans, part of the advance is refundable, the officer is to submit the necessary documentation and arrange repayment to the department.

When the acquittal is processed the travel advance account should be cleared and appropriate ledger accounts charged with the expenses through an expenditure transfer voucher.

6.14.8 Air Travel

Air travel should be purchased in line with whole of government supplier arrangements.
Officers are expected to travel by the most cost-effective route and means from origin to destination. Additional accommodation costs and waiting times should also be taken into consideration when evaluating cost-effectiveness.

Prior approval from the Director-General or delegate or Minister (as appropriate) is required for officers to upgrade to business class travel where:

- the officer is accompanying the Minister or the Director-General
- there are health and safety issues
- or
- the customer, or outside group are travelling business class or first class and similar arrangements are in the best interests of the department.

The approval is to be attached to the travel authorisation.

The cost of upgrades to first class or business class under Frequent Flyer and other similar programs is not reimbursable.

Meal allowances may not be claimed when meals are provided in flight. Reference should be made to the departmental policies and standards on the Travel and Accommodation Information Service webpage on QHEPS.

### 6.14.8.1 Excess baggage

Officers should consider alternatives to paying excess baggage such as couriering or posting material prior to departure. Personal excess baggage is to be paid for by the traveller when not directly related to official travel.

### 6.14.8.2 Air travel indemnity

The Air Travel Indemnity Policy relates to cover for officers who are injured or killed in an aircraft accident while on official duties.

### 6.14.8.3 Loyalty programs - Frequent Flyer and Fly Buy Points

Officers and employees (including persons under contract acting in an official capacity) when travelling are able to retain frequent flyer points accrued at public expense and are responsible for deciding how they make use of any accrued points.

It is imperative that ethical decisions are made and that:

- employees continue booking air fares at competitive rates
- employees are not favouring one airline over another (to the detriment of budgets) based on their membership of a particular airline’s frequent flyer program
- air travel is being kept to reasonable levels
- employees are not pursuing excessive travel with a view to maximising the accrual of frequent flyer points.

Such systems include, but is not limited to, the Frequent Flyer and Fly Buy points.

### 6.14.8.4 Carbon offsets
Carbon offsets must be purchased for all Queensland government air travel. The Queensland Government Chief Procurement Officer is responsible for the carbon offsetting of air travel.

6.14.8.5 Transport to and from Brisbane Airport

Officers are to use the Airtrain service when travelling to and from the Brisbane central business district and Brisbane’s airport terminals during the operating hours of the service. Any exception to this policy is to be approved by the officer who authorised the travel and shall be based on evidence that it is impracticable to use the Airtrain service.

Valid grounds for exemption include:

- value for money (where there are a number of people to be transported and the cost of a taxi service is less than that of the Airtrain service)
- a significant quantity of goods are being transported in addition to personal luggage and
- an officer is physically unable to use the Airtrain service.

6.14.8.6 Travelling on government aircraft

For information regarding travelling on government aircraft – refer to the guidelines for the use of government aircraft for official transport issued by the Premier.

6.14.8.7 Charter services

Charter services shall only be used where there are no regular passenger transport services for the intended destination and where there are no alternatives to such travel or otherwise as directed by the Director-General or delegate.

Where air charter travel is required, the department shall ensure that the charter service has a current Air Operator’s Certificate issued by the Civil Aviation Safety Authority.

6.14.8.8 Workers compensation insurance

An officer, whose principal place of employment is in Queensland and who is travelling, either on domestic or overseas travel for official purposes, is entitled to worker’s compensation cover. The compensation claim should consider the injury as if it had happened in Queensland.

6.14.9 Motor Vehicles

Officers who ‘home garage’ departmental vehicles are required to reimburse the department for ‘go via tag’ or ‘go via video’ charges for their personal travel; these charges have fringe benefits tax implications.

Personal or rented vehicles may be approved for use on departmental business under the following policies.

Officers should assess the most economical form of transport where long distance travel is required, that is, pool vehicle versus rental/hire vehicle. Use of hire vehicles must be from departmental preferred suppliers.
Chapter 6 – Expense Management

Personal commuting from the officer’s residence to the principal place of employment is not reimbursable and advance approval must be obtained from an immediate supervisor or another departmental manager when a private or rented vehicle is proposed to be used on departmental business from the point of employment or residence. The officer’s expense vouchers must list all places visited and the details of kilometres travelled.

The officer’s vehicle must have current registration, which will also ensure that the compulsory third party insurance is current, protecting the driver from any liability for personal injury to third parties.

Officers using private vehicles for business travel must carry third party property damage insurance as an absolute minimum - refer to Directive 14/10 Motor Vehicle Allowance issued by the Public Service Commission.

Comprehensive insurance is the preferred form of cover and the ‘purpose of use’ provisions must include or allow for a component of business use, and not be restricted absolutely to private use. The business use clause/s in the policy must cover the use of the vehicle on the employer’s business, to ensure that the vehicle is adequately protected.

Excesses included in any policy required are entirely at the discretion of the respective officer. However, under no circumstances will the department reimburse any excess in the event of a claim arising out of an accident that occurred while the vehicle was driven on departmental business. If the officer elects to pay a higher excess in order to reduce the premiums, the officer is also electing to assume more of the risk in the event of an accident, and is taken to do so knowingly.

Officers authorised to use private vehicles for business travel are to be reimbursed on a kilometre basis plus tolls and parking costs. The rate of reimbursement is subject to change in accordance with Directive 14/10 Motor Vehicle Allowance issued by the Public Service Commission.

Motor vehicle kilometre reimbursement figures must be derived using whereis. The distance calculation tool can be located at http://www.whereis.com/.

Supporting documentation verifying the source of the distance figures used must be attached to any transaction where a kilometre reimbursement is paid.

When determining the distance travelled, the directive requires, “using the most direct practicable route”, as a basis for the calculation of the amount of the allowance/reimbursement. When using whereis.com there are four options:

- Fastest with tolls
- Fastest without tolls
- Shortest with tolls
- Shortest without tolls.

It is immaterial which method is used. If claiming tolls, valid receipts must be produced to substantiate the claim.

Where a fully maintained private plated motor vehicle is provided to an officer, it forms part of the official fleet and during the course of any normal working day must be made available to other officers for official travel purposes.

Refer also to FMPM section 6.21.2.2 Use of private motor vehicles.
6.14.10 Use of Car Hire, Taxi and CabCharge

The use of a taxi must only be for official purposes. Long distance taxi travel is not permitted, for example, Brisbane to the Gold Coast, even where the circumstances are that no official car is available. The term ‘official purposes’ does not include general travel to and from work and home or temporary accommodation while on secondment.

Policies with respect to fleet management can be accessed on QHEPS and cover the following topics:

- Department of Health Vehicles – Management and Use
- Parking of Private Vehicles on Official Premises.

Where available, shuttle bus services and pooled vehicles are to be viewed as options before the use of taxis.

Where the use of a private-plated system vehicle would be permissible in private or personal circumstances, a taxi is not to be used.

The use of limousine services is not permitted.

When CabCharge vouchers are used, receipts are to be obtained from the driver, and retained by the officer designated with the clerical management of the vouchers within the operational unit. The purpose of the trip must be noted on the receipt and signed by the officer who made use of the taxi service.

When CabCharge vouchers are used, the purpose of the trip is to be recorded on the voucher, a copy of which is to be returned to the department with the account statement for payment. Brief details should also be written on the stub. The passenger’s name must be printed on the voucher under the signature and the cost centre to be charged for fares incurred is to be recorded to enable proper responsibility for payment and accounting to be identified.

When a CabCharge eTicket is used, a second copy of the receipt must be requested and retained. The receipts are printed automatically, but the first copy is signed by the officer and retained by the taxi driver. The second copy is only issued on request. The printed receipt will contain details of the trip and the cost. The second copy of the receipt must have the passenger’s name written on it by the passenger, and it must be given to the officer designated with the clerical management of the eTickets within the operational unit. That officer should record the name of the passenger at the time of issuing the eTicket in the CabCharge Docket Books and eTicket Register – refer to FMPM section 2.6.7 CabCharge Docket Books and eTicket Register. The register must be reconciled with the monthly statement received from the taxi company.

The following are the guidelines relating to the circumstances when it is considered appropriate to use a taxi:

- when a ‘shuttle bus’ or equivalent service is unavailable or uneconomic or is impractical
• when the expense is necessarily incurred for the provision of a departmental service
• when the use of a taxi is efficient and is required to facilitate the timely performance of a departmental service
• when public transport is unavailable, uneconomic or is impractical
• when departmental vehicles are unavailable, uneconomic or impractical to use
• when the use of hire vehicles is uneconomic or impractical
and
• when there is no other more efficient or cheaper practical alternative available taking into consideration factors such as cost and time, for example, private car usage or courier services.

It is the responsibility of the officer utilising taxi transport to ensure that a taxi is used only in accordance with departmental policy, after taking into consideration the above guidelines. When practical, prior approval is to be obtained for use of taxi transport from the operational unit manager or nominee.

It is also the responsibility of the officer utilising taxi transport to ensure that policies and procedures are complied with.

6.14.10.1 Use of taxi docket

Vouchers must be coded with the relevant cost centre and account number for each cost centre. When the voucher is retained by the driver, the docket stub or other receipt must be coded.

When new voucher books are received, they are to be immediately recorded in a register by the nominated officer – refer to FMPM section 2.6.7 CabCharge Docket Books and eTicket Register. This officer will arrange the distribution of all booklets to other areas and will record the distribution in a register.

Taxi voucher booklets are not supplied by taxi organisations directly to departmental officers other than to a nominated officer.

Before any docket is issued to any officer, the docket and butt must, wherever possible, be authorised by the appropriate operational unit manager or nominated officer and be completed with the following:

• the date of issue
• the details of travel, that is, From/To and purpose
• the printed name of the officer using the voucher
and
• the authorisation recorded on the butt.

No officer should be issued with a taxi docket unless he/she has met all of the responsibilities with respect to any previous taxi docket usage.

A periodic review should be undertaken by the operational unit manager, or by an appropriate nominated officer, to ensure that docket used to date were for official purposes. The officer must initial and date the front cover of the taxi docket book as evidence of this internal check function.

The following procedure is the responsibility of the officer using the taxi docket:
Chapter 6 – Expense Management

- when the officer arrives at the destination, the following details in the docket must be completed:
  - the cost of the trip
  - the taxi number
  - the time of arrival at the destination
  - the signature of the officer

- on returning to the cost centre, the officer must:
  - ensure that the cost of the trip, as per the receipt, is recorded on the butt, or attach the receipt to the butt
  - if dockets are issued and are not used, clearly mark unused dockets as ‘Cancelled’ and attach the dockets to the butt.

6.14.10.2 Payment of monthly taxi accounts

Operational unit managers are to ensure that the separate monthly account in respect of taxi use is processed in their respective areas prior to forwarding it to Accounts Payable, FTU, for payment and to include the checks listed below:

- before the payment of the monthly taxi account, the officer issuing dockets is to certify that the use of taxi transport was necessarily required for official purposes and that it was the most economical means of transport available in the circumstances for the continued provision of services - refer to FMPM Appendix 9, Taxi Usage Certification

- where possible, the officer within each operational unit controlling the distribution of taxi vouchers is not to be involved with the payment of the monthly taxi account

- before authorisation for payment, taxi dockets returned by the taxi contractor must be checked; where it is not cost effective to check all taxi dockets, a sample of taxi dockets is to be checked against the invoice to ensure that the following agree:
  - the cost shown on the butt matches the cost shown on the docket and on the monthly account
  - the dockets are signed by the person issued with the dockets
  - evidence of checks in the form of an initial or signature is to be placed on each butt checked for the period
  - taxi dockets referred to in dot point 2 above must be crossed referenced, and securely attached to the voucher
  - used taxi docket butts are to be retained by the operational unit and kept in a secure location for five years.

6.14.10.3 Reimbursement through petty cash
Reimbursement through petty cash may be used where the volume of taxi usage is considered to be low and the voucher system is not practical or available. Claims for reimbursement must be supported by valid doockets and receipts.

**6.14.10.4 Lost or stolen CabCharge etickets**

If a CabCharge eticket or charge is lost or stolen, the following officers are to be notified immediately:

- the relevant CabCharge eTicket Distribution officer
- the accountable forms holder, who shall inform CabCharge Australia Ltd quoting the appropriate account number.

The department remains liable for all charges up to a maximum of $1000.

**6.14.11 Fringe Benefits Tax (FBT) Reporting**

The department will comply with the requirements of the *Fringe Benefits Tax Assessment Act 1986*. When an officer extends official travel to private travel, the department will pay the cost of the official travel only.

A residual benefit declaration form is to be completed for all short term car hires of less than five working days, not including a weekend. If the hire includes a weekend, the logbook should also be attached. The officer then needs to provide the completed documents to the local FBT team within fourteen days of the return to work.

Refer to the Department of Health Travel Policy, Standards and Procedures on the Travel and Accommodation Information Services page on QHEPS for information regarding FBT reporting.

**6.14.12 Accommodation, Meals and Incidentals**

If an officer is required to undertake official travel, he/she is entitled to reimbursement for costs incurred in relation to accommodation, meals and incidental expenses.

Travel claims can be either reimbursement of actual and reasonable expenses or the payment of allowances as provided in the current Domestic Travelling and Relieving Expenses Directive, issued by the Public Service Commission.

Meals and incidental expenses incurred whilst on an official business trip can be charged against the Corporate Card. However, if an employee pays for their meals and incidental purchases using the Corporate Card the employee cannot also claim the meal and incidental allowances. This doubling up would in all likelihood constitute fraud, which would be referred to the Ethical Standards Unit of the Department of Health for investigation and recommendation.

Accommodation costs and meal and incidental expenses are to be kept to minimum reasonable limits and in line with prescribed allowances:

- within the whole of government directives as published by the Public Service Commission, such as:
  - Directive 9/11 Domestic Travelling and Relieving Expenses
  or
Chapter 6 – Expense Management

- Directive 10/11 International Travelling, Relieving and Living Expenses, or if the above directives are unavailable or require further clarification,
- to be guided by the Australian Taxation Office – Tax Determinations such as:
  - Taxation Determination 2013/16 - Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2013-14 income year?.

The use of extravagant accommodation is expressly prohibited and a provider from the Queensland Government Preferred Supplier list should be selected where applicable.

Any accommodation charges in relation to private travel are not to be charged to the department. Any personal expenses (movies, massage, minibar and similar expenses) that appear on an account, where the accommodation is booked for official purposes, are to be paid for by the officer concerned.

Accommodation organised and booked through the local travel co-ordinator must not be upgraded to better accommodation unless prior approval has been obtained. The appropriate delegate for approval of a higher level accommodation venue is the Director-General or delegate. Without the appropriate approval, the additional cost of upgrading accommodation will be personal expenditure.

While an officer is travelling on official business, accommodation may be paid for:

- as a charge back through the department’s official travel service provider
- by way of the official travel credit card if the officer is a card holder; this would normally only apply to overseas travel or in emergency circumstances
- from the officer’s personal funds, to be reimbursed for the actual cost or the prescribed allowance at a later date
- or from moneys provided in a travel advance.

When actual expenses are claimed, expenses must meet the test of being official, necessary and reasonable and should be incurred on a conservative basis. Officers should make stringent efforts to keep within the daily allowances for accommodation, meals and incidentals, as outlined in the current Domestic Travelling, Relieving and Living Expenses Directive, issued by the Public Service Commission. Claims must be substantiated by original tax invoices or receipts.

Reimbursement for actual charges that are higher than the prescribed amount as set out in the current Domestic Travelling and Relieving Expenses Directive, issued by the Public Service Commission, is allowable provided approval is sought prior to the travel or the cost being incurred. Approval should be obtained from the relevant financial delegate and subject to the ‘one up’ rule.

A meal allowance claim can not be made in relation to a meal that is provided as part of fees already paid, for example, the expense of a catered meal at a conference which is included in the cost of the conference or as part of the accommodation fee in a hotel.

Daily travelling allowances or actual and reasonable expenses are to be met from the particular budget of the officer’s work area.

All travel claims must be approved by an officer with the necessary financial delegation, as well as having a supervisory role over the officer making the claim, that is, the one up rule.
Refer to the Department of Health Travel Policy, Standards and Procedures on the Travel and Accommodation Information Services page on QHEPS.

Where accommodation charges exceed the prescribed amount as set out in:

- **Directive 9/11 Domestic Travelling and Relieving Expenses**
- or
- **Directive 10/11 International Travelling, Relieving and Living Expenses**

issued by the Public Service Commission, the officer may, upon the production of receipts, be granted reimbursement of expenses considered to be reasonable by the Director-General or an appropriate officer having the required financial delegation and seniority. Approval must be obtained before expenses above the prescribed rate may be incurred either directly by the department, or by reimbursement to an officer. The officer claiming reimbursement must submit supporting documentation and outline the amount of the costs for particular items such as the cost of accommodation. Approval may be given by the operational unit manager, subject to the ‘one up’ rule.

### 6.14.12.1 Employee travel expenses - international

There is no set meal allowance when travelling overseas. Officers must obtain a receipt for each meal and any other applicable expenditure for which they seek reimbursement.

### 6.14.12.2 Associates’ travel expenses

For the purpose of this section, the term ‘associate’ includes the spouse, child, relative or friend of the officer concerned.

Only in exceptional circumstances and specifically approved by the Minister, Director-General or approved delegate, and where the attendance of an associate is of demonstrated benefit to the State, the travel and related costs of such a person may be paid or reimbursed by the department.

Generally, where an officer is accompanied on official travel, the department would not be expected to meet the costs of:

- fares for the associate/s
- additional accommodation charges beyond those costs associated with the arrangements for the officer
- meals, drinks and incidentals for the associate/s
- or
- laundry, dry cleaning and grooming costs for the associate/s.

The exchange of a higher class ticket for a lesser class of travel in order to assist with travel costs for an accompanying person is not permitted.

### 6.14.12.3 Non-Queensland Government employee travel

The same authorisation procedures and criteria apply when engaging a non-Queensland government employee in travel as for an officer. The non-Queensland Government employee is entitled to the same travel entitlements as a departmental officer.
6.14.12.4 Recall to duty while on leave

Expenses incurred in respect of fares and accommodation may be allowed as a result of a recall to duty, but only those additional to the expenses which would normally have been incurred while on private travel. Where an officer is recalled to duty, that portion of the travel is deemed to be official travel and expenses incurred shall be refunded proportionately by the Department.

The Director-General or delegate must approve any proposal for an officer to be recalled to duty while on private leave.

6.14.13 Overseas Travel Reporting

Officers, including senior officers and executives, and officers acting in that capacity, are required to provide a report to the Director-General or delegate, within fourteen days following the completion of any overseas travel, on the results of the travel, excluding personal travel undertaken while on leave during the period of official travel.

The report must include details of the results of any seminars and conferences attended, and how the travel has assisted in the achievement of the government’s objectives. Claims for reimbursement of expenses will not be accepted for processing until the report has been received by the Director-General or delegate.

The Department of Health Travel and Accommodation Standard notes that failure to submit an overseas travel report will adversely impact approval of future overseas travel submissions.


This section is relevant to expenses incurred by officers travelling overseas, in the situation where the expense was not charged to a credit card and, therefore, is to be reimbursed or applied against a travel advance to determine the amount to be refunded by the officer or reimbursed to the officer. It applies to the conversion from the overseas currency into Australian currency for the joint purposes of payment and accounting for the expense.

The issue does not arise with expenditure charged to a credit card as the monthly statement will have the transaction already converted into Australian dollars. The conversion rate used on the credit card statement should not be availed of because it will include extra commissions and will have been determined at a different time. It may, certainly, be used as a guide, however.

The officer is requested to maintain a travel diary to include the details of the exchange rate at the time of the transaction. This must occur for each and every currency used, as appropriate to the transaction. The expenditure will then be reimbursed or applied to the travel advance by making use of those rates derived by converting the foreign currency to Australian dollars.

In dealing with foreign currency transactions, two conversion (exchange) rates are available. The selling rate is the rate quoted by a financier to sell the currency to the customer. The buying rate is the rate quoted by a financier to buy the currency from the customer. In both instances, the perspective is to be from that of the financier.

4 Industrial Relations Policy IRM 11.6-1, PSC Directives 9/09 and 10/09
Therefore, when a customer wishes to obtain United States of America (US) dollars from a bank, the bank will use a selling rate. If, on return to Australia from overseas, the customer wishes to bank left-over US currency, the bank will apply the buying rate. Each rate will most likely have a commission factor built into the rate. The two rates need not be the same, as a consequence.

The appropriate rate for the travelling officer to obtain would be the selling rate, if the buying and selling rates are quoted, while in the overseas country because the vendors will be effectively ‘selling’ currency by selling the goods for ‘local’ tender.

If the officer fails to obtain the conversion rates, there is to be no penalty on reimbursement apart from any loss through movements in the exchange rates. For payment or accounting for the travel advance, the officer making the expense claim will obtain the buying exchange rate on the day of the transaction and use it to convert the expense. This will have to be done for each foreign currency involved.

Foreign currency conversion figures are to be derived using the Reserve Bank of Australia’s Historical Exchange Rates which can be located at http://www.rba.gov.au/statistics/exchange_rates.html.

If the Reserve Bank of Australia’s Historical Exchange Rates do not quote the required foreign currency, then, and only then, can the second source, OANDA website be utilised. The OANDA Foreign Currency Converter can be located at http://www.oanda.com/convert/classic.

Supporting documentation regarding the source of the currency conversion figures used is to be attached to any transaction where a foreign currency conversion occurs.

6.14.15 Hardship Allowance

Officers may claim hardship allowance when required to perform duties under critical incident conditions and have to utilise accommodation below the three star rating as per Directive 24/10 Critical Incident Entitlements, issued by the Public Service Commission.

6.15 Business Meetings, Official Functions and Hospitality

6.15.1 Overview

Business meetings shall be distinguished from official functions and hospitality, as they are normally held for the purposes of regular business and are conducted in the work place.

An official function is one that is ‘properly authorised’ and is ‘officially’ conducted in the interests of the department and its business.

Official hospitality expenditure on entertainment, for example, shall only be incurred when it is considered to be essential to facilitate the conduct of public business in promoting the department.

The objective is to ensure that expenditure on normal business meetings, official functions and official hospitality, for example, entertainment, is appropriately categorised, and is incurred in accordance with policy and is properly documented and open to public accountability.

6.15.2 Register Required
Chapter 6 – Expense Management

A register of all official functions and hospitality such as entertainments shall be maintained by the department on an ongoing basis - refer to FMPM section 2.6.13 Entertainment Register. The register is to be made available to audit officers on request.

Function request forms are to detail:

- the name of the event, including functions and training courses
- the attendees as required for FBT purposes
- the nature of the function.

6.15.3 Approval

An officer who incurs an expense must not validate and authorise the payment or reimbursement of that expenditure. The ‘one-up’ rule applies.

Personal expenditure for official business must be validated and authorised by an independent officer with the appropriate delegated authority.

6.15.4 Criteria

Official functions and official hospitality cover a wide variety of situations. The following examples provide assistance in determining expenditure chargeable for official functions and official hospitality. Care needs to be exercised by senior management when claiming for these expenses.

The following expenses would normally qualify as expenditure on official functions or hospitality:

- tea, coffee, morning tea and similar provisions for official visitors and those in attendance
- lunches and dinners involving official visitors
- attendance at an official function for which a charge is made
- reciprocal entertainment when the criteria of official functions/hospitality are met.

The following expenses do not qualify as expenditure on official functions or hospitality:

- normal tea and coffee supplies for staff where supplied under an award, for example, FMPM section 6.19.7 Staff Amenities; HR Policy D6 Meals and Accommodation – Other than Medical Employees requires that these expenses should be charged to a staff amenities account, such as domestic supplies or food
- working lunches for internal staff provided at a restaurant and similar venues are deemed to be personal expenditure
- casual drinks before or after dinner even if this involved an official visitor are deemed to be personal expenditure
- stocking, including replenishment, of an office bar fridge other than in the office of the Director-General are deemed to be personal expenditure
- light refreshments provided during internal conferences, workshops, and seminars should be charged to a staff training account
- non-official entertainment and travel costs including personal video hire fees, an officer’s retirement function, presentations, luncheons or medium-high cost functions for recognising officers’ efforts

or
• dinners/functions at an officer’s private residence, unless specifically authorised by the Director-General or delegate, are deemed to be personal expenditure.

Refer also to FMPM section 2.5.8 – Gifts and Benefits Made.

Generally, working meals shall be of a light nature at the work or meeting location, unless associated with a seminar or other function at a particular venue.

Where food is being supplied at an official function, it should be in accordance with A Better Choice Food Policy, issued by Statewide Food Services.

In circumstances where the department is hosting a conference or official meeting, costs associated with receptions would be considered as part of the overall expenditure for the event.

Expenditure, other than for official purposes, shall not be authorised where there is a component which is either non-official or private in nature.

Where there is some doubt about the validity of claiming particular expenditure, for example, where there is doubt that an activity or function relates to the officer’s official duties, may of itself indicate that the function was not on official business and must therefore not be reimbursed.

Refer to FMPM section 6.19 Other Expenses regarding other general expenditure.

6.15.5 Defining Official Function and Hospitality

Official functions shall only be hosted when, and if, the circumstances require such an activity. They are not to be the basis for doing regular business or to be a substitute for business meetings which would ordinarily be conducted in the workplace.

An official function is defined as one at which both invited guests and departmental personnel attend for the purpose of extending or improving relations by hosting, attending or providing hospitality.

Official hospitality is defined to mean the presentation of entertainment, food and refreshments to visitors and to guests of the department, and to officers attending, but not waiting on or serving the host/s and visitors.

The provision of morning or afternoon tea or other form of celebration by staff for an officer leaving the department on retirement, for example, does not fall within the definition of an official function, notwithstanding that there may be recognition of the departing person’s service and contribution. This expenditure is considered to be of a private nature.

Where hospitality is extended to an official visitor or visitors, for example, lunch or dinner, as a general rule, any cost claimed as official expenditure should only be on the basis of one departmental representative for each visitor as a limiting factor, not as a minimum. When departmental representatives attend in a greater number to official visitor/s, then the number of departmental representatives should be governed by the purpose of the official function and the reason for the departmental representatives to be there.

The number of public service and public sector employees attending official functions should be restricted to those who will be able to advance public business.
6.15.6 Claims and Reimbursement

Matters which should be considered include the quantum of the claim and the frequency of the claims. Due consideration also needs to be given to factors such as custom, geographic cost of living and accepted community practice or standard.

Officers shall be:

- comfortable in disclosing the expense
- able to publicly defend the expense, that is, public defensibility
- able to identify benefits to the department and to the State
- satisfied that the claim complied with the FMPM.

It should be noted that these requirements will not modify, add to, subtract from, or otherwise affect any provisions of the *Criminal Code Act 1899* or any other penal or exculpatory rule or law, statutory or otherwise, except to provide a guide for what might ordinarily be regarded as acceptable financial conduct.

In certain cases, it may be periodically appropriate to provide hospitality to individuals of particular importance to the department or to the State. Examples would include:

- interstate and overseas visitors where the department has an interest in, or a specific obligation towards, facilitating the visit
- representatives of business or industry, trade unions and recognised community organisations, the press and other media
- representatives of other levels of government in exceptional circumstances only.

Expenditure should not be incurred for the attendance of an officer's partner except with prior approval of the Director-General or approved delegate. Officers are to be made aware that approval for this form of expenditure must not, and will not, be given as a matter of course.

Public service and public sector employees should not entertain other public officials at the public's expense. However, there may be circumstances where it may be reasonable for such costs to be met. These might include, for example, the Director-General hosting a function attended by senior staff together with representatives from a range of organisations which are associated with the department.

Recoupment for official functions and hospitality must be made on the normal claim form to which is attached supporting documentary evidence (invoices and receipts).

Reimbursement from petty cash is permitted only if correct documentation is completed and retained, detailing the nature of the hospitality and the persons involved. Reimbursement from petty cash also requires recording in the Entertainment Register – refer to section 2.6.14 Entertainment Register.

Declarations and documentation to substantiate a claim for expenditure that states the expenditure was incurred for official purposes, must be maintained to make application for reimbursement or payment of expenditure for travel, accommodation and transfer and appointment expenses. This declaration will be made before the expenditure is authorised.
With respect to expenditure on hospitality and official functions, the following information should also be provided with an application for reimbursement of expenditure:

- a description of the official purpose including a description of the relationship between the hospitality or official function and the conduct of public business
- a certification that expenditure was incurred in relation to the performance of official duties and the responsibilities of the individual or individuals attending the function
- an invoice or account validating expenditure or a purchase order including the details of the expenditure
- the names of the persons in attendance and the external organisations represented and
- the names of the Queensland public servants or public sector employees and the associates of the Queensland Government in attendance.

For further detail refer to section 10.1.2.1 Requisition and expenditure approval.

6.15.7 Receiving Hospitality

When accepting hospitality, particular care should be taken to avoid any possible conflict of interest. It is particularly important that such situations should not be perceived or construed as providing an incentive for any commercial transaction. A negative perception by the public in this matter could compromise the integrity of the department. Refer to FMPM section 2.4 Conduct and Ethics for further guidance on the code of conduct.

Refer also to FMPM section 2.5 Gifts and Benefits and to departmental policy with respect to receiving gifts.

6.15.8 Conference, Seminars, Functions and Presentations

Usually, the cost for attending a training course, function, conference, seminar or other similar presentation will include refreshments to be provided during and/or on the conclusion of the program.

Where the provision of refreshments is included in the registration fee and does not entail any separate or additional charge, the registration fee is considered to be, in total, for the purpose of the event, for example, if the event is a professional development course and the fee includes refreshments, the whole amount of the fee should be charged to training even where minor entertainment, alcohol and food may be provided.

The foregoing does not extend to presentations of products or services available from a supplier, where charges are levied for refreshments. These should be treated as a receipt of hospitality and therefore charged to entertainment expense.

Where food might be a part of the all-inclusive registration fee but alcohol is available to be purchased, the additional cost is a personal expense and is not reimbursable.

It should be noted that approval is required in advance for the expense of the admission and attendance fees. The attendance must relate to the activities and conduct of departmental business, be publicly defensible, and therefore be in the department’s interests.
Authority to approve the use of external non-government venues for departmental conferences, workshops and other activities is restricted. The authority rests with the Director-General, Deputy Directors-General and equivalent, Chief Officers and branch heads only. The delegations may not be sub-delegated.

6.15.9 Taxation

6.15.9.1 Fringe Benefits Tax (FBT)

FBT may be payable on some hospitality and personal expenditure reimbursed by the department and/or hospitality that has been provided to officers pursuant to the provisions of the Fringe Benefits Tax Assessment Act 1986 – refer to FMPM section 12.2 Fringe benefits tax (FBT).

6.15.9.2 Payroll Tax

In some instances, payroll tax may be payable on hospitality and personal expenses – refer to FMPM section 12.5 Payroll Tax.

6.16 Telephone

6.16.1 Policy

The department will only pay for or reimburse telephone charges in approved circumstances.

6.16.2 Reimbursement of Personal Accounts

For telephone expenses relating to a device located at an approved home, the following amounts may be reimbursed:

- the rental on the telephone service
- the cost of calls to a maximum of 280 units per year at the average rate for the period for local calls; the term ‘period’ here refers to the period over which the claim is being made; if the claim covers a full year, the rate will then be the average for the year; if the claim is for a quarter, the rate will be the average local call rate for that quarter.

The Australian Tax Office requires substantiation of deductions claimed against this allowance for income tax purposes. It is the responsibility of the claimant officer to justify the proportion claimed for business calls and also for the fringe benefits tax declaration. A telephone diary or similar record must be kept for these dual purposes.

The proportion of business use may be determined in one of these two ways:

- the actual value of calls basis, where each business call is individually valued in conjunction with a diary, and totalled to calculate the total cost of business related calls, and then divided by the total cost of all calls to determine the business use percentage
- the actual number of calls basis, where the business calls are counted in conjunction with a diary rather than valued, and the total number of business calls is then divided by the total number of all calls to determine the business use percentage.
Chapter 6 – Expense Management

The first method should produce a more reliable result, since it takes into consideration long distance and STD calls and the cost thereof. Simply counting the number of calls will bias the business use percentage downwards. If the account contains only local calls, then there is no difference between the results from the two methods.

Claims are to be prepared and completed with the original of the specific account against which reimbursement is claimed, and properly authorised. The account, if returned to the claimant, must be marked as reimbursed or paid, in such a manner that it cannot be claimed more than once. Claims are to be submitted within 30 days of payment unless circumstances otherwise prevent that happening. If such circumstances are known in advance, notice is to be given to the Authorised Accounting Officer to whom the claim would normally be submitted.

It must be noted that telephone accounts that are in the name of an officer’s partner are not to be coded so as to create an input tax credit claim for goods and services tax without a declaration stating that the officer’s partner is not entitled to claim an input tax credit.

It should be noted that, alternatively, if the reimbursement is to an employee of a HHS who may be operating a practice and therefore may be registered for the GST, the reimbursement should not be coded to P0 without a similar declaration. The reason for this is that Division 111 of A New Tax System (Goods and Services Tax) Act 1999 expressly denies an input tax credit in respect of a reimbursement to an employee if either the employee or an associate of the employee is entitled to an input tax credit against the account. Section 115(3), A New Tax System (Goods and Services Tax) Act 1999 imposes a bar to any input tax credit, and it applies even though the employee or associate has not claimed an input tax credit. All that is required is that the employee or associate has an entitlement to claim. Thus, an associate who is not registered for the GST would not have any entitlement to claim, and the employer/HHS may claim – refer to GST Business Procedure – Allowances & Reimbursements for clarification.

Many telephone service providers for mobile and local area networks (LAN), offer call credits as a part of the plan, intended to induce potential users to take up the plan offer. The department has the ‘first call’ against the plan credits including volume discounts and flexible call allowances when the telephone is provided by the department or the account is being paid by the department. That is, expenditure reimbursement claims in respect of the mobile or fixed line telephone must firstly calculate the actual costs to be reimbursed, and then apply the call credits, if any, against those costs to arrive at a net cost, which will be the upper limit of the claim.

Where an officer is provided with an official mobile phone by the department, reimbursement will not be provided for home phone rental or call costs unless it is approved by the Director-General or delegate in exceptional circumstances.

6.16.3 Departmental Accounts

The use of departmental mobile phones should be limited to business calls only, with one exception, as the full cost of providing the mobile service is met from departmental funds and there is a high cost per call. The exception is that short private calls may be made to advise a family member or a personal contact of delays or emergencies. Any other personal calls need to be identified on the mobile telephone account by the officer/s using the telephone, and the calls must be reimbursed to the department.

The Director-General or delegate is to arrange for checks to be made to ensure that:

- telephone charges are correct
• certifications are provided that the account is acceptable for payment and
• unofficial or private calls have been examined and appropriate reimbursements have been made.

Refer to FMPM section 6.6 Employee Expenses for specific examples of personal expenses and guiding principles.

The department has a designated officer responsible for the co-ordination of telephone usage and charging. This officer has local instructions and protocols to enable him or her to access information applicable to the area of responsibility.

The Director-General or delegate will need to liaise with designated officers to ensure that the requirements stated in this and the preceding paragraph are adhered to.

The use of ‘1900’ and ‘0055’ numbers is prohibited outright.

International ISD access is not permitted without proper authorisation by the Director-General or delegate.

Reference should also be made to the corporate policy Use of Internet, Email and Other ICT Facilities and Devices Policy available on QHEPS and Business Policy and Strategy Unit’s Policy Telephone Facilities, Services and Equipment.

6.17 Insurance

6.17.1 Policy

The department and HHSs will have appropriate and adequate insurance cover through the Queensland Government Insurance Fund (QGIF).

6.17.2 Background

The self-managed insurance scheme was established on 1 July 2001 through Queensland Treasury and Trade to provide for the government’s insurable liabilities. QGIF determines annual premiums and manages the claims on behalf of government departments.

Further information can be found on the Premium Management Group (PMG) website. The Premium Management Group provides specialist insurance advisory services to Hospital and Health Services and divisions of the Department of Health. PMG provide support, guidance and act as an advocate and intermediary.

6.17.3 Policy Coverage

The policy sections purchased by the department are:

• property
• business interruption
• general liability
• professional indemnity
• health litigation
and
• personal accident and illness for volunteers and board members.

QGIF applies an excess to the above policy sections of up to $20,000.

QGIF does not provide coverage for non-government entities, construction, fines and penalties. QGIF also does not provide coverage for motor vehicles, however, there are a few exceptions, for example ambulance contents. Further information on coverage and exclusions is located at the PMG website.

Losses associated with natural disasters are initially lodged on the QGIF policy for reimbursement. An excess of $10,000 applies for each event.

Where the QGIF policy does not respond, the Queensland Reconstructions Authority through the Natural Disaster Relief and Recovery Arrangements (NDRRA) will reimburse costs subject to the NDRRA criteria. Further information is on the PMG website.

The department is responsible for negotiating public liability insurance cover.

Uninsured liabilities. The Uninsured Events Policy is published on the Department of Health Policy website.

Premiums. Premiums in respect of HHSs will be paid by the Department of Health as System Manager and the HHS will be charged monthly, in advance.

6.17.4 Certificate of Currency

The certificate of currency provides evidence for a third party that the department has insurance cover. The certificate is located on the PMG website.

6.17.5 GST

6.17.5.1 GST on premiums

General insurance will normally attract GST on the premiums. As the department is GST-registered, input tax credits may be available for the GST components as long as a valid tax invoice is obtained and the item is not an excepted item.

6.17.5.2 GST on premiums – exceptions

6.17.5.2.1 Compulsory third party insurance

GST is incorporated into comprehensive third party (CTP) charges. However a compliant tax invoice will not be received for CTP insurance until after payment as insurance companies cannot issue a compliant tax invoice until the payment for CTP insurance is received due to certain insurance complexities.

Where previously, the amount was coded to P2 and journalled to P0 when the tax invoice was received, legislative changes will allow the use of CTP Premium offers. CTP Insurance Premium Offer documents received after 1st July 2010 which accompany a Queensland Transport and Main Roads registration renewal notice will be sufficient to allow a GST credit to be claimed. A compliant
tax invoice is not necessary – refer to GST Business Procedure – Compulsory Third Party (CTP) Insurance.

6.17.5.2.2 Private health insurance

This insurance is GST-free and should be coded to P5.

6.17.5.2.3 Life insurance

This insurance is an input taxed supply of the provider of the life insurance and represents an amount with no GST to the payee and should be coded to P5. This may have relevance to salary sacrifice arrangements.

6.17.5.2.4 Insurance cover on residential property

This insurance is input taxed, whether or not it is included in a blanket policy and therefore requires apportionment. It must be coded with tax code P1.

6.17.5.2.5 Duty on premiums

Duty is levied on the premium after the GST has been calculated, which means GST is not calculated on duty. However, the duty is levied on the GST-inclusive price of the premium.

Duty is to be separately coded with tax code P5, that is, there is no GST in the price – refer to GST Business Procedure – Division 81.

6.17.6 Workers’ Compensation

Queensland employers are obliged to maintain a Policy of Accident Insurance for persons defined as workers under the Workers’ Compensation and Rehabilitation Act 2003. The department fulfils this obligation by maintaining a policy with WorkCover Queensland, the Queensland workers’ compensation insurer.

A worker is defined as a person who works under a contract of service. This definition includes the majority of persons within the department. It should be noted that persons who do not meet the definition:

- Hospital and Health Board Chair
- Hospital and Health Board Deputy Chair
- board members
- committee members
- hospital volunteers

may be covered separately under a Contract of Insurance with WorkCover Queensland or other commercial insurer or under existing arrangements with the QGIF Insurance Policy, Section 6 Personal Accident and Illness, For clarification, seek advice from PMG

Whilst insurance coverage for persons who do not meet the definition of ‘worker’ is not mandatory under existing legislation, such insurance should be considered through a risk assessment approach in order to meet local requirements. To ensure risk exposures are minimised, contact PMG for advice.
Policies for workers’ compensation insurance must be held by any contractors (including medical officers engaged as a company or a trust) and sub-contractors employing labour. It is important especially on construction projects that the currency of the contractors’ policies be confirmed in writing prior to any contract being executed. Liability may accrue to the department in the event of an accident involving a contractor’s employee/s if the contractor does not have a valid, current policy.

6.18 Loss of Assets

6.18.1 Overview

Incidents resulting in a loss are to be investigated promptly and will, if necessary, be the subject of an immediate report.

The objective is to provide guidelines for operational unit managers to report instances of asset loss including, but not limited to, disposal, fraud, theft, misappropriation and wilful damage.

Losses are charged to the Statement of Comprehensive Income and are included as part of Other Expenses, disclosed in the notes to the annual financial statements in accordance with Financial Reporting Requirements for Queensland Government Agencies (FRRs), issued by Queensland Treasury and Trade.

Refer to FMT, Information Sheet 3.6, Expense Management, issued by Queensland Treasury and Trade.

6.18.2 Definition of a Loss

Losses are defined by the AASB in its Glossary of Defined Terms as a “decrease in economic benefits”. The FPMS, Schedule Dictionary defines material loss as:

“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 $5,000.

Losses are differentiated from expenses as defined in FMPM section 6.1.3 Definition and Recognition of Expenses.

In a wider and more practical sense, the following definition is adopted:

Losses include;

• losses of or deficiencies in public moneys or other moneys or public property or other property
and
• losses arising out of the destruction, condemnation, obsolescence, deterioration of or damage to public or other property
and
• irrecoverable overpayments, debts written off and waiver of claims or rights to claims and
• expenditure made without lawful authority and
• losses of moneys due to failure to assess and levy revenue and other amounts receivable.

For the purposes of disclosure requirements, the term losses does not include:

• allowance for impairment of receivables
• ‘impairment loss as defined in AASB136 Impairment of Assets or
• routine inventory adjustments.

Special payments are not losses - refer to FMPM section 6.12 Special Payments.

It is not always easy to distinguish a loss or the category within which any particular loss falls. For example, the correction of a debit raised in error, as in patient fees charged and raised again in error, is deemed not to be a loss.

Losses fall into one of the following three categories:

• losses of public moneys or other moneys
• losses of public property or other property recorded at historical cost; property excludes money and includes buildings, plant, equipment, furniture, motor vehicles, stores, inventories and supplies and
• legally unavoidable payments where no value is received in return.

Refer to:
• APG 5 Losses and Special Payments and
• FAH, Information Sheet 3.6 Expense Management Systems issued by Queensland Treasury and Trade.

6.18.3 Losses of Public Moneys or Other Moneys

Losses of public moneys or other moneys are further divided into:

• losses due to stealing or other offences
  • these are actual cash losses through fraud, theft or arson, whether proved or suspected, or from any cause involving negligence
• losses due to the foregone assessment of collections
  • these represent inadequate charges made for the use of property or for services provided
• losses due to overpayments written off
• these are overpayments of salaries, allowances, and similar payments not able to be recovered

• appropriate action is required to recover overpayments before write off can occur dependent on the nature, circumstances and length of time which passes before the overpayment is discovered

• generally, overpayments outstanding for more than two months and which are unlikely to be recovered are to be written off and, where possible, included in the annual financial statements of the year in which the overpayments were detected

• losses due to debts written off
  • if a debt is presented in error or is proved not to be well founded in fact, then it should be withdrawn, whether presented or not, and the amount is not a loss - refer to FMPM section 6.18.9.6 Third party claims

• claims actually made and later abandoned or reduced in negotiation, whether presented or not, are to be included as a loss

and

• other losses.
  • this category should be used only when the loss does not fall into the above categories, for example, loss of cash by fire, loss of substantial discount provided under normal commercial terms or loss incurred where expenditure was made without lawful authority
  • refer to section 22 of the FPMS for the responsibilities to be discharged with respect to other losses.

6.18.4 Losses of Public Property or Other Property

Losses of public property or other property are further divided into:

• losses due to stealing or other offences
  • these are losses due to fraud, theft, arson or sabotage whether proved or suspected or from negligence

• losses due to destruction or damage.
  • wear and tear does not constitute a loss and should be included, with depreciation, as an adjustment when determining the net loss

• only physical and identifiable losses are recorded, for example, damages, but not depreciation, resulting from motor vehicle accidents, are losses and are required to be written off

• if only part of the value of the property is damaged and the property is to be repaired, then the loss is to be recorded in the year in which the repair is expended; the loss is the net amount after insurance claims

• this category is further divided into:
  • losses caused by natural disasters, for example, losses due to fires, other than arson, earthquakes, floods, cyclones, accidents and other natural disasters
losses caused by, or attributable to, negligence or misconduct, for example, equipment not maintained properly or intentionally damaged by a departmental officer and

• other causes

losses due to inventory shortage where theft is suspected

losses due to excess deterioration caused by the natural break down of stores

• amounts under this heading would include deterioration, evaporation or shrinkage of stores which exceed acceptable levels applicable to that particular property

losses due to over provision of stores

• amounts under this heading would include losses of stores due to condemnation, obsolescence or deterioration arising from a defect in administration, such as excessive retention of stores beyond the known shelf life or not observing proper precautions to preserve stores in appropriate conditions

a reportable loss does not result where goods are exchanged when they exceed their shelf life; consideration must be given to normal retention periods and

• excluding losses due to acceptable levels of deterioration caused by the natural break down of stores

• losses within acceptable levels of deterioration caused by a natural breakdown of stores are not required to be written off; these will be accounted for during the stock-take.

The basis on which the ‘loss’ will be measured for approval of write-off will depend upon the circumstances under which the loss was discovered. Where discovery occurred as a result of a stock-take, the overall total loss will be that on which approval for the write-off is based. If one or more losses are discovered during non-routine, unassociated inspections, the individual losses are to be approved separately. It may be that the event will determine whether or not the loss write-off will be individual or cumulative.

In the case of discrepancies disclosed by a check of stores or other property, the value of the shortages and the value of the surpluses must be treated separately, and not netted. That is, approval is required for the loss excluding any surpluses.

Goods that have been supplied as samples during a tendering process do not have to be brought into the departmental ledger, and consequently will not give rise to a loss if those goods are destroyed or dumped.

All physical losses due to stealing or other offenses and losses due to destruction or damage should be reported to PMG to assess possibility of recovery of funds through QGIF.

6.18.5 Legally Unavoidable Payments
Legally unavoidable payments represent payments made that are legally enforceable and due but little or no benefit or value will be obtained from them, for example:

- payments made as a result of the cancellation of a contract,
- payment for services or the use of property which are or is not used or
- payments made for goods wrongly ordered or accepted.

Payments within this category are regarded as losses and not special payments.

Settlements involving punitive damages fall under special payments.

Payments arising out of a breach of contract, that is, where such a possibility is contemplated and is actually included in the terms of contract, are losses.

However, in determining the character of the transaction, two aspects require consideration.

Firstly, there is the matter of financial delegation which is required for each of the loss write-off and the special payment.

The amounts for each delegation may well be different, and the officer/s having the one delegation may or may not have the other.

Secondly, disclosure in the general purpose annual financial statements differs as between a payment that is a special payment and one that is not.

### 6.18.6 General Reporting Requirements

Where a loss is identified, a Losses Report Form – HD24 is to be completed and submitted to the officer designated by the Director-General or delegate.

A pro forma of the Form HD24 is provided at FMPM Appendix 8.

Each operational unit must keep a Losses Register in which the details of each loss are to be recorded – refer to FMPM section 2.6.25 Losses Register for further information.

Data on losses is required to be captured at the earliest possible time and, where appropriate, the losses are to be recorded in the annual financial statements. The amount of any loss shall be determined by the net book value at the time of the event resulting in the loss.

The Authorised Losses Approval Officer must ensure that each transaction submitted for approval as a loss, has been fully investigated and that the appropriate recovery action has taken place before approving a loss write-off. PMG should also be contacted in regards to recovery of claimable losses.

The Report of Loss is to include the particulars shown in the Form HD24. Where an insurance claim has been, or will be made, the “Insurance claim” box is to be ticked, and the claim number inserted when this has been notified by the insurer. The crime report number must be inserted if reported to the Queensland Police Service and a crime report number issued. The Financial and Asset Accounting Team, Finance Branch, System Support Services Division, should be consulted for assistance with the content of the report.
The report is to be placed on the relevant operational unit file and be included in the Losses Register. The report is to be retained by the operational unit manager for inclusion in the annual financial statements, if applicable.

A Central Losses Register is to be maintained within the Financial and Asset Accounting Team, for losses involving criminal misconduct - refer to section 21 of the FPMS. Guidelines for the operation of this register and for information required to be submitted may be obtained from the Financial and Asset Accounting Team.

The department’s operational units are required to report all losses relating to actual or suspected lost or stolen cash and/or property to the Financial and Asset Accounting Team on a quarterly basis for recording on the Central Losses Register. The operational unit must provide a scanned signed copy of the HD24 form to the Financial and Asset Accounting Team to support each item.

Finance Branch will issue a report quarterly to the Governance Branch and draft a report on behalf of the Director-General to the Queensland Audit Office in respect of any losses that may have arisen out of non-compliance with the FPMS. The Governance Branch will determine which loss reports are to be referred to the Crime and Misconduct Commission.

The Director-General or delegate must consider whether the circumstances surrounding a loss may give rise to a suspicion of official misconduct required to be reported to the Crime and Misconduct Commission.

### 6.18.7 Losses Caused by (actual or suspected) Fraud or Theft

Where the loss resulted from an incident which could constitute an offence under the *Criminal Code Act 1899* or any other Act or law, the following action is required:

- the unit manager must report the incident and provide all relevant information to the Ethical Standards Unit as it may constitute suspected official misconduct.
- operational unit managers are to issue an immediate loss report as prescribed in FMPM section 6.18.6 General Reporting Requirements and forward it to the Director-General or delegate,
- the Director-General or delegate is to:
  - forward a loss report and the HD24 loss return to the Chief Finance Officer, Finance Branch, System Support Services Division, without the supporting documentation, which is to be retained on site for production on request
  - the Office of the Director-General will then provide the loss report and any other required documentation to the Auditor-General.

### 6.18.8 Reporting Where the Loss Involves Official Misconduct

For the legislative authority regarding ‘Loss from offence, official misconduct or misconduct’ – refer to section 21 of the FPMS.

The *Crime and Misconduct Act 2001* provides as follows:

- section 38 creates an obligation upon public officials to notify the CMC of suspected official misconduct
- section 39 makes this duty paramount
and
- sections 14 - 19 define official misconduct.

Where a loss resulted from an incident that could constitute official misconduct, the following action is required:

- operational unit managers are to issue an immediate loss report as prescribed in FMPM section 6.18.6 General Reporting Requirements and forward it to the Director-General or delegate

and
- the Director-General or delegate is then:
  - to prepare the loss report and any other information required to assess whether the circumstances surrounding the loss may give rise to a suspicion of official misconduct; suspicion of official misconduct must be reported to the Crime and Misconduct Commission
  - forward the HD24 loss return to the Financial and Asset Accounting Team, Finance Branch, System Support Services Division

- the Director-General or delegate is to assess the loss report and any available additional information; if there is a suspicion of official misconduct, the matter is to be referred to the CMC

and
- the Chief Finance Officer, Finance Branch, System Support Services Division, will provide the loss report and any other required documentation to the Auditor-General.

Note, if the matter is assessed as suspected official misconduct, no further action is to be taken in relation to the matter until advised by the Ethical Standards Unit.

All information provided to the CMC must be submitted through the Ethical Standards Unit.

Where an officer is uncertain as to the nature of the offence or requires clarification regarding the appropriate procedure to follow, advice should be sought from the Ethical Standards Unit.

The department’s must designate a Crime and Misconduct Commission liaison point is the Ethical Standards Unit which has been delegated the Director-General’s delegated authority to assume various responsibilities under section 38 of the *Crime and Misconduct Act 2001*.

Having regard to the principles which apply under the *Crime and Misconduct Act 2001*, the nature of the complaint, the information provided in support of the concerns and the capacity of the department the matter may be considered to be appropriate for the department to deal with, subject to the CMC’s monitoring role. The CMC will liaise with the Ethical Standards Unit and advise the level of involvement the CMC will have in the matter.

Any established material loss (cash in excess of $500 or other property valued in excess of $5,000) to the department must be reported to the Minister and to the Auditor-General and may need to be reported to the Queensland Police Service, pursuant to section 21 of the FPMS. The Ethical Standards Unit will advise the CMC must be advised of the outcome of inquiries into allegations of suspected official misconduct.
Chapter 6 – Expense Management

The definition of official misconduct does not assign a minimum monetary value to property losses caused by a holder of an appointment in a unit of public administration. Departmental and statutory body reporting obligations therefore exist pursuant to the provisions of the *Crime and Misconduct Act 2001* where complaints or information about the loss of property, regardless of its value, involves or may involve official misconduct.

### 6.18.9 Specific Categories

Refer to FMMP section 2.6.25 Losses Register for information regarding the content of Losses Registers.

#### 6.18.9.1 Write off of debts

The term ‘debt’ is intended to mean an amount owed to the operational unit, including a trade debt or a non-revenue sundry debt. The term is not intended to cover accounts receivable from other operational units.

A ‘loss’ does not arise when a provision is made for doubtful debts. The loss will only arise when a debt is actually written off, whether by a direct charge to operating expense or by a charge against an allowance for impairment.

Before approving the write-off of a debt, the authorised officer must ensure that:

- proper steps have been taken to investigate the raising and non-recovery of the debts
- legal prosecution has not been appropriate or has not been successful
- reasonable steps have been taken to recover the debt
- the debt is reasonably considered to be unrecoverable and
- satisfactory controls are in place to limit similar occurrences in the future.

Documentation of write-offs must be kept in accordance with the relevant provisions of the *Public Records Act 2002*.

When the approval for write-off has been obtained, the loss is to be entered in the Losses Register.

#### 6.18.9.2 Cash losses

Cash losses, including petty cash, must be reported immediately to the operational unit manager by the custodian of the cash. The loss report and Form HD24 must set out full details of the amount of the loss and the circumstances which gave rise to the loss, particularly whether any person is liable to make restitution for the loss.

A loss of cash will be recorded in the operational unit’s accounts when a cheque is drawn to reimburse the custodian of the cash. When the approval has been obtained, the loss is to be entered in the Losses Register.

The loss report must then be handled in accordance with FMMP section 6.18.6 General Reporting Requirements.

#### 6.18.9.3 Inventory
Write off of inventory, whether determined at a physical stock-take or otherwise, must be properly authorised in accordance with financial delegations and be documented. Write-offs, other than as a result of normal stock-take, are to be recorded in the Losses Register.

FMPM section 6.18.4 Losses of Public Property or Other Property should be read in conjunction with this section.

6.18.9.4 Non-current physical assets

The unauthorised loss of a non-current physical asset is to be reported to a senior officer immediately the loss becomes apparent. This process must involve an investigation with a subsequent report outlining the findings and any recommendations. The Director-General or delegate is to be immediately notified of the loss.

An asset retirement form is to be completed. The custodian of the Non-Current Assets Register must await management's decision on how to treat the loss before adjusting the register.

The amount of a loss is measured by:

- first recognising the reduction in value of the relevant asset by deducting accumulated depreciation and any probable recoverable amount; an estimate may be provided by a responsible officer, other person or insurance advisor and
- to the extent that the written down value or carrying amount exceeds the proceeds of sale, recording:
  - a provisional amount against which the loss may be taken when a formal write off approval is obtained
  or
  - by way of a provision for a probable loss in respect of an existing asset against which the loss shall be recorded when it occurs
  or
  - where dot points 1 and 2 of this section do not apply, then write off approval is to be sought and the write-off processed.

Refer to Accounting Policy Guidelines APG 5 Losses and Special Payments issued by Queensland Treasury and Trade for further information regarding losses.

6.18.9.5 Overpayments other than payroll

When an overpayment is discovered, the payee must be contacted to discuss a refund.

If the payee is a supplier with whom the department deals regularly and the monthly transactions exceed the overpayment, the supplier may be requested to issue a credit note, which will be applied against the next payment.

If the payee is not a regular supplier or is a regular supplier with whom only small dealings are transacted, a refund cheque must be requested to be delivered by return mail. The request must be communicated by letter even if only in confirmation of telephone communications. The payee should be given the opportunity to refund the overpayment by direct deposit.
If the overpayment cannot be recovered, it must be treated as a cash loss.

Payroll overpayments are covered in FMPM section 6.6.16 Payroll Overpayments.

6.18.9.6 Third party claims (for noting)

It should be noted that third party claims are not receivable by a HHS until a decision has been handed down by a court or an agreement or an out-of-court settlement, that is, agreement between the patient, the third party and the HHS has been made.

The invoice provided to the third party patient when discharged from a facility is not legally enforceable but provides information to the patient to enable quantification of claims against the third party.

The ‘third party’ is a person or an entity other than the treating hospital and the patient to whom treatment was provided, and against whom the patient may be able to establish a claim for settlement of the treatment costs.

Third parties are so called, because they are external to the relationship between hospital and patient. They will typically be:

- an insurance company with whom the patient may have a policy, for example, a driver who the court has found to be responsible for an accident causing injury to the patient
- a driver’s insurance company
- a workers’ compensation insurer
- or a Government agency that has accepted responsibility for the payment of charges.

The extent to which liability is assigned by a court to, or otherwise accepted by, the third party will determine the proportion of the charges that are payable by the patient.

If a debt is presented in error, or is proven not to be well founded in fact, it should be withdrawn whether or not presented and not included as a loss. For example, where a court has ruled that a patient is not eligible to a third party claim, then the subsequent reversal of the third party claim by the HHS is not a loss; it is a revenue adjustment. However, the reversal requires the approval of an employee having adequate delegation and supervisory jurisdiction.

Once a court decision or an agreement has been made in the patient’s favour, then the patient has established a right to receive payment and the amount invoiced is due to the facility and is enforceable by the facility that is, the HHS.

Claims actually made and later abandoned or reduced in negotiation are losses, for example, where the HHS settles for a reduction in the third party fee because the courts determine that the patient is entitled to only a proportion of any claim for hospital expenses or where the HHS decides not to recover the whole fee. In this situation, the HHS has decided not to recover the amount owing and the amount of the loss requires approval of an Authorised Losses Approval Officer with the appropriate level of delegation.

Full recovery of these fees should only be pursued where there has been no apportionment of liability to the third party patient.
Where there has been an apportionment of liability to the third party patient, then subject to receiving satisfactory evidence of that apportionment, fees should be reduced to appropriately reflect the apportionment of liability to the third party patient. Apportionment of liability should not apply to Medicare ineligible patients undertaking a common law action/third party claim.

Where pursuit of the reduced amount would still lead to financial hardship, the fees may be further reduced, resulting in a loss write-off requiring adequate financial delegation or referral to an employee having the authorised delegation. The employee having a loss approval delegation must have adequate delegation to write-off the whole of the loss. It is not acceptable for part of the loss to be written off by one employee and the balance submitted to another authorised employee.

In the case of an apportionment of liability, the fees should be reduced by the proportion of the liability attributed to the third party patient. Satisfactory evidence of an apportionment of liability would include a copy of the court judgment, a copy of a settlement agreement or copies of correspondence exchanged between the parties’ solicitors confirming the apportionment.

6.18.9.7 Debt waivers (for noting)

It should be noted that some patients, who have demonstrated good cause, may have part or all of their fees waived. The process for debt waiver is:

- raise the full fee
- evaluate ‘waiver of fee’
- if waiver, refer to Financial Delegations for loss write off delegation.

The waiver of fees is not provided for in any legislation. As the HHS is a body corporate (section 18(1)(a) of the HHBA) and “has the powers of an individual and may for example……do anything else necessary or convenient to be done in performing its functions” (section 20 of the HHBA), the HHS has the power to waive fees. The authority to do so is to be delegated by the Hospital and Health Board.

Refer also to FMPM section 5.11 Debt Waivers.

6.18.10 Accounting Treatment

Expenditures that do not qualify as a loss or as a special payment are to be charged in the normal manner to expense accounts for usual disclosure in the Statement of Comprehensive Income. Special payments require separate disclosure, and therefore must be properly analysed. This will typically be done through the use of a Special Payments Register - refer to FMPM section 2.6.35 Special Payments Register.

The accounting treatment is shown in the table below.

Where a transaction is shown in the third column to be a loss, then a loss financial delegation will be required for an officer to approve the transaction.

Where a transaction is shown in the third column to be a special payment, then a special payment financial delegation will be required for an officer to approve the transaction, prior to the transaction proceeding.
### Type of Payment

<table>
<thead>
<tr>
<th>Type of Payment</th>
<th>Terms of Payment</th>
<th>Accounting Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss</td>
<td>As defined</td>
<td>Post to expense account. Disclose as a loss in Note to the Annual Financial Statements.</td>
</tr>
<tr>
<td>Court settlement</td>
<td>Within the contract conditions</td>
<td>Treat as a loss, as above.</td>
</tr>
<tr>
<td></td>
<td>Outside the terms of the contract</td>
<td>Treat as a special payment. Post to expense account.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enter into the Special Payments Register.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Disclose as a special payment.</td>
</tr>
<tr>
<td>Punitive damages or compensation</td>
<td></td>
<td>Treat as a special payment, as above.</td>
</tr>
<tr>
<td>Out-of-court settlement</td>
<td>Same as above</td>
<td>Same as for court settlement.</td>
</tr>
<tr>
<td>Legally unavoidable payments for which no benefit or value is received</td>
<td></td>
<td>Treat as a loss, as above.</td>
</tr>
<tr>
<td>Ex gratis</td>
<td>No limitation</td>
<td>Special payment by definition.</td>
</tr>
<tr>
<td>Extra contractual</td>
<td>No limitation</td>
<td>Special payment by definition.</td>
</tr>
</tbody>
</table>

### 6.19 Other Expenses

#### 6.19.1 Overview

The items discussed in this section are considered to be potentially of a personal nature, and should therefore be subjected to closer scrutiny in light of public accountability and defensibility considerations.

#### 6.19.2 Club Membership and Professional Membership

Reimbursement of membership to professional bodies or to clubs is not permitted unless it is provided for in contracts of employment or as part of a salary package arrangement. However,
such expenditure may be permitted as an official expense if the subscription is solely for the use and benefit of the operational unit.

Airline club corporate membership may be considered an operational requirement for the Director-General. Other officers who travel 36 flights or more per year and who are Executive Contract officers may be eligible for corporate membership if determined by the Director-General or delegate. This does not prevent officers with private membership from making use of such facilities.

6.19.3 Subscriptions

Subscriptions to professional journals, newspapers, and magazines are to be paid by the operational unit only if prior approval has been obtained. The ‘one-up’ rule for approval must be followed, as a minimum application. The extent to which the papers are available to staff as general resources should be considered, as should the technical content.

6.19.4 Overseas Travel

Reference should be made to Travel and Accommodation Information Service’s policies, standards, procedures and forms before any arrangements for overseas travel are made, for which it is intended that the department will pay. These guidelines must be complied with in all respects.

Refer also to:

- FMPM section 6.14 Travel Expenses
- Public Service Commission policies, guidelines and directives on travel.

6.19.5 Freight

Freight charges incurred as part of goods supplied by a supplier as distinct from a charge incurred through a separate carrier and included in the invoice are to be added to and included in the cost of inventory.

Freight charges incurred on inventory delivery by a separate courier or carrier and which are not readily identifiable to specific goods are to be charged to expense in the period in which incurred, if possible. If the carrier charges can be readily identified with a goods inwards delivery and the inventory system allows for the separate transaction for the freight to be added to the inventory cost, the charges should be so allocated. It is not always possible or feasible.

Where necessary, the freight and the inventory invoices are to be posted to a goods inwards receipts clearing account and the inventory receipt processed against that clearing account to reflect the inclusive inventory cost.

Charges incurred for delivery and transport on capital works in progress or other works in progress are to be charged to the relevant job. If the job has been closed by completion or for other reason, the charges must be charged to expense.

Charges for non-inventory items not mentioned above are to be charged to expense in the period in which the charge was incurred, if possible.

6.19.6 Unrequited Transfer (Outwards)
Chapter 6 – Expense Management

Unrequisitioned transfers - refer to FMPM section 5.8 Transfers and User Charging - that are in the form of grants or user charges that assist the department’s objectives are to be recorded as an expense. They will be treated as operating expenses within the departmental operating statements.

Transfers that are made merely in the channelling of funds between departments must be accounted for as administered revenue as transferee and expense as transferor.

6.19.7 Staff Amenities

Staff amenities may be broadly classified into either essential services or award based. Essential services include such items as first aid kits, sanitary paper, soap, towels and disinfectants. Award based items include tea, coffee, milk, sugar or substitutes and sandwiches provided for working lunches.

As part of the 2nd Tier industrial negotiations in 1988, the provision of food and refreshments was essentially abolished. Specific commitments were given to continue the provision of tea, coffee, milk sugar and water to those categories of employees who were in receipt of those benefits as at 1 March 1988 – refer to HR Policy D6 Meals and Accommodation – Other Than Medical Employees.

Reference should be therefore made to the Meals and Accommodation – Other Than Medical Employees HR Policy D6 as to the supply or otherwise of award based amenities. Where such amenities are provided, whether compulsorily or otherwise, the costs thereof are to be charged to a staff amenities account, and not to official functions or to hospitality. Any reimbursements by officers are to be credited to the same account/s.

The cost of staff amenities may be charged as follows:

- essential services items to domestic supplies
- award based items to food, or staff amenities.

The classification will depend upon individual budget allocations and the depth of the chart of accounts in use.

6.19.8 Specialist Fees (for noting)

This section is intended to cover payments to private medical practitioners called in for:

- consultations
- administering anaesthetics
- performing surgery
- presenting lectures to nurses
- for similar activities.

Operational units are to ensure that adequate systems of internal control, including proper documentation and independent confirmation, are in place. Claims not having adequate supporting information are to be rejected with a request to document the claim. The claims may require the approval of the Medical Superintendent, or an employee of equivalent standing.
6.19.9 Alcohol (for noting)

It should be noted that reimbursements for the purchase of alcohol for patients’ use, as recommended by their treating physician or for residents of health care facilities, must be approved by a HHS employee holding a special payments delegation.

Where possible, all purchases of alcohol for residents of health care facilities are to be made directly from Patients Trust/Fiduciary accounts and duly authorised by the appropriate employee with financial delegation.

6.19.10 Losses on Disposal of Property, Plant and Equipment

When an asset is sold and its selling price is less than its carrying amount (adjusted for depreciation and any impairments for the period between the beginning of the financial year and the date of sale), a loss is incurred which shall be recognised in the Statement of Comprehensive Income.

If an asset is scrapped for no consideration before it is fully depreciated, the carrying amount of the asset, that is, the gross asset value less its accumulated depreciation and accumulated impairment losses, represents a loss on disposal which is to be expensed. If material costs are incurred in the disposal, such expenses are to be added to the loss on disposal.

For further information in relation to losses on disposal of Property, Plant and Equipment – refer to:

- Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade
- FMPM section 7.14.3.5 Disposal of Assets.

6.19.11 Goods and Services Received at Below Fair Value

When the department receives a good or service below fair value, it receives something of value for less than the fair value it would cost to procure that good or service in the normal course of business. Generally, the department would receive a good or service below fair value as the result of one of the following transactions:

- volunteer services
- donations and contributions (goods at no cost to the department or for a nominal value) which may or may not result in the recognition of an asset in the department's general ledger or
- contributed services provided by another government agency at no cost or for less than market value.

When the department consumes the future economic benefits embodied in the goods or services received below fair value, an expense is incurred. This expense equals the revenue recognised for the receipt of those goods or services.

6.19.12 Revaluations of Items of Property, Plant and Equipment

For details relating to the accounting for expenses that may arise in the revaluation of items of property, plant and equipment – refer to FMPM section 7.12.7.1 Accounting for a revaluation adjustment.
Chapter 6 – Expense Management

Refer to AASB 13 Fair Value Measurement.

6.20 Recurrent and Non-Recurrent Expenditure

6.20.1 Recurrent Expenditure

Recurrent expenditure is expenditure for goods and services which are of a repetitive, periodic or standard nature provided to the department as normal day to day operating expense. A purchase order may not generally be prepared, if it is determined as unnecessary. For example payment of electricity or phone accounts.

Recurrent expenditure also results from a previously approved contract, request, agreement, transaction or commitment. Once a non-recurrent expenditure commitment has been approved, the disbursements under that commitment are authorised as recurrent expenditure. For example, following Governor-in-Council (GIC) non-recurrent expenditure approval for the Health Technology Equipment Replacement (HTER) Program – refer to FMPM section 6.2.22 Health Technology Equipment Replacement (HTER) Program, the expenditure on replacement equipment is to be approved as recurrent expenditure. These types of recurrent expenditure usually have an associated purchase order generated.

Examples of items which usually are classified as recurrent expenditure include:

- wages, salaries, annual leave, allowances, deductions and similar payroll expenditure; financial delegation is required for the total of the pay run disbursement, not the individual officer and employee disbursements within the pay run or the time sheets
- tax instalment and withholding remittances, payroll tax, superannuation and similar payroll related expenditure
- electricity, gas and similar charges
- telephone, facsimile, telegram, bulk postage charges and similar expenses
- workers’ compensation and other insurance renewal premiums
- rent and rates including water and cleansing charges
- loan debt service charges including interest, redemption and similar charges
- leasing of buildings, plant and equipment (a non-recurrent expenditure approval authority is required before entering into a contract and making subsequent recurrent payments)
- advances to Mater Public Hospitals
- inter-departmental/HHS service charges
- payments for contracts previously approved; a non-recurrent expenditure approval authority may be required before entering into a contract and making subsequent recurrent payments; for example, GIC non-recurrent expenditure approval of the HTER Program – refer to FMPM section 6.2.22 Health Technology Equipment Replacement (HTER) Program - allows expenditure on replacement equipment to be approved as recurrent expenditure
- motor vehicle registration fees and other licenses/fees
- and
- payments under previously approved grants – refer to FMPM section 6.22 Grants, Subsidies and Grant Project Funding.

Financial delegation is not required to approve journal entries raised to transfer amounts between account codes and cost centres.
6.20.2 Non-Recurrent Expenditure

Non-recurrent expenditure comprises expenditure not classified as recurrent expenditure, excluding losses and special payments - refer to FMPM section 6.18 Loss of Assets and to section 6.12 Special Payments.

The expenditure may be subject to specific requirements as to approval and commitment, by legislation or by government policy. Its approval may also precede subsequent approval as recurrent expenditure - refer to dot point 11 above for an example.

Examples of items which usually are non-recurrent expenditure include:

- payments for long service leave
- redundancies
- payments for capital items - buildings, land, plant, equipment, furniture, computers and motor vehicles
- payments for air travel, travel allowances and other travel expenditure
- payments for stationery and office requisites
- contracts for goods and services, for example, maintenance, leasing, cleaning, consultancy, and similar expenditure; the required level of approval is for the total contract payments; the resulting payments detailed within the contract are recurrent expenditure
- payments for repairs and maintenance
- payments for subscriptions, magazines and journals and contributions to professional and research bodies although a purchase order may not be issued
- payments for medical and other consumables or services not part of a previously approved contract
- increases in, and replenishments of, stores and supplies
- petty cash reimbursements
- payments for the purchase of books and library materials
- payments for computer software
- contracts for goods and services provided by non-government organisations; the required level of approval is for the total contract payments; the resulting payments detailed within the contract are recurrent expenditure.

6.21 General Expenditure Claims

6.21.1 Overview

Claims for expenditure reimbursement are to be approved in advance, and are to be able to face public scrutiny or withstand audit review.

This is to ensure that claims for reimbursement of expenditure are processed equitably, but only for expenditure properly incurred for departmental business purposes.

6.21.2 Procedures

Where an officer is required to incur expenditure on departmental business, the matter should be approved in advance.
Receipts are required in most instances. The original account is to be produced where relevant. This may simply be a cash sale invoice from a supplier.

A general purpose voucher is to be prepared, supported by an expenditure claim. The claim need not be a formal document, but it must detail the nature of the expense and the reason for its having been incurred.

A statutory declaration is not generally considered sufficient to replace the documentation requirements. However, if a statutory declaration is produced to evidence that the expenditure has been incurred, a claim may be made for an allowance, where such an allowance is available within the industrial relations policies or awards, instead of an expense reimbursement. If the amount claimed is not material, for example, less than $75 excluding GST/$82.50 including GST and is not claimed regularly in this manner, the statutory declaration may be accepted at the discretion of the operational unit manager. The statutory declaration must be attached to the claim.

General expense reimbursements must be approved before reimbursement is sought.

Claims based on estimates, for example, a reimbursement for a number of telephone calls are to be checked for reasonableness. The ‘estimates’ are to be supported by a schedule of the calculations employed.

The ‘one up’ rule for approval is to be followed as a minimum prescription except where the Chief Finance Officer has been granted the authority to approve EMT member claims for expenditure reimbursements.

Claims are to be prepared, and completed with the original of the specific document/s against which reimbursement is claimed, and are to be properly authorised. The original document/s, if returned to the claimant, must be marked as reimbursed or paid, in such a manner that the claim cannot be made more than once.

Claims are to be submitted within 30 days of the expenditure being incurred unless circumstances otherwise prevent that happening; if such circumstances are known in advance, notice is to be given to the Authorised Accounting Officer to whom the claim would normally be submitted.

Expenditure other than for official purposes, that is, private expenditure should not be authorised where there is a component which is either non-official or private in nature. While it is preferable that these non-official or private charges are settled by the individual from his or her own resources separately, it may be more efficient to meet the cost of these expenses from departmental resources in the first instance. In these cases, the following should prevail:

- the officer should identify and report details concerning such charges, as soon as practicable after incurring the expense
- the officer is to reimburse the department for any expenses so charged within a period of 7 days of the cost being incurred or upon the officer’s return to the work site.

This facility is to be availed of only when the circumstances so dictate.

In a situation where there is some doubt about the validity of claiming particular expenditure, or where there is doubt that an activity or function relates to the officer’s official duties, approval should not be given to the expenditure. Decisions should be able to stand the public defensibility test.
Examples of expenditure generally regarded as non-official or private in nature include:

- tea, coffee or kitchen supplies for personal use by officers
- personal grooming expenses
- club membership fees
- parking and traffic offences
- functions to farewell departing staff members or to recognise periods of service
- child minding fees except where special circumstances arise to suit departmental requirements and at the discretion of the Director-General or delegate
- and
- floral or other presentations as a gift or floral tributes.

Refer to FMPM section 6.15 Business Meetings, Official Functions and Hospitality.

Costs incurred in attending official functions or the performance of official duties while an officer is on approved leave should be identifiable as being of benefit to the department and to the State and are to be reimbursed.

Expenses allowed for reimbursement will only be those expenses additional to the expenses which would normally have been incurred by the officer whilst on leave.

Vouchers presented with the expenditure claim for reimbursement must readily identify the nature and cost of the item being claimed. The explanation for the reimbursement has to satisfy the authorising officer, who must be in ranking at least one position higher than the officer seeking the approval.

On the proper authorisation, the claim may be accepted, and may be relied upon, because there are significant consequences for both the claimant and the authorising officer if the claim should be proven to be false.

If the document has the supplier’s name or other sufficient evidence to identify the supplier, from which the purpose of the expense can be confirmed, that will be acceptable as a minimum standard. There will be situations where the docket is inadequate, for example, a voucher from a department store does not readily identify that persons were entertained in the restaurant within the store, but a voucher from a restaurant would indicate that food and refreshments were most likely purchased.

Thus, unless the authorising officer was put on notice, or had reason to otherwise question the claim, if the dockets produced support the claim, Accounts Payable, FTU, employees are able to rely on the integrity of the officer approving the claim. The authorising officer has a duty to ensure the validity of the claim.

The docket/s must indicate that the business is as claimed. The figures must add up correctly, and be for not less than the amount claimed. Mere EFTPOS transaction receipts are not acceptable.

If the document is not a valid tax invoice, the department cannot claim any input tax credit for the GST amount paid - refer to GST Business Procedures – Tax Invoices for more information on tax invoices.
6.21.2.1 Travel claims

The claimant, and not a ‘delegate’ in the form of a subordinate officer, is responsible for:

- the preparation of a Claim for Payment voucher
- obtaining and collating receipts
- completion of a diary in respect of travelling expenses - refer to FMPM section 6.14 Travel Expenses and
- completing other documentation.

Where a claim has been made, approved and paid on an ‘actual expenses’ basis, that claim may not be upgraded to an ‘allowance’ basis, and similarly, where a claim has been made, approved and paid on an ‘allowance’ basis, the claim may not be upgraded to an ‘actual costs’ basis. Valet parking at an airport should be avoided, except in instances where it can be demonstrated to be more cost effective than the use of taxi or other means of transportation to the terminal. Use of valet parking is to be approved by the Director-General or delegate prior to travel.

Refer also to FMPM section 6.14.5 Employee Travel Expenses – Domestic and 10.2.2.1 Requisition and expenditure approval.

6.21.2.2 Use of private motor vehicles

As a general principle, the use of private motor vehicles for business use is to be discouraged or kept to a minimum, where possible.

Officers must seek prior approval to use a private motor vehicle and provide documentary evidence relating to motor vehicle insurance - refer to Directive No. 14/10 Motor Vehicle Allowances, issued by the Public Service Commission and to Allowances Human Resources Policy C15.

Claims for reimbursement of mileage allowances are to be made in accordance with Directive No. 14/10, and to PAYG Business Procedure No. 10 and are to be forwarded to the Payroll Portfolio Office for processing.

Claims for reimbursement of parking, relating to the use of private motor vehicles, must include a copy of the approved use of a private motor vehicle documentation:

- Motor Vehicle Allowance Claim
- Use of Private Motor Vehicle Form.

Motor vehicle mileage reimbursement figures are to be derived using whereis.com. The distance calculation tool can be located at http://www.whereis.com/

Supporting documentation verifying the source of the distance figures used is to be attached to any transaction where a mileage reimbursement is paid.

When determining the distance travelled the directive states, “using the most direct practicable route”, as a basis for the calculation of the amount of allowance/reimbursement. When using whereis.com it has four options:
• fastest with tolls
• fastest without tolls
• shortest with tolls
and
• shortest without tolls.

It is considered immaterial which method is used. If claiming tolls, valid receipts must be produced to substantiate the claim where this is possible.

Refer also to 6.14.9 Motor Vehicles.

6.21.2.3 Appointment and transfer expenditure claims

The payment of appointment and transfer expenses prescribed in Directive No.11/11 Transfer and Appointment Expenses, issued by the Public Service Commission, is subject to the officer providing documentary evidence, such as receipts, itemised statements, quotes, certifications, and similar documents, to the Director-General or delegate. Claims must not exceed those set out in Directive No.11/11 referred to above.


The approval of transfer or any other expenses must be in accordance with financial delegations.

6.21.2.4 Fines

Queensland Police Service and Local Government parking fines, incurred by drivers of departmental vehicles, are not the responsibility of the department but are the responsibility of the driver incurring the fine.

6.22 Grants, Subsidies and Grant Project Funding

6.22.1 Overview

Grants, subsidies and project funding (often referred to collectively as ‘grants’), involve the use of public money and, as such, the department is accountable for funds allocated under the grants that it administers. The department is required to meet various regulatory obligations contained in the FAA, the FMPS and other applicable legislation. Grants must be paid only when terms and conditions have been documented and agreed to as part of a service or funding agreement.

As with all funding programs that involve the use of public money, accountability requirements may vary with the size and nature of the grant and fund providers and recipients are responsible for achieving value for money from the allocation of the funding. The objective is to ensure that:

• public funds are properly managed and accounted for
• the use of funding is consistent with the department’s strategic objectives
• only validly approved payments are made to those organisations which are party to an authorised service or funding agreement
and
• public funds are used for the intended purpose to enable the delivery of the agreed services and the achievement of the funding outcome/s.
For detailed processes - refer to the FAH, Volume 6 Grant Management, issued by Queensland Treasury and Trade.

Refer also to FMT, Information Sheet 3.6, Expense Management, issued by Queensland Treasury and Trade.

6.22.2 Grants and Service Procurement - Definitions

6.22.2.1 Grant

A grant is a non-reciprocal transfer, where an Agency provides financial assistance to a third party in return for compliance with certain terms and conditions, but does not directly receive equal value in exchange.

When a third party is provided with funding for an activity which aligns to the Agency’s strategic objectives, but does not directly settle an obligation of the Agency, the payment will be classified as a grant.

Grants can be in the nature of incentives, donations, contributions, debts forgiven, rebates, tax relief and other similar funding arrangements and may be in the form of cash or other property.

A grant is usually provided to an entity for a specific purpose under the terms and conditions of a service or funding agreement as a contribution to the existing activity of that entity or to augment or complement its existing activity.

The term grant does not include:

- funding activities relating to the provision of goods and services at substantially full cost (see Service Procurement below)
- transfers of funds between State Government entities, unless a specific grant agreement is in place between the agencies
- partnering with other organisations, joint ventures, or contributions to cross-government funded programs or projects.

It is important to distinguish between grants and service procurement arrangements.

6.22.2.2 Service procurement

A service procurement arrangement occurs where an Agency provides a third party with an asset (e.g. cash) and directly receives equal value in exchange.

Where an Agency has an obligation to deliver a service and engages a third party (Service Organisation) to provide that service, the transaction between the Agency and the third party is a Service Procurement arrangement. This will apply to arrangements where the Agency acts as the ‘enabler’ of the service and a third party acts as the ‘service provider’.

Criteria

A service procurement arrangement will generally exist where the following criteria are met:
- The Agency has an obligation to deliver the service being purchased from the Service Organisation.
• The Agreement clearly identifies the service being purchased and the Agency is required to provide consideration for the service.
• The consideration provided by the Agency is approximately equal to the value, on a full cost recovery basis, of the service delivered by the Service Organisation.
• The terms and conditions of the Agreement are sufficiently specific and directive to ensure the objectives of the Agency are achieved.

Delivery of services typically involves the performance by the service provider of a contractually agreed task over an agreed period of time in exchange for an asset, for example, the right to receive cash, of approximately equal value. The services may be provided within a single period or over more than one period.

Purchasing a service is a reciprocal transfer – refer to FMPM section 6.22.10 Financial Reporting. Expenditure for the purchase of services is recognised when the service is delivered and not necessarily when the cash is paid. If a payment is made prior to the service being delivered, the payment is recognised as an asset (prepaid expenditure).

This treatment requires the purchaser to be able to identify when the services are delivered and the estimated cost associated with the delivery of those services in order to recognise expenses accurately.

For further information regarding the procurement of services – refer to FMPM section 6.2 Procurement.

<table>
<thead>
<tr>
<th>Examples of Grants</th>
<th>Examples of Service Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Donations</td>
<td>• Engaging contractors or consultants to perform a specific task</td>
</tr>
<tr>
<td>• Sponsorships</td>
<td>• Engaging a third party provider to deliver a service to the community on the Agency’s behalf</td>
</tr>
<tr>
<td>• Subsidies</td>
<td>• Sale of goods</td>
</tr>
<tr>
<td>• Ex-gratia payments</td>
<td>• Rental agreements</td>
</tr>
<tr>
<td>• Funding provided to NGOs to support activities the Agency is not legally obligated to deliver</td>
<td></td>
</tr>
</tbody>
</table>

6.22.3 Reference Material

This section should be read in conjunction with the following documents:
• FAH, Volume 6: Grant Management
• the Department of Health Procurement Policy and related guidelines and
• Chart of Accounts for Non-Profit Agencies (Standard Chart of Accounts).

6.22.4 Process

Grant programs are administered under a common set of management and operational procedures which include:
• program design - involving setting program objectives, planning, development, approval and initiation
• program administration - involving application, appraisal, payment and monitoring and
• program evaluation.
6.22.5 Program Design

Grant programs must align with the strategic outcomes of the health system and health services as outlined in the Queensland Health Strategic Plan.

The program objectives must:

- clearly define the purpose of the program
- provide a framework for measuring and evaluating the program
- detail specific requirements of program management
- be linked to the achievement of strategic outcomes
- be documented and communicated to applicants and to relevant staff.

The intersection and relationships with other grant programs administered by the Queensland Government and other funding bodies (such as State and Territory or Commonwealth governments) should be considered when planning the grant program. Broad consultation and cooperation must be undertaken to avoid conflict with or duplication of other grant programs.

Risk identification is an essential part of program planning and risk management strategies must be developed and adopted by the program designers. Performance measures which relate to the program objectives should also be developed. The planning process and the subsequent decisions made should be appropriately documented and retained.

Eligibility for funding, program costs and compliance with relevant legislation and policy must be considered as part of grant program development. For all grants and grant programs greater than $100,000, this is achieved through the use of a funding plan which must be prepared prior to a grant program being advertised or offered to a recipient. Grants and programs greater than $1,000,000 in value are to be subject to the preparation of a long-form funding plan. The funding plan should review the various factors which will guide eligibility for funding (such as the existing service system), examine and document the factors which will determine the nature of the recommended funding relationship and determine the recommended departmental funding process to be undertaken (see Department of Health Procurement Policy and Procedures and short-form and long-form funding plan templates).

Once the grant planning and funding planning processes have been completed, an assessment plan should be completed to identify all details of the assessment process to be used and the measures in place to achieve openness and transparency in decision-making.

These documents must be forwarded to the appropriate delegate/s for approval prior to any funding process being undertaken.

6.22.6 Program Administration

Officers involved with the selection of projects should familiarise themselves with the Department of Health Procurement Policy and Procedures with regard to the following topics:

- request for offer
- multi-phase processes
- recording of the dispatch of the request for information and the request for offer documents
- receipt of the same documents
- opening and registration of offers
Chapter 6 – Expense Management

- closing time for the receipt of offers
- offers received after the specified closing time and
- standing offer arrangements.

6.22.6.1 Awarding of grants and project funding

Once the funding process has been approved, the awarding of grants to organisations is governed by the Department of Health Procurement Policy and Procedures. Officers involved in the funding process should be familiar with financial and procurement delegations and, depending on the type of funding process selected, the various types of request for offer processes where these apply.

All funding application documentation, including request for offer documents, should clearly convey to potential applicants:

- the background of the grants program, including the objectives of the funding program and the department and government policy towards which these contribute
- the scope of the grant program
- reporting requirements under the grant program
- mandatory criteria for applicants
- evaluation criteria by which applications will be judged and
- any special conditions of the request for offer or subsequent service or funding agreement.

The level of information requested from applicants will vary depending on the complexity and risk associated with the grant program.

The grant program must be promoted to the potential applicants identified through the funding plan so that the recipient/s of the grant will best suit the project.

6.22.6.2 Handling applications

Once received, applications for grants must be stamped with the date of receipt, registered appropriately and acknowledged.

6.22.6.3 Appraising applications

Effective internal control mechanisms, including those for the prevention and the detection of fraud are to be maintained during the appraisal process. Officers, who appraise applications, must ensure that appraisal criteria target the program’s priorities. Applications must be appraised consistently and fairly and appraisers must formally declare any perceived or actual conflict of interest. Reasons for decisions must be documented and records of deliberation maintained.

Application documents must seek to obtain relevant information about the financial status of the applicant. This information must demonstrate that the applicant is not totally dependent upon the grant funds for survival. If this cannot be demonstrated, any approval of an application must be based upon very sound reasons, and the payments to the grantee should be in arrears until the capability of the grantee has been established.

Separation of duties between the function of appraisal of applications and the function of approval of offers must be maintained at all times.
6.22.6.4 Approval

Refer to FMPM chapter 10.2 Financial Delegations for information regarding financial delegations relating to grants, subsidies and project funding.

Expenditure for the entire project must be approved before any offers are made or accepted. At this point, the expenditure authorisation is for non-recurrent expenditure. Payments made subsequently under the project will then require authorisation as recurrent expenditure.

Project funding must be authorised and approved in accordance with financial delegations before any payments are made.

A unique identifying number is to be given for each established and funded project. This number is to be quoted on all correspondence and payment documents so that they may be tied back to the original approval - refer to FMPM section 6.22.8 SIMS.

Grant funding can be provided from the departmental budget to third parties (usually the non-government sector) to provide services complementary to departmental services. Such grants must be subject to a Service Agreement between the purchaser and the provider and, therefore, any public funding provided to the non-government sector from the department for the provision of services must have a Service Agreement in place before funds are released.

Refer also to FMPM section 6.22.11 Standard Chart of Accounts.

6.22.6.5 Funding announcements

Following approval, funding offers must be made and unsuccessful applicants advised as soon as possible. The letters to unsuccessful applicants must advise them of the availability of feedback if requested.

6.22.6.6 Establishment of service or funding arrangements

Officers managing funding arrangements must establish clearly defined terms and conditions within legally enforceable service or funding agreements. The letters of offer and the service or funding agreement must set out any conditions associated with the grant. These would include (but not be limited to):

- performance indicators
- project milestones
- monitoring requirements
- intellectual property rights
- asset ownership or reversion
- penalties.

The conditions must also explain the terms of accountability, for example, the type and level of documentation and audit certification. These terms and conditions should be consistent with information provided through the application/request for offer process and comprise the particular items proposed by the grantee in the application for funding.
Suitable information management systems, with shared information, as appropriate, are to be designed and used. Officers managing funding arrangements must ensure that monitoring arrangements are linked to a fraud control plan.

The service or funding agreement, or the terms and conditions of letters exchanged in those cases where an agreement has not been executed, must set out conditions under which material may or may not be published. These conditions must cover the format, content and medium of publication and clearly state that the material may not be published without the prior clearance of the appropriate departmental delegate.

The grantee may be required to have a variety of insurance, depending on the nature of funded activity, such as public liability insurance, workers’ compensation insurance, motor vehicle insurance, building and contents insurance, professional indemnity insurance and volunteer insurance. Certificates of insurance should be produced on the commencement of the agreement and on the policy anniversary date. Seek advice from PMG in relation to all insurance matters.

Due diligence and probity assessments should be carried out in accordance with the guidelines referred to at the start of this section. That document should be read in conjunction with this manual, to ensure that the requirements are being met.

6.22.7 Internal Control of Payments

Effective planning of the payment strategy will ensure that relevant budgetary factors are taken into account. Funding may be paid as:

- a lump sum
- a standard percentage of costs incurred
- a flexible or discretionary amount which may be payable on the achievement of agreed milestones or activity levels as defined in the work plan
- fixed instalments over the life of the service or funding agreement

Payment is not to be made until the vendor details have been verified and the service or funding agreement has been executed.

Verifying the vendor details requires officers to ensure that key details such as the ABN, bank account details and authorized signatories, match the source documentation. Vendor details are to be recorded in both FAMMIS and SIMS and should match original documentation provided by funded organisations in the Service Agreement.

It is essential that this process is conducted by sighting the original documentation (not copied or scanned versions) and that the appropriate chain of financial and contract signing delegations is observed.

Payments by cheque are to be made in favour of the grantee or the service provider and not to any office bearer or to any associate or to any associated entity.

Payments must not exceed the amount/s formally authorised which must be clearly stated in the terms of the agreement. If the amount specified in the agreement is GST exclusive, the amount payable by the department will be increased by the amount of the GST liability if the criteria for taxable supplies are satisfied – refer to the [GST Business Procedure – Grants](#) for further information.
The continuance of subsequent payments should depend upon:

- the service provider’s progress with the project
- compliance with the terms and conditions of the agreement, in particular the reporting requirements
- the successful progress of the project.

Funding may be withdrawn where this is deemed to be an appropriate action.

Project reviews are to be conducted regularly to ensure that the funding is being properly applied and that deliverables have been provided on schedule. Funding may have to be temporarily suspended or withheld in order to bring the project back into line.

A copy of the original financial approval is to be attached to each claim for payment, where practical, with details of the file reference to the original approval (except SIMS payment runs – refer to FMPM section 6.22.8 SIMS).

The officer supervising a project should not have any involvement in the payment processes beyond that of authorising the payment; the duties of transaction approval and processing must be adequately segregated at all times.

In relation to the making of payments, the operational unit must ensure that:

- adequate documentation is produced and attached in the management of the payments, in keeping with the Public Records Act 2002
- payments are made by the most efficient and effective means
- payments are made at the most efficient and effective time
- access to payment processing functions and data is restricted to authorised personnel adequately segregated from incompatible duties
- cash payments data are entered completely, accurately and only once.


Procedures to properly acquit funds are to be developed and effectively implemented. Processes for the recovery of funds must be adequate and applied, where necessary, in a timely and effective manner. Staff must be adequately trained and must have access to expert advice.

### 6.22.8 SIMS

For grant projects managed through Queensland Health’s Services Information Management System (SIMS), the project ID will be automatically generated from the system. At this point in the SIMS system, the grant is commonly referred to as ‘Project Funding’. Approval and other key steps in the contracting process will be recorded in the system, and for audit purposes a hard copy of all key documents must be retained on the file, referenced in the SIMS project screen. As payments for these projects are loaded to FAMMIS via a systems load, the documentation will not be attached to the payment transaction but must be available on file at all times.
Chapter 6 – Expense Management

Where a Recipient Created Tax Invoice (RCTI) Agreement is in place, recurrent financial delegation is to be exercised for each project payment, identified by the unique project identifying number, as produced by the SIMS Due Payment Run. It is not a requirement for the financial delegate to exercise recurrent financial delegation for the total payment to an organisation, that is, the sum of all due project payments.

6.22.9 Monitor Progress – Financial and Performance Reporting

There are two fundamental aspects of monitoring grant recipients which are included in the service or funding agreement – financial monitoring and performance monitoring. Financial monitoring determines whether relevant financial accountability procedures are being or have been complied with, while performance monitoring determines the extent to which desired outcomes are being or have been achieved.

Financial and performance progress reports are to be reviewed regularly, and appropriate action taken when necessary. Regular reviews of the results of both financial and performance measures should assist the department in assessing recipients’ performance, both progressively over the term of the agreement and at its conclusion. The results of monitoring assessments may also be used to:

- inform future funding decisions (for example, a recipient’s non-compliance with the terms of a grant agreement may be recorded to preclude that recipient from future funding opportunities)
- enable benchmarking of similar recipients within or across grant programs (for example, to identify if a particular recipient has higher administrative costs in comparison to other recipients).

Officers managing funding arrangements must ensure that monitoring arrangements are linked to a fraud control plan.

6.22.9.1 Performance monitoring

Performance measures should be designed to allow for monitoring at any point in the program lifecycle, and be linked to the achievement of milestones and key performance indicators set out in the service or funding agreement. Performance measures must be consistent with the objectives of the grant program, and their inclusion in the service or funding agreement should be drawn from the information provided through the application/request for offer process and comprise the particular items proposed in the grantee’s application for funding.

6.22.9.2 Financial monitoring

One of the tools used to assess recipients’ compliance with grant program financial undertakings is the financial acquittal statement. The acquittal process requires a grant recipient to acknowledge that grant funds have been utilised in accordance with grant program terms and conditions. Acquittal statements may be prepared progressively over the term of a program, as well as at the program’s completion.

Acquittal requirements should be balanced against potential risks associated with funding and compliance costs to both parties. As a means of reducing administrative costs, recipients may benefit from standard templates being provided for use in the preparation of acquittal statements. For individuals, smaller organisations or community groups, an appropriate acquittal statement
may be an acknowledgement, signed by an authorised person, that the program’s terms and conditions have been met.

It is necessary to assess the risks associated with specific grant payments and the circumstances under which grant acquittal statements are required to be audited by either internal or external audit. The terms of the service or funding agreement should specify when a grant acquittal statement is required to be audited and by whom. For example, the department may assess that the risk of non-compliance with the terms of a grant may be mitigated, in part, through the performance of an audit.

However, officers should remain cognisant that an audit can involve significant costs to a recipient, potentially eroding the value of the funding received, and limiting the ability of the recipient to achieve the required grant outcomes. To ensure adequate accountability, officers need to ensure that the financial monitoring requirements of each grant are consistent with the risks associated with the particular grant. Officers must be adequately trained to appropriately analyse financial statements and have access to expert advice.

Officers are not to assist the funded body in the preparation of financial statements required to be prepared by that body. Assistance may be given freely in terms of ‘how to … ’, and as to format and content.

Where possible and practicable, financial reporting requirements and templates relating to not-for-profit (NFP) organisations are to be consistent with the definitions of the national Standard Chart of Accounts (SCOA), particularly for any new contracts from 1 July 2010 - refer to FMPM section 6.22.11 Standard Chart of Accounts (SCOA).

6.22.9.3 Surplus and deficit

A surplus arising out of project funding may be:

- returned to the department and then to Queensland Treasury and Trade if the expenditure occurred in a prior year
- deducted from project funds for the following year
- carried over to the next financial year.

A surplus to be returned to the department is to be recorded and accounted for as a debt due and recoverable.

A deficit arising out of project funding should be sought to be made good by the service provider. Should this be unlikely, the following steps should be taken to extinguish the deficit:

- re-ordering the service provider’s priorities, unless levels of service and output are likely to be unduly affected
- reducing future expenditure levels, unless levels of service and output are likely to be adversely affected
- paying the next instalment ahead of schedule, which is not a preferred option unless the service provider can demonstrate that the deficit will be removed within the next payment period
- approve additional funding to the project.
Retention of a surplus is only considered as a last resort and may be an option where the deficit has been caused by factors beyond the service provider’s control. The service agreement must be formally varied to show the amount being approved, the services to be performed, and any other requirements and conditions imposed to which the service provider must acknowledge acceptance.

6.22.9.4 Ownership of assets

The ownership of assets and intellectual property must be determined and agreed to under contract before any payment is made. This agreement must include:

- assets in existence
- assets to be bought and
- assets yet to be brought into existence as a consequence of the project.

To this end, an asset will have to have or produce some form of enduring benefit or economic potential.

The terms of agreement must also seek to protect the department’s interest in any assets.

The System Manager has issued the Intellectual Property Health Service Directive to HHSs.


6.22.10 Financial Reporting

6.22.10.1 Reciprocal transfers

A reciprocal transfer has the following characteristics:

- the transferor benefits directly (economically) from the transaction and/or
- the transferor and the transferee (entity receiving the funding) receive/provide equal value from the transaction.

The presence of terms and conditions in an agreement does not of itself mean that the transfer is reciprocal. However, conditions attached to funding, which require the funding to be returned to the transferor in the event of non-compliance, would strongly indicate the existence of a reciprocal transfer.

Expenses associated with reciprocal transfers must be recognised over the term of the funding arrangement, in line with the delivery of goods or services.

6.22.10.2 Non-reciprocal transfers

Non-reciprocal transfers to not-for-profit entities are referred to as ‘contributions’.

Where grants are classified as non-reciprocal in nature, they do not oblige the entity receiving the funding to provide in return goods or services of approximate equal value. However, the receipt may impose a fiduciary responsibility to use the resource in a manner dictated by the contributor.
Chapter 6 – Expense Management

Non-reciprocal transfers must be recognised as expenditure when the entity receiving the funding obtains control or secures the right to receive the contribution.

6.22.11 Standard Chart of Accounts (SCOA)

Financial reporting requirements and templates relating to not-for-profit (NFP) organisations are to be consistent with the definitions of the national SCOA, particularly for any new contracts from 1 July 2010.

Whilst the national SCOA is for use in the NFP sector, it is designed to meet the reporting requirements of Government, and such departments and agencies are required to base their requests for reporting on these definitions. This is to simplify and streamline financial reporting requirements for NFP community organisations.

The SCOA does not impact on the departmental chart of accounts.

The national SCOA aims to rationalise the acquittal requirements placed on NFPs by government funding bodies. This can be achieved by providing a common approach for NFP community organisations when collecting and recording financial information.

A copy of the full chart of accounts can be accessed at the QUT website: [https://wiki.qut.edu.au/display/CPNS/Standard+Chart+of+Accounts](https://wiki.qut.edu.au/display/CPNS/Standard+Chart+of+Accounts)

6.22.12 Evaluation of the Funding Program

A determination must be made periodically as to whether the program is achieving its intended outcomes. To achieve this, information regarding performance must be adequate for evaluation purposes.

The evaluation process should examine actual program outcomes against objectives established at the commencement of the program. There should be consideration of:

- the resources allocated to the program
- the controls and processes used to allocate those resources and
- the outcomes achieved in their delivery.

In particular, the evaluation should address:

- the funds, staff and other resources used with regard to the achievement of value for money
- the processes which were undertaken
- the services delivered and the quality of the services
- the outcomes achieved in terms of the intended program objective and
- the lessons learned with particular regard as to how the program could be improved.

Additionally, the evaluation process should assess whether the original need underlying the program has changed. Periodic evaluations can identify the impact of changes that may be the result of, for example, a change in government policy. Progressive evaluation provides an opportunity for management to implement and communicate appropriate corrective actions as a means of achieving revised policy objectives.
Chapter 6 – Expense Management

To ensure that an objective evaluation has been completed, the evaluation team should be sufficiently independent from the program and its recipients and its beneficiaries.

At the completion of the program evaluation process, a report on the findings should be presented to the Director-General or delegate. The report should outline the outcomes expected and achieved for the value of the investment made. It should also detail any deficiencies noted, recommendations made, and departmental officer comments.

The report should be made available to the original approving officer or body. Consideration could also be given (where appropriate) for evaluation findings to be shared more broadly across all government agencies as a means of providing for greater transparency and access to data and information sharing that will support better planning and best practice in the delivery of agency grant programs.

6.22.12.1 Managing the review

Information regarding performance must be adequate for evaluation purposes.

Programs must be reviewed periodically for their economy, efficiency and effectiveness.

6.22.12.2 Carrying out the review

A determination must be made periodically on whether the program is achieving intended outcomes.

Periodic checks should be made to ascertain if the program is effective in achieving the intended outcomes. Consideration should be given to:

- monitoring how the program could be improved
- whether there are any unintended outcomes
- if there are opportunities for alternative approaches
- whether grant benefits are in substitution for other benefits that may be more beneficial in terms of the provision of health care; the quality of these benefits must be periodically assessed and corrective action taken if required
- whether the program goals continue to meet health priorities.

Officers should review projects to ascertain whether the same outcome, or better, could have been achieved at less cost.

Necessary adjustments should be made to the operation of the program.

6.22.12.3 Reporting

Evaluations are to be reported at the appropriate level.

6.22.13 Sponsorships

The Department of Health Sponsorship Policy is derived from the Queensland Government Sponsorship Policy 2012. The policy provides a coordinated and consistent approach to the
management of sponsorships across Queensland Government. The policy sets out mandatory sponsorship principles and processes to be used when engaging in sponsorship arrangements, both incoming and outgoing, and prior to a binding commitment being given by the State of Queensland.

The Queensland Government Sponsorship Framework strengthens opportunities for collaboration across government, manages risk and maximises the benefits that flow from sponsorship arrangements. The framework includes:

- the Queensland Government Sponsorship Policy 2012
- guidelines for providing sponsorship
- guidelines for receiving sponsorship and
- templates.

Sponsorship is the right to associate the sponsor’s name, products or services with the sponsored organisation’s service, product or activity in return for negotiated and specific benefits such as cash or in-kind support or promotional opportunities. It involves a negotiated exchange and should result in tangible, material and mutual compensation for the principal parties to the arrangement. Sponsorship can take the form of cash and/or in-kind support.

Sponsorship does not include:

- grants
- partnership arrangements
- endorsement, donations, philanthropic gestures, bequests or gifts or
- purchasing or selling goods or services for value, including advertising space.

These transactions must be treated in accordance with the relevant policy.

Sponsorship should not be provided to:

- individuals
- political parties or
- enable staff to attend training courses, personal development opportunities or other such activities.

For a detailed explanation, access to templates and guidance on dealing with a sponsorship, contact the Integrated Communications Branch or refer to the Department of Health Sponsorship Policy on QHEPS


Refer also to:

- Queensland Government Sponsorship Policy, issued by the Department of the Premier and Cabinet
- Queensland Government Guidelines for Providing Sponsorship, issued by the Department of the Premier and Cabinet
• Queensland Government Guidelines for Receiving Sponsorship, issued by the Department of the Premier and Cabinet

and

• FMPM section 2.5 Gifts and Benefits.

6.23 Contracting Out of Government Services

6.23.1 Policy and Objective

Government services requiring a decision to change from the current mode of service delivery are to be referred to the Office of the Director-General for consideration. This is to ensure that services will only be contracted out or delivered by in-house service delivery in accordance with the Queensland Government Policy.

6.23.2 Scope

The policy issued by Cabinet applies to Queensland Government departments and the department will follow this policy. It applies to:

• capital works programs
• contractual arrangements for the provision of maintenance services
and
• the provisions of a government service by a non-government service provider.

The term ‘contracting out’ excludes the purchase of services from an internal Government provider such as commercialised business units. Accordingly, the scope of the policy within the department may be stated as applying to any dealing requiring, potentially or in actuality, interaction with a party external to Queensland Government for the provision of services.

6.23.3 Services Currently Provided In-house

There will be no contracting out of services currently provided within the department other than in circumstances where:

• actual shortages exist in appropriately skilled in-house staff
• there is a lack of available infrastructure capital or funds to meet the cost of providing new technology
or
• it can be clearly demonstrated that it is in the public interest for the service to be contracted out.

Cabinet approval is required for proposals to contract out where the proposal will have a likely impact of job losses.

Submissions to the Office of the Director-General must detail:

• why the service cannot continue to be delivered by public service employment
• the likelihood and extent of job losses
• how the proposed form of service delivery will improve Government service delivery
• the social and economic impact on the Queensland community
• the impact on regional and rural communities particularly in regard to the maintenance of public employment in those communities
• the impact on future competitive tendering in a market where the public service will have no capacity to bid
• communication and consultation strategies including the management of the tenured public service workforce and transition plans for deployment, redeployment and retraining and
• cost implications for the Government.

6.23.4 Services Currently Contracted Out

Contracts with non-government providers coming due for renewal may be offered to contract again. If the conditions of the existing contract allow for the contract to be renewed without a tendering process and the external provider has met all of the conditions of the contract, a new contract may be offered to the current provider.

Where a contract is due to expire and a tendering process is proposed, tenders may be accepted from other Government departments and agencies. This is subject to any legislative requirements being met, and also subject to fair competition at all times in bidding.

Conversion to delivery by in-house methods should only occur where it can be demonstrated that the work is competitive. The proposal to do so must include an analysis of the quality, cost of purchase and the maintenance of any capital equipment required to provide the service.

6.23.5 New Services

Prior to new services being provided, a submission is to be made to the Office of the Director-General for passing on to the Minister and then to Cabinet, where it is intended that the services be contracted out. The submission must include details of:

• any social or economic impact on the Queensland community
• the impact on regional and rural communities
• the impact on future competitive tendering in a market where the public service will have no capacity to bid
• why the service has to be delivered by a non-government service provider and
• cost implications for Government.

6.23.6 Services in Replacement Facilities

Opportunity should be given for in-house staff to undertake the work where it can be demonstrated to be competitive. Where a decision is required regarding the transfer to contract of the existing replacement service, it should be offered to the current provider subject to commercial viability and mutual agreement.

Proposals for the contracting out of replacement services must be submitted and detail:

• the impact on the public service workforce
• how the proposed service provision will result in improvements to Government service delivery
• any social or economic impact on the Queensland community
• the impact on regional and rural communities and the maintenance of public employment in those areas
6.23.7 Other

The primary focus should be on improving the productivity of the existing workforce through performance improvement strategies such as training and bench-marking.

Where services that are currently contracted out come up for renewal or tender, or the delivery of new services and services in replacement are being considered, in-house personnel should be given the opportunity to undertake the work if this can be shown to be competitively done.

Bids from in-house and inter-departmental association must be, and must be seen to be, competitively based. Advantages, or disadvantages, that exist solely from the public ownership must be stated and removed or otherwise accounted for.

Operational units providing the services in-house should be afforded sufficient opportunity and support, within a reasonable time limit, to achieve an acceptable level of performance before alternative service provision options are considered.

Options for the management of officers affected by, or likely to be affected by, organisational change must include deployment, retraining, redeployment, and voluntary early retirement.

6.24 Provisions

A provision gives rise to an expense and must only be recorded when:

• the department has a present obligation as a result of a past event
• it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation
and
• a reliable estimate can be made of the amount of the obligation.

For further details in relation to provisions – refer to FMPM 8.5 Provisions.

6.25 Liabilities, Contingent Liabilities and Commitments

The Framework defines a liability as a present obligation of the entity arising from past events, the settlement of which is expected in an outflow from the entity of resources embodying economic benefits.

A liability, such as wages payable, will be matched by a waged expense.

For further information regarding liabilities – refer to FMPM Chapter 8 Liability Management.

AASB 137 Provisions, Contingent Liabilities and Contingent Assets defines a contingent liability as a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
A contingent liability, for example, pending litigation, may be matched by an expense in a future accounting period.

For further information regarding contingent liabilities – refer to:

- FMPM section 8.1.7 Contingent Liabilities
- FMPM section 8.9 Contingencies.

The term ‘commitments’ is not defined in any of the Australian Accounting Standards but may be referred to as the intention to commit to an outflow from the department of resources embodying economic benefits.

A commitment, for example, an order placed and accepted for the delivery of furniture, shall give rise to an expense or the acquisition of an asset in a future accounting period.

For further information regarding commitments – refer to:

- FMPM section 8.1.6 Commitments
- FMPM section 8.8 Commitments.

6.26 Goods and Services Tax (GST)

Although the department is a State body, as defined under the Income Tax Assessment Act 1936, and is exempt from Commonwealth taxation, the goods and services tax shall still apply.

GST is a tax collected on behalf of the Commonwealth Government. It is a consumption tax, paid by the final consumer that is levied at the rate of ten percent on the supply of most goods and services consumed in Australia. All of these types of supplies are referred to as taxable supplies. Entities involved in producing goods and services are generally able to claim input tax credits on any GST paid on their creditable acquisitions depending on the GST status of those acquisitions. The liability for payment to the Australian Taxation Office (ATO) for GST collected rests with the GST registered supplier.

For further information regarding GST – refer to:

- FAH, Information Sheet 3.11 Taxation Compliance Systems
- FMT, Information Sheet 3.11 Taxation Compliance
- FMPM section 12.6 Goods and Services Tax (GST).

6.27 Expensing or Capitalisation

6.27.1 Intangible Asset Expenditure That Cannot Be Capitalised

In accordance with AASB 138 Intangible Assets, costs incurred in the research phase of a project must be expensed. Costs incurred in the development phase may be capitalised if, and only if, certain criteria set out in AASB 138 are met - refer to FMPM section 7.10 Intangible Assets.
Chapter 6 – Expense Management

Internally generated goodwill, brands, mastheads, customers list, publishing titles and items similar in substance are likewise prohibited from being recognised as intangibles assets.

6.27.2 Borrowing Costs

6.27.2.1 Recognition

Borrowing costs comprise interest and other costs that the department incurs in connection with the borrowing of funds.

Borrowing costs may include:

- interest on bank overdrafts and short-term and long term borrowings
- amortisation of discounts or premiums relating to borrowings
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings and
- finance lease charges – refer to FMPM section 8.4.2 Finance Lease.

The Treasurer may, by written notice given to the Director-General, declare that the department is liable for a borrowing fee. This notice must state:

- the amount of the borrowings the Treasurer considers have been used by the department
- the borrowing fee for which the department is liable and
- the date by which the borrowing fee is to be paid to the Treasurer.

The frequency and amount of interest charged on borrowings shall be in accordance with the documented borrowing agreement.

6.27.4.2 Capitalisation of borrowing expenses

AASB 123 Borrowing Costs allows for the capitalising of borrowing costs, with the Alternative Treatment method, if the costs are directly attributable to the acquisition, construction, or production of a qualifying asset and shall be part of the cost of that asset.

A qualifying asset is defined as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs directly attributable to the acquisition, construction or production of ‘qualifying assets,’ as defined in AASB 123 with commencement dates for capitalisation on or after 1 July 2009, will be capitalised in the acquisition cost of such assets. Commencement dates prior to 1 July 2009 require that all borrowing costs must be expensed.

However, a not-for-profit public sector entity may elect to recognise borrowing costs as an expense in the period in which they are incurred regardless of how the borrowings are applied – refer to AASB 123 Borrowing Costs, paragraph Aus8.1. Financial Reporting Requirements for Queensland Government Agencies, Part B, Minimum Reporting Requirements, Section 5 Statement of Comprehensive Income, issued by Queensland Treasury and Trade, require all borrowing costs to be expensed.
Chapter 6 – Expense Management

The annual financial statements must also disclose the accounting policy adopted for finance/borrowing costs.

Refer also to the Finance Branch Capital Funding Policy and associated Implementation Standards which clearly define governance related to funding sources to the department’s approved Capital Acquisition Plan (CAP).

6.27.3 Assets Recognition or Expenditure Threshold

Refer to FMPM Section 7.9.4 Classification of Assets - for a table relating to Asset Recognition Thresholds. Assets with a value above the thresholds are regarded as material and must be capitalised in the year of purchase. Assets with values below the thresholds are regarded as immaterial and are to be expensed in the year of acquisition.

For further information relating to the capitalisation of expenses - refer to:

- AASB 102 Inventories
- AASB 116 Property, Plant and Equipment
- AASB 138 Intangible Assets
- Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

6.27.4 Initial Project Cost

Costs are often incurred in relation to a project before it is known conclusively whether they will result in an asset of the department. Where asset recognition criteria are not met, any such costs must be expensed as incurred – refer to APG 4 Definition and Recognition of Expenses, issued by Queensland Treasury and Trade.

6.27.5 Construction Costs – Work in Progress

Where the department is constructing an asset for its own use, costs incurred during construction that are directly attributable to bringing the asset to a location and condition necessary for its intended use must be capitalised as work in progress – refer to APG 4 Definition and Recognition of Expenses, issued by Queensland Treasury and Trade.

6.27.6 Service Concession Arrangements

In the early stages of service concession arrangements, costs may be incurred without knowing conclusively:

- if the project will proceed
- the ultimate project and/or service delivery method
- if an asset will be created
  and, if so
- if the public sector purchaser will control the benefits embodied in the asset.

Examples of initial costs include:

- project team employee costs
- advisory and legal costs
• technical or design costs and
• publications for consultation or bidding processes.

Under the Public Private Partnerships Guidance Material – Value for Money Framework, issued by the Queensland Treasury and Trade, the determination of the method of project and/or service delivery and whether a project will result in an asset of the department is unlikely to occur prior to the signing of binding contracts – refer to APG 4 Definition and Recognition of Expenses, issued by Queensland Treasury and Trade.

Refer also to APG 17 Service Concession Arrangements: Grantor.

6.27.7 Employee Expenses

Employee expenses are expensed as incurred except those employee expenses that are directly attributable to:

• the construction or acquisition of an item of property, plant and equipment – refer to AASB 116 Property, Plant and Equipment
• bringing an intangible asset to its working condition – refer to AASB 138 Intangible Assets
• and
• the conversion of inventories – refer to AASB 102 Inventories.

6.27.8 Regular Major Inspections

As a condition of continuing to operate a property, there may be a requirement to undertake regular major inspections for faults, regardless of whether faults are indicated or parts of the item are replaced, for example, lifts.

When each major inspection is performed, its cost is recognised as a replacement in the carrying amount of the item of property if the recognition criteria are satisfied and, as such, the cost is capitalised against the existing asset – refer to AASB 116 Property, Plant and Equipment.

6.28 Board and Committee Expenses

6.28.1 Public Sector Employees

Public sector employees who are appointed as board or committee members shall, be remunerated in terms of Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities issued by the Public Service Commission.

From time to time, there may be a need for members, who are also public sector employees, to attend meetings or to undertake board business during normal working hours.

Ultimately, the department is accountable for ensuring compliance with government policy in this regard and for ensuring that transparent and auditable control arrangements are put in place locally as required. Members should ensure that they comply with these requirements. For example, where a public sector employee attends a board meeting or undertakes board business during regular work hours an Attendance Variation and Allowance Claim (AVAC) form should be processed for leave without pay via the normal payroll site as an auditable process.
6.29 Disclosure Requirements

6.29.1 Overview

The department is to have regard, to the extent relevant, to the Financial Reporting Requirements issued by Queensland Treasury and Trade. These consist of the Introductory section, the Treasurer’s Minimum Reporting Requirements (including the Application paragraphs), the Accounting Policy Guidelines and the Sunshine Department Model Financial Statements.

Particularly, the department must comply with the requirements contained in the Minimum Reporting Requirements (Part B of the Financial Reporting Requirements), and the general form and content of the Sunshine Department Model Financial Statements.

The Model Financial Statements will need to be amended to reflect the department’s circumstances and operational characteristics.

Where the model financial statements disclose a circumstance that is not applicable to the department in the current and previous reporting periods, such disclosure need not be included in the financial statements of the department. Where the department is subject to requirements issued under alternative authority, those requirements should be regarded as additional to the requirements in the FRRs.

In the preparation of departmental annual financial statements, the overarching concepts of AASB 1031 Materiality must be taken into account in the disclosure of individual line items for revenues, expenses, assets and liabilities in the financial statements.

6.29.2 Expenses Generally

Expenses for the reporting period must be classified according to their nature or type. Where applicable, the following expense categories must be presented as separate line items on the face of the Statement of Comprehensive Income:

- employee expenses
- supplies and services
- depreciation and amortisation
- grants and subsidies
- impairment losses
- revaluation decrements
- finance/borrowing costs
- other expenses.

The line item for other expenses must not exceed 10 per cent of the total value of expenses.

The notes to the accounts must include a breakdown of each material category of expense shown on the face of the Statement of Comprehensive Income.
Chapter 6 – Expense Management

The department shall not present any items of income and expense as extraordinary or abnormal items, either on the face of the Statement of Comprehensive Income or in the notes.

Income and expenses shall not be offset unless required or permitted by an Australian Accounting Standard, for example, net gains/net losses on sale per AASB 116 Property Plant and Equipment.

The Paid Parental Leave scheme is to be accounted for through the Statement of Financial Position with no transactions recognised via the Statement of Comprehensive Income.

For particular expenses that should be separately disclosed are detailed in the disclosure section of each Australian Accounting Standard.

For detailed reporting requirements with respect to expenses - refer to Financial Reporting Requirements for Queensland Government Agencies.

6.29.3 Losses and Special Payments

Material losses and special payments must be separately identified in the notes to the department's financial statements under the heading ‘Other Expenses’.

For financial statement reporting, disclosure is required of the total amount for each class of material loss and special payment – refer to Sunshine Department Model Financial Statements.

6.29.4 Employee Benefits

For details relating to disclosure requirements relating to employee benefits – refer to
• AASB 119 Employee Benefits
  and
• APG 7 Accounting for Employee Benefits, issued by Queensland Treasury and Trade.

6.29.5 Controlled and Administered Expenses

Administered expenses may be disclosed as notes to the controlled financial statements unless they are material in amount in relation to the controlled financial statements. Should this be the case, the administered expenses must be reported as discrete financial statements within the department’s overall financial statements. Administered expenses must be accounted for on the same basis as controlled expenses.

Agency and trust expenses should be disclosed separately in the notes to the financial statements.

6.29.6 Impairment Losses

Impairment losses in respect of receivables and non-current physical assets are to be disclosed under the heading ‘Impairment Losses’ in the notes to the annual financial statements.

For further information relating to impairment – refer to:
• FMPM section 7.5.5 Impairment Review (receivables)
• FMPM section 7.12.6.7 Accounting and disclosure for impairment (Non-Current physical assets.

6.29.7 Other Expenses

The following expenses are to be disclosed under the heading of Other Expenses in the notes to the annual financial statements:

• donations/gifts
• losses on disposal of property, plant and equipment
• research and development expenses
and
• write off of inventories.

6.29.8 Disclosure - Expenses Generally

For information regarding disclosure requirements in the annual financial statements – refer to:

• AASB 116 Property, Plant and Equipment
• AASB 117 Leases
• AASB 119 Employee Benefits
• AASB 123 Borrowing Costs
• AASB 136 Impairment of Assets
• AASB 1050 Administered Items
• Financial Reporting Requirements for Queensland Government Agencies, Part B, Reporting Requirements
  • section 4 General Requirements
  • section 5 Statement of Comprehensive Income
  • section 9 Notes to the Financial Statements
and

• Financial Reporting Requirements for Queensland Government Agencies, Part D, Sunshine Department Model Financial Statements

issued by Queensland Treasury and Trade.
Chapter 6 – Expense Management

6.30 References

Legislation

- A New Tax System (Goods and Services Tax) Act 1999
- Constitution of Queensland Act 2001
- Crime and Misconduct Act 2001
- Criminal Code Act 1899
- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Fringe Benefits Tax Assessment Act 1986
- Hospital and Health Boards Act 2012
- Income Tax Assessment Act 1936
- Income Tax Assessment Act 1997
- Industrial Relations Act 1999
- Industrial Relations Regulation 2000
- Industrial Relations (Tribunal) Rules 2000
- Information Privacy Act 2009
- Limitation of Actions Act 1974
- Public Records Act 2002
- Public Service Act 2008
- Superannuation Industry (Supervision) Act 1993
- Taxation Administration Act 1953
- Workers’ Compensation and Rehabilitation Act 2003

Australian Accounting Standards and Pronouncements issued by the Australian Accounting Standards Board:

- Framework for the Preparation and Presentation of Financial Statements
- AASB 13 Fair Value Measurement
- AASB 101 Presentation of Financial Statements
- AASB 102 Inventories
- AASB 116 Property, Plant and Equipment
- AASB 117 Leases
- AASB 119 Employee Benefits
- AASB 123 Borrowing Costs
- AASB 136 Impairment of Assets
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets
- AASB 138 Intangible Assets
- AASB 139 Financial Instruments: Recognition and Measurement
- AASB 1004 Contributions
- AASB 1031 Materiality
- AASB 1050 Administered Items
Queensland Government Directives, Policies and Guidelines

Department of Health

- A Better Choice Food Policy
- Allowances Human Resources Policy C15
- Annual Financial Statement Guidelines
- Building and Infrastructure Maintenance Policy and supporting Implementation Standards
- Capital Funding Policy and associated Implementation Standards
- Control Framework for Expenditure
- Corporate Card Manual
- Corporate Card Policy
- Corporate Card Implementation Standard
- Financial Delegations for Corporate Card Use Only
- General Tax Business Procedure and Scholarships
- GST Business Policies, Procedures, Forms and Other Information
- Guide to Contract Signing Delegations
- Health Practitioner’s QH Professional Allowance and Development Leave HR Policy C42
- Health Service Directives:
  - Intellectual Property
  - Retrieval Services Queensland – Use of
- Department of Health Financial Delegations
- Department of Health Overseas Travel and Accommodation Standard and Procedure
- Department of Health Procurement Delegations
- Department of Health Procurement Policy and Procedures and Supporting Documents
- Department of Health Sponsorship Policy
- Department of Health Travel and Accommodation Policy
- Department of Health Vehicles – Management and Use
- How to Use Your Queensland Government Corporate Purchasing Card Guide
- Human Resource Policy D6, Meals and Accommodation – Other Than Medical Employees
- Human Resources Policy C48, Overpayments
- Instructions For The Engagement Of External Consultants
- Meals and Accommodation – Other Than Medical Employees HR Policy D6
- Parking of Private Vehicles on Official Premises
- PAYG Business Procedure No. 6 PAYG Withholding Obligations
- PAYG Business Procedure No. 10 Mileage and Travel Allowances
- Payroll and Rostering Intranet Site
- Procurement Policy and Procedures and Supporting Documents
- QGIF Insurance Policy, Section 6 Personal Accident and Illness
- Queensland Government Corporate Purchasing Card – Official Travel, Entertainment and Incidents Procurement – refer to Travel Unit on 1300 729 912
- Queensland Health Strategic Plan
- Recipient Created Tax Invoices (RCTI) & Recipient Created Adjustment Notes (RCAN) Procedure
- Terms and Conditions of Employment, Queensland Government Visiting Medical Officers (‘VMO Agreement’)
- Travel and Accommodation Information Service’s policies, standards, procedures and forms
- Uninsured Events Policy
- Use of Internet, Email and Other ICT Facilities and Devices Policy
Public Service Commission

- Code of Conduct for the Queensland Public Service
- Public Sector Industrial and Employee Relations Circulars
- Public Service Commission Directive No. 22/09 Gifts and Benefits
- Public Service Commission Directive No. 1/10 - Recruitment and Selection
- Public Service Commission Directive 14/10 Motor Vehicle Allowance
- Public Service Commission Directive 24/10 Critical Incident Entitlements
- Public Service Commission Directive 9/11 Domestic Travelling and Relieving Expenses
- Public Service Commission Directive 10/11 International Travelling, Relieving and Living Expenses
- Public Service Commission Directive No 11/11 Transfer and Appointment Expenses
- Public Service Commission Directive 03/12 - Change of Pay Date for employees of Queensland Health
- Public Service Commission Guideline on Gifts and Benefits
- Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities

Queensland Treasury and Trade

- A Guide to Risk Management
- Accounting Policy Guideline - APG 4 Definition and Recognition of Expenses
- Accounting Policy Guideline - APG 5 Losses and Special Payments
- Accounting Policy Guideline – APG 7 Accounting for Employee Benefits
- Accounting Policy Guideline - APG 8 Controlled and Administered Transactions and Balances
- Accounting Policy Guideline - APG 17 Service Concession Arrangements: Grantor
- Air Travel Indemnity Policy
- Annual Leave Central Scheme Guidelines
- Financial Accountability Handbook
- Financial Reporting Requirements (FRRs) for Queensland Government Agencies (including Accounting Policy Guidelines)
- Leasing in the Queensland Public Sector Policy Guidelines
- Long Service Leave Central Scheme Guidelines
- Non-Current Asset Policies for the Queensland Public Sector
- Public Private Partnerships Guidance Material – Value for Money Framework
- Treasurer’s Guidelines for the Use of the Queensland Government Corporate Purchasing Card

Queensland Treasury Corporation

- Whole of Government Lease Facility

Department of Premier and Cabinet

- Annual Report Guidelines for Queensland Government Agencies
Chapter 6 – Expense Management

- Queensland Government Sponsorship Policy 2012
- Queensland Government Guidelines for Providing Sponsorship
- Queensland Government Guidelines for Receiving Sponsorship
- Queensland Ministerial Handbook

Department of Housing and Public Works

- Engaging and Managing Consultants
- Maintenance Management Framework
- Office Accommodation Management Framework
- Queensland Government Marketplace
- Queensland Government Air Travel Policy
- Queensland Procurement Policy 2013

Department of Science, Information Technology, Innovation and the Arts

- Queensland Government Information Standards

Other

- Taxation Determination TD 2008/9
- Reserve Bank of Australia’s Historical Exchange Rates
- OANDA Foreign Currency Converter
Financial Management Practice Manual

Chapter Seven

Asset Management
Table of Contents

7.1 Introduction ........................................................................................................................................ 6
  7.1.1 Overview ........................................................................................................................................ 6
  7.1.2 Control Objectives ......................................................................................................................... 7
  7.1.3 Definition and Recognition of Assets ............................................................................................. 8
  7.1.4 Controlled and Administered Assets ............................................................................................. 9
  7.1.5 System Manager Role ................................................................................................................... 9

7.2 Bank Accounts .................................................................................................................................. 10
  7.2.1 Overview ...................................................................................................................................... 10
  7.2.2 Types of Bank Accounts .............................................................................................................. 10
    7.2.2.1 Collections Bank Account ........................................................................................................... 10
    7.2.2.2 Expenditure Bank Account ........................................................................................................ 11
    7.2.2.3 Administered Collections Bank Account .................................................................................. 11
    7.2.2.4 Payroll Bank Account .............................................................................................................. 12
    7.2.2.5 Salary Overpayment Bank Accounts ....................................................................................... 12
    7.2.2.6 General Trust Bank Account ................................................................................................... 12
    7.2.2.7 State Managed Fund Bank Account ....................................................................................... 13
    7.2.2.8 Reserve Bank of Australia National Health Funding Pool Bank Account ......................... 13
    7.2.2.9 Private Practice Trust Bank Account ...................................................................................... 13
    7.2.2.10 National Health Funding Pool Bank Account ................................................................ 14
    7.2.2.11 Sunshine Coast University Hospital Public Private Partnership (SCUH PPP) Bank Account .... 14
    7.2.2.12 Other Bank Accounts .......................................................................................................... 14

7.3 Bank Account Management .............................................................................................................. 15
  7.3.1 Overview ...................................................................................................................................... 15
  7.3.2 Banking Arrangement .................................................................................................................. 15
    7.3.2.1 Commonwealth Bank of Australia requirements ................................................................ 16
  7.3.3 Banking Authorities ..................................................................................................................... 18
    7.3.3.1 Banking Authority .................................................................................................................. 18
    7.3.3.2 Verifying Officer ................................................................................................................... 18
    7.3.3.3 Cheque signatories ............................................................................................................... 18
    7.3.3.4 Encashment signatories ....................................................................................................... 19
  7.3.4 Bank Overdrafts ............................................................................................................................ 19
  7.3.5 Unused Cheques ............................................................................................................................. 19
  7.3.6 Cheque Cancellation ..................................................................................................................... 20
  7.3.7 Cheque Replacement ..................................................................................................................... 21
  7.3.8 Stop Payment Notices .................................................................................................................. 22
  7.3.9 Unpresented Cheques .................................................................................................................. 22
  7.3.10 Bank Reconciliations .................................................................................................................. 22
  7.3.11 Banking Arrangements – participation in whole-of-government banking arrangements ........ 24

7.4 Cash and Accountable Advances .................................................................................................... 24
  7.4.1 Cash and Cash Equivalents .......................................................................................................... 24
  7.4.2 Cash Management ....................................................................................................................... 25
  7.4.3 Imprest Accounts ......................................................................................................................... 25
  7.4.4 Petty Cash .................................................................................................................................. 26
  7.4.5 Accountable Advances ................................................................................................................ 28
Chapter 7 – Asset Management

7.4.6 Other Floats ........................................................................................................................... 28
7.4.7 Derivatives ............................................................................................................................. 29
7.4.8 Accounting and Disclosure for Financial Instruments .............................................................. 29

7.5 Accounts Receivable/Debtors ........................................................................................................ 29

7.6.3 Write-Off Approvals ................................................................................................................ 39
7.6.2 General Inventory ................................................................................................................... 37
7.6.1 Definition of Inventory ......................................................................................................... 36

7.5.4 Credit Balances ....................................................................................................................... 31
7.5.3 Overdue Receivables .............................................................................................................. 31
7.5.2 Recording ............................................................................................................................... 30
7.5.1 Overview ............................................................................................................................... 30

7.5.10 Legal Recovery of Overdue Receivables ............................................................................ 34
7.5.9 Letter of Demand .................................................................................................................... 33
7.5.8 Use of Debt Collection Agencies ........................................................................................... 33
7.5.7 Bad Debts ............................................................................................................................... 33

7.6.5 Valuation of Inventory ............................................................................................................. 40
7.6.4 Inventory Stock-take ................................................................................................................. 39
7.6.6 Storage of Inventory and Control ............................................................................................ 41
7.6.1 Definition of Inventory ......................................................................................................... 36
7.6.2 General Inventory ................................................................................................................... 37
7.6.3 Write-Off Approvals ................................................................................................................ 39

7.7 Portable and Attractive Items .................................................................................................... 42

7.7.1 Definition ............................................................................................................................... 42
7.7.2 Recording ............................................................................................................................... 43

7.8 Short-Term Investments ............................................................................................................. 43

7.8.1 Queensland Treasury Corporation Cash Fund ......................................................................... 43
7.8.2 Operation ............................................................................................................................... 43
7.8.3 Internal Control ....................................................................................................................... 44
7.8.4 Disclosure Requirements ........................................................................................................ 44

7.9 Non-Current Physical Assets .................................................................................................... 44

7.9.1 Overview ............................................................................................................................... 45

7.9.1.1 Hospital and Health Service functions ............................................................................. 46
7.9.1.2 System level functions ........................................................................................................ 47
7.9.1.3 Depreciation funding for the System Manager ................................................................. 47
7.9.1.4 Depreciation funding for the HHS .................................................................................... 47
7.9.2 Definition ............................................................................................................................... 47

7.9.3 Acquisition ............................................................................................................................. 48

7.9.3.1 Acquisition types ................................................................................................................ 48
7.9.3.2 Purchase consideration ........................................................................................................ 49
7.9.3.3 Financial commissioning date ............................................................................................ 49
7.9.3.4 Work in progress ................................................................................................................... 50

7.9.4 Classification of Assets ......................................................................................................... 50

7.9.4.1 Disclosure requirements ..................................................................................................... 50
7.13 Depreciation and Amortisation

7.13.1 Depreciation and Amortisation ................................................................. 76
7.13.2 Useful Life .................................................................................................. 76
7.13.3 Depreciation Policy .................................................................................... 76
7.13.3.1 Assets to be depreciated ........................................................................ 76
7.13.3.2 Useful lives and depreciation calculation ............................................. 77
7.13.3.3 Depreciation method ............................................................................. 78
7.13.3.4 Changes in depreciation ....................................................................... 78
7.13.3.5 Cessation of depreciation .................................................................... 79
7.13.4 Other Depreciation Issues ......................................................................... 79
7.13.5 Disclosure Requirements ........................................................................... 80

7.14 Disposal ......................................................................................................... 80

7.14.1 Overview .................................................................................................... 80
7.14.2 Disposal Process ....................................................................................... 81
7.14.2.1 Delegations .......................................................................................... 81
7.14.2.2 Disposal in FAMMIS ........................................................................... 82
7.14.2.3 Responsibility for the asset ................................................................. 82
7.14.2.4 De-recognition ..................................................................................... 83
7.14.3 Valuation of Assets on Disposal ............................................................... 83
7.14.3.1 Plant and Equipment .......................................................................... 83
7.14.3.2 Property ............................................................................................... 83
7.14.3.3 Valuation on the disposal of asset ..................................................... 84
7.14.3.4 Asset revaluation surplus on the disposal of non-current assets ...... 85
7.14.3.5 Disposal of assets .............................................................................. 85
7.14.4 Revenue on the Disposal of Assets ......................................................... 86
7.14.5 Disposal Method ...................................................................................... 87
7.14.6 Transfers within Queensland Health ....................................................... 88
7.14.7 Transfer of Assets to Another Government Agency ......................... 88
7.14.7.1 Plant and equipment .......................................................................... 88
7.14.7.2 Property ............................................................................................... 89
7.14.8 Sale of Assets .......................................................................................... 89
7.14.8.1 Method - public auction .................................................................... 89
7.14.8.2 Method – tender .............................................................................. 89
# 7.14.8.3 Method - Health Technology Equipment Replacement (HTER)

7.14.8.4 Method - public offer

7.14.9 Trade-in of Assets

7.14.10 Write-off of Assets

7.14.10.1 Recycling of asset components

7.14.10.2 Donation of assets

7.14.10.3 Write-off of assets

7.14.11 GST on the Sale of Assets

7.14.12 Disposal of Land and Buildings

7.15 Loans and Advances

7.15.1 Overview

7.15.2 Loans Receivable

7.15.3 Loans to Third Parties

7.15.4 Advances

7.15.5 Disclosure

7.16 Other Assets

7.16.1 Prepaid Expenses

7.17 Planning and Control of Capital Commitments

7.17.1 Overview

7.17.2 General Policy

7.17.3 Capital Budgets

7.17.4 Commitments

7.17.5 Leases and Hire

7.17.6 Land

7.17.7 Capital Works Planning

7.18 Contingencies

7.18.1 Overview

7.18.2 Management of Contingencies

7.19 Disclosure – Assets

7.20 References
7.1 Introduction

7.1.1 Overview

Section 15(1)(c) of the Financial and Performance Management Standard (FPMS) requires the Director-General, as the accountable officer for the Department of Health, to establish an asset management system.

Adequate systems, including effective internal controls, are to be established, maintained and documented to ensure that all assets are:

- acquired in accordance with requisitioning, authorising, procuring, accepting and payment policies
- acquired only after proper evaluation and consideration of alternatives
- promptly identified, classified and recorded in the accounting records
- valued and reported in accordance with departmental, statutory and other requirements as referenced at Financial Management Practice Manual (FMPM) section, 7.20 References
- used, maintained and disposed of in an effective and efficient manner
- used to support the goals and objectives of the prevailing strategic plan - refer to:
  - FMPM section 3.2.2 Strategic Planning
  - FMPM section 3.2.3 Asset Strategic Planning
- secured, protected from theft, misuse, loss, physical deterioration and destruction and written-off when appropriate.

Refer to section 23 of the FPMS for further legislated obligations regarding asset management.

In establishing the system, section 15 (2) of the FPMS requires that the accountable officer (Director-General) shall have regard to the Financial Accountability Handbook (FAH), issued by Queensland Treasury and Trade.

Section 15 (3) of the FPMS requires that the Director-General must regularly review the system to ensure that it remains appropriate for managing the financial resources of the department.

All operational units must regularly review the need for existing or additional assets and the most cost-effective options for acquiring, maintaining and disposing of assets must be selected.

Physical assets are to be maintained so as to remain appropriate and productive at the lowest possible long-term cost.

Refer to FMPM section 2.9 Internal Controls.

For further information regarding asset management – refer to:

- FAH, Information Sheet 3.9 Asset Systems
- Financial Management Tools (FMT), Information Sheet 3.9 Asset Management

issued by Queensland Treasury and Trade.
7.1.2 Control Objectives

The objectives are to ensure that:

- all assets, unless otherwise provided by any Act, are identified, claimed, acknowledged, held and registered in the name of the department and are to be used for the purposes of the department
- the acquisition or receipt of assets and the disposal, issue or distribution of assets is properly approved in accordance with the department’s Financial and Procurement Delegations
- the acquisition or receipt of assets and the disposal, issue or distribution of assets is carried out, and is promptly and accurately recorded by authorised officers in accordance with prescribed requirements and practices
- proper application of statutory and administrative requirements and policies determined by State Cabinet, the Treasurer or other responsible authority, occurs with regard to the acquisition, holding and disposal of assets
- all appropriate reportable gifts are identified and recorded as required by:
  - Public Service Commission Guideline, Gifts and Benefits
  - Public Service Commission Directive 22/09 Gifts and Benefits
- all asset transactions are recorded accurately and completely, supported by readily accessible records and documentation with adequately maintained audit trails
- assets are adequately protected from theft, loss, damage and misuse
- the existence of the assets is verified at least annually and a reconciliation of relevant balances is carried out at appropriate times
- relevant and reliable information is obtained to enable all internal and external reporting and accountability requirements to be satisfied in a timely manner
- economy, efficiency, timeliness and effectiveness is achieved in the acquisition, use and disposal of assets
- all losses or damages are detected and recorded promptly, accurately and with appropriate action taken in response
- adequate separation of duties exists in the approval for acquisition, accounting for, and custody of assets.

All operational units must document and maintain procedures to achieve the above objectives.

It is also important to note that at all times there exists an overriding principle regarding the acquisition, use and disposal of public assets, and that is, that all decisions and actions must be publicly defensible.

The requirements of section 23 (2) of the FPMS relating to significant assets are mandated and replicated below:

"An asset management system must provide for -

(a) identifying, acquiring, managing, disposing of, valuing, recording and writing off assets; and
(b) if the accountable officer considers the cost of acquiring, maintaining or improving a non-current asset is significant (a significant asset), then an evaluation must be conducted before making the acquisition or carrying out the maintenance or improvement; and
(c) reviewing the performance of completed significant assets to ensure the objectives of the statutory body in acquiring, maintaining or improving the assets were met; and
(d) regularly maintaining the assets."
The accountable officer, in identifying, acquiring, maintaining, replacing, disposing of, valuing or revaluing, recording or writing off assets, must comply with the document called ‘Non-current asset policies for the Queensland Public Sector’ published by the treasury department.

In recording land assets, the accountable officer must comply with the ‘Property tenure government land policy’.

In preparing evaluations, the accountable officer must have regard to the following documents:

(a) Queensland’s Project assurance framework;
(b) Queensland’s Value for money framework.

The accountable officer must give the Treasurer a copy of an evaluation or review of a completed significant asset as soon as practicable after the Treasurer asks the accountable officer or the statutory body for the copy”.

7.1.3 Definition and Recognition of Assets

An asset is defined in AASB Framework for the Preparation and Presentation of Financial Statements as:

“a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity”.

An asset, therefore, has the characteristics of future economic benefits embodied in it with the potential to contribute, directly or indirectly, to meeting the department’s objectives.

Refer to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade, for specific accounting treatment of non-current assets in the public sector.

AASB 116 Property, Plant and Equipment states that an asset must be recognised only if:

• it is probable that future economic benefits associated with the items will flow to the entity and
• the cost or value of the item can be reliably measured.

In some cases, assets may be acquired by an entity at no cost. These assets must be recognised in the Non-Current Assets Register at market value. The corresponding gain will usually be recognised as “Other Revenue” in the Statement of Comprehensive Income.

Assets include, but are not limited to:

• cash
• receivables
• loans and advances
• inventories
• investments
• prepayments
• land and buildings
• property, plant and equipment
and
• intangibles.

Assets may be owned, leased or donated.

For further information regarding the initial recognition of assets – refer to FAH, Information Sheet 3.8 Property, Plant and Equipment Systems, issued by Queensland Treasury.

7.1.4 Controlled and Administered Assets

The financial operations of departments comprise of:

- those ‘controlled’ by the department and which directly relate to its operational objectives and arise at the discretion and direction of the department;
- those that a department ‘administers’ on a whole-of-government basis, over which it does not have control but which it is charged with administering efficiently and effectively.

All transactions and balances of a department, except trustee and/or agency functions, must be categorised as either controlled or administered.

For information regarding controlled and administered assets – refer to APG 8 Controlled and Administered Transactions and Balances.

7.1.5 System Manager Role

The Hospital and Health Boards Act 2011 (HHBA) provides as follows:

- section 8(2): The overall management of the public sector health system is the responsibility of the department through the chief executive (the Director-General) (the system manager role)
- section 8(3): In performing the system manager role, the chief executive is responsible for the following:
  (a) Statewide planning
  (b) managing Statewide industrial relations
  (c) managing major capital works
  (d) monitoring service performance
  (e) issuing binding health service directives to Services

Section 45 (Functions of the chief executive) provides a detailed list of the functions of the chief executive.

Section 47 details the issues about which the chief executive may issue a health service directive to a Hospital and Health Service (HHS).

This FMPM details health service directives that have been issued in relation to assets and the system manager responsibilities with respect to the management of assets within HHSs.
7.2 Bank Accounts

7.2.1 Overview

Each operational unit is responsible for the maintenance of adequate accounting records, the recording of transactions and the maintenance of adequate supporting documentation.

The objectives are to ensure that the financial records of the department are maintained in accordance with the legal requirements for public moneys and that all records are accurate, relevant, reliable, and consistently reported.

Departmental bank accounts held with the Commonwealth Bank of Australia (CBA) are:

- one Collections account
- one Expenditure account
- one Administered Collections account
- one Payroll account
- nineteen (19) Salary Overpayment accounts
- one General Trust account
- one State Managed Funds account (HHS funding account)
- one Reserve Bank of Australia (RBA) National Health Funding Pool account (contingency account).

CBA accounts held by the department on behalf of third parties are:

- two Private Practice accounts (Health Services Support Agency).

Non-CBA departmental bank accounts are:

- RBA – one National Health Funding Pool account
- National Bank of Australia (NBA) – one Sunshine Coast University Hospital Public Private partnership account.

Refer to FAA, Division 5 Accounts with financial institutions.

7.2.2 Types of Bank Accounts

7.2.2.1 Collections Bank Account

The following are to be paid into the Collections Bank Account:

- payments of grants to the HHSs that are made outside the National Health Agreement
- patients’ fees excluding payments held in trust
- other own-sourced revenue such as user charges, fees for service and other revenue.
- recoveries of prior year overpayments - refer to FMPM section 5.4.3 – Retention of Expenditure Recoveries and
Chapter 7 – Asset Management

- other moneys not relating to other specified funds.

The department is not permitted to make investments, other than within the General Trust Fund.

The receipts of gifts and bequests from the private sector are dealt with in accordance with General Trust Fund Policy.

The Collections Bank Account is reconciled by the Bank Reconciliation Officer, within the Corporate and State-wide Services Finance Business Centre Banking (FBC Banking).

The Collections Bank Account is held within the whole-of-Government set-off banking arrangements with the CBA.

7.2.2.2 Expenditure Bank Account

The Expenditure Bank Account is mainly used for:

- State Government appropriation funding
- Government equity injections into the Department of Health
- Commonwealth Government funding for the Department of Health
- accounts payable expenditure
- transfer of payroll expenditures to the Payroll Bank Account
- receipt from the HHSs for payments made by the department on behalf of the HHSs
- receipt of salary overpayments which are transferred from the various Salary Overpayment bank accounts
- equity withdrawals from the Department of Health
- recoveries of overpayments in the same year as the expenditure was incurred
- returned wages and salary remittances
- bank fees and other charges.

Transactions through the Expenditure Bank Account are facilitated by FBC Banking. The account is reconciled by FBC Banking.

The Expenditure Bank Account is held within the whole-of-Government set-off banking arrangements with the CBA.

7.2.2.3 Administered Collections Bank Account

All administered revenue must be credited to administered revenue and deposited into the Administered Collections Bank Account, unless instructions are issued to the contrary.

Administered revenue includes:

- State Government funding for:
  - interest and loan repayments in respect of the Mater Public Hospital
  - operations of the Health Quality and Complaints Commission
  - certain Commonwealth grants.

Administered receipts cannot be deposited to the Collections Bank Account. However, if one receipt contains both administered and controlled funds, the whole receipt will be deposited initially
into the Administered Collections Bank Account and the controlled portion transferred to the Collections Bank Account, preferably on the same day as the funds are received in the Administered Collections Bank Account.

The Administered Collections Bank Account is held within the whole-of-Government set-off banking arrangements with the CBA.

The Administered Collections Bank Account is reconciled by the Bank Reconciliation Officer, within FBC Banking.

### 7.2.2.4 Payroll Bank Account

This account acts as a suspense account for transactions relating to the payment of salaries and wages. The account must be cleared through the Expenditure Bank Account. It is used to pay Queensland Health’s entire payroll.

This account is controlled by the Payroll Portfolio who undertake centralised payroll management within the department and are responsible for reconciling this bank account.

All returned pays default back to the payroll bank account for resolution and, where appropriate, are transferred to the Expenditure Bank Account.

The Payroll Bank Account is held within the whole-of-Government set-off banking arrangements with the CBA.

### 7.2.2.5 Salary Overpayment Bank Accounts

19 Salary Overpayment Bank Accounts were set up to receipt repayments by staff of previous salary overpayments. The high number of accounts is a legacy issue where the former Health Service Districts were responsible for managing the overpayments of their own staff. This function is now performed centrally by the Payroll Portfolio. As such, only 1 account now remains fully operational and the remaining 18 will be decommissioned once all the residual transactions are reconciled and the accounts cleared.

The Salary Overpayment Bank Accounts are held within the whole-of-Government set-off banking arrangements with the CBA.

The Salary Overpayments Bank Account is reconciled by Payroll Portfolio.

### 7.2.2.6 General Trust Bank Account

General Trust moneys are to be administered, in compliance with the General Trust Fund Policy and banked into a separate bank account.

The General Trust Fund Bank Account is established to receipt:

- contract deposits, staff key deposits and other similar deposits
- Private Practice Study, Education and Research Trust revenue
- moneys arising from donations, bequests, legacies or gifts and
- revenue from fund raising activities.
Revenue in relation to research projects, for example:

- sponsored trials of the Australian Research Council (ARC)
- Queensland Cancer Fund
and
- research for higher degrees

all of which is of a ‘fee-for-service’ nature, shall be managed via the department’s Collections Bank Account and not the General Trust Fund. However, funding received as bequests and donations shall remain in, and be administered via, the General Trust account – refer to Research Management Policy – Implementation Standard for Research Governance.

The General Trust bank account is held outside the whole-of-Government set-off facility but needs to conform with the Government’s banking arrangements, that is, established with the CBA.

The General Trust Bank Accounts for business areas 28 and 78 are reconciled by the Bank Reconciliation Officer, within FBC Banking.

The General Trust Bank Account for the department is reconciled by the Bank Reconciliation Officer, within the Finance and Assets Accounting Team.

**7.2.2.7 State Managed Fund Bank Account**

The State Managed Fund Bank Account is used to receipt State and Commonwealth Block as well as Teacher, Training and Research (TTR) funding. This Block and TTR funding is transferred by the Department of Health from the State Managed Fund Bank Account to the Operating/Transaction bank accounts of the HHSs.

The State Managed Fund Bank Account is held within the whole-of-Government set-off banking arrangements with the CBA.

**7.2.2.8 Reserve Bank of Australia National Health Funding Pool Bank Account**

This bank account was established as a contingency account should the Commonwealth Government’s health funding system not be finalised and be fully tested prior to the commencement of the National Health reforms on 1 July 2012.

**7.2.2.9 Private Practice Trust Bank Account**

These accounts are to be used by the department for deposits and payments on behalf of medical practitioners who provide medical services to the HHS when exercising their Private Practice in accordance with the Private Practice Scheme.

The department must use a Private Practice (RoPP) bank account for the private practice receipts, and as a clearing account. The reasons that the transactions are separated from the operational transactions of the HHS is to provide ease of reconciliation and accounting.

These accounts are to be cleared on a monthly basis and all administrative expenses must be paid from the respective RoPP account. Long standing items are not permitted.

Interest earned on the Private Practice bank accounts is to be distributed in the following manner.
It will be necessary for the private practice clinic to maintain monthly totals of gross Option A receipts, gross Option B receipts and the administration and facility charges deducted from the Option B doctors’ remittances. The Option B charges will then be deducted from the Option B gross receipts to derive the Option B net receipts - refer to Health Employment Directive 09/14: Interim Private Practice – Senior medical officers, for details of Option A and Option B arrangements.

The interest received will be apportioned in direct proportion of the Option A receipts, the Option B net receipts and the administration and facility charges to the total receipts for the month.

The Option A and the administration and the proportioned facility charges are to be transferred into the Collections Bank Account as Category C revenue – refer to FMPM section 5.7 - Revenue Retention.

The Option B net receipts proportion will be credited to and retained in the Private Practice Study, Education and Research Trust Account administered by the Specialist Advisory Committee. The moneys are then to be transferred to and retained in the General Trust Account.

The RoPP bank accounts are held outside the whole-of-Government set-off facility but need to conform with the Government’s banking arrangements, that is, established with the CBA.

### 7.2.2.10 National Health Funding Pool Bank Account

This bank account is held with the Reserve Bank of Australia (RBA). The Commonwealth Government pays Queensland’s share of the national health funding pool as determined through the Commonwealth/State National Health Agreement into the National Health Funding Pool Bank Account.

The Commonwealth funding comprises of its share of Activity Based Funding (ABF), Block and TTR funding. The State Government pays its share of the ABF funding into the National Health Funding Pool bank account. These moneys are to be paid fortnightly to the HHSs.

### 7.2.2.11 Sunshine Coast University Hospital Public Private Partnership (SCUH PPP) Bank Account

This bank account is held with the National Australia Bank (NAB). Under the Deed governing the SCUH PPP arrangements the State Government (Department of Health) is required to make scheduled Government contribution payments into the SCUH PPP Bank Account. Subject to the private sector party to the SCUH arrangements meeting its obligations, the moneys are paid to the SCUH private sector party.

### 7.2.2.12 Other Bank Accounts

No other bank accounts may be established without the approval of the Director-General or the department’s Chief Finance Officer.
7.3 Bank Account Management

7.3.1 Overview

As with State Government departments and certain statutory bodies, the Department of Health’s banking services, including the investment of surplus funds, are regulated by Queensland Treasury and Trade. Departmental bank accounts are established and maintained in accordance with the:

- Financial Accountability Act 2009 (FAA)
- Government’s Master Banking Services Agreement
- Transactional Banking Services Product Agreement with the CBA.

The name of any bank account opened must not infer or imply that the department is involved or associated in any way with any account that is not part of the department’s operations. This includes private practice accounts.

Refer to section 83 of the FAA for information regarding departmental banking requirements for day-to-day operations and to section 84 for approval requirements to operate a departmental bank account with an overdraft facility.

The department uses the Commbiz functionality, which is the CBA’s electronic banking interface that allows the department to access its bank accounts, to load banking files and to undertake other transactional banking functions.

7.3.2 Banking Arrangement

The department’s bank accounts and banking arrangements are to be held with the Commonwealth Bank of Australia (CBA) in accordance with requirements of the Master Banking Services Agreement as defined in the Cash Management Handbook for Departments and Agencies, issued by Queensland Treasury and Trade. The agreement provides for the CBA to provide banking services to agencies, with Australia Post as a sub-contractor to the CBA, providing services in remote locations. The agreement covers:

- transaction banking
- bank accounts
- cheques
- electronic funds transfers
- foreign exchange
- BPay and BPoint
- the acceptance of debit and credit card payments from customers
- corporate card facility
- use of credit cards to buy goods and services from merchants
- merchant/EFTPOS facilities
- acceptance of debit and credit card payments from customers.

Every bank account must be opened in the name of the department. Names of departmental executives or other departmental officers must NOT be used.
Chapter 7 – Asset Management

The Under Treasurer’s approval (as delegate of the Treasurer) has been obtained as follows:

- overdraft facility with a limit of $400 million for the Expenditure Bank Account – refer to section 84 FAA and
- investing General Trust Account moneys with the Queensland Treasury Corporation (QTC) – refer to section 40 FAA.

7.3.2.1 Commonwealth Bank of Australia requirements

All changes to banking arrangements need to be authorised by the relevant authorised officer(s), both in terms of the department’s delegation as well as CBA requirements.

The authority to appoint/remove verifying officers or add/remove cheque signatories has been delegated by the Director General to the Chief Finance Officer (CFO) as well as other departmental officers that have been appointed as authorising officers with the CBA.

The CBA requires the following forms to be used by the delegated officer(s) to open a new bank account:

- A153 Application and Authority for Business Account with Verifying Officer (FMPM Appendix 12) and
- FBC Banking - Account Opening Form (FMPM Appendix 14).

To add or remove cheque signatories to an existing bank account form ‘004-997 Add or Remove Authority for Business Accounts’ is to be completed, and be signed by an authorised departmental delegate (For a copy of this Commonwealth Bank of Australia form, contact the Information System Support (ISS) Banking Team at ISS-Banking@health.qld.gov.au).

Verifying Officers verify the identity of a person, in accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act):

- cheque signatories
  and
- Encashment Officers.

Verifying Officers are appointed using the ‘000-276 150208 Appointment of a Verifying Officer’ form (FMPM Appendix 11).

Encashment Officers are authorised to cash cheques as follows

- if the encashment amount is over $1,000, a letter on a letter head signed by a person with delegated banking authority or cheque signatory.
- if the encashment is less than $1,000, the Encashment Officer’s Queensland Government Photo ID may be used as an authority to encash cheques for any one presentation; the Encashment Officer must sign the reverse of the cheque in the presence of the teller who will verify the signature and record details of the identification tendered.

CBA banking services are provided either by branches, Australia Post, private agency, courier and/or electronic means. In certain locations, night safe facilities are available at a charge.
Where the CBA cannot, in any way, provide the required facilities under the current Banking Services Agreement and the Transactional Banking Services product Agreement, banking arrangements can be entered into with another bank, provided the Under Treasurer's approval (as delegate of the Treasurer) has been obtained in terms of section 83 of the FAA. Where it is necessary to hold departmental moneys at a bank other than the CBA, those funds are to be kept to the minimum practicable amount possible.

It is best practice for the CFO to review bank services and pricing at least annually in consultation with Queensland Treasury and Trade to ensure that charges are in accordance with the Queensland Government's banking contract.

Banking arrangements must include:

- bank statements of transactions to be received at least at the end of each month for all accounts
- a certificate of balance of any account to be forwarded on the request of a delegated officer
- endorsement of cheques, as and when required, to be by officers so authorised
- recognition of authorised signatures, that is, any cheque or other form of withdrawal or payment order is to be recognised only on the signature of an officer or officers jointly authorised to sign
- return of paid cheques and other banking related documents either specifically requested by the Director-General or an authorised delegate, that is, the CFO and
- collection of paid cheques only by an authorised officer.

The process for opening bank accounts is detailed as follows:

- requests for a new bank account must be submitted to the Director-General or authorised delegate, that is, the CFO
- clearly identify the purpose and name of the proposed account
- written notification will be provided as to whether the request is approved or declined
- once approved, the requesting area is to provide the original signed form to the Banking Officer of the Finance Business Centre Banking Team (FBC Banking Team) who will arrange for the request to be sent to the CBA to create the bank account
- the FBC Banking Team will record the bank details, establish the account in CommBiz and notify all relevant parties, including the Department of Health Financial and Asset Accounting Team, Finance Branch, System Support Services Division, for the creation of a general ledger account and advising the requesting business area on whether cash flow forecasting will be required for the bank account.

A review of all bank accounts is to occur on an annual basis. The department is to provide its bank account register to the Banking Officer, FBC Banking Team for review. Overdraft facilities are to be negotiated with the Department of Health and with Queensland Treasury and Trade.

A bank account with an overdraft facility may not be opened without the Under Treasurer’s approval as delegate of the Treasurer—refer to section 84 of the FAA.

Refer to FMPM section 7.3.4 Bank Overdrafts.
7.3.3 Banking Authorities

Where a departmental bank account is to be closed, a date must be determined after which the drawing of funds on that account is to cease. A period of time after this date of up to three months, is to be negotiated with the bank to allow for unpresented cheques to be presented and, after this period of time, for instructions to be given to the CBA to re-direct any funds deposited to another departmental bank account.

Where a bank account is to be closed, written approval must be sought from the Director-General or delegated departmental executive, that is, the CFO stating the reason for the closure. The Under Treasurer and the Auditor-General must be provided with official notification of every closure. Bank accounts must be audited as soon as possible after their closure.

7.3.3.1 Banking Authority

Variations to the list of Verifying Officers, Cheque Signatories and Encashment Officers, that is, additions, deletions or modifications, either permanent or temporary, require the approval of the Director-General’s senior executive with delegated authority for banking arrangements.

The authorised departmental representative may appoint, delete or modify an authority for an officer to be a Verifying Officer. If appointing, the nominated officer must be identified by satisfying the requirements of the AML/CTF Act.

7.3.3.2 Verifying Officer

Verifying Officers perform the verification function normally performed by the bank and eliminate the need for each new nominated signatory having to physically take their documentation to the bank. More than one Verifying Officer can be appointed. It is recommended that a minimum of two Verifying Officers are available per facility.

To appoint a Verifying Officer, the bank requires the completion of, Appointment of a Verifying Officer (FMPM Appendix 11), and Verifying Officers must present this form and their identification, (refer AML/CTF Act 2006), to their local CBA branch which will stamp their application form. The stamped application and duly authorised form is to be forwarded to the Banking Officer, FBC Banking Team, Finance Transactions Unit, Finance Branch, System Support Services Division, who will forward it to the CBA Government Banking Centre for processing.

More information is available on the Austrac webpage on verifying signatures and related matters.

Cancellation of a Verifying Officer’s authority requires a letter signed by an Authorising Officer.

7.3.3.3 Cheque signatories

Cheque signatories are officers who have the authority to sign cheques and conduct transactions on the department’s bank account.

Cheque signatories are delegated positions established and approved by the Director-General or authorised delegate, that is, the CFO or other authorised officer, who are given the authority to approve payments made via cheques. These officers are thereby authorised to produce valid authority to the CBA to accept notices of bank authority, such as authorities for other persons to operate on a nominated account.
Applications for variations to cheque signatories are to be made on Application and authority for business accounts with a verifying officer' (FMPM Appendix 10), signed by the proposed signatory, a Verifying Officer and an officer with delegated authority. This process is managed by the Banking Officer, FBC Banking Team, Finance Transactions Unit, Finance Branch, System Support Services Division.

New signatories need to meet the identification requirements set out in the AML/CTF Act 2006, which is summarised on the Austrac webpage. In accordance with this legislation, a signatory is required to provide documentation to the Verifying Officer. Authorising Officers may also confirm the identity of the signatory to the bank.

7.3.3.4 Encashment signatories

Encashment Officers are authorised by an officer with relevant delegated authority and their signature is verified by a Verifying Officer for the purpose of enabling them to cash the department’s cash cheques over the value of $1,000. The Encashment Officer’s signature is registered with the CBA and he/she will have to produce Queensland Government photo-identification at the branch for each transaction - refer to FMPM Appendix 15, Authority to Encash Cheques. Queensland Government photo-identification is also required for encashments under $1,000; however, these officers do not need to be established as Encashment Officers.

7.3.4 Bank Overdrafts

The department may operate in an overdraft position from time to time depending on the timing of cash flows. A separate overdraft facility has not been put in place for the department with the CBA. However, under the whole-of-Government set-off banking arrangement, the department is able to operate in an overdraft position subject to a notional overdraft limit approved by the Under Treasurer (as delegate of the Treasurer) in terms of section 84 of the FAA.

The Expenditure Bank Account is the only departmental bank account that currently has an overdraft facility attached to it.

Where an account is overdrawn or the overdrawn amount exceeds the overdraft limit, the CFO is to be notified so that action is taken to rectify the issue.

Trust accounts must not be overdrawn.

Refer to Overdraft Facilities: Operational Guidelines for the Public Sector, issued by Queensland Treasury and Trade.

7.3.5 Unused Cheques

Cheques forms should, wherever possible, be kept under the control of an officer who is independent of the signing function.

Issues of unused cheques should be signed for by the receiving officer, and removed from the cheque register.

When pre-printed cheque forms are received from the printer, their numbers are to be recorded in a cheque forms register and the cheques placed in a locked storage area. When cheques are printed or cancelled, the event and date are to be recorded in the Cheque Register - refer to:
• FMPM 2.6.9 Cheque Register and
• FMPM section 2.7 Risk Management.

When a cheque has been identified as having been lost before it has been used, it must be
registered and shown as voided on FAMMIS so that its number may not be re-used or duplicated.

7.3.6 Cheque Cancellation

The current version of a Cheque Cancellation Request Form FS6 prepared within the operational
unit should detail the following:

• the cheque number
• the value of the cheque
• the payee
• the date of cancellation
• the reasons for cancellation
and
• the details of the replacement cheque, if applicable.

The form is to be authorised by an Authorised Payments Officer following verification that the
cheque is unpresented. The bank is to be notified as soon as possible and a stop payment notice
is to be issued. Stop payments incur bank charges. The cheque reversal is then to be entered via
the Accounts Payable Module or General Ledger Module by a general journal, where appropriate,
and should be verified by a second officer. The source document is to be signed by the data entry
officer and the verifying officer to certify that the data has been input and verified as correct.

An issued cheque may be cancelled due to circumstances, such as:

• the cheque has been returned due to double payment of the same invoice; a cancellation
  request form is to be created referencing the relevant documents and the cheque is to be
  cancelled
• the cheque has been returned by the payee because it was issued to the wrong person, in
  which case a cheque cancellation request form is to be created referencing the relevant
  documents; the cheque is to be cancelled and the invoice adjusted to reflect the correct payee
• the cheque has not been received or has been lost by the payee, in which case the cheque is
  to be cancelled, the bank notified to stop payment and a replacement cheque is to be issued
• the cheque has not been presented within three (3) months in which case it will be managed as
  an unpresented cheque.
• the cheque should not have been issued because the invoice should not be paid; in this case:
  • a cheque cancellation request form is to be created referencing the relevant documents
  • the bank is to be notified to stop payment and
  • the cheque is to be cancelled; the invoice may also require cancellation.

In the payment, vouchers for cancelled cheques are to be marked ‘cancelled’ and the reasons for
cancellation are to be indicated on the payment voucher. Both the original and correcting forms are
to be cross-referenced.

Checks must be carried out to ensure that:
• the expenditure is not duplicated in the account codes
and

• adequate internal controls are in place.

For information regarding the issuing of a replacement cheque – refer to FMPM section 7.3.7 Cheque Replacement.

A stop payment advice regarding the cheque to be cancelled must be lodged by the department with the bank before any replacement cheque is issued, unless the cheque is in hand and has been rendered unpayable.

The original cheque, rendered unpayable, or the Confirmation of the Stop Payment from the bank, must be attached to the cheque cancellation request form, FSS6. The form must be forwarded to the Business and Systems Support Team, Finance Transactions Unit, Finance Branch, System Support Services Division for processing.

After a cheque cancellation, the cancelled cheque must be marked ‘CANCELLED’, attached to the Form FSS6 and filed in sequence of the date upon which the cheque was stopped.

7.3.7 Cheque Replacement

Before a replacement cheque is issued to the payee, the following action must be taken:

• a check of the bank statement and inquiry of the Cheque Register to make sure that the cheque has not been presented to date at the bank for payment
• a stop payment advice regarding the first cheque must be lodged with the bank before any replacement cheque is issued unless the original cheque is in hand and has been rendered unpayable
• if the cheque has not been presented and honoured by the bank, the cheque is to be cancelled and recorded in the Cheque Register; a replacement cheque is to be produced and
• if a new payment voucher was created to issue a replacement cheque, the original payment voucher must be cancelled and the fact of issuance of a replacement cheque recorded on both the original and the replacement payment vouchers.

A Request and Undertaking Notice should be requested from the payee when the original cheque has not been handed back - refer to Indemnity Form and standard letter at FMPM Appendix 16, Indemnity Form for information regarding the above actions.

A check list should be used to record the above steps as they are performed, and confirmed by a finance officer. The check list should be attached to and filed with the cancelled cheque for audit purposes.

When the payee is deceased before the cheque has been presented, the deceased’s bank account will have been frozen pending a grant of probate and administration of the estate. The following action is to be taken:

• written instructions are to be obtained from the executor/s of the estate to cancel the original cheque and to issue another in favour of the estate
• the original cheque is to be cancelled but the invoice is not to be cancelled unless the original cheque was drawn from a one-time vendor account; if so, the cheque and the invoice are to be cancelled and a new vendor master file is to be created and a new invoice is to be raised for payment
• the vendor master file details are to be changed to show the name of the estate as the payee
and

- the now unpaid invoice is to be paid with a new cheque.

The instructions to cancel the cheque should be signed by all executors or those having an enduring power of attorney, ensuring that authority to proceed with this action is evidenced.

### 7.3.8 Stop Payment Notices

Stop payment notices must be issued before any replacement cheque is issued, unless the cheque is in hand and has been rendered unpayable. The cheque to be cancelled or replaced must be defaced by removing the signature block from the cheque so that it cannot be presented.

The stop payment notice must be signed by a signatory who is authorised to sign cheques. The signatory does not have to be the person who signed the cheque originally.

However, the authority must be current for the stop payment notice to be effective or accepted. A former signatory cannot execute a stop payment notice, and a stop payment notice cannot be backdated.

The notice must be formally transmitted to the bank, by facsimile and by post or personal delivery. If the stop payment notice is sent initially by facsimile, the original should be marked ‘CONFIRMATION - FAXED <date sent>’ before being posted or delivered.

It is necessary that the cheque is checked against the accounting system and bank statements subsequent to the last day on which an update to the accounting system has been run, to confirm that the cheque has not been paid.

### 7.3.9 Unpresented Cheques

Each month, the list of unpresented cheques on each bank account must be reviewed for cheques that are overdue for presentation to determine required follow-up action.

A bank will honour valid cheques when presented, if funds are available. Cheques are classified as stale after 15 months from the date of issue. Different banks have differing internal policies regarding the treatment of a stale cheque when presented. CBA will generally honour stale cheques if a Stop Payment advice has not been notified to them by the department.

Unclaimed moneys will be remitted to the Unclaimed Monies Fund held by the Public Trustee.

Cheques which have been unpresented for three months or longer must be promptly followed up by contacting the payee to ascertain the reason as to why the cheque has not been presented. The liability continues for six years pursuant to the provisions of the *Limitation of Actions Act 1974*. State Government policy is, however, that if a person can prove that the funds were owing to them, the debt is to be honoured from the Unclaimed Monies Fund.

### 7.3.10 Bank Reconciliations

Bank reconciliations must be performed promptly, at least within 5 working days after the end of each month, or within any other requested departmental deadline to meet statutory reporting timeframes, for all bank accounts maintained by the department. Refer to FMPM section 7.2.2 Types of Bank Accounts for details regarding responsibilities for the reconciliation of bank accounts.
Copies of all appropriate documents, which support figures detailed in bank reconciliations, are to be filed along with the reconciliations.

Bank account reconciliations must compare general ledger figures with the bank's records of transactions and account balances, taking into account:

- any receipts processed in the general ledger but not yet acknowledged by the bank
- cheques drawn, but not yet presented to the bank
- other transactions such as bank fees, interest and EFT transfers and
- manual cheques presented at the bank prior to processing in the system and which have not yet been recorded in the general ledger.

In all cases, the action required to resolve individual discrepancies must be documented on the reconciliation concerned, and such action is to be promptly followed-up. Action must be taken by the relevant operational unit to clear all discrepancies promptly.

Wherever possible, discrepancies between the bank statement and the system values must be examined within the time limit that the bank has to apply for dishonouring cheques, that is, three days, so that any fraudulently altered cheques can be returned unpaid, and appropriately dealt with.

Sufficient information and explanations must be prepared and retained such that matters can be readily understood and explained, if necessary, by officers who have replaced the officer who prepared the reconciliation.

Outstanding items must be followed up and appropriate action taken promptly.Uncleared items in the uncleared bank deposits account must be investigated daily also, and resolved with full supporting documentation and audit trails.

The Director-General or delegate and bank reconciliation officer/s will be held responsible for the accuracy of the reconciliations and the timeliness thereof.

- The general ledger bank account reconciliation folder is to be made available immediately upon request for internal and external audit scrutiny. It is paramount that all control procedures have been followed, to reduce the risk of audit qualification.

Bank reconciliation working papers will include the following for audit purposes:

- a copy of the general ledger bank account transaction listing
- the general ledger bank account reconciliation statement
- supporting documentation for the reconciliation such as bank statements, general ledger balance reports, error list reports, a report listing unpresented cheques, and cancelled and replaced cheques reports
- a spreadsheet detailing all reconciling items and how these have been cleared and
- all reconciling items working papers and supporting documentation as detailed above.

Correspondence relating to the reconciliation and clearance of reconciling items forming part of the working papers such as letters to vendors concerning cancelled or replaced cheques, reports of such, and correspondence in respect of unclaimed moneys, such as returned pays, are to be filed with the reconciliation.
Supporting documentation should be cross-referenced. All adjustments are to be signed as prepared and checked by the appropriate officers.

In addition, the bank reconciliation officer must have available a current chart of accounts for perusal on request from the internal and external auditors, for verification of account codes stated in journals.

Complete narrations are to be recorded to provide an appropriate audit trail as to the action undertaken. These narrations are particularly important where recovery of money is required or returned pays exist - refer to FMPM section 10.8 Financial Records Management for information regarding the retention period for these documents. These narrations are also important for internal, external and Commonwealth government audit purposes.

Both the preparing officer and the reviewing officer must sign the bank reconciliations.

7.3.11 Banking Arrangements – participation in whole-of-government banking arrangements

The department and HHSs are required to use the Commonwealth Bank of Australia (CBA) for all banking arrangements, consistent with State government banking policy.

7.4 Cash and Accountable Advances

7.4.1 Cash and Cash Equivalents

AASB 107 Statement of Cash Flows defines cash and cash equivalents:

“Cash” comprises of cash on hand and demand deposits; and cash equivalents are short-term, highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value”.

The department’s cash comprises:

- money and deposits held at call with the CBA and the Queensland Treasury Corporation (QTC)
- bank notes
- coins
- money orders
- cheques and other negotiable instruments received and which have not yet been banked, including money held in suspense - refer to FMPM section 5.6 Receipting of Funds and
- cash imprest balances on hand, such as petty cash and cash advances.

“Cash equivalent” refers to a highly liquid investment with a short maturity term that is both readily convertible to cash on hand at an entity’s option and subject to an insignificant risk of changes in value, or borrowings which are integral to an entity’s cash management and not subject to a specific term”.

Access to cash is to be restricted to those officers with appropriate authority. For further security and control requirements - refer to FMPM section 2.8.4 Security of Money.
All cash, except for that required to be kept on hand, such as imprest accounts, must be held in a departmental bank account - refer to FMPM section 7.2 Bank Accounts for further information.

The amount of physical cash on hand is to be kept to the minimum practicable level.

Refer also to:

- FMPM section 2.9 Internal Controls regarding internal controls policy
- APG 12 Financial Instruments
- FAH, Information Sheet 3.9, Asset Systems
- FMT, Information Sheet 3.9, Asset Systems

issued by Queensland Treasury and Trade.

### 7.4.2 Cash Management

Section 15(1)(d) of the FPMS requires the Director-General to establish a cash management system.

The department must implement and maintain processes for the efficient and effective management of cash and cash transactions, including in relation to the General Trust accounts.

Refer to section 24 of the FPMS for further legislated obligations regarding cash management.

In establishing the system, section 15 (2) of the FPMS requires that the Director General shall have regard to the FAH, issued by Queensland Treasury and Trade.

Section 15 (3) of the FPMS requires that the Director-General must regularly review the system to ensure that it remains appropriate for managing the financial resources of the department.

### 7.4.3 Imprest Accounts

An imprest account, such as petty cash or a float, is a permanent advance of a fixed amount provided to an authorised accounting officer who is required to frequently fund relatively minor amounts of expenditure for official purposes, with the advance itself being periodically reimbursed.

Petty cash facilitates and streamlines the process of:

- reimbursing officers for purchases, for example, stationery and minor travel costs which are unanticipated, of low value, and which have been previously funded from an officer’s personal finances for expediency or
- advancing cash to officers thus reducing the need for them to initially meet, from their personal finances, costs incurred for official departmental purposes.

Petty cash is a more effective process for low value expense items for officers who are not issued with a corporate card.
The establishment of a petty cash imprest and increases thereto, are to be approved by an authorized delegated officer. The initial establishment of petty cash, and subsequent reimbursements, are to be:

- financed by the department or by operational units themselves and
- processed in accordance with the requirements in FMPM section 6.4 Processing and Payment.

The amount of petty cash imprests and floats must be reviewed from time to time by a finance manager, with a view to increasing or decreasing the amount to achieve the optimum level for operational purposes.

At month end, the petty cash imprest is to be reconciled and verified with the reimbursement being authorised by a delegated officer. The reconciliation is to be attached to the expenditure voucher.

Control procedures must be established by all operational units maintaining petty cash imprests and floats to ensure that the usage is managed effectively to prevent fraudulent transactions.

Officers responsible for any petty cash imprests and floats are to be:

- fully accountable for their petty cash imprest/float and associated transactions
- provided with adequate security for their petty cash imprest/float and
- responsible for the safe custody of their petty cash imprest/float.

Refer to FMPM section 2.8.4 Security of Money.

7.4.4 Petty Cash

Petty cash is to be made available upon presentation, to the authorised petty cash officer, of a properly completed petty cash voucher which:

- indicates the general ledger account and cost centre to be charged
- has been approved by an authorised officer in accordance with departmental delegations and
- includes adequate supporting documentation as to the purchase, that is, a cash receipt or a tax invoice, if applicable.

Under the goods and services tax (GST) legislation, if the amount of the transaction is less than $82.50 (including GST):

- a tax invoice is not required and
- the supplier is not required to have an Australian Business Number (ABN).

Refer to GST Business Procedure – Petty Cash.

Some form of adequate supporting documentation is, however, still required.

Where it is impractical for an officer to initially use his/her own finances, an advance of funds may be made from petty cash. Controls must be in place to ensure that officers:

- sign an appropriate document indicating the amount of cash received
- produce all receipts, and a properly authorised petty cash voucher, for the total amount spent
and
- return all unspent moneys.

In any case, officers receiving petty cash must sign the petty cash voucher to acknowledge the actual amount of cash paid.

Petty cash floats must, at the time of establishment, be authorised by the Director-General or delegate as the circumstances require.

The amount of the float is discretionary but should be contained within prudent limits.

A maximum amount must be set by the Director-General or delegate for petty cash withdrawals, that is, the maximum withdrawal limit for any transaction, taking into consideration the frequency with which the float is reimbursed and the float amount. The maximum float amount is discretionary based on convenience and reasonableness. Proposed withdrawals for expenditure exceeding the limit will require a cheque or electronic funds payment.

The establishment of the float should be viewed as non-recurrent expenditure for the purpose of determining the appropriate level of financial delegation needed, and the approving officer must have adequate delegation.

The petty cash float must be paid to a delegated officer in whose custody the said amount remains. Variation in the amount of the petty cash float must be authorised by a delegated officer.

Any discrepancies are to be investigated immediately and where necessary, replenished by an authorised officer with loss write off financial delegation.

Evidence of the expenditure, that is, cash sale dockets or receipts, must be attached to the petty cash vouchers. Vouchers must be signed by the officer who incurred the expense.

The custodian of a petty cash float must record details of all petty cash transactions in a petty cash book. A duplicate is to be retained if the original is retained with the expenditure voucher after reimbursement.

The book must provide:
- the date of the transaction
- the particulars of expenses
- the amounts of money involved
- the relevant expense code(s).

The original schedule is to be attached to the reimbursement claim, as supporting documentation. The duplicate is to remain within the bound record book.

The petty cash custodian must submit the petty cash book (or an equivalent form of record), original vouchers for each expense, and a general purpose voucher, to the accounting officer. If the documents are in order, the reimbursement or replenishment of the float must be approved by an Authorised Expenditure Approval Officer evidenced by a signature on the general purpose voucher.

The following procedures must be adopted in relation to petty cash:
• funds must be maintained on an imprest basis
• records must be kept up to date, that is, the value of cash plus vouchers must equal the imprest amount
• custodianship of petty cash must be assigned to one officer whose duties should not include cash receiving and disbursing or accounts receivable functions
• hand over procedures must be conducted when custodianship passes from one officer to another, including the counting and balancing prior to hand-over
• funds must not be mixed with cash from other sources
• vouchers must be signed by the claimant, with supporting receipts, and countersigned by the officer approving the expenditure, before the vouchers are presented to the custodian
• the claim voucher must be countersigned by the custodian when the funds are disbursed
• petty cash must be counted and reconciled at least monthly by the custodian and checked by a senior officer when the imprest amount is reimbursed
• no private loans are to be made or private cheques cashed from petty cash funds
• funds must be securely stored to avoid theft
• cash floats and imprest funds must be replenished before the end of the financial year in addition to any other requirement to replenish regularly in order that the expenditure incurred is accounted for; it is recognised that at any one site in isolation the expenditure may not be material; on a departmental wide basis however, the degree of materiality may change significantly.

Petty cash and other cash floats are to be used only for the purchase of goods and services for the department’s use. Details must be provided for all such purchases.

7.4.5 Accountable Advances

Petty cash floats and other accountable advances should be reviewed every six months to ensure that the amounts are appropriate for operational purposes and are valid. Movements are reconciled to the general ledger on a monthly basis.

Accountable advances, other than salary or wages/contract labour expense and travel allowances, must be reimbursed no less frequently than monthly. On reimbursement of an accountable advance, a certificate is to be given by the officer responsible for the advance, indicating:

• the imprest amount
• the amount reimbursed to date
• the balance held.

Advances, other than standing imprest advances, are to be accounted for and repaid within fourteen days of the advance being made unless otherwise approved by the Director-general or delegate.

Refer also to FMPM section 6.6.23 Accountable Advances for the policy with respect to accountable advances.

7.4.6 Other Floats

Included in this category are cash register till floats and trust office floats. Limits may be imposed on the size of any transaction to reduce the frequency of reimbursement of the float, bearing in mind that there is a cost associated with the drawing and presentation of any cheque.
The floats are to be registered as part of the accountable advance register, similar to petty cash above – refer to FMPM section 2.6.2 Accountable Advance Register.

The floats must be reconciled to the respective general ledger account monthly.

### 7.4.7 Derivatives

A department may enter into a derivative transaction:

- in its own name
- or
- in the name of a person who, under a Treasurer’s approval, has been appointed in writing by the department as its agent for the purpose.

The department may enter into a derivative transaction only if:

- the Treasurer’s approval has been given for the department to enter into the derivative transaction or derivative transactions of that type
- and
- the department enters into a derivative transaction to hedge against a risk to which the department is or will be exposed.

Section 85 of the FAA refers.

### 7.4.8 Accounting and Disclosure for Financial Instruments

The total for cash and cash equivalents at the end of the reporting period as disclosed in the Statement of Cash Flows, must reconcile with the equivalent items reported in the Statement of Financial Position.

For information regarding the accounting and disclosure for financial instruments – refer to:

- Financial Reporting Requirements for Queensland Government Agencies
  - Part B, Reporting Requirements
  - Part D, Sunshine Department Model Financial Statements
- and
- Accounting Policy Guideline (APG) 12 Financial Instruments

issued by Queensland Treasury and Trade.

### 7.5 Accounts Receivable/Debtors
7.5.1 Overview

Within the context of Queensland Health, the majority of receivables are likely to be raised within the HHSs. The following is the departmental policy with respect to receivables that might be raised within the Department of Health.

Receivables, also referred to as debtors, are amounts owing by other individuals or organisations in respect of the provision of goods, services, works and/or other financial assistance, in accordance with an invoice/order/contract/agreement. Such amounts must be presently receivable in accordance with the associated invoice/order/contract/agreement and other legal contractual principles.

Within the department, receivables may be in respect of:

- client billings
- external organisations, for example, health funds and insurance companies or
- officers of the department.

Examples of receivables include:

- loans or advances granted or portions thereof which are now repayable by the recipient
- overpayments made to departmental officers which are to be recovered, including salary/contract labour expense overpayments
- amounts outstanding on the sale of assets and
- amounts owing by departmental officers, for example, in respect of private expenditure paid by the department.

Refer to:

- FMPM section 5.2 Types of Income Collected by Queensland Health for further types of revenue or billable services receivable by the department
- and
- APG 12 Financial Instruments
- FAH, Information Sheet 3.9 Asset Systems
- FMT, Information Sheet 3.9 Asset Systems
- issued by Queensland Treasury and Trade.

7.5.2 Recording

Procedures must be established for the timely charging of billable services and their recording in the relevant accounts receivable system, which must be regularly reviewed, followed-up and with prompt action taken as required - refer to FMPM Chapter 5 - Income Management.

Reconciliations between subsidiary receivables ledgers/systems and the general ledger control account should be undertaken at month end. Exceptions must be investigated and cleared by the following month end. Reconciliations must be reviewed and certified by an independent, responsible officer.
Supporting documentation and copies of debtor’s ledger journal entries must be filed either with the journal or in a working papers file, suitably cross-referenced and indexed, to provide an audit trail of journals.

Statements of account are to be posted to each debtor monthly. Invoices are to be handed or mailed to the debtor at the time of completion of the services.

Advices of changes of address or other points of communication are to be updated immediately. Statements and invoices returned unopened must be followed up immediately so as to reduce the possibility of a bad debt.

The value of all outstanding invoices within the department is to be readily available throughout the year for reporting purposes. Operational units must ensure that full, proper and accurate recording of amounts invoiced, credit notes issued and any overpayments made by the department are properly recorded. Receivables systems must include clear audit trails to enable easy tracing of transactions to the related source documents.

Aged debtors reports are to be run monthly, indicating overdue accounts.

### 7.5.3 Overdue Receivables

Overdue accounts must be investigated by an officer not otherwise charged with duties relating to the assessment, levy, collection or disbursement of moneys - refer to FMPM chapter 5.4 Revenue Recovery for further details.

Long outstanding debts must be regularly assessed and performance indicators established as a measure of the effectiveness of the debtors' collection process in an operational unit, for example, average days' sales in debtors outstanding and the ratio of overdue accounts to total debtors.

For open item accounts, that is, unmatched or unpaid transactions, receipts are applied to the specific invoices intended to be paid. If an account continues to show a poor history, it may become necessary to apply the receipts to the oldest balance.

Balance forward accounts, where the transactions are not retained on statements, are to be rolled into a new balance brought forward amount. The receipt is to be applied to the oldest balance unless some arrangement has been made, or, for example, a disputed charge has been flagged and left outstanding until resolution.

If legal proceedings are considered appropriate for overdue receivables, the relevant manager should authorise such action - refer to FMPM section 7.5.10 Legal Recovery of Overdue Receivables.

### 7.5.4 Credit Balances

Credit balances in accounts receivable must be reviewed at month end and investigated. If the balance is due to an overpayment, the balance is to remain in the account untouched. If the amount is immaterial, that is, less than $10, it may be transferred to revenue for sweeping. The account is to be included in the monthly statements for mail out. The balance may be highlighted in order to draw it to the attention of the customer.

Credit balances are to be reverse journalled to sundry creditors for the purposes of the annual financial statements. Individual inspection is required to determine the total amount.
7.5.5 Impairment Review

The department must, at the end of each reporting period, perform a review or assessment of debtors, loans and advances receivable by the department to determine whether there is any objective evidence that the amount owing is impaired, bearing in mind the debt's age, financial difficulty of the debtor, any breaches of contract terms and the results of recovery action taken to date (for example).

AASB 139 Financial Instruments: Recognition and Measurement states that a receivable or a group of receivables is impaired and impairment losses are incurred if, and only if:

- there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event')
- that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognised.

Impairment losses recognised in respect of receivables at the reporting date may only relate to debts not yet determined to be uncollectible, that is, those not yet written-off as a bad debt.

A reversal of an impairment loss may occur if there is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. The amount of the reversal shall be recognised in the Statement of Comprehensive Income and in accordance with AASB 139 requirements.

7.5.6 Provision for Impairment

Pursuant to the requirements of AASB 139, an allowance for impairment must be recognised to ensure that receivables are carried at amounts not in excess of their recoverable amounts.

An adequate provision for impairment must be raised, revised and recorded in the quarter in which an account is identified as potentially non-collectible. The provision for impairment is calculated by assessment of the individual accounts in the accounts receivable subsidiary ledger. Monthly assessments may be performed by applying a percentage of total amounts overdue, where the percentage to be applied is determined from history, that is, trend analysis over a reasonable period of time.

Adjustments are documented and approved by an authorised delegated officer for approval of a loss. Assessment must take into consideration:

- the potential costs of the recovery of the debt
- the age and quantum of the overdue debt
- the history and contact with the debtor
- the possibility of recovery from other parties and
- discussion with other officers, such as those who generated the revenue and who may have additional information about the debtor and why the account has not been paid.
The Accounts Receivable Manager or other senior officer should review the accounts receivable listing at least monthly to identify potentially and practically non-collectible accounts. A provision for impairment must be recognised for all invoices aged greater than 90 days, unless there is sufficient evidence that recovery is probable for example, there is a payment plan in place with the debtor. The accounts receivable listing is to be reviewed at intervals of not more than three months in order to assess doubtfulness or bad debts.

The same officer should review and document receivable balances aged 60 days or over in order to minimise recovery problems. Receivable balances aged less than 60 days should be reviewed for impairment indicators.

**7.5.7 Bad Debts**

A bad debt is a debt that has actually been determined to be uncollectible, after unsuccessfully undertaking all practical and cost effective recovery action, and for which appropriate financial approval has been obtained to write-off the debt - refer to FMMP section 7.5.11 Write Off Unpaid Receivables.

Bad and impaired debts are to be reported in the notes to the annual financial statements as Other Expenses in the Statement of Comprehensive Income, if a provision has not been provided previously and the debts have only become uncollectible since the beginning of the reporting period.

The Director-General or delegate must review the ages of the various types of receivables outstanding, including iPharmacy debts, in particular, details of those individual receivables which have been outstanding for more than 90 days - refer to the Debt Management of Pharmacy Co-payments Policy.

**7.5.8 Use of Debt Collection Agencies**

Specific action to be taken to recover outstanding debts will be the responsibility of the relevant operational unit. Such action may include the use of debt collection agencies or other more cost effective means of debt collection.

In the event that a debt due to the department requires collection action, including the use of a commercial debt collection agency, the information given to the agency must be restricted to the financial information necessary solely for the purpose of debt recovery. That information would include, in addition to the debtor’s name and address, the invoice date number and amount. Care should be taken that details of any medical services provided leading to the production of the invoice or charge advice must not be disclosed unless the officer carrying out the recovery action is a departmental officer.

**7.5.9 Letter of Demand**

A letter of demand for payment should be forwarded once an account has been outstanding for 75 days. A letter of demand must be forwarded before legal action is contemplated, and it must be permitted to expire before legal action is initiated.

The letter of demand must clearly state, as a minimum:

- the circumstances of the debt arising
- the date/s, number/s and amount/s of the invoice/s outstanding
• the amount/s of any receipt/s applied against the invoice/s
• a statement that the debt remains outstanding
• a clear demand for payment of the debt in full within a stipulated time frame and the time frame must be reasonable so as to provide sufficient time for the debtor to comply and
• a statement that, if the full amount is not received by the stipulated date, legal proceedings will be commenced to recover both the debt and costs incurred.

7.5.10 Legal Recovery of Overdue Receivables

Where it is appropriate to proceed with legal action, initial advice should be sought from the department’s Legal Unit – refer to FMPM section 10.6 Legal Advice. An exception would apply where there is a dispute over the accounts issued, for example, a contractual arrangement.

Further legal advice may be sought from either the Crown Solicitor or from an approved panel of external legal advisers arranged by the department’s Legal Unit.

Prior to taking any legal action, the circumstances of each case and the cost of legal action must be evaluated and carefully considered by the Director-General or delegate.

Where the likelihood of collecting any receivables is considered improbable or not cost-effective, either an appropriate provision for impairment is to be brought to account or the debt is to be approved for write off by an authorised loss write-off delegated officer.

The above requirements are to be applied consistently to all types of receivables.

7.5.11 Write-Off Unpaid Receivables

An overdue receivable, that is, aged 120 days or more and not subject to a compensation claim, may be considered for write-off, if:
• after sufficient investigation and action, it is considered doubtful that the debt will be repaid, for example, the debtor cannot be located or has filed for bankruptcy or liquidation or
• the cost of further recovery attempts exceeds the amount likely to be recovered.

Before seeking write-off of any receivable, the relevant manager must arrange a thorough investigation and the preparation of an appropriate report thereon. The authorised officer/manager must ensure that:
• proper steps have been taken to investigate the raising and non-recovery of the debts
• legal prosecution is inappropriate, unlikely to be successful, or is not cost effective
• all reasonable steps have been taken to recover the debt
• the debt is reasonably considered to be non-recoverable
• the circumstances surrounding the loss are examined fully to ensure that satisfactory controls are in place to limit similar occurrences in the future and
• a summarised justification for the write-off recommendation is provided.

A write-off must be approved by an authorised loss write-off delegated officer in accordance with the department’s Financial and Procurement Delegations.
Chapter 7 – Asset Management

Write-offs require inclusion in the Losses Register – refer to FMPM section 2.6.25 Losses Register.

Documentation relating to write-offs must include:

- the originals or good copies of all documents relating to the debt written off
- records of telephone interviews
- correspondence

and

- the memorandum of approval to write off, if applicable; it is essential that any signed acknowledgement from the debtor evidencing the debt is retained.

Debts may not be written off progressively so as to bring the value of the write-off within the authorising officer’s level of delegation.

7.5.12 Debt Write-Off Level

The department must determine a threshold for debts that are not viable to recover taking into account that the cost of recovery must not exceed the recovery. Analysis of receivables will identify a trend for recovery which may be used to provide for doubtful debts. The balance in the provision account is to be maintained at this level and adjusted as debts are written off or as the receivables balance moves.

7.5.13 Outstanding Minor Pharmacy Accounts

Reasonable efforts must be exercised to pursue outstanding debts regardless of the amounts. The use of debt collection agencies to collect minor outstanding receivables generated from drugs dispensation through the hospital pharmacy is not an economically viable proposition. Often, the amounts involved are minor, that is, under $50.00 and it is prudent to eventually write the debt off.

A formal written reminder notice is to be issued when the account remains outstanding as at 60 days – refer to FMPM section 5.4.2 Recovery Management.

The following policies and procedures are to be followed for these minor pharmacy accounts, prior to the debts being declared as bad and written-off:

- amounts under $100
  - once an account has reached 75 days overdue, a formal Letter of Demand - refer to FMPM section 5.4 Revenue Recovery - is to be forwarded with the advice of legal action to be taken if the account is not settled within the next 14 days; if no response has been received at the end of 14 days, the account may be written off as not economical to pursue

and

- amounts greater than $100
  - similar action to the above is to be taken, but advising in the formal Letter of Demand that this account is now in the hands of a solicitor and unless the account is settled immediately, the debtor will incur additional legal fees and face legal proceedings; these accounts are to be forwarded to a debt collection agency at the end of 14 days if no response has been received after the issue of the formal Letter of Demand.

Debt write-offs are not permitted without exercising some debt recovery efforts. Write-offs are only the last resort if the outstanding accounts are not economically viable or impossible to pursue the
debts any longer. Write-offs must be approved by authorised loss write-off delegated officers, normally the Director-General or delegate.

7.5.14 Adjustment to Accounts (Credit Notes)

Adjustments to accounts receivable must be properly controlled, prepared and authorised, and evidence of each adjustment is to be retained for audit and legal purposes.

A credit note may be raised when an invoice needs to be completely cancelled, or part of an invoice is incorrect and requires cancellation. The document must disclose particulars of:

- the debtor's name and address
- the account number
- the number of the invoice to which the credit relates
- the line item description as shown on the invoice
- the reason for the credit being raised
- the credit note number, value, and date of issue

and

- the signatures of the officers preparing and approving the credit.

Since the issue of a credit note is similar to giving cash or a cheque to a customer, it is necessary that the credit note be authorised by an officer having adequate seniority, such as the operational unit director or manager. The officer must not have any duties associated with the processing of invoices, credit notes or receipts and must possess the appropriate financial delegation.

7.5.15 Disclosure in the Annual Financial Statements

Accounts receivable are ordinarily paid within a short period, that is, 30 to 60 days, and are therefore disclosed as current assets. At the time of the preparation of the annual financial statements, any account not expected to be paid within twelve months due to conditions of contract and not because it is doubtful or bad, must be classified as a non-current asset. Otherwise, these accounts must be disclosed as current assets.

Accounts receivable are not to be set off against accounts payable even though the debtor and the supplier are one and the same person or entity unless the balances have arisen as a consequence of an error or a mistake.

The accounts are to be recorded and disclosed at their gross value. Payment discounts available are not to be taken up until the account is paid.

Where applicable, the accounts must be analysed into those which are controlled and those which are administered.

Accounts having a credit balance at the end of the reporting period must be transferred to current liabilities, that is, sundry creditors, in the annual financial statements.

7.6 Inventory

7.6.1 Definition of Inventory

Within the context of Queensland Health, the majority of inventory is likely to be held and managed within the HHSs. The following is the departmental policy with respect to inventory that might be held and managed within the Department of Health.
Inventory is defined in AASB 102 Inventories as:

“assets:

• held for sale in the ordinary course of business
or
• in the process of production for such sale
or
• in the form of materials or supplies to be consumed in the production process or in the
  rendering of services”.

AASB 102 requires the segregation of inventories which are held for sale and inventories which
are not held for sale or for distribution, mainly for not-for-profit entities, to be shown in the notes to
the annual financial statements. A not-for-profit entity is defined as one “whose principal objective
is not the generation of profit”.

Inventories held for distribution are defined as assets held by a not-for-profit agency for distribution
at no or nominal consideration in the ordinary course of business. Only not-for-profit agencies may
recognise inventories held for distribution.

An example of inventories held for distribution is stationery. Items held for sale by the department but
owned by a third party, for example, items held on consignment, do not meet the definition of an asset
and are not considered to form part of inventories.

The policies and practices contained in FMPM Chapter 6 - Expense Management relating to the
processing of expenditure requisitions and/or purchase orders, through to the payment of invoices,
are to apply to the acquisition of inventories.

Refer also to;

• FMPM section 7.1.1 Overview
• FMPM section 2.9 Internal Controls
and
• FAH, Information Sheet 3.9, Asset Systems
• FMT, Information Sheet 3.9, Asset Systems

issued by Queensland Treasury and Trade.

7.6.2 General Inventory

Items held for re-sale or as inputs to production are to be included in inventory. This would include
prosthetic appliances, raw materials, and major consumables.

A stock/inventory recording system must be used whenever inventory is held. Typically, this would
be held on the FAMMIS system. Information relating to each item of stock, as to its movement and
value, is to be recorded in this system together with the following information:

• stock/inventory item code/catalogue number
• stock/inventory item description
• storage location
• unit of measure
• stock/inventory in and stock/inventory out
• date
• reference
• quantity
• unit price
• value
and
• balance
• quantity
• unit price
• value.

These records must be maintained by officers other than those who handle the stock/inventory, wherever practical, in order to provide separation of duties.

The operational unit responsible for inventory must perform reconciliations of inventory general ledger accounts and actual inventory movements. Supporting documentation of reconciling adjustments is to be attached to the reconciliation. The reconciliation must be certified by a senior officer. Control report MB5L, program RM07MBST, may be used for this purpose.

Bulk storage inventory locations must be identified and used. Access to inventory storerooms must be tightly controlled. Inventory accountability must be ensured through accurate input and proper withdrawal documentation.

Issues from inventory should not be made other than on the basis of recorded authorisations which support accounting entries. Stores requisitions or goods issue slips should be issued and produced to the store person. That document is then to be used for the purpose of drawing inventory from stores. Surplus issued inventory must be returned to the bins quickly and evidenced by a Return to Store form, which will be used to update the inventory records.

Valuation of inventory is to be based on the lower of cost or net realisable value. The method of assigning the cost of inventory to particular items of inventory should be based on one of the following methods:

• specific identification
• weighted average cost
• first in first out
or
• standard cost.

The method adopted should be appropriate to the circumstances and should be applied consistently from reporting period to reporting period. It should also be remembered that the different methods will require different treatment in the costing of the stock/inventory, and the timing thereof.

Inventory arising from minor supplies purchased for immediate use would not normally be valued unless the value significantly affects the financial position of the operational unit.

Operational units must set a target to compare the actual rate of inventory usage against holdings, that is, turnover, and explain the variance. As a number of operational units do not measure usage, purchases can be used as an adequate substitute. In order to more accurately assess
consumption, the comparison/s should wherever possible be between the turnover and the purchases of individual or similar lines, rather than in total or overall.

Control records of inventories, for example, general ledger control accounts, are to be maintained by an accounting officer whose functions are independent of the responsibility for maintaining the stores. The control records must be reconciled to the stores records monthly and the reconciliation must be certified by a senior finance officer.

Verification may be made using FAMMIS report MB5L, program RM07MBST.

It may be necessary to provide duplicate stock records where goods are purchased tax paid, for example, snack foods and confectionery lines, and tax exempt so that the tax-paid lines are not confused with the exempt ones. Costing and valuations will also be adversely affected and this must be avoided.

Goods that have been supplied as samples during a tendering process may be destroyed or dumped and do not have to be brought into the department’s general ledger. If the goods are retained for use, they should be brought to account at fair value, with a corresponding recognition of the donation as revenue.

For information regarding the definition, measurement and disclosure requirements relating to fair value – refer to AASB 13 Fair Value Measurement.

7.6.3 Write-Off Approvals

Write-offs of inventory will generally occur through loss or obsolescence. These should be summarised at periods as determined by the Director-General or delegate through a Summary Report for approval in accordance with the financial delegations. Loss reports are required, and entries in the Losses Register recorded - refer to FMPM section 6.18 Loss of Assets and to FMPM 2.6.25 Losses Register.

Write-ons are to be recognised through the inclusion of the goods in the inventory.

7.6.4 Inventory Stock-take

A physical stock-take of material stores must be taken at least annually, preferably quarterly, either in total or by cyclical count. Responsibility for supervising the counting, pricing, and computation of inventories is assigned to a senior officer. The inventory records must be adjusted as necessary.

When perpetual inventory methods are employed, stock-takes should be carried out on a rotational basis throughout the year, by independent officers, checking selected areas of stores and the results compared with the stock records. These selective checks could also be used to scrutinise stock for obsolescence and damage, thereby minimising effort at year end. Discrepancies are to be investigated and appropriate action taken.

Stock-takes are to be carried out in a controlled and orderly manner, and preferably not by officers responsible for the custody of the stock. Those officers should be available to assist in identification, removal and replacement of inventory during counting.

The Chief Finance Officer will set cut-off dates and times in advance of a stock-take for the recording of:
Chapter 7 – Asset Management

- revenue invoices
- deliveries outwards
- returns of goods received
- stock reservations
- goods receiving
- purchase orders
and
- creditors invoices

thus allowing valid stock counts.

Stock-take instructions are contained in FMPM Appendix 17. Count sheets may be printed by FAMMIS using transaction codes MI01, MI21 or MI31.

Discrepancies found at stock-take must be investigated. Appropriate action is to be taken to minimise reoccurrence. More frequent stock-takes may be required, in the short term, to ascertain if the discrepancy was an isolated or a recurring incident.

A complete audit trail of documentation supporting the stock-take and subsequent follow-up is required. This audit trail will include:

- a register of sheets issued and returned
- cut-off points
and
- the composition of count and check teams used in the various locations.

Refer also to Stocktake Information Sheet.

7.6.5 Valuation of Inventory

The opening balance of inventory at the commencement of a financial year should equal the closing balance of inventory for the prior year.

All inventories are to be valued at the lower of cost or net realisable value. ‘Cost’ will include transport and other costs required to get the stock into location, but will not include re-location costs which are to be treated as expenses of the period. Discounts allowed for bulk or volume purchases are to be taken into consideration, in accordance with AASB 102, Inventories, paragraph 11. Other rebates, settlement discounts, and discounts allowed infrequently are not to be included. These items are to be credited to revenue - refer to FMPM section 6.4.16 Discounts, for consistency in the application of discounts taken.

Cost should be assigned for valuation purposes in the following order of preference:

- specific identification (best)
- on a first in, first out basis
and
- weighted or moving average (worst).

Costs are to be assigned in the following manner, in order of preference:

- individual product lines (best)
- class or category of product
and
- collective of similar categories or classes of product (worst).

‘Individual product lines’ means the assignment of cost to inventories on the basis of distinct products, identified on the inventory system by a line item code. The items are all of the same size, grade and composition.

A ‘class or category’ would refer to the same type of product, but these would not all be of the same size, grade or composition, but would be reasonably close in those respects, and therefore the assignment is not quite as accurate or reliable.

A ‘collective’ of similar categories would be less reliable, due to products varying in cost. This cost assignment is useful when the products individually and collectively are numerous and of reasonably low value.

‘Cost’ will, wherever possible, be determined using full absorption costing.

Inventories held for distribution are valued at cost adjusted when applicable for any loss of service potential – refer to AASB 102 Inventories.

7.6.6 Storage of Inventory and Control

Arrangements need to be made to ensure adequate security is available for the storage of inventories, including where inventories are moved from one location to another. Stores requisitions and goods issue slips are accountable forms.

All items held for sale by an operational unit but owned by a third party, for example, items held on consignment, are to be stored separately from inventories of the operational unit. Adequate controls are to be implemented to ensure the safe custody of such items.

Refer also to FMPM section 2.8.2 General Security Considerations.

Delegation to authorise purchases must not be given to officers directly or indirectly involved with the daily operations of stores, such as the handling and movement of inventory without adequate compensating controls. Such controls are to be designed to minimise the risk of inventory being received or removed without being recorded or detected. They would include:

- separation and rotation of duties
- mandatory use of delivery dockets and stores requisitions, especially when staff numbers do not allow for strong separation of duties

and
- more frequent stock-takes.

Removal of inventory from stores should be undertaken only on the production of a valid stores requisition. The store person shall require that inventory is signed for on a copy of the requisition. The requisition will be taken with the goods to the dispatch area, and upon the shipment of the goods, it is to be attached to the delivery docket and filed. Inwards goods must be signed for, by an officer who is not directly or indirectly involved in the operations of stores. A copy of the goods received docket must proceed directly to the accounting section for subsequent matching.

Valuations of inventory must be confirmed by an officer independent of the stores operations if it is not possible for the valuation to be entirely independent.
Chapter 7 – Asset Management

Theoretical stock records, that is, perpetual inventory stock cards, must be reconciled with control accounts monthly.

Variations must be investigated and cleared promptly. Documentation of the reconciliations must be filed and retained.

Stores must be maintained in a logical and orderly method.

Stock-taking instructions must be issued prior to any stock-take, and those instructions must be clear and understood by all stock-take team members. Stock-take instructions are contained in FMPM Appendix 17.

Inventory held in or on third party premises must be confirmed at regular intervals throughout the year.

Inventory held on consignment or on behalf of third parties must be kept separate from departmental inventory, and be properly identified as such. That inventory is to be merged into departmental inventory only when it has been charged to, or paid for, by the department.

Inventory should be appraised periodically for obsolescence, with such inventory segregated and identified. If the goods are obsolete, for example, passed their use-by date, or dangerous, consideration should be given to their disposal or return to the supplier.

Cut-off dates and times must be determined in advance of any stock-take to enhance the reliability of the counts.

Officers having access to or control of stores records should not have access to the inventory held in stores. Inventory held in stores should not be accessible to anyone other than stores officers.

Where variances between physical inventories exist, that is, in stores and in bins, the corresponding perpetual inventory system, where used, and the general ledger balance, must be investigated to identify the cause of those variances.

Stores requisitioned and delivered must be signed for by the requisitioning operational unit, to acknowledge receipt of the goods.

7.7 Portable and Attractive Items

7.7.1 Definition

Portable and attractive items are tangible assets which are:

- below the property, plant and equipment recognition threshold and
- by their nature, susceptible to theft and/or loss, due to their size, portability, utility and marketability.

Regardless of the treatment of these types of assets for financial reporting purposes, such items must be registered for physical control purposes.
7.7.2 Recording

Portable and attractive item thresholds are as follows:

- computer related equipment - $500.00 to $4,999.99
- other equipment - $1,000.00 to $4,999.99.

The business process for recognising portable and attractive items in the FAMMIS fixed asset module is to assign a one (1) month useful life to the portable and attractive items thereby, ensuring that these items become fully depreciated (expensed) in the month of acquisition.

All items classified as health technology equipment irrespective of maintenance requirements must also be recorded in the department’s maintenance system for the effective management of the Health Technology Equipment Replacement Program (HTER) – refer to FMPM section 6.2.22 Health Technology Equipment Replacement (HTER) Program.

7.8 Short-Term Investments

7.8.1 Queensland Treasury Corporation Cash Fund

Appropriate, temporary surplus funds in the General Trust Bank Account are to be invested with QTC’s Cash Investment Account.

An Investment Register must be maintained, recording relevant details, periodically checked and reconciled to the off-ledger accounts – refer to FMPM section 2.6.20 Investment Register.

Investment dealings must be conducted by an authorised delegated officer, that is, an officer to whom the Director-General has delegated authority specifically to deal with QTC on behalf of the department with related documentation securely stored.

7.8.2 Operation

The account is to be managed by two authorising officers acting jointly, to maintain the account and the list of signatories. One of the authorising officers must be the Chief Finance Officer. The authorising officers may also be signatories. Any one signatory may operate on the account, that is, to place funds on deposit and to withdraw funds to be returned to the General Trust Bank Account.

Moneys may be placed on deposit by:

- using the direct debit authority PD-C under instruction and in writing to QTC
- direct deposit into the QTC bank account, with written notification to QTC
- a cheque submitted with written instructions to QTC.

The written instructions and notifications may be submitted by post or facsimile.

Withdrawals may be made by written notification giving notice before 2:00 pm on the day of withdrawal. If the amount to be withdrawn exceeds $10 million, 24 hours’ notice is required.
7.8.3 Internal Control

Certificates of deposit must be filed in safe custody, preferably off site. Where the documents are not stored off site, they must be stored in a secure, fireproof container or cabinet.

All investments must be in the name of the Director-General as trustee.

Certificates of balances must be obtained from QTC to support the investments held, including details of:

- the principal
- the interest due
- the date of maturity
- the date of investment.

The certificates are to be obtained as at each annual financial statement reporting date.

The Investment Register must be confirmed against certificates at least monthly, and reconciled to the general ledger.

Refer also to:
- FAH, Information Sheet 3.9, Asset Systems
- FMT, Information Sheet 3.9, Asset Systems

issued by Queensland Treasury and Trade.

7.8.4 Disclosure Requirements

For information regarding disclosure requirements – refer to:

- AASB 7 (NFP) Financial Instruments: Disclosure
- AASB 132 Financial Instruments: Presentation
- AASB 139 Financial Instruments: Recognition and Measurement
- Financial Reporting Requirements for Queensland Government Agencies:
  - Part B, Reporting Requirements
  - Part D, Sunshine Department Model Financial Statements
  - Accounting Policy Guideline (APG) 12 Financial Instruments

issued by Queensland Treasury and Trade.

7.9 Non-Current Physical Assets
7.9.1 Overview

Non-current physical assets represent a large investment of the department’s funds. Therefore, all costs incurred of a capital nature must be properly recorded and classified, and the physical assets must be safeguarded against loss.

The management of the department’s non-current physical assets is to be in accordance with the Strategic Asset Management Framework, issued by the Department of Housing and Public Works.

A Non-Current Assets Register is to be established and maintained to record all non-current physical asset movements, that is, acquisitions, disposals and transfers in accordance with:

- section 15 (1) (c) and section 23 of the FPMS
- Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade
- Australian Accounting Standards.

Refer to FMPM 2.6.27 Non-Current Assets Register for details relating to the information to be recorded in the register.

For further information regarding plant, property and equipment – refer to:

- FAH, Information Sheet 3.8 Property, Plant and Equipment Systems
- FMT, Information Sheet 3.8 Plant, Property and Equipment

issued by Queensland Treasury and Trade.

Due consideration is also to be given to planning, budgeting, forecasting and performance implications of asset ownership – refer to FMPM section 3.2.3 Asset Strategic Planning.

With respect to HHSs, the following should be noted:

- HHSs may not own assets prescribed by regulation – refer to section 20(2) of the HHBA
- HHSs must not buy or sell land or buildings without the prior written approval of the Minister and the Treasurer – refer to section 20A(1) of the HHBA
- HHSs must not, without the prior written approval of the Minister and the Treasurer, grant or take a lease of land or buildings unless the lease is a type prescribed by regulation – refer to section 20A(2) of the HHBA.

Legal ownership of the following assets rests with the department, unless provided for in a Transfer Notice to a HHS or another binding legal arrangement exists to the contrary:

- real property and any improvements made to real property
- building services plant and equipment
- information, communication and technology (ICT) assets
- motor vehicles located in the HHS that are normally used by corporate operating units
- mobile screening units and screening vans owned by the State (through the Chief Health Officer)

and
• equipment owned by the State (through the Clinical Skills Development Service).

Control of these assets may be transferred to a HHS via a Deed of Lease arrangement with the department. Where such an arrangement exists, and the terms of the agreement are such that substantially all of the risks and rewards associated with the asset are transferred to the HHS, the fair value of the asset (to be determined at the inception of the arrangement) must be recorded on the Statement of Financial Position of the HHS.

In these circumstances, the HHS must recognise depreciation expense over the shorter of the asset’s lease term and its useful life. The HHS is also required to recognise the effect of asset revaluations in its financial results.

The transfer of assets from the System Manager to the HHS is to be treated as an equity injection.

The HHS is required to provide disclosures in relation to Deed of Lease arrangements in the Notes to the Annual Financial Statements. Disclosures required are equivalent to those for a finance lease and are set out in AASB 117 Leases. It should be noted that while the Deed of Lease arrangement takes the legal form of a lease, it does not meet the accounting definition of a lease as there is no consideration involved.

If the terms of the Deed of Lease do not transfer substantially all of the risks and rewards to the HHS, the lease is to be classified as an operating lease as provided by AASB 117 Leases.

As at the date of issue of this FMPM, there is one Transfer Notice for the HSS and reference to that document will indicate the assets, liabilities, contracts, agreements and regulatory instruments that have been transferred.

Transfer Notices cannot deal with matters concerning intellectual property rights as matters concerning intellectual property are regulated under Commonwealth Government legislation.

Refer to:

• AASB 13 Fair Value Measurement
• FMPM section 6.10 Hire and Leasing and
• FMPM section 8.4.6.1 Operating leases.

For information regarding public/private partnerships – refer to Public/Private Partnerships, issued by Queensland Treasury and Trade.

7.9.1.1 Hospital and Health Service functions

HHSs will have the following responsibilities in relation to non-current physical assets:

• land acquisition and disposal activities where the Minister and the Treasurer have agreed to the HHS purchasing land and buildings
• capital acquisition and project delivery activities, where:
  • the Minister and the Treasurer have agreed to the HHS purchasing land and buildings
  • the HHS has the authority to purchase the assets concerned
• capital investment and disposal planning for land and facilities within the HHS boundary
• maintenance planning, budget allocation, maintenance delivery and data management
• planning and delivery of minor capital works
Chapter 7 – Asset Management

- the implementation of whole-of-Government policy requirements and
- the management of utilities and services provided to all facilities within the HHS boundary.

7.9.1.2 System level functions

In order to support HHSs and to provide a system wide oversight, the system manager will maintain the primary role in respect of the following functions:

- maintenance of links with HHSs and other Government departments for reporting purposes on behalf of Queensland Health
- development of the statewide asset management plan, incorporating input from the HHSs
- land acquisition and disposal activities as identified by HHSs which do not have the approval to own land and buildings
- capital acquisition and project delivery activities to support HHSs which do not have the approval to own land and buildings
- maintenance, development and enhancement of the computerised maintenance management system including all technical support requirements
- management of the Statewide Critical and Emergent Infrastructure maintenance programs and
- to undertake the role of custodian for asset management policies and to provide interpretation of legislation and whole-of-Government policies that apply to land and buildings for Queensland Health specific guidance.

7.9.1.3 Depreciation funding for the System Manager

The System Manager is provided depreciation funding by Queensland Treasury and Trade.

As depreciation is a non cash expense, cash built up by the depreciation funding is utilised as a funding source for the Capital Acquisition Plan. As such, this cash is not available for utilisation by the HHS. However, depreciation revenue will be provided to the HHS via a non-cash grant from the System Manager.

7.9.1.4 Depreciation funding for the HHS

The HHS is to recognise depreciation revenue, equivalent to its depreciation expense, as an offset against equity. The System Manager will recognise a corresponding entry of a grant expense against equity.

This will result in a revenue source to offset the HHS’s depreciation expense without the HHS building up a related cash surplus.

Any shortfall in Treasury funding for Queensland Health with respect to depreciation will be absorbed by the department.

7.9.2 Definition

The term ‘asset’ is defined as:

“a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.”
AASB 116 Property, Plant and Equipment states that an asset must be recognised only if:

- “it is probable that future economic benefits associated with the items will flow to the entity and
- the cost of the item can be measured reliably”.

Key features to qualify for recognition as a non-current physical asset are:

- **control**: the department must have the power to obtain the future economic benefits from the asset and restrict the access of others to those benefits
- **future economic benefits**: the asset has the potential to contribute directly or indirectly to the provision of goods and services in accordance with the department’s objectives and
- **past transaction or event**: the past transaction will generally be the purchase, transfer from other agencies or donation of an asset; transactions or events expected to occur in the future do not give rise to assets.

The item must have an expected useful life of more than twelve months.

An asset’s value must reach or exceed the threshold of its asset class as mandated by Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade. Assets below these thresholds must be expensed.

**Paragraph 67 of AASB 101** Presentation of Financial Statements also prescribes the use of the term ‘non-current’ to include tangible, or physical, and intangible provided they are of a long term nature.

Within the department, non-current assets are broadly classified as:

- reportable assets, capitalised to the Statement of Financial Position and
- portable and attractive items which are recorded for asset tracking purposes only; portable and attractive items are expensed upon recognition.

Refer also to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

### 7.9.3 Acquisition

The following requirements apply to all acquisitions and recognition of the initial cost of both tangible and intangible assets.

Acquisition is a process of undertaking the risks and receiving the future economic benefits associated with the use of an asset or resource, usually at a cost to the acquiring entity.

Refer to FMT, Information Sheet 3.8, Plant, Property and Equipment, issued by Queensland Treasury and Trade.

### 7.9.3.1 Acquisition types

Assets may be acquired by methods including:
Chapter 7 – Asset Management

- purchase
- trade-in
- inter-agency transfer; construction
- non-appropriated equity transfers (for example Deed of Lease transactions)
- transfer from other Queensland Government entities undertaken at the direction of the Government
- donation.

Refer to FMPM section 7.9.7 Valuation of Assets for information regarding the valuation of assets acquired by each acquisition method.

Refer to Public Private Partnerships, issued by Queensland Treasury and Trade for information regarding assets acquired through a public/private partnership arrangement.

### 7.9.3.2 Purchase consideration

The purchase consideration in acquiring an asset may take the form of:

- cash
- other monetary assets
- non-monetary assets
- securities issued
- liabilities undertaken.

### 7.9.3.3 Financial commissioning date

The financial commissioning date is the point in time where the asset is held ready for use and depreciation of the asset over its useful life commences. The financial commissioning date is demonstrated in the following examples:

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Commissioning Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of an asset ready for immediate use</td>
<td>The date that the asset is received and the obligation to pay arises.</td>
</tr>
<tr>
<td>Purchase of an asset requiring installation</td>
<td>The date that the asset is installed and ready for use.</td>
</tr>
<tr>
<td>Construction of a building</td>
<td>The effective date of the certificate of practical completion.</td>
</tr>
</tbody>
</table>

For those examples above requiring construction or installation, costs incurred prior to the acquisition date are to be treated as ‘work-in-progress’ until the time that the asset is financially commissioned and depreciation commences.

Where assets are acquired as a result of a restructuring of administrative arrangements, the date of acquisition must be the date that gives effect to the restructure.
7.9.3.4 Work in progress

Costs for a specific asset, incurred over an extended period of time, such as the construction of a building, must be accumulated and held in a work-in-progress account, to the extent that these costs are, or will be, of a capital nature. Costs incurred of an expense nature must be expensed in the period in which they are incurred. When the construction or installation has been completed, the total capital cost must be transferred from the work-in-progress account to the appropriate non-current asset account/s, subject to normal recognition criteria and thresholds.

Refer also to FMPM section 7.11 Work in Progress.

7.9.4 Classification of Assets

The table at Appendix 1.1 Non-Current Asset Classes and Thresholds, as shown in Non-Current Asset Policies for the Queensland Public Sector issued by Queensland Treasury and Trade, outlines the prescribed asset classes, recognition threshold and measurement method prescribed for each class in use by the department. Items with values equal to or greater than the recognition threshold are to be recorded in the Non-Current Assets Register. Items that meet the non-current asset recognition criteria, but fall below the Queensland Treasury and Trade mandated thresholds are treated as expenses when incurred.

Classes of property, plant and equipment are described at Appendix 1.2 Descriptions of Classes of Property, Plant and Equipment, Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

For details regarding the following particular asset classes:

- infrastructure
- land improvements

- refer to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

The asset ‘Buildings’ will include buildings purchased or constructed (plus site clearing costs), whether on freehold or leasehold tenure, refurbishment and extensions. Repairs and maintenance are excluded – refer to FMPM section 6.11 Repairs and Maintenance for further detail.

For further information regarding the recognition of non-current physical assets and particular asset classes – refer to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

7.9.4.1 Disclosure requirements

A ‘class’ of non-current assets is a grouping of assets of a similar nature and use in the department’s operations, which, for the purposes of disclosure, is to be shown as a single item in the annual financial statements without supplementary dissection. That is, a class is the lowest note level disclosure in the statements.

7.9.4.2 Functional assets
The asset recognition threshold is to be applied on a ‘functional asset’ basis. Where items must be joined or connected together in order to produce a workable unit, the combined cost of the separate components will be judged against the threshold. An example of a functional asset is a patient monitoring system.

Similarly, where there are sets or collections of similar assets, and such sets or collections:

- meet the recognition criteria
- and
- have a total value meeting the recognition threshold

such sets or collections may be considered for recognition as single assets.

The total cost of a functional asset is the value to be used in applying the recognition threshold and all other asset accounting policies such as fair value and depreciation.

**Grouping of assets.** The department shall not group similar or like-natured assets, including personal computers, which do not meet the definition of a network. Only assets that form a network or part of a network are to be grouped for capitalisation. For the purposes of this policy, a network is defined as:

*A chain of interconnected but dissimilar assets connected for the provision of the one simultaneous service.*

Examples of a network of assets include:

- a computer network (excluding personal computers): the network includes the network operating system in the client and server machines, the cables connecting them and all supporting hardware in between such as bridges, routers and switches.
- leasehold improvements: leasehold improvements include wall construction, painting, cabling, carpeting, glazing, joinery, built in desks, cabinets and work stations
- land improvements: including landscaping, sheds, retaining wall, parking lots, covered play areas.

In relation to part replacements of networks, such acquisitions are to be capitalised, when and only when it is probable that future economic benefits in excess of the original standard of performance of the network will flow to the agency in future financial years and the acquisition is material to the class of asset.

If part of the network is capitalised, the remaining carrying amount of the replaced part must be derecognised.

Refer to AASB 13 Fair Value Measurement.

**7.9.4.3 Complex assets and components**

A complex asset is defined as

*“a physical asset capable of disaggregation into significant components”.*
Examples of complex assets include:

- special purpose buildings
- road infrastructure
- water distribution networks.

A special purpose building is one designed for a specific function and which cannot be converted readily to other uses, for example, a hospital. Residential dwellings, general classroom blocks and general office buildings are not considered to be special purpose buildings.

The requirement to separately identify and depreciate significant components of assets is provided for in AASB 116 Property, Plant and Equipment.

The separate identification, recognition and depreciation of significant components of complex assets will provide more reliable and relevant information to users of the financial statements and to asset managers. Where significant components have materially different lives from the complex asset, the impact on depreciation expense may be material.

When the change in depreciation expense from separately identifying significant components is material to the class to which the assets relate, the significant components are to be separately identified and depreciated. This action results in more accurate costs being allocated to the financial period to which they relate.

**Recognition criteria.** To satisfy the definition of a significant component of a complex asset, the component must meet all of the following criteria. The component must:

- be separately identifiable and measurable and be able to be separated from the complex asset
- require replacement at regular intervals during the life of the complex asset to which it relates, that is, its life differs in duration from another component of the complex asset
- exceed the asset recognition threshold for the department
- have a significant value in relation to the total cost of the complex asset
- have a different estimated useful life from the complex asset so that failure to depreciate it separately would result in a material difference in the annual depreciation expense for the asset.

The department is to assess its assets on a case by case basis when identifying complex assets and their significant components.

**Depreciation of significant components.** Where a significant component is identified, that is, it meets both the definition criteria and the depreciation expense is material against the class of asset, the department is to account for the significant component as a separate asset and to depreciate it separately from the complex asset.

The remaining components of a complex asset are to be depreciated over the estimated useful life of the complex asset itself.

**Review.** The department is to undertake a review of each complex asset for significant
components where there is a material change to the complex asset, its components and/or its estimated useful life, for example, there has been a partial demolition or major upgrade of facilities.

**Complex asset threshold.** The department is not to establish a complex asset value, that is, only test all over a specified value, when assessing for significant components. Rather, the test is a combination of the:

- significance of a component based on its cost in relation to the individual asset and
- materiality of the impact on the depreciation expense for the asset.

**Replacement of significant components.** Expenditure on the replacement of significant components of complex assets is to be capitalized and the written down value of the original significant component de-recognised.

**Disclosure.** Significant components of a complex asset are not to be separately disclosed in the annual financial statements. Rather, significant components should be disclosed in the same class as the complex asset to which they relate.

Similarly, depreciation expense and accumulated depreciation relating to significant components of complex assets are also to be disclosed on the same class basis.

For further information regarding complex assets and components – refer to Non-Current Asset Policies for the Queensland Public Service, issued by Queensland Treasury and Trade.

### 7.9.4.4 Major plant and equipment

This is not a mandatory class.

For further information regarding major plant and equipment and the disclosure requirements relating thereto – refer to Non-Current Asset Policies for the Queensland Public Service, issued by Queensland Treasury and Trade.

### 7.9.4.5 Special Purpose Vehicles

There may be occasions where special purpose vehicles need to be established.

For information regarding special purpose vehicles - refer to Non-Current Asset Policies for the Queensland Public Sector issued by Queensland Treasury and Trade.

### 7.9.4.6 Particular asset types

For information regarding the following particular asset types:

- easements
- land under roads
- leased assets
- intangible assets and
- investment property
- refer to Non-Current Asset Policies for the Queensland Public Sector issued by Queensland Treasury and Trade.

7.9.4.7 Restricted assets

Where restrictions have been imposed, whether by legislation or otherwise, on the manner in which the department can utilise assets under its control, and such restrictions are material, the nature of the restrictions and the value of the affected assets must be disclosed in the notes to the financial statements.

7.9.4.8 Non-Current assets held for sale

The department shall classify a non-current asset (or disposal group of assets) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The department shall measure a non-current asset (or disposal group of assets) classified as held for sale at the lower of its carrying amount and: less costs to sell.

Assets that meet the criteria to be classified as held for sale are to be presented separately in the statement of financial position.

For further information regarding the accounting for and presentation of assets held for sale – refer to:

- AASB 5 (NFP) Non-current Assets Held for Sale and Discontinued Operations
- AASB 13 Fair Value Measurement.

The requirements in this Standard do not apply to:

- the restructuring of administrative arrangements;
- and
- the restructuring of administered activities of government departments

that is, Machinery-of-Government changes.

7.9.5 Portable and Attractive Items

Portable and attractive items are tangible items whose values are below the asset recognition threshold and by their nature are susceptible to theft or loss due to their size, utility and marketability.

Items meeting the portable and attractive criteria are not recognised as assets in the accounts. Items, which have a gross value of $500 for computers and $1,000 for other general portable and attractive assets, are recorded in the Non-Current Assets Register or other registers as a separate class in the same manner as true physical assets - refer to FMPM section 7.12.1 Recording of Assets.
7.9.6 Procurement Process

The process of purchasing non-current assets should be in accordance with the *Queensland Procurement Policy 2013* and with the *Department of Health Procurement Policy* and undertaken by officers with the authorised level of purchasing delegation.

The policies and practices contained in FMPM section 6.2 Purchasing Policy and in FMPM section 10.2.2 Steps Involved in Purchasing relating to the processing of expenditure requisitions and/or purchase orders, through to the payment of invoices, are to be applied to all purchases of non-current assets. Requisitions for non-current assets are generally made via the *Asset Request and Record Form*.

7.9.6.1 Delegations and authorisations

An officer with the appropriate level of financial delegation is required to approve the purchase of an asset prior to its acquisition. This practice is intended to ensure that funding is available for the purchase.

Refer to:

- FMPM section 2.3 Delegations and Authorisations
- FMPM section 10.2 Financial Delegations
- FMPM section 10.3 Procurement Delegations.

7.9.6.2 Evaluation requirements

Proposed significant asset acquisitions must undergo an evaluation process in accordance with section 23(2)(b) of the FPMS.

The term ‘significant asset’ is not defined in the standard. It is the responsibility of the department to determine (and to document) what constitutes a significant asset within the department. The FAH, Information Sheet 3.8 – Property, Plant and Equipment Systems provides factors that the department may consider when determining whether an asset is significant for an agency. The Department of Health uses a valuation threshold of $1million as an indicator.

Refer also to:

- Queensland’s Project Assurance Framework
- Queensland’s Value for Money Framework

issued by Queensland Treasury and Trade.

The Treasurer may ask an agency to supply a copy of the evaluation or review of the asset. In terms of section 23(6) of the FPMS, agencies must supply a copy of the evaluation or review to the Treasurer as soon as practicable after receiving the request from the Treasurer.

The evaluation process requires that a cost benefit analysis be undertaken demonstrating that the benefits of the proposed purchase exceed the cost to the department. The analysis employs discounted cash flow techniques using a discount rate derived from QTC’s calculation of the cost of equity. It will also include the evaluation of alternatives, if any, to support the decision to
purchase or construct. These analyses are to be retained, for submission to the Director-General or delegate at, or soon after, the end of the financial year. The officer with the delegated authority to approve the expenditure will be accountable for the outcomes of all such reviews/analyses.

Upon the completion of the installation of an asset, the value of which exceeds $1 million, a review is to be conducted in accordance with section 23 (2) (c) of the FPMS. Reviews of assets whose value exceeds $5 million must be documented in detail and retained for submission to the Treasurer on request, as required under section 23 (6) of the FPMS.

7.9.7 Valuation of Assets

7.9.7.1 Initial recognition

The department, in accordance with AASB 116 Property, Plant and Equipment, shall initially recognise its assets under the cost model, being the assets’ cost less any accumulated depreciation and any accumulated impairment losses.

Items of plant and equipment have recognition thresholds of buildings $10,000, land $1 and plant and equipment threshold of $5000. Cost includes directly attributable incidental costs incurred in bringing the asset to a state where it is ready for use. Where multiple expenditures form part of an asset, a single asset is to be recognised.

Where an asset is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. Fair value is defined in AASB 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where assets are received for no consideration from another Queensland Government department due to involuntary transfer, the acquisition cost is recognised as the net written down value, being cost less any accumulated depreciation. Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are initially recognised at their fair value at the date of acquisition in accordance with AASB 13 and AASB 116.

The initial cost of an item of property, plant and equipment will comprise:

- its purchase price, including import duties and taxes, net of discounts and rebates and
- any costs directly attributable to bringing the asset to the location and to the condition necessary to be operational as intended.

Ex-gratia payments and payments of a compensatory nature associated with the acquisition of non-current physical assets are not to be capitalised – refer to section 1.4 Non-Current Asset Policies for the Queensland Public Sector.

For information regarding the initial recognition, asset recognition thresholds, capitalisation and valuation of non-current physical assets - refer to Non-Current Asset Policies for the Queensland Public Sector issued by Queensland Treasury and Trade.

Refer also to:

- AASB 13 Fair Value Measurement and
7.9.7.2 Subsequent costs

Costs incurred subsequent to the initial purchase of an asset, which improve the initially assessed utility (service potential) and/or the useful life of an asset, are to be capitalised where material in the opinion of the appropriate delegated officer.

An improvement is expenditure necessarily undertaken on any asset with the deliberate intention of improving the condition of the asset beyond its originally assessed standard of performance or capacity. This can occur through:

- an increase in the annual service potential provided by the asset
- increasing the useful life of the asset
- an improvement in the quality of the asset’s services
- a reduction in future operating costs.

Improvements, where material in the opinion of the appropriate delegated officer, are to be added to the value of the asset.

Refurbishments should be assessed against the recognition criteria for a non-current asset. If there is an increase in the initially estimated service potential and/or useful life, the costs, where material, should be capitalised.

Examples of subsequent costs which are expensed include repairs and maintenance, day to day servicing and the replacement of minor components.

For further information regarding subsequent costs in relation to:

- major replacements
- repairs and maintenance
- replacement of components
- day–to–day servicing
- overhauls/refurbishments
- regular major inspections

- refer to:
  - Non-Current Asset Policies for the Queensland Public Sector
  - FMT, Information Sheet 3.8, Plant, Property and Equipment

issued by Queensland Treasury and Trade.
7.9.7.3 Valuation models

In the financial years subsequent to the year of acquisition, the department will use either the cost model or the revaluation model to measure the value of its entire class of acquired assets.

AASB 116 Property, Plant and Equipment defines:

- ‘cost model’ as cost less any accumulated depreciation and any accumulated impairment losses
- ‘revaluation model’ as the revalued amount, being fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The valuation method for each class of asset, as mandated by Queensland Treasury and Trade, is shown in Asset Table 1 in FMPM section 7.9.4 Classification of Assets.

Refer also to AASB 13 Fair Value Measurement.

7.9.7.4 Assets acquired for nil or nominal value

It may be impossible to establish the cost of a number of assets because there may have been no cash outlay, such as the asset having been donated. In this case, the asset will be valued at fair value, having regard to the estimated replacement value of the asset. If the asset is significant, an independent valuation may be required. The asset entry will be offset by a credit to revenue. The asset, once valued, will be recorded using the ‘grossed up’ methodology.

The department must comply with the requirements included in Non-Current Asset Policies for the Queensland Public Sector, NCAP 1.3 Assets Acquired at No Cost or for Nominal Consideration and NCAP 3.7 Acquisition at other than Fair Value, issued by Queensland Treasury and Trade.

Refer also to AASB 13 Fair Value Measurement.

7.9.7.5 Assets acquired by non-reciprocal transfer

Where assets are acquired or transferred for no or for nominal consideration as a result of a Government directed restructuring of administrative arrangements between one agency and another, both the transferor and the transferee agencies must agree to the values of the assets being transferred. Assets transferred at no value, or for nominal consideration, must be recognised at the amounts at which they were recognised by the transferor agency immediately prior to the transfer. Where practicable, both the gross value and the accumulated depreciation should be recognised as an indication of the age and the life cycle of the assets. There is no requirement to initially revalue such assets acquired for either no payment or a token payment.

These types of transactions may be considered to be distributions to, or contributions by, owners and transferred through equity. For further information, refer to:

- AASB 1004 Contributions
- Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade
- Accounting Policy Guideline (APG) 3 Government Grants and Government Assistance Received by For-Profit Agencies, issued by Queensland Treasury and Trade
and
• APG 9 Accounting for Contributions by Owners issued by Queensland Treasury and Trade.

7.9.7.6 Trade-ins

Where the purchase of an asset includes a trade-in, the trade-in amount must be brought to account.

The acquisition cost of the asset being purchased is the outlay by the department (in the form of cash), plus the trade-in allowance assigned to the retiring asset.

Trade-ins are processed through the proceeds clearing account.

The GST team has issued guidance on the GST treatment of trade-ins.

7.9.7.7 Assets acquired at a discount

When an asset is purchased at arm’s length at a discount, the discounted price is the cost at which the asset is initially recorded, plus any extra costs necessary to get the asset into position or installed ready for use.

7.9.7.8 Assets exchanged under warranty

Where an asset is exchanged under warranty:

• the existing asset will be disposed of with revenue equal to the acquisition value; this will generate a gain equal to the accumulated depreciation incurred to date

• the new asset will be brought into the general ledger and into the Non-Current Assets Register at the acquisition value of the retired asset.

An asset retirement form must be completed for the exchanged asset.

If there is any adjustment required to the estimated useful life of the asset because of the exchange, the useful life must be updated in the Non-Current Assets Register.

7.9.7.9 Third party assets

In the course of constructing an asset, it may be necessary to incur costs in relation to third party assets. These costs may to be captured as capital costs against the asset under construction in accordance with AASB 116 Property, Plant and Equipment, section 16(b).

Refer to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade, for specific information relating to the types of costs that may be capitalised

An example of third party costs would be compulsory council water and sewerage headwork costs.

7.9.7.10 Demolition/restoration costs

Where an asset is to be demolished and a new asset constructed in its place, the carrying amount of the old asset must be written off in accordance with the provisions of AASB 116 Property, Plant
and Equipment and is not to be capitalised into the cost of the new asset under any circumstances.

For further information regarding demolition/restoration costs - refer to Non-Current Asset Policies for the Queensland Public Sector issued by Queensland Treasury and Trade.

7.9.7.11 Parts

Parts are generally classified as inventory and are recognised in the Statement of Comprehensive Income when consumed. However, major parts may be capitalised into the cost of the item of property, plant and equipment if the recognition principles are satisfied and either:

- the department expects to use the major parts or stand-by equipment during more than one period
- spare parts are purchased specifically for a particular asset or class of assets and would become redundant if that asset or class were discontinued.

If parts are capitalised, the remaining carrying amount of the replaced parts must be derecognised.

7.9.8 Service Concession Arrangements

For information regarding the accounting treatment for service concession arrangements – refer to:

- APG 17 Service Concession Arrangements: Grantor
- Non-Current Asset Policies for the Queensland Public Sector

issued by Queensland Treasury and Trade.

7.10 Intangible Assets

7.10.1 Overview

Intangible assets are those assets with no easily identifiable physical form, but which provide financial or operating benefit to the department. Intangible assets can be acquired or internally generated.

Examples of intangible assets within the department are both purchased software and internally developed software - refer to:

- Non-Current Asset Policies for the Queensland Public Sector
- FAH, Information Sheet 3.9, Asset Systems

issued by Queensland Treasury and Trade.

7.10.2 Recognition Criteria
An intangible item should be recognised as an asset, in accordance with AASB 138 Intangible Assets, when it meets the criteria of:

- being separable, that is, capable of being separated or divided from the department and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability
- arising from contractual or other legal rights, regardless of whether those rights are transferable or separable from the department or from other rights and obligations

In order for an intangible asset to be capitalised, it must be identifiable, and meet the following criteria:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the department
- the cost of the asset can be measured reliably
- the item is not held for resale in the normal course of business.

7.10.2.1 Valuation

In accordance with Non-Current Asset Policies for the Queensland Public Sector issued by Queensland Treasury and Trade, an intangible asset must be measured initially at cost. After its initial recognition, where there is an active market, an intangible asset is to be measured at fair value.

As there is no active market for the software held by the department all intangibles are held at cost. Refer to AASB 13 Fair Value Measurement.

7.10.2.2 Recognition threshold

Queensland Treasury and Trade prescribes the capitalisation threshold for the recognition of intangible asset as $100,000. This threshold is not applicable to software work-in-progress when that software is expected to reach the $100,000 threshold upon completion.

The capitalisation of license fees is to be based on individual license cost, not on an aggregate basis.

7.10.2.3 Work in progress

For information regarding work in progress – refer to FMPM 7.9.3.4 Work in progress.

7.10.3 Classification of Software Assets

Software can be classified into one of two categories:

- purchased software – where software has been purchased outright, and will be used as is, without modification


• developed software – software that has been developed in-house or software that has been purchased and modified from the standard offering to meet the department’s specific requirements.

7.10.4 Components of Cost

The components of cost will be determined according to whether the software has been purchased or internally developed.

7.10.4.1 Purchased software

Where software has been purchased and is to be used in its standard form, the following costs are to be included in the capitalisation of the asset. Purchased software ‘cost’ represents:

• the purchase price of the intangible asset, including duties or taxes associated with acquiring the asset
and
• any directly attributable cost of preparing the asset for its intended use.

Examples of directly attributable costs are:

• costs of employee benefits (as defined in AASB 119 Employee Benefits) arising directly from bringing the asset to its working condition
• professional fees arising directly from bringing the asset to its working condition
and
• costs of testing whether the asset is functioning properly.

It is Queensland Treasury and Trade policy that all training costs be expensed.

7.10.4.2 Developed software

Expenditure on all internally developed software is to be categorised according to principles listed below. Accumulation of expenditure will be on an individual project basis and will be capitalised accordingly.

The classification of costs in the development of software is discussed in further detail in Appendix 7 of the Project Financial Management Guidelines V1.0 issued by the Health Services Information Agency.

7.10.5 Research and Development

Research is defined in AASB 138 Intangible Assets as:

“original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding”.

Expenditure on research or on the research phase must be recognised directly as an expense when it is incurred.

Development is defined as:
“the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use”.

Expenditure on development or in the development phase of an internal project which is to be recognised as an intangible asset if, and only if, certain criteria are met, may be capitalised. Those criteria relate to the technical and to the commercial feasibility of completing the project.

If expenditure cannot be distinguished between the research phase and the development phase, the expenditure is to be treated as if it was incurred in the research phase only.

**7.10.6 Useful Lives and Amortisation**

The cost of intangible assets should be written-down as an expense through periodic amortisation over their useful lives in the same way that physical assets are depreciated - refer to FMPM section 7.13 Depreciation and Amortisation for further information.

The expected useful life of an intangible asset should be reviewed at the end of each reporting period for impairment and, if expectations are significantly different from previous estimates, amortisation expenses and impairment losses for the current and future periods should be adjusted so that the remaining balance of the intangible asset is written-down over the revised useful life.

**7.10.7 Software Licenses**

At the time of purchasing software, the purchaser must also be aware of the obligation to register software licenses, irrespective of cost, to ensure that the department is legally protected with respect to the usage of such software. Significant fines may be payable by the department if it can be shown that the department does not have sufficient licenses to cover its software usage.

Desktop Services, Application Services, Health Services Information Agency should be contacted to register such software licences. Software license purchases often have two components - the licence and the support and maintenance of the licence. The components should be clearly identified to allow the correct allocation of costs between capital and expense.

**7.10.8 Subsequent Expenditure on Software Enhancements**

Costs incurred subsequent to the initial purchase of an asset, which improve the initially assessed utility (service potential) and/or useful life of an asset, are capitalised where material. This practice is to be applied to significant enhancements only, that is, where a new module is purchased to supplement an existing software suite.

**7.10.9 Disposal**

An intangible asset shall be derecognised on disposal, or when no future economic benefits are expected from its use. Any gain or loss arising from de-recognition of an intangible asset is to be recognised in the Statement of Comprehensive Income when the asset is derecognised. Gains must not be classified as revenue, but shown as comprehensive income.

Disposals of intangible assets are to be accounted for in the manner outlined in FMPM section 7.14 Disposal.
Reference should also be made to the accounting requirements for Intangibles outlined in Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

7.10.10 Disclosure Requirements

Specific disclosure requirements relating to intangibles are set out in:

- AASB 138 Intangible Assets
- Non-Current Asset Policies for the Queensland Public Sector and
- Financial Reporting Requirements for the Queensland Public Sector
  - Part B, Reporting Requirements
  - Part D, Sunshine Department Model Financial Statements

issued by Queensland Treasury and Trade.

The department is also required to disclose information regarding:

- any fully amortised intangible assets still in use
- any significant intangible assets controlled by the department that did not meet the recognition criteria.

7.11 Work in Progress

7.11.1 Overview

Work in progress (WIP) is a term used to describe assets under construction. The costs attributable to the construction, upgrade or enhancement of an asset are to be accumulated until the works are completed and can be commissioned. WIP within the department will include works for assets such as hospitals, dental vans and computer systems.

WIP represents costs incurred in designing, constructing, developing, producing and testing a new asset item or a significant improvement to an existing asset item.

Such work is usually conducted over extended periods of time, and involves assets which require extensive installation work or integration with other assets. These assets must be constructed for the internal use of the department and not for use by, or resale to, parties external to the department.

Any operational unit carrying out work for another operational unit, or external parties, must account for such construction work consistent with its usual inventory/construction WIP systems.

Refer to the following Department of Health policy documentation:

- Financial Commissioning of Capital Infrastructure and Software Works in Progress Policy
• the purpose of this policy is to ensure that the financial commissioning of capital infrastructure and software WIP for public health facilities is managed effectively throughout the life of a project to ensure timely, accurate and appropriate capitalisation of assets

• Implementation Standard for ‘Financial Commissioning’ of Capital Infrastructure and Software Works in Progress using FAMMIS

• the Implementation Standard identifies the requirements for the financial commissioning of capital infrastructure and software works in progress

and

• Financial Commissioning and Capitalisation of Expenditure on Property, Plant and Equipment

• this Guideline outlines the requirements and responsibilities in the financial commissioning and capitalisation of infrastructure works in progress

• the Guideline also provides advice for establishing appropriate processes prior to the commencement of a project.

These documents can be located on the Department of Health Policy Register at:


7.11.2 Costs to be Included

For information regarding the costs to be included for works on property, plant and equipment – refer to chapter 1.4 Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

The classification of costs in the development of software is discussed in further detail in Appendix 7 of the Project Financial Management Guidelines V1.0 issued by the Health Services Information Agency.

Subcontractor costs are to be recognised when an invoice is received or when the actual work is performed on the project.

Deposits paid in advance of work being performed should be recognised as prepayments, to the extent that they reflect work yet to commence - refer to FMPM section 7.16.1 Other Assets - Prepaid Expenses, for further information.

7.11.3 Completion of Capital Works in Progress

Costs allocated to capital WIP are to be reviewed by 30 June each year to determine if the criterion for recognition as a non-current physical asset has been met. If the recognition criterion is satisfied, the costs are to be transferred to the relevant asset class and depreciated or amortised.

WIP relating to plant and equipment is to be commissioned when the asset is installed and ready for use in the manner and capacity for which it was intended.

WIP relating to buildings is to be commissioned at practical completion. A Certificate of Practical Completion is issued when the construction work has been completed and the building is suitable for occupation. At this stage, the control of the building passes from the contractor to the
department. Upon achieving practical completion, the building must be financially commissioned in the department’s Non-Current Assets Register.

If it is determined at any time prior to the transfer of costs to a completed asset class that past, present and future development costs will not be recovered, costs already recognised as an asset are to be written-off as an expense, to the extent that recovery of these costs is not expected.

For further information, refer to the Work in Progress Information Sheet.

7.12 Non-Current Assets - Compliance, Control and Administration

7.12.1 Recording of Assets

Non-Current Assets Registers are to be maintained by each operational unit, and must provide adequate information on which management can make informed decisions to maximise the effective use of its resources. The recorded information in non-current assets registers must be supported by legitimate and properly authorised supporting documentation. Such details must be adequate to enable:

- the identification
- location
- accounting treatment
- efficient and effective management

of the associated assets.

Officers responsible for the maintenance of non-current assets registers are not to be involved in the physical custody/maintenance of those assets.

Assets acquired by donation, or under a finance lease are to be recorded in non-current assets registers in addition to assets purchased - refer to AASB 117 Leases, for the detailed accounting treatment of finance leases.

It should be noted that a HHS must not, without the prior written approval of the Minister and the Treasurer, grant or take a lease of land or buildings unless the lease is a type prescribed by regulation – refer to section 20A(2) of the HHNA.

All additions, disposals and movements of physical assets must be recorded promptly and accurately in the Non-Current Assets Register. The details recorded in the register must be reviewed at least annually, during the stocktake, for completeness.

Fully depreciated assets are not to be removed from the register until their removal has been properly authorised and the asset has been physically disposed of. For further information - refer to FMPM section 7.14.2 Disposal Process. As part of the stocktake process, a determination should be made as to whether fully depreciated assets are still in use.

Only those motor vehicles actually purchased by the department are to be included in the Non-Current Assets Register.
All property, plant and equipment and items less than the non-current asset recognition threshold that require routine maintenance, must be recorded in the department’s maintenance management system. Maintainable components of assets, irrespective of value, must be separately recognised in the department’s maintenance management system.

All items classified as health technology equipment, irrespective of maintenance requirements, must also be recorded in the department’s maintenance management system for the effective management of the Health Technology Equipment Replacement Program (HTER) – refer to FMPM section 6.2.22 Health Technology Equipment Replacement (HTER) Program.

The total value of assets recorded in non-current assets registers must be reconciled by class, on a monthly basis, to the corresponding general ledger control accounts.

### 7.12.2 Identification of Physical Assets

Once an asset has actually been acquired, it must be appropriately marked with a Single Asset Identifier (SAID) number to facilitate future identification and stocktaking activities.

The SAID number allocated to an asset is to be recorded in the Non-Current Assets Register. The Asset and Policy Services Branch, System Support Services Division, will issue barcode labels to asset staff on request. This barcode is to be retained throughout the life of the asset to facilitate whole of life costing, irrespective of the physical location of the asset. There is a Department of Health SAID policy and standard to assist users in the application of SAID numbers. The department is to follow the requirements of the policy and standard.

### 7.12.3 Usage of Assets

The cost centre managers must regularly monitor the efficiency and the effectiveness of assets used by their respective areas, to determine the appropriateness of their continued use or the necessity of replacement.

A consistent approach is to be applied to ensure the most efficient and effective operation of an asset (including buildings) throughout its useful life including appropriate replacement at the end of its useful life. This approach will ensure continued service provision and will include the use of:

- an asset management strategy
- an asset replacement and renewal strategy
  and
- an asset maintenance strategy.

The Asset Management Policy and the Building and Infrastructure Maintenance Policy provide detailed guidance regarding the development and management of these strategies. The Computerised Maintenance Management System provides the capacity to facilitate the analysis of maintenance and replacement requirements and to program and manage maintenance and replacement activities.

Where an asset’s usage is not efficient and/or effective, the asset may be repaired, improved, disposed of or replaced. The undertaking of any of these options should be considered within a cost/benefit analysis over the assets expected life. Assets should only be replaced where they are necessary in continuing the provision of existing and/or new approved services. FMPM section
Chapter 7 – Asset Management

7.14 Disposal sets out the options available, and their associated requirements, for disposing of assets.

Operational units’ assets are not to be left in the care, custody or control of any person other than an authorised departmental officer. Such assets are not to be held on private property or kept with private money or property without written authorisation being obtained from the Director-General or delegate.

Departmental assets must be used only for official purposes on departmental premises, or at other locations where official business is being undertaken. However, minor personal use can be made of departmental assets, as long as authorisation has been obtained from the Director-General or delegate.

7.12.4 Asset Stocktakes

To ensure compliance with regulatory requirements, the department is to conduct an annual stocktake of property, plant and equipment equal to or greater than the non-current asset recognition thresholds and all portable and attractive items. A progressive stocktake may be conducted provided that all assets are accounted for each year.

7.12.4.1 Process

An asset stock-take involves the process of:

- identifying, counting and listing non-current physical assets in various locations
- checking the results of these activities against the corresponding non-current assets registers to check the accuracy of those records and their custody
- investigating and resolving any resulting discrepancies.

Stocktakes are to be undertaken by two officers, one being independent from the custodian responsibilities.

Immediately after the stocktake, reconciliation between the assets identified and the corresponding Non-Current Assets Register details is to be undertaken. All stocktake exceptions are to be investigated. Details of actions that have been initiated, and the likely outcome of those actions, are to be reported to the Director-General or delegate.

The records must be signed to indicate where assets have been sighted. These records are to be retained for audit purposes. In undertaking the stocktake, the officers must ensure that assets are not only sighted, but that they are still in use. These records are to be retained for audit purposes.

Idle assets and assets that have been permanently withdrawn from use are to be written off the Non-Current Assets Register. It is not permissible to delay the retirement of obsolete or scrapped assets in order to decrease or to avoid recording a loss on disposal.

Where assets have been identified as damaged beyond repair, obsolete or scrapped, their retirement will not form part of the stocktake write-off process. These assets will be subject to the standard retirement procedures for write-offs as discussed in FMPM section 7.14 Disposal.

Stocktake results must be finalised by the third week of June in each financial year.
7.12.4.2 Delegations

Adjustments are not to be made to the Non-Current Assets Register and other accounting records unless authorisation by a delegated officer has been obtained. In obtaining the authorisation, the write-off of losses and the write-on of surpluses must be treated separately when applying the financial delegations. The delegations must apply to the total movement for the year and can not be broken down by quarter or month to decrease the value of the delegations required.

Items that cannot be used or have reached the end of their operational lives are to be written-off or disposed of only after receiving approval from an officer with delegated authority for this purpose. Losses, as a result of theft, damage, accident, natural disaster or negligence are to be recorded in the Losses Register – refer to FMPM section 2.6.256.18.6 and FMPM section Loss of Assets - General Reporting Requirements for further details.

7.12.4.3 Stocktake results

After each stocktake count and the investigation of exceptions, a report is to be prepared and submitted to the Director-General or delegate, setting out:

- the date of the stocktake and the locations/categories included
- the value of assets on hand at that date
- any weaknesses discovered in practices, procedures or security in relation to the care, control and safe custody of assets – refer to FMPM section 2.8 Security and Specific Controls and
- the outcomes of the stocktake, including:
  - any discrepancies identified, including details of surplus items identified and reasons for such discrepancies and

All records of stocktakes must be available to internal audit officers if required.

For further information - refer to:

- the Stocktake Information Sheet
  and
- FAH, Information Sheet 3.8 Property, Plant and Equipment Systems
  and
- FMT, Plant, Property and Equipment

issued by Queensland Treasury and Trade.

7.12.5 Assets Compliance

The Financial Management Assurance (FMA) Program - refer to FMPM section 10.12 Financial Management Assurance (FMA) - is an annual process to provide assurance that the department is
monitoring and addressing potential risks to the internal control system. Data integrity reviews performed on the Non-Current Assets Register on a monthly basis contribute to the information assessed in the FMA.

The Data Integrity Validation Procedure Manual for Non-Current Physical Assets provides Asset Officers with the direction and tools necessary to assist them meet their obligations as outlined in the FMA Program.

Asset data is to be reviewed in accordance with the Data Integrity Validation Procedure Manual within two weeks after the end of the month. Exceptions identified are to be resolved in a prompt manner. All June exceptions are to be resolved by the first week of July each financial year. These checks are to be performed by each operational unit responsible for the maintenance of a non-current assets register.

7.12.6 Impairment of Assets

Impairment is the decline in future economic benefits or service potential of an asset over and above those reflected through depreciation.

An asset is impaired when its recoverable amount is less than its carrying value. If an asset is impaired, it must be written down and an impairment loss recorded.

AASB 136 Impairment of Assets requires that all non-current assets (including work in progress), held at cost or fair value, must be assessed for indicators of impairment on an annual basis.

Non-Current Asset Policies for the Queensland Public Sector issued by Queensland Treasury and Trade, section 7.1 states that AASB 136 applies subject to the provisions in AASB 1031 Materiality. It further states:

“...where assets are tested for impairment and the total change in written down value for the class of assets or the total impact on depreciation for the class of assets is material, then the impairment loss must be brought to account”.

AASB 136 Impairment of Assets, section 10 (a) requires that intangible assets that are not held ready for use (including software work in progress) must be assessed for impairment on an annual basis irrespective of whether an indicator of impairment is or is not present.

For information regarding the impairment of non-current physical assets – refer to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

Refer also to AASB 13 Fair Value Measurement.

7.12.6.1 Indicators of impairment

The department is required, on an annual basis, to assess non-current assets for indicators of impairment.

The indicators of impairment for the department are:

- the demand for the service has ceased and the asset is now surplus
• the service utility is reduced due to changes in technology
• the service potential is reduced due to changes in policy'
• physical damage, now unable to provide the same level of service
• the expected useful life is now shorter than originally estimated
• a major change in the manner in which the asset is being used
• construction has stopped before the asset is complete
and
• evidence shows that service performance is worse than expected.

Refer also to AASB 136 Impairment of Assets.

If an officer of the department is aware of an indication of impairment that may lead to a significant write down of a building, he/she should advise the Financial and Asset Accounting Team, System Support Services Division.

7.12.6.2 Buildings

On an annual basis, Asset Officers are required to consult with engineering and/or maintenance areas to identify whether any indicators of impairment exist for the building class within their area of responsibility. The Change in Utility Current Yr field in the Asset Master of the FAMMIS Asset Register must be updated to reflect the results of this review.

7.12.6.3 Plant and equipment and intangibles

The Financial and Asset Accounting Team, Finance Branch, System Support Services Division will perform, on an annual basis, a materiality test to determine levels at which impairment losses must be recognised. Materiality thresholds for recognition of impairment losses suggest that the department will not generate an impairment loss for disclosure.

The Finance Branch monitors the:

• Queensland Government Insurance Fund (QGIF) claims
• state-wide media releases
and
• the Australian Health Care Agreement (AHCA)

to ensure that all potentially impaired assets have been identified as at 30 June each year.

7.12.6.4 Software work in progress

Commercial and Business Services Branch, Health Services Information Agency will coordinate an annual review of software work in progress balances for impairment testing where applicable.

7.12.6.5 Testing for impairment

If an indicator of impairment is present, the asset is required to be tested for impairment.

Testing for impairment requires a comparison to be made between the carrying amount of the asset and its recoverable amount. The recoverable amount is the higher of ‘fair value less costs to sell’ and ‘value in use’. If the carrying amount exceeds the recoverable amount, the asset is deemed to be impaired. The impairment loss is the amount by which the carrying value exceeds the recoverable amount.
Refer also to Non-Current Asset Policies Tools, Checklist for Testing and Adjusting for Impairment, issued by Queensland Treasury and Trade.

Refer also to AASB 13 Fair Value Measurement.

### 7.12.6.6 Determining the recoverable amount

Where there is an active market for the asset in question, the department will use, in the below order:

- a binding sales agreement in an arm’s length transaction
- the market price less costs to sell.

Where there is no active market, the department will use as value in use:

- the depreciated replacement cost where the remaining economic benefits would be replaced
- the present value of net disposal proceeds where there is a formal decision not to replace.

At each reporting date, the department must also assess whether there is any indication that any previously recognised impairment loss may no longer exist or may have decreased. If an indicator exists, the department must determine the recoverable amount, to identify the extent to which a reversal, if any, is required.

The Financial and Asset Accounting Team, Finance Branch, System Support Services Division, will coordinate required testing for impairment of buildings.

The Investment Office, Health Services Information Agency, will coordinate required testing of software and software work in progress.

### 7.12.6.7 Accounting and disclosure for impairment

An impairment loss (where material) is to be recognised immediately in the Statement of Comprehensive Income unless the asset is carried at a revalued amount. Where an asset is carried at a revalued amount, the impairment loss is to be treated in the same way as a revaluation decrement, that is, offset against the asset revaluation surplus for the same asset class, to the extent available, with any excess recognised in the Statement of Comprehensive Income.

An impairment loss reversal is to be recognised immediately in the Statement of Comprehensive Income unless the asset is carried at a revalued amount. Where an asset is carried at a revalued amount, the reversal must be applied against the previous decrement recorded in the revaluation surplus for that class of asset. When reversing an impairment loss of an asset, the increased carrying value must not exceed the carrying amount that would have been determined had no impairment loss been recognised.

Where the sum of impairment losses/reversals for the period is material, disclosure is required in the annual financial statements in line with the requirements set out in AASB 136 Impairment of Assets.

Following the recognition of an impairment loss, the depreciation/amortisation charge for the asset is to be adjusted in future periods to allocate the asset’s revised carrying amount, less its residual value.
(if any), on a systematic basis over its remaining useful life.

**Disclosure requirements.** The department is to make the relevant disclosures in relation to impairment in accordance with paragraphs 126, 129, 130, 131, 133, 134 and 135 of AASB 136 Impairment of Assets.

Further, to ensure transparent reporting, an additional line of disclosure is to be included in the notes to the annual financial statements so that Accumulated Impairment Losses is disclosed separately from Accumulated Depreciation.

**7.12.6.8 Governance/co-ordination**

A brief for approval is to be supplied to the Financial and Asset Accounting Team, System Support Services Division, detailing the activities that have been undertaken in relation to impairment, results and suggested action.

The Queensland Audit Office Audit Manager should be kept abreast of developments in relation to impairment. This is usually facilitated through year end audit meetings.

A brief for noting is to be supplied to the Audit Committee prior to year end in relation to activities and results surrounding impairment.

**7.12.7 Revaluation of Assets**

The Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade mandates that agencies and statutory bodies must have all asset classes held at fair value revalued by an independent professional valuer or internal expert at least once every five years, or more regularly when the asset class experiences ‘significant’ or ‘volatile’ changes in value.

This policy mandates that land and buildings are to be carried at fair value and plant and equipment at cost.

Fair value is defined in AASB 13 Fair Value Measurement as the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction. Fair value is based on highest and best use.

Where there is an active and liquid market for assets similar in type and condition, the fair value is the asset’s price in that market. The department will use market information where available.

Where market information does not exist, the department is to use depreciated replacement cost, that is, the cost of replacing the future economic benefits from that asset, adjusted to reflect the condition of the asset being currently valued.

As noted above, comprehensive revaluation of land and buildings is to be performed at a minimum of once every five years. Frequency will depend on the volatility of fair value. In interim years, an appropriate index is to be applied.

A review should be undertaken on an annual basis of the reasonableness of indices used to undertake interim revaluations.

Results from annual revaluations and associated adjustments must be endorsed by senior management.
Refer also to:

- FMT, Information Sheet 3.8, Plant, Property and Equipment and
- Non-Current Asset Policies Tools
  - Sample Letters to Valuers
  - Template for land and Building Valuations and
  - Checklist for Revaluations

issued by Queensland Treasury and Trade.

7.12.7.1 Accounting for a revaluation adjustment

Non-current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade, section 4.4, details the accounting process for revaluation increments and decrements for not-for-profit entities:

“Net revaluation increments in respect of each class of non-current asset must be credited to the agency’s asset revaluation surplus, except to the extent that they reverse a previous decrement recognised as an expense for that class in the Statement of Comprehensive Income. In this instance, the reversal portion of the increment must be recognised as revenue in the Statement of Comprehensive Income.

Net revaluation decrements in respect of each class must be recognised as an expense in the Statement of Comprehensive Income, except to the extent that they reverse a previous increment for that class and a positive balance exists in the asset revaluation surplus (ARS) for that class of assets. In this instance, the reversal portion of the decrement is to be charged directly to the ARS, but so as not to exceed the balance of the ARS.”

7.12.7.2 Buildings

The Department of Housing and Public Works Building Price Index (BPI) is to be used for interim valuations. If the BPI suggests a material movement in fair value, consideration should be given to reducing the timeframe of the rolling revaluation program. As a guide, a valuation movement of ± 10% would constitute a significant valuation movement refer to AASB 13 Fair Value Measurement.

In addition, a Health Design Factor (HDF) is to be applied as a premium over and above the BPI to specialised health service delivery buildings. The HDF is to be applied to the following building categories:

- health service delivery facilities
  and
- accommodation located within a hospital site.

The application of the BPI and the HDF, as endorsed by independent valuers, is deemed by management to represent fair value for the department’s building assets.

The indexation factor is to be applied to the gross value and accumulated depreciation of each asset, resulting in a corresponding movement in the net book value of the asset.
Site improvements will be recognised as one asset per site and revalued accordingly during comprehensive revaluations.

### 7.12.7.3 Land

Land will be revalued every five years unless volatility in fair value can be demonstrated - refer to AASB 13 Fair Value Measurement.

Interim valuations will be performed using site specific indices based on highest and best use for the land.

Where indexation would result in a material movement in the book value of a land asset, consideration should be given to obtaining a desktop valuation. As a guide, a valuation movement of ± 10% would constitute a significant valuation movement. The indexation factor is to be applied to the gross value of each asset.

For further direction in relation to the revaluation of land and buildings - refer to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

### 7.12.7.4 All other assets

All assets other than land, buildings and infrastructure assets and major plant and equipment are to be recorded at cost and not at fair value. These assets are not to be revalued.

Refer to AASB 13 Fair Value Measurement.

### 7.12.8 Management of Government Properties

The Property Management Committee (PMC) is a Cabinet Budget Review Committee sub-committee of Chief Executive Officers chaired by the Director-General, Department of the Premier and Cabinet and is responsible for achieving the government’s initiatives that relate to land use planning and property management.

PMC policies aim to achieve consistent and effective management of the government’s approval process in relation to the purchase and disposal of property.

The policies fall under the following categories:

- acquisition
- secondary use
- disposal
- valuation
- property tenure
- Government Land Register (formerly information technology)
- Property Management Committee (PMC)
- and
- future infrastructure.

All policies can be found in the [Department of Natural Resources and Mines policy register](https://www.qld.gov.au).
Chapter 7 – Asset Management

7.13 Depreciation and Amortisation

7.13.1 Depreciation and Amortisation

All non-current assets (tangible or intangible) having limited useful lives are to be depreciated or amortised in accordance with:

- AASB 116 Property, Plant and Equipment
- AASB 136 Impairment of Assets
- AASB 138 Intangible Assets
- Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

Refer also to FMT, Information Sheet 3.8, Plant, Property and Equipment, issued by Queensland Treasury and Trade.

The useful life of an asset is estimated on a time basis after considering such factors as wear and tear, technical obsolescence and commercial obsolescence.

Depreciation represents the regular allocation of the gross value of non-current physical assets over their useful lives. It is a non-cash transaction.

A depreciable asset is a non-current physical asset with a limited useful life.

Amortisation is the regular allocation of the value of intangible assets and finance lease assets across the reporting periods over which they are expected to be used, or the benefits that the assets are expected to derive. Amortisation is essentially the same process as depreciation (also a non-cash transaction), and serves the same purpose.

Accumulated Depreciation/Amortisation accounts are contra asset accounts which are offset against the related asset accounts. Such accounts represent the total depreciation/amortisation that has been allocated over the asset’s already expired life.

The net book value, or carrying amount of an asset, is its gross value less accumulated depreciation.

7.13.2 Useful Life

The useful life of an asset is the estimated period of time over which an asset is expected to be able to be used, or the benefits represented by the asset are expected to be able to be derived, by the department.

An asset’s useful life is the estimated useful life to the department For example, a monitor may be used in a metropolitan hospital for eight years and then transferred to a community health centre for a further two years. The useful life to the department for this asset is ten years.

7.13.3 Depreciation Policy

7.13.3.1 Assets to be depreciated
Depreciation and amortisation is to be charged against all non-current physical and intangible assets except for:

- land, which has an indefinite useful life
- work in progress assets
- non-current assets whilst classified as held for sale or while they are part of a disposal group classified as held for sale
- an intangible asset with an indefinite useful life – refer to AASB 138 Intangible Assets, paragraph 107
- some heritage and cultural assets whose service potential is not expected to diminish over time
- buildings which are investment properties accounted for under the fair value model – refer to:
  - AASB 13 Fair Value Measurement
  - AASB 140 Investment Property, paragraphs 33 and 35.

### 7.13.3.2 Useful lives and depreciation calculation

Depreciation is calculated by the allocation of the depreciable amount of an asset over the asset’s expected useful life. The depreciable amount is the amount remaining after deducting the asset’s residual value from its acquisition cost or other gross value, if the asset has been revalued or improved. The residual value is the estimated fair value of the item at the end of its estimated useful life to the entity, based on price levels and market conditions existing at the date of determining that value.

The useful life of an asset to the department may be shorter than its economic life, for example, computers.

The table below provides normal useful lives and depreciation rates for various asset categories. The approved useful lives for assets that fall under the information, communication and technology (ICT) replacement program may be different from those useful lives specified, but in all other cases, these useful lives are to be applied on the commissioning of an asset.

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
<th>Depreciation /Amortisation Rate</th>
<th>Depreciation /Amortisation Rate Straight Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>Unlimited</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>30 years</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td>Furniture and Fitting</td>
<td>20 years</td>
<td>5%</td>
<td>20% to 6.7%</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>Lease term or 5 to 15 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Equipment</td>
<td>10 years</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Computer Hardware</td>
<td>5 years</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>
Computer Software – purchased and developed  5 years  20%
Engineering  10 years  10%
Medical Equipment < $200,000  3-15 years  33.3% to 6.7%
Medical Equipment > $200,000  8 years  12.5%
Vehicles  5 years  20%

In all cases within the department, it is assumed that an asset’s residual value is zero (unless verifiable evidence exists to the contrary). This is based on the general practice within the department of utilising assets until there is no longer any economic benefit to be derived.

The department’s major building assets are constructed as fit for purpose in a health service delivery environment. Therefore, the subsequent sale of specialised building assets is most likely to result in the demolition of those assets. Recent history suggests that the buyer’s incentive for acquiring health properties is the development potential of the freehold land. Consequently, building assets are most likely to have no residual value from an asset accounting perspective, unless verifiable evidence indicates otherwise.

Refer to AASB 13 Fair Value Measurement.

7.13.3.3 Depreciation method

Within the department, depreciation is to be calculated using the straight-line method on a monthly basis. The depreciation start date will be the date when the asset is first commissioned.

The first month’s depreciation may be pro-rata. Depreciation is to be calculated up to the date on which the asset ceases to be held for use.

Where a revaluation has occurred, the depreciation for future periods is to be calculated on the re-stated net book gross value on the same basis as had been applied previously, over the remaining estimated useful life of the asset.

7.13.3.4 Changes in depreciation

Depreciation policies, including the method of depreciation, must be applied consistently and accurately reflect the pattern of consumption of economic benefits to be delivered by the asset over its estimated useful life to the department.

The useful life of assets must be reviewed annually to ensure that depreciation is spread over the economic life of the asset in accordance with AASB 116 Property, Plant and Equipment. If expectations differ from previous estimates, that is, expectations with respect to the depreciable amount or the useful life of the asset, the consequential change in the rate of depreciation is to be accounted for as a change in an accounting estimate in accordance with paragraphs 32-38 of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Adjustments to the estimated useful life shall be done in the earliest year in which a change is deemed necessary. This will achieve an allocation of cost that most closely aligns with the consumption of the asset. Adjustments to estimated useful life left to the period when the asset is almost fully depreciated are to be avoided, wherever possible.
A change in depreciation method, for example, from units of use to straight line, will be a change accounting estimate requiring **prospective** adjustment and must be treated in accordance with the requirements of AASB 108.

Any change in the calculation of depreciation, for example, useful life or the residual value, will be a change in accounting estimate and adjusted **prospectively**. A material change in consumption requiring the method to be changed is also treated as a change in an accounting estimate. Disclosure must be made in accordance with the requirements of AASB 108.

Where depreciation has been incorrectly calculated in a prior year, that is, due to miscalculation or errors in underlying data such as useful lives, this should be treated as an error and corrected retrospectively in accordance with AASB 108.

### 7.13.3.5 Cessation of depreciation

An asset’s carrying amount must no longer be included for depreciation charges once the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised, whichever is the earlier.

Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Assets must remain on the Non-Current Assets Register until actually disposed of, written-off or traded-in - refer to FMPM section 7.14 Disposal, for the associated accounting treatment. Refer also to AASB 116 Property, Plant and Equipment and to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

### 7.13.4 Other Depreciation Issues

For information regarding the following depreciation issues – refer to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade:

- re-lifing fully depreciated assets
- disaggregation of assets for depreciation
- work in progress
- subsequent costs
- spares
- revaluations and accumulated depreciation
- point of recognition for depreciation
- investment property
- finance leases
- operating leases
- leasehold improvements
- amortisation of sale and leaseback transactions
- amortisation of intangible assets
- heritage and cultural assets
and
- road earthworks.

For further information regarding depreciation generally – refer to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.
7.13.5 Disclosure Requirements

For information regarding disclosure requirements in relation to depreciation and amortisation – refer to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

7.14 Disposal

7.14.1 Overview

AASB 116 Property, Plant and Equipment specifies that an item of property, plant and equipment is to be derecognised:

- on disposal
- or
- when no future economic benefits are expected from its use.

Items can be available for disposal because they are:

- no longer required due to changed procedures, functions or usage patterns
- no longer complying with occupational health and safety standards
- occupying storage space and will not be needed in the foreseeable future
- reaching their optimum selling time to maximise returns
- found to contain hazardous materials and/or
- beyond repair but able to be sold for scrap.

The disposal of an asset may occur in a variety of ways, including sale, transfer, donation and scrapping.

Disposal of government property, plant and equipment must be undertaken ethically, honestly and fairly. There can be no conflict of interest – refer to the Code of Conduct for the Queensland Public Service, issued by the Public Service Commission.

It is also important to note that, at all times, there exists an overriding principle, regarding the disposal of public assets, that all decisions and actions must be publicly defensible.

Refer to The Public Scrap Book: Guidelines for the correct and ethical disposal of scrap and low value assets, issued by the Crime and Misconduct Commission.

For information regarding the disposal of non-current physical assets – refer to:

- Non-Current Asset Policies for the Queensland Public Sector
- FMT, Information Sheet 3.8 Plant, Property and Equipment

issued by Queensland Treasury and Trade.
and
7.14.2 Disposal Process

Where an operational unit has excess physical assets, it is recommended that they first be offered for purchase to other departmental operational units before any action is taken to dispose of them.

Premium Management Group should be contacted from the outset of scoping property disposal to determine if an existing open claim is currently on foot with QGIF to ensure QH does not suffer a financial loss.

The optimal cascading of assets within Queensland Health is shown in order of preference below:

- transfer within the department
- transfer within a HHS
- sale to other HHSs at the asset’s carrying value or estimated net disposal price to an external party, whichever is the greater
- sale within Queensland Government (predominately for property assets) at the asset’s carrying value or estimated net disposal price to an external party, whichever is the greater
- recycling of components
- sale to other State health entities or the private sector
- transfer within Queensland Government, including involuntary transfer as part of a machinery-of-Government (MoG) change (predominately for property assets)
- sale
- donation
- de-recognition due to initial error in recording as an asset and
- scrapping.

Each of the disposal methods are discussed in detail further in the chapter.

7.14.2.1 Delegations

The physical activity of selling or disposing of assets can only occur when authorisation has been gained from officers with this administrative delegation.

Authorised financial losses delegation is required before an officer disposes of an asset resulting in a loss. The loss is calculated as the difference between the proceeds and the asset’s written down value. Supporting system procedures must be adhered to when bringing this transaction to account in the Non-Current Assets Register.

The delegations that are required for different methods of disposal are shown below:

<table>
<thead>
<tr>
<th>Disposal Type</th>
<th>Plant and Equipment</th>
<th>Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale within Queensland Health</td>
<td>Authorisation by cost centre managers from both the disposing and receiving operational units.</td>
<td>Authorisation by the Director General or delegate</td>
</tr>
<tr>
<td>Transfer to a statutory authority</td>
<td>Authorisation by Director-General.</td>
<td>Prior approval by the Minister for Health.</td>
</tr>
<tr>
<td>Sale within the Queensland Government</td>
<td>Authorisation by the Director-General or delegate Where relevant, financial losses delegation must be obtained.</td>
<td>Prior approval is required from the Minister for Health.</td>
</tr>
<tr>
<td>Sale</td>
<td>Authorisation by cost centre managers. Where relevant, financial losses delegation must be obtained.</td>
<td>Prior approval is required from the Minister for Health.</td>
</tr>
<tr>
<td>Donation</td>
<td>Authorisation by cost centre managers. Where relevant, financial losses delegation must be obtained.</td>
<td>Prior approval is required from the Minister for Health. Additional approval is required from QTC/Property Management Committee where the donation is greater than $50,000.</td>
</tr>
<tr>
<td>Trade-Ins and Write-Offs</td>
<td>Authorisation by cost centre managers. Where relevant, financial losses delegation must be obtained.</td>
<td>N/A</td>
</tr>
<tr>
<td>Stocktake Write-Off</td>
<td>Notification to the cost centre manager must occur in line with the stocktake processes. Where relevant financial losses delegations must be obtained.</td>
<td>N/A</td>
</tr>
</tbody>
</table>

There are additional delegation requirements relating to property transactions in the Corporate Real Property Delegations, managed through the Assets and Property Services Unit, Health Infrastructure Branch, System Support Services Division.

Once disposal approval has been obtained, the item must be disposed of by the assigned officers in the most time and cost-efficient manner that maximises the return to the department and to Queensland Health.

**7.14.2.2 Disposal in FAMMIS**

An asset retirement request form is required for the disposal of any non-current asset. These requests must be approved by the appropriate delegate as the case requires. All disposals must be approved prospectively and not retrospectively.

**7.14.2.3 Responsibility for the asset**
The responsibility of the officer in charge of the disposing area, in respect of the disposed asset, ceases at:

- the time of delivery to the new asset owner
- the time that the asset is dumped in a responsible manner.

### 7.14.2.4 De-recognition

AASB 116 Property, Plant and Equipment prescribes that all assets disposed of must be derecognised in the annual financial statements.

Any gain or loss arising from the de-recognition of an item of property, plant and equipment, including an intangible asset, is to be included in the Statement of Comprehensive Income on a net basis when the item is derecognised, unless AASB 117 Leases, requires otherwise on a sale and leaseback arrangement. Gains must not be classified as revenue.

If an asset is scrapped for no consideration before it is fully depreciated, the carrying amount of the asset, that is, the gross asset value less its accumulated depreciation and accumulated impairment losses, represents a loss on disposal which must be expensed (written off). If material costs are incurred in the disposal, such expenses are to be added to the loss on disposal.

Where the proceeds from the disposal of a non-current asset are returned to the Consolidated Fund, whether or not voluntarily, the transfer must be treated as an equity withdrawal and adjusted against the contributed equity account or retained earnings.

The transfer of an asset, without payment or other consideration, between wholly-owned State Government agencies as a result of a MoG change or as otherwise approved/directed by the ‘owners’, that is, Cabinet, Cabinet Budget Review Committee (CBRC), Executive Council or portfolio Ministers, does not constitute a sale and no gain or loss on sale is to be recognised. In lieu, the transfer is to be treated as a non-appropriated equity injection/withdrawal at the carrying amount of the asset immediately prior to the transfer – refer to APG 9 Accounting for Contributions by Owners.

### 7.14.3 Valuation of Assets on Disposal

#### 7.14.3.1 Plant and Equipment

The nominal useful life for each asset class is shown in FMPM section 7.13 Depreciation and Amortisation. Nominal useful lives must be used unless verifiable evidence indicates that the asset’s useful life to the department differs from the nominal useful life.

#### 7.14.3.2 Property

Assets expected to be sold must be classified as held for sale and are to be measured at the lower of the carrying amount and the fair value less costs to sell, in accordance with AASB 5 (NFP) Non-current Assets Held for Sale and Discontinued Operations. If the asset is measured at fair value, the revaluation decrement should be applied first against any balance in the asset revaluation surplus for that class of asset, the remainder being recorded as an expense. Refer also to AASB 13 Fair Value Measurement.
### 7.14.3.3 Valuation on the disposal of asset

<table>
<thead>
<tr>
<th>Disposal Type</th>
<th>Plant and Equipment</th>
<th>Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer within Department of Health</td>
<td>Asset is to be transferred at the net book value at the date of transfer.</td>
<td>Asset is to be transferred at the net book value at the date of transfer.</td>
</tr>
<tr>
<td>Transfer within the Queensland Government</td>
<td>Asset is to be transferred at the net book value at the date of transfer.</td>
<td>Asset is to be transferred at the net book value at the date of transfer, unless prior approval has been obtained from the Property Management Committee and QTC.</td>
</tr>
<tr>
<td>Sale</td>
<td>Gain/Loss on disposal is the proceeds less net book value on the date of disposal and any selling costs</td>
<td>When a property is classified as held for sale, it is to be measured at the lower of the carrying amount of the asset and the asset's fair value less costs to sell (which may be the market value of the asset). A gain/loss on disposal will be recognised for any variation between the asset's carrying value at the date of sale and actual sale proceeds less selling costs.</td>
</tr>
<tr>
<td>Donation</td>
<td>The disposing cost centre will incur a loss for any net book value remaining at the time of disposal.</td>
<td>The disposing cost centre will incur a loss for any net book value remaining at the time of disposal.</td>
</tr>
<tr>
<td>Trade-Ins</td>
<td>The disposing cost centre will incur a loss or gain for any difference between the trade-in value and the net book value of the asset remaining at the time of disposal.</td>
<td>N/A</td>
</tr>
<tr>
<td>Write-Offs</td>
<td>The disposing cost centre will incur a loss for any net book value remaining at the time of disposal.</td>
<td>N/A</td>
</tr>
<tr>
<td>Stocktake Write-Off</td>
<td>Any loss incurred at the time of disposal will be transferred from losses to the stocktake adjustment account at the end of the year.</td>
<td>N/A</td>
</tr>
</tbody>
</table>
7.14.3.4 Asset revaluation surplus on the disposal of non-current assets

For information regarding this matter – refer to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

7.14.3.5 Disposal of assets

When assets are identified for disposal, for example, demolition, and the asset does not meet the criteria for recognition as held-for-sale, the following actions must be undertaken:

- **assess the asset for impairment**: an indication of impairment exists where significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used; these changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

- a management decision to dispose of an asset before the end of its nominal useful life is an internal impairment indicator, requiring an impairment assessment to be undertaken; if the asset is determined to be carried at an amount higher than its recoverable amount, the asset should be impaired for the difference; the recoverable amount in this instance will be the asset’s value in use; where there is no active market, the department will use as value in use:
  - the depreciated replacement cost where the remaining economic benefits would be replaced, for example, if a building was to be reconstructed
  - or
  - the present value of net disposal proceeds where there is a formal decision not to replace; the department typically does not receive any disposal proceeds when demolishing a building

- an impairment loss is to be recognised immediately in profit and loss, unless the asset is carried at a revalued amount; when the asset is measured at a revalued amount, the impairment loss is to be offset against the asset revaluation surplus of the relevant class to the extent that funds are held in surplus and

- **revise the useful life of the asset**: useful life is defined as “the period over which an asset is expected to be available for use by an entity”; where plans are made to demolish or to dispose of an asset earlier than originally planned, the asset’s designated nominal life should be adjusted to reflect the adjusted period over which the asset is expected to be available for use by the department; the depreciation expense (profit and loss impact) will be recognised over the remaining life of the asset, and the asset will be fully depreciated at the time of disposal.

When there is management intent to sell an asset and the asset meets the definition of ‘held-for-sale’ per AASB 5 (NFP) during the financial year, the following actions should be undertaken:

- determine the date at which the AASB 5 (NFP) criteria for classification as held-for-sale are met; this is the date at which the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and the sale is
considered to be highly probable - refer AASB 5 (NFP) for further guidance

- depreciate the asset until the date of reclassification as held-for-sale

and

- at the date that the asset is classified as held-for-sale, the asset should be revalued to its fair value if the difference between the asset's carrying amount at that date and its fair value is material; the revaluation impact should be recognised in other comprehensive income in accordance with AASB 116 Property, Plant and Equipment; where there is an active market for the asset in question, the department is to use, in the below order:
  
  - a binding sales agreement in an arm’s length transaction
  or
  - the market price less costs to sell (obtained via a market valuation report)

  - the department should consider whether the asset is impaired by comparing its carrying amount (fair value) with its recoverable amount (higher of value-in-use and fair value less costs to sell); if any impairment loss was identified at this point, it would be accounted for as a revaluation decrease under AASB 116 Property, Plant and Equipment

  - the property should be reclassified as held for sale and remeasured to fair value less costs to sell; depreciation on the asset should cease

  and

  - any gain or loss on sale of assets held-for-sale should be included in profit or loss from continuing operations in the Statement of Comprehensive Income.

Sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance in accordance with AASB 116 Property, Plant and Equipment.

Surplus or decommissioned assets should be revalued as set out above regardless of whether the service potential represented by the assets would or would not be replaced. For example, hospital buildings that had ceased to be used, but had not yet been disposed of, should be revalued to reflect the asset’s estimated fair value less cost to sell. If no value is expected to be realised on disposal, the fair value of the asset would be zero. This revaluation should occur even if a new complex is expected to be built nearby. The accounting treatment for revaluing surplus assets is defined in Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

Refer to AASB 13 Fair Value Measurement.

### 7.14.4 Revenue on the Disposal of Assets

Once the sale or disposal of an asset has been authorised as above, any proceeds receivable from the disposal are to be identified and collected in accordance with this section.

The proceeds from the sales of assets must be deposited into the Collections Bank Account. The revenue is to be managed at a corporate level. The resulting gain or loss on disposal must be recognised in the Statement of Comprehensive Income as a gain or as a loss.
Chapter 7 – Asset Management

The net proceeds arising from a sale, as distinct from a trade-in which is dealt with in detail below, must be credited to the Revenue Account 460000 Sale of PP&A (NCA). The FAMMIS Assets Register will generate a relevant journal entry to the Gain or Loss on Disposal Account. Proceeds from the sale of assets not capitalised on the Statement of Financial Position, that is, portable and attractive items, are to be receipted to general ledger account 460010.

Proceeds from the sale of surplus property are returned to the Capital Acquisition Program (unless prior written approval has been obtained from the Chief Infrastructure Officer, Health Infrastructure Branch, System Support Services Division.

7.14.5 Disposal Method

The most appropriate method of disposal must be chosen, with regard to:

- the preferred cascading disposal methods
- the corporate objectives of the department with reference to asset strategic planning
- the costs involved in the selected disposal process
- the maximum possible benefit from disposal.

Assets to be disposed of, other than by destruction or scrapping, are to be classified as safe to use. Particular consideration must be given to any public health implications that may arise from such action. This consideration is pertinent when disposing of irradiating apparatus or similar equipment where the provisions of the Radiation Safety Act 1999 or other relevant legislation must be strictly adhered to.

The following methods of disposal are discussed within this policy:

- sale
- sale to another area within the department
- sale to another Government agency
- sale to non-Queensland Government entities/bodies
- public auction
- tender
- Health Technology Equipment Replacement (HTER) – refer to FMPM section 6.2.22 Health Technology Equipment Replacement (HTER) Program
- public offer
- trade-in
- scrapping
- recycling of components
- donation
- writing-off.

Advice on the most appropriate method of disposal may be sought from Queensland Government Marketplace, Government Disposals.

Queensland Treasury and Trade should also be consulted with regard to proposed interdepartmental transfers of assets as accounting treatment varies according to differing
circumstances. These transactions, through consolidation for Whole of Government (WoG), require consistent treatment by all concerned.

The Department of Housing and Public Works, Better Purchasing Guide - Disposal of Government Plant and Equipment, also provides further guidance with respect to the disposal of assets.

7.14.6 Transfers within Queensland Health

Where an operational unit has excess physical assets, all assets in working order should first be offered for sale to other operational units (including HHSs) before any action is taken to dispose of them.

When an asset is available for sale, other operating units are to be notified with the details of the asset and given seven days to respond.

The most appropriate offer is to be determined by the relevant cost centre manager of the transferor operating unit after consideration of all offers received by the specified date.

Where external removalists are required to move the asset, such costs are to be borne by the operating unit receiving the asset, unless other arrangements have been agreed to as part of the sale agreement.

If no reasonable offers, that approximate the amount obtainable from an alternate disposal method, are received by the specified date, the other disposal methods available in this policy may then be explored in turn.

An official asset transfer form must be completed, approved by the cost centre managers and promptly forwarded to the Finance Business Centre to make appropriate financial adjustments within the Non-Current Assets Register.

7.14.7 Transfer of Assets to Another Government Agency

7.14.7.1 Plant and equipment

Operational units may consider offering unwanted working assets, particularly those with a limited life, to potential users within other Government agencies,

This option should only be considered if requests for such items have already been received from other agencies. There should not be extensive canvassing of other agencies. Where the estimated value of those assets is substantial, Queensland Treasury and Trade should be consulted with regard to the proposed transfers, including motor vehicles.

Any recommendations advised by Queensland Treasury and Trade are to be either additional to, or in replacement of these requirements.

When an asset is available for transfer, other Government agencies who have indicated prior interest in the type of asset, are to be notified with the details of the asset and be given seven days to respond.

The most appropriate offer is to be determined by the relevant cost centre manager after consideration of all offers received by the specified date.
If no offers are received by the specified date, the other disposal methods available in this policy may then be explored in turn.

A copy of the acceptance advice, showing details of the arrangement and any payment required, must be supplied to the agency concerned.

In such cases, assets should be transferred at those assets’ net book value. Arrangements must be made for the collection of the asset by the recipient agency.

7.14.7.2 Property

Transfers of property to other Government agencies are to be managed by the Asset and Property Services Branch, Health Infrastructure Branch, System Support Services Division, in accordance with the Department of Health and Whole-of-Government policies.

7.14.8 Sale of Assets

7.14.8.1 Method - public auction

Public auctions may be arranged through either:

- the Public Trust Office for regional locations
- the Queensland Government Marketplace for Brisbane locations.

A copy of the approval advice, showing details of the arrangements with the auctioneer, must be provided to the auctioneer concerned.

Where an asset is sold, an official asset disposal form must be completed, and forwarded to the relevant asset accounting area for updating the Non-Current Assets Register.

The Finance Branch, System Support Services Division, must then be advised of:

- the details of the asset number to identify the asset concerned
- the amount payable to the department by the auctioneer
- the due date for payments
- the name of the organisation that conducted the auction.

7.14.8.2 Method – tender

Goods that are of high value, unusual in nature or located in a remote area with a wide potential market may be better sold by tender.

For further details regarding disposing of an asset by tender - refer to the Queensland Government Chief Procurement Office’s Government Disposals team.

7.14.8.3 Method - Health Technology Equipment Replacement (HTER)
Chapter 7 – Asset Management

The Health Technology Sales site has been designed as an electronic, searchable catalogue of all medical equipment and health technology assets which Queensland Health has determined to be surplus to requirements, and subsequently made available for purchase by interested parties. The HTER program is managed through the Health Infrastructure Branch, System Support Services Division. Further details are available in the Health Technology Disposal Program Guidelines.

Refer also to FMPM section 6.2.22 Health Technology Equipment Replacement (HTER) Program.

7.14.8.4 Method - public offer

When an asset is to be disposed of by public offer, the services of Queensland Government Marketplace may be used. Alternatively, other departmental officers may carry out this work.

When the work is to be performed by departmental officers, the process as detailed hereunder is to be followed.

When an asset is available for sale, an advertisement is to be placed, with the details of the asset. Potential buyers are to be given up to fourteen days to respond.

The most appropriate offer is to be determined by the relevant cost centre manager after consideration of all offers received by the specified date.

Officers, their associates, relatives, or friends of these officers, who have access to information concerning individual offers, should not be allowed to purchase any surplus assets.

If an officer with access to such privileged information discovers an offer from an associate, relative, or friend, then he/she is to immediately notify his/her superior, and the conflict of interest is to be dealt with in accordance with the Code of Conduct for the Queensland Public Service.

If appropriate, advertisements may be circulated amongst departmental officers to enable them to participate in the offer process, setting out the same information listed in the advertisement.

Authorised officers may consider the sale of smaller quantities of low value assets ‘as is’ solely to departmental officers using the offer process to reduce the administrative costs and to achieve a better net financial return.

In selling physical assets, no individual departmental officer or their associate, relative or friend, is to have the opportunity to purchase an asset for private use, without the same opportunity being offered to all departmental officers.

Commissions are not to be received by any officer as a result of arranging the sale of any of the department’s assets - refer also to the Code of Conduct for the Queensland Public Service. In addition, no officer may arrange the sale of assets that would result in the cost centre operating at less than an arm’s length transaction.

The information contained in these advertisements must include:

- the name, Department of Health
- a brief description of each asset for sale
- the period of time for which the offer is open
- the date upon which the offer will close
- the departmental contact officer and telephone number
- whether or not the offer is being opened publicly
and
- the location at which offers may be lodged.

All offers from either departmental officers or from the general public must be in writing. A minimum of two officers are to:

- prepare a listing of all offers received
- evaluate all of those offers
- document the most acceptable offer for the approval of an authorised officer with delegated authority.

The Finance Branch, Systems Support Services Division, must then be advised of:

- the details of the asset number to identify the subject asset
- the sale amount payable to the department
- the due dates for payments.

If no acceptable offers are received by the specified date, the other disposal methods available in this policy may then be explored in turn.

Refer also to:

- FMPM section 6.2.22 Health Technology Equipment Replacement (HTER) Program
- FMPM section 7.5 Accounts Receivable/Debtors for further guidance.

### 7.14.9 Trade-in of Assets

The most appropriate trade-in opportunity is to be determined by the relevant cost centre manager wishing to dispose of the asset. The evaluation of the purchase of the new asset, including the trade-in, must form part of the normal purchasing process as set down in the *Queensland Procurement Policy 2013* and in other departmental purchasing instructions - refer to FMPM section 6.2 Purchasing Policy.

In approving trade-ins, officers with delegated authority need to assure themselves that:

- the best value for money is being obtained
- the purchase price of the new asset has not been deliberately reduced to offset higher operational costs of the new asset due to exclusive supplier arrangements and maintenance
- the purchase price of the new asset has not been deliberately increased to offset the trade-in value offered.

Where a trade-in is a viable proposition, the operational unit which is trading-in the asset must complete an official asset disposal form, and promptly forward it to the Financial and Asset Accounting Team, Finance Branch, System Support Services Division, for the updating of the Non-Current Assets Register. An invoice showing the details of the trade-in arrangement and any payment required must be provided by the supplier concerned.
A copy of the official asset disposal form must be provided to the relevant purchasing officer for the proper completion of the Purchase Order for the new asset - refer to FMPM section 6.2.11 Purchasing – Purchase Order Management.

7.14.10 Write-off of Assets

7.14.10.1 Recycling of asset components

Obsolete assets, unlikely to benefit the department in their existing state, can be written-off and then broken-down into component parts to be either used to keep other similar assets operational or sold in their new state.

The operational unit retiring the asset is to complete an asset disposal form for each asset recycled and forward it to the relevant operational unit for processing.

7.14.10.2 Donation of assets

A donation is a gift given typically for charitable purposes and/or to benefit a cause. Donations made by the department must be made to organisations that can demonstrate the use of donated equipment for such purposes.

If real property is recommended for donation, approval from the Minister for Health is required. Delegations must be obtained before a donation is made.

The donation of medical equipment can be facilitated through the Health Technology Replacement Program (HTER) in accordance with the Health Technology Disposal Program Guidelines – refer to FMPM section 6.2.22 Health Technology Equipment Replacement (HTER) Program.

7.14.10.3 Write-off of assets

If an asset is deemed to be unsuitable for disposal by nominated methods, the final option is to write it off. An asset can only be written off directly (dumped) if the Director-General or delegate is sure that its value, location or nature doesn’t justify the expense of the sales options.

Officers approving the direct write off (dumping) of such assets must ensure that their dumping will not create an environmental hazard. The asset must be dumped at an approved site for the type of material being disposed.

7.14.11 GST on the Sale of Assets

There are rules that apply to the treatment of GST on sale of assets. Please refer to the Asset Disposal and Trade-Ins (not including real property) business procedures.

7.14.12 Disposal of Land and Buildings

Land and buildings, surplus to requirements, should be disposed of. However, real property must not be sold without prior approval from the Minister for Health or his/her delegate following endorsement by the Asset and Property Services Unit, Health Infrastructure Branch, System Support Services Division and Queensland Treasury and Trade.
Inter-agency transfers are encouraged and must be given priority over disposals to the private sector. This is in accordance with the Government Land Policy - Disposal Policy #4. Transfers of this type should be conducted on a market footing unless prior approval has been obtained from the Treasurer or the Property Management Committee and Queensland Treasury and Trade to conduct the transfer at less than market value. All proposals are to be submitted to the Asset and Property Services Unit, Health Infrastructure Branch, System Support Services Division. Once an approval has been granted, government real estate assets are to be sold pursuant to the provisions of the Land Act 1994.

The actual sharing of the net proceeds from the sale is negotiated between the Department of Health and Queensland Treasury and Trade, subject to a global threshold. Reference should be made to the policies regarding asset disposals, as set out in Government Property Management System - refer sub-section 7.13.8 – Management of Government Properties.

Buildings on leased land are to be written off in full, if the lease is discontinued and the building/s cannot be removed. The write-off requires the approval of an officer having authorised financial delegation. If the building/s can be removed, the cost of removal and re-location is to be capitalised by the transferee and subject to depreciation and valuation policies.

If real property is recommended for donation, prior approval from the Minister for Health or his/her delegate is required and subsequently, approval must be sought from the Treasurer or the Property Management Committee to dispose of the property at less than market value. The Asset and Property Services Unit is responsible for submissions for property disposals.

When land had previously been donated or bequeathed to the Department of Health and is no longer required, the disposal is to be made in accordance with any covenants that were attached to the donation. Where no such covenants exist, the disposal is to be undertaken in accordance with normal disposal policy.

For the accounting treatment of gains and losses on disposal of land and/or buildings classified as investment property, reference should be made to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade. Guidelines are available from the Department of Natural Resources and Mines with respect to the management of excess real estate.

Refer also to the Protocol for Real Property Disposal.

**7.15 Loans and Advances**

**7.15.1 Overview**

Loans and advances must be authorised, documented and brought to account in accordance with legislative requirements, relevant policies and the following Australian Accounting Standards:

- AASB 7 (NFP) Financial Instruments – Disclosures
- AASB 132 Financial Instruments: Presentation
- AASB 139 Financial Instruments: Recognition and Measurement.

Refer also to APG 12 Financial Instruments, issued by Queensland Treasury and Trade.
Loans to officers are prohibited as all loans need to be business related. Loans are distinguishable from advances by the element of time. An advance is intended to be:

- short term
- business related, and
- either repaid in full or extinguished by valid expenditure vouchers.

Refer to FMPM section 7.15.3 Loans to Third Parties.

### 7.15.2 Loans Receivable

Loan transactions are to be recognised in the subsidiary ledger which is reconciled with the general ledger control account monthly.

Disclosure in annual financial statements includes the balance outstanding plus interest due and unpaid. Interest due at balance date, will be brought to account as a sundry debtor (accrued interest) in the annual financial statements.

Charges for which the department is entitled under the terms of the loan agreement will be accounted for and disclosed in the same manner as interest. That is, if charges have not been debited to the loan as at the balance date, they will be accrued as sundry debtors, or where they have been debited as at the balance date in accordance with the agreement, they will be added to the loan balance.

The amount at which the loans will be disclosed will be unpaid principal plus any valid charges debited and unpaid.

Security must be taken for any loans. Advice may have to be taken in this regard before the loan proceeds.

Providing the department possesses powers to make loans, a proposed loan must be approved as non-recurrent expenditure within the financial delegations.

A drawdown may not be individually approved in order to reduce the level at which the loan has to be approved, although draw downs may be approved as recurrent expenditure once the initial (non-recurrent) approval has been given. Draw down approvals should attach a copy of the initial (non-recurrent) approval as authority. Under no circumstances are loan approvals to be made by any person related to or associated with the debtor. Any account in default must be investigated. Revenue recovery and recovery management action is outlined in FMPM section 5.4 Revenue Recovery. The debt may be impaired. Accounting treatment for impairment is prescribed in AASB 139 Financial Instruments: Recognition and Measurement Impairment, referred to as doubtful debts, requires the loan/advance to remain in tact and the raising of a contra account recording the impairment.

A loss write-off must have the approval of an officer with the appropriate financial losses delegation.

In the event that a loan in default is judged to be doubtful, interest calculations should continue to be made in accordance with the loan agreement.
A Loans Payable and Receivable Register must be maintained to record the details shown in section 2.6.25 Loans Payable and Receivable Register.

7.15.3 Loans to Third Parties

Loans, generally, will not occur. Loans to external parties should be given strong consideration and require the approval of the Treasurer.

7.15.4 Advances

An advance for which payment is expected, in part or in whole, at a later date or for which some other form of extinguishment is expected, is brought to account in the subsidiary ledger. Where it is not expected that any repayment or other form of recovery will be made, an approval is to be obtained for the advance be expensed.

Approval for any advance must be given in accordance with delegations for non-recurrent expenditure. Advances must not be made in any circumstance where conflict of interest may arise. Approval must not be given by a person who is related to, or associated with, the intended recipient.

An acknowledgement of the receipt of the advance must be taken. This may be as simple as:

- a signature by the recipient on the payment voucher
- a bank deposit receipt to the recipient’s bank account
or
- a formal receipt.

Collection of the advance must be pursued. Should an advance become troublesome to collect or to extinguish, collection procedures, as outlined in FMPM section 5.4 Revenue Recovery, should be initiated. Staff advances should be referred to a senior officer.

7.15.5 Disclosure

For disclosure in the annual financial statements, loans and advances receivable must be classified as current or non-current receivables and impairment noted in a contra receivables account.

For further details regarding disclosure – refer to AASB 7 (NFP) Financial Instruments: Disclosure.

7.16 Other Assets

7.16.1 Prepaid Expenses

Prepayments arise when payments are made:

- in respect of goods and/or services not yet received
or
- which otherwise relate to one or more future reporting periods.

Examples of prepayments are:
• grant payments to Non Government Organisations (NGOs)
• insurance premiums
• maintenance contracts
• property taxes
• dues and subscriptions
• permits and licenses
• portion of payroll paid relating to a future reporting period and
• rental paid in advance.

These transactions do not yet satisfy the expense criteria. However, they do meet the asset criteria, and should be recognised as an asset until the expense is actually incurred or the related period of time has elapsed.

Payment in advance of the receipt of goods and services being supplied should be discouraged. Where a material prepayment must be made, a bank guarantee and indemnity should be obtained from the supplier, before the remittance is made.

Materiality issues must also be addressed for the purposes of the preparation of the Statement of Financial Position and notes to the annual financial statements.

Prepayments must be apportioned between current and non-current assets and disclosed under the line item “Other Current Assets” in the Statement of Financial Position.

The notes to the annual financial statements are to separately disclose that part of Other Current Assets which relates to prepayments.

Prepayments and accrued expenses are not to be netted. For example, if prepaid and accrued subscriptions exist, they should be shown separately under Other Current Assets and Other Current Liabilities respectively, and not as a net amount.

7.17 Planning and Control of Capital Commitments

7.17.1 Overview

Adequate planning for non-current asset expenditures is an essential element of financial management, managed corporately. Departmental executives are to ensure that adequate controls are in place at the corporate level to identify and prioritise non-current asset projects.

The objective is to ensure that non-current asset project commitments are planned and authorized - refer to FMPM Section 3.2.3 Asset Strategic Planning and to the Capital Funding Policy and two associated Implementation Standards - Items to be funded from the Capital Acquisition Plan (CAP) and Funding Sources.

7.17.2 General Policy

The major elements of the policy are capital budgets and approval levels. Authorised officers are to coordinate and manage financial management activities associated with their projects including the procurement of goods and services including non-construction items, such as the purchase of furniture and specialist equipment.
Officers may, subject to their delegated levels of approval, authorise proposed non-current asset projects within the departmental budget. Compliance with any state-wide policies is required. Coordination at all levels up through the chain of operation must be maintained.

Projects must not be subdivided to enable approvals to be gained at a level lower than that which is otherwise required, given the total project amount as a single figure. Invoices must be verified and approved in accordance with FMPM section 6.4 Processing and Payment.

It is not a mandatory requirement that business cases be prepared for projects that have funding approved as election commitments. Business cases are a requirement of the CBRC for projects that require CBRC funding approval, and must state the total project costs and identify the high risk factors.

### 7.17.3 Capital Budgets

Capital works programs are prepared, identifying the capital projects planned for the current budget year, next year and three out years in accordance with the approved strategic plan.

Once a project has been appropriately approved, the operational unit may then commit expenditures within approved budget limits.

Capital works budgets must allow for the full cost of completing the project, including consultancies, installation and commissioning ready for use, and infrastructures.

The Director-General or delegates are responsible for establishing procedures for the approval of capital expenditure in accordance with their financial delegations and with the department’s purchasing procedures.

### 7.17.4 Commitments

Operational units must record commitments for future capital expenditure to be incurred under contracts entered into prior to the end of the financial year but unpaid at year end. Capital commitments include amounts committed under contracts entered into prior to year end for non-current assets and for non-cancellable operating leases.

The value of a capital commitment relates to the total expenditure to be incurred in future periods, including GST, under a contract to acquire or to construct a non-current asset. It does not apply only to the value of individual purchase orders which may have been issued to the balance date pursuant to that contract. Purchase orders issued are not included unless the liability has not been recognised.

The future expenditure must be analysed into various time bands. Disclosure requirements are classified into the following periods:

- not later than one year
- later than one year and not later than five years
- later than five years

A Capital Commitment Register should be maintained and details are included in FMPM section 2.6.8 Capital Commitment Register.
Refer also to:

- FMPM section 8.1.5 Commitments
- FMPM section 8.8 Commitments.

### 7.17.5 Leases and Hire

Leases are subject to the same planning, budgeting, and approval requirements as are direct purchases of assets except that additional financial approvals are required as noted below. The use of a lease as an alternative to ownership should be evaluated on the basis of economics and short and long-term cash flows - refer to FMPM section 6.10 Hire and Leasing.

In undertaking any leasing arrangement, consideration should be given to the use of a Government owned enterprise as a provider of leasing. Guidance for compliance in complying with the department’s Procurement Policy and Procedures and Supporting Documents, as mentioned in FMPM section 6.2 Purchasing Policy. All leases must be submitted for approval and authorisation by the Director-General or delegate.

All leases must be submitted, for approval and authorisation, through:

- Real Property (land and buildings) – Asset and Property Services (APS), Health Infrastructure Branch
- Equipment (including medical equipment) – Financial Policy and Business Requirements, Finance Branch

This will apply whether the operational unit will be a lessee, or a lessor.

A documented and detailed business case must be submitted through, and evaluated by APS, to the Office of the Director General to justify any proposal when leasing of assets is preferred to outright purchase.

The department should not unilaterally enter into leasing arrangements. Given that business cases identifying funding options and sources of funding are required, the risk of the department becoming over-committed should not become an issue if these requirements are complied with.

Commercially, Government agencies should be able to obtain lower implicit interest rates due to their credit rating.

Technically, a short-term hire is an operating lease, meaning that in order that Leasing in the Queensland Public Sector Guidelines (the Leasing Guidelines), issued by Queensland Treasury and Trade are followed precisely, the hire should be arranged with or through QTC, or be approved by the Treasurer.

The application of the Leasing Guidelines to short-term hire of equipment is to be determined on a case by case basis. The decision must not be made without considering:

- the purpose of the lease
- the amount of money involved
- operational efficiency
- and
Chapter 7 – Asset Management

- the period and terms of the hire.

The purpose must be totally relevant to the core business of the department. The cost of the hire must be substantially less than the purchase price, including that of available used equipment. The hire should provide no less operational efficiency than would a purchase of the same equipment. The period of the hire must be short-term, not in excess of three months. The terms of hire must allow for the equipment to be returned without impediment should it be no longer required and without any, or at least with reasonable, penalty.

If the foregoing considerations are satisfied, the hire may proceed, with documentation and justification for the decision being filed. Justification will include costing of the hire and comparison against the purchase alternatives.

It should be noted that HHSs must not, without the written approval of the Minister and the Treasurer, grant or take a lease of land or buildings unless the lease is a type prescribed by regulation.

Refer also to FMPM section 8.4 Leases.

7.17.6 Land

All lease requests and disposal requests related to property transactions require prior approval - refer to FMPM 7.17.5 Leases and Hire.

Property transactions include agreements or options for:

- the purchase, sale, lease or extension of leases of land
- granting or obtaining of easements or rights in property
- purchase, cancellation, concession or sale of leasehold rights or leasehold improvements and
- acquisitions or disposals.

All proposals for transactions involving a purchase or sale of real property, that is, land and buildings, must be submitted to the Asset and Property Services Unit, Health Infrastructure Branch, System Support Services Division, for endorsement prior to transmission to the Minister and to the Treasurer.

An operational unit must not dispose of land by sale, lease, mortgage or otherwise without the prior approval of the Minister for Health.

Surplus property sales are subject to the procedures outlined in Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.

7.17.7 Capital Works Planning

The costs incurred in project analyses, environmental studies, and preliminary reviews prior to the authorisation or commencement of a project will be:

- costs capitalised as a cost of the project if the project proceeds and
- costs written off in full if the project does not proceed or is abandoned.
Expenditure incurred in planning, generally, will be written off in the period in which it is incurred. Expenditure incurred in planning associated with a specific project will be capitalised as part of the project cost – refer to:

- FMPM section 7.1.3 Definition and Recognition of Assets
- FMPM section 7.11.3 Completion of Capital Works in Progress.

### 7.18 Contingencies

#### 7.18.1 Overview

Section 15(1)(f) of the FPMS requires the accountable officer to establish a contingency management system.

Contingencies are obligations (liabilities), or benefits (assets), that arise from past or current events, and whose existence will only be confirmed by the occurrence, or non-occurrence, of a future event outside the control of the department. In summary:

- a contingent asset exists where compensation may be received from a third party and
- a contingent liability exits where compensation may be payable to a third party.

#### 7.18.2 Management of Contingencies

Refer to section 26 of the FPMS for further legislated obligations regarding contingency management.

Recording of contingencies should include the following information:

- description
- name, address, and ABN of the other party
- value (actual amount or best estimate)
- type of obligation, for example, legal matter, indemnity or guarantee
- identified trigger/s for realisation of the contingency
- estimated date of expiration
- action taken to manage the contingency, for example, action taken to mitigate any losses and
- details surrounding the finalisation of the contingency, for example, a court decision.

Section 26(1) of the FPMS requires the Director-General to manage the contingent assets and contingent liabilities of the department in accordance with the contingency management system established for the department in accordance with section 15(1)(f) of the FPMS. The contingency management system must provide for reporting, at least annually, to the Director-General about the contingencies. The frequency of reporting should be based on an assessment of the nature of the contingency, its materiality and the volatility of changing circumstances related to the contingency. The format of the reporting should allow the Director-General to determine the nature, amount, potential risk/benefit and likelihood of the contingency occurring.

Refer also to:
Chapter 7 – Asset Management

- FMPM section 8.1.6 Contingent Liabilities
  and
- FMPM section 8.9 Contingencies.

7.19 Disclosure – Assets

For information regarding disclosure requirements in the annual financial statements – refer to:

- AASB 5 (NFP) Non-current Assets Held for Sale and Discontinued Operations
- AASB 7 (NFP) Financial Instruments: Disclosure
- AASB 102 Inventories
- AASB 132 Financial instruments: Presentation
- AASB 138 Intangible Assets
- AASB 139 Financial Instruments: Recognition and Measurement
- AASB 140 Investment Property
- AASB 1050 Administered Items
- Financial Reporting Requirements for Queensland Government Agencies, Part B, Reporting Requirements
  - section 4 General Requirements
  - section 6 Statement of Financial Position
  - section 8 Statement of Cash Flows
  - section 9 Notes to the Financial Statements
  and
- Accounting Policy Guideline (APG) 12 Financial Instruments.
  Issued by Queensland Treasury and Trade.
7.20 References

Legislation

- Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act)
- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Hospital and Health Boards Act 2011
- Health (Drugs and Poisons) Regulation 1996
- Land Act 1994
- Limitation of Actions Act 1974
- Radiation Safety Act 1999
- Trusts Act 1973

Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB)

- Framework for the Preparation and Presentation of Financial Statements
- AASB 5 (NFP) Non-current Assets Held for Sale and Discontinued Operations
- AASB 7 (NFP) Financial Instruments: Disclosures
- AASB 13 Fair Value Measurement
- AASB 101 Presentation of Financial Statements
- AASB 102 Inventories
- AASB 107 Statement of Cash Flows
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 116 Property, Plant and Equipment
- AASB 117 Leases
- AASB 119 Employee Benefits
- AASB 132 Financial Instruments: Presentation
- AASB 136 Impairment of Assets
- AASB 138 Intangible Assets
- AASB 139 Financial Instruments: Recognition and Measurement
- AASB 140 Investment Property
- AASB 1004 Contributions
- AASB 1031 Materiality
- AASB 1050 Administered Items

Queensland Government Policies and Guidelines

Department of Health

- Asset Disposal and Trade-Ins (not including real property) Business Procedures
- Asset Management Policy
- Building and Infrastructure Maintenance Policy
- Capital Funding Policy and Implementation Standards
- Capital Infrastructure Project Delivery Policy
- Capital or Expense Information Sheet
- Corporate Real Property Delegations
- Data Integrity Validation Procedure Manual for Non-Current Physical Assets
Chapter 7 – Asset Management

- Debt Management of Pharmacy Co-payments Policy
- Department of Health Procurement Policy and Procedures and Supporting Documents
- Department of Health Research Management Policy
- Drug Distribution Guidelines
- Financial and Procurement Delegations
- Financial Commissioning of Capital Infrastructure and Software Works in Progress Policy
- Financial Commissioning and Capitalisation of Expenditure on Property, Plant and Equipment
- General Trust Fund Policy
- GST Business Procedure – Petty Cash
- Health Technology Disposal Program Guidelines
- Implementation Standard for Financial Commissioning of Capital Infrastructure and Software Works in Progress
- Human Resource Policy B4 - Supplementary Benefit/Right to Private Practice Benefits Options - Senior Medical Officers - Specialists
- Project Financial Management Guidelines V1.0, Appendix 7, Health Services Information Agency
- Protocol for Real Property Disposal
- Single Asset Identifier Policy
- Stocktake Information Sheet
- Work in Progress Information Sheet

Queensland Treasury and Trade

- A Guide to Risk Management
- APG 3 Government Grants and Government Assistance Received by For-Profit Agencies
- APG 8 Controlled and Administered Transactions and Balances
- APG 9 Accounting for Contributions by Owners
- APG 12 Financial Instruments
- APG 17 Service Concession Arrangements: Grantor
- Cash Funding Profile Guidelines 2009-10 (General reference)
- Cash Management Handbook for Departments and Agencies
- Financial Accountability Handbook
- Financial Management Tools
- Financial Reporting Requirements (including Accounting Policy Guidelines) for Queensland Government Agencies
- Leasing in the Queensland Public Sector
- Master Banking Services Agreement (refer to Queensland Treasury and Trade)
- Non-Current Asset Policies for Queensland Public Sector
- Non-Current Asset Policies Tools
- Overview of Queensland’s Financial Accountability Framework (General reference)
- Overdraft Facilities: Operational Guidelines for the Public Sector
- Project Assurance Framework guidelines
- Public Private Partnerships Policy and Value for Money Framework
- Transactional Banking Services Product Agreement (refer to Queensland Treasury and Trade)

1 Society of Hospital Pharmacists of Australia, SHPA Practice Standards, 1996
Chapter 7 – Asset Management

- Value for Money Framework

Crime and Misconduct Commission

- The Public Scrap Book: Disposing of Scrap and Low-Value Assets Prevention

Department of Natural Resources and Mines

- Government Land Policies
- Property Tenure Government Land Policy

Public Service Commission

- Code of Conduct for the Queensland Public Service
- Public Service Commission Guideline, Gifts and Benefits
- Public Service Commission Directive 22/09 Gifts and Benefits

Department of Housing and Public Works

- Building Price Index
- Government Land Policy - Disposal Policy #4
- Government Property Management System
- Queensland Government Chief Procurement Office, Disposal of Surplus Government Assets
- Queensland Procurement Policy 2013
- Strategic Asset Management Framework

Other

- Austrac webpage
- National Health Reform Agreement.
Financial Management Practice Manual

Chapter Eight

Liability Management
Chapter 8 – Liability Management

8.4.4 Recording of Leases ................................................................. 23
8.4.5 Service Concession Arrangements .............................................. 23
8.4.6 Accounting Procedures .......................................................... 24
  8.4.6.1 Operating leases ................................................................. 24
  8.4.6.2 Finance leases ................................................................. 24
8.4.7 Disclosure .............................................................................. 25

8.5 Provisions .................................................................................. 25
  8.5.1 Overview .............................................................................. 25
8.5.2 Recognition ............................................................................ 26
8.5.3 Disclosure Requirements ......................................................... 28
8.5.4 Provision for Impairment Losses ............................................ 28

8.6 Accruals ...................................................................................... 29
  8.6.1 Overview .............................................................................. 29
8.6.2 Timing of Recognition ............................................................. 29
8.6.3 Estimates ............................................................................... 29
8.6.4 Leave Accruals ....................................................................... 29
8.6.5 Accrued Employer Superannuation Contributions ...................... 30
8.6.6 Workers’ Compensation Insurance Premium ............................... 30
8.6.7 Accrued Payroll Tax .................................................................. 30
8.6.8 Accrued Fringe Benefits (Including FBT) ................................. 31

8.7 Other Liabilities .......................................................................... 31
  8.7.1 Untaxed Revenue .................................................................... 31
8.7.2 Borrowings and Repayable Advances ......................................... 31
    8.7.2.1 Overview ......................................................................... 31
7.8.7.2.2 Legislative authorities .................................................... 32
7.8.7.2.3 Source of borrowings ..................................................... 32
7.8.7.2.4 Borrowings management ............................................... 33
7.8.7.2.5 Hospital and Health Boards borrowings ............... 33
7.8.7.2.6 Recognition and measurement of borrowings .......... 34
7.8.7.2.7 De-recognition of borrowings ...................................... 34
7.8.7.2.8 Draw-downs and repayments ................................... 34
7.8.7.2.9 Financial risk management ........................................ 35
7.8.7.2.10 Defaults and breaches .............................................. 35
7.8.7.2.11 Collateral ..................................................................... 35
7.8.7.2.12 Overdrafts ................................................................. 35
7.8.7.2.13 Reporting and disclosure of borrowings ................... 36
8.7.3 Advance Deposits .................................................................... 37
8.7.4 Security Deposits Received ..................................................... 37
8.7.5 Legal Fees and Litigation Costs ................................................. 38
8.7.6 Utilities .................................................................................... 38
8.7.7 Lease Rentals and Rent ............................................................ 38
8.7.8 Purchases and Other Expenses .............................................. 38
8.7.9 Inter-Hospital and Health Service Charges ................................. 38
8.7.10 Credit Balances in Debtors ...................................................... 39
8.7.11 Suspense Accounts ................................................................. 39
    8.7.11.1 Suspense account entries ............................................. 39
7.8.7.11.2 Clearance of transactions ................................... 40
7.8.7.11.3 Suspense account reports ...................................... 40
8.7.12 Liabilities of Other Government Departments Assumed ............. 40
8.7.13 Goods and Services Tax (GST) and Other Taxes ......................... 41
Chapter 8 – Liability Management

8.7.14 Grant Payments ................................................................................................................ 41
8.7.15 Agreements Equally Proportionately Unperformed .......................................................... 41
8.7.16 Financial Institution Overdrafts ....................................................................................... 41
8.7.17 Administered Appropriations for Expenses ...................................................................... 41
8.7.18 Administered Revenues Payable ....................................................................................... 42

8.8 Commitments ....................................................................................................................... 42
8.8.1 Overview ............................................................................................................................. 42
8.8.2 Management of Commitments ........................................................................................... 43
8.8.3 Identification, Recording and Reporting of Commitments .................................................. 43
8.8.4 Disclosure ........................................................................................................................... 44

8.9 Contingencies ...................................................................................................................... 44
8.9.1 Overview ............................................................................................................................. 44
8.9.2 Management of Contingencies ........................................................................................... 45
8.9.4 Disclosure ........................................................................................................................... 46

8.10 References .......................................................................................................................... 47
8.1 Introduction

8.1.1 Overview

Section 15(1)(e) of the Financial and Performance Management Standard 2009 (FPMS) requires the accountable officer (the Director-General) to establish a liability management system.

Adequate systems, including effective internal controls, are to be established, maintained and documented to ensure that all liabilities are:

- not incurred without first being properly authorised
- promptly identified, assessed and recorded
- managed efficiently and effectively
- where extinguished by the payment of money, paid in accordance with FMPM chapter 6 Expense Management and chapter 7 Asset Management
- minimised, for example, with regard to potential litigation claims.

Refer to section 25 of the FPMS for further legislated obligations regarding liability management.

In establishing the system, section 15 (2) of the FPMS requires that the accountable officer shall have regard to the Financial Accountability Handbook (FAH) issued by Queensland Treasury and Trade.

Section 15 (3) of the FPMS requires that the accountable officer must regularly review the system to ensure that it remains appropriate for managing the financial resources of the department.

Refer to FMPM section 2.9 Internal Controls and to FMPM chapter 13 Internal Controls for further information regarding internal controls.

Liabilities for future expenditure must only be incurred strictly in accordance with the authorisation levels set out in the Department of Health Financial and Procurement Delegations.

Prior to authorising the incurrence of any liability, any delegated officer must ensure that:

- sufficient budgeted funds are available to allow the expense to be incurred and payment to be made when it falls due - refer also to FMPM chapter 3 Planning, Budgeting, Forecasting and Performance
- the expenditure is for authorised official purposes and for the proper provision of goods and/or services in accordance with approved departmental tasks, goals and objectives
- the relevant requirements of any applicable departmental policies have been observed.

Operational units should forecast their cash flows and assess the income statement impacts of future transactions to ensure that they are able to satisfy their liabilities as they fall due. Sufficient details, which are accurate, valid and complete about these liabilities, should be recorded.

Further guidance regarding controls over the incurrence of liabilities, and the forecasting of cash flows, should be sought from:
Chapter 8 – Liability Management

- FAH, Information Sheet 3.10 Liability Systems
- Financial Management Tools (FMT), Information Sheet 3.10 Liabilities

issued by Queensland Treasury and Trade.

8.1.2 System Manager Role

The *Hospital and Health Boards Act 2011* (HHBA) provides as follows:

- section 8(2): The overall management of the public sector health system is the responsibility of the department through the chief executive (the Director-General) (the system manager role)
- section 8(3): In performing the system manager role, the chief executive is responsible for the following:
  
  (a) Statewide planning
  (b) managing Statewide industrial relations
  (c) managing major capital works
  (d) monitoring service performance
  (e) issuing binding health service directives to Services

Section 45 (Functions of the chief executive) provides a detailed list of the functions of the chief executive.

Section 47 details the issues about which the chief executive may issue a health service directive to a Hospital and Health Service (HHS).

This FMPM details health service directives that have been issued in relation to liabilities and the system manager responsibilities (if any) with respect to the management of liabilities within HHSs.

8.1.3 Control Objectives

Control objectives are to ensure that:

- proper and effective controls are maintained over the recording and payment of liabilities
- all liabilities are necessary and have been identified for the official purposes of the department
- all liabilities are approved in writing by authorised officers with properly delegated authority
- subject to overriding legal considerations, liabilities are incurred and are recorded in the name of the appropriate legal entity
- liabilities are incurred in accordance with all relevant Acts, industrial awards, contracts and agreements and other prescribed requirements and practices set down
- borrowings or other financial arrangements are approved by the officer with appropriate authority, and in accordance with any relevant statutory requirements
- liabilities relating to the acquisition of assets, goods and services are incurred in accordance with the *Queensland Procurement Policy 2013* and with associated departmental purchasing policies
- liabilities are paid as late as possible in accordance with the applicable payment terms and conditions
- liabilities are met either from identified funds available under an approved budget, or from programmed funds under approved forward estimates
- transactions are supported by readily accessible records, documentation is systematically filed and securely stored, and adequate audit trails are maintained
relevant and reliable information is obtained to enable all internal and external reporting and accountability requirements to be satisfied and liabilities are managed, controlled and reported in accordance with all statutory and organisational requirements.

All operational units must establish, document and maintain procedures to achieve the above objectives.

### 8.1.3.1 iPharmacy

To ensure the proper security over iPharmacy accounts payable extract files, it is required that all accounts payable extracts are saved in a secure directory that is limited to officers who are involved in processing the accounts payable extract. Once accounts payable extracts are uploaded, accounts payable officers are to notify pharmacies of the total number and value of invoices uploaded.

### 8.1.4 Identification of Liabilities

Liabilities are defined in [AASB Framework for the Preparation and Presentation of Financial Statements](#) (the Framework) as:

> “present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits”.

Section 60-64 of the Framework considers all aspects of liabilities from a financial accounting perspective.

A liability must be recognised only when:

- the transaction or event requiring a future sacrifice has occurred
- it is probable, that is, it is more likely rather than less likely, that a future sacrifice will be required to be made and
- the amount can be valued or estimated reliably without undue bias or error.

A transaction which, at a particular point in time, fails to meet the recognition criteria for a liability, for example, a lawsuit, may qualify for recognition later as a result of subsequent circumstances or events.

Potential future liabilities, for example, contingent liabilities and commitments for future expenditure, are also to be disclosed in the notes to the annual financial statements, as this information may be relevant to the financial statement users.

Liabilities include, but are not limited to:

- trade and other creditors – refer to FMPM section 8.2 Accounts Payable/Creditors
- employee benefits - refer to FMPM section 8.3 Employee Benefits
- lease liability – refer to FMPM section 8.4 Leases
- unearned revenue, for example, research funding to undertake drug trials – refer to FMPM section 8.7 Other Liabilities
- borrowings and repayable advances - refer to FMPM section 8.7 Other Liabilities
• advance and security deposits received - refer to FMPM section 8.7 Other Liabilities and
• provisions and accruals – refer to FMPM section 8.5 Provisions and to FMPM section 8.6 Accruals.

Where the above is not satisfied, the potential future liability may warrant disclosure in the annual financial statements notes as this information may be relevant to the financial statement users.

An example of this may be a contingent liability (a possible obligation that may arise from uncertain past/future events) or a commitment for future expenditure.

For information regarding the criteria for the recognition of liabilities – refer to APG 6 Definition and Recognition of Liabilities, Contingent Liabilities and Commitments, issued by Queensland Treasury and Trade.

8.1.5 Estimation

Some liabilities can be measured only by using a substantial degree of estimation.

An estimate may need revision if changes occur in the circumstances upon which the estimate was based. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error.

8.1.5.1 Estimation uncertainty

The department shall disclose information in the notes to the annual financial statements about the assumptions and/or estimations it makes about future events and the major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of liabilities within the next financial year.

Some liabilities, for example, a provision for outstanding legal claims, can only be measured using a substantial degree of estimation, for example, the likelihood of the claim being successful in the courts and by making assumptions about future events, for example, the likelihood of a settlement being reached between the parties. Should such assumptions and/or estimations prove to be incorrect, then the carrying amount of the liability will be misstated and the liability will either be overstated or understated.

The risks associated with the misstatement increase significantly the more complex and subjective the assumptions and estimates are.

Materiality is a key issue in the application of this disclosure requirement, which has as its focus, liabilities with large carrying amounts and with a huge risk of material misstatement, should the underlying estimates and assumptions prove to be incorrect.

Where the department has substantial liabilities that have been measured on the basis of subjective assumptions and estimates, it shall apply a risk analysis of them. Where there is a high risk of those assumptions and estimates being subject to error or inaccuracy, the department shall assess the impact on the associated liability if the risk was to materialise and disclose the outcome.

Where it is impracticable to disclose the extent of the possible effects of changes to the underlying assumptions and estimates made, the department shall disclose that fact and also state that
outflows within the next reporting period may be different due to variations to the assumptions made and that this could require a material adjustment to the carrying amount to the carrying amount of the liability in future reporting periods.

Liabilities that are measured at fair value at the reporting date shall not be included in the abovementioned risk group if the only risk is that the fair value might change significantly during the forthcoming accounting period. Fair value movements are likely to have little to do with assumptions and estimates made by management.

Refer to AASB 13 Fair Value Measurement.

8.1.6 Commitments

‘Commitment’ is not defined in any Australian Accounting Standard but a commitment is an intention to commit departmental resources (usually funds) to a future event, that:

- is normally supported by a contract or a quotation
- is normally quantifiable and, therefore, measurable
- may extend over multiple reporting periods and
- binds parties to performance conditions.

Generally commitments arise when a decision is made to incur a liability, for example, a purchase contract. The department may enter into a contract before the reporting date for expenditure over subsequent accounting periods, for example, the purchase of major items of plant and equipment or significant consultancy contracts. In such an event, a commitment exists at the reporting date as the department has contracted for expenditure but no work has started and no payments have been made.

A commitment doesn’t meet the recognition criteria for liabilities as there is no present obligation for payment, however, commitments are still required to be disclosed in the notes to the annual financial statements.

A commitment becomes a liability when, for example:

- construction of an asset commences
- items of equipment are received,
- office supplies are delivered
- phone services are established
- or
- external consultants commence their engagement.

Refer to FMPM section 8.8 Commitments for further information regarding commitments.

8.1.7 Contingent Liabilities

A contingent liability is defined in AASB 137 Provisions, Contingent Liabilities and Contingent Assets as:

- “a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity
or

- a present obligation that arises from past events but fails the criteria for recognition as a liability or provision because:
  - it is not probable that an outflow of economic resources will be required to settle the obligation
  or
  - the amount of the obligation cannot be measured reliably”.

AASB 137 requires contingent liabilities to be disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Examples of contingent liabilities include:

- grants and subsidies in certain circumstances where the amounts of money involved have not been paid
- legal claims pending against the department
- guarantees and undertakings given to other entities in respect of transactions such as loans, interest payments or overdrafts
- and
- consideration of native title over departmental land.

Risk management practices should be followed in order to minimise the likelihood, and impact of contingent liabilities - refer to FMPM section 2.7 Risk Management.

Procedures must be implemented within each operational unit to ensure that any contingent liabilities arising are:

- promptly identified, recorded and monitored
- valid
  and
- appropriately documented.

Refer to FMPM section 8.9 Contingencies for further information regarding contingencies.

8.1.8 De-recognition of Liabilities

The settlement of a present obligation usually involves the department giving up resources embodying economic benefits in order to satisfy the claim of the other party. Settlement of a present obligation may occur in a number of ways, for example, by:

- the payment of cash
- the transfer of other assets
- the provision of services
- the replacement of that obligation with another obligation
  and
- a creditor waiving or forfeiting rights.
8.1.9 Disclosure

8.1.9.1 Classification between current and non-current liabilities

Except where another Australian Accounting Standard requires otherwise, liabilities shall be categorised in the Statement of Financial Position as either current or non-recurrent. The department is deemed to have an operating cycle of twelve months for the purposes of classifying current and non-current liabilities.

The department shall classify a liability as current when the liability is due to be settled within twelve months after the end of the financial year.

The department shall classify all other liabilities as non-current.

8.1.9.2 Classification between controlled and administered liabilities

Liabilities are to be classified as controlled unless approval has been obtained from Queensland Treasury and Trade to recognise them as administered.

8.1.9.3 Disclosures to be made

Liabilities shall be disclosed according to their nature, for example:

- payables
- employee entitlements
- other financial liabilities
- other liabilities
- provisions
  and
- liabilities in disposal groups held for sale.

The department shall present separately each material class of similar liabilities.

This form of presentation assists users to identify significant characteristics of the performance, financial position and financing activities of the department. However, where line items such as interest bearing liabilities provide more relevant information due to their size, nature or function, they shall be listed separately on the Statement of Financial Position.

The line item for ‘other liabilities’ shall not exceed ten percent of the value of total liabilities.

Where a liability is based on a fixed and predetermined amount, that liability shall be disclosed at cost. Where a liability is based on an estimate, the liability shall be at fair value. AASB 139 Financial Instruments: Recognition and Measurement details the initial and subsequent measurement requirements for financial liabilities.

Liabilities shall not be offset against assets unless required or permitted by and Australian Accounting Standard.

Refer to the following with respect to the disclosure requirements for liabilities generally:

- Financial Reporting Requirements for Queensland Government Agencies
- Part B Minimum Reporting Requirements, Section 6 Statement of Financial Position
Chapter 8 – Liability Management

and
- Part D, Sunshine Department, Model Financial Statements

issued by Queensland Treasury and Trade.

Refer also to AASB 13 Fair Value Measurement.

8.2 Accounts Payable/Creditors

8.2.1 Overview

Accounts Payable/Creditors represent amounts payable to other individuals or to organisations in respect of the provision of goods, services, works and/or other financial assistance, for example, loans or leases, in accordance with an order, contract or agreement. Such amounts must be presently payable in accordance with the associated order, contract or agreement or other legal contractual principles.

Liabilities for creditors must follow the proper procurement process. Authority for the incurrence of such liabilities must be in accordance with:

- FMPM chapter 6 - Expense Management
- FMPM chapter 7 - Asset Management

and

the department's Financial and Procurement Delegations.

Goods and services must be obtained from properly authorised suppliers - refer to FMPM section 6.2 Purchasing Policy for further information.

When the department orders assets, goods and/or services, it is legally liable to pay for those assets, goods or services once they are delivered. Where the purchase is a creditable acquisition (taxable), under the goods and services tax (GST) legislation, a compliant tax invoice is required. The requirements of a tax invoice can be found in GST Business Procedure – Tax Invoices. Once the tax invoice is processed and it has been noted that the goods have been received in good order, then the payment can be made in accordance with the established terms and conditions. Payments to creditors must be accurately determined and promptly recorded and classified. Full or part payment of creditor liabilities must only be made in respect of those goods/services which have been received/performd satisfactorily, in accordance with the department's purchase order, contract, tender or other agreement.

Payments must generally be made in accordance with the suppliers' terms of trade. Procedures must be established to ensure that all invoices are paid at such a time as to maximise the department's cash flow and still take advantage of any discount terms offered.

For the requirements in the processing of actual payments of creditors - refer to FMPM section 6.4 Processing and Payment.

For information regarding the accounting for payables – refer to:

- AASB 139 Financial Instruments: Recognition and Measurement
Chapter 8 – Liability Management

- APG 12 Financial Instruments, issued by Queensland Treasury and Trade.

Further guidance as to controls over creditors should be sought from:

- FAH, Information Sheet 3.10 Liability Systems
- FMT, Information Sheet 3.10 Liabilities

issued by Queensland Treasury and Trade.

8.2.2 Supply on Credit - New Accounts

Application forms for new accounts, required by new suppliers before supply on credit can commence, must be signed by senior officers such as the Chief Finance Officer. Clauses as to personal liability in the event of late or non-payment by the department must be read and fully understood and, if necessary, be deleted or amended so that the liability remains with the department and not with the officer signing the form.

8.2.3 Trade Creditor Accounts

Trade creditor accounts will generally include transactions for which:

- goods and services have been accepted and the invoice has been received from the supplier but not paid
- goods and services have been accepted but the invoice has not been received from the supplier at the period end.

The balance of the first category is to be extracted from the accounts payable system as outstanding creditors, and is to be reported as trade creditors or accounts payable.

The balance of the second category is to be estimated from the value given in the purchase order or the contract. These values are to be taken up as accrued charges, unless the invoice is received and processed prior to the completion of the accounting period for which reports are being compiled.

A clear cut-off at the period end is required for the purposes of accurately quantifying the liabilities.

8.2.4 Recording

A liability for creditors must not be recorded unless there has been a related receipt of goods or services. All invoices approved for payment are to be promptly recorded in the relevant accounts payable system, regardless of their due dates for payment.

Such liabilities must continue to be recorded until related payments have been made. The value of all unpaid invoices within the department must be readily available throughout the year for reporting purposes.

Where a purchase order has been processed for assets, goods or services, the expense is to be recorded when notification of the receipt of those assets, goods or services or a valid tax invoice has been received. Payment occurs only when the invoice and the notification that the goods have been received in good order have been received. When a purchase order was not previously
issued to acquire the assets/goods/services, the creditor is to be recognised at the time that the related invoice is recorded within the relevant accounts payable system.

Operational units must maintain a self-balancing creditors’ ledger in order to provide a cross-check on total creditors recorded, and the creditors’ ledger must be reconciled monthly to the balance of the general ledger creditors control account. Any debit balances in the creditor’s ledger must be reviewed by a supervising accounting officer.

Reference should also be made to:

- FMFM section 8.7.10 Credit Balances in Debtors
- AASB 101 Presentation of Financial Statements which states that assets and liabilities shall not be offset.

8.2.5 Disclosure

For information regarding disclosure requirements for payables – refer to:

- AASB 7 (NFP) Financial Instruments: Disclosures
- AASB 132 Financial Instruments: Presentation
- Financial Reporting Requirements for Queensland Government Agencies, Part B, Reporting Requirements:
  - Section 6 Statement of Financial Position
  - Section 9 Notes to the Financial Statements
  issued by Queensland Treasury and Trade

8.3 Employee Benefits

8.3.1 Overview

Employee benefits are defined in AASB 119 Employee Benefits as:

“all forms of consideration given by an entity in exchange for services rendered by employees”.

These benefits include:

- short-term salary-related benefits such as wages, salaries, paid annual leave and sick leave, profit-sharing and bonuses and non-monetary benefits such as medical care, housing, cars and free or subsidised goods or services
- post-employment benefits such as pensions, retirement benefit plans, post-employment life insurance and medical care
- long-term benefits such as long service leave or sabbatical leave and
- termination benefits such as severance or redundancy pay.

AASB 119 does not explicitly define ‘employer’ or ‘employee’. It does, however, stipulate that an employee may provide services to an entity on a full-time, part-time, permanent, casual or
Chapter 8 – Liability Management

temporary basis. For the purpose of the standard, employees include directors, and other management personnel.

The following elements of legislation relate to employment matters in HHSs:

- HHS employees, employed by HHSs and the department, are employed on the same terms and conditions – section 10(2) of the Hospital and Health Boards Act 2011 (HHBA)
- a service which is prescribed by regulation may employ staff under the HHBA – sections 19(2)(ha), 20(4) and 67(3) of the HHBA
- a HHS may employ health service executives – sections 20(3) and 67(2) of the HHBA
- a regulation may restrict, limit or impose conditions on the power to employ HHS employees – section 20(5) of the HHBA
- the Chief Executive (the Director-General) may:
  - employ staff in the department including to work for HHSs other than prescribed HHSs – sections 45(e) and 67(1) of the HHBA
  - establish the terms and conditions of employment for HHS employees – section 45(g) of the HHBA
  - develop and issue health service directives for the terms and conditions of employment for HHS employees – section 47(2)(c) of the HHBA
- HHS employees generally, including the health executive service – Part 5 of the HHBA and
- Employment matters – Part 3 of the Hospital and Health Boards Regulation 2012 (HHBR).

Accounting Policy Guideline (APG) APG 7 Accounting for Employee Benefits, issued by Queensland Treasury and Trade, clarifies that consultants and other persons who are not subject to the direction of the department are not deemed to be employees.

Refer also to:

- FMT, Information Sheet 3.6 Expense Management, issued by Queensland Treasury and Trade
- FMPM section 6.6 Employee Expenses.

8.3.2 Contractors or Employees

A clear distinction must be made at the commencement of any employment with the department as to whether the provision of service by a person is of a master and servant relationship or that of an independent contractor. The term of employment or engagement can sometimes be unclear, depending upon whether:

- the persons are engaged in their own capacity as natural persons, on a casual, part-time or temporary basis and who ordinarily take on the characteristics of a contractor, as distinct from someone who, is without question, an employee
- the persons engaged for the provision of services are operating in partnership with others
- the persons engaged have been engaged through an agency for assignments or the provision of services and
- the persons are visiting medical officers.

It is essential that, at the commencement of employment, the department must be certain as to whether the earnings payable to the employed person are subject to PAYG or to a withholdings tax deduction - refer to FMPM chapter 12 - Taxation Management. If the term of employment is
obscure, the matter should be referred to the Taxation Unit, Finance Branch, System Support Services Division.

Some fundamental tests as to whether someone is an employee for tax purposes are:

- the contract is of service rather than for services (master and servant relationship)
- the contract is principally for the supply of labour, without plant and equipment
- the person has no, or limited, discretion as to how the outcome is to be achieved, and may not be able to delegate
- the person’s availability to other operating units is limited and
- there is substantial integration into the department’s operations.

This issue is also relevant for payroll tax, workers’ compensation insurance, fringe benefits tax and superannuation guarantee compliance from the point of view that the person is deemed to be an employee.

**8.3.3 Types of Employee Benefits**

Employee benefits generally include:

- salaries and wages (including allowances)
- fringe benefits
- recreation leave
- sick leave
- long service leave and
- superannuation.

Employee benefits also fall into two categories:

- vesting - benefits that accumulate, and to which employees have an associated unconditional right, for example, recreation leave or
- non-vesting - benefits that accumulate but are payable only upon a valid claim, for example, sick leave.

**8.3.4 Employee Benefit On-Costs (Paid to Third Party)**

Examples of expenditure in this category are:

- employer superannuation contributions
- fringe benefits tax
- long service leave levy and
- annual leave levy.

As per the Financial Reporting Requirements (FRRs), Part D, Sunshine Department Model Financial Statements, prepared by Queensland Treasury and Trade, payroll tax and workers compensation insurance premiums are a consequence of employing employees, but are not counted in an
employee’s total remuneration package. They are not employee benefits and are recognized separately as employee related expenses.

**Employer superannuation contributions** are payments made by the department to QSuper, which is the superannuation fund for Queensland’s public sector employees, to provide for the accruing superannuation benefits of individual employees.

Commonwealth government legislation, effective from February 2007, allowing employees to direct their employers to transfer compulsory superannuation charge contributions into funds of their choice, is not applicable to workers who are employed under State government legislation.

Hospital and Health Board members will have discretionary Q-Super membership or the choice of fund. Refer also to the *Statutory Authorities (Superannuation Arrangements) Act 1994*.

**Fringe benefits tax (FBT)** is a Commonwealth government tax levied on employers in relation to the total taxable value of certain rights, privileges, services or facilities provided to future, present and past employees and/or their associates, for example, spouse, child, other relative or nominee in respect of their employment.

**The long service leave levy** is a quarterly levy paid to QSuper under the Governments Long Service Leave (LSL) Central Scheme. For further information regarding this scheme - refer to FMPM section 8.3.9 Long Service Leave.

**The annual leave levy** is a quarterly levy paid to QSuper under the Annual Leave Central Scheme. Guidelines may be accessed via Queensland Treasury and Trade’s website. For further information regarding this scheme – refer to FMPM section 8.3.8 Accrued Annual Leave.

### 8.3.5 Employee Related Expenses

Examples of expenditure in this category are:

- payroll tax
- worker’s compensation premium.

**Payroll tax** is a State government tax levied on employers for prescribed elements of payroll to and for employees. The [Office of State Revenue website for Payroll Tax](https://www.osr.qld.gov.au/Payroll-Tax) contains specific inclusions, exemptions, relevant thresholds and the current payroll tax rate.

Refer to FMPM chapter 12 - Taxation Management for further information regarding the arrangements for the determination of departmental payroll tax and fringe benefits tax liabilities.

**The workers compensation insurance premium** is an annual premium paid to WorkCover Queensland to provide benefits to injured workers. Further information can be accessed via the [WorkCover Queensland website](http://www.workcover.qld.gov.au).

### 8.3.6 Accounting Policy

Most employee benefits which have been accumulated by employees, but not yet received by them, are to be calculated and recognised in the department’s accounting records, provided:

- employee services, giving rise to benefits, have been provided to the department
those benefits are capable of being valued reliably
and
it is probable that the department will have to make such future payments.

Reference should be made to AASB 119 Employee Benefits and to APG 7 Accounting for Employee Benefits, issued by Queensland Treasury and Trade for specific requirements in calculating and reporting employee benefits.

APG 7 prescribes that employee benefits expected to be paid within 12 months are to be measured at their nominal value. Those benefits not expected to be paid within 12 months are to be measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. APG 7 also provides the rate to be applied and links to the Reserve Bank website for that current rate.

In respect of liabilities for termination, retirement, voluntary early retirement, retrenchment and redundancy payments, the provisions of AASB 119 Employee Benefits must be observed.

8.3.7 Accrued Salaries and Wages

Accrued salaries and wages represent the total gross salaries, wages and allowances to which employees are presently legally entitled, but which have not yet been paid by the department.

Accrued salaries and wages are current liabilities as the amounts are payable within the next fortnight. All calculations, therefore, are to include all allowances and penalty rates and unpaid overtime.

The value of accrued salaries/wages is to be measured at their current cost, that is, based on present salary and wage rates and should be calculated as follows:

- amounts not yet paid to employees in respect of any completed pay period
- amounts which relate to any portion of a pay period which has been worked by employees, but for which payment is not yet due, according to usual timeframes.

The liability may be calculated using the following formulae:

- for those employees who are not required to work shifts on weekends:

  $$\text{Liability} = \frac{\text{total gross pay for first payroll drawn in July}}{10} \times d_1$$

  where $d_1$ = the number of working days (excluding weekends) in June for which salaries and wages have been earned but not paid

  or

- for those employees who are required to work shifts on weekends:

  $$\text{Liability} = \frac{\text{total gross pay for first payroll drawn in July}}{14} \times d_2$$
where $d_2 = \text{the number of working days, including weekends, in June for which salaries and wages have been earned but not paid.}$

These values are to be disclosed as current liabilities.

### 8.3.8 Accrued Annual Leave

**Accrued annual leave** calculations may be payable and receivable to and from the Annual Leave Central Scheme (ALCS). Annual leave payable is the calculation of accrued annual leave, including on costs, to be paid to the ALCS. Annual leave receivable is the amount of annual leave that the department has paid to employees and is to be reimbursed by the ALCS. [ALCS guidelines](#) may be accessed at Queensland Treasury and Trade’s website.

### 8.3.9 Long Service Leave

**Long service leave** (LSL) is managed by QSuper through the Long Service Leave Central Scheme (LSLCS). LSL may be payable or receivable to and from the LSLCS. An amount equal to 2.1% of salary and wages cost is to be paid to the LSLCS. When LSL is taken and payment is made, a claim is to be made against the LSLCS for reimbursement. Reimbursement will be made on a quarterly basis. Claims are to include on-costs for payroll tax, superannuation and workers’ compensation insurance cover at rates determined in the [Long Service Leave Central Scheme Guidelines](#).

Accruals may be necessary for the contributions due to the LSLCS but unpaid at the end of the reporting period.

### 8.3.10 Other Leave

Provisions for study leave entitlements and similar benefits are not made in the annual financial statements because, although they may vest in the individual, they are not paid out on termination, and the annual expense is estimated to be equivalent to the annual payments made.

An employee benefit liability for accumulated and unused rostered days off (RDOs) at the reporting date must be recognised when the amount is material when measured on a group basis and if it is probable that the outstanding RDO leave will be used by employees before leaving the department, or if RDOs are to be paid out on termination - refer to [APG 7 Accounting for Employee Benefits](#), issued by Queensland Treasury and Trade for further guidance.

### 8.3.11 Superannuation

Accrued salaries and wages/contract labour expenses will trigger an amount payable for the employer superannuation contribution, including any salary sacrifice arrangements. This amount will be disclosed as a current liability.

### 8.3.12 Sick Leave

All **sick leave** entitlements for departmental employees are non-vesting.

Reference should be made to [AASB 119 Employee Benefits](#) for information regarding specific treatment, however, as sick leave is non vesting, then only in extreme cases of expected claims
being materially greater than normal accumulation based on groups of employees, would an accrual be raised - refer to APG 7 Accounting for Employee Benefits, issued by Queensland Treasury and Trade, for further guidance.

8.3.13 Transfer of Employee Benefits

All transfers of employee benefits must be calculated according to the requirements set out earlier in this policy for valuing employee benefits including on costs between:

- the department and Hospital and Health Services
- Hospital and Health Services
and
- Hospital and Health Services and other departments.

From the date of transfer, the new entity shall account for employee benefits accruing for the employee from that date, as if the employee had been employed by that department since the employee began accruing such benefits in the public sector.

The transferor department or other entity should inform the transferee department or other entity of the amount involved, so that the same values are brought to account in each department or other entity.

Adequate records and information must be submitted by the transferor to the transferee to enable the continuing calculations of the various entitlements. These records may have to include a schedule of commencing dates with each transferor department or other entity during the employee’s employment history within the State Government.

The transfers will be recorded in the general ledger by journals. The journals will have to be raised for each form of entitlement, if applicable.

8.3.14 Disclosure

For information regarding disclosure requirements for employee benefits – refer to:

- AASB 119 Employee Benefits

8.4 Leases

8.4.1 Overview

A lease is an agreement conveying from the initial owner, the lessor, to the user, the lessee, certain rights to use certain property for a specified period of time, in return for a series of payments by the lessee to the lessor.

For accounting purposes, a lease has to be classified as either a finance lease or an operating lease.

A finance (capital) lease is one which transfers to the lessee substantially all of the risks and benefits associated with owning the leased property, without transferring legal ownership. Finance
leases are non-cancellable and may be a means of eventually owning an asset. Refer to AASB 117 Leases for additional criteria to be considered in assessing whether or not a lease is a finance lease.

An operating lease is one where the lessor effectively retains substantially all of the risks and benefits associated with owning the leased property. Examples of operating leases include:

- QFleet motor vehicle leases
- long-term leases of office space
- and
- certain leases of office equipment.

Each lease entered into by the department must be classified in accordance with the above criteria to determine the associated accounting treatment.

Prior to entering into a lease agreement, all relevant economic alternatives are to be considered. The evaluation must:

- determine the availability of a suitable asset elsewhere within the department
- assess the efficiency and effectiveness of the potential asset
- assess the organisational benefits expected from the potential asset
- assess the potential asset’s suitability and cost effectiveness for the intended purpose
- and
- identify alternative methods of achieving the benefits sought, for example, purchasing or temporary hire.

A cost benefit analysis of the favoured option must be undertaken, and this analysis must be considered in detail before any decision is made. Refer to Leasing in the Queensland Public Sector Policy Guidelines, issued by Queensland Treasury and Trade. Section 47 of the FPMS requires the department to prepare a written evaluation of any physical asset investment in certain cases.

It is to be noted that a HHS must not, without the prior written approval of the Minister and the Treasurer, grant or take a lease of land or buildings unless the lease is of a type prescribed by regulation – refer to section 20A(2) of the HHBA.

Refer also to:

- FMT Information Sheet 3.10 Liabilities
- and
- FMPM section 6.10 Hire and Leasing

issued by Queensland Treasury and Trade.

8.4.1.1 Whole-of-government lease facility

The whole-of-government lease facility is a leasing and advisory service that has been established by Queensland Treasury and Trade and Queensland Treasury Corporation (QTC) to standardise government leasing activities on competitive terms acceptable to the government and to remove the need for public sector entities to obtain and assess lease quotes independently.
Chapter 8 – Liability Management

The leasing policy requires that any lease arrangements entered into by the department or other entity funded by the consolidated fund, must proceed with or through the whole-of-government lease facility unless otherwise approved by the Treasurer.

8.4.2 Finance Lease

Assets leased under a finance lease by the department, as lessee, must be recorded as an asset in the general ledger and in the Non-Current Assets Register, capitalised at the present value of the lease rentals which, in the majority of cases, will equate to the cost of the asset, where the full residual value is guaranteed by the lessee. Where the full residual value is not guaranteed, the asset and the liability are to be recorded at the fair value of the asset as at the inception of the lease minus the present value of the unguaranteed residual value, expected to accrue to the benefit of the lessor at the end of the lease term.

A lease is classified as a finance lease where substantially all of the risks and benefits are effectively passed to the lessee. This could normally be assumed where the following criteria are satisfied:

- the lease is non-cancellable
- and
- either of the following tests is met:
  - the lease term is for 75% or more of the useful life of the leased property; however, if the beginning of the lease term falls within the last 25% of the total useful life of the leased property, including earlier years of use, this criterion would not be appropriate for the purposes of classifying the lease
  - or
  - the present value, at the beginning of the lease term, of the minimum lease payments equals or exceeds 90% of the fair value of the leased property to the lessor at the inception of the lease; the discount rate to be used in calculating the present value is the interest rate implicit in the lease.

Whether or not substantially all of the risks and benefits are transferred is a matter of professional judgment. Paragraphs 10 and 11 of AASB 117 Leases provide examples of indicators which may assist in this determination.

The residual value is calculated at the time that the lease is established to represent an approximation of the value of the asset at the end of the lease.

The total of finance lease commitments at the year end must be disclosed and classified into the following periods:

- not later than one year
- later than one year but not later than five years
- and
- later than five years.

The values are stated gross of GST. Future interest charges are deducted, to agree with the disclosure elsewhere in the liabilities.

For the policy relating to the recognition of leased assets – refer to Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade.
Refer also to AASB 13 Fair Value Measurement.

**8.4.2.1 Subsequent measurement of finance leases**

Subsequent to initial recognition, the department shall apportion the minimum lease payments between the principal component of the lease liability and the finance charge. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Pursuant to AASB 123 Borrowing Costs, finance lease charges shall be classified as borrowing costs in the Statement of Comprehensive Income.

Contingent rents shall be charged as expenses in the periods in which they are incurred.

**8.4.2.2 Amortisation of finance leases**

A finance lease gives rise to amortisation expense for amortised assets as well as finance expense for each reporting period.

For information regarding the department’s policy on amortisation - refer to:

- FMPM section 7.10.6 Useful Lives and Amortisation and
- FMPM section 7.13 Depreciation and Amortisation.

**8.4.2.3 Revaluation of assets leased under a finance lease**

Leased assets are subject to the same revaluation requirements as departmental owned assets – refer to FMPM section 7.12.7 Revaluation of Assets.

**8.4.2.4 De-recognition of finance leases**

The department shall remove a lease from its Statement of Financial Position when, and only when, it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires.

**8.4.3 Operating Lease**

An operating lease is a lease under which the lessor effectively retains all of the risks and benefits incidental to the ownership of the leased property.

An example could be a lease on a photocopier, where:

- a fixed amount is paid at regular intervals as lease payments
- the maintenance cost of the equipment is borne by the lessor, although this may be subsidised directly or indirectly by the lessor
  and
- there is no fixed residual value for the photocopier to be paid at the end of the lease period to transfer the ownership.

Operating leases, except for non-cancellable operating leases, do not form part of liabilities or assets unless instalments have been accrued (liability) or prepaid (asset). In this case, if they are
material, they may be treated as current liabilities (creditors) or current assets (prepayments) respectively.

A non-cancellable operating lease is a lease which:

- can be cancelled only with the permission of the lessor or on the occurrence of some remote contingency
- the lessee, upon cancellation, would be committed to enter into a further lease for the same or equivalent property with the same lessor or with a third party related to the lessor
- provides that the lessee, upon cancellation, would incur a penalty of a magnitude that, in normal circumstances, could be expected to discourage cancellation.

For further details regarding leases – refer to:

- AASB 117 Leases
- FMPM section 6.10 Hire and Leasing
- FMPM section 7.17.5 Leases and Hire.

The total of non-cancellable operating lease commitments at year end, similar to finance leases, must be classified into the following periods:

- not later than one year
- later than one year but not later than five years
- later than five years.

### 8.4.4 Recording of Leases

A Lease Register is to be maintained by each operating unit entering into authorised leasing agreements on behalf of the department.

Refer to FMPM section 2.6.21 Lease Register for details regarding the information to be registered with respect to leases.

### 8.4.5 Service Concession Arrangements

For information regarding the accounting treatment in respect of service concession arrangements – refer to APG 17 Service Concession Arrangements: Grantor, issued by Queensland Treasury and Trade.

For information regarding disclosure requirements – refer to Financial Reporting Requirements for Queensland Government Agencies:

- Part B, Reporting Requirements, section 9, Notes to the Financial Statements
- Part D, Sunshine Department Model Financial Statements

issued by Queensland Treasury and Trade.
8.4.6 Accounting Procedures

8.4.6.1 Operating leases

Lease rentals incurred under an operating lease are to be charged immediately to expense. Any rentals accrued in prior periods must be reviewed for reversal. Similarly, any entries regarding prepayment of lease rentals must be reviewed for transfer to expense in the period to which they relate.

8.4.6.2 Finance leases

Property acquired under a finance lease must be recorded at fair value and in accordance with AASB 117 Leases.

Refer to AASB 13 Fair Value Measurement.

Assets held under a finance lease are depreciated in accordance with:

- [AASB 116](#) Property, Plant and Equipment
- [Non-Current Asset Policies for the Queensland Public Sector](#), issued by Queensland Treasury and Trade
- FMPM section 7.10 Intangible Assets.

For assets held under a finance lease, where there is reasonable assurance that at the inception of the lease the lessee will obtain ownership of the leased property at the end of the term of the lease, the leased asset will be amortised over its useful life, otherwise it is to be amortised over the term of the lease.

Each minimum lease payment will be allocated between a reduction in the lease liability and the interest expense. The interest component has to be calculated for each period, based on the reducing balance of the principal at the beginning of each period, and at the implicit rate. These calculations are to be made as if the finance lease was a standard principal and interest loan, with a constant repayment covering both. The residual value is treated simply as part of the principal outstanding for these purposes. The residual value simply becomes a balloon payment at the end of the term. Although this may not be the reality, the accounting standards require substance over legal form in their application.

The implicit rate of interest may be readily estimated using the internal rate of return derived from the cash flows in the lease. The internal rate of return is that rate which either equates the initial outlay by the lessor to the net present value of the subsequent cash flows emerging to the lessor or equates the net present value of all cash flows emerging to the lessor to zero.

Therefore, with a finance lease, the amount charged to expense within a fiscal period will include interest and the amortisation of the asset.

Working papers must be prepared for each lease in each financial statement period, setting out the calculations for derived balances disclosed in those financial statements. The working papers must be filed in the working papers file and retained for audit purposes. The classification of the lease must be determined according to AASB 117 Leases.
Chapter 8 – Liability Management

Refer to AASB 13 Fair Value Measurement.

8.4.7 Disclosure

The accounting treatment and disclosure requirements differ greatly between finance leases and operating leases.

For information regarding disclosure requirements for leases – refer to:

- AASB 7 (NFP) Financial Instruments
- AASB 117 Leases
- APG 6 Definition and Recognition of Liabilities, Contingent Liabilities and Commitments
- APG 12 Financial Instruments

and

- Financial Reporting Requirements for Queensland Government Agencies:
  - Part B Reporting Requirements, section 10 Other
  - Part D Sunshine Department Model Financial Statements

issued by Queensland Treasury and Trade.

In addition, the following should be noted in relation to finance leases:

**Finance charges.** The finance charges on leased assets shall be disclosed in the finance/borrowing costs note to the Statement of Comprehensive Income in the annual financial statements.

**Collateral.** Any assets pledged as security, including the terms and conditions relating to the pledge, shall be disclosed in the notes to the annual financial statements. The department does not normally pledge assets as security.

**Commitments.** The department shall disclose finance leases under the commitments for expenditure note in the annual financial statements.

**Financial risk management.** The department shall disclose qualitative and quantitative information about the nature and extent of exposure to risks arising from finance leases and other financial instruments to which the department is exposed during the period and at the reporting date, and how the department manages those risks.

8.5 Provisions

8.5.1 Overview

**Provisions** are defined in AASB 137 Provisions, Contingent Liabilities and Contingent Assets as:

“liabilities of uncertain timing or amount”.

AASB 137 states that provisions can be distinguished from other liabilities such as trade payables and accruals because there is uncertainty about the timing or the amount of the future expenditure required in settlement. By contrast:

- trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier
- accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to officers; although it may sometimes be necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions.

Accruals are often reported as part of trade payables, whereas provisions are reported separately.

They differ from reserves in that, with provisions, an expense is recognised at the same time as the liability is recognised. Recognition of an expense facilitates accrual accounting’s matching principle by recording probable future expenditure in the period when the obligation initially arises. Such expenses are integral to determining an entity’s true financial performance for a period of time. Provisions may be made with respect to:

- debtors which may be doubtful or impaired
- guarantees of finance likely to be provided by the department
- claims to be made on the department by external parties.

Refer also to:

- APG 6 Definition and Recognition of Liabilities, Contingent Liabilities and Commitments
- FAH Information Sheet 3.10 Liability Systems
- FMT Information Sheet 3.10 Liabilities

issued by Queensland Treasury and Trade.

8.5.2 Recognition

The department is to recognise a provision wherever the amount and/or timing of future outlays are presently uncertain.

A provision must only be recognised in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets when:

- the department has a present obligation, legal or constructive, as a result of a past event
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation.

The amount of the provision is to be determined with regard to:

- existing binding agreements or contractual relationships, for example, financial assistance guarantees
• historical trends, according to various claims that may be met by the department and/or
• professional judgement.

The amount recognised should be the best estimate as at the reporting date of the cash payments, or other consideration, required to satisfy the present obligation. Reasonably expected future events that may affect this amount must also be taken into account.

Where the effect of the time value of money is material, that is, where the settlement of the obligation is expected after twelve or more months have elapsed, the amount of a provision shall be discounted to the present value of the expenditure expected to be required to settle the obligation. The pre-tax discount rate shall be used and shall not reflect risks for which future cash flow estimates have been adjusted.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. Refer to AASB 137 paragraphs 54 – 58 for further detail.

Any provision recognised must be reviewed as at each subsequent reporting date, and if the estimate of the total present obligation has changed, the carrying amount of that provision must be adjusted accordingly.

If discounting is used to measure the present value of a provision, the carrying amount of the provision will increase in each future period to reflect the passage of time. This increase shall be recognised as a finance/borrowing cost.

In cases where either:
• the actual cash outlay which eventuates is less than what was previously provided or
• the latest estimate of the total present obligation is less than the present carrying amount of the corresponding provision

the carrying amount of the provision must be reduced, and the amount of the reduction may be recognised as revenue or a reduction of expenses for that reporting period.

Provisions shall not be recognised for future operating losses.

Expected disposal of assets. Gains on the expected disposal of assets are not taken into account in measuring a provision, even if the expected disposal is closely linked to the event giving rise to the provision. Instead, the department shall recognise gains on expected disposals of assets at the times specified by the Australian Accounting Standard dealing with the assets concerned.

For example, a provision may be created for the costs to remove asbestos from a building prior to its sale. If it is anticipated that the building will sell for a price that exceeds its carrying amount, the anticipated gain on disposal shall not be taken into account in measuring the provision.

Onerous contract. If the department has an onerous contract, the present obligation under the contract shall be recognised and measured as a provision.
Before a separate provision for an onerous contract is established, the department shall recognise any impairment loss that has occurred on assets dedicated to the contract.

**Recognition of Liabilities Arising from Government Existing Public Policies, Budget Policies, Election Promises or Statements of Intent.** For information regarding disclosure requirements in this regard – refer to AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Refer also to APG 6 Definition and Recognition of Liabilities, Contingent Liabilities and Commitments.

### 8.5.3 Disclosure Requirements

Liabilities, including provisions are ‘controlled’ unless Queensland Treasury and Trade approval has been obtained to recognise them as ‘administered’. Administered provisions must not relate to departmental activities but be incurred by the department on behalf of the government as a whole.

Provisions are reported separately from other liabilities.

Provisions are to be distinguished between current and non-current components and in accordance with [AASB 137 Provisions, Contingent Liabilities and Contingent Assets](#).

A reconciliation of the opening and closing balances of provisions is to be disclosed in the notes to the annual financial statements. The comparative year is not required.

AASB 137 has also made a distinction between **provisions** and **contingent liabilities**. Although all provisions are contingent, they may be uncertain in timing or in amount. AASB 137 distinguishes between:

- provisions which are recognised as liabilities because they are present obligations and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations
- and
- contingent liabilities which are not recognised as liabilities because they are either:
  - possible obligations or as yet to be confirmed
  - or
  - present obligations that do not meet the recognition criteria in the standard.

For information regarding disclosure requirements for provisions – refer to:

- AASB 137 Provisions, Contingent Liabilities and Contingent Assets
- Financial Reporting Requirements for Queensland Government Agencies
  - Part B, Reporting Requirements, section 6, Statement of Financial Position
  - and
  - Part D, Sunshine Department Model Financial Statements

issued by Queensland Treasury and Trade.

### 8.5.4 Provision for Impairment Losses
AASB 136 Impairment of Assets prescribes that an entity must assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

In accordance with the FRRs, for not-for-profit agencies, an impairment loss is recognised directly against any revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same class of asset.

The FRRs further require that the department must meet the disclosure requirements stated in paragraphs 126 to 130 of AASB 136.

8.6 Accruals

8.6.1 Overview

Under accrual accounting, all transactions are to be recorded in the accounting period to which they relate. Costs for goods received and services performed for which invoices have not yet been received are to be accrued.

All operational units must establish and maintain policies and procedures specific to their own environment and internal systems to ensure that all appropriate accruals are processed at the end of each accounting period.

8.6.2 Timing of Recognition

An expense is recognised when goods or services are receipted or an invoice has been received. Payment is only made when both of these processes are complete and, in the case of direct invoices, payment has been approved by a delegated officer. Accruals may need to be calculated for:

- work performed on the department’s behalf, though not complete or invoiced and
- material amounts of direct invoices that have not been received but expenditure relates to the reporting period.

8.6.3 Estimates

For goods and services accruals, estimates of accrued charges are to be based on authorised purchase orders, quotations, price lists or past experience.

8.6.4 Leave Accruals

The human resources system will record all employee benefits or entitlements. Employee entitlements include any accrued annual leave, long service leave, sick leave and any superannuation obligation for which the operational unit is responsible.

All entitlements are based on the award rates, or the ordinary base earnings rates where an award is not applicable, as at the end of the period under review.

For further information to reduce or eliminate the need for leave accruals, refer to:
Chapter 8 – Liability Management

- Long Service Leave Central Scheme Guidelines.
- Annual Leave Central Scheme Guidelines

issued by Queensland Treasury and Trade.

8.6.5 Accrued Employer Superannuation Contributions

Accrued employer superannuation contributions in respect of salaries and wages refers to those employer superannuation contributions presently owing in respect of any State Government superannuation scheme, but not yet paid at the reporting date.

This amount is calculated as follows:

- amounts not yet remitted to the Government Superannuation Office (QSuper) in respect of pay actually paid
- amounts which relate to any portion of a pay fortnight which has been worked by officers, but for which actual payment has not been made and is not yet payable.

8.6.6 Workers’ Compensation Insurance Premium

Workers’ compensation insurance premiums are typically paid one year in arrears with a provisional premium being levied to cover the forthcoming year’s actual premium. Therefore, unless there has been a significant change in the payroll from the previous year, there should be no need to make any further accrual on this account.

Premium accruals may need to be made when there has been a significant change in employee entitlements to cover the end of year premium loading.

An accrual should also be made if the volume or nature of claims against the policy has changed since these affect the bonus allowed as a reduction in the premiums.

8.6.7 Accrued Payroll Tax

If the monthly payroll tax assessment has not been paid by the end of the financial reporting period, an accrual may be raised. The accrual is calculated on the same basis as the normal payroll tax monthly returns.

Accruals for payroll tax should be recognised in respect of:

- eligible payments constituting direct salaries/wages, employer superannuation contribution and fringe benefits tax, in respect of which payroll tax has not yet been paid to the Office of State Revenue
- accrued salaries and wages at the end of the reporting period.

Accrued payroll tax is determined as follows:

- the relevant amount as calculated using the above criteria, multiplied by the current payroll tax rate which can be accessed from the Office of State Revenue website, Payroll Tax.
Refer to FMPM section 12.5 Payroll Tax for further information regarding payroll tax and interstate payroll tax liability, if applicable.

The amount will form part of current liabilities.

**8.6.8 Accrued Fringe Benefits (Including FBT)**

Accrued fringe benefits and fringe benefits tax payable are to be calculated and recognised as a liability.

In determining this figure, accrued fringe benefits are to be recognised in accordance with the respective employees’ salary packages. Associated fringe benefits tax liabilities are to be determined in accordance with the Commonwealth government’s fringe benefits tax legislation - refer to FMPM section 12.2 - Fringe Benefits Tax (FBT) for further details.

**8.7 Other Liabilities**

**8.7.1 Unearned Revenue**

Unearned revenue is revenue received or invoiced in advance, represents an obligation of the department to other parties which will be subsequently satisfied, and revenue will be progressively recognised, as and when:

- the department provides the goods and/or services to which the revenue relates
- or
- the period of time to which the revenue relates has elapsed.

These transactions do not satisfy the revenue recognition criteria - refer to FMPM section 5.3 - Income Identification for further information. However, they do meet the recognition criteria for a liability in the transition to meeting the revenue recognition criteria.

Unearned revenue must be apportioned between current and non-current liabilities and reported under Other Liabilities in the Statement of Financial Position.


**8.7.2 Borrowings and Repayable Advances**

**8.7.2.1 Overview**

The use of borrowing as a funding source has implications for the State’s fiscal sustainability which is one of the themes of the Charter of Fiscal Responsibility. The charter addresses this theme by stating that ‘the Government will stabilise and then seek to reduce debt, as measured by the ratio of debt to income, to strengthen the State’s fiscal sustainability’.

It is not sustainable for the government to borrow to fund recurrent operating expenses as the repayment of debt will be borne by future taxpayers at the cost of other government services or through higher taxes.
Chapter 8 – Liability Management

A principle derived from this theme is that in the general government sector, all operating expenses shall be met from operating revenue where operating revenue is defined as total revenue from transactions and operating expenses are defined as total expenses from transactions less depreciation.

8.7.2.2 Legislative authorities

The following legislative authorities apply with respect to the Director-General as the accountable officer for the department, with respect to borrowings:

- section 56 of the FAA permits the Treasurer to declare the department liable for a borrowing fee should the Treasurer borrow amounts for the state and the Treasurer considers that all or part of the amounts borrowed have been used by the department
- section 71 of the FAA permits the Director-General to borrow amounts for the State from the QTC under a Treasurer’s approval
- section 84 of the FAA provides that the Director-General must not, other than under a Treasurer’s approval, arrange an overdraft for a departmental financial institutional account
- section 15 of the FPMS requires the Director-General to establish an expense management system and a liability management system
- sections 19 and 25 of the FPMS provide for the components of an expense management system and a liability management system.

The borrowing approval process comprises three stages:

- substantive approval – the department must demonstrate that it has the ability to service the loan from existing resources or approval will need to be obtained from the Cabinet Budget Review Committee (CBRC) for supplementation to service the loan
- State Borrowing Program (SBP) approval – all loans must be approved in the annual SBP; the SBP operates on a year to year basis and generally on a project specific basis, therefore the department will need to obtain SBP approval on a year to year basis
- statutory approval – the Treasurer is required to approve all borrowings pursuant to the provisions of the FAA; statutory approval remains operative for the duration of the borrowing.

Requests to borrow moneys must be supported by a budgeted cash flow analysis for repayment and servicing of the debt. This analysis must demonstrate the ability for the loan to be repaid without additional budget supplementation.

8.7.2.3 Source of borrowings

The government debt pool maintained by QTC shall be the only source of borrowing for the department. The department shall not seek loans from external bodies.

The department’s loans from the government debt pool are fixed rate loans.

For further information on the structure of government loans, including those for commercialised business units - refer to the Government Agencies Borrowing Kit, issued by QTC.

The main types of borrowings that the department may enter into are:
• those sourced by Treasury through QTC
• those funded from the consolidated fund (recoverable funding) and
• finance leases - refer to FMPM section 8.4.2 Finance Lease.

The Treasurer may charge the department an administration fee on borrowings.

Borrowings shall be used only for funding assets and liabilities and shall not be used to fund expenses.

HHSs may, from time to time, request certain repayable advances relating to authorised projects through the Department of Health. The terms of these borrowings are to be documented and approved, and the terms agreed with the department must be met as and when stated.

8.7.2.4 Borrowings management

The Finance Branch, System Support Services Division, shall be responsible for arranging and coordinating all borrowings of the department.

As an appropriation dependent department, the department does not generate own source revenue with which to repay borrowings. Therefore the department shall ensure, when entering into a borrowing arrangement, and throughout the life of the borrowings:

• that the financial impact of the borrowings are budget neutral to the department
• that the borrowings shall, as a priority, be incurred against assets purchased or constructed within the period of one year and
• that borrowings against longer term construction projects are avoided as far as is practical.

Documentation of all loans is to be kept within the borrowing operational unit to enable the correct amount of the liability to be determined at any time.

A Loans Payable and Receivable Register is to be maintained in accordance with FMPM section 2.6.24 Loans Payable and Receivable Register.

Any such liabilities relating to borrowings and repayable advances must be grouped into current and non-current liabilities, taking into consideration the expected date of settlement.

The terms of repayment will dictate whether the values are to be disclosed as current or non-current liabilities or as a combination of both.

Subsidiary control accounts must also be maintained in the form of a properly documented and recorded Loans Payable and Receivable Register - refer to FMPM section 2.6.24 Loans Payable and Receivable Register.

The register balance must be reconciled to the general ledger control account at least annually.

Loan balances must also be confirmed in writing at year end. Such confirmation should include details of interest accrued at balance date.

8.7.2.5 Hospital and Health Boards borrowings
HHSs are to comply with Part 5 of the *Statutory Bodies Financial Arrangements Act 1982* (SBFAA). HHSs have Category 2 investment power pursuant to:

- Part 6 of the SBFAA
- section 6, 9 and 10 of the *Statutory Bodies Financial Arrangements Regulation 2007* (SBFAR)
- Schedule 4 of the SBFAR

Statutory bodies, which include hospital foundations listed in Schedule 2 SBFAR, may borrow from the Queensland Treasury Corporation under a general approval gazetted by the Treasurer, under section 34(1) of the SBFAA.

Borrowings under the SBFAA require Ministerial approval, through the Chief Executive (Director-General) while borrowings under the State Borrowing Program require the approval of the Treasurer.

### 8.7.2.6 Recognition and measurement of borrowings

Australian Accounting Standards Board (AASB) 139 Financial Instruments: Recognition and Measurement establishes the principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Borrowings (loans) are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument.

Borrowings are to be recognised initially at their fair value plus transaction costs that are directly attributable to the acquisition of the borrowings.

For guidance on the determination of fair value of financial liabilities – refer to Accounting Policy Guideline (APG) 12 Financial Instruments.

After initial recognition, borrowings shall be measured at amortised cost using the effective interest method.

Borrowings are financial supplies which are input taxed – refer to FMPM section 12.6 Goods and Services Tax.

Refer to AASB 13 Fair Value Measurement.

### 8.7.2.7 De-recognition of borrowings

The department shall remove borrowings from its Statement of Financial Position when, and only when, the borrowings have been extinguished, that is, when the obligation specified in the contract has been extinguished or cancelled or has expired.

### 8.7.2.8 Draw-downs and repayments

On receipt of all applicable documentation, including a signed loan agreement, QTC shall deposit the loan money electronically into the department’s bank account.

When the loan has been made, QTC shall calculate a debt service payment to ensure that the department repays the debt within the approved loan term. Repayments of principal and interest
shall be made quarterly, unless otherwise negotiated with QTC. QTC will send regular statements to the department showing debt service payments, transactions and details of the loan.

8.7.2.9 Financial risk management

The department shall disclose qualitative and quantitative information about the nature and extent of exposure to risks arising from borrowings and other financial instruments to which the department has been exposed during the period and at the reporting date, and how the department manages those risks.

8.7.2.10 Defaults and breaches

For borrowings recognised at the reporting date, the department shall disclose:

- details of any defaults during the period of principal, interest, sinking fund or redemption terms of those borrowings
- the carrying amount of the borrowings in default at the reporting date
- whether the default was remedied, or the terms of the borrowings were renegotiated, before the financial statements were authorised for issue.

8.7.2.11 Collateral

Any assets pledged as security, including the terms and conditions relating to the pledge, shall be disclosed in the notes to the annual financial statements. The department does not normally pledge assets as security.

8.7.2.12 Overdrafts

An overdraft facility is a form of borrowing. It includes short term credit arrangements (usually with a term of not more than twelve months) with a financial institution, such as a bank, under which the department is permitted to operate an account in deficit to a pre-agreed limit.

Under section 84 of the FAA, the department may not arrange an overdraft facility with regard to any departmental financial institution account except with the specific approval of the Treasurer.

Overdraft facilities shall only be utilised to provide additional working capital to meet temporary cash requirements during periods of uneven cash flows. It is not appropriate for overdraft facilities to be used for medium or long-term financing purposes, for example, purchasing assets.

Further, it is important that overdraft facilities operate on a fluctuating basis, such that they return to a credit position on a regular basis and there is no cumulative build up in the average outstanding balance over time.

However, if an account of the department is overdrawn unintentionally, and the overdrawing is rectified as soon as practicable, then the Treasurer’s approval is not needed.

QTC facilities. While QTC does not offer a traditional overdraft facility attached to a banking account, it is able to provide a variety of inexpensive short-term funding facilities which may be operated in lieu of typical overdraft facilities offered by private sector financial institutions. In order to expedite the use of these facilities, QTC utilises an electronic banking facility to enable the
transfer of funds between QTC and departments. QTC facilities do not incur establishment or line fees.

Where a short-term funding facility is provided by QTC as an alternative to an overdraft facility attached to a banking account and the facility is separately identifiable and operated separately from other borrowed funds of the department, State Borrowing Program approval only will be required in the event that there is a net increase in the facility limit from one financial year to the next, subject to QTC reviewing the facility at least annually.

For further details – refer to Overdraft Facilities – Operational Guidelines for the Public Sector, issued by Queensland Treasury and Trade.

**Other QTC facilities.** Other short-term funding provided by QTC that is not intended to be operated as an alternative to an overdraft facility attached to a banking account, that is, on a fluctuating basis, will require State Borrowing Program approval regardless of whether the facility is repaid within a financial year, and regardless of whether there is no net increase in the facility from one financial year to the next.

**Reporting and disclosure of overdrafts.** The department shall disclose, in the notes to the financial statements, the amount of any undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities.

Any interest expense incurred shall be expensed and disclosed in the Statement of Comprehensive Income under the heading ‘finance/borrowing costs’.

Any interest on overdrafts incurred but not yet paid at the reporting date shall be recognised as a liability in the annual financial statements.

Refer also to FMT Information Sheet 3.10 Liabilities.

**8.7.2.13 Reporting and disclosure of borrowings**

The department shall disclose borrowings in the notes to the annual financial statements under the line item ‘other financial liabilities’. The borrowings are to be classified as current and non-current according to the settlement dates of the liabilities.

The department shall also disclose in the notes to the annual financial statements the methods and, when a valuation technique is used, the assumptions applied in determining the fair values of borrowings, including, for example, the interest rates applicable to the borrowings.

All borrowings are to be disclosed in Australian dollars.

For further information regarding disclosure of borrowings and repayable advances – refer to:

- Financial Reporting Requirements for Queensland Government Agencies:
  - Part B, Reporting Requirements, section 6 Statement of Financial Position
  - Part D, Sunshine Department Model Financial Statements

issued by Queensland Treasury and Trade.
Refer also to AASB 13 Fair Value Management.

**8.7.3 Advance Deposits**

Advance deposits are funds received in advance of services to be provided and for which invoices have not been issued at period end, for example, patient fees paid in advance of hospitalisation primarily to secure a position or payments to provide a bond on equipment hire.

In the first instance, the deposits are to be banked to the controlled Collections Bank Account and are to be accounted for as a sundry creditor and must be analysed into current or non-current liabilities. They must not be set off against debtors until the services have been performed or the goods supplied.

When an invoice is ultimately issued, the excess of the advance paid over the value of the invoice, if any, continues to be categorised as a sundry creditor, until it is repaid or otherwise discharged.

The disclosure may have to be dissected into controlled or administered liabilities and, within this dissection, will have to be classified as either current or non-current liabilities depending upon the expectation as to whether the goods or services will be delivered within the next 12 months or later.

Deposits forfeited are to be transferred from the liability account to controlled revenue. The funds will be available for use to correct the condition that brought about the forfeiture.

The payment of interest on the deposits is discretionary, unless specific contract conditions are applicable.

**8.7.4 Security Deposits Received**

Security deposits are funds received in order to ensure that an event occurs, contract conditions are complied with or property is not lost.

The deposits form part of the General Trust Fund subject to the requirements of the General Trust Guide. The deposits are to be banked to the General Trust bank account and accounted for as a security deposit liability.

The system manager has issued the following Health Service Directive to HHSs:

- Trust and Fiduciary Funds – Administration of Patient Fiduciary and General Trust Monies.

This directive may be accessed at:


When an invoice is ultimately issued, the excess of the advance paid over the value of the invoice, if any, continues to be categorised as a sundry creditor, until it is repaid or otherwise discharged.

The disclosure may have to be dissected into controlled or administered liabilities and, within this dissection, will have to be classified as either current or non-current liabilities depending upon the expectation as to whether the goods or services will be delivered within the next twelve months or later.
Chapter 8 – Liability Management

Deposits forfeited are to be transferred from the liability account to the controlled Collections Account. The funds will be available to correct the situation that brought about the forfeiture - refer to:

- FMPM section 5.2 Types of Income Collected by Queensland Health
- FMPM section 5.7 Revenue Retention.

8.7.5 Legal Fees and Litigation Costs

A Litigation Register is required to be maintained within each operational unit by an Accounting Officer. Claims need to be reassessed annually as to the expected potential outlays. This is not to be confused with the disclosure required in respect of contingent liabilities. The amount to be determined under this section is an estimate of any legal fees or other legal costs which will ultimately materialise as a result of litigation or legal services.

Refer to FMPM section 2.6.23 Litigation Register.

8.7.6 Utilities

Public utilities expenditure, such as power, gas, water and telecommunications, typically paid in arrears, must be accrued (pro-rata) at the end of each period and reversed in the following period.

8.7.7 Lease Rentals and Rent

As finance leases are accounted for separately, the liability for lease rentals will have already been taken up, and therefore need not be further dealt with here.

Accruals may have to be made for rentals being paid under an operating lease, but only where these are outstanding, and then only where the rentals are not paid in advance. For example, if rent is payable in June for the following month, and as at year end, the rent had not been paid, no accrual is required because the expense relates to the following year. However, if the rent is paid at the end of each period, (say, 30 June for the month of June) and had not been paid at the end of the period, then an accrual must be made – refer to FMPM section 8.4 Leases.

8.7.8 Purchases and Other Expenses

A review of the trade creditors’ invoices processed for a reasonable period after the cut-off date, ensures that charges relating to the prior period are recognised and brought to account for reporting purposes. Care must also be exercised to avoid double counting of accruals using purchase orders and accruals using invoices subsequently processed.

Accruals for other expenses not involving normal trade credit facilities must be made on the basis of reasonable estimates if an invoice or payment voucher is not available at the time that the accruals are required. These accruals should include credit card charges and purchases.

Refer also to FMT Information Sheet 3.10 Liabilities, issued by Queensland Treasury and Trade.

8.7.9 Inter-Hospital and Health Service Charges

Charges levied by one HHS on another must be accounted for on the records of both. Invoices must be raised against the HHS that receives the goods or services.
8.7.10 Credit Balances in Debtors

The total of all credit balances (per customer) in the debtors’ ledger at balance date must be disclosed as a current liability in the annual financial statements.

Paragraph 32 of AASB 101 *Presentation of Financial Statements* states that assets and liabilities are to be reported separately and shall not be offset unless required or permitted by an Australian Accounting Standard.

Credit balances in debtors accounts are usually the result of debtor overpayments or unused credits arising from adjustments.

All credit balances must be verified for accuracy and refunded where possible. Where the debtor has frequent transactions with the department and the credit can reasonably be expected to be offset against future debts yet to be incurred by the debtor, he/she should be advised of the credit in order for it to be taken up.

For further guidance - refer to AASB 101 *Presentation of Financial Statements*.

8.7.11 Suspense Accounts

All transactions that cannot be readily identified shall be recorded immediately in the suspense accounts and shall be held there temporarily. This practice will ensure that all moneys are receipted and banked promptly.

The department’s systems for suspense accounts must ensure that:

- sources of items in the accounts are readily identified
- amounts included in the accounts are promptly cleared
- reconciliations are performed regularly to confirm the balance of each account.

8.7.11.1 Suspense account entries

Transactions recorded in suspense accounts will include, but not be limited to:

- refunds of overpayments or incorrect payments of expenditure
- receipt of expenditure recovered to be reimbursed to an expenditure account
- unclaimed moneys to be held for twelve months
- found moneys
- moneys belonging to a third party and which are to be refunded
- moneys received by post or electronic funds transfer, but temporarily not able to be credited to an appropriate account
- unclaimed cheques
- deposits paid with tender documents which may be refundable
- pay as you go withholding tax and any other similar payments held prior to remittance to the Australian Taxation Office (ATO)
- moneys held awaiting correct revenue codes to be established.
All items are to be cleared from the suspense accounts promptly. At the end of each month, the officer responsible for the operation of the expense accounts shall, following the reconciliation of the accounts with the general ledger, prepare a listing of items in transaction order and supply it to the relevant supervisor or manager for review.

The supervisor or manager shall:

- check the correctness of the entries in the suspense accounts record against the data from which the entries were made
- check that the monthly balancing and reconciliation has been properly performed by an authorised officer
- ensure that moneys with respect to each item comprising the balance of the account are being properly held.

### 8.7.11.2 Clearance of transactions

In any instance where moneys have been held in the suspense accounts for twelve months and can no longer be applied to the original purpose intended or otherwise applied, these moneys shall be transferred to the Public Trustee’s Unclaimed Moneys Fund. Such transfers are to occur monthly as appropriate.

Should a claim be subsequently made in respect of an amount that has been transferred to the Public Trustee’s Unclaimed Moneys Fund, the department shall claim the moneys back and make payment to the claimant.

### 8.7.11.3 Suspense account reports

Quarterly reports are to be provided by the Chief Finance Officer to the Director-General or delegate about items that have been in the department’s suspense accounts for more than six months.

The report shall include:

- the action taken to identify the source of each item
- a recommendation about the proposed action for the item
- a record of the consideration and decisions of the Director-General or delegate about the item.

### 8.7.12 Liabilities of Other Government Departments Assumed

Any liability of another government department that is assumed by the department, for example, under a machinery-of-government change, shall be accounted for as follows:

- on initial occurrence of the liability, the department shall recognise a liability and an expense
- on assumption of the liability, the department shall extinguish the liability
- when the assumption is not in the nature of an equity injection, the department shall recognise income of an amount equivalent to the liability assumed
- when the assumption of the liability is in the nature of an equity injection, the department shall make a direct adjustment to equity of an amount equivalent to the liability assumed.
8.7.13 Goods and Services Tax (GST) and Other Taxes

At the reporting date, the net amount owed to the department or owing to the ATO must be recognised in the Statement of Financial Position as a current receivable or payable (whichever is appropriate).

At the reporting date, the amount of input tax credits receivable from the ATO and separately, the GST payable to the ATO shall be disclosed in the notes to the annual financial statements.

8.7.14 Grant Payments

At the end of the reporting period, grant payments that are unpaid but are due and payable to the grant recipient, shall be recognised as a liability.

Where grant payments are to be made in future reporting periods and the conditions for the payment of the grant are also to be satisfied in future reporting periods, the department shall not recognise a liability as at the current reporting date in respect of such amounts. These amounts will be recognised as a commitment. For further details regarding commitments – refer to:

- FMPM section 8.1.6 Commitments
- FMPM section 8.8 Commitments.

8.7.15 Agreements Equally Proportionately Unperformed

Agreements equally proportionately unperformed are reciprocal agreements under which both parties are at the same stage of performance. It may be that neither party has fulfilled any commitments or that both parties have performed, to an equal extent, some of the promises, whilst other commitments remain to be honoured. Examples of such agreements include significant contracts for the purchase of materials or equipment, leases, forward exchange contracts and certain types of employment agreements.

Where a liability exists with respect to such agreements, that liability shall be recorded in the appropriate general ledger account.

For further information relating to agreements equally proportionately performed – refer to:

- FMPM section 8.1.6 Commitments
- FMPM section 8.8 Commitments.

8.7.16 Financial Institution Overdrafts

For details regarding financial institution overdrafts – refer to FMPM section 8.7.2 Borrowings and Repayable Advances.

8.7.17 Administered Appropriations for Expenses

Administered appropriation for expenses is an appropriation from the consolidated fund to fund administered services.

Administered appropriation for expenses will cover the payment of:
Chapter 8 – Liability Management

- administered grants
- transfer payments
and
- other administered payments.

Administered appropriation for expenses will be made quarterly in arrears into the department’s administered bank accounts. As a result, these bank accounts are likely to operate in overdraft at various stages during the year.

8.7.18 Administered Revenues Payable

Administered revenues payable are amounts payable to Treasury and Trade for administered revenues collected on behalf of the government.

8.7.19 Disclosure

Other liabilities shall be disclosed in the annual financial statements and in the notes to the statements.

The line item for ‘other liabilities’ shall not exceed ten percent of the value of total liabilities.

For further information regarding the disclosure of Other Liabilities – refer to Financial Reporting Requirements for Queensland Government Agencies, Part D, Sunshine Department Model Financial Statements, issued by Queensland Treasury and Trade.

8.8 Commitments

8.8.1 Overview

Commitments occur when a purchase order is issued or a contract is entered into, requiring expenditure in the future.

Indications that assist in confirming the existence of a commitment include:

- the existence of an executed contract between the parties for the delivery of goods and/or services
- the potential for losses to accrue to a party if contractual obligations are breached or
- if compensation may be payable in the event of default.

Examples of commitments are:

- the execution of contracts for the construction of infrastructure assets
- the purchase of major items of plant and equipment
- the purchase of office supplies
- the supply of communication services
or
- the engagement of external consultants.
In these examples, a commitment crystallises as a liability when:

- construction of an asset commences
- items of equipment are received
- office supplies are delivered
- phone services are established
- or
- external consultants commence their engagement.

For further information regarding commitments – refer to:

- APG 6 Definition and Recognition of Liabilities, Contingent Liabilities and Commitments,
- FAH, Information Sheet 3.12, Commitments and Contingencies
- and
- FMT, Information Sheet 3.12 Commitments and Contingencies

issued by Queensland Treasury and Trade.

Refer also to FMPM section 8.1.6 Commitments.

### 8.8.2 Management of Commitments

When commitments, through the supply of goods or services under a contract between the department and another party become liabilities, the management of commitments becomes a critical component of the department’s internal control and operational control systems.

Reporting to management should disclose anticipated costs, their timing and their impact on current and future cash projections. To capture and report this information, the department is required to:

- update cash flow projections
- ensure that payments are only made when due
- ensure that payments made are in accordance with the terms of the contracts that have been executed between the parties
- and
- manage and approve price or contract variations, if they occur.

### 8.8.3 Identification, Recording and Reporting of Commitments

Procedures should also be in place to ensure that commitments are in compliance with relevant statutory requirements and other guidelines issued by Queensland Treasury and Trade.

Procedures must be implemented within each operational unit to ensure that any commitments entered into are:

- promptly identified, recorded and monitored
- valid
- and
- appropriately documented.
Chapter 8 – Liability Management

The department shall disclose in the annual financial statements, the following categories of commitments:

- non-cancellable operating leases
- expenditure
- and
- grants and subsidies.

The value of commitments shown in the notes to the annual financial statements must be inclusive of any applicable goods and services tax (GST).

The department’s commitment to QFleet for departmental vehicles is calculated on monthly lease payments and the outstanding lease period at the reporting date.

Commitments for the employment of individuals should be in accordance with the requirements of applicable Acts and industrial awards. Agreements for the acquisition of goods and services, and the letting of contracts or otherwise, should be in accordance with the Queensland Procurement Policy 2013.

Authorisation for such commitments must be consistent with the requirements of this manual, the Queensland Procurement Policy 2013, and the department’s Financial and Procurement Delegations.

In respect of grants and subsidies, a liability may be recognised only where the department is committed to providing the grant or subsidy and has little or no discretion to avoid making the payment, for example, under a grant agreement, the grantee has met eligibility criteria and has provided the deliverables in terms of the grant conditions. Where these criteria have not been met, the grant or subsidy remains a commitment.

8.8.4 Disclosure

For information regarding disclosure of commitments – refer to:

- Financial Reporting Requirements for Queensland Government Agencies
  - Part B, Reporting Requirements, section 9 Notes to the Financial Statements
  - and
  - Part D, Sunshine Department Model Financial Statements

issued by Queensland Treasury and Trade.

8.9 Contingencies

8.9.1 Overview

Contingencies are obligations (liabilities), or benefits (assets), that arise from past or current events, and whose existence will only be confirmed by the occurrence, or non-occurrence, of a future event outside the control of the department.

In summary:
Chapter 8 – Liability Management

- a contingent asset exists where compensation may be received from a third party and
- a contingent liability exists where compensation may be payable to a third party.

For further information regarding contingencies – refer to:

- FAH, Information Sheet 3.12 Commitments and Contingencies
- FMT, Information Sheet 3.12 Commitments and Contingencies

issued by Queensland Treasury and Trade.

Refer also to FMPM section 8.1.6 Contingent Liabilities.

8.9.2 Management of Contingencies

FPMS, section 26, details the department’s obligations to record and to report on contingencies. Recording of contingencies should include the following information:

- description
- name, address and ABN of the other party
- value (actual amount or best estimate)
- type of obligation, for example, legal matter, indemnity or guarantee
- identified trigger/s for the realisation of the contingency
- estimated date of expiration
- action taken to manage the contingency, for example, action taken to mitigate any losses and
- details surrounding the finalisation of the contingency, for example, a court decision.

FPMS, section 26 (2)(b), requires that contingent assets and contingent liabilities be reported to the Director-General at least annually. The frequency of reporting should be based on an assessment of the nature of the contingency, its materiality and the volatility of changing circumstances related to the contingency. The format of the reporting should allow the Director-General to determine the nature, amount, potential risk/benefit and the likelihood of the contingency occurring.

Disclosure requirements for contingent liabilities are detailed in AASB 137 Provisions, Contingent Liabilities and Contingent Assets, paragraph 86. Contingent liabilities are not recognised in the Statement of Financial Position but those that are material should be disclosed in the notes to the annual financial statements.

Agreements equally proportionately unperformed (AEPUs) need not be recognised as assets or liabilities for financial reporting purposes unless an Australian Accounting Standard provides otherwise, for example, AASB 117 Leases, providing that material future lease payments that can be reliably measured are to be disclosed as commitments in the notes to the annual financial statements.

A contingent liability may be defined as one which will arise only upon a contingent (uncertain) event occurring. For example, if a visitor to the department should fall and suffer injuries, it is not definite that an outlay will be required to be made by the department. No liability will arise with any certainty until the visitor commences legal action and wins the case. However, an estimate of such contingent liabilities is to be made if a case becomes actionable and correspondence of the claim
has been received. Such claims are to be disclosed by way of a note to the annual financial statements.

Assistance may have to be sought from external parties in order that the quantum of a contingent liability can be ascertained.

Outstanding legal matters are to be considered, as are potential claims for unpaid or short paid government charges.

Guarantees issued by any operational unit or by the department constitute a contingent liability. The extent of that liability will have to be determined by reference to the terms of the guarantee and to the loan agreement.

The matters relating to guarantees and indemnities that are required to be registered are detailed in FMPM section 2.6.19 Guarantees and Indemnities Register.

Reference should be made to APG 6 Definition and Recognition of Liabilities, Contingent Liabilities and Commitments, issued by Queensland Treasury and Trade.

Contingencies disclosed in the department’s annual financial statements include the following:

- guarantees and undertakings
- litigation in progress
- native title
- grants and subsides (where certain criteria have not yet been met to classify them as a commitment or a liability).

A check is to be performed before the annual financial statements are signed that items disclosed as contingencies do not require reclassification as liabilities (including provisions) or commitments.

8.9.4 Disclosure

For information regarding disclosure of contingencies – refer to:

- AASB 137 Provisions, Contingent Liabilities and Contingent Assets
- Financial Reporting Requirements for Queensland Government Agencies
  - Part B, Reporting Requirements, section 9 Notes to the Financial Statements
  - Part D, Sunshine Department Model Financial Statements

issued by Queensland Treasury and Trade.
8.10 References

Legislation

- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Hospital and Health Boards Act 2009
- Hospital and Health Boards Regulation 2012
- Statutory Authorities (Superannuation Arrangements) Act 1994
- Statutory Bodies Financial Arrangements Act 1982
- Statutory Bodies Financial Arrangements Regulation 2007

**Australian Accounting Standards** issued by AASB

- Framework for the Preparation and Presentation of Financial Statements
- AASB 7 (NFP) Financial Instruments: Disclosures
- AASB 101 Presentation of Financial Statements
- AASB 116 Property, Plant and Equipment
- AASB 117 Leases
- AASB 119 Employee Benefits
- AASB 123 Borrowing Costs
- AASB 132 Financial Instruments: Presentation
- AASB 136 Impairment of Assets
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets
- AASB 139 Financial Instruments: Recognition and Measurement

Queensland Government Policies and Guidelines

Department of Health

- General Trust Fund Policy
- GST Business Procedures
- Department of Health Financial and Procurement Delegations Health Service Directive – Trust and Fiduciary Funds – Administration of Patient Fiduciary and General Trust Monies
- Leave Central Schemes
- Patient Trust Fund Policy

Queensland Treasury and Trade

- Annual Leave Central Scheme Guidelines
- APG 6 Definition and Recognition of Liabilities, Contingent Liabilities and Commitments
- APG 7 Accounting for Employee Benefits
- APG 12 Financial Instruments
- APG 17 Service Concession Arrangements: Grantor
- Charter of Fiscal Responsibility
Chapter 8 – Liability Management

- Financial Accountability Handbook
- Financial Management Tools
- Financial Reporting Requirements for Queensland Government Agencies (FRRs)
- Leasing in the Queensland Public Sector Policy Guidelines
- Long Service Leave Central Scheme Guidelines
- Non-Current Asset Policies for the Queensland Public Sector
- Overdraft Facilities – Operational Guidelines for the Public Sector
- Statutory Bodies Financial Arrangements Act 1982, Operational Guidelines
- Statutory Body Guide

Department of Housing and Public Works

- Queensland Procurement Policy 2013

Work Cover Queensland

- Work Cover Queensland website

Office of State Revenue

- Office of State Revenue website

Queensland Treasury Corporation

- Government Agencies Borrowing Kit
Financial Management Practice Manual

Chapter Nine

Equity Management
# Chapter 9 – Equity Management

## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9.1 Introduction</strong></td>
<td>2</td>
</tr>
<tr>
<td>9.1.1 Overview</td>
<td>2</td>
</tr>
<tr>
<td>9.1.2 Legislative Requirements</td>
<td>2</td>
</tr>
<tr>
<td>9.1.3 Control Objectives</td>
<td>3</td>
</tr>
<tr>
<td><strong>9.2 Equity Classification</strong></td>
<td>3</td>
</tr>
<tr>
<td>9.2.1 Contributed Equity</td>
<td>3</td>
</tr>
<tr>
<td>9.2.1.1 Non-reciprocal transfers</td>
<td>4</td>
</tr>
<tr>
<td>9.2.1.2 Non-reciprocal transfers within the Queensland Public Sector</td>
<td>4</td>
</tr>
<tr>
<td>9.2.1.3 Non-reciprocal transfers external to the Queensland Public Sector</td>
<td>5</td>
</tr>
<tr>
<td>9.2.2 Retained Surpluses/Accumulated Losses</td>
<td>5</td>
</tr>
<tr>
<td>9.2.2.1 Impairment loss adjustment</td>
<td>6</td>
</tr>
<tr>
<td>9.2.2.2 Impairment loss reversal</td>
<td>6</td>
</tr>
<tr>
<td>9.2.3 Internally Generated Reserves</td>
<td>6</td>
</tr>
<tr>
<td>9.2.3.1 Asset revaluation surplus</td>
<td>7</td>
</tr>
<tr>
<td>9.2.3.2 General reserves</td>
<td>8</td>
</tr>
<tr>
<td>9.2.3.3 Annual review of reserves</td>
<td>8</td>
</tr>
<tr>
<td><strong>9.3 Machinery of Government Equity Adjustments</strong></td>
<td>9</td>
</tr>
<tr>
<td><strong>9.4 Disclosure</strong></td>
<td>9</td>
</tr>
<tr>
<td>9.4.1 Accounting Policies, Changes in Estimates and Errors</td>
<td>10</td>
</tr>
<tr>
<td>9.4.2 Events After the Reporting Period</td>
<td>10</td>
</tr>
<tr>
<td><strong>9.5 Specific Controls</strong></td>
<td>11</td>
</tr>
<tr>
<td>9.5.1 Controls on Managing Equity</td>
<td>11</td>
</tr>
<tr>
<td><strong>9.6 References</strong></td>
<td>12</td>
</tr>
</tbody>
</table>
9.1 Introduction

9.1.1 Overview

**Equity**, also referred to as net assets or net worth, is defined in Australian Accounting Standards Board (AASB) Conceptual Framework: Framework for the Preparation and Presentation of Financial Statements, paragraph 49(c) as:

“the residual interest in the assets of an entity after deducting all its liabilities”.

This equity interest represents the Queensland Government's investment in the department.

9.1.2 Legislative Requirements

The *Financial Accountability Act 2009* (FAA) provides for the following legislative authorities:

- section 6(2)(b) provides for the Legislative Assembly to pass an ordinary appropriation Act that appropriates for the financial year an amount to be applied to the services, administered items and to equity adjustments of the department
- section 7(2)(i) provides that an amount paid to the department by the Treasurer:
  - under an annual appropriation Act to be applied to a service or an equity adjustment of the department
  - under a statement pursuant to section 31 of the FAA to be applied to a service or an equity injection to the department
  - under an authority pursuant to section 35 of the FAA for unseen expenditure in relation to a service or equity adjustment of the department

shall be classified as a controlled receipt

- section 29(2) provides that the Treasurer may pay an amount from the available amount for a department if the payment is made for a departmental service, administered item or equity adjustment:
  - delivered in the financial year or the previous financial year
  - to be delivered in the financial year or in the next financial year

- section 30 provides for the Treasurer’s responsibilities if a payment made by the Director-General, as the accountable officer for the department, to the Treasurer is an equity withdrawal

- section 79 provides for equity adjustments to be made upon a machinery-of-government change

- schedule 3 to the FAA provides the following definitions:
  - equity adjustment for a financial year, means either of the following:
    - an equity injection to a department for the financial year, including a negative amount
    - an equity withdrawal from a department for the financial year, including a negative amount
  - equity injection to a department means an amount provided under an annual appropriation Act to the department for increasing the State’s net asset holding in the department
• equity withdrawal from a department means an amount stated in an annual appropriation Act as the equity withdrawal from the department.

9.1.3 Control Objectives

The control objectives in relation to equity are to ensure that:

• a separate recording of amounts appropriated from profits/surpluses or reserves is made
• contributions qualifying as equity are supported by records giving relevant particulars
• an asset revaluation surplus and other authorised reserves are established and maintained and
• amounts for distribution to equity holders are approved by a competent authority and properly recorded in the accounts.

The department must establish, document and maintain procedures to achieve the above objectives.

9.2 Equity Classification

Equity incorporates the following components:

• contributed equity
• retained surpluses/accumulated losses and
• internally generated reserves.

Equity is increased by:

• contributions by owners, that is, the Queensland Government
• excesses of revenue over expenses during a reporting period and
• asset revaluation increments.

Equity is decreased by:

• distributions to owners, that is, the Queensland Government, for example, dividends
• excesses of expenses over revenue during a reporting period
• asset revaluation decrements and
• impairment losses where an asset revaluation surplus exists for the class of assets that has been impaired.

Refer to AASB Conceptual Framework, Framework for the Preparation and Presentation of Financial Statements, paragraphs 65 to 68, for further information regarding the classification of equity.

9.2.1 Contributed Equity

Equity contributions by or distributions to owners may take the form of:
Chapter 9 – Equity Management

• cash
• non-monetary assets such as property, plant or equipment
• the provision of services
or
• the transfer of liabilities.

Where an equity contribution/distribution occurs, the department must record the appropriate value as an increase/decrease in the value of net assets together with a corresponding increase/decrease in the value of equity.

Other than a direct cash contribution by/distribution to Queensland Treasury and Trade, the most common reasons for an adjustment to be processed against contributed equity are Machinery of Government (MoG) changes, either as a result of the restructuring of the administrative arrangements of the Queensland Government, or by voluntary arrangement - refer to:

• AASB1004 Contributions
• Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities
• APG 2 Contributions Received By Not-For-Profit Agencies
and
• APG 9 Accounting for Contributions by Owners and Distributions to Owners.

9.2.1.1 Non-reciprocal transfers

In accordance with APG 9 Accounting for Contributions by Owners and Distributions to Owners, issued by Queensland Treasury and Trade, transfers of assets and liabilities are either reciprocal or non-reciprocal. A non-reciprocal transfer is one where a transferee and a transferor agency directly receive/sacrifice assets and/or liabilities without giving/receiving approximately equal value in exchange. Asset/liability transfers as a consequence of MoG changes are examples of non-reciprocal transfers.

Entities or individuals capable of representing the State as the ‘owner’ of Queensland’s wholly-owned public sector entities are:

• Cabinet
• Cabinet Budget Review Committee (CBRC)
• Executive Council
or
• portfolio Minister(s) for the agencies concerned, as representatives of the Government as a whole.

Any other transactions with Queensland’s wholly-owned public sector entities, not authorised by one of the above representatives, shall be recognised as income or expense by the department.

9.2.1.2 Non-reciprocal transfers within the Queensland Public Sector

Non-reciprocal transfers of assets and liabilities between public sector agencies as a result of a MoG change or an executive Government direction/approval must be adjusted against contributed equity. These transfers are also known as non-appropriated equity adjustments.

Where the balance of the contributed equity account is insufficient to absorb the adjustment, the remainder of the adjustment is to be made to retained earnings.
The approval for the transfer must satisfy the following criteria:

- it is to clearly state that the transfer is a capital contribution/distribution which is to be adjusted against the transferor’s and transferee’s contributed equity
- it is to specifically state the value of the assets/liabilities transferred, either in the same document or within an attachment to the approval and
- it was obtained at or before the time of the transfer.

Transfers designated as contributions by the government shall not be redesignated as income and vice versa.

For a transaction to be recognised as a contribution or distribution by the government, its equity nature shall be evidenced by any of the following:

- the issue or cancellation of equity instruments which can be sold, transferred or redeemed
- a formal agreement (or amendment thereto) in relation to a transfer, establishing or reducing the financial interest in the net assets of the transferee, which can be sold, transferred or redeemed
- a formal designation of the transfer (or a class of such transfers) by the government or transferor or a government-controlled parent of the transferor as forming part of, of constituting a redemption of, the transferee’s contributed equity, either before the transfer occurs or at the time of the transfer, that is:
  - the annual appropriation bills
  - the gazettal of the MoG changes
  - the approval for the non-reciprocal transfer of assets/liabilities between wholly owned government agencies.

9.2.1.3 Non-reciprocal transfers external to the Queensland Public Sector

Non-reciprocal transfers of assets and liabilities between the department and entities considered (for financial reporting purposes) to be external to the Queensland public sector must be adjusted through the department’s Administered Statement of Comprehensive Income. Provided the transfers have been approved by cabinet, the Cabinet Budget Review Committee (CBRC), Executive Council or the relevant portfolio minister. However, if the department receives departmental service funding to compensate for the loss on disposal of the asset, the transfer must be accounted for in the departments Controlled Statement of Comprehensive income.

9.2.2 Retained Surpluses/Accumulated Losses

The retained surpluses/accumulated losses component of equity represents the difference between all expenses and revenues for all reporting periods to date.

As a basic rule, retained surpluses/accumulated losses at the end of a reporting period shall be calculated as follows:

\[
\text{Retained surpluses / accumulated losses balance at the beginning of the reporting period} + \text{Income for the period} - \text{Expenses for the period}
\]
This calculation is performed separately for the controlled and administered financial ledgers.

Retained surpluses/accumulated losses may only be adjusted in those circumstances permitted by:

- Australian Accounting Standards
- Financial Reporting Requirements for Queensland Government Agencies (FRRs), section 9.2.4 Reserves, issued by Queensland Treasury and Trade.

**9.2.2.1 Impairment loss adjustment.**

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount, that is, the asset has previously been revalued. When an asset is measured at a revalued amount, the impairment loss is to be treated in the same way as a revaluation decrement, that is, offset against the asset revaluation surplus for the same class of asset, to the extent available.

Refer to:

- AASB 116 Property, Plant and Equipment
- AASB 136 Impairment of Assets
- **Non-Current Asset Policies for the Queensland Public Sector**, issued by Queensland and Trade

For guidance regarding the correct accounting treatment for revaluation decrements.

**9.2.2.2 Impairment loss reversal.**

In reversing an impairment loss, the same policy applies as to that when impairment losses are initially recognised, in that the reversal is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

A reversal of an impairment loss on a revalued asset is to be offset against a prior decrement for the same class of asset.

Refer to:

- AASB 116 Property, Plant and Equipment
- AASB 136 Impairment of Assets
- **Non-Current Asset Policies for the Queensland Public Sector**, issued by Queensland and Trade

for guidance regarding the correct accounting treatment for revaluation increments.

**9.2.3 Internally Generated Reserves**

A reserve is a component of equity set aside for a specific purpose.

The department shall create a reserve if required under an Australian Accounting Standard, for example:
• an asset revaluation surplus
• available for sale financial assets
• cash flow hedge reserve
and
• a foreign exchange translation reserve.

Reserves, apart from those mandated by the Australian Accounting Standards should only be created by transfers from the accumulated surplus/deficit balance existing at the time of transfer and must be approved in advance by the Chief Finance Officer (CFO) before seeking the Treasurer’s approval to establish a reserve in accordance with Financial Reporting Requirements (FRRs), Part B Reporting Requirements, section 7, Statement of Changes in Equity, issued by Queensland Treasury and Trade.

Reserves are to be classified as either controlled or administered.

9.2.3.1 Asset revaluation surplus

In accordance with Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland Treasury and Trade, each operational unit must periodically revalue asset classes as under:

• land
• buildings
• infrastructure
• major plant and equipment
• leased assets
• intellectual property
• purchased software
• intangibles
• reference library collections
• internally generated software
• non-current assets reclassified as being held for sale
and
• heritage and cultural assets.

The impairment of assets may impact the asset revaluation surplus – refer to:

• FMPM section 9.2.2.1 Impairment loss adjustment
and
• FMPM section 9.2.2.2 Impairment loss reversal

An asset revaluation surplus is to be established and maintained for the purpose of accounting for these revaluations.

Refer to:

• AASB 116 Property, Plant and Equipment
• AASB 138 Intangible Assets
and
• Non-Current Asset Policies for the Queensland Public Sector, issued by Queensland and Trade
for guidance regarding the correct accounting treatment for revaluations with respect to impacts on the asset revaluation surplus.

**Disposal of an asset previously revalued.** When assets that have been sold or otherwise disposed of have been subject to a revaluation, the net increment contained in the asset revaluation surplus accounts relating to those assets may be transferred to the accumulated surplus.

The gain or loss arising from the derecognition of an asset shall be included in the Statement of Comprehensive Income when the asset is derecognised.

Any transfers from the asset revaluation surplus to the accumulated surplus shall be limited to the amount of the asset revaluation surplus for that class of assets and shall not exceed the amount of the net revaluation increments attributable to the assets which have been disposed.

Where assets are transferred between departments, the asset revaluation increments recorded in the asset revaluation surplus relating to those assets shall not be transferred. The transferor department may transfer the related increments to the accumulated surplus.

Once amounts are transferred from an asset revaluation surplus to the accumulated surplus, they shall not be transferred back to the asset revaluation surplus nor applied against revaluation decrements for any other assets.

The asset revaluation surplus shall not have a negative (debit) balance because any revaluation or impairment decrements that exceed the balance of the asset revaluation surplus shall be expensed.

The asset revaluation surplus shall not be used (credited) to recognise assets not previously recognised due to error. These assets shall be accounted for in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

### 9.2.3.2 General reserves

The department must not create general reserves without prior Treasury and Trade approval. A submission to create a general reserve shall include the following:

- a clear explanation of the purpose for the creation of the reserve
- the manner in which the proposed reserve will be managed on an ongoing basis and
- anticipated future cash outlays from the proposed reserve.

### 9.2.3.3 Annual review of reserves

Any Treasury and Trade approved reserves shall be reviewed annually for continued appropriateness for the department’s present operations.

The department shall transfer the balances of any reserves that are no longer required to the accumulated surplus account.

Refer to APG 15 Framework for the Approval of General Reserves, issued by Queensland Treasury and Trade.
9.3 Machinery of Government Equity Adjustments

The transferor department shall record a decrease in its assets and/or its liabilities with a corresponding decrease/increase in contributed equity. Conversely, the transferee department shall recognise a matching increase in assets/liabilities and in equity injection/withdrawal.

Where the balance of the contributed equity account is insufficient to absorb the non-appropriated equity adjustment, the remainder of the adjustment shall be made to the accumulated surplus.

These adjustments are known as non-appropriated equity adjustments.

Reserve balances, including the asset revaluation surplus, shall not be transferred between departments.

In the context of a restructuring of administrative arrangements (MOG changes), if an error is identified in an abolished department’s financial statements and this error materially impacts the originally agreed value of an asset and/or liability transferred to a continuing department, the continuing department shall recognise the error by making an adjustment against the Contributed Equity account - ‘Non-appropriated Equity’ and the value of the transferred asset or liability with full note disclosures.

9.4 Disclosure

In the compilation of the annual financial statements, the department is to prepare a separate Statement of Changes in Equity. This statement is to provide a reconciliation of equity between its opening and closing balance as disclosed in the Statement of Financial Position. The statement shall outline the balance of:

- contributed equity
- accumulated surplus
- each reserve

at the beginning of the period and at the reporting date, and the changes during the period.

For the specific disclosure requirements applying to equity, refer to:

- AASB 101 Presentation of Financial Statements
- Financial Reporting Requirements for Queensland Government Agencies:
  - Part B, Reporting Requirements, Section 7, Statement of Changes in Equity

issued by Queensland Treasury and Trade
9.4.1 Accounting Policies, Changes in Estimates and Errors

Changes in accounting policies and changes in accounting estimates and errors made often require adjustments to be made to the balances of equity accounts, not only in the current accounting period but also in previous periods – refer to:

- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- APG 11 Accounting Policies, Changes in Accounting Estimates and Errors.

A voluntary change in accounting policy must be accounted for retrospectively by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it must be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

The department must correct material prior period errors retrospectively in the first financial statements authorised for issue after their discovery by:

- restating the comparative amounts for the prior period(s) presented in which the error occurred or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the department shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period).

9.4.2. Events After the Reporting Period

Adjusting and non-adjusting events may occur after the end of the reporting period and these events may have an impact on equity balances.

Adjusting events are events that provide evidence of conditions that existed at the reporting date.

If the department receives information after the reporting date about conditions that existed at the reporting date, it shall adjust the material amounts recognised in the annual financial statements or recognise items that were not previously recognised, in the light of the new information. For example, at balance date there may have been an agreement with Queensland Treasury and Trade that an equity withdrawal was payable.

Non-adjusting events are events that are indicative of conditions that arose after the reporting date.

The department shall not adjust the amounts recognised in the annual financial statements to reflect non-adjusting events after the reporting date. For example, Queensland Treasury and Trade may have agreed that an equity injection had been approved in recognition of additional material responsibilities assumed by the department late in the financial year.
Refer to AASB 110 Events after the Reporting Period.

9.5 Specific Controls

9.5.1 Controls on Managing Equity

In managing equity, control over the relative proportions of debt and equity financing of operations is at least as crucial as control over the actual dollar value of the equity itself.

The department is to establish, document and maintain appropriate controls over all adjustments to equity including:

- transfers to or from the asset revaluation surplus
- transfers to or from other reserves
- transfers to retained surplus/accumulated losses
- the creation of new reserves via transfers from retained surplus/accumulated losses.

Amounts to be transferred to either new reserves or to existing reserves should be determined in accordance with a methodology which incorporates financially sound controls and takes into account both budget assumptions and actual transfer processes.

Information regarding new reserves created by transfers from retained surpluses/ accumulated losses, and the levels of existing reserves, is to be made available to the Director-General in the course of annual business planning and annual financial reporting.
9.6 References

Legislation

- *Financial Accountability Act 2009*

Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB)

- *AASB 5 Non-Current Assets Held for Sale and Discontinued Operations*
- *AASB 101 Presentation of Financial Statements*
- *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*
- *AASB 110 Events after the Reporting Period*
- *AASB 116 Property, Plant and Equipment*
- *AASB 136 Impairment of Assets*
- *AASB 138 Intangible Assets*
- *AASB 1004 Contributions*
- *AASB 1048 Interpretation and Application of Standards*

Australian Accounting Interpretations issued by the Australian Accounting Standards Board (AASB)

- *Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities*

Australian Accounting Standards Board Conceptual Framework

- *Conceptual Framework for the Preparation and Presentation of Financial Statements*

Queensland Government Policy and Guidelines

Queensland Treasury and Trade

- *APG 2 Contributions Received by Not-For-Profit Agencies*
- *APG 9 Accounting for Contributions from Owners and Distributions to Owners*
- *APG 11 Accounting Policies, Changes in Accounting Estimates and Errors*
- *APG 15 Framework for the Approval of General Reserves*
- *Financial Reporting Requirements for Queensland Government Agencies*
  - *Part B Reporting Requirements*
  - *Part D, Sunshine Department Model Financial Statements*
- *Non-Current Asset Policies for the Queensland Public Sector*
Financial Management Practice Manual

Chapter Ten

Corporate Management
## Chapter 10 – Corporate Management

10.6.4 Industrial Relations Matters ........................................................................................................ 31

### 10.7 Private Practice Arrangements ................................................................................................. 32

10.7.1 Overview .................................................................................................................................... 32
10.7.2 Practitioner .................................................................................................................................. 32
10.7.3 Bodies Corporate or Unincorporated ......................................................................................... 32
10.7.4 Natural Persons ........................................................................................................................... 33
10.7.5 Accounting Requirements ........................................................................................................ 33
   10.7.5.1 Option A ............................................................................................................................... 33
   10.7.5.2 Option B and R ..................................................................................................................... 33
   10.7.5.3 Option P ............................................................................................................................... 34

### 10.8 Financial Records Management ................................................................................................ 35

10.8.1 Overview .................................................................................................................................... 35
10.8.2 Creating Financial Records ........................................................................................................ 36
10.8.3 Safeguarding Financial Records ................................................................................................. 36
10.8.4 Retention and Disposal of Financial Records ............................................................................ 36
   10.8.4.1 Queensland State Archives references – digital continuity resources ............................ 37
   10.8.4.2 Queensland State Archives references – retention of original documents .................... 38
10.8.5 Vital Financial Records ............................................................................................................... 39
10.8.6 Accountable Forms ..................................................................................................................... 39
   10.8.6.1 Recording and control .......................................................................................................... 40
   10.8.6.2 Forwarded to other operational units or Hospital and Health Services ......................... 40
   10.8.6.3 Destruction ......................................................................................................................... 40
   10.8.6.4 Safeguarding ....................................................................................................................... 41
10.8.7 Working Papers ............................................................................................................................ 41
   10.8.7.1 Indexing ............................................................................................................................... 41
   10.8.7.2 Attachments ......................................................................................................................... 42
   10.8.7.3 Assumptions ....................................................................................................................... 42
   10.8.7.4 Cross-referencing ............................................................................................................... 43
   10.8.7.5 Filing .................................................................................................................................... 43
10.8.8 Journal Entries ............................................................................................................................. 43
   10.8.8.1 Role of journal entries ......................................................................................................... 43
   10.8.8.2 Format and completion ........................................................................................................ 43
   10.8.8.3 Numbering ......................................................................................................................... 44
   10.8.8.4 Supporting documentation ................................................................................................. 44
   10.8.8.5 Filing .................................................................................................................................... 45
10.8.9 Third Party Requests for Records Addressed to the Director-General, Queensland Health ...... 45
   10.8.9.1 Powers under the Authority ............................................................................................... 45
   10.8.9.2 Section 134A of the Evidence Act 1977 ............................................................................ 46

### 10.9 Corporate Internal Controls ..................................................................................................... 46

10.9.1 Overview .................................................................................................................................... 46
10.9.2 Organisational Structure ........................................................................................................... 48
10.9.3 Management Supervision .......................................................................................................... 49
10.9.4 Segregation of Duties ................................................................................................................ 49
10.9.5 Personnel .................................................................................................................................... 50
10.9.6 Control Procedures ..................................................................................................................... 50
10.9.7 On-line Computer Systems ....................................................................................................... 51
10.9.8 Electronic Signatures .................................................................................................................. 53

### 10.10 Cost Centre Management ......................................................................................................... 53
Chapter 10 – Corporate Management

10.10.1 The Cost Centre Manager ................................................................. 53
10.10.2 The Role of the Cost Centre Structure ........................................... 53
10.10.3 Types of Cost Centres ................................................................. 53
  10.10.3.1 Overhead cost centres ......................................................... 53
  10.10.3.2 Final cost centres .......................................................... 54
10.10.4 Guidelines for Establishing Cost Centres ....................................... 54
  10.10.4.1 A management unit .......................................................... 54
  10.10.4.2 A physical space ............................................................... 54
  10.10.4.3 A production/service unit .................................................. 55
  10.10.4.4 A unit providing distinct services ......................................... 55
  10.10.4.5 Measurability ................................................................. 55
  10.10.4.6 Purposes of the cost centre .................................................. 55
  10.10.4.7 Cost centres and diagnosis related groups ......................... 56
10.11 Hospital and Health Service Service and Performance Agreements .... 56
  10.11.1 Policy .................................................................................... 56
  10.11.2 Procedure .............................................................................. 58
    10.11.2.1 Timing ........................................................................... 58
    10.11.2.2 Content of Service Agreements ............................................ 58
    10.11.2.3 Key performance indicators ................................................ 58
    10.11.2.4 Acknowledgement .......................................................... 58
10.12 Financial Management Assurance (FMA) ......................................... 59
  10.12.1 Policy .................................................................................... 59
  10.12.2 Objectives .............................................................................. 59
  10.12.3 Procedures .............................................................................. 59
10.13 Employee Records Management ..................................................... 60
  10.13.1 Overview .............................................................................. 60
  10.13.2 New Personnel and Authorisation ............................................ 60
  10.13.3 Payroll Records ...................................................................... 61
    10.13.3.1 Permanent information ....................................................... 61
    10.13.3.2 Current information .......................................................... 62
  10.13.4 Leave Records ....................................................................... 62
  10.13.5 Termination of Employment .................................................... 63
10.14 Payments Following the Death of an Officer ...................................... 64
  10.14.1 Overview .............................................................................. 64
  10.14.2 General Procedure ................................................................. 64
  10.14.3 Accrued Salary and Wages ....................................................... 64
  10.14.4 Accrued Annual Leave and Long Service Leave ....................... 64
  10.14.5 Eligible Termination Payments ................................................. 65
  10.14.6 Salary Sacrifice Arrangements ................................................ 65
  10.14.7 Other Payments ..................................................................... 66
10.15 Unclaimed Property ......................................................................... 66
  10.15.1 Unclaimed Property and the Public Trustee .............................. 66
10.16 Fraud and Corruption Control ......................................................... 67
  10.16.1 Introduction .......................................................................... 67
  10.16.2 Financial Legislative Obligations .............................................. 67
  10.16.3 Policy .................................................................................... 68
10.1 Project Commencement Approvals

10.1.1 Policy statement

While the FAA provides that the accountable officer is responsible for approving (or delegating the power to approve) all expenditure and projects, Government policy restricts this.

The department is required to obtain Governor in Council approval prior to commencing a high value project as defined by Treasury and Trade’s policy. The policy can be obtained from:


Additional guidance on the policy is available in the Queensland Executive Council Handbook which can be obtained from:


This policy reflects Queensland Treasury and Trade’s whole of government policy – *Project Commencement Approvals*, which distinguishes seeking expenditure approval from seeking project commencement approval.

This policy is applicable to all forms of expenditure inclusive of programs, projects, contracts, grants and guarantees, whether undertaken for the department or on behalf of a HHS, and outlines the requirements for seeking approval from the relevant delegate for:

- the commencement of a project (exercising non recurrent financial delegation)
- and
- increasing the scope or value of a project which has previously received project commencement approval.

The primary steps required are as follows:

- secure funding approval
- seek project commencement approval (utilising non recurrent approval)
- commence project and obtain recurrent financial approval prior to either signing a contract or releasing a purchase order via means of using a type 5 procurement delegation
- and
- release funds/make payments utilising a recurrent approval

Project commencement approval is required when the department has completed, for example, preliminary planning, relevant business cases and briefings and has been notified of the funding decision. Project commencement approval via means of a brief shall be sought for the total value of the project inclusive of GST and based on the most robust estimates available. Briefings must be retained for audit purposes.

Governor in Council (GIC) approval is required to commence a project up to a specific value when the total value of the project is valued over $10 million (including GST).

The Minister may approve the commencement of a project valued up to $10 million (including GST).
Chapter 10 – Corporate Management

The accountable officer or delegate may approve the commencement of a project valued up to and including $5 million (including GST) in accordance with established non recurrent financial delegations.

A project is a discrete collection of activities to achieve a specified result within a defined timeframe and can comprise one or more contracts. A project can be a stand alone project or a component of an overarching program. Program approvals are not permitted. However, each project within a program may be collectively submitted for approval, to have each individual project appropriately approved.

A project may be comprised of one contract or multiple contracts. Any contract derived from a project will be referred to as a component contract. Once a project has received project commencement approval, at the time of or prior to, obtaining a contract signing delegation approval, a recurrent financial delegation shall be obtained to financially approve each component contract.

10.1.2 Seeking Governor in Council approval

Projects greater than $10 million must obtain GIC approval. The department’s Cabinet and Parliamentary Services team requires completion of a departmental briefing note, seeking GIC approval for project commencement.

As a minimum, the briefing note must contain the following information:

- name of the project
- total estimated value of the project
- the name of the department seeking the approval, as well as all departments involved in the project
- a description of the project
- how the project is to be funded (including a CBRC approval decision number, where appropriate), and
- details of major key milestone dates associated with the project, including expected or planned completion timeframe (for example, major stages/phases of completion).

GIC approvals will be obtained as evidenced via an Executive Council Minute.

For further information regarding GIC approval, refer to The Executive Council Handbook:
- section 5.2 Matters for consideration by Governor in Council
- section 5.2.3 Project commencement approvals

10.1.3 Awarding of expenditure against contracts, grants or guarantees

Once the project commencement approval has been obtained (non recurrent), for departmental purposes the delegation for the incurrence of expenditure with respect to a contract which is a component of the project commencement approval is a recurrent financial delegation.

Where the GIC has previously provided project commencement approval, (non recurrent), the component contracts, grants or guarantees and related expenditure may be authorised (by using a recurrent) as follows:

- the Director General or Minister may approve the incurrence of expenditure with
Chapter 10 – Corporate Management

respect to any contract which is a component of the project commencement approval even if the value or estimated value of the contract exceeds $10 million, limited by the total project commencement approval amount

- officers of the department, who have received the necessary financial delegation by the Director-General, may approve the incurrence of expenditure with respect to a contract which is a component of the project commencement approval within their position’s recurrent financial delegation.

The execution of any contract requires a Type 5 Procurement Delegation. The delegate must be satisfied that the recurrent approval has been given before signing.

10.1.4 Significant changes to scope

This section specifically addresses a significant change to the scope of a project.

Where there is a change to the value of the project (and no change to the scope), a revised project approval is required as outlined in FMPM section 10.2.4 Changes to project value.

A significant change to the scope of a project previously approved under project commencement approval is considered to be a new project and shall require a new project commencement approval regardless of any change in project value.

Where a project has a significant change to the scope and the value of the project, the significant change to scope shall take precedence over the change in value and a new project commencement approval shall be required. New project commencement approvals shall provide details of any former approvals, and shall seek approval for the entire value of the project, not merely the change in value from the initial approval, even if the new value is less than the initial approval amount.

Significant change to scope shall include but is not limited to:

- a change to, or a new government announced deliverable
- a change in the location of a project
- or
- a change to the nature of a project (including increased scope as a result of savings within the project’s original funding allocation or change in service deliverables).

Examples where a significant change to scope shall require a new project commencement approval include but are not limited to:

- a project receives an additional source of funding, for example Commonwealth or State, for example, a Priority Capital Program, which changes both the scope and value of the project; where this occurs, the change in scope shall take precedence over the change in value; this project shall require a new project commencement approval from the relevant delegate
- a HHS has determined that priorities within the HHS area have changed and the approved project would be better delivered at another health campus; this project shall require a new project commencement approval from the relevant delegate
- project commencement approval has been received to undertake a project with a specified scope. During or at the completion of the project, savings have been identified within the original approved funding allocation. Any subsequent decision to deliver further services, infrastructure
etc from this original approved funding allocation would be considered a significant change in scope (irrespective of there being no change in funding). This project shall require a new project commencement approval from the relevant delegate.

Where it is not immediately apparent if a change to scope is considered to be a significant change, before proceeding, consultation shall be undertaken with the relevant head of office or branch, or governance board, to determine if the change is a significant change. This decision shall be documented and retained in accordance with records management policies and procedures – refer to FMPM section 10.7 Financial Records Management.

10.1.5 Changes to project value

This section specifically addresses a change to the value of the project (which does not include a change to scope).

Where there is a significant change to the scope of a project, which may or may not include a change to the value of the project, a new project commencement approval is required as outlined in FMPM section 10.2.10.3 Significant changes to scope.

An example where a change to the value of a project shall require a revised project approval includes, but is not limited to, a project which receives an additional source of funding from the State for example, an approved allocation from the Emergent Works Provision specifically for tender overrun or project finalisation that changes the value of the project but does not change the scope of the project. This allocation shall be added to the value of the original project commencement approval and the new value shall require revised project approval from the relevant delegate.

10.1.6 Variations

The undermentioned variations are to be dealt with in the manner indicated:

- where there is an additional value less than 10% on the original project commencement approval, authorisation shall be sought from the original approving delegate; variations less than 10% to projects that have been approved by the GIC, can be approved by the Minister or delegate
- where there is an additional value of 10% or greater on the project commencement approval, authorisation shall be sought from the relevant delegate or authority – for example:
  - where the original project commencement approval was provided by the Director General (within this position’s non recurrent financial delegation limit), an increase of 10% or greater will require re approval of the entire project under a revised project approval by:
    - the Director General if the revised total project value is equal to or less than $5 million
    - or
    - the Minister (as the next higher delegate) if the revised total project value is greater than $5 million
    - or
    - the GiC if the revised total project is greater than $10 million
  - where the original project commencement approval was provided by the Minister (within the position’s non recurrent financial delegation limit), an increase of 10% or greater will require re approval of the entire project under a revised project approval by:
    - the Minister if the revised total project value is equal to or less than $10 million
    - or
    - by the GiC (as the next higher delegate) if the revised total
• project is greater than $10 million
• where the GiC has provided the project commencement approval, any additional values that total less than 10% of the original approved value may be given revised project approval by the Minister or delegate
• and
• where GiC has provided the project commencement approval, an additional value of 10% or greater shall require revised project approval, from the GiC.

• Financial delegation limits cannot be exceeded in any circumstance inclusive of variations.

10.1.7 Transitional provisions

This policy has been effective from 1 July 2012.

Previously Approved Contracts. Any contracts approved pursuant to the requirements specified in Executive Council Minute No. 794 dated 19 November 2009 and not yet completed do not need to be re approved. Any variations to contracts approved pursuant to Executive Council Minute No. 794 shall be actioned as if Executive Council Minute No. 794 had not been revoked, and a Revised Expenditure Executive Council Minute submitted.

Previously Approved Projects. Any project not yet completed whether stand alone or one which consists of a number of components or contracts of which all components or contracts have been approved pursuant to Executive Council Minute No. 794, does not need to be re approved. Any variations to such projects approved pursuant to Executive Council Minute No. 794 shall be actioned as if Executive Council Minute No. 794 had not been revoked, and a Revised Expenditure Executive Council Minute submitted.

Partially Approved Projects
If a project is ongoing and consists of a number of contracts or components and only some of the contracts or components have been approved pursuant to Executive Council Minute No. 794, GiC approval, seeking a project commencement approval Executive Council Minute, shall be sought for the entire project. The contracts or components which have already received approval should be specifically identified.

For example, if the department is involved in a $12 million project and contracts worth $4 million have already been approved, then GiC project commencement approval shall be sought under this policy for the $12 million but decision numbers) of the contracts already approved pursuant to Executive Council No. 794.

Revocations
The Executive Council of Queensland Minute (ECM) 63 A Rescission, A Revocation, and Project Commencement Approvals formally:

• revokes ECM 751 relating to a revocation and project commencement approval delegations
• revokes ECM 794, relating to contract expenditure delegations and approval of new contract expenditure delegations (except where applied in the Transitional Provisions), be revoked from 1 July 2012
• approves the thresholds for the commencement of departmental projects, as set out in the Policy Statement under Project Commencement Approvals, is to commence from 1 July 2012 and
• provides the transitional provisions to enable completion of contracts previously
10.1.8 Exemptions from Project Commencement Approval

The Queensland Treasury and Trade’s whole of government policy, Executive Council Minute (ECM) 63 – *Project Commencement Approvals* is applicable to all projects, except:

- projects collaborated with another Queensland Government department, statutory body, Government-owned corporation or other entity controlled by the State, provided the project will not involve contracts with parties external to the Government for performance of the work,
- projects where the department *has considered its specific business and determined and documented what expenditure is excluded*.

Note:
It has been identified that the following do **not** require *non recurrent* project commencement approval:

a) Hospital and Health Services’ (HHS) Service Agreements;
b) HHS Service Agreement payments;
c) National Health Reform Agreement payments;
d) Cross Border payments (as contained within the National Health Reform Agreement);
e) Mater Misericordiae Service Agreement payments;
f) Closed Loop payments (see examples below);
g) National Blood Authority – National Blood Agreement;
h) Queensland Institute of Medical Research (QIMR) budget allocation,
i) Sponsorships undertaken by the Office of the Director-General; and

The following arrangements commit the Department to financial expenditure and **require** a recurrent financial delegation approval for payment of:

a) National Blood Authority – National Blood Agreement;
b) QIMR Budget Funding;

The National Blood Agreement is made between the Commonwealth and the States and Territories. One of the primary objectives is to provide an adequate, safe, and affordable supply of blood products, blood related products and blood related services in Australia which is jointly funded for National Blood Supply by the Commonwealth, the States and Territories.

Queensland Institute of Medical Research receive their annual state funding as an appropriation payment via the Department of Health.

The primary steps for arrangements that require recurrent financial approval as listed above from a) to b) are as follows:

1) Secure funding approval
2) Seek approval (utilising a recurrent financial delegation approval)
3) Sign the contract/agreement
4) Release funds/make payments utilising a recurrent approval

The following are authorised as banking transactions approved by funding verifying and funding authorising officers and do not require a financial approval:
a) HHS Service Agreement payments;
b) National Health Reform Agreement payments;
c) Cross Border Payments (as contained within the National Health Reform Agreement);
d) Mater Misericordiae Service Agreement payments;
e) Closed Loop payments.

National Health Reform Agreement payments, HHS Service Agreements payments, Cross Border payments, Mater Service Agreement payments and Closed Loop payments are banking transactions. The payments are approved by Funding Verifying Officers and Funding Authorising Officers established as per Department of Health’s Funding Flows for Health Reform Business Banking Requirements.

**HHS Service Agreements** define the services that are to be delivered by the HHS and the funding to be provided to the HHS via the Department for the delivery of these services. These agreements are approved by the Director General and the respective HHS Board Chair. The dissemination of funding occurs via the processing of **National Health Reform Agreement payments**.

**Cross Border payments** are the payment mechanism of cross-border hospital activities to ensure the State where a patient would normally reside meets the cost of services where its resident receives hospital treatment in another jurisdiction.

Funding contributions by the resident State will be made to the provider State through the National Health Funding Pool and are approved by Funding Verifying Officers and Funding Authorising Officers established as per Department of Health’s Funding Flows for Health Reform Business Banking Requirements.

**Mater Misericordiae Service Agreement payments.** The Department of Health has entered into a Service Agreement with the Mater Health Services for the provision of public health services, which may include initiatives, performance targets, priorities and other measures relating to the delivery of services. Mater Misericordiae Service Agreement payments are approved by Funding Verifying Officers and Funding Authorising Officers established as per Department of Health’s Funding Flows for Health Reform Business Banking Requirements.

**Closed Loop Payments** are a process that captures all transactions between the Department of Health and Hospital and Health Services. This includes such transactions as:

- a weekly Department recoupment invoice, for example, for expenditure authorised for payment by HHS’s that has been paid from the Department’s Expenditure Bank Account;
- a monthly GST reimbursement to HHSs for Income Tax Credits claimed by the Department;
- a monthly Fee for Service invoice (previously internal charging for items such as pathology and information technology services); and
- HHS invoices to the Department for items such as recoveries of expenses paid on behalf of the department.

A rigorous reconciliation process is to be undertaken prior to processing. The payments are to be approved by Funding Verifying Officers and Funding Authorising Officers established as per Department of Health’s Funding Flows for Health Reform Business Banking Requirements. A financial delegation is not required for this process, as financial delegations were exercised at the time the initial transaction gave rise to the need for these funds to be transferred between the Department of Health and HHS bank accounts.
10.2 Financial Delegations

10.2.1 Overview

Financial delegations should be exercised to ensure that financial transaction recording and processing is undertaken within approved limits.

All financial transactions should be authorised by an officer with appropriate authority.

The department will create a structure of financial delegations that will provide transparency and efficiency in its financial operations. The objective is to keep the department’s delegations structure to a maintainable, minimal and functional level with delegations only being assigned to appropriate officers who can perform their duties effectively and responsibly.

A delegation is the entrusting of authority to another position. Responsibility cannot be delegated. Reference should be made to the Department of Health’s Delegations Policy.

Delegations shall not reside with contractors or consultants.

It is important, when considering a position to which a delegation might be made, that due care is exercised with segregation of duties and other internal controls, including complying with the department’s delegations policy. If a person having, or if a position with, compromising duties is given a delegation, the responsibility and thus accountability for any problems arising from such a compromise will flow upwards through the delegation process. Compromising duties are those out of which conflicts of interest may arise, or where adequate segregation of duties is missing or deficient.

Delegations or delegated duties should be clearly communicated to officers to ensure that they are fully aware of:

- the necessary procedures for various transactions
- the obligations and their consequences
- their monetary limits
- classification of their authority
- area of responsibility by which a delegation is restricted.

Importantly, adequate segregation of duties between key functions, notably in the purchasing area, must be adhered to, and, in particular, the functions of:

- raising purchase orders
- releasing orders
- receipting goods

should be vested in separate officers. To provide adequate control against potential fraud, the functions of physically receiving goods and the receipting function in FAMMIS, need to be segregated from the raising and releasing of purchase orders.

Financial delegations are to be reviewed every six months in March/April and in September/October. All areas of the department may request the Director-General’s approval to add new delegations or to cancel existing approved delegations at these times. Any requests for
changes to financial delegations outside of these review periods will be considered only on the basis of urgency, organisational restructuring or staff changes.

A master register of financial delegations is to be maintained by the Financial Policy Unit, Finance Branch, System Support Services Division.

Only officers occupying positions to which the Director-General has delegated authority (Financial Accountability Act 2009 (FAA), Division 3, section 76) can authorise expenditure by signing as an Authorised Expenditure Approval Officer. The delegation states the position titles of Authorised Approval Officers and their delegated amounts. Delegations are made to positions and not to officers by name. Delegations are limited by areas of responsibility of these officers.

Authorised Expenditure Approval Officers cannot transfer their authority to any other position or officer. Where an officer relieves or acts in a position and authorises a procedure under the position’s delegation, then, for audit purposes, the relieving/acting approval records are to record the acting officer’s name and the period of time he/she performed the role.

The expenditure delegation for signing any contract should be guided by Executive Council Minute 63, Project Commencement Approvals.

Reference should be made to the following:

- FMPM section 2.3 Delegations and Authorisations
- FMPM section 5.6 Receipting of Funds
- FMPM section 6.2 Purchasing Policy
- FMPM section 6.4 Processing and Payment

- FMPM section 10.2 Procurement Delegations
- FMPM Appendix 18, Projects by GIC or Minister – resultant component contracts > $5m requiring DG approval.

Refer also to Financial Accountability Handbook (FAH), Information Sheet 3.4 Delegations, issued by Queensland Treasury and Trade.

10.2.2 Steps Involved in Purchasing

Section 19 (3) of the Financial and Performance Management Standard 2009 (FPMS) mandates that the accountable officer (Director-General) must comply with the following documents with respect to expense management:

- Queensland Procurement Policy 2013
- Queensland Procurement Policy 2013

and

- Queensland Ministerial Handbook

The five basic steps in the procurement process are:

- requisition and expenditure approval
- procurement function, including ordering/contracting
- goods receipt
accounting function of matching purchase orders with goods received and invoices received (GRIR) and
approving the payment of invoices.

Refer to:

- FMPM section 6.2 Purchasing Policy
- FMPM section 10.8.4 Segregation of Duties.

10.2.2.1 Requisition and expenditure approval

Departmental officers may request the supply of goods or services. The expenditure approval delegation is performed by an Authorised Expenditure Approval Officer.

Expenditure approved by delegated officers is to be within the classification, monetary limits and area of responsibility of their delegations.

The initial approval of a contract is to be based upon the whole of life value of the contract or project. This initial approval is to be obtained by using a non recurrent financial delegation. Once approved, the subsequent disbursements are made by exercising a recurrent financial delegation.

If expenditure requires approval by the Director-General or delegate, a submission is to provide the following details:

- the reasons for the expenditure being required
- the details of expenditure options considered, for example, to buy, lease or refurbish existing property
- the reasons for selecting the supplier, for example, key tender specifications, tenderer’s organisation names
- the criteria used to assess tenders and
- the name of the successful tenderer and total contract price.

When the total contract price is dependent on a variable, for example, kilograms of linen washed, then the estimated total cost is to be included. If the actual cost or the amount estimated exceeds the approved expenditure, then the order/contract is to be resubmitted for approval.

Authorised Expenditure Approval Officers cannot approve any expenditure incurred by themselves on travel, meals, conferences and other similar expenditure. Accordingly, the ‘one-up rule’ must apply with the following exception.

Claims made by Executive Management Team members for petty cash reimbursements, travel, conferences and other similar expenditure are to be presented to the Chief Finance Officer for expenditure approval authorisation. This is a deviation from the normal ‘one-up’ rule, as required, for greater operational efficiency. The Chief Finance Officer is also able to provide emergent travel approvals, as required, for Executive Management Team members.

The responsibilities of the Authorised Expenditure Approval Officer are to ensure that:

- the goods are for official use
the expenditure complies with the *Queensland Procurement Policy 2013* and
funds are available.

Approval by the Authorised Expenditure Approval Officer is to be provided prior to any commitment being made, contract signed or purchase order issued. Exceptions to this are for services, for example, electricity or telephone, where services are provided with payment made in arrears of usage. These commitments still require approval by the Authorised Expenditure Approval Officer for payment.

If the invoice amount is greater than 10% of the approved expenditure, then the order is to be resubmitted for approval of the total amount. If the invoice amount is equal to or less than 10% of the approved expenditure, then the original approver may authorise the payment.

The amount of delegation required for the purchase of goods and services is to relate to the total quantity and value of materials, equipment or services in any one order. Splitting of quotations and orders to bring a payment within the limit of a delegation is not permitted.

The exercise of the delegation is based on the GST inclusive price.

Authorised Expenditure Approval Officers are to print their name, position title and date, in legible writing, as near as possible to their signature.

Refer to FMPM section 10.8.4 Segregation of Duties.

Delegations for Authorised Expenditure Approval Officers are separate from delegations for Authorised Losses Approval Officers and delegations for Authorised Special Payments Approval Officers. Thus, Authorised Expenditure Approval Officers cannot approve a loss or a special payment unless they have specifically been delegated with that authority.

Refer also to:
- FMPM section 6.2.7 Purchase Approval
- FMPM section 6.2.10 Approval Process
- FMPM section 6.2.13 Purchase Requisitions
- FMPM section 6.2.14 Purchase via Tender.

### 10.2.2.2 Procurement

The procurement function should be undertaken by an Authorised Procurement Officer.

The procurement function must comply with the *Queensland Procurement Policy 2013*, and the *Queensland Ministerial Handbook*.

The *Queensland Procurement Policy 2013* aims to unlock the benefits of procurement including:

- better agency buying performance, reflected in increased savings, avoidance of unnecessary cost, and improved service delivery
- building Queensland’s regions by ensuring that competitive local businesses receive equal opportunities
- making government supply opportunities more transparent, and easier for business to access
• growing a diverse and innovative economy
• fostering a sustainable future
and
• maintaining fairness standards in employee conditions.

Authorised Procurement Officers must be competent to undertake the procurement role. Queensland Government Marketplace (QGM) handbooks can be accessed online. QGM provides the Procurement Certification Program.

The Director-General is responsible for training requirements for certification at all levels and may delegate that responsibility.

Only officers, who have attained QGM Procurement Certification as guided by the Department of Health Purchasing Policy and Procedures, receive an Authorised Procurement Officer delegation from the Director-General.

The Health Services Support Agency (HSSA) requires written requests for new or amended procurement delegations.

Authorised Procurement Officers are to print their name, position title and date, in legible writing, as near as possible to their signature when authorising procurement on hard copy.

**Procurement to payment.** Prior to the procurement of goods or services, the initiator and/or the procurement delegate are to determine the most appropriate processing method. The procurement methods available are;

- petty cash
- corporate purchasing card
- purchase orders
and
- direct invoices processed through a general purpose voucher.

A procurement decision will be based on existing Department of Health Procurement Policy and Procedures. These are available at:


The following factors should be given consideration:

- the value of each transaction – low value items should be obtained through petty cash or the corporate purchasing card; higher value transactions should be purchased via the corporate purchasing card, general purpose voucher or purchase orders
- the frequency of each transaction – one-off, infrequent or regular requirements are managed differently, for example, transactions that are regular in nature are to be arranged through the corporate purchasing card or purchase orders
- the nature of the requirement – consumables, utilities, maintenance requirements, assets, services and consultancies are managed differently in terms of procurement
- the capabilities of the vendor – to accept a specific procurement request, for example, the corporate purchasing card
- the delivery process, for example, through the HSSA, by collection by the ordering officer or delivery direct from the vendor to an ordering officer
the nature of the market, for example, easy to secure, limited market or difficult to source and
whether existing arrangements are in place via Standing Offer Arrangements (SOA).

The consideration of existing policies and procedures, along with the above factors will support a decision to utilise one of the following procurement methods:

• petty cash
  petty cash is to be used for the purchase of items of a relatively minor amount; the types of expenses paid from petty cash may vary according to operational unit requirements; the Director-General has discretion with the setting of petty cash limits and petty cash imprest floats; this manual outlines internal controls required while petty cash procedures for the goods and services tax are outlined at:


• refer also to FMPM section 7.4.4 Petty Cash

• corporate purchasing card
  the corporate purchasing card is the primary payment mechanism for the procurement of a wide range of goods and services, including conferences and seminars, utilities, office expenses, parking, postage, general purchases, food and grocery items, repairs and maintenance and hardware items
  the corporate purchasing card is not to be used for the acquisition/payment of any clinical products and/or products and services on whole of Health Standing Operational Arrangements
  corporate purchasing cards incorporate inbuilt controls and accountabilities that govern the use for each card holder, including transactions and expenditure items – refer to:
  and
  • FMPM section 6.5 Credit Cards

• purchase orders
  the standard process for the acquisition of goods and services involves creating an electronic FAMMIS purchase requisition and issuing a FAMMIS purchase order; the use of FAMMIS ensures that appropriate controls are exercised for financial approvals and the procurement process in accordance with this Manual; it is also important to note that an appropriate purchase requisition needs to be raised and/or a procurement delegation exercised by the Authorised Procurement Officer prior to the acquisition of the goods or services; the use of emergency purchase orders is to be limited to genuine emergency situations
  blanket purchase orders are a type of purchase order that should only be established for the acquisition of goods or services for which a local SOA has been established and for which appropriate procurement delegations (both types 3 and 5) have been exercised; broadly, it may be appropriate to establish a blanket purchase order to facilitate the acquisition/payment process if the requirement meets the following criteria:
  • it is a recurring requirement
  • the requirement is for the same product or service
  • the requirement is sourced from the same vendor
Chapter 10 – Corporate Management

- the blanket purchase order is established against a local SOA and makes reference to the SOA or Outline Agreement
- the requirement is for delivery direct from the vendor to the customer
- the initial requirement is supported by an appropriately approved purchase requisition
- the value of the purchase requisition and the subsequent blanket purchase order reflects anticipated expenditure for the period and the order is ‘closed off’ prior to the end of the financial year
- the blanket purchase order has been established to facilitate the acquisition/payment process and is not merely an attempt to circumvent good procurement practice
- direct invoice/general purchase voucher
- general purchase vouchers are to be used for all payments that are not able to be processed by the means above; typically this includes rates, electricity, telecommunications, other recurrent utilities, consultancies and freight charges. Purchase orders are to be raised where goods and services are to be supplied on credit by a supplier and in accordance with Department of Health general conditions.

Refer to:
- FMPM section 6.2.15 Purchase Order Issue
- FMPM section 6.2.16 Work Orders
- FMPM section 6.2.19 Cancellation of Purchase Orders
- FMPM section 6.2.20 Internal Control on Purchasing
- FMPM section 10.8.4 Segregation of Duties.

10.2.2.3 Receiving

Goods receipt is undertaken by a Receiving Officer. Where practical, the receiving function is to be undertaken by an officer whose duties are separate from those of the officers incurring the expenditure and procurement approvals, that is, separate from the officers signing as the Authorised Expenditure Approval Officer and the Authorised Procurement Officer.

While most goods and services are delivered to central receiving points, some goods are delivered direct to operational units. Officers need to be diligent in their responsibilities as Receiving Officer.

A Receiving Officer must be an officer of the department. A Receiving Officer’s function is to ensure that goods and services that are ordered are received as stated and are in an acceptable condition. In acknowledgement of the valid receipt of the goods/services, Receiving Officers are to print ‘Goods/Services received’, their name, position title, date and sign the invoice in legible writing. Alternatively, the Receiving Officer may apply a stamp, with similar wording to the above, to the invoice in acknowledgement of the goods/services receipt.

Delivery dockets for FAMMIS purchase order transactions should be retained within the receiving area following receipting into FAMMIS. For other goods received, delivery and other relevant documentation is to be forwarded to the Finance Transactions Unit, Finance Branch, System Support Services Division to match with invoices.

Refer to:
• FMPM section 6.3 Goods Receiving and
• FMPM section 10.8.4 Segregation of Duties.

10.2.2.4 Accounting processing

The accounting processing function is undertaken by an Authorised Accounting Officer.

An Authorised Accounting Officer must be an officer of the department who is approved in writing by the officer’s supervisor to undertake the responsibilities of an Authorised Accounting Officer. This approval may be detailed in the officer’s position description.

An Authorised Accounting Officer’s primary function is to ensure that financial transactions for goods and services are correctly processed and that appropriate supporting documentation is readily available.

Responsibilities of the Authorised Accounting Officer are primarily to check that the:

• general ledger account codes and cost centres are correct
• amount to be paid is calculated using approved rates and is arithmetically correct
• supporting evidence exists indicating that suppliers have satisfactorily performed their duties, resulting in the department’s obligation for payment of the invoice
• invoice has not already been paid
• discounts are taken where applicable
• Authorised Expenditure Approval Officer has signed the requisition, purchase order and/or voucher
• Authorised Expenditure Approval Officer has the level of expenditure delegation necessary for the cost centre and
• Authorised Procurement Officer has certified adherence to the Queensland Procurement Policy 2013.

Refer to FMPM section 10.8.4 Segregation of Duties.

Authorised Accounting Officers are to print their name, position title and date, in legible writing, as near as possible to their signature when certifying compliance with their responsibilities.

10.2.2.5 Payment

The payment function is undertaken by an Authorised Payment Approving Officer. An Authorised Payment Approving Officer can be any officer of the department who has a sound understanding of the process of committing funds for the supply of goods and services and who is approved in writing by the officer’s supervisor to undertake those responsibilities.

The responsibilities of the Authorised Payment Approving Officer are:

• to examine the claim, ensuring compliance with the:
  • FAA
  • FPMS
  • FAH
  • Queensland Procurement Policy 2013
Chapter 10 – Corporate Management

and
• Financial Management Practice Manual (FMPM)
and
• to approve the payment from the designated bank account.

Refer to FMPM section 10.8.4 Segregation of Duties.

Authorised Payment Approving Officers are required to print their name, position title and date, in legible writing, as near as possible to their signature when certifying on the payment list that their responsibilities have been discharged and that payment has been approved.

The payment can be approved on a validation report prior to releasing cheques or electronic fund transfers (EFTs) provided:

• the required approvals have been obtained, that is, the signatures of the Authorised Expenditure Approval Officer, the Authorised Procurement Officer, the Receiving Officer and the Authorised Accounting Officer
• input details have been validated and
• funds are available in the designated bank account.

Refer also to:

• FMPM section 6.4.9 Processing Payments
• FMPM section 6.4.10 Recording of Payments
• FMPM section 6.4.11 Vendor Records
• FMPM section 6.4.12 One-Off Payments
• FMPM section 6.4.13 General Purpose Vouchers
• FMPM section 6.4.14 Payment Terms
and
• FMPM section 6.4.15 Discounts.

10.2.3 Setting Up Delegations

Financial delegations are given for the following forms of expenditure:

• recurrent expenditure – refer to FMPM section 6.20 Recurrent and Non-Recurrent Expenditure
• non-recurrent expenditure – refer to FMPM section 6.20 Recurrent and Non-Recurrent Expenditure
• losses and write-offs – refer to FMPM section 10.1.6 Losses and Special Payments Delegations
• special payments – refer to FMPM section 10.1.6 Losses and Special Payments Delegations and
• corporate card – refer to FMPM section 6.5 Corporate Cards.

Each of the above classifications serves different purposes and is not interchangeable. The structure of delegations submitted for approval must give due recognition to the circumstances within the operational unit, and to internal control requirements, particularly those of segregation of duties.
The proposer of a delegation needs to ensure that procurement and financial delegations and associated financial thresholds are appropriate for the level of judgement expected of individual officers.

Requests for new or amended expenditure financial delegations for the approval of the Director-General are to be forwarded in writing to the Chief Finance Officer, stating:

- the delegation amount requested
- the position title receiving the delegation
- the position number and classification
  and
- the reasons for requesting the approval.

Requests must be signed by the relevant director.

The submission from the Chief Finance Officer should make reference to the guideline delegation value for comparison.

When the title of the position to which a delegation has been given changes, an amendment to the delegation must be requested in the same manner.

When a position having a delegation is substantially changed in terms of its duties, function and responsibilities, the delegation to the prior position lapses and a new delegation may be requested.

When creating and assigning delegations, the following should be considered:

- the need for delegations based on the position and its responsibilities
- the level of risk associated with the provision of a delegation
- operational issues such as accessibility for regional staff, emergency situations, and timing to obtain approval
- the types of delegations to be assigned
- the appropriate financial cap or other limitations
- whether to grant the delegations to an individual or a position
  and
- appropriate segregation of duties.

**10.2.4 Using Delegations**

The terms of any delegation/s cannot be exceeded under any circumstances. Financial delegations cannot be sub-delegated, in accordance with section 76 of the FAA and with reference to section 103 of the *Public Service Act 2008*.

The power to revoke, suspend or reduce financial delegations granted to positions within the department rests with the Director-General in respect of delegations made pursuant to section 76 of the FAA.

If circumstances arise which warrant the suspension, revocation or reduction of a financial delegation, full details are to be forwarded to the Chief Finance Officer. The Chief Finance Officer, will submit an appropriate recommendation to the Director-General, through the Deputy Director-General, System Support Services Division for consideration. If the recommendation is approved, the delegation will be amended to reflect that reduction, suspension or revocation as approved.
Chapter 10 – Corporate Management

Officers must follow these policies in applying their delegation:

- officers are to print their name, position title and date, in legible writing, as near as possible to their signature when certifying that their responsibilities have been discharged
- cheques being signed manually should be signed by an officer independent of the accounting function where possible
- officers must not exceed the delegation limits approved by the Director-General even if automated systems permit this to occur
- invoices are to be endorsed ‘Goods/Services Received’, signed, dated, and printed with the name and position title of the Receiving Officer prior to being approved for payment by delegated officers
- officers must not exceed the recurrent and non-recurrent expenditure delegation limits approved by the Director-General (definitions of recurrent and non-recurrent expenditure can be found in FMPM section 6.20 Recurrent and Non-Recurrent Expenditure)
- officers must ensure that the goods and services are for official use and that the claim is reasonable and cost effective
- officers must ensure that there are funds available to cover the payment of the expenditure
- officers are to note that an expenditure approval is to be given prior to any commitment being made, contract signed or purchase order raised
- officers may not transfer their expenditure authority, that is, an officer officially relieving or acting in a position inherits the financial delegation for that position, but when an officer is absent, the financial delegation cannot be assumed by another officer
- officers may only exercise authority on matters relevant to their area of responsibility
- officers may not approve any expenditure incurred by themselves; the ‘one up rule’ must be applied
- officers may not approve a loss or special payment unless specifically delegated this authority
- delegations given to designated positions are to be exercised personally by the holders of those positions
- engagement of consultants is subject to policy and guidelines, Government policy and legislative provisions; reference should be made to the Consultancies page on the Health Services Purchasing and Logistics webpage for guidance
- all purchasing transactions, with the exception of real estate, are subject to the Queensland Procurement Policy
- all delegations must be exercised within budget limitations, that is, the amount that may be approved is the lesser of the delegation limit and the remaining budget
- delegates must be cognisant of not approving any expenditure where a personal benefit to the delegate may be seen to be derived, whether directly or indirectly, from such approval
- the existence of a delegation limit does not mean that every transaction within that limit must be automatically approved
- approvals of recurrent expenditure, arising from a prior approval as non-recurrent expenditure, must not exceed the prior non-recurrent expenditure approval amount, subject to the provisions regarding variations
- approvals under a financial delegation for loss write-off must be within the level of the delegation, with the amount under consideration being determined for each loss.

Refer also to the Project Approval Commencement Approval Policy.

In relation to a ‘writing off loss delegation’, the classifications and treatment that follow apply.
10.2.4.1 Assets

It is necessary to assess the loss, relative to the delegation, for each loss individually. In so doing, an asset, which was a composite asset that has been lost must not be disassembled into its components in order that a delegate may approve the write off for each component and thereby circumvent the limit of the delegation.

10.2.4.2 Debts

Conversely, a collection of debts about to be written off, that is, bad debts, or impaired debts (doubtful debts), will not be assessed as a parcel, rather, the delegation will be applied to the individual debts.

10.2.4.3 Inventory

The periodic write-off of inventory is classified as a loss.

10.2.5 Authorising Expenditure

Under no circumstances will:

- delegation limits be permitted to be exceeded
- delegates authorise their own expense reimbursement
- or
- persons not having a delegation purport to have the authority to authorise expenditure.

Approval must be evidenced in writing under signature unless the approval is given in accordance with FMPM section 10.1.8 Computerised Authorisations. The use of email communication purporting to evidence an authorisation is not permitted.

Improper performance of responsibilities may result in disciplinary action being taken against the officer concerned pursuant to section 187 of the Public Service Act 2008.

Persons authorising expenditure must insert their name, position and date in legible form near their signature for identification.

10.2.6 Losses and Special Payments Delegations

Losses and special payments arise from events or transactions that cannot be predicted, for example, damages claims or a patient unable to pay hospital fees. Section 72 (1) of the FAA authorises the Director-General to write off losses and to approve special payments. Only the Governor in Council may approve a special payment to the Director-General pursuant to section 72(2) of the FAA.

Section 76 of the FAA authorises the Director-General to delegate his/her functions under the FAA to an appropriately qualified public service employee or other employee of the State. Officers delegated by the Director-General may approve losses and special payments according to the financial delegations schedule.
Chapter 10 – Corporate Management

Only officers occupying those positions to which the Director-General has specifically delegated authority can authorise expenditure as an Authorised Special Payments Approval Officer or Authorised Losses Approval Officer.

The documentation required for loss write-offs and special payments expenditure is a memo requesting approval and stating the reason for the loss or payment.

When a loss is incurred through natural causes and is therefore unavoidable, the memo indicating approval is the authority to bring it to account in FAMMIS.

Authorised Losses Approval Officers or Authorised Special Payments Approval Officers can only exercise their approval authority in respect of matters that relate to the area of their position's activity and responsibility.

Where a loss or special payment exceeds the delegation of an officer, then a submission by that officer is to be forwarded to either the Chief Finance Officer or to the Director-General or other delegate as applicable.

The submission is to detail:

- the amount and date of the recognition of the loss or the amount/estimated maximum amount of the special payment
- the circumstances as to how the loss resulted or the reason(s) why the special payment should be made
- that the loss has been investigated by an independent officer and appropriate recovery action has been undertaken
- that prosecution or disciplinary measures have been taken, where appropriate
- the details of the person's financial circumstances where a debt is to be written off due to financial hardship
- that action has been taken to minimise similar future losses or special payments and
- if applicable, the date by which the approval is required.

Requests for new or amended losses and special payments delegations are to be forwarded in accordance with FMPM section 10.1.3 Setting Up Delegations.

10.2.7 Corporate Purchasing Card

A prerequisite to obtaining a Corporate Purchasing Card (CPC) with an individual transaction limit greater than $3,000, is that officers must have both financial and procurement delegations (Types 1 and 5) equal to, or greater than, the individual transaction limit. However, for cardholders with a single transaction limit of $3,000 or less, there is no requirement for procurement delegations or financial delegations, provided the cardholder's position qualifies for a financial delegation for corporate card use only on the generic position classification scale.

For further information regarding the CPC – refer to FMPM section 6.5 Credit Cards.

10.2.8 Computerised Authorisations

Every financial delegation, where used in a computerised environment for the purpose of expenditure authorisation and approval, must be in alignment with the most recent delegations.
They must be checked against master lists at intervals of not less than three months. The lists must be verified, and signed off in confirmation thereof. Variations are to be eliminated immediately. In all instances, the latest signed document version of the delegations will take precedence.

Financial delegations may only be made by the Director-General, and such delegations may not be sub-delegated. Other officers may not create, transfer, suspend, modify or restrict the delegation.

Where an officer relieves in another position, the approval capabilities attached to that other position should be assumed by the relieving officer.

Once an officer having such authorisation and approval capability is transferred from the delegated position, the officer’s delegation lapses and the Finance Transactions Unit, Finance Branch, System Support Services Division, should be notified to modify access to FAMMIS accordingly.

Capabilities must be withdrawn upon termination of employment. Dismissals and resignations require immediate withdrawal by the date of separation. Where the removal of a delegation is not notified, it will remain as part of the individual’s FAMMIS profile until a request to modify via a User Access Request (UAR) form is forwarded to the Finance Transactions Unit. Upon termination, if notification is not forwarded to the Finance Transactions Unit, the individual will be blocked after 30 days.

Authorisation and approval capabilities must not be established on computerised systems in advance of the instrument of delegation being signed by the Director-General regardless of who issues the instruction.

**10.2.8.1 Financial delegations and release codes**

In order to achieve operational effectiveness in the procurement process, purchase requisitions are able to be released electronically within the system. The releasing process is regarded as equivalent to a paper based approval evidencing the exercising of non-recurrent expenditure financial delegations. Officers must release requisitions using a release code which is aligned to the Director-General approved delegations. In this context, the operative value is at line item level rather than the total purchase order value.

Accordingly, the release code structure operating within FAMMIS is to be aligned with the financial delegations approved by the Director-General. When users are being allocated security access to release codes in FAMMIS, the responsibility is with the department to ensure that the release codes allocated are consistent with the approved non-recurrent expenditure delegations for the positions occupied by the users. User profiles must not exceed any delegations approved by the Director-General.

The scope of the electronic releasing of purchase requisitions is for both catalogue and not-in-catalogue items.

**10.2.9 Journals and Expenditure Transfer Vouchers**

Journals and expenditure transfer vouchers may be signed off without the need for financial delegations where:
Chapter 10 – Corporate Management

- the entry involves only the transfer of income or expenditure from one account to another, such as in correcting an earlier transaction entry; the funds outlays have already been approved and the journal does not commit the department to any further expenditure
- the entry does not give rise to an increase in a liability account nor causes the recognition of a liability which would require a delegation
- or
- the entry is not reducing an asset balance such as will occur with a loss write off or a bank transfer, unless approval for such transaction is contained in another document attached in support of the journal entry.

Journal entries that are raised simply to give recognition in the ledgers to a transaction already approved by an officer having adequate financial delegation do not need to be signed off by that delegate, so long as documentation supporting the journal is attached to the journal.

Transactions not requiring such a delegation, for example, bank statement debits for fees or automatic expenses for public utilities, may be similarly recorded on, and entered from, journal vouchers without the need for financial delegation. The accounting officers preparing the journal must identify themselves on the journal, authorising its preparation, and confirming its accuracy by signing. A supervisor or approving officer must co-sign the journal as verifying the contents.

Journal entries intended to transfer costs or revenue from one operational unit to another must be co-signed by an appropriate accounting officer in each of the two operational units, to confirm the transfer. It is important that the disadvantaged operational unit (the unit bearing the cost) authorise the transaction. When correspondence, for example, an email, is evidence that the transfer has been approved, a copy of the email is to be attached to the journal in lieu of submitting the journal for authorisation. The only exception to this authorisation requirement is the cost allocations undertaken by the Financial Asset and Accounting Team.

For details about the authority to create, approve and process journals and their format, the required supporting documentation etc. refer to FMPM section 10.8.8 Journal Entries.

10.3 Procurement Delegations

10.3.1 Overview

The department has a structure of procurement delegations that will provide efficiency in its operations and ensure that the appropriate level of judgment is brought to bear in procurement decisions.

Procurement delegations emanate from the FAA and are further explained through the FPMS and deal specifically with the acquisition of products. In meeting responsibilities prescribed in the Queensland Procurement Policy 2013 and in the FAA, the Director-General has delegated procurement authorities to specified positions.

When exercising procurement delegations, authorised delegates must ensure that the appropriate process has been followed and that adequate records are available as evidence.
Chapter 10 – Corporate Management

Under the Queensland Procurement Policy 2013, ‘procurement’ means the entire process by which all classes of resources, that is, human, material, facilities and services, are obtained. This can include the functions of:

- planning
- design
- standards determination
- specification writing
- selection of suppliers
- financing
- contract administration
- disposals
- other related functions.

Procurement delegations within the department do not cover the following:

- deeds, contracts or agreements with the Commonwealth government or with other States’ or Territories’ governments
- deeds, contracts or agreements with universities, TAFE colleges and other similar educational institutions
- deeds, contracts or agreements for the purchase of hospital based clinical services from the private sector, including medical, radiology, pathology, palliative care and allied health services and
- deeds, contracts or agreements which are novel or unique or reflect transactions outside the core business or traditional functions of the department.

Authority to sign the above documents falls under contract signing delegations.

Authority to sign contracts pertaining to real estate is also not covered by procurement delegations, and is separately managed by the Health Infrastructure Branch, System Support Services Division.

Reference should be made to the following:

- FMPM section 2.3 Delegations and Authorisations
- FMPM section 5.6 Receipting of Funds
- FMPM section 6.2 Purchasing Policy
- FMPM section 6.4 Processing and Payment
- FMPM section 10.1 Financial Delegations.

Refer also to FAH, Information Sheet 3.4 Delegations, issued by Queensland Treasury and Trade.

10.3.2 Types of Delegations

A Guide to Procurement Delegations for Queensland Health can be accessed on QHEPS. Procurement delegations do not obviate financial delegations. Both functions should operate in tandem. Procurement delegations are granted by the Director-General to positions.

Types of procurement delegations are tabled below:
<table>
<thead>
<tr>
<th>Type 1</th>
<th>Authority to approve a purchase from competitive quotes/tenders.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 2</td>
<td>Authority to approve a purchase from Standing Offer/Preferred Supplier Arrangements.</td>
</tr>
<tr>
<td>Type 3</td>
<td>Authority to approve installation of Standing Offer/Preferred Supplier Arrangements and Registers of Pre-qualified Suppliers.</td>
</tr>
<tr>
<td>Type 4</td>
<td>Authority to confine tenders/quotes for the purchase in a sole/limited source of supply and/or genuine urgency situation.</td>
</tr>
<tr>
<td>Type 5</td>
<td>Authority to release orders; issue letters to successful suppliers; sign contracts/agreements and generally bind the State.</td>
</tr>
</tbody>
</table>

10.3.3 Type 5 Authority and Contract Signing

There is an overlap between the procurement delegation (Type 5) and the contract signing delegations. Contract signing delegations authorise delegates to sign a wide range of legally binding contracts and agreements, including those relating to the purchase of goods and services. However, procurement delegations cover contracts or agreements relating to the purchase of goods and services only.

Officers who hold both the contract signing delegation and the procurement delegation (Type 5) are able to exercise either delegation type to sign contracts or agreements relating to the purchase of goods and services. However, if an officer’s contract signing delegation excludes specific categories of contracts and agreements, for example:

- with universities,
- TAFE colleges and
- the outsourcing of hospital based medical/clinical services

that officer and all staff in his or her operational unit are not able to exercise the procurement delegation (Type 5) to sign contracts or agreements relating to the excluded categories, for example, a consultancy agreement with a university to conduct an attitudinal survey.

Wherever possible, in signing contracts or agreements relating to the purchase of goods and services, the delegates should rely on their procurement delegation (Type 5).

10.3.4 Exercising Procurement Delegations in FAMMIS

Care needs to be exercised when placing requisitions and purchase orders within FAMMIS to ensure that the totals of the purchase order and the nature of the procurement do not exceed individual officers’ financial or procurement delegations. Staff who improperly authorise procurement transactions can be subjected to disciplinary action. Expenditure approval is controlled in FAMMIS with each user having their financial delegations managed through an authorisation matrix.
10.4 Corporate Credit Cards

10.4.1 Overview

For information regarding the policy and practice for the use of credit cards within the department - refer to FMPM chapter 6 Expense Management with regard to the following sections:

- 6.5.1 Overview
- 6.5.2 General Policies
- 6.5.3 Information Privacy
- 6.5.4 Conditions of Use
- 6.5.5 General Requirements
- 6.5.6 Fuel Card
- 6.5.7 GST Implications
- 6.5.8 Card Limits
- 6.5.9 Internet Purchases
- 6.5.10 Settlement of Liability.

10.5 Contract Signing Delegations

10.5.1 Overview

For information regarding contract signing delegations – refer to FMPM 6.2.4 Delegation of Authority to Sign Contracts.

Refer also to Guide to Contract Signing Delegations and Authorisations for Queensland Health.

10.5.2 Commonwealth Government Funding Agreements

The only officers within the department having the delegation to endorse Commonwealth Government funding agreements are the Director-General, the Deputy Director-General, System Support Services Division and the Deputy Director-General, System Policy and Performance Division. Senior officers cannot sign any deeds, contracts or other agreements with the Commonwealth Government. The Director, Commonwealth Funding Unit, has the authorisation to sign renewals of existing Commonwealth Government funding agreements and variations to the level of funding to be received during the term of those agreements provided that those renewals and variations are within the same scope and boundaries of the existing agreement.

The Own Source Revenue Team, Finance Branch, System Support Services Division, is responsible for ensuring that a strategic approach to all funding, and associated risks, is adopted. This Team must be informed of all agreements that are being negotiated.
10.6 Legal Advice

10.6.1 Overview

The services of external legal advisers shall be utilised in a manner that will ensure that the rights and interests of the department are protected where appropriate.

The objective is to ensure that:

- the department’s expenditure on legal advice is reasonable
- the department’s approach to legal issues operates on a sound and publicly defensible basis and
- the rights and interests of the department are protected.

10.6.2 Legal Services

The process by which the department obtains legal advice has not changed following the establishment of a panel of external legal advisors. Legal advice continues to be provided by the Legal Unit or Crown Law. In relation to Crown Law, the Cabinet-endorsed document, Principles and Categories of Tied Legal Work, continues to apply and forms the basis for referral of tied work to Crown Law. The Legal Unit will continue to process all requests for assistance on tied work matters to Crown Law.

As part of the tender process to establish the panel arrangements, the department reserves the right to utilise the services of private law firms on the panels where this is considered necessary and subject to the terms of Crown Law’s Tied Work guidelines. The department also reserves the right to invite separate offers, that is, to go through another tender process, from private law firms, whether they are appointed to the panel or not, and Crown Law for the provision of legal services in respect of specific projects or programs.

However, for the majority of requests for legal advice from the department, it is not envisaged that it will be necessary to engage a private firm.

Each Hospital and Health Service (HHS) has access to this General Legal Services Panel. The department has a Medico-legal panel which is engaged only by the Department of Health Legal Unit.

There are different arrangements for insured and uninsured legal work.

For insured matters, the Queensland Government Insurance Fund (QGIF) policy will only respond to work that has been carried out by Crown Law or by approved Medico Legal Panel firms.

For matters that are not insured under the QGIF policy, the department should be able to ‘opt out’ of any mandatory requirement to use an existing Queensland Health or whole-of-Government legal panel. PMG can provide guidance on what is and what is not insured under the QGIF policy.

Where a statutory body represents the Crown, the tied work guidelines and model litigant principles will apply. Therefore, where a HHS requires legal work deemed to be tied, it is bound by whole-of-Government policy to use Crown Law for those legal services.
10.6.3 General Procedures

The following process should be adhered to when seeking legal advice:

- all requests for legal advice must firstly fully complete a Request for Legal Advice/Assistance which is submitted to LALU@health.qld.gov.au
- the Corporate Counsel, Legal Unit in consultation with the relevant Branch Senior Director or Unit Director will determine the appropriate legal service provider for the matter, that is, the Legal Unit, Crown Law or a private law firm
- the approval to seek advice from an external legal service, which term includes Crown Law and panel firms, may be granted only by the Director-General, the Executive Management Team, the Chief Health Officer or the Corporate Counsel, Legal Unit.

If a private law firm is selected, the following conditions apply to the operational unit requiring the advice:

- the unit/branch will provide complete instructions to the law firm
- the unit/branch will carry full costs for the advice from within its budget
- a copy of all advices provided by the law firm will be provided to the Legal Unit
- the unit/branch will provide to the Legal Unit a quarterly report, that is, by the 7th day of April, July, October and January on legal fees expended since the last report
- it should be noted that, once a matter is referred to a private law firm, the firm in effect becomes the department's lawyers for the particular matter; it is not possible, nor appropriate, for the Legal Unit or Crown Law to be subsequently involved in the matter.

All requests for legal advice must:

- be in writing
- be very clear as to the scope and nature of the request
- provide full, relevant background information
- be co-ordinated by the Corporate Counsel, Legal Unit, and the Legal Unit will be the sole point of contact between the department and the external legal service provider.

10.6.4 Industrial Relations Matters

The Employee Relations Unit, Human Resource Branch, System Support Services Division, has overall responsibility for the development and maintenance of the framework for employment relations services for Queensland Health.

The Department of Health Legal Unit is the central liaison point with respect to requests for legal advice, and it, in turn, liaises with specialist areas when drafting requests for advice from Crown Law.

However, for any matters relating to the interpretation of industrial awards, agreements and employment legislation, including the directives policies and regulations, the Employee Relations Unit is the first point of reference.

The Employee Relations Unit should be contacted by the department and HHSs when an opinion is required on employment relations issues.
The department and HHSs should also notify the Employee Relations Unit of any allegations of underpayment of wages/contract labour expenses.

10.7 Private Practice Arrangements

10.7.1 Overview

The purpose of the arrangements which are administered by HHSs is to provide an incentive for medical specialist practitioners to serve in the public hospitals and in other facilities. It applies, with varying conditions, to both metropolitan and non-metropolitan practitioners with a more favourable bias to the non-metropolitan incentives. The scheme is not available to visiting medical officers.

Patients are billed by the facility acting as the billing agent on behalf of the medical practitioner. Charges are generally raised in accordance with the Medicare Benefits Schedule unless otherwise determined by the medical practitioner in accordance with the relevant Right of Private Practice Policy. The billing, collection and recording of the fees are the responsibility of the facility. An administration fee will be charged, and a facility charge may be levied. The operational unit retains the revenue in accordance with the medical practitioners Right of Private Practice option.

There are four options: A, B, R and P. Options A, B and R are covered in Supplementary Benefits/Right of Private Practice Benefits Options – Senior Medical Officers – Specialists HR Policy B48 and Supplementary Benefits/Right of Private Practice Benefits Options – Senior Medical Officers – Non-Specialists HR Policy B49.

Option P is covered in Supplementary Benefits/Right of Private Practice Benefits Options – Senior Medical Officers – Pathologists HR Policy B50. All are available to full time and part time officers. Option A provides for the payment of an allowance, with all fee income generated being retained by the HHS. Options B and R provide for a sharing of the net fee income generated, subject to a threshold having to be reached before sharing commences and below which the specialist retains the net income. Option P provides for the sharing of net fee income generated by medical specialists employed by the Health Support Services Agency. It operates in a manner similar to Option A.

The facility will issue the accounts and carry out collection activities on behalf of the medical practitioner as if the fees were those of the facility. Some cost recoveries are permitted.

10.7.2 Practitioner

If practitioners leave the hospital to go to one of the local private hospitals to assist with an operation, their time sheets must reflect their absence from the hospital.

Fee income derived by the specialist under Option B is not personal exertion income and is not subjected to PAYG tax deductions. It is assessable income of the specialist.

Refer to PAYG Procedure No 6 – PAYG Withholding Obligations.

10.7.3 Bodies Corporate or Unincorporated

Where the participant is other than a natural person and if this structure is permitted in the scheme, it is imperative that the practitioner be adequately covered for workers’ compensation insurance.
Specialists operating through a partnership will be required to demonstrate that a policy exists and is current, failing which it will be the HHS’s responsibility to insure, as if the specialists were employees.¹

Fee income arising from the private practice and to be shared must be invoiced by the entity or body concerned. Payment must not be made without proper documentation.

### 10.7.4 Natural Persons

The allowances paid under Option A must be viewed as personal exertion income and therefore will be paid subject to PAYG tax instalments.

Fee income derived by the specialist under Option B will be taxed in the same manner.

### 10.7.5 Accounting Requirements

#### 10.7.5.1 Option A

All revenue will be deposited in accordance with revenue retention requirements, in the same manner as patients’ fees are normally dealt with - refer to FMPM section 5.2 Types of Income.

The allowance will be paid to the specialist as normal personal exertion income, and will be subject to PAYG tax instalment deductions.

#### 10.7.5.2 Option B and R

The proportions for income sharing and cut-off points are set out in Supplementary Benefits/Right of Private Practice Benefits Options – Senior Medical Officers – Specialists HR Policy B48.

The trust items mentioned in this section form part of the General Trust bank account, and must be managed in accordance with the Health Service Directive Trust and Fiduciary Funds – Administration of Patient Fiduciary and General Trust Monies and associated General Trust Guide. However, the banking of fees received from patients and the disbursements should be processed through a Right of Private Practice bank account, maintained independently of the General Trust Bank Account.

The fee income will be deposited to the General Trust Bank Account used. From there it must be fully disbursed and accounted for as follows:

- a percentage will be paid to the HHS for administration; no charge will be levied in respect of debts that have been written off; the rate of deduction will be stated in the contract, and may be geared to the health care Item Number applicable to the treatment; the charge will be deposited in accordance with revenue retention principles – refer to FMPM section 5.2 Types of Income
- a facility charge may be levied, the rate of the levy being determined from the Medicare service code, and if so, will be deposited in accordance with revenue retention principles; a table of the deduction rates should be annexed to the specialists’ contracts; the deduction will be based on the pre-administration charge value, that is, the gross amount received

¹ *Workers Compensation and Rehabilitation Act 2003*, section 48 (Reprinted as in force 1 July 2009)
the costs of collection of debts may be deducted, where the costs exceed those of normal collection and follow-up; only the excess will be deducted; the deduction will be in accordance with the terms of the contract, and in the absence of such terms, the deduction will be from the specialist's share of income; it is anticipated that these circumstances would include, for example, the cost of assigning the debt to a collection agency, but would not include usual telephone contact and account review processes

of the remainder, that is, the gross fee received less the administration and facility charges and any excess collection costs, a proportion will be deducted for remittance to the specialist; the amount so calculated will be accounted for to the specialist, by cheque or by direct deposit; the proportion to be remitted to the specialist will become important as the specialist's payment total approaches and exceeds the ceiling value; prior to the ceiling having been reached, the remittance would be the whole of the remainder; if the remainder exceeds the difference between the payments to date and the ceiling, the practitioner will receive that difference plus the prescribed proportion of the excess; at that point, the ceiling will be effective and

the remainder of the specialist's entitlement, if any, will be deposited or credited to the General Trust bank account administered by a Specialists' Advisory Committee; interest earned on the respective moneys held in the General Trust bank account will be administered by the Specialists' Advisory Committee; it will be retained within the General Trust bank account, and not passed over to the Revenue bank account.

10.7.5.3 Option P

The Option P arrangement is a variation on, and an extension of, Option A. The participants are paid a Supplementary Benefit being an allowance at a percentage of their salary/contract labour payments, and these are guaranteed payments. In addition, private practice fees are generated and kept for distribution by the health facility. Those fees are distributed net of administration fees to the practitioners, as an Incentive Payment. The distribution pool is always determined after the deduction of administration fees; those charges are not invoiced to the practitioner, unlike the Option B process. The distributions paid to the participants are paid through the payroll system. The fees not distributed are paid to the General Trust bank account. The arrangement is described in Supplementary Benefits/Right of Private Practice Benefits Options – Senior Medical Officers – Pathologists HR Policy B50 and operates as follows:

<table>
<thead>
<tr>
<th></th>
<th>Diagnostic</th>
<th>Clinical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees received</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admin and operating costs coverage (35(a))</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Supplementary benefits coverage (35(b))</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Incentive payment coverage (35(c))</td>
<td>5%</td>
<td>100%</td>
</tr>
<tr>
<td>Research and education trust (35(d))</td>
<td>15%</td>
<td></td>
</tr>
</tbody>
</table>

The incentive payment pool is then distributed in full. The deduction is paid into the General Trust bank account.
10.8 Financial Records Management

10.8.1 Overview

Financial records, regardless of their medium (physical and electronic), are to be maintained consistently with departmental records management, security, privacy and access requirements. The methods used to manage financial records should be guided by the Department of Health Policy - Records Management for Administrative, Clinical and Functional Records and associated standards and procedures. These can be found at http://qheps.health.qld.gov.au/srmt/html/record-gov.htm

Safeguards for financial records are to be consistent with the Department of Health Information Security Policy.

Privacy of financial records is to be consistent with the National Privacy Principles as detailed in Schedule 4 of the Information Privacy Act 2009.

Public access to financial records is to be consistent with the requirements of the Right to Information Act 2009.

Section 15(1)(g) of the FPMS requires that the accountable officer establish a financial information management system. Section 27 of the FPMS mandates that the financial information management system must provide for:

- recording
- storing
- keeping
- retrieving
- destroying financial information.

Section 27 of the FPMS also mandates that in developing and implementing the financial information management system, the department must:

- apply the mandatory principles stated in the information standards – refer to the following Information Standards (IS) issued by the Department of Science, Information Technology, Innovation and the Arts:
  - IS 18 Information Security
  - IS 31 Retention and Disposal of Public Records
  - IS 34 Metadata
  - IS 40 Recordkeeping
- ensure that the system aligns with targets stated in the document called Queensland Government Enterprise Architecture Framework
- ensure that the Public Records Act 2002 is complied with and
- ensure that the financial information is secure.

Section 27(4) of the FPMS prescribes that before introducing or significantly changing a financial Information management system, the accountable officer must consult with:
• the head of internal audit of the department
• the authorised auditor of the department
and
• the chief finance officer of the department.

For further information regarding financial records management – refer to FAH, Information Sheet 5.3 Financial Record Management, issued by Queensland Treasury and Trade.

Refer also to:

• FMPM section 10.12 Employee Records Management
• FMPM chapter 11 Financial Information Management
and
• FAH, Information Sheet 5.3 Financial Record Management, issued by Queensland Treasury and Trade.

10.8.2 Creating Financial Records

Financial records take the form of:

• paper records, for example, paper invoices
• electronic records, for example, on-line transaction approvals and email
and
• digital records, for example, paper records scanned into a digital format.

Financial records to be created should be guided by:

• IS 40 Recordkeeping
• Department of Health Procedure – Identification and Creation of Administrative and Functional Records
and
• Department of Health Procedure – Capture and Classification of Administrative and Functional Records.

Financial records are to be assigned a retention period at the time of file creation using the Queensland State Archives (QSA) General Retention and Disposal Schedule for Administrative Records (GRDS).

10.8.3 Safeguarding Financial Records

Safeguards for the custody and storage of financial records are to be consistent with the Department of Health Protocol for Information Security Policy.

Information security roles and responsibilities are specified in the Department of Health Implementation Standard for Information Security Policy.

10.8.4 Retention and Disposal of Financial Records

Individual operational units are responsible for maintaining financial records for which they are custodians for as long as required for business, legislative, accountability and cultural purposes.
Financial records are to be retained in accordance with the General Retention and Disposal Schedule (GRDS), issued by Queensland State Archives, unless longer retention periods are required under governing legislation.

IS 31 Retention and Disposal of Public Records outlines the documentation that must be retained following the disposal of public records.

Until an enterprise-wide electronic Document and Records Management System (eDRMS) is available for the department, all electronic records are to be printed and placed on an identifiable file and registered into a records management system, for example, RecFind. It is at the file level that the GRDS retention period is applied enabling the physical file to be managed for its required retention period.

Inactive records identified for continued retention should be routinely transferred to an approved external storage provider in accordance with the whole of Government SOA QGCPO747-08 Records Storage, Retrieval and Destruction Services.

Where a particular record class is not covered by the GRDS, State Archivist authorisation is required prior to disposal. For further guidance, contact the Records Management Unit, System Support Services Division.

Once records have been retained for their required retention period, approval from a delegated authority is required for disposal, as guided by the Department of Health Records Management Specification - Roles and Responsibilities and the Department Health Procedure – Appraisal, Archiving and Disposal of Administrative and Functional Records.

All documentation relating to the disposal of financial records is to be filed on an identifiable departmental file and captured in a departmental records management system, including:

- disposal authorisation
- destruction certificate(s)
- file/document number(s)
- file series
- file title(s)
- date range(s)
and
- disposal date.

### 10.8.4.1 Queensland State Archives references – digital continuity resources

Queensland State Archives has developed new digital continuity resources which address some of the complex challenges associated with managing digital public records over time. These are detailed below:

- Managing digital records: a guideline for Queensland public authorities
  - this guideline examines the key recordkeeping considerations for migration projects, highlighting risk and quality assurance considerations, and offers support for recordkeeping activities and authorisation processes; it has been developed to support the implementation of the General Retention and Disposal Schedule for Digital Source Records

- General Retention and Disposal Schedule for Digital Source Records
Chapter 10 – Corporate Management

- this schedule has been developed to authorise the legal disposal of digital source records following the completion of a migration project

- Metadata for digital continuity: a companion guideline to the Queensland recordkeeping metadata Standard
  - this guideline is designed to assist public authorities understand how recordkeeping metadata helps to ensure the continuing accessibility of records and will help records managers and information technology professionals to make decisions about which materials to use to support the management of digital records requiring longer-term retention
  and
- Advice on choosing file formats for digital records
  - this brief provides advice on choosing file formats for the management of digital public records over time.

These references are available from the Queensland State Archives' website at:


In response to the large number of administrative changes affecting the Queensland public sector, including Council of Australian Governments reforms, privatisations and departmental restructures, Queensland State Archives has published a suite of tools to assist impacted public authorities to meet their public records obligations.

These tools, which include standard forms for formalising the transfer of public records from one entity to another, are available as part of the Machinery of Government Toolkit on the Queensland State Archives' website at:


Queensland State Archives has published a number of public records briefs on a range of contemporary recordkeeping issues, as under:

- Encryption technologies and the treatment of public records for ongoing readability and accessibility
  and
- Recording contact between government and lobbyists
  - the purpose of this brief is to outline the recordkeeping requirements for documenting contact between government representatives and lobbyists
  and
  - this brief provides an overview of the international standard.

These public records briefs and other recordkeeping advice can be downloaded from the Queensland State Archives website at:


### 10.8.4.2 Queensland State Archives references – retention of original documents

In addition to FMPM section 10.8.4.1 Queensland State Archives references – digital continuity
resources, Queensland State Archives has issued a number of documents applicable to digitisation and the subsequent disposal of documents, such as:

- Digitisation Policy
- Digitisation Disposal Policy Toolkit – Assessing Eligibility of Paper Records for Early Disposal After Digitisation
- General Retention and Disposal Schedule for Original Paper Records That Have Been Digitised.

### 10.8.5 Vital Financial Records

Vital records are those that are essential to reconstruct and to continue the operational functions of the department. It is a requirement that vital financial records be securely stored and that adequate disaster recovery mechanisms be established - refer to Department of Health Standard - Access and Maintenance of Administrative and Functional Records for guidance regarding the requirements as to the management of vital financial records.

### 10.8.6 Accountable Forms

Accountable forms may be defined as any documents that have value or potential value and which can be used either as evidence of the department having fulfilled a commitment or obtaining a future benefit. Such documents are typically pre-numbered in a sequence. In accordance with generally accepted accounting principles, the storage and issue of accountable forms must be strictly controlled.

Examples of accountable forms are:

- purchase orders
- cheque books
- cheque forms (system generated cheques)
- delivery notes
- credit notes
- credit requests
- cab charge vouchers and eTickets
- annual payment summaries for officers
- official receipts.

Proper control will include:

- pre-numbering
- secure storage
- segregation of functions
- recording of the receipt and issue of forms
- sequence checking.

Operational units involved with supplies of accountable forms are responsible for:

- the maintenance and security of registers of accountable forms
- the acknowledgment of accountable forms received
• the security of unused accountable forms
• the recording of issues of accountable forms to officers within that area
• the recording of transfers of accountable forms to other areas, and ensuring the acknowledgment of the receipt of such forms
• ensuring the correct usage of all accountable forms
and
• ensuring the proper destruction of accountable forms, where appropriate.

Centralised control of unused forms will involve the registration and secure storage of all unused forms on hand. Localised control of forms in use will involve control over issue, secure storage and records of use/return.

Annual stock-takes are to be performed and discrepancies investigated.

Registers of all such forms are to be kept by the various paying centres throughout the department. An officer/s should be nominated by the relevant operational unit manager as being responsible for the maintenance of each register and the safe custody of unallocated forms.

10.8.6.1 Recording and control

Registers of accountable forms must be maintained by an authorised accounting officer in each operational unit where accountable forms are in use – refer to FMPM section 2.6.3 Accountable Forms Register. A separate register must be maintained for each type of accountable form and each page of any register must be consecutively numbered.

The maintenance of each register is to be examined at least annually, and checked against the unissued money forms on hand, by an internal check or more senior officer. This officer is to certify each such register accordingly.

10.8.6.2 Forwarded to other operational units or Hospital and Health Services

All requests for supplies of accountable forms are to be received in writing. An Accountable Forms Acknowledgment Slip must accompany all supplies forwarded, and this slip is to be completed by the recipient, in duplicate, with the details of all forms.

Upon the return of a fully completed and signed acknowledgment slip, the forwarding area should note the relevant register of accountable forms accordingly with the date of return and initials of the responsible officer. The original copy of the acknowledgment slip should also be filed in the register for inspection and for audit purposes.

Each relevant register of accountable forms must be checked monthly to ensure that all acknowledgment slips have been returned and have been appropriately entered in the register.

Any acknowledgment slip not received in a reasonable period of time should be followed-up. Should the follow-up action be unsuccessful, a report detailing all relevant information is to be submitted to the relevant authorised accounting officer.

10.8.6.3 Destruction

If an error is made when completing an accountable form resulting in its cancellation, that form must not be destroyed. It must be retained together with all copies, if applicable.
Chapter 10 – Corporate Management

Used accountable forms must be retained in accordance with the General Retention and Disposal Schedule for Administrative Records before written approval may be sought from the Director-General or delegate for them to be destroyed.

Unused accountable forms may be destroyed in accordance with this schedule, provided written approval is first obtained. When seeking approval for the destruction of such forms, all particulars relevant to the forms must be provided to the approving officer. Original copies of all such written approvals must be retained, and the physical destruction of the unused forms must be noted in the relevant register of accountable forms.

10.8.6.4 Safeguarding

All unused accountable forms must be protected from theft, misuse, destruction and misappropriation via storage in a safe, strongbox, or other secure storage device approved by the relevant departmental executive.

Where practicable, bulk stocks of accountable forms must be in the custody of an authorised officer not otherwise involved in:

- the collection or receipt of moneys - for revenue-oriented forms
- the expense or payment processes - for expense-oriented forms.

Accountable forms may only be issued by authorised officers in accordance with written requests from other authorised accounting officers. Stocks of unused forms are only to be available to receiving and issuing officers, and other officers who need to have access, for example, auditors.

Used accountable forms and incidental documentation must be:

- appropriately noted in the relevant register
- systematically filed and retained in accordance with the General Retention and Disposal Schedule for Administrative Records
  and
- readily accessible to authorised officers.

These requirements also apply to superseded forms subsequently marked as cancelled.

10.8.7 Working Papers

All values in the accounting records and financial reports, including management reports, should be open to scrutiny, explainable, and supported by documentation.

Working papers are created in support of values stated. They are intended to demonstrate:

- why a value or entry exists
- how its value has been determined
- who approved the transaction, if applicable
  and
- how it is supported.

Working papers must show:
10.8.7.1 Indexing

Working paper files should be indexed in a logical manner, such as a single alphabetic letter for the broad lead schedule with supporting schedule index numbers having two letters, the first of which will be the same as the lead schedule. As the working papers progress downwards from summary to detail and to greater detail, the pages are to be numbered.

For financial report working papers, the index should follow the order of the statements. The index must include a reference to a copy of the report or the return.

10.8.7.2 Attachments

Photocopies should be taken of original supporting documents, such as contracts of sale, loan agreements, letters of confirmation and attached to working papers rather than the original itself unless the original was specifically obtained for that purpose. The photocopy of an original must be certified to be a true copy of the original, and will bear a reference to where the original may be found.

Attachments should be stapled to the working paper rather than merely being attached by a wire paper clip.

All attachments are to be cross-referenced back to the calling schedule, and vice versa.

10.8.7.3 Assumptions

All assumptions employed must all be stated within working paper files with sufficient explanation enabling another person to understand the nature and purpose of the assumptions.
10.8.7.4 Cross-referencing

Working papers should be cross-referenced and indexed, and should be retained for the entire financial year. Material which is contained in the current year’s file and will be relevant to the following financial year, is to be copied and placed into the new year’s file, with the copy being placed back into the earlier file. The copy should be noted as to the location of the original or master.

10.8.7.5 Filing

An index of the working papers file is to be displayed at the front of each file.

Schedules will be filed in the order of the index as the primary key, and then in page number order.

Journal entries are an integral source of data entry into the accounting systems and are to be authorised and complete with all necessary information.

10.8.8 Journal Entries

10.8.8.1 Role of journal entries

Journal entries within the department are a necessary form of data entry for accounting systems. They must be completed, authorised, entered, and filed.

Journal entries must document and explain specific transactions.

It is to be noted that journal entries may only be made within the department Journal entries between HHSs are not permitted.

Refer also to FMPM section 2.9.7 Journal Adjustments.

10.8.8.2 Format and completion

Journal entries must show:
• the name of the operational unit
• its operational unit code, if applicable
• the effective date
• the date entered
and
• the name, position and date signed by the officer approving and entering.

Names are to be legible.

Entries must bear:
• an account number
• the amount to be entered
• whether the entry is to be debited or credited
and
• an explicit narration for insertion into the ledger.

The narrative should be sufficient to enable an independent reader, unfamiliar with the transaction,
to understand the nature of the transaction at a later point in time. It should stand alone.

Narrations must not be the account name or a rewording of the account affected. For example, in coding a journal to ‘Subscriptions’ account, it is unacceptable for the journal narration to be ‘Subscription’. The purpose behind the narration is to enable the reader of ledger prints to determine the nature of the transaction without having to resort to source documentation. This is particularly important for audit purposes, and the narration forms part of the audit trail. The narrative must also state the number of supporting documents and working papers attached. The attachments must be numbered accordingly.

Journals that effectively commit the department, such as transactions to a liability account, must have the debit or the expenditure side of the entry approved by an officer with delegated authority to authorise the journal. Within this context would fall journal entries for the settlement of payroll tax, whereby the expense is recorded and the liability to the Office of State Revenue is recognised. Accruals at month-end would not fall into this category because they will be reversed in the subsequent period, typically, and are usually made only to recognise an item of revenue or expense in a period ahead of the actual payment or receipt.

Journals which transfer expenditures between accounts within the department, without actually committing the department, must be signed by Authorised Accounting Officers, who do not necessarily have a financial delegation.

**10.8.8.3 Numbering**

Journal entries must be numbered sequentially. FAMMIS generates the document number automatically, within specified ranges allocated to the document types. These must not be over-ridden. The general format is:

- module identifier
- two numeric digits for accounts payable, accounts receivable, non-current assets and general ledger and
- journal number
- eight numeric digits.

The journal also contains provision for document type in two alphabetic characters, to identify:

- vendor invoice
- accrual journal
- customer invoice and
- asset postings.

The journal also contains provision for departmental identification, in a field called "Business area".

A register of journal entry numbers is to be maintained for audit trail purposes. The sequence may be reset at the start of each financial year, or continued from year to year, as long as the period to which the journals relate is identified.

**10.8.8.4 Supporting documentation**

Supporting documentation and working papers are to be attached to journals.
Supporting documentation must explain the entry or assist in its explanation. Documents that do not provide any guidance as to why an entry has been made or how its value has been determined should not be attached.

In deciding whether or not an attachment is required, the preparer should place himself or herself in the position of an uninformed reader of the journal, having no prior knowledge of the transaction, and having only the journal and perhaps its supporting vouchers from which to determine the validity or otherwise of an entry.

Attachments should be concise, and if necessary refer to working papers. They are also to be numbered as ‘supporting W/P... of ...’ - refer to FMPM section 10.8.7 Working Papers.

10.8.8.5 Filing

Journals are to be filed in a manner that provides the quickest and easiest means of access. This will most likely be by journal number. File spines or labels should show the date ranges as well as the journal number range.

10.8.9 Third Party Requests for Records Addressed to the Director-General, Queensland Health

The department receives numerous requests for medical, human resources and administrative records from third parties in Queensland and interstate, including private solicitors, government departments and the police. The requests may be made via:

- subpoenas
- summonses
- notices of non-party disclosure
- search warrants
or
- requests under other legislation.

These requests are collectively known as ‘third party requests’.

Notwithstanding recent health reforms, some third party requests may be addressed to the Director-General, Queensland Health and served on authorised persons in Queensland Health or on HHS Chief Executives.

The Director-General, Queensland Health has issued an Instrument of Authority (the Authority) to authorise persons to respond to third party requests for records addressed to the ‘Director-General of Queensland Health’ which may be served on Queensland Health staff or on a HHS Chief Executive. Specifically, the Authority relates to all relevant records in the possession of holders of the positions listed in the Schedule attached to the Authority.

10.8.9.1 Powers under the Authority

The Authority allows the positions listed in the Schedule attached to it, to accept service of third party requests (other than requests made pursuant to section 134A of the Evidence Act 1977) which are addressed to the Director-General of Queensland Health. The positions are authorised to respond to all such third party requests and where appropriate, produce the requested records.
Requests for records pursuant to legislation may include, for example, requests under the Motor Accident Insurance Act 1994 or the Personal Injuries Proceedings Act 2002 (where Queensland Health is not a party to the proceedings).

The Authority does not apply to the provision of records under:

- the Right to Information Act 2009 and the Information Privacy Act 2009 as there is a separate Authority pursuant to these Acts
- section 134A of the Evidence Act 1977
- administrative access to records and
- where a person consents to the disclosure of their records, for example, an authority allowing disclosure to the person’s legal representatives.

Due to the nature of the Authority, the authorised persons are not permitted to sub-authorise their powers. Nonetheless, in practice, the a Chief Executive will rely on Health Information Managers and other staff to action third party requests on the HHS Chief Executive’s behalf.

The third party requests may alternatively be addressed to, and served directly on a HHS Chief Executive or on another HHS employee. if for example, the requester believes that the records being sought are held at the HHS. In these circumstances, The HHS Chief Executive or employee may choose to authorise other staff to manage the requests.

Where the title of a designated position outlined in the Authority changes, but the duties, functions and responsibilities of that designated position remain substantially unchanged, then a reference to the title of that designated position in the Authority is a reference to the changed title of the designated position

10.8.9.2 Section 134A of the Evidence Act 1977

The Authority specifically excludes notices requesting the production of records pursuant to section 134A of the Evidence Act 1977. This provision allows a party to civil proceedings to make a written request to the principal officer of the agency for the production of documents in the possession or power of the agency. The documents must be relevant to an issue in the proceedings. An agency is defined in the Act, among other things, as a department or a public authority (as defined in the Right to Information Act 2009), which includes a HHS. The Chair of the Board will be the principal officer for the purposes of section 134A and, accordingly, the Chair should consider delegating the Chair’s powers pursuant to the Act to an employee of the HHS.

10.9 Corporate Internal Controls

10.9.1 Overview

Section 61(b) of the FAA requires the accountable officer to establish and maintain appropriate systems of internal control and risk management.

The internal control structure plays an integral part in ensuring accountability. The structure is required to be cost-effective and appropriate for the transactions involved and to give reasonable assurance to the Director-General about the efficient, effective and economical operation of the department.
The internal control structure includes management’s philosophy, for example, the competence and integrity of management, and management’s operating style, which includes effective delegation, supervision, fiscal discipline and review of the internal control structure.

The organisational structure is also a crucial component of the internal control structure. The organisational structure includes:

- the assigning of responsibility to appropriate officers
- direct lines of communication
- reporting and
- an efficient structure that is aligned with the operations of the department.

Refer to FMPM section 10.9.2 Organisational Structure.

Management is responsible for maintaining an efficient and effective accounting system. An accounting system must recognise, calculate, classify, record, summarise and report all transactions. The inclusion of internal controls contributes to the Auditor-General's assurance that recorded accounting information is complete and correct.

The system of internal control is the plan, policies and procedures of the department and its facilities which assist in achieving the orderly and efficient conduct of its business. This will include:

- adherence to management policies
- safeguarding of assets
- prevention and detection of fraud and error
- accuracy and completeness of accounting records
- timely and meaningful preparation of financial information and
- other non-accounting considerations.

Section 8 (2) of the FPMS mandates:

“(2) The internal control structure:

(a) must have a strong emphasis on accountability, best practice management of the resources of the department or statutory body and internal control; and

(b) must include:

(i) an organisational structure and delegations, supportive of the objectives and operations of the department or statutory body;

(ii) employment of qualified and competent officers, training of the officers and assessment of their performance; and

(iii) if the department or statutory body controls another entity, procedures for monitoring the performance of, and accounting for its investment in, the other entity.

(3) If an internal audit function, audit committee or risk management committee is established for the department or statutory body, the internal control structure must ensure the efficient, effective and economic operation of the internal audit function, audit committee or risk management committee.

(4) In establishing the internal control structure, the accountable officer or statutory body must have regard to the Financial Accountability Handbook published by the treasury department.
(5) The internal control structure must be included in the financial management practice manual of the department or statutory body.

(6) To the extent practicable, an accountable officer or statutory body must ensure there is an appropriate separation of duties between officers of the accountable officer’s department or the statutory body.

Section 77(2)(b) of the FAA requires, that for each financial year, the Chief Finance Officer must give to the accountable officer a statement about whether the financial internal controls of the department are operating efficiently, effectively and economically.

When the controls stated in this manual are not implemented, it is expected that adequate compensating controls will be implemented.

Reference should also be made to the following:

- FMPM section 2.1.3.1 Internal Control Framework
- FMPM section 2.9 Internal Controls and
- FMPM chapter 13 Internal Controls.

For further information regarding internal controls – refer to:

- FAH. Information Sheet 2.2 What is a Control Environment?
- FAH. Information Sheet 2.3 What are Internal Controls?
- FAH. Information Sheet 2.4 Limitations of Internal Controls
- FAH. Information Sheet 3.2 Internal Control Structure
- FAH, Information Sheet 4.1 Monitoring and Assessment of Internal Controls
- Financial Management Tools (FMT), Information Sheet 2.3 Internal Controls Accountability Framework
- FMT, Information Sheet 4.1 Monitoring/Assessment of Internal Controls and
- FMT, Information Sheet 4.2 Statement by Chief Finance Officer.

issued by Queensland Treasury and Trade.

10.9.2 Organisational Structure

The organisational structure of an operational unit serves as a framework for the direction and control of its activities. The structure should be designed to reflect the strategic business needs of the department. An effective structure provides for the communication of the delegation of authority and the scope of responsibilities. It should convey an attitude of efficiency, and cost effectiveness. Such a structure should also be designed, as far as practicable, to preclude an individual from overriding the control system and should provide for the segregation of incompatible functions. Functions are incompatible if their combination may permit the commitment and concealment of fraud or error. Functions which are typically segregated include access to assets, authorisation and execution of transactions and record-keeping.

Organisational structures should be reviewed so as to minimise the possibility of collusion, which requires the co-operation of at least two individuals. Additionally, social structures should be periodically reviewed, to determine if there is any breakdown in the official structure. Differences
between the two structures may highlight weaknesses within the official structure, or within the perception of management.

For further information – refer to FAH, information Sheet 3.2 Internal Control Structure, issued by Queensland Treasury and Trade.

Refer also to:

- FMPM section 2.2 Organisational Structure and Reporting Relationships
- FMPM section 13.9.2.1 Structure (Financial Internal Control).

10.9.3 Management Supervision

As part of its supervisory responsibility, management should review the adequacy of internal control and risk management systems on an annual basis to ensure that significant controls are operating effectively. The system and organisational structure must be such that responsibilities and accountabilities that are likely to, or may, create a conflict of interest or reduce independence or effectiveness of the internal checks, do not occur.

10.9.4 Segregation of Duties

The Government’s subordinate legislation with respect to segregation or separation of duties, mandates compliance with section 8 of the FPMS.

The department is to implement systems and procedures whereby duties will be segregated wherever practicable. The objective is to ensure that all sub-systems and procedures will operate with maximum segregation of duties to provide maximum assurance of the reliability and accuracy of information.

Responsibility must be assigned for each element of the management of the department’s resources to different officers within an operational unit. Specific officers should be assigned responsibility to perform the different elements of work. All elements should be assigned. Assigning responsibility ensures that an officer is held accountable for performing the element.

Wherever possible, duties and tasks are to be defined and segregated so that at each stage in processing, no one officer has both operational duties and custodian responsibility over those duties. To the extent practicable, responsibilities must be assigned for each element of the management of resources, to different officers within an operational unit. Elements should be assigned such that responsibilities interact and overlap to provide internal checks.

Where reduced staff levels make segregation of duties difficult to apply, it becomes important that the officer in charge of the particular aspect of operations takes a more pro-active role in the supervision of the operational unit's day-to-day operations and that the overall system of internal control provides for closer monitoring and regular internal audit to compensate.

This diminished efficiency, which internal controls otherwise seek to address and compensate for, may well require tighter supervision and inspection to be applied by the supervisor and another officer in a more senior position until adequate assurance of systems reliability and integrity is obtained.

Separation of duties should maximise independent verification.
10.9.5 Personnel

The proper functioning of any system depends on the competence and honesty of those operating it.

The qualifications, personal qualities and training of personnel are all important ingredients of an effective internal control system.

Training can ensure that knowledge and standards are maintained, so that preferred methods are continuously employed, including compliance with designated procedures. Regular training is therefore considered to be an important aspect of an internal control system. Backup training should be implemented, so that there are two or more officers trained in each function.

External professional development programs may be used, where relevant, for the position in question. In ensuring that the program is cost effective, the following must be considered:

- such programs are usually specialised and may apply to a limited audience
- such programs may be advantageous when only one or two persons require training and
- internal or group training may be conducted more efficiently.

Staff selection standards are to be implemented and adhered to.

Rotation of duties, wherever practicable, should be employed. This practice may have a hidden agenda in that it may uncover unwanted practices, but it can also provide definite benefits through ensuring that members of staff are able to carry out the duties of another in the latter's absence. It also permits flexibility.

Officers should be actively encouraged to take annual leave, and not be permitted to allow it to accumulate.

Responsibilities and duties are to be assigned and documented.

10.9.6 Control Procedures

In designing the management systems, the following risk management considerations should be taken into account:

- the inherent limitations of internal control
- the availability of alternative controls
- the materiality of the potential loss that may occur if a control mechanism is not implemented and
- the cost effectiveness of particular controls.

Control procedures may be classified as:

- preventative controls, that is, deterring undesirable events, accidental or intentional
- detective controls, that is, locating and correcting undesirable consequences, such as errors in transaction allocation or classification, incorrect values being entered, or deliberate misstatements

or
Chapter 10 – Corporate Management

- directive controls, that is, encouraging desirable practices and consequences.

These are demonstrated in the following table which is not intended to be exhaustive, although it is possible to classify some controls into more than one class:

<table>
<thead>
<tr>
<th>Control Area</th>
<th>Preventative</th>
<th>Detective</th>
<th>Directive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash collections</td>
<td>Mail is opened by two officers.</td>
<td>Cheques and cash are pre-totalled before data entry. Totals are later compared to the totals as per the data entry report. Number of cash receipts counted, and checked against the quantity entered as per the data entry report.</td>
<td>Procedures manual. Position descriptions.</td>
</tr>
<tr>
<td>Payroll</td>
<td>Time sheets are required to be prepared and checked for accuracy. Time sheets are to be approved.</td>
<td>Quantity limits on the hours entered, or on gross pay amounts. Rotation of duties.</td>
<td>Regular staff training. Pre-coded payroll journals.</td>
</tr>
<tr>
<td>Inventory</td>
<td>Segregation of duties. Goods outwards must be checked out against a delivery docket. Goods transferred must be recorded on delivery dockets, and acknowledged by the receiving unit.</td>
<td>Segregation of duties. Quantities received checked against delivery dockets. Regular stock-takes.</td>
<td>Quality assurance system in place.</td>
</tr>
</tbody>
</table>

10.9.7 On-line Computer Systems

On-line computer systems enable users to access data and programs directly through terminal devices. On-line computer systems allow users to directly carry out such functions as:

- entering transactions
- making enquiries
- requesting reports.
To assist the accounting system in producing complete and correct information, it is important that controls are placed on the computer system as under:

- **access controls** - controls which restrict access to programs and data and which prevent or detect:
  - unauthorised access to on-line terminal devices, programs and data
  - the entry of unauthorised transactions
  - unauthorised changes to data files
  - the use of operational computer programs by unauthorised personnel
  - the use of computer programs that have not been authorised.

- **controls over passwords** - procedures for the assignment and maintenance of passwords to restrict access to authorised users

- **system development and maintenance controls** - additional procedures to ensure that controls essential to on-line applications, such as:
  - passwords
  - documentation
  - testing
  - authorisation
  - access controls
  - on-line data validation
  - recovery procedures

- **programming controls** - procedures designed to prevent or detect improper changes to computer programs which are accessed through on-line terminal devices

- **audit trails** - the system must be capable of producing audit trails upon request and as part of normal operations where required, such as on completion of a data entry run or a file maintenance routine.

Certain EDP application controls are particularly important to on-line processing. These include:

- **pre-processing authorisation** - permission to initiate a transaction

- **terminal device edit** - reasonableness and other validation tests such as pre-programmed routines that check the input data and processing results for completeness, accuracy and reasonableness

- **cut-off procedures** - procedures which ensure that transactions are processed in the proper accounting period; these are particularly necessary in systems which have a continuous flow of transactions

- **file controls** - procedures which ensure that the correct data files are used for on-line processing

- **master file controls** - changes to master files are controlled by procedures similar to those used for controlling other input transaction data

- **balancing** - the process of establishing control totals over data being submitted for processing through the on-line terminal devices and completing the control totals.
Refer also to FMPM section 11.2.1.1 Design of internal controls over information technology systems.

10.9.8 Electronic Signatures

The use of electronic signatures is restricted.

Computer image files containing signatures must be kept in a secure location, and available only to authorised personnel. Signature stamps are not to be used.

Refer also to FMPM section 11.2.1.1 Design of internal controls over information technology systems.

10.10 Cost Centre Management

10.10.1 The Cost Centre Manager

A cost centre manager should be appointed to each cost centre and is ultimately responsible for the performance of the cost centre, including budget performance. Cost centre managers are assigned this responsibility as part of the department’s organisational structure, which is a component of the internal control structure as mandated in section 8 of the FPMS.

The functions, duties, authorities and responsibilities of a cost centre manager are separate and distinct from those of an officer delegated to authorise expenditure, although one officer may be responsible for both.

10.10.2 The Role of the Cost Centre Structure

Cost centre structures need to be unique to the individual providers of services, reflecting their own organisational and management structure and their individual operations. In addition, cost centres may need to be maintained for external reporting requirements, for example, capital works programs.

Cost centres must be appropriately structured so that expenditure can be accurately captured in the general ledger to reflect the activities and decisions of each operational unit. Cost centres form the foundation of this capability.

10.10.3 Types of Cost Centres

For departmental purposes, cost centres fall into the following broad categories:

10.10.3.1 Overhead cost centres

Overhead cost centres provide services to other cost centres rather than directly to patients. These cost centres include such services as:

- administration,
- marketing
- and
- media and communications unit.
10.10.3.2 Final cost centres

Final cost centres are responsible for the output of the operational unit and usually, but not always, provide services directly to clients.

Patient Care Cost Centres (for noting) include patient care services such as:

- nursing care
- anaesthesia
- and
- radiology.

Non-patient Care Cost Centres include:

- outreach services
- research
- and
- teaching.

10.10.4 Guidelines for Establishing Cost Centres

There are several tests which cost centres should pass in order to support their distinct and separate existence as record keepers.

10.10.4.1 A management unit

In order to be a separate cost centre, an activity or responsibility should be recognisable as a discrete management unit. An officer should be responsible for the day-to-day activities of the unit:

- making sure that the unit is appropriately staffed
- that supplies needed for the operation of the unit are requisitioned
- that the physical space is kept clean and orderly
- and
- that damaged equipment is repaired or replaced.

Many of these responsibilities may be taken for granted in the day to day running of a cost centre because of standing orders for routine housekeeping, or supply replenishment. Implicit in the cost centre structure is the existence of an officer who is responsible for these operational issues when attention to detail is needed.

Ultimately, the manager of a cost centre will be able to influence the performance of that cost centre by his or her management decisions.

10.10.4.2 A physical space

As a general rule, a cost centre will have its own separate, measurable, physical space. This may not always be obvious. For example, a cost centre may be responsible for floor space in several areas spread throughout the operational unit. Alternatively, an operational unit may choose to establish a cost centre for the costs of the electricity bill, which would not occupy floor space. As a general rule, a cost centre will be associated with physical space within the operational unit. The
absence of space will not mean that a cost centre does not or cannot exist. The presence indicates that a cost centre may exist or be brought into existence. A program such as tuberculosis eradication does not have space, but may be a cost centre.

10.10.4.3 A production/service unit

Each cost centre should be viewed as being responsible for providing a discrete service. Some cost centres produce services for a hospital (for example) as a whole and indirectly for the patients, for example, the linen and laundry service provides services to other cost centres by ensuring that the operating theatre, the wards and casualty are provided with an adequate supply of fresh linen. Other cost centres produce services directly for patients, for example, radiology provides imaging services directly to individual patients.

Those cost centres producing direct services to clients/patients and others are called final cost centres and those producing services for other cost centres as well, are called overhead cost centres.

10.10.4.4 A unit providing distinct services

The services provided by a cost centre should be relatively homogeneous. It will be difficult to measure the cost of a unit of production of a cost centre if the services which it produces are not dissimilar so as to make them incomparable. For example, if cleaning services and laundry and linen services were included in the same cost centre, it would be difficult to find a unit on which the production of these services could be uniformly measured and compared. The cost of cleaning the hospital will be directly related to the area of the hospital. The larger the hospital area, the more expensive it will be to clean. The cost of providing fresh laundry will depend on how busy the hospital is, how many patients it accommodates and how much surgery it performs.

A hospital could always combine these two cost centres and measure their approximate combined performance on the basis of the number of occupied bed days, but then important individual measures of each operation, that is, cost per kilo of laundry and cost per square metre of floor space cleaned, would be lost.

Where a cost centre provides dissimilar services to other cost centres or to patients, it should be split into more basic cost centres, provided that this would make sense having regard to the earlier rules for setting up cost centres.

10.10.4.5 Measurability

The cost centre should be capable of being measured or evaluated against some other yardstick or benchmark. These may be budgets, physical quantities or pre-set targets.

10.10.4.6 Purposes of the cost centre

It may be easier to judge the validity of a cost centre structure if the purpose/s for which it must serve can be anticipated, thus being able to generate accurate and adequate product cost reports. There are three basic functions that cost centres will serve:

- to be charged with all direct expenses
- to allow overhead costs to be allocated to final cost centres and
- to allow final costs to be allocated to diagnosis related groups.
At any stage in the establishment of a cost centre structure, the operational unit can always choose a mixed level of detail appropriate to its own operation. For example, a hospital may wish to maintain the cost of a Personnel and Payroll Office separately from all other General Administration. In this case, General Administration would be broken down into two cost centres - Personnel and Payroll and other General Administration.

In the process of choosing the cost centre level of detail, the guidelines and criteria previously mentioned should be kept in mind. Key questions to be asked in setting up a separate cost centre are:

- does it reflect the organisational/responsibility structure of the hospital?
- does it occupy its own space or relate to a physical space?
- does it produce a product or service, either for the rest of the hospital or for its patients?
- is the product or service discrete to this unit? if not, the unit might not really be suitable to being classed as a cost centre
- can the direct costs associated with this activity be charged to the cost centre in the normal accounting process?
  
and

- does the activity generate statistics which can be used to measure its output?

10.10.4.7 Cost centres and diagnosis related groups

One of the functions that final cost centres must serve is to allow their costs to be allocated to the various diagnosis related groups (DRGs). This allocation process is based on a table of service weights. This table of service weights provides, for each final cost centre providing services to patients in DRG’s, an average measure of the resources consumed by a patient in one DRG relative to the resources consumed by a patient in another DRG.

For this allocation to occur, there must be certain homogeneity among the services being provided by a cost centre. It would not be logical, for example, to compare one patient's consumption of pathology services with another patient's consumption of radiology services. They each require different resources and inputs, although both may have to be capable of being consolidated at different levels, such as for the hospital and then for the department as a whole.

Also refer to Business Analysis and Management's Business Rules.

10.11 Hospital and Health Service Service and Performance Agreements

10.11.1 Policy

Clarity of responsibility and authority is a key element of effective governance, and the accountability mechanisms used to ensure this should:

- set clear targets and standards for performance and behaviours, and support organisations and individuals in achieving these standards
- identify the need for improved performance if standards are declining
- create a climate of support and accountability rather than a climate of blame
- hold people to account for what they have agreed to deliver.
HHSs are required to comply with and to apply the performance management frameworks set by both the State Government (through the Queensland Government Performance Management Framework) and the Commonwealth Government (within the National Performance and Accountability Framework, currently under development).

The Hospital and Health Services Performance Management Framework (supporting document two to the Service Agreement) describes the processes which are used to formally embed these accountability mechanisms and performance management across the Queensland public health and hospital system and to ensure compliance with the Queensland Government Performance Management Framework.

The accountability mechanisms outlined in the Hospital and Health Services Performance Management Framework are designed to ensure that the Hospital and Health Boards, the HHS Chief Executives, senior managers, groups and individuals are clear about expectations in terms of performance and the consequences should those expectations not be met.

These performance management processes ensure:

- consistency in the assessment of performance of public health and hospital services across the State
- that a balanced view of performance is taken, recognising that measures need to be considered in relation to all three major aspects of performance, namely, efficiency, effectiveness and economy
- that under performance is recognised on a timely basis, and appropriate and proportionate responses are adopted and
- that good performance is recognised and is acknowledged.

Accountability for the achievement of each strategic objective outlined in the HHS or departmental strategic plan and executive level ownership of each of the supporting and enabling plans may be assigned through Executive Performance Agreements.

Performance agreements provide a means of articulating an agreed base level of performance to be achieved by the department and HHSs, its operational units or its officers or employees.

These annual agreements would be aimed at:

- ensuring the delivery of the strategic objectives outlined in the strategic plan
- achieving a shared understanding of whole-of-government, department, and HHS and individual performance expectations
- enabling consistent and transparent measurement of performance through the articulation of targets and benchmarks against key performance indicators (KPIs)
- driving achievement and continuous performance improvement and
- advancing the culture of performance and accountability across the organisation.

Service Agreements are underpinned by a legislative framework that requires the HHS (through the Hospital and Health Board Chair) and the Director-General to enter into a binding Service Agreement. With the transfer of direct line management responsibility for service delivery from the Director-General to the Hospital and Health Board, the Service Agreement now forms the primary
vehicle through which the System Manager manages HHS performance and holds the HHS to account. Refer to the Service Agreements and the Hospital and Health Service Performance Management Framework.

For further information regarding performance – refer to:

- FAH, Information Sheet 3.13 Performance Management Systems FMT, Information Sheet 3.13 Performance Management Systems and

Refer also to:

- FPMS, Part 2, Division 3 Performance management
- FMPM section 2.12.2 Service Agreements and Contracts
- FMPM section 2.13 Performance Monitoring
- FMPM section 3.4 Performance Evaluation and
- FMPM section 13.4.1 Performance Reporting.

10.11.2 Procedure

10.11.2.1 Timing

Refer to the Service Agreements.

10.11.2.2 Content of Service Agreements

Refer to FMPM section 2.12.2 Service Agreements and Contracts.

10.11.2.3 Key performance indicators

Key performance indicators (KPIs) provide specific measures of system performance and are widely used by health systems across Australia and internationally as the basis for performance monitoring and assessment, response and intervention. As such, they are an important tool in corporate governance.

For information regarding the use of KPIs in HHSs – refer to the Service Agreements.

10.11.2.4 Acknowledgement

The agreements are to be signed by all parties, in acknowledgment and acceptance of the terms expressed.
10.12 Financial Management Assurance (FMA)

10.12.1 Policy

Section 77(2)(b) of the FAA requires the Chief Finance Officer (CFO) of the department to provide to the accountable officer (the Director-General) an annual statement detailing whether appropriate financial internal controls are in place and are operating efficiently, effectively, and economically.

The FPMS stipulates that the CFO must provide the statement to the accountable officer before or at the same time that the CFO certifies the department’s annual financial statements.

Specifically the operational units shall:

- provide the CFO with the data, information and analytics required for the preparation of annual audited general purpose financial statements
- conduct and document appropriate annual testing as to the efficiency, effectiveness and economy of the organisational unit’s internal financial controls in terms of section 77(2) of the FAA
- upon request from the CFO, provide evidential documentation of appropriate annual testing of the organisational unit’s financial internal controls and
- provide the CFO with an annual assurance statement confirming that the financial internal controls of the operational unit are operating efficiently, effectively and economically.

Refer to Financial Control Programme

10.12.2 Objectives

The department has developed the Financial Management Assurance (FMA) process as best practice by identifying and assessing key processes, risks and financial internal controls.

In addition to meeting statutory duties, the department will benefit from process improvement opportunities, risk mitigation and increased risk and control awareness.

10.12.3 Procedures

Controls assessment is to be performed each year. For each financial year, the period of evaluation is 1 July to 31 March. Testing for this period is to be performed during April. For the period 1 April to 30 June, a separate statement is required advising if any issues or concerns have been raised that would impact on the findings reported in the April testing. Findings and endorsed statements must be reported back to the CFO within the prescribed time frames.

As part of assessing the department’s financial internal controls, consideration must also be given to entity level controls, information controls and fraud controls.

Consolidated findings provided by the process, in conjunction with the control framework, form the contents of the CFO’s Statement. Information is also provided in the statement regarding significant areas of concern, potential impacts and the action being taken to address the exception.
10.13 Employee Records Management

10.13.1 Overview

The department’s officers must be paid in a cost effective manner and with appropriate controls. Operational units must maintain staffing establishments. The establishments must be prepared on an annual basis in support of the operational plan and be approved by the operating unit director or the Director-General. Increases or decreases in departmental staffing establishments may be authorised by the Director-General.

Employment conditions not in compliance with the health services legislation and public service policies, including the Public Service Act 2008, Public Service Commission Directives and Department of Health human resources and industrial relations policies, must be brought to the attention of the Director-General in the case of departmental officers. The primary objective is to ensure that:

- new employee records are authorised
- employees are compensated in accordance with approved employment and salary/contract labour authorisation documents for hours actually worked and
- that all employee entitlements are properly calculated and valued with SAP HR.

Refer also to:

- FMPM section 10.8 Financial Records Management
and
- FMPM chapter 11 Financial Information Management.

10.13.2 New Personnel and Authorisation

All employment must be authorised and approved in accordance with the human resources delegations and in compliance with approved employee levels and public service policies as listed in FMPM 10.12.1 Employee Records Management -Overview. Delegations for human resource management are required.

Requests for new employees must be authorised by an officer from each of two levels of management within the operational unit. Neither of them is to be involved with payroll preparation.

Staff may only be appointed by a delegated officer, in accordance with Public Service Directives.

Notice of all new officers must be given to the Payroll Portfolio Office, Human Resource Services Branch, System Support Services Division. This commencement advice serves as the authority for an employee record to be created and for a payment to be generated.

An employee number will be allocated the Payroll Portfolio Office, Human Resource Services Branch, System Support Services Division. This number is to be recorded on the commencement advice and employee record. It is also to be formally advised to the officer.

The employee record is created by an authorised officer and the details are then to be checked by another officer having an appropriate human resource delegation. Should an exception be
identified, employee records for the exception, and for officers who started around the same period, are to be reviewed.

An audit check must be embedded in the payroll system to ensure that staff additions to payroll records are controlled by authorised officers.

A master-file change report must be reconciled for each pay period and reviewed by a responsible officer. Evidence of that review must be produced, in the form of the signature, name and designation of the reviewing officer and be dated. The review must be conducted by an independent officer of seniority not lower than the payroll officer, or where this is not possible, by a more senior officer.

New employee reports should be distributed to line managers for certification and returned to the Payroll Portfolio Office.

10.13.3 Payroll Records

Employee payroll records must be kept up to date. Information must not be amended or updated without documentary evidence to support the change.

Sufficient records must be maintained to satisfy all State and Commonwealth Government laws and awards for all existing and terminated officers.

The operational unit manager must ensure that public service and trade union requirements relating to employee appointment and remuneration are fully complied with.

Maintenance of records for fringe benefits tax reporting is covered in FMPM section 12.2 Fringe Benefits Tax (FBT). Financial records are to be retained in accordance with FMPM section 10.8 Financial Records Management.

The information used in a payroll system is to be permanent and current in nature.

10.13.3.1 Permanent information

The following permanent information must be kept on an employee record in the Payroll Portfolio Office:

- employee number (payroll number)
- name in full
- address
- date of birth
- gender
- date commenced
- date finished
- cost classification
- standard hours
- employment status: temporary/permanent
- rate per hour, fortnight and/or per annum
- banking details
- tax details: tax file number, rates and rebates
- benefits details including salary sacrifice items
• leave entitlements
  and
• details of authorised deductions.

Payroll records information may be expanded to include:

• dependants' particulars
• next of kin
• marital status
• reason for leaving
• recognition of previous service
  and
• specimen signature.

It should be explained that the date of birth may have to be obtained in some circumstances in order to be able to satisfy certain requirements of the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* as applicable. Such instances include superannuation benefits and the payment of eligible termination payments where different rebates are allowable depending upon age.

In addition to the above, the permanent record will also have the cumulative total of basic pay, overtime, allowances and tax deductions. The accumulation will be from the beginning of the financial year or from the commencement of employment if this took place during the financial year.

The above information may be kept on separate files as convenient.

Changes to employee bank accounts details must be listed each day through the Employee Audit Report. The report must be verified and countersigned by another officer whose duties did not include the amendments to employee master file details.

### 10.13.3.2 Current information

The current information is the information which changes between payroll periods.

Examples of current information are the time keeping records and other forms where leave applications are made. These are generally expected to be forwarded to the Payroll Portfolio Office where these are needed for pay calculations.

The information on these forms must be checked and authorised in a suitable manner.

### 10.13.4 Leave Records

Records of annual leave must include copies of leave applications, extracted from the individual personnel file, when any non-verbal form of approval is required to be given. In certain circumstances, such as a period of leave not in excess of one day, written notice may not be necessary. This will be determined from local directives and instructions, as permitted in:

• Annual/Recreation Leave HR Policy C51
  and
Other records, such as a schedule report or time sheets evidencing calls back from leave, must also be kept.

Absences for all forms of leave must be recorded on the electronic history file.

At least monthly, leave entitlement reports are to be run to include each officer’s name, payroll number and the amount of leave available for each leave type. These reports are then to be reviewed for reasonableness ensuring:

- the method of leave accrual is correct and
- that the balance is not excessive.

The report is to be signed as checked and retained for audit trail purposes. Random spot tests should be carried out periodically to confirm the system’s operations.

10.13.5 Termination of Employment

All terminations must be communicated to the Payroll Portfolio Office on a timely basis.

An officer’s final payroll payment may only be made after a formal termination process has been completed, including:

- the return of any departmental property, credit cards, security keys and any other property
- the making of any final determinations as to past entitlements and
- the full recovery of any past overpayments, where considered feasible.

The delegated officers through the Payroll Portfolio Office, should not approve the release of the final payment until the termination process has been completed.

It is the responsibility of the delegated officer to ensure that statutory requirements are adhered to in relation to the termination of officers.

Severance pay must be processed in accordance with Queensland Public Service policy, awards, local laws or other equivalent employment documents.

Where an officer is terminated through any process including, but not limited to, resignation, retirement or dismissal, the advice, authorised by an officer with appropriate delegation, of the termination is to be forwarded to the Payroll Portfolio Office for the entering of details on the employee record.

Final payment of salaries and wages in accordance with appropriate legislation, including leave entitlements, are to be calculated from payroll records and paid out to the officer, ensuring that any overpayments are collected.

Adequate steps are to be taken to detect if a payment has been incorrectly made to a retired officer by omission or by commission, for example, an audit trail report which is used as a control measure, to be checked each fortnight by an appropriate officer.
All termination payments are to be supported by work papers showing the calculations and those work papers are to be verified and certified.

Termination reports should be distributed to line managers for certification in respect of each four week period.

Line managers should verify Employee Allocation records and communicate termination details to the Payroll Portfolio Office on a timely basis.

10.14 Payments Following the Death of an Officer

10.14.1 Overview

The department will ensure that payments and other benefits to which a deceased officer would have been due will be paid or given to the rightful beneficiary. This will include paying, or passing the benefit to the executor or administrator of the deceased officer's estate when required.

The objective is to ensure that all payments and benefits paid in respect of the former employment are made to the rightful beneficiary so as to minimise the department's exposure to negligence resulting from paying the funds or benefit to the wrong person.

The required administrative procedures to follow after the death of an officer are outlined in Separation of Employment HR Policy H1.

10.14.2 General Procedure

Written advice must be received from an appropriate party, for example, the Executor or Administrator of the estate, before a cheque, made payable to the estate of the deceased, is drawn for any moneys owing in respect of outstanding leave entitlements. Payment for time worked including penalties will be processed without tax being deducted and paid to the estate of the deceased. Payments for unused annual and long service leave are not taxable in the hands of the recipient/s and must therefore be paid to the estate without any tax deducted.

Payments should not be made directly to any beneficiary or potential beneficiary, including the widow or widower of the deceased, without the consent of the Executor or Administrator, because there may be circumstances that will otherwise direct how and to whom payment must be made.

Payment may be made to persons other than the Executor or Administrator if the deceased officer did not have an existing entitlement to the payment, such as a gratuitous payment.

10.14.3 Accrued Salary and Wages

Accrued salary and wages may be paid to the Executor or Administrator without tax being deducted. A payment summary is, therefore, not required to be issued in the name of the estate.

10.14.4 Accrued Annual Leave and Long Service Leave

Payments of accrued annual leave and/or long service leave are not subjected to income tax, and accordingly may be paid to the Executor or Administrator, or other person as directed, without tax being deducted. These amounts do not appear on any payment summary, including that of the
Chapter 10 – Corporate Management

deceased. They are exempted by section 101A and section 26AC of the *Income Tax Assessment Act 1997* (ITAA) for annual leave and section 26AD of the ITAA for long service leave.

### 10.14.5 Eligible Termination Payments

Eligible termination payments retain their character as if paid, inter vivos, to the deceased officer, except that they may not be rolled over. There are differing requirements in respect of payment summaries and reasonable benefit limits reporting, depending upon to whom the payment is made. These are summarised below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependant</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes (Note 1)</td>
<td>Yes (Note 2)</td>
</tr>
<tr>
<td>Executor or Administrator</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes (Note 2)</td>
</tr>
<tr>
<td>Non-dependant</td>
<td>Yes (Note 3)</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes (Note 2)</td>
</tr>
</tbody>
</table>

Notes:

- a letter of explanation as to what the payment is and why it is being made should be presented to the payee; the letter should also state that the payment has not been subjected to income tax deductions and that independent advice should be sought
- the ETP is to be taxed if payment is to someone other than the trustee/s - refer to the PAYG Officer, Taxation Unit, Finance Branch, System Support Services Division, for current tax deductions if required and
- the certificate is to be issued in the name of the non-dependant, not the deceased.

### 10.14.6 Salary Sacrifice Arrangements

Care must be exercised in respect of any salary sacrificed funds that have not been totally utilised, because the tax treatment can vary considerably. The application of incorrect procedures can expose the department to the risk of being penalised by the Australian Taxation Office. Penalties can be incurred through the fringe benefits tax law or through the income tax law.

The payment of benefits to which the former officer would not have had a legal entitlement to, inter vivos, is assessable to the trustee of the estate and should therefore be paid or passed over to the executor or administrator - refer to section 101A of the *Income Tax Assessment Act 1936*.

The salary sacrifice agreement may state that upon termination of the arrangement the unexpended amount of salary or wages/contract labour expenses sacrificed still standing to the credit of the officer may not be taken in cash.

Notwithstanding that a salary sacrifice agreement may provide for the appointment of a nominee or nominees, legal opinion is that the existence of a will or codicil will over-ride the agreement²

---

² Crown Law, 5 March 2001, p.4
because the nomination is in respect of property that the former officer had control over during his or her lifetime.

In any case, the money must not be paid directly by the salary sacrifice fund manager to the estate or to the beneficiaries. It must be returned to the department for disbursement to the estate in accordance with this manual. It must not be paid to a nominee if one exists.

The money standing to the credit of an officer’s account within the salary sacrifice fund must be withdrawn and returned to the department, to be paid to the estate or beneficiaries thereof. This will need to be in accordance with the officer’s will or the directions of the Administrator in the event there is no will – refer also to FMPM section 10.13.3 Accrued Salary and Wages.

The department has a duty of care and must ensure that payment is made to the right person, otherwise a liability can arise.

10.14.7 Other Payments

Payments to which the officer would not have any ordinary legal entitlement if made inter vivos, such as a gratuitous payment made in recognition of the officer’s service or valour, are not ordinarily assessable as income in the recipient’s hands, that is, when paid inter vivos, if the payment is not related in any way to personal exertion. Conversely, if the payment is in any way a reward for services, it will be assessable.

Before the payment is made, the rightful recipient/s must be ascertained. If necessary, legal advice should be obtained.

In addition, advice should be obtained as to the amount, if any, of tax that should be withheld before any payment of this nature is made. Death benefit payments are covered by section 27AAA of the Income Tax Assessment Act 1936.

Gratuitous payments and ‘golden handshakes’ may be classed as an eligible termination payment, and since they will therefore become a ‘death benefit ETP’, they may attract special treatment for income tax purposes. These are outlined in FMPM section 10.13.5 Eligible Termination Payments.

Tax free amounts included in a post-June 1994 redundancy or retirement scheme payment do not qualify as eligible termination payments.

Only payments to which the deceased officer would not have been or become entitled to while he or she was alive, may be considered for remittance to a dependant.

10.15 Unclaimed Property

10.15.1 Unclaimed Property and the Public Trustee

For information regarding the Public Trustee’s responsibilities and unclaimed property – refer to Part 8 of Public Trustee Act 1978.
Chapter 10 – Corporate Management

10.16 Fraud and Corruption Control

10.16.1 Introduction

Fraud is defined in the Australian Standard Fraud and Corruption Control (AS 8001 – 2008) as:

“dishonest activity causing actual or potential financial loss to any person or entity including thefts of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.”

Corruption is a dishonest activity in which a person acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for himself or herself or for another person or entity.

Inevitably, both involve an abuse of position. Public officials acting fraudulently or corruptly may be guilty of official misconduct under the Crime and Misconduct Act 2001.

If the conduct involves extortion, stealing, misappropriation of property, false pretence, receipt or solicitation of secret commissions, forgery, revenue evasion, election fraud, currency violation or drug dealing, the perpetrators may be guilty of criminal offences under state and federal legislation.

10.16.2 Financial Legislative Obligations

The FAA provides the following obligations for the accountable officer:

- to ensure the operations of the department are carried out efficiently, effectively and economically (section 61(a))
- to establish and maintain appropriate systems of internal control and risk management (section 61(b))
- to perform other functions conferred on the accountable officer under the FAA or a financial and performance management standard (section 61(f))

and

- to receive each year from the chief finance officer a statement about whether the financial internal controls of the department are operating efficiently, effectively and economically (section 77(2)(b)).

Section 76 of the FAA provides as follows:

- an accountable officer may delegate the officer’s functions under the FAA to an appropriately qualified public service employee or other employee of the State (section 76 (1))

and

- despite the Public Service Act 2008, section 103, a function delegated under subsection 1 may not be sub-delegated.

The FPMS provides for the following obligations for the accountable officer:
Governance

- to ensure that a governance framework appropriate for the accountable officer’s department is established (section 7(1))

Internal control

- to establish for the accountable officer’s department, a cost-effective internal control structure (section 8(1))
- if an internal audit function, audit committee or risk management committee is established for the department, the internal control structure must ensure the efficient, effective and economical operation of the internal audit function, audit committee or risk management committee (section 8(3))
- to the extent practicable, an accountable officer must ensure there is an appropriation separation of duties between officers of the accountable officer’s department (section 8(6))

General resource management

- the obligation to establish systems for managing resources (division 4)

Internal audit and audit committees

- the obligation to establish an internal audit function and an audit committee (division 5).

10.16.3 Policy

The department has zero tolerance for corrupt conduct, fraudulent activities or maladministration. This is supported by a hierarchy of governance and controls which will continue to build an ethical organisational culture.

The department’s fraud control policy is based on the “10 Element Model” published by the Crime and Misconduct Commission. Thos ten elements are:

- agency-wide integrated policy
- risk assessment
- internal controls
- internal reporting
- external reporting
- public interest disclosures
- investigations
- code of conduct
- staff education and awareness
- client and community awareness.

Refer to Fraud and corruption control – guidelines for best practice published by the Crime and Misconduct Commission.

The fraud control policy addresses these ten elements under the headings of:

- ethical culture
- prevention
Chapter 10 – Corporate Management

- detection and
- response, outcomes and recovery.

The Deputy Director-General, System Support Services has the responsibility to:

- promote and oversee the implementation of an integrated approach to fraud control
- define and communicate the department’s fraud risk profile and
- monitor and report on the effectiveness of implementation.

For details relating to the policy – refer to:

- Fraud Control Policy
- Implementation Standard for Fraud Control Governance, Prevention, Detection and Response and
- The Guide to Fraud and Corruption Control (The Plan)

Refer also to FAH, Information Sheet 3.15 Fraud Control, issued by Queensland Treasury and Trade.

10.16.4 Corporate Governance

Governance is generally accepted to encompass management’s behaviour and accountability for the way it directs an agency’s operations. It may also relate to the agency’s structure, responsibilities, competencies, reporting and risk management processes.

For further information regarding corporate governance - refer to:

- FMPM section 2.4 Conduct and Ethics
- FMPM section 2.13 Corporate Governance and
- FMPM chapter 13 Internal Controls.

Refer also to Report to Parliament No 4 for 2011, Information systems governance and security, issued by the Auditor-General.

10.16.5 Internal Control

Internal control is usually the first line of defence against fraud.

An internal control system consists of the policies, structure, procedures, processes, tasks and other tangible and intangible factors that enable the department to respond appropriately to operational, financial, compliance or any other type of risk. An effective system should safeguard departmental assets, facilitate internal and external reporting and help the department comply with relevant legislation.

Organisational and accountability structures are important internal controls. They also provide the framework for other control measures that maintain the integrity of the department’s systems.

The department’s internal controls are to be:
• appropriately documented
• subject to continuous improvement
• risk focused
• effectively communicated to all stakeholders and
• accessible to all officers.

While no system of internal controls can completely mitigate the risk of fraud, having basic controls in place that operate effectively can reduce the risk. Further, having processes and controls in place which specifically target the possibility of fraud can further address that risk.

**Segregation of duties.** Segregation of duties is a basic internal control that should be present in all aspects of the department’s financial internal controls. Basically, the segregation of duties ensures that individuals do not perform incompatible duties.

While the risk of collusion remains, ensuring that at least two people are involved in any transaction will generally minimise the opportunity for fraud being perpetrated.

In smaller offices, where segregating duties is more difficult, compensating controls should be put in place.

**Maintenance and review of vendor masterdata.** Strong controls must be in place over vendor master data. These include:

• the initial creation of a new vendor record
• amendments to vendor masterdata
• conducting regular reviews of all vendor masterdata and
• restricted access to masterdata.

For information regarding internal controls – refer to:

• FMPM section 2.9 Internal Control
• FMPM section 10.8 Corporate Internal Controls
and
• FMPM chapter 13 Internal Controls.

Refer also to Report 5: 2012 Results of Audits: Internal control systems, issued by the Auditor-General of Queensland.

**10.16.6 Risk Management**

The department adopts a formal identification, analysis and evaluation of fraud and corruption risks through a periodic assessment of risks of fraud and corruption.

Fraud and corruption analysis must consider not only current threats from internal and external sources but also potential and emerging risks.

For further information regarding risk management – refer to FMPM section 2.7 Risk Management.
Chapter 10 – Corporate Management

10.16.7 Delegations

Delegation of authority within the department establishes the officers who are empowered to make decisions and to take action on behalf of the department. The department’s delegations policy and implementation standard identify requirements, roles and responsibilities in relation to delegating decisions, authority or power.

Departmental officers may exercise delegations through actions such as approving expenditure, signing requisitions or purchase orders, approving appointments or leave applications or signing a contract that commits the department to significant expenditure.

For further information regarding delegations – refer to:
- FMPM section 2.3 Delegations and Authorities
- FMPM section 10.2 Financial Delegations
- FMPM section 10.3 Procurement Delegations
- FMPM section 10.5 Contract signing delegations
- FMPM chapter 13 Internal Controls.

10.16.8 Procurement

The department is to comply with its Procurement Policy to ensure that processes and procedures uphold the integrity.

Procurement can occur through a number of methods, for example, through the use of:
- purchase orders
- direct invoices
- corporate cards
or
- petty cash.

Each of these methods carries different risks, benefits and related administrative costs. Specific direction should be provided to staff as to what procurement method is appropriate in various circumstances, taking into account the fraud risks related to the transaction and associated administrative costs.

The Queensland Government Chief Procurement Office can assist agencies in developing a Procurement Process and Risk Matrix for their particular circumstances. The Matrix recommends particular payment methods for each procurement transaction and spend threshold.

Refer also to:
- Contract disclosure guidelines, issued by the Queensland Government Chief Procurement Office and
- Ethics, Probity and Accountability in Procurement, issued by the Department of Housing and Public Works and the Crime and Misconduct Commission.
10.17 Machinery of Government

10.17.1 Introduction

Machinery of Government (MoG) changes may occur at any time, but are most common following an election or a change of Government. These are known formally as changes to agency administrative arrangements. The changes may range from the abolition of a department with transfer of that agency’s entire responsibilities to another department, the creation of a new department, or minor changes within and between existing departments. Consideration must be given to matters such as governance, delegations, financial systems and agency policies when assessing MoG impacts on agency operations.

10.17.2 Legislative Requirements

The Financial Accountability Act 2009 (FAA) and the Financial and Performance Management Standard 2009 (FPMS) mandate agency legislative obligations:

- sections 79 and 80 of the FAA deal with appropriations and preparation of financial statements for those departments impacted by MoG changes
- sections 42 to 53 of the Standard detail the reporting requirements applicable to departments and statutory bodies; attention is drawn to:
  - section 44 which deals with the preparation of financial statements of newly formed departments and statutory bodies
  - sections 47 and 48 which specifically relate to the preparation of final financial statements for abolished departments (section 47) and statutory bodies (section 48), and
  - section 53 which deals with the final report of an abolished department or statutory body.

Reporting obligations required under appropriate Australian Accounting Standards must be recognised by departments when dealing with MoG changes. The FRRs will assist in the identification and application of appropriate accounting standards.

10.17.3 Principles, Governance and Recordkeeping

For information regarding:

- principles of MoG
- organisational and governance matters as a result of MoG
- recordkeeping responsibilities following a MoG change

refer to FAH, Information Sheet 4.6 Machinery of Government, issued by Queensland Treasury and Trade.

10.17.4 Abolished Departments

For information regarding:

- financial systems
- financial statements
- annual reports
and
• other pertinent issues

relating to abolished departments – refer to APG 18 Machinery-of-Government Changes, issued by Queensland Treasury and Trade.

10.17.5 New Department

For information regarding:

• financial systems
• financial statements
• annual reports
and
• other pertinent issues

relating to new departments – refer to APG 18 Machinery-of-Government Changes, issued by Queensland Treasury and Trade.

10.17.6 Continuing Department

For information regarding the requirements of continuing departments - refer to APG 18 Machinery-of-Government Changes, issued by Queensland Treasury and Trade.

10.17.7 Other Issues

For information regarding the following matters following a MoG change”

• bank accounts
• events occurring after balance date
and
• asset values

refer to APG 18 Machinery-of-Government Changes, issued by Queensland Treasury and Trade.

10.17.8 Disclosure

For information regarding disclosure requirements relating to MoG changes – refer to:

• APG 18 Machinery-of-Government Changes
• Financial Reporting Requirements for Queensland Government Agencies
and
• Sunshine Department Model Financial Statements

issued by Queensland Treasury and Trade.
10.18 References

Legislation

- Crime and Misconduct Act 2001
- Evidence Act 1977
- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Information Privacy Act 2009
- Motor Accident Insurance Act 1994
- Personal Injuries Proceedings Act 2002
- Public Records Act 2002
- Public Service Act 2008
- Public Trustee Act 1978
- Right to Information Act 2009
- Income Tax Assessment Act 1936
- Income Tax Assessment Act 1997

Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB)

- AASB 110 Events after the Reporting Period
- Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities

Queensland Government Policies and Guidelines

Department of Health

- Annual/Recreation Leave HR Policy C51
- Business Analysis and Management’s Business Rules
- Delegations Policy
- Department of Health Implementation Standard for Information Security Policy
- Department of Health Information Security Policy
- Department of Health Policy – Records Management for Administrative, Clinical and Functional Records
- Annual/Recreation Leave HR Policy C51
- Business Analysis and Management’s Business Rules
- Delegations Policy
- Department of Health Implementation Standard for Information Security Policy
- Department of Health Information Security Policy
- Department of Health Policy – Records Management for Administrative, Clinical and Functional Records
  - Capture and classification of Administrative and Functional Records
  - Access and Maintenance of Administrative and Functional Records
  - Appraisal and Disposal of Administrative and Functional Records
  - Storage of Physical Records
- Department of Health Procedure – Appraisal, Archiving and Disposal of Administrative and Functional Records
Chapter 10 – Corporate Management

- Department of Health Procedure – Capture and Classification of Administrative and Functional Records
- Department of Health Procedure – Identification and Creation of Administrative and Functional Records
- Department of Health Procurement Policy and Procedures
- Department of Health Protocol for Information Security Policy
- Department of Health Records Management Specification - Roles and Responsibilities
- ECM 63, Project Commencement Approval Policy – refer to Cabinet and Parliamentary Services
- Financial Control Programme
- Financial Delegations for Corporate Card Use Only Fraud Control Policy
- General Trust Fund Policy
- Guide to Contract Signing Delegations and Authorisations for Queensland Health
- Guide to Procurement Delegations for Queensland Health
- Health Service Directive Trust and Fiduciary Funds – Administration of Patient Fiduciary and General Trust Monies
- Health Services Purchasing and Logistic Branch
- Hospital and Health Service Performance Framework 2012-13
- Human resources and industrial relations policies Implementation Standard for Fraud Control Governance, Prevention, Detection and Response
- PAYG Procedure No 6 – PAYG Withholding Obligations
- Project Commencement Approval Policy
- Register of Financial Delegations
- Separation of Employment HR Policy H1
- Supplementary Benefits/Right of Private Practice Benefits Options – Senior Medical Officers-Specialists HR Policy B48
- Supplementary Benefits/Right of Private Practice Benefits Options – Senior Medical Officers-Non-Specialists HR Policy B49
- Supplementary Benefits/Right of Private Practice Benefits Options – Senior Medical Officers-Pathologists HR Policy B50
- The Guide to Fraud and Corruption Control (The Plan)

Department of Premier and Cabinet

- Queensland Executive Council Handbook
- Executive Council Minute 63 – refer to Cabinet and Parliamentary Services
- Queensland Ministerial Handbook

Department of Housing and Public Works

- Better Purchasing Guides
- Contract disclosure guidelines
- Ethics, Probity and Accountability in Procurement
- SOA QGCP0747-08 Records Storage, Retrieval and Destruction Services
- Queensland Procurement Policy 2013
Queensland State Archives

- Advice on choosing file formats for digital records
- Machinery of Government Changes and the Management of Public Records
- Digitisation Disposal Policy Toolkit – Assessing Eligibility of Paper Records for Early Disposal After Digitisation
- Digitisation Policy
- Encryption technologies and the treatment of public records for ongoing readability and accessibility
- General Retention and Disposal Schedule for Administrative Records
- General Retention and Disposal Schedule for Digital Source Records
- General Retention and Disposal Schedule for Original Paper Records That Have Been Digitised
- Machinery of Government Toolkit
- Managing digital records: a guideline for Queensland public authorities
- Metadata for digital continuity: a companion guideline to the Queensland recordkeeping metadata Standard
- Recording contact between government and lobbyists

Queensland Treasury and Trade

- APG 9 Accounting for Contributions by Owners and Distributions to Owners
- APG 18 Machinery-of Government Changes
- Financial Accountability Handbook
- Financial Circulars
- Financial Management Tools

Public Service Commission

- Principles for the Allocation of Resources Following a Machinery of Government Change
- Public Service Commission Directives
- Public Service Commission Directive 2/11 Recreation Leave

Department of Science, Information Technology, Innovation and Arts

- Information Standards
  - IS 18 Information Security
  - IS 31 Retention & Disposal of Public Records
  - IS 34 Metadata
  - IS 40 Recordkeeping

- Queensland Government Enterprise Architecture Framework
Crime and Misconduct Commission

- Fraud and corruption control – guidelines for best practice

Queensland Audit Office

- Checklist for organisational change – Managing machinery of government (MOG) changes
- Report to Parliament No 4 for 2011, Information systems governance and security
- Report 5: 2012 Results of Audits: Internal control systems

Other

- Australian Standard Fraud and Corruption Control (AS 8001 – 2008)
- National Performance and Accountability Framework
- National Privacy Principles (Commonwealth Government)
Financial Management Practice Manual

Chapter Eleven

Financial Information Management
# 11.1 Introduction

11.1.1 Overview ........................................................................................................... 3

# 11.2 Controls

11.2.1 General Controls ................................................................................................. 5
   11.2.1.1 Design of internal controls over information technology systems ............... 6
   11.2.1.2 Access controls ............................................................................................. 7
   11.2.1.3 Security measures ......................................................................................... 8
   11.2.1.4 Software ........................................................................................................ 10
   11.2.1.5 Data integrity controls .................................................................................. 10
   11.2.1.6 Disaster recovery .......................................................................................... 10
   11.2.1.7 Control over outsourced processing .............................................................. 11
   11.2.1.8 External service bureau controls ................................................................. 11
   11.2.1.9 Control over computerised accounting systems ......................................... 11
   11.2.1.10 Acquisition controls ................................................................................... 12
   11.2.1.11 Management and organisational controls .................................................... 12
   11.2.1.12 Operational controls .................................................................................. 12
   11.2.1.13 Communication controls .......................................................................... 12
   11.2.1.14 FAMMIS User Access Maintenance and Review ....................................... 13

11.2.2 Application Controls .......................................................................................... 13
   11.2.2.1 Input controls ............................................................................................... 14
   11.2.2.2 Processing controls ...................................................................................... 14
   11.2.2.3 Output controls ............................................................................................ 16

11.2.3 General Procedures ............................................................................................ 16

11.2.4 Systems Development and Audit ...................................................................... 17
   11.2.4.1 Application and software system development, implementation, modification and review controls ........................................................................................................ 17

11.2.5 Security ................................................................................................................ 17

11.2.6 Contingency Planning ......................................................................................... 18

11.2.7 Back Up and Recovery ......................................................................................... 18

11.2.8 Retention of Records ......................................................................................... 18

11.2.9 Computer Viruses ............................................................................................... 19

11.2.10 Manual of Procedures ....................................................................................... 19
   11.2.10.1 Format ......................................................................................................... 19
   11.2.10.2 Revisions .................................................................................................... 19
   11.2.10.3 Authority .................................................................................................... 19
   11.2.10.4 Distribution ................................................................................................. 20

11.3 Information Management Strategic Plan (IMSP) ................................................... 20
   11.3.1 Strategic Plans .................................................................................................. 20
      11.3.1.1 Queensland Health ICT Strategic Directions 2011-2015 .............................. 20
      11.3.1.2 Enterprise Architecture ........................................................................... 20

11.4 Key Systems ............................................................................................................ 21
   11.4.1 FAMMIS .......................................................................................................... 22
Chapter 11 – Financial Information Management

11.4.2 Decision Support System ................................................................. 22
11.4.3 Computerised Maintenance Management System ................................ 23
11.4.4 Travel Management System ............................................................. 23
11.4.5 Fleet Management Systems ............................................................... 23

11.5 References ............................................................................................. 24
Chapter 11 – Financial Information Management

11.1 Introduction

11.1.1 Overview

Section 15(1)(g) of the Financial Performance and Management Standard (FPMS) requires accountable officers to establish a financial information management system.

A financial information management system is a system that accumulates and analyses financial data in order to make good financial management decisions in running the department. The basic objective of the financial information management system is to meet department’s financial obligations as they come due, using the minimal amount of financial resources consistent with an established margin of safety.

Outputs generated by the system include accounting reports, operating and capital budgets, working capital reports, cash flow forecast, and various ‘what – if’ analysis reports. The evaluation of financial data may be performed through ratio analysis, trend evaluation, and financial planning modelling. Financial planning and forecasting are facilitated if used in conjunction with a decision support system (DSS).

A financial information management system must provide for recording, storing, keeping, retrieving and destroying financial information.

In establishing the system, section 15(2) of the FPMS requires that the accountable officer shall have regard to the Financial Accountability Handbook (FAH) issued by Queensland Treasury and Trade.

Section 15(3) of the FPMS requires that the accountable officer must regularly review the system to ensure that it remains appropriate for managing the financial resources of the department.

Responsibility for enterprise financial information management systems currently rests with the Deputy Director-General, System Support Services Division.

The ICT Advisory Board supports the System Manager and the Health Services Information Agency (HSIA) to deliver enterprise and non-enterprise wide information and communication technology (ICT) services effectively, efficiently and equitably in accordance with the Health Systems ICT Governance Framework and Health Service Directives.

11.1.1.1 Internal control

The development and implementation of internal controls and systems surrounding the department’s information and communication technology (ICT) functions are fundamental to the operation of an efficient, effective and economic information management system. Effective information management is about an appropriate combination of people, processes and systems.

The department’s internal control structure with respect to financial information management consists of the policies and procedures established to provide reasonable assurance that the department’s specific objectives will be achieved. The internal control structure has three key elements:

- the control environment
- the financial information management system itself
Chapter 11 – Financial Information Management

and
• the control procedures.

The control environment is the general framework within which specific control policies and procedures operate. For further information regarding the control environment – refer to FAH, Information Sheet 2.2 What is a Control Environment? Issued by Queensland Treasury and Trade.

The financial information management system consists of the records and procedures used to record, process and report the department’s transactions and to maintain accountability for the related assets and liabilities.

Control procedures are the specific steps carried out to minimise the risk of particular control threats. They are the management policies and rules regarding employee behaviour that are designed to provide reasonable assurance that management’s control objectives are achieved. Generally, control procedures fall into one of five categories:

• proper authorisation of transactions and activities
• segregation of duties
• design and use of adequate documents and records
• adequate safeguards over access to, and use of, assets and records and
• independent checks on performance.

Internal controls are developed to establish an information security culture commensurate with the value and sensitivity of the information and adherence to all legal and legislative requirements.

Strong and effective internal ICT controls enhance the operational health of the department through:

• the establishment of an appropriate information management and security culture
• the implementation of security measures commensurate with the value and sensitivity of the information
• the prevention of potential breaches of departmental systems and databases
• the provision of accurate and timely reporting on financial and operational matters
• compliance with all legal and regulatory requirements
• using risk management processes to secure data integrity
• managerial monitoring of controls
• allowing internal and external audit functions to be completed in a more efficient and effective manner, such as, through the application of Computer Assisted Audit Techniques and
• ensuring privacy of information under the Information Privacy Act 2009.

The HSIA develops and implements internal controls and systems, in respect of enterprise applications, on behalf of the department and within the direction of the Queensland Government Chief Information Office. The HSIA continually works towards best practice in Queensland Health development, implementation and support of controls and systems.

The department is responsible for developing controls and systems in respect of local applications.

For further information regarding information and communication technology – refer to:
11.1.2 Legislative Requirements

In addition to section 15(1)(g), 15(2) and 15(3) of the FPMS, mentioned in FMPM section 11.1.1 Overview, section 27 of the FPMS mandates that the accountable officer must:

- apply the mandatory principles contained in the information standards issued by the Queensland Government Chief Information Office (QGCIO) (27(3)(a)).
- ensure that the system aligns with the targets stated in the document called ‘Government enterprise architecture’ (27(3)(b))
- ensure that the Public Records Act 2002 is complied with (27(3)(c)) and
- ensure that the financial information is secure (27(3)(d)).

The QGCIO provides guidance and support regarding the acquisition, development, management and use of information sets, information systems and technology infrastructure, underpinned by the Government Enterprise Architecture Framework detailing the development, use and management of communications and information services.

Section 27 (4) of the FPMS states that the accountable officer must consult with the following officers before introducing, or significantly amending, the department’s financial information management system:

- the Head of Internal Audit
- the Queensland Audit Office Auditor
- the Chief Finance Officer.

Although it is not a legislative requirement, the Manager, Financial Business Requirements, Finance Branch, System Support Services Division, and the Chief Finance Officer must also be consulted with respect to significant amendments to accounting or financial management components of the financial information management enterprise systems centred at Queensland Health and of local systems at the HSS respectively.

11.2 Controls

11.2.1 General Controls

The methods that the department uses to process significant financial information management applications may influence the control procedures designed to achieve the objectives of internal control. Those characteristics that distinguish computer processing from manual processing include:
• transaction trails
• uniform processing of transactions
• segregation of functions
• potential for errors and irregularities
• potential for increased management supervision
• initiation or subsequent execution of transactions by computer and
• dependence of other controls on controls over computer processing.

ICT internal control activities incorporate the following functions:

• processing is accurately input using authorised data thus ensuring data integrity
• the testing of applications, ensuring that they correctly accept, manipulate, store and provide data and information to users
• security and access, in that, procedures are in place to regulate the operation of the ICT system by departmental users, management and other authorised users
• documentation standards in relation to projects under development and for fully implemented systems:
  • administrative documentation
  • systems documentation
  and
  • operating documentation
• physical protection of computer facilities through restriction of access to the computer system itself and to online data terminals to authorised personnel
• data security through the protection of files and programs from unauthorised disclosure or accidental destruction
• insurance against risks such as fire, flood, severe weather, sabotage and embezzlement
• controls, which are in place to ensure the recording of financial transactions in compliance with accounting principles, specific regulatory requirements and with management needs and these controls are monitored by management to ensure that they are effective
• backup systems and procedures to deal with temporary hardware failures
• computer security planning, that is, the conduct of an ICT risk analysis and the development of a risk management plan and
• management and administration oversight of the operations of ICT related services.

Refer also to the following:

• FMPM section 2.9 Internal Controls
• FMPM section 10.8 Financial Records Management
• FMPM section 10.9 Corporate Internal Controls
• FMPM section 10.13 Employee Records Management
and
• FMPM chapter 13 Internal Controls.

11.2.1.1 Design of internal controls over information technology systems

In respect of enterprise applications, the Chief Information Officer of the HSIA is responsible for:

• ICT operations, maintenance and policy direction
Chapter 11 – Financial Information Management

- the development and implementation of appropriate processes to validate new processes, applications and upgrades
- ensuring that systems’ capacity restraints are identified and rectified
- the identification of external risks such as power outages and communications links and
- the development of appropriate mitigation strategies that are relevant to the department.

Operational procedures are developed to maintain:

- the timely change or removal of user access, for example, a change in officer classification or the termination of officers
- regular operational reviews and communication with hardware and software vendors
- the establishment of approval and delegation levels
- the implementation of the effective segregation of duties
- the use and regular review of audit trails and control registers and
- the establishment of reasonable tolerances in processing applications that accept minor variations in data processed, for example, small variations in price between goods ordered and goods invoiced following delivery.

Privacy for the department, its officers, clients and stakeholders is maintained by:

- the consistent application of the provisions of the Information Privacy Act 2009, facilitating through blocking, the reporting and actioning of any attempted or unauthorised access to the department’s database and
- ensuring that confidential information is not accessible to other than authorised users in the event of theft or damage to portable ICT items, for example, laptops and mobile phones.

Refer also to:

FMPM section 2.4.6 Right to Information and Information Privacy
- FMPM section 10.2.8 Computerised Authorisations
- FMPM section 10.9.7 On-line Computer Systems (Corporate Internal Controls) and
- FMPM section 10.9.8 Electronic Signatures.

11.2.1.2 Access controls

Access control is effected through the use of an access control matrix which is an internally maintained list that the computer uses to verify that the person attempting to access system resources is authorised to do so. The matrix usually consists of a list of user codes, a list of all files and programs maintained on the system and a list of the access each user is authorised to make.

Control methods may include the use of passwords, magnetic entry keys and electronic/photographic identification checks.
Access to user identifications and user login codes is to be restricted. New user identifications and login codes are to be issued only after approval has been given by team leaders and operational unit managers or the equivalent. Requests for user access are to be submitted online by the nominated requestor in conjunction with an electronic authorisation request to his or her approving officer.

Systems users are not permitted to share or divulge access identifications and passwords. Access identification and passwords are not to be used by other than the intended user.

The HSIA Online Provisioning System on QHEPS allows authorised officers to lodge requests for new or modified access to the department’s intranet and drives. Remote access may be approved under specific circumstances.

Unused departmental accounts must be reviewed regularly at intervals not exceeding three months. Any accounts not used within two months must be disabled. In any case, accounts for officers whose services have terminated, for whatever reason, must be disabled or deleted within five working days of the termination.

Access to high level user profiles or security codes which enable the user to perform normally restricted functions is to be granted only when needed, and withdrawn on completion of the operation that required the access.

Through the Customer Self-service on QHEPS, the HSIA delivers the following services:

- computer system access
- additional ICT requests
- view a request status
- update personal details
- update ICT asset details.

11.2.1.3 Security measures

In order to safeguard its financial information management resources, the department will employ a variety of security measures. Through adequate security measures, the department can provide day-to-day protection of its computer facilities, maintain the integrity and privacy of its data files and avoid serious damage or disastrous losses.

Security measures may be:

- preventative in nature in that they prevent unauthorised access to resources, for example, passwords
- detective in nature, for example, closed circuit television or
- corrective in that they enable lost data to be reconstructed or lost facilities to be recovered, for example back up files.

Security measures are applied to computer hardware facilities and to data and information.

Computer hardware facilities. Security measures applied in relation to computer hardware facilities will provide the following protections:
• from unauthorised access
• from disasters
• from environmental threats and hazards and
• from breakdowns and interruptions.

Data and information. Security measures applied in relation to data and information will provide the following protections:

• from unauthorised access to data and information
• from undetected access of data and information and
• from the loss or improper alteration of data and information.

Information security activities are concerned with the protection of information in all its forms: electronic, paper and voice, from unauthorised use or accidental modification, loss or release.

System security incorporates functions that:

• ensure user password systems conform to current industry standards, requiring users to change passwords at regular intervals and which are restricted to departmental officers
• use up-to-date anti-virus software and firewall applications and
• review, update and document hardware and software applications to aid in the timely recovery of ICT functions in the event of partial or total system failure.

The Queensland Health Information Security Architecture describes a comprehensive set of security related activities and controls to direct and guide Queensland Health in establishing best practice information security management.


Components of the architecture are as follows:

• policy, planning and governance
• asset management
• human resource management
• communications and operations management
• access management
• system acquisition, development and maintenance
• incident management
• business continuity management and
The HSIA maintains the Secure Transfer Service explained on QHEPS as a tool for sharing sensitive information on line in a secure environment.

The Secure Transfer Service is an enterprise application fully supported by the HSIA to architecturally support the eHealth Strategy of sharing information across the healthcare continuum to achieve:

- systematic exchange of patient sensitive information with all external partners
- two way communication for a wide variety of types of information
- digital signing of documents
- compliance with legislative requirements incumbent on Queensland Health with regard to privacy and Queensland Health Policies, Procedures and Standards relating to information security and
- compliance with Commonwealth government e-Health initiatives such as the National E-Health Transition Authority (NEHTA).

Refer to Health Service Directive – Enterprise Architecture at:


11.2.1.4 Software

Enterprise software installation is managed by the HSIA and enterprise applications and user guides available to departmental officers are located on QHEPS.11.2.1.5 Data centre operations

Data centre operations deliver the following services:

- data centre/computer room access control
- environmental and security monitoring
- fire prevention and alerting systems and
- data centre strategies and roadmaps.

11.2.1.5 Data integrity controls

Data integrity controls ensure:

- the completeness, accuracy and validity of computer data files and that these files are protected from unauthorised use and
- that data is stored and described in an efficient manner and is continuously available to authorised users.

11.2.1.6 Disaster recovery

The department will develop a disaster contingency and recovery plan which will:
• identify all potential threats to the computer system
• specify the needed preventative security measures and
• outline the steps to be taken if each type of disaster actually occurs.

It will also identify the resources that must be protected and the available resources to minimise the disaster.

The plan will identify and assign responsibility for implementing the plan and should provide for follow-up reviews.

The HSIA, in conjunction with the department, will establish where possible, appropriate treatments for the continuation of enterprise information services in the event of disruption to those services.

Manual fallback plans are to be developed in those circumstances where the HSIA is unable to provide a disaster recovery mechanism.

11.2.1.7 Control over outsourced processing

If the department has data processed externally, adequate arrangements shall be agreed and established to ensure that:

• where an agency other than the Centre for Information, Technology and Communications (CITEC) is used, processing priorities and data backup systems are adequate
• all documents submitted for processing are accounted for on reports received from the external agency and
• where the value of items submitted for processing can be reconciled with processing results, such reconciliations are promptly performed or that audit trails are such that any sample of individual items submitted for processing can be identified on output reports and the correctness of computations and accumulations verified.

11.2.1.8 External service bureau controls

External service bureau controls ensure:

• that external bureau computer facilities services are used only if they are likely to produce greater benefits than other processing alternatives
• that the most suitable external computer bureau facilities are selected and that the selection process is performed in accordance with departmental policies and practices and
• the completeness, accuracy and validity of data processed by an external bureau and that data is protected from unauthorised use.

11.2.1.9 Control over computerised accounting systems

Where computerised accounting systems are employed, either for internal use or as an agency for any other agency, those systems shall be:

• thoroughly tested and proven before becoming operational, and any master files created shall be checked to ensure that they are correct
and
- subject to any management and organisational controls:
  - over the functions relating to processing
  - to ensure that the systems are developed or modified in accordance with management approved plans and procedures
  - to ensure that procedures are established which will reduce the likelihood of failure and, where failures do occur, enable complete and timely recovery.

**11.2.1.10 Acquisition controls**

The department shall establish internal acquisition controls:

- to ensure that computer facilities and services are acquired only if they will contribute to the achievement of organisational goals and are likely to produce greater benefits than other processing alternatives
- to ensure that the most suitable computer facilities and services are selected and that the selection process is performed in accordance with departmental policies and practices.

**11.2.1.11 Management and organisational controls**

The department shall establish internal management and organisational controls:

- to ensure the provision of effective organisational controls over the functions related to electronic data processing
- to ensure that management exercises effective control over the deployment of electronic data processing resources in accordance with organisational objectives
- to ensure that the practices related to electronic data processing activities are in accordance with departmental regulations.

**11.2.1.12 Operational controls**

Operational controls ensure that:

- computer facilities are properly used for management approved purposes and procedures exist to prevent or detect:
  - accidental errors
  - fraudulent manipulation of data
  - misuse of classified information
- procedures are established which will reduce the likelihood of processing failures and, when failures do occur, enable complete and timely recovery.

**11.2.1.13 Communication controls**

Communication controls ensure:

- the completeness, accuracy and validity of data transmitted within the data communications network and to prevent information being compromised or misused
and

11.2.1.14 FAMMIS User Access Maintenance and Review

State-wide Finance Services, Finance Branch is responsible for:

- Facilitating and coordinating periodic reviews of FAMMIS access
- User access maintenance and review of Automated Accounts Payable System (AAPS), CommBiz and Smart Data Gen2 (SDG2).

Department of Health’s Health Services Information Agency (HSIA) is responsible for FAMMIS user access maintenance including changes to security profiles and system access controls. Additionally, HSIA is responsible for facilitating authorised changes to FAMMIS user access.

Access to the above systems can only be requested by completing the relevant User Access Request form and obtaining appropriate authorisation. Access for high risk FAMMIS roles such as vendor creation / maintenance, systems processing, state-wide Accounts Payable and state-wide General Ledger is restricted. In order to gain access to these restricted roles the request must be authorised by Department of Health’s Chief Finance Officer or Senior Director, Finance Transactional Services.

Periodic reviews are carried out for regular user access and targeted reviews for high level, high risk access. These controls are to improve Department of Health’s fraud prevention process.

11.2.2 Application Controls

Application controls are controls that relate to the data inputs, files, programs and outputs of a specific computer application. They are the procedures which are designed to ensure that the basic internal control elements are implemented in specific application systems. The objectives of application controls are to provide reasonable assurance that all transactions are legitimately authorised and accurately recoded, classified, processed and reported.

Application controls are categorised into:

- input controls
- processing controls
- output controls.

These categories correspond to the basic steps in the data processing cycle.

Application controls are further subdivided into:

- preventative controls which act to prevent errors and fraud before they happen, primarily at the input and processing steps
- detective controls to uncover errors and fraud
- corrective controls which correct errors.

Authorisation controls are a bridge between organisational and application controls.
Authorisation controls have the objectives of assuring that:

- transactions are valid and proper
- outputs are not incorrect due to invalid inputs
- assets are better protected.

Because authorisations are granted by persons not involved in the processing, authorisations enhance the concept of organisational independence.

Authorisations may be classified as general or specific.

A general authorisation establishes standard conditions under which transactions are approved and executed, for example, management sets general criteria by which purchases may be made.

A specific authorisation applies to a particular event with the conditions and parties specified, for example, the authorisation to incur expenditure above a particular amount.

Authorisations are generally reflected through transaction documents and are to be verified before processing begins.

Application controls are developed according to best practice methodologies and techniques. The use of role based access controls is commonplace and supports key outcomes for workplace performance, data processing and policy compliance. Application data processing conforms to formally established business rules and processing requirements. Business rules and processing requirements reflect policy and workplace management practices.

11.2.2.1 Input controls

Transactions are to be recorded accurately, completely and promptly. The proper amounts are to be reflected in the proper accounts and within the accounting periods during which the transactions occurred. All erroneous data is to be detected, corrected and resubmitted for processing.

Input controls ensure, where necessary, that all captured data are converted into computer-readable form and are transmitted over communications lines.

Input controls are logically grouped according to the data-collection steps as follows:

- recording of transactions
- batching of transaction data
- conversion of transaction data
- editing of transaction data
- transmission of transaction data.

Control over the input of data is managed through the authorisation of access to enterprise and to departmental applications.

11.2.2.2 Processing controls

Processing controls are largely directed at files which are collections of input records.
Controls over the processing of transactions should assure that:

- data processed by the computer are complete
- the data are processed accurately, completely and efficiently
- no invalid or unauthorised transactions are included
- proper files and programs are involved
- the distribution from the computer is complete and confidential
- all transactions can be easily traced.

Processing controls can be grouped under:

- manual cross checks
- processing logic checks
- run-to-run controls
- file and program checks
- audit trail linkages.

Control over processing is achieved through business rules established at the point of configuration or upgrade.

The following requirements must be applied to control processing by Queensland Health’s financial information management systems, such as FAMMIS, SAPHR, Clinical Costing and the MAN series:

- all documents submitted for processing must be accounted for on transaction audit trail reports produced by the system
- where the value of items submitted for processing can be reconciled with the results of processing, such reconciliations must be performed promptly
- audit trails must be provided so that any sample of individual items submitted for processing can be identified on output reports and the correctness of computations and accumulations can be verified
- production processing must be regularly scheduled and approved; variations from the approved schedule must be duly authorised by an officer with the appropriate delegated administrative authority
- there must be adequate segregation of duties within the information technology units or other information technology service providers.

The following functions should be segregated:

- systems design, programming and testing
- production system operations and software releases
- input/output control scheduling and user responsibility
- programme library maintenance.
11.2.2.3 Output controls

The outputs provided by an information management system should be complete and reliable and should be distributed to the proper recipients. Output controls are designed to check that the input processing resulted in valid output and that outputs are properly distributed.

Output controls that have these objectives consist of reviews and distribution logs or registers.

Reports should be reviewed critically by supervisory officers in operational units for general reasonableness and quality. Output control totals are to be reconciled with input control totals.

Clerical procedures are to be established to provide assurance that errors are reported to the control group. These procedures must provide assurance that such errors are entered into controls, corrected and properly re-entered into the system for further processing. Corrections are to be subjected to the same testing as the original data.

The distribution of output should be controlled so as to minimise the danger of unauthorised access to confidential data.

The design of reports that produce information for management is to be developed through consultation with end users.

11.2.3 General Procedures

Queensland Health’s enterprise systems for financial information management such as FAMMIS, QHHRMIS and transitional manual systems, together with ancillary processes designed to provide systems support (including the use of spreadsheet and database products), must be able to deal with the issues of recording, storing, keeping, retrieving and destroying financial information.

Systems must be able to allow officers to comply with the provisions of the Right to Information Act 2009 and the Information Privacy Act 2009.

The following elements in the development and maintenance of an information management system, whether computer based or manual, internal or external, must be considered:

- Queensland Health ICT Strategic Directions 2011 -2015
- integrated procedures which ensure the following:
  - adequate testing of systems and checks of master file data to ensure that they are correct
  - that appropriate storage media and back up systems are employed for each application
  - that all statutory, regulatory and organisational retention requirements are met and surplus or redundant information is not disposed of except in accordance with internal control requirements
  - a financial information system which is consistent with the recording and reporting requirements of the financial management system and with the internal needs of the department
  - that adequate hard copy support is obtained and that any errors are corrected, initialled and dated
  - system security, confidentiality of information and integrity of information and processing including adequate and effective checks and balances
Chapter 11 – Financial Information Management

- reduced likelihood of system failures and where failures do occur, enable complete and timely recovery

- control procedures, including system documentation, which will allow monitoring of the efficiency and the effectiveness of the development and operation of the information system.

Adequate records must be maintained for all hardware and preventative maintenance undertaken according to established schedules.

Modifications to systems software must be authorised and undertaken in an environment which allows full back-up and recovery in the event of problems.

User systems must be established to log system access and failures, and to ensure that they are reported and that corrective action is taken. Such failures may be due to data errors, programme errors or abnormal programme terminations

11.2.4 Systems Development and Audit

During the specification and development phases and before implementation of any computerised financial information management system, consultation must be held with the Head of Internal Audit and with a representative of the Auditor-General on matters regarding audit and internal control. It should be remembered, however, that those bodies are not intended to provide consulting services because of the potential impairment to independence.

This involvement may include an ongoing review by the department’s internal audit function.

11.2.4.1 Application and software system development, implementation, modification and review controls

These controls are to be developed to:

- ensure that electronic data processing system development proposals are approved and implemented only if they are economically justifiable or for other justifiable reasons
- ensure that electronic data software systems proposals are approved only if they are economically justifiable or are mandatory for software compatibility and support
- ensure that systems are developed and modified in accordance with management approved plans and procedures
- ensure that only tested and approved systems or modifications are taken into production libraries and that complete and accurate data files are established
- ensure that the continued effectiveness and efficiency of systems are monitored through post implementation reviews
- ensure that statutory and other external constraints are incorporated in the development, implementation and modification of systems.

11.2.5 Security

Operational units are to develop and maintain security measures for protection from vandalism, theft, loss, unauthorised access and disaster.
Security of hardware, software and data is seen as an issue of wide interest and responsibility throughout Queensland Health and is not the sole domain of the HSIA or the department generally.

The document entitled Queensland Health Information Security Policy\(^1\) discusses security measures and procedures required to afford appropriate security over information assets.

### 11.2.6 Contingency Planning

A computer installation can suffer disaster by way of storms, sabotage, fraud and hardware failure and officers responsible for the custody of critical information systems or data must prepare contingency plans to minimise the effects of a disaster occurring.

Advice in the preparation of business continuity plans is available on QHEPS.

Disaster tolerant infrastructure and associated procedures which are appropriate to business requirements, information importance and legal aspects are to be maintained by Queensland Health in respect of enterprise applications and by the Hospital and Health Services (HHS) in respect of local applications. Disaster committees are to be maintained, meet regularly and conduct mock disaster recovery (DR) drills. Business continuity planning is to occur to ensure that system failures which result in substituted manual operations can be sustained.

### 11.2.7 Back Up and Recovery

Officers responsible for information systems must ensure that backup copies are held for software and production data files so that full recovery of any computer-based system can be made. Backup copies are to reflect all of the changes made in programs and in documentation, as well as the current status of data files.

Backup copies must be taken according to a predetermined and written schedule.

For critical data, at least one backup copy must be stored off-site in a fireproof location and this copy will be the most recent backup.

Backup media must be rotated and recovery from backup copies must be tested periodically to simulate full system recovery to an identical computer.

Backup and recovery procedures must be documented.

All actions to recover files must be undertaken with adequate specialist supervision.

### 11.2.8 Retention of Records

Refer to Queensland State Archives, General Retention and Disposal Schedule for Administrative Records for the schedule of retention periods for critical data.

Refer also to FAH, Information Sheet 5.3 Financial Record Management, issued by Queensland Treasury and Trade.

\(^1\) Key document no. 3485 on QHEPS
11.2.9 Computer Viruses

The Director-General shall impress upon all users that the introduction of a computer virus onto the department’s computer will lead to an investigation into the circumstances surrounding the introduction of the virus. Severe consequences may be expected in those cases involving carelessness or malice.

In the event that a virus is located, the terminal should be shut down as soon as possible to minimise the possibility of the virus entering the department. The Service Centre (1800 198 175) should be contacted promptly for assistance with the removal of the virus. As noted in published policies, officers are not to attempt removal of a computer virus. This process must be carried out by systems administrators only.

11.2.10 Manual of Procedures

Manuals of procedures are to be maintained as and when circumstances require, and are to be readily available to current users.

All information technology manuals, including operations, systems software, programme and user manuals must be securely stored to prevent unauthorised access.

11.2.10.1 Format

Manuals must retain a consistent format, written in a concise manner with the use of graphic images being kept to a minimum. The manual must be presented in accordance with the Queensland Health Style Guide. The manual must show, for each chapter or descriptive segment:

- a statement of when the procedure would be followed
- a statement of expected outcome(s)
- the procedures.

For computerised systems elements being described, computer screen images (or part thereof as relevant) with which the user can identify may be embedded for clarity.

Cautions are to be inserted into the text and highlighted, where inappropriate action may produce undesirable consequences including, for example, any point in software use that leads to a position from which recovery is difficult or time consuming.

11.2.10.2 Revisions

The original and revisions should be documented and recorded in a Manual Register, to enable the date of the application of any section or sections to be determined with some certainty and to enable any user to ascertain whether or not any revisions have been received.

11.2.10.3 Authority

Manuals of procedures must be approved by the Director-General or delegate as appropriate. Requests for modification to, or the installation of, new procedures, should be directed to the Director-General.
11.2 10.4 Distribution

It is essential that the manual be readily available to all users.

11.3 Information Management Strategic Plan (IMSP)

11.3.1 Strategic Plans

11.3.1.1 Queensland Health ICT Strategic Directions 2011-2015

The Queensland Health ICT Strategic Directions 2011-15 provides a five year view of the strategic objectives and initiatives for ICT solutions and services. The use of ICT is pivotal in helping all Queenslanders to have the best possible and appropriate access to health services and outcomes.

The strategic directions define the strategic objectives for new and ongoing ICT/ information management (IM) investment throughout Queensland Health. The document outlines the supporting initiatives for ICT solutions and services that will help Queensland Health adjust to major health reforms and address challenges such as the rising demand, complexity and cost of healthcare.

The strategic directions align the investment in Queensland Health’s ICT resources with the Queensland Health ICT Strategic Directions 2011–2015.

11.3.1.2 Enterprise Architecture

The Enterprise Architecture Policy describes the department's position regarding current and future business and technical architectures to support the department's vision, strategic plans, and performance objectives with the following key outcomes:

- **Strategically Aligned** - alignment will ensure that current and future ICT solutions and services:
  - support the department’s vision, strategic plans, and performance objectives
  - are designed, implemented and managed according to the requirements of the department’s Enterprise Architecture and the Queensland Government Enterprise Architecture
  - support accountable and contestable investments in technology with the adoption of an “as-a-service” approach by default.

- **Patient Centric** - patient-focused information and data models underpinning ICT solutions and services will support the patient centric view of service delivery including rights of access, safety, respect, participation and privacy.

- **Accessible Services** - interoperability and integration between ICT solutions and services will enable secure exchange and access to accurate, timely and trustworthy sources of information across the continuum of care.

- **Sustainable and Effective Solutions** - quality ICT solutions and services will be developed to ensure efficient and effective use of information and to meet the growing demands and future needs of the department
Standards Based - an adaptable, scalable and evolvable architecture that includes recognised information, messaging and infrastructure standards specific to healthcare will lead to innovative and responsive ICT solutions and services, value for money and clearly articulated benefits.


The Department of Health Enterprise Architecture (DHEA) extends the Queensland Government Enterprise Architecture (QGEA) to categorise specific departmental enterprise architecture content.

The DHEA guides decision making by identifying applicable policies, standards and protocols aligned to five architecture domains:

- business
- information
- application
- technology
- information security.

The Enterprise Architecture Policy is supported by the following artefacts:

- Enterprise Architecture Framework Implementation Standard
- Enterprise Architecture Foundations Implementation Standard
- Enterprise Business Architecture Implementation Standard
- Enterprise Information Architecture Implementation Standard
- Enterprise Applications Architecture Implementation Standard
- Enterprise Technology Architecture Implementation Standard
- Enterprise Architecture Guide

11.4 Key Systems

Key systems that are managed at a system level to support finance, human resources and linked functions which are available to the department to support business processes include:

- SAP (Version 4.6B Finance and Materials Management Information System (FAMMIS))
  - Finance
  - Assets and Maintenance Management
  - Procurement and Supply
- SAP HR/Payroll (Version ECC5)
- Decision Support System (DSS)
  - SAP FAMMIS transaction reporting
  - SAP HR
  - Budget Planning
  - Scorecard
  - Activity Based Funding
• Plant Management Computerised Maintenance Management System (CMMS)
• Fleet Management Systems
and
• Travel Management System.

11.4.1 FAMMIS

The FAMMIS ICT system is part of the whole-of-Government Shared Service Initiative and is supported by Queensland Shared Services which is a unit of the Department of Science, Information Technology and the Arts.

FAMMIS has been configured in a way that does not allow for general purpose financial statements to be prepared for HHSs.

The replacement for FAMMIS with the latest SAP version ECC6 ‘SAPFIR’ will be implemented by 1 July 2014 and it is intended to be able to support separate entity reporting.

While the new system is rolled out, interim ‘work arounds’ will operate until 1 July 2014. Interim changes are required for:

• HHS financial statements
• HHS cash management
• GST management
and
• HHS Tridata.

These workarounds will rely heavily on extracts from the Decision Support System (DSS).

11.4.2 Decision Support System

The DSS is a user friendly financial information management system which improves decision making by quickly providing summary data in graphical and tabular presentations. Local DSS users have access to:

• cost centre balances
• account code balances
• full time equivalents
and
• transactions

housed within a security system maintained at the corporate level.

DSS data feeds in from FAMMIS, the budget and full time equivalent numbers, all entered at the local level.

Information extracted from the DSS assists the department to produce meaningful reports to a variety of audiences:

• HHS reports to the Chief Executive (Director-General) (performance monitoring)
• internal monitoring (to the Board)
and
Chapter 11 – Financial Information Management

- external monitoring requirements (State and Commonwealth Governments).

11.4.3 Computerised Maintenance Management System

The Computerised Management System (CMMS) meets the whole-of-Government requirement for a computerised maintenance management system that adequately facilitates maintenance planning, implementation and reporting. The whole-of-Government requirements include, but are not limited to:

- the management of asbestos containing materials
- the recording of leased properties
and
- the recording of water, energy and carbon consumption.

CMMS is part of FAMMIS and its functionality will be rolled forward with the SAPFIR rollout and will be a tool for the department to manage infrastructure.

11.4.4 Travel Management System

The Travel Management System (TMS) is a whole-of Government travel booking system and financial management solution designed to assist travellers and travel officers in arranging and reconciling work-related travel bookings. The system encompasses the online booking of travel products such as airfares, hotels and the hiring of motor vehicles as well as claiming travel entitlements. This system is scheduled to be replaced by Serko Travel Management.

11.4.5 Fleet Management Systems

QFleet is the Queensland Government’s provider of vehicle leasing and fleet management services, managed in the Department of Housing and Public Works.

The department utilises the following QFleet systems:

- Fleetscape
  - the system for ordering leased vehicles from QFleet
- Client Access System (CAS)
  - utilised for managing leased vehicles (recording details such as petrol usage, kilometres travelled and the drivers of vehicles)
and
- Utilisation Management (Pooling) System (UMS)
  - used to establish QFleet pooling systems which are maintained locally and facilitate better planning, management and reporting on motor vehicle fleets.

The department is responsible for developing policy for the management of motor vehicles and for ensuring that it meets any whole-of-Government requirements. For example, the QFleet Fleet Efficiency and Utilisation Policy establishes consistent principles under a fleet management framework, for all agencies to follow in the selection, operational management and assessment of vehicle assets.
11.5 References

Legislation

- Financial and Performance Management Standard 2009
- Information Privacy Act 2009
- Public Records Act 2002
- Right to Information Act 2009

Queensland Government Policies and Guidelines

Queensland Health

- Business Continuity Plans
- Customer Self Service Centre webpage
- Enterprise Applications webpage
- Health Service Directive - Enterprise Architecture
- Health Service Information Agency webpage
- Health Systems ICT Governance Framework
- Queensland Health ICT Strategic Directions 2011-2015
- Queensland Health eHealth Implementation Strategy and Plan 2009-2012
- Queensland Health Enterprise Architecture
- Queensland Health Information Security Architecture
- Queensland Health Information Security Policy
- Queensland Health Information Security Policy Framework
- Queensland Health Protocol for Information Policy
- Queensland Health Style Guide
- Enterprise Architecture Framework Implementation Standard
- Enterprise Architecture Foundations Implementation Standard
- Enterprise Business Architecture Implementation Standard
- Enterprise Information Architecture Implementation Standard
- Enterprise Applications Architecture Implementation Standard
- Enterprise Technology Architecture Implementation Standard
- Enterprise Architecture Guide

Department of Housing and Public Works

- QFleet Fleet Efficiency and Utilisation Policy

Department of Science, Information Technology, Innovation and the Arts

- Government Enterprise Architecture Framework
- Queensland Government Chief Information Office (QGCIO) Current Information Standards
- Queensland Government Information Security Policy Framework
Chapter 11 – Financial Information Management

Queensland Treasury and Trade

- Financial Accountability Handbook
- Financial Management Tools

Queensland State Archives

- General Retention and Disposal Schedule for Administrative Records

Other

Financial Management Practice Manual

Chapter Twelve

Taxation Management
# Table of Contents

12.1 General Tax Requirements

12.1.1 Overview .................................................................................................................. 3
12.1.2 Records Retention ...................................................................................................... 3
12.1.3 Seeking Tax Advice .................................................................................................. 3

12.2 Fringe Benefits Tax (FBT)

12.2.1 Overview .................................................................................................................. 4
12.2.2 FBT Returns/Reports ................................................................................................ 4
12.2.3 Department of Health Taxation Unit Role .................................................................. 5
12.2.4 Effect of FBT ............................................................................................................. 5
12.2.5 FBT and Human Resource Policy/Industrial Relations .............................................. 5
    12.2.5.1 Collection of data ................................................................................................. 6
    12.2.5.2 Compliance .......................................................................................................... 6
    12.2.5.3 Issues communication protocol .......................................................................... 6
12.2.6.1 FRBNPC Fringe Benefits New Provider Notice ........................................................................ 6
12.2.7 Fringe Benefits Provided to Hospital and Health Board Members .................................. 6

12.3 Pay As You Go (PAYG)

12.3.1 Overview .................................................................................................................. 7
12.3.2 Tax File Number Declarations .................................................................................. 8
12.3.3 Zone Rebates ............................................................................................................ 8
12.3.4 Withholding Declaration .......................................................................................... 8
12.3.5 PAYG Withholding Variation ................................................................................... 9
12.3.6 Non-resident Medical Staff ...................................................................................... 9
12.3.7 Deductions from Wages and Salaries/Contract Labour Expenses .................................. 10
12.3.8 How and When Payments are Made ......................................................................... 11
12.3.9 Child Support ......................................................................................................... 11
12.3.10 Payment Summaries ............................................................................................... 11
    12.3.10.1 Australian Taxation Office electronic media ..................................................... 11
    12.3.10.2 Australian Taxation Office non-electronic media ............................................. 12

12.4 Non-Wages/Contract Labour Expense Withholdings

12.4.1 Overview .................................................................................................................. 12
12.4.2 Definition .................................................................................................................. 12
12.4.3 Requirements ......................................................................................................... 13
12.4.4 Due Dates ................................................................................................................. 14

12.5 Payroll Tax .................................................................................................................. 14

12.5.1 Overview .................................................................................................................. 14
12.5.2 Basis for Taxing ....................................................................................................... 15
12.5.3 Rates ........................................................................................................................ 17
12.5.4 Process ..................................................................................................................... 17

12.6 Goods and Services Tax (GST)

12.6.1 Overview .................................................................................................................. 17
12.6.2 How and When Payments are Made ....................................................................... 18
12.6.3 Effect of GST .......................................................................................................... 18
12.6.4 Reporting of GST in the Annual Financial Statements ............................................. 18
12.6.5 GST in Practice ....................................................................................................... 19
Chapter 12 – Taxation Management

12.6.5.1 Purchases .................................................................................................................. 19
12.6.5.2 Interaction between GST and FBT ......................................................................... 19
12.6.5.3 Collection of revenue .............................................................................................. 19
12.6.5.4 Compliance ............................................................................................................. 20

12.7 Duty .................................................................................................................................. 20
12.7.1 Policy .......................................................................................................................... 20
12.7.2 Objective .................................................................................................................... 20
12.7.3 Legislation .................................................................................................................. 20
12.7.4 Liability ...................................................................................................................... 20
12.7.5 Action with Suppliers ................................................................................................. 21

12.8 Excise ............................................................................................................................... 21
12.8.1 Policy .......................................................................................................................... 21
12.8.2 Objective .................................................................................................................... 21
12.8.3 Definitions .................................................................................................................. 21
12.8.4 Authority .................................................................................................................... 22
12.8.5 Quantity ...................................................................................................................... 22
12.8.6 Permits ....................................................................................................................... 22
12.8.7 Records ...................................................................................................................... 23
12.8.8 Reselling ..................................................................................................................... 23

12.9 Taxation Compliance Systems ....................................................................................... 23
12.10 Disclosure of Taxation Expense ................................................................................ 24
12.11 References ..................................................................................................................... 25
12.1 General Tax Requirements

12.1.1 Overview

The Director-General must ensure current compliance with the requirements associated with the preparation of tax related returns. These include:

- Fringe Benefits Tax (FBT)
- Business Activity Statements (BAS)
- Payroll Tax (PRT).

The following sections of this chapter are designed to give an understanding of the general principles and processes involved.

For further details regarding the respective operational tax matters, particularly the latest updates, enquiries should be directed to the Director, Taxation Unit, Finance Branch, System Support Services Division.

Detailed procedures and advices given must be documented and maintained in the relevant operational unit’s procedural manuals.

For further information regarding taxation compliance – refer to:

- Financial Accountability Handbook (FAH), Information Sheet 3.11 Taxation Compliance Systems
- Financial Management Tools (FMT), Information Sheet 3.11 Taxation Compliance

issued by Queensland Treasury and Trade.

12.1.2 Records Retention

Operational units must retain financial records for tax and audit purposes for a minimum period of five years after the completion of a transaction.

Refer to Financial and Performance Management Standard 2009 (FPMS), section 27, with respect to financial information management.

Refer also to the Queensland State Archives website which contains the policy document titled General Retention and Disposal Schedule for Administrative Records.

12.1.3 Seeking Tax Advice

Due to the complex and technical nature of legislation, operational units should seek advice from the Taxation Unit, Finance Branch, System Support Services Division, if they encounter irregular situations, accounting issues or business decisions with underlying uncertain taxation consequences.
12.2 Fringe Benefits Tax (FBT)

12.2.1 Overview

The Fringe Benefits Tax Assessment Act 1986 (FBTAA) is Commonwealth government legislation which levies a tax on employers in relation to fringe benefits provided to employees and their associates in respect of employment, that is, there must be an employer/employee relationship.

For FBT purposes, in Queensland, the aggregated whole of government crown entity is the employer.

A fringe benefit includes any rights, privileges, services or facilities not subject to personal income tax.

Employees include future, present and past employees. An associate includes a spouse, a child, other relative or a nominee in respect of their employment.

The Australian Taxation Office (ATO) website contains the FBT legislation, fact sheets and various other publications regarding FBT which may be referred to for general information.

Reference should also be made to the Queensland Health FBT Business Procedures published on QHEPS. These serve as policy and practice documents and are to be read as forming part of this manual.

All fringe benefits are either salary sacrifice fringe benefits or non-salary sacrifice fringe benefits.

Salary sacrifice fringe benefits are those that are provided via the arrangements administered by the external salary sacrifice bureau service provider.

Non-salary sacrifice fringe benefits are those that the employer provides or occur through means other than via the arrangements administered by the external salary sacrifice bureau service provider. Non-salary sacrifice fringe benefits include, but are not limited to:

- home garaging of a pool car
- private use of a work car
- private e-toll
- housing assistance
- living away from home allowance
- remote area holiday travel

and

- salary/contract labour expense overpayment loan fringe benefits.

Non-salary sacrifice fringe benefits must always take first priority over any applicable concessions or exemptions, for example, the public hospital FBT exemption cap and the in-house exemption cap.

12.2.2 FBT Returns/Reports

The FBT Team, Taxation Unit, Finance Branch, System Support Services Division, prepares the annual FBT return, based on the information collected from the Finance Transactions Unit, Hospital
and Health Services (HHSs), divisions, QFleet and the salary sacrifice service provider for the whole of Queensland Health. This ‘return’ is lodged directly with the ATO.

Apart from paying FBT, Queensland Health is also required to report Reportable Fringe Benefit Amounts (RFBA), which are grossed up taxable fringe benefit amounts, subject to certain exclusions, on the annual Payment Summaries of employees where the taxable value of the benefits exceeds $2,000. The FBT Team coordinates this reporting with the Payroll Portfolio Unit.

12.2.3 Department of Health Taxation Unit Role

The Taxation Unit, Finance Branch, System Support Services Division is responsible for:

• ensuring that Queensland Health complies with the FBT legislation
• developing and advising Queensland Health policy in relation to FBT matters
• providing advice and interpretations on FBT matters
• monitoring and advising of legislative changes and new rulings
• providing assistance, training and ongoing support to the Finance Transactions Unit/HHS FBT officers and employees.

12.2.4 Effect of FBT

All fringe benefits provided to employees are to be identified and are to be differentiated into taxable and exempt categories. All of the taxable fringe benefits are to be reported accurately in the departmental FBT return.

Failure to report can result in adverse ATO attention. Reporting exempt items as taxable may result in unnecessary expenditure to Queensland Health.

Salary sacrifice arrangements affect employees in two ways:

• reportable fringe benefits are reported on the Payment Summary
• FBT paid by Queensland Health on the salary sacrificed amount has to be met by the employee in accordance with the terms and conditions of the salary sacrificing arrangement.

12.2.5 FBT and Human Resource Policy/Industrial Relations

FBT implications need to be identified and considered by the Human Resources Branch, System Support Services Division, in negotiating any industrial awards or agreements as well as in developing human resource policies.

Accordingly, consultation with the Taxation Unit, Finance Branch, System Support Services Division, must occur throughout the process.
Also, any operational units responsible for administering any incentives or schemes, for example, scholarships, must also liaise with the Taxation Unit regarding taxation implications.

12.2.6 FBT in Practice

12.2.6.1 Collection of data

Departmental/FBT officers must identify all fringe benefits that are provided within the department and provide the necessary information to the FBT team. They also should ensure compliance with pertinent FBT legislation within the department, for example, in terms of logbook requirements and declarations. Declaration forms can be accessed on QHEPS.

It is the responsibility of the fleet management function to maintain the necessary vehicle records including logbooks to satisfy FBT requirements.

12.2.6.2 Compliance

The FBT Business Procedures, published on QHEPS, must be followed.

12.2.6.3 Issues communication protocol

Queensland Treasury and Trade, on behalf of the Queensland Government, as the taxpayer of self assessed FBT, interprets taxation legislation for FBT practice purposes. Where the Queensland Health may have unique situations that require interpretations approved by Queensland Treasury and Trade or involvement of the ATO, the process is to be coordinated by the Taxation Unit, Finance Branch, System Support Services Division. Thus, the Taxation Unit is the ultimate authority for any FBT interpretation issues within the department.

Operational unit managers and officers should contact their respective departmental FBT officer in the first instance in relation to any queries regarding FBT.

If necessary, the respective FBT officer should refer any issues requiring escalation to the FBT Team, Taxation Unit, Finance Branch, System Support Services Division, for advice and direction.

If contact is required with Queensland Treasury and Trade or with the ATO, it must be undertaken only through the Taxation Unit.

12.2.7 Fringe Benefits Provided to Hospital and Health Board Members

The members of Hospital and Health Boards are regarded as employees for FBT purposes and any benefits provided to them are subject to FBT legislation.

Examples of benefits that might be provided are:

- air fares for travel between home and work (provision of ticket or reimbursement of fare)
- use of a vehicle for travel between home and work
- provision of accommodation, meals and incidentals at the work location (or reimbursement of expenses)
- mobile phone (may be exempt from FBT)
- iPad or similar device (may be exempt from FBT)
- laptop computer (may be exempt from FBT).
If any allowance is paid for any of the above items, the allowance will fall under income tax legislation. No allowance is to be paid through the accounts payable system.

Queensland Health has to pay FBT on the benefits provided to board members unless a particular benefit item is specifically exempt, for example, an electronic device such as a mobile phone or a laptop computer if it is primarily for use in the employee’s employment and one item per FBT year where it has a substantially identical function unless the item is a replacement item.

The payment of FBT by Queensland Health on these non-salary sacrificed items will reduce the capacity of the $17,000 grossed up taxable value exemption cap of the board members, if they are eligible for this exemption.

Board members are to be made aware of this situation in determining the amount that they salary sacrifice.

Refer also to FMPM section 6.28 Board and Committee Expenses.

12.3 Pay As You Go (PAYG)

12.3.1 Overview

Commonwealth government income tax deductions from regular gross income payments to employees are referred to as Pay-As-You-Go (PAYG) tax.

The Taxation Unit, Finance Branch, System Support Services Division, maintains current PAYG Business Procedures and forms relating to PAYG on QHEPS.

PAYG has two components:

- PAYG instalments – tax withheld by the employer and remitted to the ATO and
- PAYG withholding – withholding amounts from certain types of payments and remitted to the ATO.

Payments to employment agencies in respect of temporary staff or contractors engaged do not generally attract PAYG tax obligations.

PAYG deductions may be required in respect of individuals who would not generally be considered to be employees.

Any payments and/or benefits from employment expected to be wholly or mainly offset in the hands of the recipient by allowable deductions for personal income tax purposes, are still subject to PAYG until such time as the employee provides a letter of variation from the ATO. Before the letter of variation is received, normal withholding must persist – refer to FMPM section 12.3.5 PAYG Withholding Variation for further details.

PAYG withholdings from regular salary and wage/contract labour payments, remittances of such withholdings and the production of payment summaries are maintained by the Payroll Portfolio Office.
Regular payroll deductions from salaries and wages/contract labour payments are determined by the employee’s Tax File Number Declaration completed at the commencement of employment. A Withholding Declaration and a PAYG Withholding Variation are applied to current withholding schedules issued by the ATO.

In calculating fortnightly salaries and wages/contract labour expenses for PAYG purposes, allowances are included, unless prior approval has been obtained from the ATO to do otherwise.

Under certain conditions, different tax rates apply to leave loading, unused leave payments and to lump sum termination payments.

Any salary, wages/contract labour expenses, commissions, bonuses or allowances paid by an employer to an employee, including an employee of another entity, are subject to PAYG instalment withholdings - refer to PAYG Business Procedure, Withholding Obligations for further details.

Reference should also be made of PAYG Business Procedure Employee v Contractor when the precise nature of the engagement is unclear.

Allowances include car expenses paid on a cents per kilometre basis. Part of a day travel allowances, paid in respect of travelling that does not entail overnight absences from home, must be taxed. It is the employee’s responsibility to substantiate and to claim deductions for the actual expenditure.

12.3.2 Tax File Number Declarations

Upon their commencement with, or transfer into, Queensland Health, new employees should complete and submit an Employee Tax File Number (TFN) Declaration for all forms of employment.

A fresh withholding declaration must also be submitted by employees:

- upon a change in circumstances where entitlement to rebates will vary
- upon a move from a Zone A or Zone B area or to an area not in either zone, and vice versa, giving rise to, or a change in, the zone rebates
- when an employee wishes to notify a change in Medicare levy deductions and
- when an employee has a Higher Education Loan Program (HELP) debt.

Completed declarations are to be dealt with within 28 days from the date of receipt from an employee.

Tax must be calculated at 46.5% if an employee has not supplied his/her Tax File Number (TFN) within 28 days of commencement.

12.3.3 Zone Rebates

Zone rebates are available only to employees who have:

- resided within one of the remote area zones for more than 182 days; this period can be built up in non-continuous intervals
- actually been in a zone for more than 182 days
Chapter 12 – Taxation Management

- resided in or have actually been in a zone for less than 183 days in the current year and for less than 183 days in the previous year, but when the two years are combined, the 183 day minimum test has been satisfied and the employee was not entitled to a zone rebate in the earlier year

or

- resided in or have actually been in a zone for less than 183 days in the current year and for less than 183 days in any one of the four years that precede the immediately previous financial year such that when the two years are combined the 183 day minimum test has been satisfied and the employee was not entitled to a zone rebate in the earlier year, provided that:
  - the employee has actually resided in a zone area (does not have to be the same zone) from the beginning of the period in the earlier year to the end of the period in the current year
  - the employee was not entitled to a zone rebate in the earlier year.

12.3.4 Withholding Declaration

A Withholding Declaration must be completed by employees in the following instances:

- where a HELP debt is extinguished or commenced
- where a Financial Supplement Debt exists or is extinguished
- where a variation to a dependent spouse, zone, overseas forces or special tax offset has occurred
- upon the inclusion of a Senior Australian offset
- to request an increase in PAYG instalments.

A completed Withholding Declaration must be actioned within 28 days of receipt.

The ATO website may be accessed for current information on PAYG instalments.

12.3.5 PAYG Withholding Variation

A PAYG Withholding Variation must be completed by an employee where he/she wants to vary the amount or rate of PAYG tax withheld from payments. The PAYG Withholding Variation is to be lodged with the ATO for approval either by hard copy or over the internet. If approved, the variation commences on the next available payday after the employee’s pay office receives the notice of withholding variation from the ATO.

Operational units must note that PAYG Withholding Variations expire on 30 June each year.

On the first payroll of each financial year, normal rates apply, unless an approval for variation for that financial year has been received. The continuity of the variation will be stated on the certificate. Operational units are to exercise extreme care with these certificates as failure to deduct correct instalments can lead to penalties being imposed by the ATO.

12.3.6 Non-resident Medical Staff

This section is intended to apply wherever a short term contract medical officer is employed and that person comes from overseas. He or she may be termed as a non-resident for income tax
purposes depending on the period of stay. This classification will then require income tax instalment withholdings to be made at a higher rate than normal.

Care must be exercised with respect to the appropriate income tax instalment withholdings table to be used when paying short term contract medical staff. This becomes even more important when dealing with such staff who are non-resident for income tax purposes. Such persons are not subjected to the Medicare levy, and are also excluded from the zero rated thresholds.

Residency for income tax purposes is not determined on a basis similar to that used by the Commonwealth Immigration and Multicultural Affairs Department - refer to [PAYG Business Procedure Foreign Resident Staff](#) for further assistance.

The schedule of instalment withholdings developed and published by the ATO specifically for non-resident taxpayers must be used.

12.3.7 Deductions from Wages and Salaries/Contract Labour Expenses

Withholding instalment deductions (‘withholdings’) are to be made from all salaries and wages/contract labour payments in accordance with the current instalment tables (schedules).

The term salaries or wages/contract labour expense covers:

- normal salary or wages/contract labour payments
- overtime and penalty rate payments
- arrears in annual leave or long service leave or sick leave
- bonuses and commissions
- unused annual or long service leave and
- most allowances.

Refer to the General Tax Team, Taxation Unit, Finance Branch, System Support Services Division for specific treatment.

Refer to the *Income Tax Assessment Act 1997*, Schedule 3 for a more exhaustive list also indicating classification of allowances as subject to PAYG or otherwise.

PAYG withholdings must also be deducted from the following payments:

- a pension
- an annuity
- an employment termination payment
  and
- unused annual leave and long service leave paid on termination.

Any salary, wages/contract labour expenses, commissions, bonuses or allowances paid by an employer to an employee in that capacity, are subject to tax instalment withholdings. The term ‘allowances’ should be interpreted to include car expenses paid on a cents per kilometre basis, since the payment is not a reimbursement. An outright reimbursement is not an allowance, although it may be a fringe benefit. Part of a day travel allowances paid in respect of travelling that does not entail an overnight absence from home must be taxed. It is the employee’s responsibility to substantiate and to claim deductions for the expenditure involved.
12.3.8 How and When Payments are Made

Under current arrangements, the following requirements are handled by the Payroll Portfolio Office on Queensland Health’s behalf:

- PAYG to be remitted to the ATO within one week of the withholding being made
- an annual report to be prepared and submitted to the ATO by 14th August each year and
- the annual report return to include all payment summaries.

12.3.9 Child Support

The ATO administers the Child Support Agency. The Agency will advise if any deductions are to be made on behalf of an employee. The amount to be deducted is usually for a fixed sum, spread over a specified period. The Agency’s directions are to be followed. The employee cannot countermand the order. The deductions must continue until the Agency withdraws the order.

The employee has to be informed of any deductions made. Other employees are not to be made privy to the fact that deductions are required to be made.

Remittances have to be made by the seventh day of the following month and are separate to the normal tax instalment remittances.

The records must be retained for seven years.

12.3.10 Payment Summaries

Payment summaries are to be issued to every employee to whom wages or salary/contract labour expenses or other benefits have been paid. The summaries must be issued on or before 14th July in the following year to continuing employees. For employees who have left during the year, the summaries must be issued no later than 14th July in the following year or within 14 days from the date of request by the employee if the employee makes a request to be issued with a Payment Summary. The request must be in writing to be effective. However, the request will be ineffective if the particular employee had any reportable fringe benefits – refer to FMPM section 12.2 Fringe Benefits Tax (FBT). Where that is the case, it may be explained to the former employee that the payment summary cannot be finalised until the fringe benefits tax return has been resolved. Section16-160(2) of the Taxation Administration Act 1953, Schedule 1 Part 2 is the authority.

Refer to FMPM section 2.6.29 Payment Summaries Register.

12.3.10.1 Australian Taxation Office electronic media

Where electronic media is used to provide the information to the ATO, the payment summaries are to be served personally or by post to the last known address of the employee or former employee.

Payment Summaries must be issued in duplicate to the employee as follows:

- one copy for the employee and
- the other copy for the ATO.
12.3.10.2 Australian Taxation Office non-electronic media

Where electronic media is not employed, the payment summaries must be prepared in quadruplicate as follows:

- the original for the ATO
- the duplicate to be attached by the employee to the income tax return prior to lodgement
- the triplicate for the employee’s personal records
- and
- the final copy for the employer.

The original printed Payment Summaries must reach the ATO by 14th August in the following year. Electronic media must be produced within the time agreed with the ATO.

A reconciliation between the amounts shown in total on the Payment Summaries and the total tax remitted during the year also has to be completed.

When an employee obtains fringe benefits whose collective taxable value exceeds the threshold specified in FMPM section 12.2 Fringe Benefits Tax (FBT), Payment Summaries must disclose the grossed up taxable value of those benefits.

The Payment Summaries must also disclose the value of reportable employer superannuation contributions. These contributions are generally those which the employee has salary sacrificed.

12.4 Non-Wages/Contract Labour Expense Withholdings

12.4.1 Overview

Queensland Health will comply with all requirements of an employer's obligations and duties under the *Income Tax Assessment Acts 1936 and 1997* and the *Taxation Administration Act 1953* relating to the Pay-As-You-Go tax collection system.

This section applies to payments other than salaries, wages/contract labour expenses and associated payments:

- that are the subject of a voluntary agreement whereby the payee seeks to have tax withheld at the point of payment
- or
- to a supplier who has not quoted an ABN in respect of the supply or supplies for which the payment is being made.

12.4.2 Definition

‘ABN’ means the Australian Business Number which is issued by the ATO.

‘PAYG’ means the Pay-As-You-Go system where the payer withholds tax from payments in accordance with Australian taxation law.

‘Payment’ means the total payment made under a contract irrespective of whether it is paid by the normal process or as a set off. Salaries and wages/contract labour expenses and other payments which are subject to PAYG instalments are excluded as are payments to a tax-exempt body.
‘Contract’ has the same meaning as in common use and includes express or implied written or verbal contracts. The payer is the person who takes on the liability under the contract. A prescribed contract is one in which the performance of work is involved, in whole or in part. A contract for the supply of goods or materials only is not a prescribed contract. The ATO will allow a contract to be split into two separate contracts - one for the supply of labour only and the other for the supply of the goods or materials only. In this case, the labour only contract’s payments may be prescribed payments.

12.4.3 Requirements

Withholding tax must be deducted from the payment of an invoice, which includes GST, where the ABN is not supplied in relation to the payment. It is not necessary for the department to make further enquiry. The amount from which the withholding must occur includes expense reimbursements and items incidental to the supply. If the supplier splits a charge into two invoices – one for the supply and the other for the expenses and/or incidentals – the withholding will still be required.

If a payee has not provided a valid ABN and it is necessary for a payment to be made, then tax must be deducted at 49% of the gross payment. This cannot be subsequently reduced on the production of a valid quotation, as it is intended to be a penalty on the payee for failing to comply with the legislation. Neither can a credit be applied to a subsequent payment deduction to catch up as this contravenes the legislation - refer to PAYG Business Procedure, Withholding Obligations for further details, including the exceptions to withholding.

If a payee has provided a withholding agreement and the agreement has been accepted by the department without any variation or exemption in the rate of tax, the tax must be deducted at not less than 20% of the gross payment.

Payees are permitted to request that tax be deducted at a higher rate than required. The request should be in writing, and the department is obliged to abide by that request. However, the rate has to be determined by the ATO and notified to the payee.

Where notification from a payee has been delayed, or where an ABN has not been quoted, thereby requiring a deduction or a deduction at a higher rate, the payment may be delayed at the request of the payee until proper notification has been produced. That request should be obtained in writing. The deduction is required under the legislation to be made at the time of the payment.

Payment Summary forms, where prepared outside of computerised systems, should be registered and the register updated monthly and reconciled to the total remittances. Where these forms are maintained on a computerised system, the remittances are to be reconciled at least quarterly and then monthly in the last quarter to ensure that the printed summaries will agree in total to the remittances made.

Deductions must be made against a payment, at the time of the payment, and not against the invoice at the time of recognition and processing unless the two coincide.

Advances against a progress claim must have tax deducted, if required, in the usual manner, as if the payment was a normal progress payment. The payee is not to be permitted to use the remainder of the potential progress claim to be applied as a deduction of tax.

The payment summary forms must be reconciled to remittances such that:
• the amounts of deductions stated therein for each specific month, or quarter, agree with the amount of tax remitted to the ATO for that period
and
• the total amounts deducted for the year to date agree with the amount of tax remitted for the year to date.

The monthly or quarterly reconciliations must be retained in hard or soft form.

Officers responsible for reviewing and processing declarations must be attentive to the tax file number and the business name being used. Companies, trusts and partnerships have eight digit tax file numbers. Individuals have nine digit tax file numbers.

Payee declarations and reporting exemption letters are to be retained on file. The expiry date must be carefully noted and adhered to, as the minimum period of retention.

12.4.4 Due Dates

Remittances of the tax deductions must be made so as to be received by the ATO on or before the due dates. The remittance should not be delayed until the due date, as penalties will be imposed for late payment. Where the 7th day falls on a weekend, the remittance will be due on the preceding Friday and not on the following Monday.

At the end of the financial year, the withholding payment summaries must be fully completed and distributed as follows:

• the payee’s copy must be posted or delivered by 14th July
and
• the original must be posted or delivered to the ATO by 14th August.

Completed Payee Declaration forms must be posted or delivered to the ATO within 28 days of receipt.

12.5 Payroll Tax

12.5.1 Overview

Payroll tax is a self assessed State government tax levied on employers by the Payroll Tax Act 1971 and administered by the Office of State Revenue (OSR). The OSR website can be accessed for the current payroll tax rate and guidance on inclusions, exclusions and thresholds.

The General Tax Team, Taxation Unit, Finance Branch, System Support Services Division should be contacted for current information on Payroll Tax.

From 1st of July, 2014 all Queensland government departments are exempt from payroll tax.

The exemption applies to:

• state government departments as defined in section 8 of the Financial Accountability Act 2009
• Hospital and Health Services established for Queensland under section 17 of the Hospital and Health Boards Act 2011,
• this exemption does not apply to wages paid by a commercialised business unit:
  o that is, a division, branch or other part of a department carrying on a significant business activity under section 39 of the Queensland Competition Authority Act 1997 or salaries and wages relating to previous financial years.

The exemption extends to those workers who are contracted through an employment agency and work within the department or a HHS.

In order to claim the exemption the employment agency needs to hold a signed copy of FORM OSR-P9 Employment Agency Contracts – Declaration by Exempt Client, published by the Office of State Revenue.


12.5.2 Basis for Taxing

Exemptions apply to public benevolent institutions and to public hospitals. Wages/contract labour expenses paid by a public hospital to employees engaged exclusively in work performed in connection with the conduct of the public hospitals are exempted from payroll tax.

Legal advice from Crown Law\(^1\) states that neither Queensland Health nor any facility within it could be considered to be either “an exempt charitable institution” or “a public benevolent institution”. Therefore, the only basis on which wages and salaries/contract labour expenses paid within the department may be considered for exemption from payroll tax is that of the worker being engaged in a public hospital, as stated above - refer to section 14 (2) (b) of the Payroll Tax Act 1971 relating to exemption from payroll tax.

Payroll tax exemption within the public hospital environment does not extend to other entities when salaries/contract labour expenses are reimbursed to those entities for personnel visiting and working in the hospital. For example, salaries of visiting university personnel would be exempt if paid directly by the public hospital as an employer, but where the university renders an invoice for reimbursement, including on-costs, the invoice may not be reduced for any payroll tax included. The university is the employer and it would not meet the employment agency criterion for exemption even though its staff may be working in a hospital.

It is the general practice that Queensland Health pays payroll tax in respect of all staff working outside of a hospital, or in respect of all staff working in a facility not providing full nursing care, that is, those not working exclusively in connection with the conduct of such facilities. Generally, the principle is that full nursing care must be provided within the facility in order for the facility to claim exemption. Normally, it is expected that Queensland Health would continue to pay payroll tax on a consistent basis.

The following facilities' wages/contract labour expenses are considered to be taxable:

• community health
• psychiatric clinics (not hospitals)
• public health and dental clinics

\(^1\) Letter to Legal & Admin. Law Unit dated 26 June 2003
• corporate office employees, including those who are geographically located within hospital grounds for convenience and
general administration and corporate services.

The following facilities’ wages/contract labour expenses are considered to be exempt:

• hospitals including their administration, but not those of corporate office or State-wide personnel who are only geographically sited within hospital grounds for convenience or because of space limitations
• Eventide Homes
and
• psychiatric hospitals (not clinics).

Hospital administration employee wages/contract labour expenses are exempt because those employees are an integral part of the operation of the hospital.

The deciding factor is not the geographical location of the employees; it is for whom the duties are performed and whether those duties conform with the definition in section 14 (2) (b) of the Payroll Tax Act 1971.

A definition of ‘employee’ is included in FMPM section 8.3.2 Employee Benefits - Contractors or Employees. Refer also to General Tax Business Procedure 7 Employee – v – Contractor for a more complete analysis.

‘Wages/contract labour expenses’ is generally defined to mean any wages, salaries/contract labour expenses, commissions, bonuses or allowances paid or payable to an employee and includes:

• any amount payable as remuneration to a person holding office under the Crown or in the service of the Crown
• directors’ remuneration
and
• the provision of meals or sustenance or the use of premises or quarters as part of an employee’s remunerative package.

Fringe benefits are also generally taxable benefits for payroll tax purposes. The value to be included is the grossed up taxable value. The figure returned each month for payroll tax can be the actual value assessed for each month, or it may be one-twelfth of the value disclosed in last year’s FBT return.

Allowances for travel and accommodation may be exempt if the allowance is only a reimbursement of an employee’s costs, or the allowance does not exceed the exemption thresholds set by the Office of State Revenue. Allowances paid in excess of these threshold rates are taxable for payroll tax purposes - refer to Public Ruling PTA005.1 Exempt Allowances: Motor Vehicle and Accommodation for the thresholds.


The dictionary in the Payroll Tax Act 1971 defines wages. The definition is extensive.
Superannuation contributions are taxable unless the wages/contract labour expenses paid to the employee are exempt from payroll tax.

A detailed list of payments and benefits types and their impact on tax assessment is provided in the *Payroll Tax Act 1971*, Schedule 3.

Long service leave and annual leave contributions paid to QSuper under the long service leave and annual leave central schemes are not taxable. The actual payment of entitlements to the employees will fall to be taxable or exempt in the same manner as normal wages/contract labour expenses.

### 12.5.3 Rates

The payroll tax rate is 4.75% of taxable wages/contract labour, payable to the [Office of State Revenue](#).

### 12.5.4 Process

Provisional remittances are due to the Office of State Revenue on or before the 7th day of each month. An annual return is required to be lodged by 21 July against which the provisional remittances will be credited, in determining the liability for the whole of the financial year just completed.

The payroll tax liability is to be calculated from the various cost centres, which have been created in the Decision Support System (Payman) and flagged as taxable or non-taxable. Payman will calculate the liability and will generate journal entries into general ledger accounts 210540 and 210545. A direct invoice payment general purpose voucher will be produced by the Financial and Asset Accounting Team, Finance Branch, System Support Services Division following the end of the month, to pay the tax. The payment voucher must be certified by a delegated approval officer. The voucher is to be forwarded to the Accounts Payable Section, Finance Business Centre, Finance Transactions Unit for data entry. The annual return is to be prepared and forwarded by the Financial and Asset Accounting Team.

Payments to the Office of State Revenue will be made by electronic funds transfer. Invoices must be input with a date equal to or earlier than the fourth working day of the current month to be included in the payment run to meet the deadline stated above.

### 12.6 Goods and Services Tax (GST)

#### 12.6.1 Overview

*A New Tax System (Goods and Services Tax) Act 1999* (the GST legislation) was introduced from 1 July 2000. Queensland Health must comply with all requirements, obligations and duties under the legislation.

Queensland Health is registered with Australian Business Number (ABN) 66 329 169 412. Each HHS has its own ABN. These are:

<table>
<thead>
<tr>
<th>Hospital and Health Services</th>
<th>ABN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cairns and Hinterland Hospital and Health Service</td>
<td>25 285 907 786</td>
</tr>
<tr>
<td>Cape York Hospital and Health Service</td>
<td>99 754 543 771</td>
</tr>
<tr>
<td>Central Queensland Hospital and Health Service</td>
<td>76 874 184 685</td>
</tr>
</tbody>
</table>
Central West Hospital and Health Service 22 692 119 544
Children's Health Queensland Hospital and Health Service 62 254 746 464
Darling Downs Hospital and Health Service 64 109 516 141
Gold Coast Hospital and Health Service 82 616 992 416
Mackay Hospital and Health Service 87 427 896 923
Metro North Hospital and Health Service 18 496 277 942
Metro South Hospital and Health Service 86 834 068 616
North West Hospital and Health Service 22 406 683 778
South West Hospital and Health Service 22 877 041 939
Sunshine Coast Hospital and Health Service 21 667 257 934
Torres Strait - Northern Peninsula Hospital and Health Service 84 401 636 498
Townsville Hospital and Health Service 86 747 187 217
West Moreton Hospital and Health Service 64 468 984 022
Wide Bay Hospital and Health Service 67 558 031 153
All these entities will be grouped for Business Activity Statement (BAS) purposes.

The Goods and Services Tax (GST) will apply at 10% on many goods and services purchased and sold by Queensland Health.

The GST Team maintains current GST information on QHEPS. Reference should be made to the following policy documents:

- Queensland Health GST Guide
- Queensland Health GST Business Procedures
- GST Ready Reckoner.

**12.6.2 How and When Payments are Made**

The GST Team, Taxation Unit, Finance Branch, System Support Services Division, prepares one BAS monthly for the whole department including Hospital and Health Services. The due date is the 21st day of the following month.

**12.6.3 Effect of GST**

GST is a transactional tax and therefore impacts on almost every business transaction. It should be taken into consideration when planning major new initiatives. Misclassification and errors in coding transactions can result in under claiming GST which impacts on the operating results for the department. Errors in over claiming GST can result in interest being charged by the ATO.

**12.6.4 Reporting of GST in the Annual Financial Statements**

Australian Accounting Standards Board (AASB) Interpretation 1031 Accounting for the Goods and Services Tax (GST), states that revenues, expenses and assets are to be recognised net of the GST, except where:

- GST is not recoverable from the ATO
- receivables and payables are recognised inclusive of GST
- cash flows are to be included in the Statement of Cash Flows on a gross basis.
Financial Reporting Requirements (FRRs), Part B, Section 8 Statement of Cash Flows, issued by Queensland Treasury and Trade, indicates preference for the “four line” method of GST cash flow disclosure, comprising of GST:

- paid to the ATO
- input tax credits received
- paid to suppliers and
- received from customers.

FRRs, Part B, Section 6 Statement of Financial Position, states that GST cash flow received from or paid to the ATO must be shown in the Operating Activities section of the Statement of Cash Flows, even though some GST cash flows may relate to Investing and Financing Activities.


12.6.5 GST in Practice

12.6.5.1 Purchases

Invoices for taxable goods must be verified as compliant tax invoices before they are processed. The legislation states that it is necessary to hold a compliant tax invoice at the time of claiming an input tax credit on the BAS, except for purchases where the GST inclusive price is less than or equal to the current threshold of $82.50 (or $75 excluding GST).

Invoices that are not compliant tax invoices are to be referred to the suppliers for correction, unless the goods or services are input taxed, GST-free or out of scope.

To be a valid tax invoice, the invoice must contain information as specified by the legislation. The GST Business Procedure – Tax Invoices details the necessary requirements, for example, one requirement is the inclusion of the Australian Business Number (ABN) of the supplier. ABN numbers can be checked online at the Australian Government website.

12.6.5.2 Interaction between GST and FBT

It is important that the fringe benefits tax consequences be considered in relevant purchases, to ensure that the classification of the benefit as Type 1 or Type 2 corresponds with the GST coding of the purchase. The Type 2 benefit is one where there is no GST or the GST input tax credit is not available to be claimed, for whatever reason. The Type 1 benefit is one where the employer is entitled to an input tax credit. It is not necessary for the input tax credit to have been claimed; it is sufficient that there be an entitlement. As such, a compliant tax invoice relating to a creditable acquisition for a fringe benefit will mean that the fringe benefit will be grossed up using the Type 1 factor, even if the invoice is incorrectly coded as if it were GST-free².

12.6.5.3 Collection of revenue

² Taxation Ruling TR 2001/2, s.149A GST Act
When revenue is collected by the department, it is vital that sufficient documentation is obtained so that the correct GST tax code can be applied. If the department codes taxable supplies to non-taxable codes, this may result in the ATO charging interest on the underpaid amount.

12.6.5.4 Compliance

All deadlines for the submission of data required for the preparation and lodgement of the BAS must be met. The GST Team conducts various compliance processes to verify the integrity of the data in the BAS. These processes generally require co-operation from the department and Finance Transactions Hubs via the provision of documentation or clarification of certain transactions.

GST transactions may require different treatment in circumstances that, on face value, appear to be similar. Incorrect treatment may result in penalties being imposed by the ATO. Current accounting treatment of transactions from Accommodation to Work Cover are documented and maintained by the GST Team and are published as the GST Business Procedures.

GST Training is provided on a regular basis either via:

- video-conferencing
- face to face local visits

or

- quarterly CBD Overview Sessions.

Queensland Treasury has developed a toolkit to assist agencies in ensuring a strong system of controls and mechanisms for GST compliance – refer to Queensland Government GST Prudential Audit Toolkit, issued by Queensland Treasury and Trade.

12.7 Duty

12.7.1 Policy

Duty will be paid if, and only if, any liability should be determined.

12.7.2 Objective

To ensure that the department and the associated Government entities pay only the duty that they are required to pay, if any.

12.7.3 Legislation

The applicable legislation is the Duties Act 2001.

The Acts Interpretation Act 1954 is also relevant.

12.7.4 Liability

Advice from Crown Law (13 September 2001) indicates that Queensland Health is generally bound by the Duties Act 2001, and, as a result, must pay duty where duty is levied and the transaction is not an exempted transaction. The advice was given in respect of the Stamp Act 1894, now superseded by the Duties Act 2001. Duty was previously referred to as ‘stamp duty’ under the superseded Stamp Duty Act 1894.
A separate advice from Crown Law indicated that the duty levied in respect of workers' compensation policy premiums is payable by Queensland Health.

Section 426 of the Duties Act 2001 states that the State is not liable to pay duty unless that Act expressly provides otherwise. However, the cost of duty imposed on a supplier (such as duty incurred by an insurer) may be passed on to the purchaser. The exemption, if one is available, only applies to the department when the department is the person on whom the duty is or would be first levied.

Other sections may specifically exempt Government bodies. One such section is section 390, which refers to motor vehicle registrations.

12.7.5 Action with Suppliers

When an operational unit is required to execute any document that would ordinarily be dutiable, any request by the supplier for the department to pay duty or any attempt to include duty into the contract is to be complied with, unless the transaction is exempted.

Motor vehicle registrations, including new applications and transfers of existing registrations are specifically exempted in any case, by section 390 (1) (f) of the Duties Act 2001. This may be quoted. It provides exemption to a Government entity, which is defined in section 24 (1) (a) of the Public Service Act 2008 as “a department or part of a department”.

For other transactions not specifically exempted, a letter may be submitted to the OSR, requesting exemption in respect of the particular transaction. The letter should be submitted in advance of the transaction. It should state the relationship of the health service facility to the State Government, such as a hospital operated by a HHS and funded by Queensland Health. The letter should also state clearly the nature of the transaction and the document(s).

12.8 Excise

12.8.1 Policy

All operational units within Queensland Health, involved with or engaged in the handling and distribution of undenatured and denatured spirits, are to comply with all requirements, obligations and duties under excise legislation.

12.8.2 Objective

To ensure that the department only pays the excise that it is required to pay on spirits, if any.

12.8.3 Definitions

Approved purposes means:

- for undenatured spirits (ethanol)
- the manufacture of:
• essences
• medicines
• products labeled as mouth washes or gargles (even if other uses are indicated)
• vinegar and articles of food and drink (excluding spirituous beverages)
• the fortification of non-grape wine
• other manufacturing purposes approved by the Australian Taxation Office (ATO), in particular specified quantities
• use in chemical or biological laboratories subject to the ATO being satisfied of the need and the reasonableness of quantities
• use in hospitals, educational or similar institutions where the need can be demonstrated and
• for denatured spirits (specifically methylated spirits), any industrial, scientific, educational or therapeutic purposes where it can be demonstrated to the ATO that industrial spirit cannot be used as a suitable medium or material.

‘Denatured' means that the spirits have been mixed with a toxic form of spirit (methyl alcohol) to make it unfit for human consumption.

‘Undenatured’ means that the spirits have not been rendered unfit for consumption, and are therefore much more closely controlled.

12.8.4 Authority

The Australian Government determines the type of goods that are subject to excise duty and the duty rates applicable. These goods and their duty rates are specified in the Schedule to the Excise Tariff Act 1921. Spirits manufactured in Australia are subject to excise duty, however, if such spirit is used for an approved purpose, a concessionary rate of duty applies. Currently, that rate is free.

There are three types of spirit that are granted this concession:

• undenatured spirit - this is ethyl alcohol (ethanol), and a permit is required
• partially denatured spirit - this is a specially methylated spirit (SMS); this spirit is unfit for human consumption due to the addition of denaturants; a permit is required
• and
• fully denatured spirit - this is industrial methylated spirit (IMS); this spirit does not require a permit.

12.8.5 Quantity

Applicants must be prepared to justify the quantity of spirit for which an application is made.

12.8.6 Permits

Anyone who intends to use spirit for an approved purpose may apply. The person signing the application must be fully aware of the true nature and extent of the applicant's requirements and be authorised to legally bind the applicant to statements made in the application. Such persons would normally be the secretary or managing director of companies, or the chief executive or administration officer of a hospital or educational institution.
12.8.7 Records

All permit holders are required to maintain a recording system that satisfactorily accounts for the use of the spirit in accordance with the approved purposes. Records are to be kept for a period of five years.

Re-sellers of spirits are required to keep documentation that includes the following:

- quantity, strength and grade of the spirit received
- individual transactions indicating:
  - name and address of the purchaser
  - excise permit number of the purchaser
  - practitioners certificate registration number
  - TGA Certificate of Exemption number
  - educational institution name
- quantity, strength and grade of the spirit sold
- stock on hand and the strength of the stock on hand.

Monthly stock takes are to be conducted and a running balance of spirit is to be maintained.

Any spirit which is not used according to the approval, no longer qualifies for the concessionary rate of duty and the department will be required to pay an amount equal to the excise on the spirits at the general rate to the Commonwealth government.

12.8.8 Reselling

Sales may only be made by resellers to the following:

- persons and companies possessing a current permit from the ATO in respect of the type and quantity of the spirits specified on the permit
- purchaser
  - health care practitioners including veterinary surgeons
    - maximum quantity of 5 litres of concessionary spirit per month or yearly equivalent
  - pharmacists
    - 10 litres of concessionary spirit per month or yearly equivalent
  - educational institutions
    - 5 litres of concessionary spirit per year.

False or misleading statements made in the application are offences under the *Excise Tariff Act 1921* and could lead to prosecution.

A schedule of approved formulae for specially methylated spirits is available on the ATO web site.

12.9 Taxation Compliance Systems
For further information regarding taxation compliance systems – refer to:

- FAH, Information Sheet 3.11 – Taxation Compliance Systems
- FMT, Information Sheet 3.11 – Taxation Compliance

issued by Queensland Treasury and Trade.

12.10 Disclosure of Taxation Expense

For information regarding the disclosure of taxation expense – refer to Sunshine Department Model Financial Statements.
12.11 References

Legislation

- Acts Interpretation Act 1954
- A New Tax System (Goods and Services Tax) Act 1999
- Ambulance Service Act 1991
- Disaster Management Act 2003
- Duties Act 2001
- Duties Regulation 2002
- Excise Tariff Act 1921
- Financial and Performance Management Standard 2009
- Fire and Rescue Service Act 1990
- Fringe Benefits Tax Assessment Act 1986
- Income Tax Assessment Act 1936
- Income Tax Assessment Act 1997
- Payroll Tax Act 1971
- Public Service Act 2008
- Taxation Administration Act 1953
- Vocational Education, Training and Employment Act 2000

Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB)

- Interpretation 1031 Accounting for the Goods and Services Tax

Queensland Government Policies and Guidelines

Queensland Treasury and Trade

- Financial Reporting Requirements for Queensland Government Agencies
- Financial Accountability Handbook
- Financial Management Tools
- Queensland Government GST Prudential Audit Toolkit

Office of State Revenue

- Office of State Revenue web page

Queensland State Archives

- General Retention and Disposal Schedule for Administrative Records

Department of Health

- FBT Business Procedures
Chapter 12 – Taxation Management

- General Tax Business Procedure Employee – v – Contractor
- GST Business Procedure – Tax Invoices
- GST Business Procedures
- GST Guide
- GST Ready Reckoner
- PAYG Business Procedure Employee – v – Contractor
- PAYG Business Procedures
- PAYG Business Procedure – Foreign Resident Staff
- PAYG Business Procedure – Withholding Obligations
- Payroll Tax Business Procedures – Legislation Summary
- Public Ruling PTA005.1 Exempt Allowances: Motor Vehicle and Accommodation
# Chapter 13 – Internal Controls

## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.1</td>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>13.1.1</td>
<td>Overview</td>
<td>3</td>
</tr>
<tr>
<td>13.1.2</td>
<td>Legislative Requirements</td>
<td>3</td>
</tr>
<tr>
<td>13.2</td>
<td>Internal Control Processes and Requirements</td>
<td>5</td>
</tr>
<tr>
<td>13.2.1</td>
<td>Definition of Internal Controls</td>
<td>5</td>
</tr>
<tr>
<td>13.2.2</td>
<td>Purpose of Internal Controls</td>
<td>5</td>
</tr>
<tr>
<td>13.2.3</td>
<td>Internal Control Processes and Requirements</td>
<td>5</td>
</tr>
<tr>
<td>13.2.3.1</td>
<td>Types of controls</td>
<td>6</td>
</tr>
<tr>
<td>13.2.4</td>
<td>Internal Control Limitations and Risk Assessment</td>
<td>7</td>
</tr>
<tr>
<td>13.3</td>
<td>Organisational Structure</td>
<td>9</td>
</tr>
<tr>
<td>13.3.1</td>
<td>Strategic Direction</td>
<td>9</td>
</tr>
<tr>
<td>13.4</td>
<td>Reporting Structure</td>
<td>10</td>
</tr>
<tr>
<td>13.4.1</td>
<td>Performance Reporting</td>
<td>10</td>
</tr>
<tr>
<td>13.4.1.1</td>
<td>Overview</td>
<td>10</td>
</tr>
<tr>
<td>13.4.1.2</td>
<td>Legislated performance and reporting requirements</td>
<td>11</td>
</tr>
<tr>
<td>13.4.1.3</td>
<td>Financial reporting</td>
<td>12</td>
</tr>
<tr>
<td>13.5</td>
<td>Delegations and Approval Process</td>
<td>12</td>
</tr>
<tr>
<td>13.5.1</td>
<td>Delegations and Approval Process</td>
<td>12</td>
</tr>
<tr>
<td>13.5.1.1</td>
<td>Chief Finance Officer</td>
<td>13</td>
</tr>
<tr>
<td>13.5.1.2</td>
<td>Head of Internal Audit</td>
<td>13</td>
</tr>
<tr>
<td>13.5.1.3</td>
<td>Budget management</td>
<td>14</td>
</tr>
<tr>
<td>13.5.1.4</td>
<td>Human resource management</td>
<td>14</td>
</tr>
<tr>
<td>13.6</td>
<td>Corporate Committee Structure and Framework</td>
<td>14</td>
</tr>
<tr>
<td>13.6.1</td>
<td>Executive Management Team and Other Committees</td>
<td>14</td>
</tr>
<tr>
<td>13.6.2</td>
<td>Audit Committee</td>
<td>14</td>
</tr>
<tr>
<td>13.6.3</td>
<td>Relationship Management Meetings</td>
<td>16</td>
</tr>
<tr>
<td>13.7</td>
<td>Code of Conduct</td>
<td>16</td>
</tr>
<tr>
<td>13.7.1</td>
<td>Financial Impact</td>
<td>16</td>
</tr>
<tr>
<td>13.8</td>
<td>Compliance</td>
<td>17</td>
</tr>
<tr>
<td>13.8.1</td>
<td>Overview</td>
<td>17</td>
</tr>
<tr>
<td>13.8.1.1</td>
<td>Chief Finance Officer’s statement</td>
<td>17</td>
</tr>
<tr>
<td>13.8.1.2</td>
<td>Financial Management Practice Manual (FMPM)</td>
<td>17</td>
</tr>
<tr>
<td>13.8.1.3</td>
<td>Financial Management Assurance (FMA)</td>
<td>18</td>
</tr>
<tr>
<td>13.9</td>
<td>Governance</td>
<td>18</td>
</tr>
<tr>
<td>13.9.1</td>
<td>Overview</td>
<td>18</td>
</tr>
<tr>
<td>13.9.2</td>
<td>Financial Internal Control</td>
<td>19</td>
</tr>
<tr>
<td>13.9.2.1</td>
<td>Structure</td>
<td>19</td>
</tr>
<tr>
<td>13.10</td>
<td>Responsibility and Accountability</td>
<td>20</td>
</tr>
<tr>
<td>13.10.1</td>
<td>Best Practice</td>
<td>20</td>
</tr>
</tbody>
</table>
Chapter 13 – Internal Controls

13.10.1.1 Corporate governance ................................................................. 20
13.10.1.2 Maintenance of efficient, effective, economical and ethical business practices and processes ................................................................. 21
13.10.1.3 Protection and control of assets ....................................................... 21
13.10.1.4 Protection and control of liabilities .................................................... 21
13.10.1.5 Protection and control of revenue ..................................................... 22
13.10.1.6 Protection and control of expenses .................................................... 22
13.10.1.7 Protection and control of information and communication systems .......... 23
13.10.1.8 Protection of persons ......................................................................... 23
13.10.1.9 Governance and risk management ..................................................... 23

13.11 References .............................................................................................. 25
13.1 Introduction

13.1.1 Overview

Advancing technology and improved processes allowing greater ease and speed of these processes is requiring greater vigilance in developing and maintaining a control environment, to ensure that the department’s resources are secure and utilised for improved benefits for the department and its stakeholders.

FMPM chapter 3 Planning, Budgeting, Forecasting and Performance provides more detailed information regarding the department’s strategic planning policy. Through change and improvement, leaders must give consideration to the level of internal control that is required, commensurate with the level of potential risk.

Reference should also be made to the following:

- FMPM section 2.9 Internal Controls
- FMPM section 6.1.2 Control Objectives
- FMPM section 10.9 Corporate Internal Controls.

13.1.2 Legislative Requirements

Section 61 of the Financial Accountability Act 2009 (FAA) provides that the Director-General’s functions include the establishment and maintenance of appropriate systems of internal control and risk management.

Section 76 of the FAA provides the authority for the Director-General to delegate functions to an appropriately qualified public service employee or other employee of the State.

Section 77(b)(iv) of the FAA provides that the Director-General must delegate responsibility for financial internal controls to the Chief Finance Officer (CFO).

Section 77 (2)(b) of the FAA requires the CFO of the department to give an Annual Statement to the Accountable Officer, that is, the Director General, stating that the financial internal controls of the department have operated efficiently, effectively and economically throughout the year.

The department will maintain a strong and effective internal control environment.

Financial Management Tools (FMT), Information Sheet 2.3 Internal Controls Accountability Framework, issued by Queensland Treasury and Trade, outlines that the department’s system and internal control may be documented at varying structural levels, such as whole-of-department, by risk area or by responsibility level.

Section 8 (1) of the Financial and Performance Management Standard 2009, (FPMS) states that the Director-General must establish a cost effective internal control structure and section 8 (2) (a) of the FPMS states that the internal control structure must have a strong emphasis on accountability and best practice management of the resources of the department and must include:

- an organisational structure and delegations, supportive of the objectives and operations of the department
- employment of qualified and competent employees, training of the employees and assessment
of their performance
and
• if the department controls another entity, procedures for monitoring the performance of, and
accounting for its investment in, the other entity.

Internal controls provide reasonable assurance that the operational and financial objectives and
legislative requirements of the department are being met. The internal control framework underpins
the strategy of the department. The key elements of the control framework which should be
implemented simultaneously include:

• assessment of the control environment
• risk management
• internal controls
and
• monitoring and reporting.

The purpose of risk identification and management processes is to establish, reinforce or refine
appropriate internal controls that will minimise the impact of potential threats on the achievement of
government and departmental goals.

The Director-General, in conjunction with management teams, is to ensure that appropriate internal
controls are in place to ensure that the financial system contains accurate and reliable data. These
controls may include:

• compliance with the financial management framework
• suitable authorisation procedures, for example, for the approval of invoices or other project
expenditure
• arrangements for carrying out regular accounting reconciliations, particularly with respect to
major suppliers
and
• arrangements for storing project documents and restricting access to authorised officers.

The internal control structure must ensure the efficient, effective and economic operation of the
internal audit function, the audit committee or the risk management committee.

In establishing the internal control structure, the Director-General must have regard to the Financial
Accountability Handbook (FAH) issued by Queensland Treasury and Trade.

The internal control structure must be included in the Financial Management Practice Manual
(FMPM) of the department.

To the extent practicable, the department must ensure that there is an appropriate separation of
duties between officers of the department.

For further information – refer to:

• FAH. Information Sheet 2.2 What is a Control Environment?
• FAH. Information Sheet 2.3 What are Internal Controls?
• FAH. Information Sheet 2.4 Limitations of Internal Controls
• FAH, Information Sheet 3.1 Risk Identification and Management
• FAH, Information Sheet 3.2 Internal Control Structure
• FAH, Information Sheet 4.1 Monitoring and Assessment of Internal Controls
13.2 Internal Control Processes and Requirements

13.2.1 Definition of Internal Controls

The FAH defines internal controls as methods or procedures implemented by management to:

- ensure efficiency and effectiveness of departmental operations and the delivery of services
- ensure accuracy and reliability of financial and management information
- ensure compliance with all financial, regulatory and operational requirements
- assist in achieving the department’s goals and objectives by managing risk exposure, including highlighting possible fraud and inefficiency.

13.2.2 Purpose of Internal Controls

The FAH states that the purpose of internal controls should provide reasonable assurance to the Director-General that:

- the activities of the department are conducted in a manner that facilitates the achievement of its objectives and the delivery of its services in an orderly and efficient manner
- error, fraud and other irregularities are prevented as far as possible and promptly detected if they do occur
- assets are safeguarded from unauthorised use or disposal and are adequately maintained
- operational activities and individual transactions are complete and are accurately recorded
- departmental financial and management performance reports are timely, relevant, reliable and accurate
- there is compliance with applicable legislative and regulatory requirements, for example:
  - financial legislation
  - government policies and guidelines
  - applicable Australian accounting standards
  - other authoritative pronouncements
  - internal policies and procedures.

13.2.3 Internal Control Processes

The system of internal controls should:

- be documented
- be embedded in the operations of management and governance processes and form part of its
culture
• be capable of responding quickly to evolving risks in the delivery of departmental services
• and
• include procedures for reporting significant control weaknesses that are identified, together with procedures to undertake corrective action.

A system of internal controls can only provide reasonable assurance to the Director-General regarding performance in the achievement of the dot points above. The limitations of internal controls are discussed in FMPM section 13.2.4 Internal Control Limitations and Risk Assessment.

13.2.3.1 Types of controls

Preventative, detective and directive internal controls must be considered in developing processes and procedures for improving methodologies and the implementation of new applications or processes.

Preventative controls are designed to discourage errors or irregularities from occurring, for example, two signatures required on a voucher before processing.

Detective controls are designed to find errors or irregularities after they have occurred, for example, exception reports or system reports schedules for review to highlight changes made to master data in financial management systems.

Directive controls encourage desirable practices and consequences, for example, technical directives.

Internal controls may be classified as financial internal controls and non-financial internal controls.

Financial internal controls, for example, payment approvals and authorisations, financial delegations, processing of remittances, banking requirements and accounting reconciliations assist in ensuring that the department’s financial transactions are appropriately authorised, processed and recorded.

Non-financial controls include controls and processes applicable to departmental information systems and operational requirements that are used to achieve departmental objectives and the delivery of services and include:

• internal accounting controls which are guidelines and procedures related to the keeping of books and records
• administrative accounting controls which are those controls that ensure that departmental transactions are processed in accordance with management’s general or specific requirements.

Refer to FMPM section 10.9.6 Control Procedures for further information regarding preventative, detective and directive internal controls.

The internal controls must be reviewed at least annually with the results of the review communicated to the CFO with respect to the efficiency and effectiveness of the internal controls and risk management systems as they have operated throughout the period covered by the annual financial statements. This review is a necessary precursor to the CFO’s annual statement to the Director-General – refer to FMPM section 10.12.1 Policy (Financial Management Assurance).
13.2.4 Internal Control Limitations and Risk Assessment

An effective internal control system can only ever provide reasonable assurance that the department’s operating systems, financial controls, reporting and other departmental processes are working effectively. No matter how well designed and operated, internal control systems cannot provide absolute assurance that departmental objectives have been, and will continue to be, met.

Designing and implementing effective systems of internal control requires management to clearly understand departmental objectives and its operating environment. Management also needs to recognise the inherent limitations in the design and application of systems that may impact on the ultimate delivery of departmental objectives and services.

The FAH, Information Sheet 2.4, Limitations of Internal Controls, issued by Queensland Treasury and Trade, provides guidance with respect to the limitations of internal controls.

FMT Information Sheet 4.1 Monitoring/Assessment of Internal Controls, issued by Queensland Treasury and Trade, provides guidance with respect to the monitoring and assessment of internal controls.

The department is to establish and maintain a Risk Management Framework with appropriate risk assessment, risk management and risk management reporting to the Director-General. Hospital and Health Services (HHSs) shall escalate extremely high risks to the System Manager, as appropriate. The Integrated Risk Management Policy and Implementation Standards are available on QHEPS

In summary, effective internal control systems reduce the probability of errors or omissions in departmental operations. Limitations in the effectiveness of internal controls may result from system omissions, human factors, resource constraints or lack of system flexibility.

Team leaders must be aware of weaknesses in internal control systems in order to minimise the inherent risk. Examples include:

- the requirement that a control be cost-effective, that is, that the cost of implementing a control procedure not be disproportionate to the potential loss due to fraud and error
- the fact that most controls tend to be directed at anticipated types of transactions and not at unusual transactions
- the potential for human error due to carelessness, distraction, errors of judgement, lack of knowledge or the misunderstanding of instructions
- the possibility of circumvention of controls through collusion with parties outside the department or with members of the department
- the possibility that a person responsible for exercising control could abuse that responsibility, for example, a member of management overriding a control
- internal controls and processes being viewed as a hindrance in the performance of employee roles and in the delivery of departmental services and
- the possibility that procedures may become inadequate due to changes in operating conditions, specific departmental activities, identifying new risks and compliance with procedures may deteriorate.

Officers with few staff may have limited opportunities to apply internal control processes as rigorously as would be the case in larger offices, for example, less effective segregation of duties due to limited staff numbers.
In these circumstances, departmental management shall consider the adoption of innovative measures to assist in mitigating the impact of potential limitations in departmental internal control systems.

Examples of such measures may include:

- spot checks of various transactions and
- regular reporting from departmental management on specific operational matters and agreed performance indicators.

Departmental action to minimise internal control breakdowns includes:

- an introduction to internal control processes as part of staff induction, supported by ongoing training
  - the appointment of an officer to be responsible for the development, implementation, maintenance and improvement of initiatives designed to improve the performance and effectiveness of departmental officers with finance responsibilities through effective induction processes and training
- ease of access to documented internal procedures
  - this manual provides guidance and links to detailed information and instruction; team leaders are to ensure that their teams perform their roles to the standard required by providing ongoing support and review; where practical, internal procedures and desk top instructions are to be developed and maintained in the ongoing support of team members and
- identification of potential risks that may impact departmental operations.
  - Assurance and Risk Advisory Services is responsible for the development of the department's integrated risk management framework

In summary, the following levels of management are accountable for the development, maintenance and review of their risk registers as follows:

- the Director-General will manage the risks to the department's stated strategic objectives and directions
- the Executive Management Team and senior executives will manage the risks to the business or service portfolio's stated objectives and/or commitments
- managers and supervisors will focus on the day-to-day management of risks to ensure service delivery
- establishing a reporting structure covering internal operational financial and other processes for currency, and updating, if necessary
- establishment of segregation of duties and approval delegations
- development of a strong agency culture embracing internal control systems
- establishment of effective internal audit and risk management functions
- assessment and adoption of audit recommendations, when appropriate
and
• design and implementation of an effective fraud, corruption and official misconduct mitigation strategy.

For further information regarding risk management – refer to:

• A Guide to Risk Management, issued by Queensland Treasury and Trade
• FMPM section 2.6.34 Queensland Health Risk Register
• FMPM section 2.7 Risk Management
• FMPM section 2.10.7 Audit Committee
• FMPM section 5.7.3 Revenue Risk Categories
• FMPM section 6.2.5 Contract Performance Guarantee
and
• FMPM section 13.10.1.9 Governance and risk management

Refer also to FMPM section 13.7 Code of Conduct.

13.3 Organisational Structure

13.3.1 Strategic Direction

The departmental organisation chart illustrates the structure of the department and the reporting lines established to achieve best practice in delivering services to its clients and stakeholders.

Within the System Support Services Division is the Finance Branch led by the CFO.

The mission of the Finance Branch is to be the leader of business solutions to Queensland Health and its stakeholders through:

• business advice
• financial policy
and
• governance frameworks.

The Finance Branch units are:

• Financial Solutions
  • Client Support and Reporting
  • Engagement
  • Systems
  and
  • Systems Support

• Statutory Advisory Services
  • Taxation
  • Financial and Asset Accounting
  • Premium Management Group
  • Financial Policy and Business Requirements
13.4 Reporting Structure

13.4.1 Performance Reporting

13.4.1.1 Overview

The department’s organisational structure is designed to provide clear lines of reporting, accountability and responsibility and is based on a set of primary functions required to achieve its strategic direction and to deliver effective health services to the people of Queensland.

The structure is designed to allow the department to be responsive, integrated and efficient, allowing decisions to be made at the most appropriate level and increasing openness and transparency in key decision making.

The object of reporting is to ensure that relevant and appropriate information is reported to enable management and other decision makers to assess performance and to make decisions that align with the department’s strategy and objectives.

The development of performance measurement is a necessary base against which management can report. Both performance measurement and reporting are aimed at improving the effectiveness and efficiency of the department’s operations.

Each divisional head of the department and operational unit heads of the Office of the Director-General report directly to the Director-General.

The Office of the Director-General incorporates the following branches/operational units which report directly to the Director-General in maintaining clear lines of reporting for the department:

- Office of the Director-General
- Assurance and Risk Advisory Services
- Departmental Liaison Office
- Ethical Standards Unit
- Health Community Council Coordination
- Health Consumers Queensland Secretariat
- Parliamentary and Ministerial Services
  and
- Integrated Communications.
Refer to:

- FAH, Information Sheet 5.1 Management Reporting, issued by Queensland Treasury and Trade
- FMT, Information Sheet 5.1 Management Reporting, issued by Queensland Treasury and Trade
- FPMS, Part 2, Division 3, Performance management
- FMPM section 2.13 Performance Monitoring
- FMPM section 3.4 Performance Evaluation
- FMPM section 10.11 Hospital and Health Service - Service and Performance Agreements.

13.4.1.2 Legislated performance and reporting requirements

Section 19(2)(b) of the Hospital and Health Boards Act 2011 (HHBA) requires that a Hospital and Health Service (HHS) is to enter into a Service Agreement with the Chief Executive (Director-General). The Service Agreement must outline the key performance indicators and measurements that the HHS is to achieve. The HHS, although individually accountable for its performance, must report its performance to the Chief Executive. The Chief Executive must undertake remedial action when the HHS’s performance is unsatisfactory and does not meet the terms defined in the Service Agreement.

Section 11 of the FPMS mandates that the Director-General must, in managing the performance of the department, comply with A Guide to the Queensland Government Performance Management Framework issued by the Department of the Premier and Cabinet.

Section 12 of the FPMS mandates that the Director-General must have systems in place for monitoring the following performance of the department:

- achieving the objectives stated in its strategic plan efficiently, effectively and economically
- and
- delivering the services stated in its operational plan to the standard stated in the plan.

Section 13 of the FPMS mandates that the systems referred to in section 12 of the FPMS must:

- facilitate the provision of the information mentioned in section 12 above and
- to provide the information to:
  - the Director-General at least quarterly and to
  - the Minister for Health:
    - at least annually and
    - when the Minister asks for the information.

Section 14 of the FPMS states that the department’s systems for evaluating the achievement of its objectives must include an assessment of the following:

- the appropriateness of the objectives, and the services that the department delivers to achieve its objectives
- whether the performance information that the department collects is suitable to assess the
extent to which the objectives have been achieved and
• the options to improve the efficiency, effectiveness and economy of the operations of the department.

Section 77 (2)(b) of the Financial Accountability Act 2009 FAA states that for each financial year, the CFO must give the Director-General the following:

• the annual financial statements and
• a statement about whether the financial internal controls of the department are operating efficiently, effectively and economically.

The statement must be given to the Director-General in the way, and at the time, stated in a section 57 of the FPMS.

For information regarding legislative requirements relating to financial reporting requirements – refer to FMPM section 4.1.1.1 Legislative requirements.

13.4.1.3 Financial reporting

For information regarding financial reporting – refer to FMPM chapter 4 Financial Reporting.

13.5 Delegations and Approval Process

13.5.1 Delegations and Approval Process

Pursuant to section 77 of the FAA, the Director-General may delegate functions to an appropriately qualified public service employee or other employee of the State.

Section 8(2) of the FPMS states that the internal control structure of the department must include an organisational chart and delegations supportive of the objectives and operations of the department.

For information regarding the delegations and approval process – refer to:

• Corporate Real Property Delegations
• FMPM section 2.3 Delegations and Authorisations
• FMPM section 2.4.6 Right to Information and Information Privacy
• FMPM section 6.2 Purchasing Policy
• SMPM section 6.2.4 Delegation of Authority to Sign Contracts
• FMPM section 10.2 Financial Delegations and
• FMPM section 10.3 Procurement Delegations.

Reference should also be made to FAH, Information Sheet 3.4 Delegations, issued by Queensland Treasury and Trade.
13.5.1.1 Chief Finance Officer

Section 77 of the FAA states that the Director-General must nominate an employee as the CFO and delegate to the CFO:

- financial resource management including the establishment, maintenance and review of financial internal controls
- budget management
- preparation of financial information including annual financial statements to facilitate the discharge of the department’s statutory reporting obligations
- provision of advice on the effectiveness of accounting and financial management information systems and financial controls in meeting the department’s requirements
- provision of advice concerning the financial implications of and financial risks to, the department’s current and projected services
- development of strategic options for the department’s future financial management and capability.

Section 4 of the Financial Accountability Regulation 2009 prescribes the qualifications, experience or standing appropriate for a CFO.

Refer also to:

- FMPM section 2.1.3.5 Financial responsibility
- FAH, Information Sheet 2.5 Chief Finance Officer
- FAH, Information Sheet 4.2 Statement by Chief Finance Officer
- FMT, Information Sheet 4.2 Statement by Chief Finance Officer issued by Queensland Treasury and Trade.

13.5.1.2 Head of Internal Audit

Section 78 of the FAA states that the Director-General must nominate a Head of Internal Audit and delegate to the Head of Internal Audit the following responsibilities:

- provision of assessment and evaluation of the effectiveness and efficiency of departmental financial and operation systems, reporting processes and activities
- provision of assistance in risk management and identifying deficiencies in risk management.

Section 5 of the Financial Accountability Regulation 2009 prescribes the qualifications, experience or standing appropriate for a Head of Internal Audit.

Refer also to:

- FMPM section 2.10.1.2 Head of Internal Audit
- FAH, Information Sheet 2.6 Head of Internal Audit, issued by Queensland Treasury and Trade.
13.5.1.3 Budget management

Reference should be made to FMPM section 3.3 Budgeting and Forecasting for the departmental policy regarding budget preparation.

Reference should also be made to FMPM section 4.3 (Financial) Reporting Requirements

Reference should also be made to:

- Business Rules and Guidelines, issued by the Business Analysis and Management Unit
- FMPM section 2.3 Delegations and Authorisations
- FMPM section 6.2 Purchasing Policy
- FMPM section 10.2 Financial Delegations and
- FMPM section 10.3 Procurement Delegations.

13.5.1.4 Human resource management

The Human Resource Delegation Manual and Instruments of Delegation can be accessed via QHEPS.

The Director-General delegates a wide range of human resource management powers for the effective and efficient operation of human resource policy and functions within the department. This is covered under section 103 of the Public Service Act 2008.

The Human Resource Delegation Manual lists the human resource functions, delegation levels and positions and delegation matrix. The control imbedded in this delegation is that only authorised approved functions are to be processed.

13.6 Corporate Committee Structure and Framework

13.6.1 Executive Management Team and Other Committees

The role, structure, terms of reference and membership of the following committees is available on QHEPS:

- Executive Management Team
- CEO and DDG Forum
- Executive Committees.

Refer also to - FAH, Information Sheet 2.7 Management Committees, issued by Queensland Treasury and Trade.

13.6.2 Audit Committee

The Audit Committee does not form part of the executive committee structure, reporting directly to the Director-General.
The purpose of the Audit Committee is to provide assistance to the accountable officer. The Audit Committee plays a key role with respect to the integrity of the department’s financial information, its system of internal controls and the legal and ethical conduct of management and of officers.

An Audit Committee’s roles, responsibilities, functions and duties are set out in its charter which must comply with the FAA and with Audit Committee Guidelines: Improving Accountability and Performance issued by Queensland Treasury and Trade. The Audit Committee’s responsibility will vary depending on:

- the department’s complexity, size and requirements
- the risks affecting the department
and
- the current environment in which the department operates.

The requirements of the Audit Committee are determined after consideration of department specific factors. An Audit Committee can involve all or a combination of the following duties and responsibilities:

- evaluating whether processes are in place to address key roles and responsibilities in relation to risk management
- evaluating the adequacy of the control environment to provide reasonable assurance that the systems of internal control are of a high standard and are functioning as intended
- performing an independent review of the financial statements to ensure the integrity and transparency of the financial reporting process
- monitoring the effectiveness of the department’s performance information and compliance with the performance management framework and performance reporting requirements.
- obtaining assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably
- providing an independent review of the department’s reporting functions to ensure the integrity of financial reports
- monitoring the effectiveness of the department’s performance management and performance information
- providing strong and effective oversight of the department’s internal audit function
- providing effective liaison and the facilitation of communication between management and external audit
- providing oversight of the implementation of accepted audit recommendations
and
- ensuring that the department effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

The operations of the Audit Committee do not diminish the statutory duties and responsibilities imposed on the department under the prescribed requirements.

In addition, the activities of the Audit Committee do not detract from the role or responsibilities of departmental management, the Executive Management Team and other committees.

The department should ensure that the Audit Committee has the capacity to undertake its responsibilities effectively and efficiently.

Refer also to - FPMS, section 35, Audit committees.

**Audit Committee and Internal Audit.** As part of fulfilling its responsibilities, the Audit Committee provides strong and effective oversight of the internal audit function. It evaluates the quality of the
internal audit function, particularly in the areas of planning, monitoring and reporting. The Audit Committee provides an independent review of the internal audit annual audit plan and reports, as well as oversight of the implementation of accepted audit recommendations.

The Audit Committee overviews the following internal audit matters:

- the adequacy of the internal audit charter
- the appropriateness of the resourcing level to the size and complexity of the department
- the structure, qualification requirements, professionalism, ethical practices and training needs of internal audit
- that internal audit plans ensure an optimum, cost-effective overall audit cover and compliance with specific legislated requirements
- the interaction between internal and external audit plans to ensure that there is no material overlap
- the performance of the internal audit function relative to the annual audit plan and
- the findings of internal audit and the actions proposed to be taken by management, including an assessment that management’s proposed solution is the most appropriate and is also cost effective.

For further information – refer to:

- FPMS Part 2, Division 5 Internal audit and audit committees
- FMPM chapter 2.10.7 Audit Committee
- FMPM section 2.10 Internal Audit and
- FMPM section 2.11 External Audit.

**13.6.3 Relationship Management Meetings**

For information regarding Relationship Management Meetings – refer to Hospital and Health Services Performance Framework 2012-13 issued by the Department of Health.

**13.7 Code of Conduct**

**13.7.1 Financial Impact**

Section 73 - 75 of the FAA gives authority for the recovery of losses from officers by action in a court of competent jurisdiction. The circumstances for recovery are stated in section 73 (1), 74 (1) and 75 (1) of the FAA.

Refer also to Principle 4 - Accountability and Transparency, of the Code of Conduct for the Queensland Public Service for policy relating to ethical standards pertaining to financial transactions. Departmental officers must comply with the Code of Conduct in all respects.

For further information regarding the Code of Conduct for the Queensland Public Service – refer to section 2.4.1 Code of Conduct.
13.8 Compliance

13.8.1 Overview

The department, in the discharge of its responsibilities, is required to comply with legislation, subordinate legislation, policies and guidelines. These compliance requirements are detailed in FMPM, section 1.1.1 General Background as under:

- Level 1 Legislation
- Level 2 Sub-ordinate legislation
- Level 3 Central agency policies and guidelines
- Level 4 Department of Health policies and guidelines and
- Level 5 departmental operational unit’s procedures and work instructions.

13.8.1.1 Chief Finance Officer’s statement

The FAH mandates that the CFO statement must be provided to the Director-General prior to the certification of the annual financial statements. The statement should enable the Director-General to form the opinion as to whether, as a minimum:

- the financial records have been properly maintained
- internal controls and risk management systems have been operating effectively throughout the period
- no changes or other matters have arisen subsequently to balance date that would have a material effect on the annual financial statements or on internal control and risk management systems and
- appropriate assurances have been received from external service providers where a function or process has been outsourced.

Refer also to:

- FMPM section 2.1.3.5 Financial responsibility and
- FMPM section 13.5.1.1 Chief Finance Officer.

13.8.1.2 Financial Management Practice Manual (FMPM)

Section 16 (1) of the FPMS requires the Director-General to prepare and maintain a specific financial management practice manual that complies with related legislation, regulation and policies, for use by all officers in the performance of their financial management roles.

Refer to section 16 of the FPMS for details relating to the FMPM.

The department’s FMPM is to be reviewed regularly ensuring compliance with current legislation, subordinate legislation, applicable State Government policies and guidelines. Significant changes in the FMPM must be approved by the Director-General.

The Financial Policy and Business Requirements Team, Finance Branch, System Support Services Division, may release FMPM Circulars to notify the department of required modifications.
due to changes in legislation, sub-ordinate legislation, policies or business rules. FMPM Circulars must be approved by the CFO before distribution.

Refer also to FMPM section 2.1.3.6 Financial Management Practice Manual.

13.8.1.3 Financial Management Assurance (FMA)

To provide a true reflection of the department’s financial internal controls, the CFO is required to provide a statement at the end of each financial year to the Director-General as to the efficiency, effectiveness, and economy of the department’s financial internal controls.

Findings provided by the FMA process, in conjunction with the control framework, form the contents of the CFO’s annual statement. Information is also provided in the statement regarding significant areas of concern, potential impacts, and the action being taken to address the exceptions.

Further information regarding the Financial Management Assurance Programme is addressed in FMPM section 10.12 Financial Management Assurance.

13.9 Governance

13.9.1 Overview

The departmental governance framework is designed to assure adequate accountability to stakeholders and to encourage performance improvement while meeting the department’s obligations and accountabilities.

The framework is in-line with the recommendations made by the Auditor-General in the report Corporate Governance: Beyond Compliance which specified the controls required to ensure that organisational objectives are met.

The following principles underlie the departmental governance framework:

- departmental vision and mission statements that are articulated and understood throughout the department
- the knowledge that the Director-General, as the accountable officer for the department, and senior management have adopted the department’s vision, mission and governance principles in the discharge of their roles and responsibilities
- the establishment, documentation and communication of the departmental organisational structure defining roles, responsibilities and authorities
- the performance of the Chief Finance Officer in the exercise of duties and responsibilities of the position
- the creation and implementation of sound systems of cost effective internal controls, guidelines and operational processes
- delegations to ensure that responsibilities are matched with authority
- an effective internal audit function
- a code of conduct setting the expected standard of behaviour
- appropriate committees which support the Director-General and senior management in the efficient, effective and economic delivery of the department’s goals and objectives
• reporting and monitoring processes to ensure compliance with laws, policies, procedures and code of conduct and performance against organisational plans and
• clear and timely internal and external reporting which provides accountability.

Governance structures require regular monitoring and revision to meet the changing environments in which the department operates. Refer also to:

• FMMP section 2.12.1 Overview (Corporate Governance)
• FAH, Information Sheet 2.1 What is Governance, issued by Queensland Treasury and Trade and
• Corporate Governance: Beyond Compliance, issued by the Queensland Audit Office.

13.9.2 Financial Internal Control

The emphasis of financial internal control is on accountability, best practice management of resources and internal control which must include:

• an organisational structure and delegations - refer to:
  • FMMP section 2.2 Organisational Structure and Reporting Relationships
  • FMMP section 2.3 Delegations and Authorisations
  • FMMP section 10.2 Financial Delegations
  • FMMP section 10.3 Procurement Delegations
  • FMMP section 10.5 Contract Signing Delegations
  • FMMP section 13.3 Organisational Structure and
  • FMMP section 13.5 Delegations and Approval Process.
• employment of qualified and competent employees, training of the employees and assessment of their performance and
• procedures for monitoring the performance of, and accounting for, departmental investment in any controlled entity.

13.9.2.1 Structure

The following organisational charts are available:

• departmental
• Office of the Director General
• System Support Services Division
• Health Service and Clinical Innovation
• System Policy and Performance
• Health Services Support Agency
• Health Services Information Agency

Refer to QHEPS for a copy of each structure.

The design of the structure supports the objectives and operations of the department.
13.10 Responsibility and Accountability

13.10.1 Best Practice

Best practice is implemented to ensure that the business is operating effectively, efficiently, economically and ethically and to minimise or eliminate fraud and inefficiencies.

Refer to Overview of Queensland’s Financial Accountability Framework, issued by Queensland Treasury and Trade.

Compliance with best practice principles provides for effective corporate governance as illustrated below:

### 13.10.1.1 Corporate governance

<table>
<thead>
<tr>
<th>Accountable for</th>
<th>Accountability Mechanisms</th>
<th>Authority and Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director-General</td>
<td>Elections</td>
<td>Elect members of Parliament</td>
</tr>
<tr>
<td>Management of Portfolio</td>
<td>Budget Documents</td>
<td>Delegate authority and responsibility to govern</td>
</tr>
<tr>
<td>Policy advice and management of HHS</td>
<td>Annual Reports</td>
<td>Delegate authority and responsibility to manage the HHS</td>
</tr>
<tr>
<td>Overall Departmental performance</td>
<td>Performance Appraisal &amp; Corporate Management</td>
<td>Delegate authority and responsibility to administer programs to ensure compliance and due process</td>
</tr>
<tr>
<td>Program performance</td>
<td>Program Management Cycle</td>
<td>Delegate authority and responsibility to administer programs to ensure compliance and due process</td>
</tr>
<tr>
<td>Quality service delivery</td>
<td>Direct authority relationship</td>
<td>Delegate authority and responsibility to provide quality services</td>
</tr>
<tr>
<td>Duty of care</td>
<td>Performance Appraisal</td>
<td>Provide quality service</td>
</tr>
</tbody>
</table>

The Director-General must identify, measure and monitor key performance indicators of tasks within the department.

For further information regarding governance – refer to FMPM section 2.13.1 Overview (Corporate Governance).
13.10.1.2 Maintenance of efficient, effective, economical and ethical business practices and processes

Quality procedures and processes are to be developed, documented and reviewed for currency and continuous improvement of business strategies. They are to be easily accessible.

Activities and transactions are to be accurately recorded and reported in performance reports. Financial management reporting is to be timely, reliable and relevant.

13.10.1.3 Protection and control of assets

Every officer delegated with financial management responsibility within a particular operational unit shall:

- manage the assets under that officer’s control efficiently, effectively and economically and avoid waste and extravagance
- ensure that procedures afford, at all times, adequate safeguards with respect to:
  - the assessment, levy and collection of revenue and other amounts receivable
  - the receiving, safekeeping, banking of and accounting for public moneys and other moneys and the purchase, receipt, issue, sale, custody, control, management and disposal and accounting for public property and other property
  - the prevention of fraud and mistake
- that operational practice and procedure is formally approved by appropriate management and suitably set forth in the FMPM and in operational unit desktop manuals, including:
  - the persons responsible for the security, custody and, as the case requires, prompt acknowledgement of revenue and assets accepted by the department
  - the persons responsible for verifying the existence and condition of assets in each financial year and the frequency of such verifications having regard to, for example, risk, materiality and staff changes.

Refer to:

- FMPM section 2.8 Security and Specific Controls for further information regarding security of tangible assets
- FMPM Chapter 7 – Asset Management.

Refer also to:

- FMT, Information Sheet 3.8 - Plant, Property and Equipment
- FMT, Information Sheet 3.9 – Asset Management

issued by Queensland Treasury and Trade.

13.10.1.4 Protection and control of liabilities

Every officer delegated with financial management responsibility within a particular operational unit shall:
Chapter 13 – Internal Controls

- manage the assets under that officer’s control efficiently, effectively and economically and avoid waste and extravagance
- ensure that procedures afford, at all times, adequate safeguards with respect to the prevention of fraud and mistake and
- ensure that arrangements apply in ensuring that the approvals for the incurrence of liabilities are for authorised and official purposes only.

Refer to:

- FMT, Information Sheet 3.10 – Liabilities, issued by Queensland Treasury and Trade
- FMPM, Chapter 8, Liability Management.

13.10.1.5 Protection and control of revenue

Every officer delegated with financial management responsibility within a particular operational unit shall:

- ensure that procedures afford, at all times, adequate safeguards with respect to:
  - the assessment, levy and collection of revenue and other amounts receivable
  - the receiving, safekeeping, banking of and accounting for public moneys and other moneys and the purchase, receipt, issue, sale, custody, control, management and disposal and accounting for public property and other property
  - ascertain, where services are rendered or goods supplied to any person by members under the officer’s control, by regular examination, whether fees and charges are being properly assessed and levied, and whether such fees and charges are adequate having regard to the cost of such goods and services and other relevant matters, and shall report in writing the results of each such examination, and make appropriate recommendations to the appropriate management and
- ensure that operational practice and procedure is formally approved by appropriate management and suitably set forth in the FMPM and in operational unit desktop manuals, including the persons responsible for the security, custody and, as the case requires, prompt acknowledgement of revenue accepted by the department.

Refer to:

- FMT, Information Sheet 3.5 Revenue, issued by Queensland Treasury and Trade
- FMPM, chapter 7 Revenue Management.

13.10.1.6 Protection and control of expenses

Every officer delegated with financial management responsibility within a particular operational unit shall:

- manage the expenses under that officer’s control efficiently, effectively and economically and avoid waste and extravagance
- ensure that procedures will, at all times, afford proper control over the incurring of expenses
- ensure that expenses are incurred for lawful purposes and are made in compliance with the prescribed requirements
Chapter 13 – Internal Controls

- ensure that, as far as possible, having regard to the limits of the officer’s powers and control, value is obtained for moneys expended and
- ensure that procedures afford, at all times, adequate safeguards with respect to:
  - the correctness, regularity and propriety of payments made
  - the prevention of fraud and mistake.

Refer to:
- FMT, Information Sheet 3.6 – Expense Management, issued by Queensland Treasury and Trade
- FMT, Information Sheet 3.7 HR and Payroll, issued by Queensland Treasury and Trade
- FMPM, chapter 6 Expense Management.

13.10.1.7 Protection and control of information and communication systems

Control and protection of information includes the protection of the following information types:
- private and personal information
- commercial-in-confidence.

FMPM chapter 11 Financial Information Management provides further information regarding Information, Communication and Technology (ICT) resources and their control. In particular, it contains information regarding controls over intangible assets including the following:
- data
- intellectual property
- reputation and image (personal and corporate).

13.10.1.8 Protection of persons

Protection of persons requires the maintenance of a safe and harmonious work environment.

13.10.1.9 Governance and risk management

Guarding against hazards and risks and supporting sound corporate governance and risk management requires implementation of a balanced set of internal controls.

The table below illustrates the impact of excessive or weak internal controls.

<table>
<thead>
<tr>
<th>RISK</th>
<th>REACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-compliance</td>
<td>More complex compliance requirements</td>
</tr>
<tr>
<td>Loss of confidence in the agency by the public</td>
<td>Increase in activities which add no value (micro-management)</td>
</tr>
</tbody>
</table>
Chapter 13 – Internal Controls

<table>
<thead>
<tr>
<th>Legislation, policies and guidelines too prescriptive</th>
<th>Increased work time, that is, loss of productivity and morale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor decision making</td>
<td>Loss of productivity – ‘paralysis by analysis’ and micro-management</td>
</tr>
<tr>
<td>Loss of funding or assets</td>
<td>Tighter controls – loss of productivity</td>
</tr>
</tbody>
</table>

Contemporary internal control issues include:

- fraud
- theft
- unauthorised use of assets
- unauthorised access to facilities
- inappropriate delegations
- procurement
- recruitment.

For further information regarding governance – refer to FMPM section 2.13 Corporate Governance.

For further information regarding risk management – refer to:

- FMPM section 2.6.34 Queensland Health Risk Register
- FMPM section 2.7 Risk Management
- FMPM section 2.10.7 Audit Committee
- FMPM section 5.7.3 Revenue Risk Categories
- FMPM section 6.2.5 Contract Performance Guarantee
- FMPM section 13.2.4 Internal Control Limitations and Risk Assessment.
13.11 References

Legislation

- Financial Accountability Act 2009
- Financial Accountability Regulation 2009
- Financial and Performance Management Standard 2009
- Hospital and Health Boards Act 2011
- Public Service Act 2008

Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB)

- AASB 1031 Materiality

Queensland Government Policies and Guidelines

Department of Health

- Business Analysis and Management Unit’s Business Rules and Guidelines document
- Corporate Real Property Delegations
- Human Resource Delegations
- Integrated Risk Management – Implementation Standards
- Integrated Risk Management Policy
- Department Delegations Policy
- Strategic Plan 2012-2016

Queensland Treasury and Trade

- A Guide to Risk Management
- Audit Committee Guidelines – Improving Accountability and Performance
- Financial Accountability Handbook
- Financial Management Tools
- Overview of Queensland’s Financial Accountability Framework

Department of the Premier and Cabinet


Queensland Audit Office

- Corporate Governance: Beyond Compliance
Public Service Commission

Code of Conduct for the Queensland Public Service
Financial Management Practice Manual

Appendices
# Table of Contents

Appendix 1 ................................................................................................................................. 14

1.1 Glossary ........................................................................................................................................ 14

AARF ........................................................................................................................................ 14
AAS ........................................................................................................................................ 14
AASB ........................................................................................................................................ 14
ABN ........................................................................................................................................ 14
APG ........................................................................................................................................ 14
Accepted ..................................................................................................................................... 14
Account ...................................................................................................................................... 14
Accountable .............................................................................................................................. 14
Accountable advance ............................................................................................................... 14
Accountable form ..................................................................................................................... 14
Accountable officer ................................................................................................................. 15
Accounting officer ................................................................................................................... 15
Accounting policy .................................................................................................................... 15
Accounting Policy Guideline ................................................................................................... 15
Accounting record ................................................................................................................... 15
Accounts payable .................................................................................................................... 15
Accounts receivable ................................................................................................................ 15
Accrual accounting .................................................................................................................. 16
Accrue ....................................................................................................................................... 16
Accumulated amortization ........................................................................................................ 16
Accumulated depreciation ........................................................................................................ 16
Accumulated superannuation plans ....................................................................................... 16
Accumulated surplus/deficit ..................................................................................................... 16
Acquisition ............................................................................................................................... 16
Acquisition cost ....................................................................................................................... 16
Acquisition date ....................................................................................................................... 16
Acquittance ............................................................................................................................... 16
Accountable ............................................................................................................................ 14
Account .................................................................................................................................... 14
Administrator ......................................................................................................................... 18
Ambulance ............................................................................................................................... 18
Approved security provider ..................................................................................................... 19
Approved/ Noted Status (Tridata) ........................................................................................... 19
Approved estimates ................................................................................................................. 19
Annual financial statements .................................................................................................... 18
Annual report ............................................................................................................................ 18
Appropriation ........................................................................................................................... 19
Appropriation Act .................................................................................................................... 19
Adjustment Tracking Module (Tridata) .................................................................................. 17
Adjustment note ....................................................................................................................... 17
Activity/transaction/balance ..................................................................................................... 17
Actual (Tridata) ......................................................................................................................... 17
Activity Based Funding .......................................................................................................... 17
Administered activity/transaction/balance ............................................................................. 18
Administered ............................................................................................................................. 17
Administrator ............................................................................................................................ 18
Advance .................................................................................................................................... 18
Agency activity/transaction/balance ....................................................................................... 18
Agency Advice Adjustments (Tridata) ...................................................................................... 18
Amortisation ............................................................................................................................. 18
Amortisation ............................................................................................................................. 18
Annual report ............................................................................................................................ 18
Appropriation Act .................................................................................................................... 19
Approved estimates ................................................................................................................. 19
Approved/ Noted Status (Tridata) ........................................................................................... 19
Approved security provider ..................................................................................................... 19
<table>
<thead>
<tr>
<th>Term</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset</td>
<td>19</td>
</tr>
<tr>
<td>Asset recognition threshold</td>
<td>20</td>
</tr>
<tr>
<td>Asset strategic planning</td>
<td>20</td>
</tr>
<tr>
<td>Associate</td>
<td>20</td>
</tr>
<tr>
<td>Associated entity</td>
<td>20</td>
</tr>
<tr>
<td>Attorney</td>
<td>20</td>
</tr>
<tr>
<td>Audit</td>
<td>20</td>
</tr>
<tr>
<td>Audit committee</td>
<td>20</td>
</tr>
<tr>
<td>Audit trail</td>
<td>20</td>
</tr>
<tr>
<td>Audited</td>
<td>20</td>
</tr>
<tr>
<td>Auditor</td>
<td>21</td>
</tr>
<tr>
<td>Auditor-General Act 2009 (AGA)</td>
<td>21</td>
</tr>
<tr>
<td>Auditor-General Regulation 2009 (AGR)</td>
<td>21</td>
</tr>
<tr>
<td>Australian Accounting Standard</td>
<td>21</td>
</tr>
<tr>
<td>Australian Accounting Standard Board AASB 1049</td>
<td>21</td>
</tr>
<tr>
<td>Authorised Accounting Officer</td>
<td>21</td>
</tr>
<tr>
<td>Authorised Expenditure Approval Officer</td>
<td>21</td>
</tr>
<tr>
<td>Authorised Losses Approval Officer</td>
<td>21</td>
</tr>
<tr>
<td>Authorised Payment Approval Officer</td>
<td>22</td>
</tr>
<tr>
<td>Authorised Procurement Officer</td>
<td>22</td>
</tr>
<tr>
<td>Authorised Special Payments Approval Officer</td>
<td>22</td>
</tr>
<tr>
<td>Authorising Officer</td>
<td>22</td>
</tr>
<tr>
<td>Auto-spread (Tridata)</td>
<td>22</td>
</tr>
<tr>
<td>Bad debt</td>
<td>22</td>
</tr>
<tr>
<td>Balance date</td>
<td>22</td>
</tr>
<tr>
<td>Bank Arrangements Officer</td>
<td>22</td>
</tr>
<tr>
<td>Bank reconciliation</td>
<td>23</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>23</td>
</tr>
<tr>
<td>Book value</td>
<td>23</td>
</tr>
<tr>
<td>Books of account</td>
<td>23</td>
</tr>
<tr>
<td>Borrowing cost</td>
<td>23</td>
</tr>
<tr>
<td>Borrowings</td>
<td>23</td>
</tr>
<tr>
<td>Budget</td>
<td>23</td>
</tr>
<tr>
<td>Budget allocation</td>
<td>23</td>
</tr>
<tr>
<td>Budget process</td>
<td>23</td>
</tr>
<tr>
<td>Budget submission</td>
<td>23</td>
</tr>
<tr>
<td>Bulk store</td>
<td>24</td>
</tr>
<tr>
<td>Business plan</td>
<td>24</td>
</tr>
<tr>
<td>Business segment</td>
<td>24</td>
</tr>
<tr>
<td>CBRC</td>
<td>24</td>
</tr>
<tr>
<td>Cabinet Budget Review Committee</td>
<td>24</td>
</tr>
<tr>
<td>Calc All (Tridata)</td>
<td>24</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>24</td>
</tr>
<tr>
<td>Capital work in progress</td>
<td>24</td>
</tr>
<tr>
<td>Capitalisation</td>
<td>25</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>25</td>
</tr>
<tr>
<td>Carryover</td>
<td>25</td>
</tr>
<tr>
<td>Cash</td>
<td>25</td>
</tr>
<tr>
<td>Cash accounting</td>
<td>25</td>
</tr>
<tr>
<td>Cash equivalent</td>
<td>25</td>
</tr>
<tr>
<td>Cash flow</td>
<td>25</td>
</tr>
<tr>
<td>Cash flow forecast</td>
<td>25</td>
</tr>
<tr>
<td>Cash Funding Module (Tridata)</td>
<td>26</td>
</tr>
</tbody>
</table>
Certification .................................................................  26
Certifying Officer ..........................................................  26
Chart of Accounts .................................................................  26
Cheque Signatories .............................................................  26
Chief Finance Officer ...............................................................  26
CLERP 9 .................................................................................  26
Closing rate (re-Foreign Exchange) ...........................................  26
Code of Conduct (for the Queensland public Service) ...............  27
Codicil ..................................................................................  27
Collaborative audits ..............................................................  27
Commercialisation .................................................................  27
Commercialised Business Unit ...............................................  27
Commitment ...........................................................................  27
Competent authority ...............................................................  27
Competitive neutrality ............................................................  27
Compliance .............................................................................  27
Conditional entitlement ..........................................................  28
Conflict of interest .................................................................  28
Consolidated ...........................................................................  28
Consolidated Financial Statements ...........................................  28
Consolidated Fund .................................................................  28
Construction contract .............................................................  28
Consultant ..............................................................................  28
Contingent liability ...............................................................  29
Contra asset ............................................................................  29
Contracting out .........................................................................  29
Contract performance guarantee .............................................  29
Contractor ..............................................................................  29
Contributed equity .................................................................  29
Contributions by owners .........................................................  29
Control .................................................................................  30
Control account .................................................................  30
Controlled .............................................................................  30
Controlled activity/transaction/balance ....................................  30
Corporate card ......................................................................  30
Corporate governance ...........................................................  30
Copyright Act 1968 (Commonwealth Government) ..................  31
Cost ......................................................................................  31
Cost centre ............................................................................  31
Cost model (non-current physical asset valuation) ....................  31
Cost plus contract .................................................................  31
Cost to sell ............................................................................  31
Credit Note .............................................................................  31
Creditor ...............................................................................  31
Crime and Misconduct Act 2001 .............................................  31
Current ..................................................................................  32
Current replacement cost ......................................................  32
Current tax .............................................................................  32
Data integrity ..........................................................................  32
Data Load Module (Tridata) ...................................................  32
Debit note ..............................................................................  32
Debtor ...................................................................................  32
Declarable Gift ......................................................................  32
<table>
<thead>
<tr>
<th>Term</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money form</td>
<td>53</td>
</tr>
<tr>
<td>Money order</td>
<td>53</td>
</tr>
<tr>
<td>National Health Funding Pool</td>
<td>54</td>
</tr>
<tr>
<td>National Tax Equivalents Regime (INTER)</td>
<td>54</td>
</tr>
<tr>
<td>National Weighted Activity Unit (NWAU)</td>
<td>54</td>
</tr>
<tr>
<td>Negotiable instrument</td>
<td>54</td>
</tr>
<tr>
<td>Net book value</td>
<td>54</td>
</tr>
<tr>
<td>Net fair value</td>
<td>54</td>
</tr>
<tr>
<td>Net realisable value</td>
<td>54</td>
</tr>
<tr>
<td>Non-appropriated equity adjustment</td>
<td>54</td>
</tr>
<tr>
<td>Not Approved Status (Tridata)</td>
<td>55</td>
</tr>
<tr>
<td>Non-cancellable lease</td>
<td>55</td>
</tr>
<tr>
<td>Non-current</td>
<td>55</td>
</tr>
<tr>
<td>Non-current asset</td>
<td>55</td>
</tr>
<tr>
<td>Non-monetary asset</td>
<td>55</td>
</tr>
<tr>
<td>Non-reciprocal transfer</td>
<td>55</td>
</tr>
<tr>
<td>Non-recurrent expenditure</td>
<td>55</td>
</tr>
<tr>
<td>Not-for-profit Entity</td>
<td>55</td>
</tr>
<tr>
<td>Obligation</td>
<td>56</td>
</tr>
<tr>
<td>Obsolescence</td>
<td>56</td>
</tr>
<tr>
<td>Official credit card</td>
<td>56</td>
</tr>
<tr>
<td>Official function</td>
<td>56</td>
</tr>
<tr>
<td>Official hospitality</td>
<td>56</td>
</tr>
<tr>
<td>Official misconduct</td>
<td>56</td>
</tr>
<tr>
<td>Official purpose</td>
<td>56</td>
</tr>
<tr>
<td>On-cost</td>
<td>56</td>
</tr>
<tr>
<td>Operating activities</td>
<td>56</td>
</tr>
<tr>
<td>Operating lease</td>
<td>57</td>
</tr>
<tr>
<td>Operational plan</td>
<td>57</td>
</tr>
<tr>
<td>Operational Unit</td>
<td>57</td>
</tr>
<tr>
<td>Order</td>
<td>57</td>
</tr>
<tr>
<td>Other Adjustments (Tridata)</td>
<td>57</td>
</tr>
<tr>
<td>Outcome</td>
<td>57</td>
</tr>
<tr>
<td>Outlay</td>
<td>57</td>
</tr>
<tr>
<td>Output</td>
<td>58</td>
</tr>
<tr>
<td>Output class</td>
<td>58</td>
</tr>
<tr>
<td>Ownership interest</td>
<td>58</td>
</tr>
<tr>
<td>Owner-occupied property</td>
<td>58</td>
</tr>
<tr>
<td>PARIS</td>
<td>58</td>
</tr>
<tr>
<td>PAYG</td>
<td>58</td>
</tr>
<tr>
<td>Parent entity</td>
<td>58</td>
</tr>
<tr>
<td>Pay As You Go Tax</td>
<td>58</td>
</tr>
<tr>
<td>Payment</td>
<td>58</td>
</tr>
<tr>
<td>Payment terms</td>
<td>58</td>
</tr>
<tr>
<td>Payroll tax</td>
<td>59</td>
</tr>
<tr>
<td>Performance audits</td>
<td>59</td>
</tr>
<tr>
<td>Performance monitoring</td>
<td>59</td>
</tr>
<tr>
<td>Performance measure</td>
<td>59</td>
</tr>
<tr>
<td>Performance target</td>
<td>59</td>
</tr>
<tr>
<td>Permissible benefit</td>
<td>59</td>
</tr>
<tr>
<td>Policy</td>
<td>59</td>
</tr>
<tr>
<td>Portable and attractive items</td>
<td>59</td>
</tr>
<tr>
<td>Practice</td>
<td>60</td>
</tr>
</tbody>
</table>
Unpresented cheque .............................................................. 79
Urgent Issues Group Abstract/Pronouncements/Interpretations .................................................. 79
Useful life of an asset .............................................................. 79
User charge ........................................................................ 79
Validation ............................................................................ 80
Validated (Tridata) ................................................................. 80
Valuation ............................................................................. 80
Value in use ........................................................................ 80
Variance (Tridata) ................................................................. 80
Variable cost ........................................................................ 80
Vendor ................................................................................ 80
Verification .......................................................................... 81
Verifying officer ................................................................... 81
Vesting ................................................................................ 81
Voucher ............................................................................... 81
Waiver ................................................................................ 81
Weighted average unit (WAU) ............................................... 81
Whistleblower ...................................................................... 81
Whole-of-government activity/transaction/balance .................. 81
Whole of Government Financial Information Report (WOGFIRS) ........................................... 81
Will ..................................................................................... 81
Work Health and Safety Act 2011 (WHSA) ...................................... 82
Working (Tridata) .................................................................. 82
Work in progress ................................................................... 82
Write-down .......................................................................... 82
Write-off ............................................................................. 82
Written-down value ................................................................. 82

Appendix 2 ............................................................................. 83
2.1 Release authority re unclaimed property ............................................. 83

Appendix 3 ............................................................................. 85
3.1 Statutory declaration by executors re unclaimed property (where probate not required) .......... 85

Appendix 4 ............................................................................. 86
4.1 Form of indemnity re unclaimed property indemnity .......................................................... 86

Appendix 5 ............................................................................. 87
5.1 Form of indemnity by executors re unclaimed property indemnity ........................................ 87

Appendix 6 ............................................................................. 88
6.1 Declaration of reportable gifts and benefits from ................................................................. 88

Appendix 7 ............................................................................. 89
7.1 Approval and reporting process for gifts and benefits ............................................................ 89

Appendix 8 ............................................................................. 90
8.1 Form HD 24 ...................................................................... 90

Appendix 9 ............................................................................. 91
9.1 Taxi usage certification ................................................................................. 91

Appendix 10 .......................................................................... 92
10.1 Application and authority for business accounts with verifying officer .................................. 92
Appendix 11 ............................................................................................................................... 93
11.1 Appointment of verifying officer form .................................................................................... 93
Appendix 12 ............................................................................................................................... 94
12.1 Application and authority for business accounts with verifying officer ................................. 94
Appendix 13 ............................................................................................................................... 95
13.1 Standard form letter re old cheque ....................................................................................... 95
Appendix 14 ............................................................................................................................... 96
14.1 Account opening form .......................................................................................................... 96
Appendix 15 ............................................................................................................................... 97
15.1 Authority to encash cheques ................................................................................................ 97
Appendix 16 ............................................................................................................................... 98
16.1 Indemnity form ..................................................................................................................... 98
Appendix 17 ............................................................................................................................... 99
17.1 Stocktake instructions .......................................................................................................... 99
Appendix 18 ............................................................................................................................. 105
18.1 Projects approved by GIC or Minister – resultant component contracts > $5m requiring DG approval ..................................................................................................................................... 105
Appendix 19 ............................................................................................................................. 106
19.1 Briefing note for approval Director General ........................................................................ 106
Appendix 1

1.1 Glossary

AARF
Australian Accounting Research Foundation.

AAS
See “Australian Accounting Standard”.

AASB
Australian Accounting Standards Board.

ABN
“Australian Business Number”, required under the Commonwealth taxation law to identify a business entity as being registered with the Australian Taxation Office.

APG
See “Accounting Policy Guideline”.

Accepted
Data view/status of data once approved by the TA (also referred to as Original Data). Approved financial statements are then available for reporting purposes.

Account
The lowest reporting level within the applicable Chart of Accounts, against which individual financial/accounting transactions are recorded (primarily expressed in monetary units), in order to satisfy internal (management) and external reporting obligations/requirements.

Accountable
Responsible (in accordance with legislation or delegated authority) for the financial/operational performance, financial position, financing and investing, and compliance with requirements by a particular organisational area, and for providing information to enable other parties to make informed judgment about those aspects.

Accountable advance
Accountable advances are amounts of money provided to officers prior to actual expenditure being incurred.

Accountable form
Accountable forms, for example, CabCharge vouchers and cheques, are pre-numbered stationery documents. This term includes “money forms”.

Accountable officer

As defined in Section 65(1) of the Financial Accountability Act 2009 (the Act), the Chief Executive of a department of government under the Public Service Act 2008, section 14, is the accountable officer of the department. In the case of the Queensland Health, this officer is the Director-General.

Accounting officer

Any Hospital and Health Service employee responsible for carrying out any duty relating to:

- the maintenance of accounts and other accounting records
- the collecting, receiving, custody of, banking of, or accounting for public moneys or other moneys
- the payment of public moneys or other moneys or
- the purchase, receipt, issue/sale, custody/control, or management/disposal of/accounting for public property or other property.

Synonymous with the term “Authorised Accounting Officer”.

Accounting policy

A specific accounting principle, basis, convention, rule, practice, or method applied in recording financial information and/or preparing and presenting financial statements.

Accounting Policy Guideline

A policy statement issued by Queensland Treasury and Trade, to provide in-depth support to agencies in interpreting and applying the accounting standards and concepts in the Queensland Government environment. These guidelines are updated annually by Queensland Treasury and Trade.

Accounting record

This comprises books, documents, working papers, money forms, vouchers and records of any other kind to support the transactions of an entity. These can be compiled, recorded or stored in original written/printed form, or via some other magnetic device or digital format scanned and stored in the computerised system.

Accounts payable

Accounts Payable/Creditors represent amounts payable to other individuals or organisations in respect of the provision of goods, services, works and/or other financial assistance, in accordance with an order, contract, or agreement.

Accounts receivable

Accounts receivable/debtors are amounts owing by other individuals or organisations in respect of the provision of goods, services, works and/or other financial assistance, in accordance with an order/contract/agreement.
**Accrual accounting**

Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, regardless of when cash is received or paid.

**Accrue**

To record a transaction in accordance with accrual accounting principles.

**Accumulated amortization**

The total depreciation recorded in respect of a non-current intangible asset (or class or category of assets), from the date of acquisition to the date of accounting.

**Accumulated depreciation**

The total depreciation recorded in respect of a non-current physical asset (or class or category of assets), from the date of acquisition to the date of accounting.

**Accumulated superannuation plans**

A post employment benefit plan where the superannuation benefit payable upon retirement is based on the market value of the investments contained in the fund.

**Accumulated surplus/deficit**

See “Retained surpluses/Accumulated losses”.

**Acquisition**

The purchase/lease/transfer/compulsory acquisition or such transactions whereby the risks and benefits associated with the use/ownership of an asset or resource are transferred to the entity. There is usually a cost associated with the acquisition.

**Acquisition cost**

The fair value (as at the date of the acquisition) of the assets directly given up by the Hospital and Health Service as consideration, plus other costs incurred which are incidental to the acquisition, for example, professional fees and installation costs.

**Acquisition date**

The date upon which an acquirer takes over the risks and benefits associated with an asset, group of assets, or net assets.

**Acquittance**

The release of an individual or entity from an obligation after payment or fulfilment of required obligations, for example, advances.

**(the) Acts**
Activity Based Funding

Activity Based Funding (ABF) is a funding framework which Queensland Health uses to deliver public health services across Queensland.

The ABF framework allocates health funding to hospitals based on the cost of health care services (referred to as activities) delivered. The framework promotes smarter health care choices and better care by placing greater focus on the value of the health care delivered for the amount of money expended.

Activity/transaction/balance

An activity/transaction/balance controlled by an agency in that it relates directly to agency operational objectives and arises at the discretion and direction of the agency.

Actual (Tridata)

The Actual version is used by agencies to enter, view and validate their monthly or quarterly year-to-date financial statement and their audited end-of-year financial statement data. This information is entered at the detailed WOGFIR level in the Working data view/status and submitted to the Validated data view/status.

Adjustment note

A uniquely but consecutively numbered document issued by an entity adjusting a previously issued invoice. The words “credit” or “debit” may also be included, as appropriate, for example, a credit adjustment note.

Adjustment Tracking Module (Tridata)

The Adjustment Tracking Module (ATM) is the Tridata module where:

- agencies or Treasury Analysts (TA) enter adjustments to the budgeted financial statements and
- Treasury Analysts approve or note these adjustments.

Once approved a calculation script is run by the TA or TST which calculates by adding approved adjustments to the Total Approved Revised Budget in the Input Application.

Administered

Activity that an agency administers on behalf of the state government which does not have any impact on delivery of the agency outputs to the community, and over which the agency does not exercise direct control. Agencies collect administered revenue, which is paid into the Consolidated Fund for appropriation by Parliament.

See the:

- Financial Accountability Act 2009
- Hospital and Health Boards Act 2011.
Administered activity/transaction/balance

An activity/transaction/balance where the Hospital and Health Service administers, but does not control, the associated resources on behalf of the Government. The Service is accountable for the transactions associated with such administered resources, but does not have discretion to use those resources to achieve Service objectives.

The Hospital and Health Service is unlikely to be responsible for administered activities.

Administrator

A person (including companies) appointed to administer the estate of a deceased person who did not leave a Will. See also Guardian. Also in a corporate sense, an administrator is appointed to manage a business in bankrupt circumstances.

Advance

Amounts of money provided to officers prior to actual expenditure being incurred.

Agency activity/transaction/balance

An activity/transaction/balance resulting from an agency acting as an agent for another agency or entity.

Agency Advice Adjustments (Tridata)

ATM Adjustments that do not impact on fiscal limit or fall within the Other Adjustments category.

Examples: (for agencies and commercialised business units (CBUs)):

- an increase/decrease in own source revenue and corresponding increase/decrease in controlled expenses
- a re-allocation between controlled expenses categories
- increases in controlled or administered revenues resulting from changes in underlying activity or to reflect consumer price index (CPI) increases.

Amortisation

Defined in AASB 138 Intangible Assets as the systematic allocation of the depreciable amount of an intangible asset over its useful life.

Annual financial statements

Financial statements (see “Financial statements”) prepared at the end of each financial year (30 June XXXX) for inclusion in the Hospital and Health Services’ Annual Report to aid in achieving the objectives of this document.

Annual report

A report prepared by the Hospital and Health Service each financial year to provide the Minister, the Treasurer and other interested parties, with information necessary to form an assessment of the
efficiency, effectiveness and economy of the Service (including business units) operations during that year.

**Appropriation**

An annual amount of expenditure allowed by Parliament (through the State Budget process) to be spent by a Government department/agency in undertaking a particular program.

**Appropriation Act**

An Act that:

- authorises amounts to be spent by Queensland Government departments (and other budget sector agencies) from the public accounts for a particular financial year and
- specifies the broad purposes for which those amounts may be spent.

**Approved estimates**

The annual total Government appropriations approved by Parliament.

**Approved/ Noted Status (Tridata)**

Once the appropriate business approval process for adjustments is complete, Treasury Analysts will change the adjustment status to:

- Approved, for Fiscal Limit and Other Adjustments
- Noted, for Agency Advice Adjustments.

Approved/Noted adjustments are included in the Total Approved Revised Budget in the Input Application.

**Approved security provider**

A financial institution:

- rated by Standard and Poor’s (Australia) Pty Ltd with a long-term rating no less than A or with a short-term rating no less than A-2
- rated by Moody’s Investors Service with a long-term rating no less than A3 or with a short-term rating no less than Prime-2
- rated by IBCA Limited with a long-term rating no less than A or with a short-term rating no less than A2
- subject to a national supervisory scheme, for example, the Financial Institutions Scheme, that complies with all requirements under the scheme, and which is approved by the Treasurer.

**Asset**

Asset is defined in [AASB Framework for the Preparation and Presentation of Financial Statements](https://www.aasb.org.au/standards/frameworks/aasb-frameworks) as:
“a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity”.

Asset recognition threshold

The dollar expenditure level, established by Queensland Treasury and Trade, above which a non-current physical asset is recognised.

Asset strategic planning

A structured process which provides a snapshot of the asset portfolio and focuses on:

- capital investment requirements
- the maintenance and use of existing assets and
- the disposal of surplus assets in response to service delivery objectives, plans and programs.

Associate

A relative of nominee of an employee or officer, including husband, wife or child.

Associated entity

An entity, including an unincorporated entity such as a partnership, over which the HHS has significant influence and is neither a subsidiary nor an interest in a joint venture.

Attorney

Authority provided by a principal to take action on his/her behalf under a Power of Attorney. This authority endures when the Principal ceases to be capable of making his own decisions if the attorney is appointed under an Enduring Power of Attorney. However, the authority of the Attorney ceases on the death of the principal.

Audit

The formal investigation, examination, review and/or assessment of accounting records, supporting documentation, systems and operations by either Internal Audit officers, Queensland Audit Office (QAO) representatives, or other parties specifically appointed for that purpose.

Audit committee

A committee established pursuant to section 35 of the Financial and Performance Management Standard 2009.

Audit trail

Information, documents or accounting records for transactions or occurrences which explain and justify entries made in the general ledger or other records subject to audit.

Audited

Check-box in the IA that enables users to select June Audited actual information.
Auditor

An Internal Audit officer, Queensland Audit Office (QAO) representative, or other authorised party who carries out an audit of the Hospital and Health Service.

Auditor-General Act 2009 (AGA)

An Act to provide for the Queensland Auditor-General and the Queensland Audit Office and for the audit of the State’s public finances and of all public entities.

Auditor-General Regulation 2009 (AGR)

A regulation to regulate matters contained in the Auditor-General Act 2009.

Australian Accounting Standard

A professional accounting standard issued by the Australian Accounting Standards Board which sets out the accounting and reporting requirements to be observed in relation to a particular accounting issue.

Australian Accounting Standard Board AASB 1049

The accounting standard that specifies the general purpose financial reporting requirements for governments at a consolidated or whole-of-Government level.

Authorised Accounting Officer

An employee occupying a financial, clerical or administrative role, qualified or unqualified, within an operational unit. A Primary function is to ensure that financial transactions for goods and services are correctly processed and that documentation is available and complete. Authorised by an operational unit manager to carry out such function.

Responsible for carrying out any duty relating to:

- the maintenance of accounts and other accounting records
- the collecting, receiving, custody of, banking of, or accounting for public moneys or other moneys
- the payment of public moneys or other moneys
- or the purchase, receipt, issue/sale, custody/control, or management/disposal of/accounting for public property or other property.

Synonymous with the term “Accounting Officer.

Authorised Expenditure Approval Officer

An employee having a financial delegation from Director General to approve expenditure and to commit the Department.

Authorised Losses Approval Officer

An employee having a financial delegation from the Hospital and Health Board or from the Hospital and Health Service Chief Executive to approve the writing off of losses.
Authorised Payment Approval Officer

An employee whose responsibility it is to examine claims for expenditure to ensure compliance with the:

- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Financial Accountability Handbook
- State Procurement Policy 2010

Authorised Procurement Officer

An officer who has attained Queensland Government Marketplace Procurement Certification and who has a procurement delegation from the Hospital and Health Board or from the Hospital and Health Service Chief Executive.

Authorised Special Payments Approval Officer

An employee having a financial delegation from the Hospital and Health Board or from the Hospital and Health Service Chief Executive to approve special payments.

Authorising Officer

An employee with delegated authority to establish or vary banking arrangements, for example, authorising banking signatories.

Auto-spread (Tridata)

An Input Application that has the facility to auto-forecast the Operating Statement accounts. This function attributes the total amount in TARB evenly across the twelve months of the current year. Entities can then save each account group separately if an even forecast is appropriate for the account, or exit without saving if the auto-forecast is not appropriate.

Bad debt

A debt that has actually been determined to be uncollectible (after unsuccessfully undertaking all practical and cost effective recovery action), and for which appropriate financial approval has been obtained to write-off the debt.

Balance date

The date as at which general purpose financial statements or internal statements are to be produced, such as the end of financial year.

Bank Arrangements Officer

An officer who reviews bank services and pricing at least annually in consultation with Queensland Treasury and Trade to ensure that charges are in accordance with the Queensland Government banking contract.
Bank reconciliation

A comparison/reconciliation at a particular date of the physical bank account balance and the general ledger bank account balance through an examination of the transactions processed by the entity and by the bank. Any difference between these balances is identified and itemised.

Benchmarking

A process where an organisational area compares its performance with that of other similar areas or organisations, with the objective of continually improving activities to achieve and maintain best practice.

Book value

Refer “Net book value”.

Books of account

The records of financial/accounting transactions of an entity compiled, recorded or stored in original written/printed form or computerised system.

Borrowing cost

Interest and associated costs incurred by an entity in connection with borrowing funds.

Borrowings

Amounts that the Hospital and Health Service has received on loan in respect of future anticipated expenditure (either in a lump sum or via separate draw-downs on loan funding available) which are repayable in the future, whether or not this is by periodic instalments, and whether or not interest is chargeable on the amount outstanding.

Budget

A financial resource plan for an entity for a particular period of time (usually a financial year), expressed in monetary terms.

Budget allocation

Funding provided via a budgetary appropriation, available for spending on a specific operational program/activity/input.

Budget process

The cycle entailing development of a budget strategy, assessment of business unit/division funding requests, allocation of financial resources, forwarding of the Hospital and Health Service’s budget submission to Queensland Treasury and Trade, documentation of the finalised resource plan, and management of that plan over the period of time to which it relates.

Budget submission
Documents compiled by the Hospital and Health Service in conjunction with the Minister and provided to the Cabinet Budget Review Committee (CBRC) to assist CBRC in making resource allocation decisions.

**Bulk store**

A place (including the contents of that place) where bulk quantities of goods and/or other property for either sale, or use in the supply of goods and/or provision of services are retained. Such a store is usually maintained due to the financial benefits to be gained in purchasing large quantities of items.

**Business plan**

A document setting out a systematic approach to the efficient and effective allocation and utilisation of resources available to an organisational area in the pursuit of its goals and objectives, as per the prevailing strategic plan. The plan deals with detailed objectives and resource allocation/utilisation plans for achieving specific results (over a one year period).

**Business segment**

A distinguishable component of an entity that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

**CBRC**

See “Cabinet Budget Review Committee”.

**Cabinet Budget Review Committee**

A standing committee of Cabinet comprising the Premier, Deputy Premier, Treasurer and a fourth Minister.

**Calc All (Tridata)**

Button in the IA that consolidates controlled and administered transactions for an agency.

**Capital expenditure**

Costs incurred in purchasing/constructing/developing any new assets with a useful life of more than one year or adding to the benefits provided by an asset as a result of addition, improvement or extension of the useful life of the asset; and which exceed the established asset recognition threshold.

**Capital work in progress**

Costs incurred in designing, constructing/developing/producing and testing a:

- new asset
- significant improvements to an existing asset.
Capitalisation

The process of treating the costs incurred in relation to an asset that will provide a future economic benefit of greater than 12 months, as an asset rather than recording the amount as an expense - refer to FMPM Chapter 7 Asset Management for assets recognition criteria.

Carrying amount

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Carryover

Generally, an under spend from one financial year which is carried forward, subject to Queensland Treasury and Trade approval, for spending in the following financial year.

Cash

Cash includes:

- all moneys and deposits held at call at a bank or other financial institution
- bank notes, coins, money orders, and cheques and other negotiable instruments received by the Hospital and Health Service which have not yet been banked
- cash “imprest” float on hand, that is, for petty cash, and for advances.

Cash accounting

A method of accounting where transactions are recorded when cash is received or paid.

Only those transactions, which generate a cash inflow or outflow, are recognised.

Cash equivalent

Defined in AASB 107 Statement of Cash Flows as:

“a short-term, highly liquid investment that is readily convertible to a known amount of cash and which is subject to an insignificant risk of changes in value”.

Cash flow

A cash movement resulting from one or more transactions with parties external to the entity (or economic entity) concerned.

Cash flow forecast

An estimate of either gross cash inflows and/or outflows, or the net cash inflow/outflow, for a particular period of time in the future.
Cash Funding Module (Tridata)

The Cash Funding Module is used to administer the Hospital and Health Service’s Cash Funding Profile. All agencies that are directly funded from the Consolidated Fund or have to make payments directly into the Consolidated Fund use Cash Funding Profiles to manage their fortnightly payments of appropriation and to provide initial information on receipts paid to the Consolidated Fund.

Certification

The act of an authorised officer attesting, in writing by use of a signature, to the legitimacy and accuracy of one or more transactions/balances/accounting records.

Certifying Officer

An officer who, in relation to general purpose vouchers over $1,000, sights the original voucher and attachments and certifies that:

- the Authorising Officer has the necessary authority to incur the expenditure
- the signature of the Authorising Officer has been verified
- the general purpose voucher and supporting documentation has been sighted and is in order.

Chart of Accounts

A listing of the Hospital and Health Service’s five classes of general ledger accounts, that is, assets, liabilities, equity, revenue and expenses.

Cheque Signatories

Delegated positions established and approved by the Hospital and Health Service Chief Executive to approve payments made via cheques.

Chief Finance Officer

The executive accounting and financial management position created in a public sector entity pursuant to the provisions of section 77 of the Financial Accountability Act 2009.

CLERP 9

The abbreviation for the Corporate Law Economic Reform Program which was passed by Parliament on 25 June 2004, and received Royal Assent on 30 June 2004, known as the CLERP 9 Act. The purpose of the Act is to give effect to reforms aimed at restoring public confidence in corporate Australia after a number of significant instances of misconduct and corporate failure.

Closing rate (re-Foreign Exchange)

The spot exchange rate at the reporting date.
**Code of Conduct (for the Queensland public Service)**

The codification of the ethics principles and their associated set of values prescribed in the *Public Sector Ethics Act 1994*. It also contains standards of conduct for each ethics principle.

**Codicil**

An addition to a Will. It is used to add to, amend, or revoke part(s) of the Will.

**Collaborative audits**

Collaborative audits allow the Auditor-General to work in conjunction with other Audit Offices and to share information where the Auditor-General reasonably believes that there is an interest for the Commonwealth or other State governments in the audit topic.

**Commercialisation**

The situation where an entity:

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

**Commercialised Business Unit**

An agency business undertaking which operates, as far as practicable, on a commercial and competitively neutral basis.

**Commitment**

A firm intention, at a particular date, to incur a future obligation which will generally require a future payment or other sacrifice of the entity’s resources. It does not meet the recognition criteria for liabilities as there is no present obligation to make a payment.

**Competent authority**

An officer or body granted authority via legislation, Government direction, or other delegation of authority, to perform a particular function, approve expenditure (or the incurrence of future obligations), or make any other determination.

**Competitive neutrality**

A situation where an entity, usually a public sector entity, observes the same regulatory requirements, for example, the payment of income tax equivalents, as other private sector organisations carrying out such activities. The intention is to "level the playing field" and eliminate any unfair advantages public sector businesses might have over their private sector competitors in relation to profits and market share.

**Compliance**
Adherence to the requirements of legislation, professional and/or industry standards or requirements, and/or Hospital and Health Service policies, practices and procedures.

**Conditional entitlement**

Where an entitlement is dependent upon or subject to an event occurring, or a defined time period elapsing.

**Conflict of interest**

A real or perceived opportunity for an individual’s professional obligations and/or official duties to be compromised by his/her personal and/or financial interests in a transaction.

**Consolidated**

Combines the controlled and administered activities of an agency into one reporting entity.

**Consolidated Financial Statements**

The financial statements of a group presented as those of a single economic entity. Refer to AASB 10 Consolidated Financial Statements and to AASB 127 Consolidated and Separate Financial Statements for the prescribed accounting practices and procedures.

**Consolidated Fund**

The Treasurer is responsible for receiving State revenue in the nature of taxation, holding them on behalf of Parliament and ensuring they are used in accordance with an appropriation by Parliament. The collection and issue of such revenues by the Treasurer is recorded in the Treasurer’s Consolidated Fund, the balance of which is held in either the Treasurer’s Consolidated Fund Bank Account, or in the Treasurer’s Consolidated Fund Investment Account.

**Construction contract**

Defined in AASB 111 Construction Contracts as:

"a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use".

These construction contracts include:

- contracts for the rendering of services which are directly related to the construction of the asset, for example, those for the services of project managers and architects and
- contracts for the destruction or restoration of assets, and the restoration of the environment following the demolition of assets.

**Consultant**

Defined in Better Purchasing Guide “Engaging and Managing Consultants, issued by the Department of Housing and Public Works, as:
“an individual or an organisation, who/which provides expert advice with recommendations to a department/agency as the basis for making a decision or taking a certain course of action.”

This person usually operates in an independent capacity from the organisation.

**Contingent liability**

As defined in [AASB 137 Provisions, Contingent Liabilities and Contingent Assets](#) as:

- a possible liability that arises from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

- or

- a present obligation that arises from past events that is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation
  - or
  - the amount of the obligation cannot be measured with sufficient reliability.

**Contra asset**

A provision raised for the diminution in the value of certain assets.

**Contracting out**

The contracting of Hospital and Health Service services to an external entity.

**Contract performance guarantee**

Security given by a contractor as a guarantee for the performance of one or more of the contractor’s obligations under a contract (this is usually in the form of a bank guarantee).

**Contractor**

An organisation or individual contracted by an entity to perform specific tasks. This organization or individual is usually under the direction of the employing organisation.

**Contributed equity**

Equity contributions by or distributions to owners in the form of any of the following:

- cash
- non-monetary assets such as property, plant or equipment
- the provision of services
- or
- the transfer of liabilities.

**Contributions by owners**

Defined in [AASB 1004 Contributions](#) as:
“future economic benefits that have been contributed to the entity by parties external to the entity, other than those which result in liabilities of the entity, that give rise to a financial interest in the net assets of the entity which:

- conveys entitlement both to distributions of future economic benefits by the entity during its life, such distributions being at the discretion of the ownership group or its representatives, and to distributions of any excess of assets over liabilities in the event of the entity being wound up and/or
- can be sold, transferred or redeemed”.

Control

In relation to operating processes - a method or procedure adopted within an entity to:

- safeguard its assets
- ensure the accuracy and reliability of financial information
- ensure compliance with all financial and operational requirements, for example, the Financial and Performance Management Standard 2009 (the Standard) and this Financial Management Practice Manual

and

- generally assist in achieving the entity’s objectives.

In relation to control of an entity - the capacity of an entity to dominate decision-making (directly or indirectly) regarding the financial and operating policies of another entity.

Control account

An account in the general ledger which summarises the transactions in a number of similar subsidiary ledger accounts.

Controlled

Activities undertaken by an agency which are under its control and relate directly to the agency’s operational objectives. Controlled activities are funded from own-sourced revenues and from Parliamentary appropriations, that is, the State’s contribution.

Controlled activity/transaction/balance

Controlled activities/transactions/balances are those controlled by the Hospital and Health Service, in that they relate directly to the Service’s operational objectives and arise at the discretion and direction of the Service.

Corporate card

The Queensland Government Corporate Purchasing Card also referred to as a credit card. (QGCPC).

Corporate governance

Refers to the system by which business corporations are directed and controlled, or the practices observed by an organisation in carrying out its operations from both an administrative and financial perspective.
Copyright Act 1968 (Commonwealth Government)

An Act to protect the original work over which a copyright exists.

Cost

The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

Cost centre

The lowest organisational level at which transactions are combined for an organisational area.

Cost model (non-current physical asset valuation)

A valuation model that values a non-current physical asset at cost less any accumulated depreciation and any accumulated impairment losses.

Cost plus contract

Defined in AASB 111 Construction Contracts as:

“a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs, plus a percentage of these costs or a fixed fee.”

Cost to sell

The incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense, as defined in AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

Credit Note

A uniquely but consecutively numbered document issued by an entity to a debtor to fully or partially adjust the value of an invoice previously issued to that debtor. Also referred to as an “Adjustment Note”.

Creditor

Amounts payable to other organisations or individuals in respect of the supply of goods, provision of services, works and/or other financial assistance, in accordance with an order, contract, or agreement. Such amounts must be presently payable in accordance with the associated order, contract, or agreement (and other legal contractual principles).

Crime and Misconduct Act 2001

An Act to combat and reduce the incidence of major crime and to continuously improve the integrity of, and to reduce the incidence of, misconduct in the public sector.

Crime and Misconduct Regulation 2005
A regulation to regulate matters contained in the *Crime and Misconduct Act 2001*.

**Current**

For all entities within the Hospital and Health Service less than or equal to 12 months after the end of the reporting period.

**Current replacement cost**

Defined in [AASB 102 Inventories](https://www.aasb.org.au/standards/102) as:

> “the cost the entity would incur to acquire the asset on the reporting date”.

**Current tax**

The amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

**Data integrity**

A quality where information is secure, legitimate and reliable, resulting from the effective operation of internal controls and other physical security measures within systems/processes.

**Data Load Module (Tridata)**

Tridata Module that allows agencies to load data files generated by customised spreadsheets or data extract tools into the Input Application, rather than manually typing the entries.

**Debit note**

A consecutively but uniquely numbered document issued by an entity to a debtor documenting details of amounts payable to the issuing entity. Also referred to as an “Adjustment Note”.

**Debtor**

Amounts owing by other organisations or individuals in respect of the provision of goods, services, works and/or other financial assistance, in accordance with an order/contract/agreement. Such amounts must be presently receivable in accordance with the associated order/contract/agreement (and other legal contractual principles).

**Declarable Gift**

Gift offered to an officer/employee with a value less than the gift limit but may be considered to be a ‘gift of influence’ or ‘gift to win favours’.

**Deficiency**

A shortage or shortfall detected via a check/audit/reconciliation of transactions or balances.

**Defined benefit plans**
Post-employment benefit plans usually referred to mean Defined Benefit Superannuation Plans, where superannuation benefit is predetermined on retirement as opposed to ‘Accumulated Superannuation Plans’.

**Deleted Status (Tridata)**

An agency may choose to delete an entered adjustment with the status of Draft or Sought. If the adjustment is deleted, it is saved with the status of Deleted, so that a record of the information held in the adjustment is still accessible.

Adjustments with the status of Deleted will not appear in any consolidated Queensland Treasury and Trade reports or financial statements, although a report detailing adjustments with this status can be run through the ATM Reports facility.

**Delegate (noun)**

An officer/employee to whom authority/responsibility to carry out a specific function or duty has been given in writing by the Director-General, Department of Health, in conjunction with the delegator retaining accountability for that function/duty.

**Delegation/Delegate (verb)**

The act of the Director-General, Department of Health, giving in writing, authority/responsibility to carry out a specific function or duty, while retaining accountability for that function/duty.

**Department**

Defined in Section 8, *Financial Accountability Act 2009* as:

- department of government under the *Public Service Act 2008*, section 14
- an entity for which an accountable officer is appointed under section 65(2)
- an entity for which an accountable officer is prescribed under section 65(3)
- the Office of the Governor and
- the Legislative Assembly and parliamentary service,

Refer to the *Financial Accountability Act 2009* for further information.

**Depreciable amount**

The amount remaining after deducting from its acquisition cost or other adjusted value (where the asset has been revalued or improved) the asset’s “residual value”. Residual value is the estimated fair value of the item at the end of its estimated useful life to the entity, based on expected price levels and market conditions existing at that date.

**Depreciable asset**

A non-current physical asset with a limited useful life.

**Depreciation**

The systematic expensing of the gross value of non-current physical assets (less their residual value) over their useful lives, in order to recognise the expected physical wear and tear,
obsolescence or otherwise reduction in the future economic benefits of the asset lost or consumed by the entity. It is a non-cash transaction.

**Designated position**

A position that has been approved to hold certain delegations (financial, procurement, administrative, human resources) that can only be exercised by persons appointed permanently or temporarily to that position. Agency staff or contractors undertaking the responsibilities/duties of the position are not allowed to exercise those delegations.

**Detective internal control**

An internal control which locates and corrects undesirable consequences, such as errors in transaction allocation or classification, incorrect values being entered, or deliberate misstatements.

**Development (Intangible Assets)**

The application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.

**Devolve**

The act of passing the authority/responsibility for a specific function or duty to another (usually subordinate) officer/body.

**Diminishing value method**

A method of depreciation, which applies a fixed percentage charge to a depreciable asset's carrying amount each year to determine the annual depreciation expense.

**Direct debit**

The electronic transfer, by one entity, of funds from a bank account belonging to another entity with the written approval of that entity.

**Direct depositing**

The deposit of funds, electronically or manually, to the credit of an entity's bank account by another entity/individual.

**Directive internal control**

An internal control which encourages desirable practices and consequences.

**Disbursement**

The payment of moneys thereby reducing funds held in the relevant bank account.

**Discount on acquisition**

The excess of the fair value of identifiable net assets acquired over their acquisition cost.
Disposal

The sale/transfer/scraping/trade-in of an asset owned by an entity.

Hospital and Health Service Chief Executive

A Hospital and Health Service Chief Executive, appointed under section 33(1) of the Hospital and Health Boards Act 2011, who is an officer responsible for the management of a Hospital and Health Service, encompassing one or more health facilities. This term carries its everyday usage in this Manual.

Doubtful debt (Impairment loss)

A debtor/loan or advance receivable by an entity, in respect of which collection of the amount owing is presently considered doubtful, bearing in mind the debt’s age and the results of recovery action taken to date.

Doubtful debt is now referred to as impairment loss within the scope of AASB 136 Impairment of Assets.

Draft Status (Tridata)

All adjustments are first entered as Draft and can be saved with this status until such time as they are completed and validated.

Draft adjustments will not appear in any consolidated Queensland Treasury and Trade reports or financial statements, although a report requesting only those adjustments with the status of Draft can be run through the ATM Reports facility.

Economical

In order for the Hospital and Health Service to operate economically, the Service is required to be prudent in management by minimizing costs at all opportunities without compromising results.

Economic analysis

Economic analysis is required for the effective utilisation of resources. It is a means of understanding short and long-term implications of decisions including the total financial impact (capital and ongoing operating cost) and outcomes.

Economic benefit

A financial and/or operational benefit obtained by an entity from using a particular item.

Economic entity

A group of entities comprising a parent entity and each of its subsidiaries.

Effective
The effectiveness of the operations of an agency is defined as being able to deliver a successful service that meets agency objectives as completely as possible, that is, it is producing the desired result.

**Efficient**

Efficient management of financial resources is defined as ensuring that resources are achieving maximum performance with as little waste as possible.

**Electronic funds transfer**

Amounts electronically transferred between entities/individuals bank accounts.

**Employee**

Not explicitly defined in the current Australian Accounting Standards. Defined in the previous Australian GAAP - AASB1028 *Employee Benefits* as:

“a natural person (including a director) appointed or engaged under a contract of service who is subject to the direction of an employer in respect of the manner of execution of those services, whether on a full-time, part-time, permanent, casual or temporary basis…in respect of public sector entities…, all elected representatives are deemed to be employees.”

**Employee benefit**

Defined in AASB 119 *Employee Benefits* as all forms of consideration given by an entity in exchange for service rendered by employees.

Employee benefits include:

- short-term employee benefits, such as wages, salaries, annual and paid sick leave
- post-employment benefits, such as pensions, other retirement benefits, post-employment life insurance and medical care
- other long-term employee benefits, including long-service leave or sabbatical leave, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation
- termination benefits.

**Employee in charge**

Is an employee who is appointed to an establishment position or is an employee who is directed to relieve in an establishment position and is responsible for the achievement of outcomes through the management of resources.

**Employer**

Not explicitly defined in the current Australian Accounting Standards. Defined in the previous Australian GAAP - AASB1028 *Employee Benefits* as:
“an entity … which consumes the services of employees in exchange for providing employee benefits”.

Encashment Officer
An officer with the delegated authority to cash cheques over $1,000 in value.

Entity
Any legal, administrative or fiduciary arrangement, organisational structure or other party having the capacity to deploy scarce resources in order to achieve objectives.

Equitable obligation
An obligation arising from social or moral factors or customs rather than legal sanctions.

Equity
Defined in AASB Framework for the Preparation and Presentation of Financial Statements as:

“the residual interest in the assets of an entity after deducting all its liabilities”. It usually comprises the entity’s accumulated surpluses/loses, capital injections and any reserves.

Equity Injection
An increase in the investment of the Government in the equity of a public sector agency.

Equity Method
A method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor’s share of net assets of the investee. The profit or loss of the investor includes the investor’s share of the profit or loss of the investee.

Equity Return
A periodic payment reflecting the holding cost or opportunity cost in terms of the alternative return foregone by Government because of its investment in the equity of any agency. One of a number of balance sheet incentives, it is designed to encourage agencies to maintain a capital structure appropriate for delivering services.

Equity Withdrawal
A decrease in the investment of the Government in the equity of a public sector agency.

Events after the reporting date
Defined in AASB 110 Events after the Reporting Period as those events, favourable and unfavourable, that occur between the reporting date and the date when the financial report is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date) and
• those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

**Ex gratia**

An act performed as a favour rather than under an obligation.

**Exchange difference**

The difference resulting from translating a given number of units of one currency into another currency at different exchange rates.

**Executive Council**

Queensland's system of government is a constitutional monarchy and, in its broadest sense, consists of the Governor and Executive Council, the Legislative Assembly with the judiciary completing the constitutional trinity. In its operative sense, Queensland's executive government is identified as the Governor (who is the Queen's representative in the State), and the Executive Council. The latter is presided over by the Governor and comprises the Premier plus the total Ministry, who each head and are responsible for the Ministerial departments.

**Executor**

A person (including companies) nominated in a Will to administer the estate. The executor takes on the duties of a trustee, and does so until the estate has been finally distributed in full.

**Expenditure**

Costs incurred in the course of earning income, or otherwise carrying out an entity’s business activities.

**Expense**

Defined in *AASB Framework for the Preparation and Presentation of Financial Statements* to encompass losses as well as those expenses that arise in the course of the ordinary activities of the entity.

**External auditor**

A party or organisation, not forming part of the Hospital and Health Service, specifically appointed to carry out formal investigations, examinations and assessments of the Service’s accounting records, supporting documentation and systems, that is, the Queensland Audit Office (QAO).

**Extra-contractual**

An act performed where there is no clear legal obligation under the terms of the contract to perform the act.

**FAMMIS**
The acronym for the Finance and Materials Management Information System, which may be used synonymously with “SAP”. This system is the financial management system of Queensland Health and the Hospital and Health Services.

**FBT**

See “Fringe benefits tax”.

**FBT year**

The twelve month period beginning on 1 April of one calendar year and ending on 31 March of the following calendar year.

**FMPM**


**FRRs**


**Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Fiduciary duty**

Obligations of trust owed by a fiduciary to another person.

**Fiduciary Fund**

Funds set up to hold money or assets on behalf of an individual and are subject to the:

- *Trusts Act 1973*

- Trust and Fiduciary Funds - Administration of Patient Fiduciary and General Trust Monies Health Service Directive
  - Protocol for Managing the Patient Fiduciary Fund
  - Patient Fiduciary Guide

The department and Hospital and Health Service operates the following fiduciary funds:

- Patient Fiduciary Funds.

Patient Fiduciary Fund means all the monies and property received from patients and kept in the custody of each HHS.

**Finance (capital) lease**

Defined in [AASB 117 Lease](https://www.aasb.com.au) as a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title to the asset may or may not eventually be transferred.
Financial Accountability Act 2009 (the Act)

The Financial Accountability Act 2009 (the Act) is the legislation which governs the financial management of Queensland Government agencies and mandates certain responsibilities of the Treasurer and the activities of the Queensland Audit Office (QAO).

Financial Accountability Handbook (the Handbook)

The Financial Accountability Handbook is designed to assist the Hospital and Health Board and the Hospital and Health Service Chief Executive discharge responsibilities under the Financial Accountability Act 2009 (the Act), the Financial and Performance Management Standard 2009 (the Standard) and the Financial Accountability Regulation 2009 (the Regulation).

Financial Accountability Regulation 2009


Financial and Performance Management Standard 2009 (the Standard)

The Financial and Performance Management Standard 2009 (the Standard), issued in accordance with Section 57, Financial Accountability Act 2009, sets out policies and principles to be observed in financial and performance management by Queensland Government agencies.

Financial and Procurement Delegations

A delegation is the entrusting of authority to a deputy. Responsibility cannot be delegated it will always ultimately rest with the Director-General, Department of Health, for expenditure equal to or less than $5 million.

Financial Delegations are maintained by Finance Branch. The Deputy Directors-General or equivalent will endorse additions, deletions and modification before submitting to Finance Branch for the Director-General’s approval.

Procurement Delegations are maintained by the Strategic Procurement Unit. The Deputy Directors-General or equivalent will endorse additions, deletions and modification before submitting to Strategic Procurement Unit for the Director-General’s approval.

Financial commissioning date

The point in time where an asset is held ready for use and depreciation of the asset over its useful life commences.

Financial instrument

Any contract generating a financial asset of one entity, and a financial liability or equity instrument of another entity.

Financial management

The process of:
• planning, organising and controlling the limited financial and physical resources of an entity to achieve the goals and objectives of a strategic or business plan and
• reporting on the entity’s performance against planned targets.

**Financial Management Practice Manual**

A manual, required by section 16, *Financial and Performance Management Standard 2009 (the Standard)*, which mandates that the department prepare and maintain a financial management practice manual for use in the financial management of the department.

The financial management practice manual must be in accordance with the policies and procedures used by the Service to manage its financial resources.

**Financial Management Tools**

Is a publication issued by Queensland Treasury and Trade to provide guidance in applying the provisions in the Financial Accountability Handbook. The Tools contain a number of examples and consideration points to assist agencies in meeting their obligations under the financial management legislation and the Handbook.

**Financial Reporting Requirements for Queensland Government Agencies (FRRs)**

A document issued annually by Queensland Treasury and Trade, setting out the financial reporting requirements by Queensland Government agencies in preparing annual financial statements. This document also contains the Sunshine Department model financial report and the Accounting Policy Guidelines.

**Financial statement audits**

Financial statement audits provide independent assurances to the parliament and to the community that the information contained in the financial statements of public sector entities is presented fairly and in accordance with Australian Accounting Standards and applicable legislation.

**Financial statements**

Consist of:
- a Statement of Comprehensive Income
- a Statement of Financial Position
- a Statement of Changes in Equity
- a Statement of Cash Flows
- a Statement of Comprehensive Income by Major Services
- a statement of Assets and Liabilities By Major Services
- Notes to and forming part of the Financial Statements
- the Management Certificate
  and
- the Independent Auditor’s Report.

**Financial year**

For all entities within the Hospital and Health Service, 1 July of one calendar year to 30 June of the following calendar year.
Financing Activities

Defined in AASB 107 Statement of Cash Flows as:

“activities that result in changes in the size and composition of the contributed capital and borrowings of the entity”.

Fiscal Limit Adjustments (Tridata)

Any adjustment that will have an impact on any component of the Fiscal Limit (payment for outputs, equity adjustment, administered expenses or administered equity injections or withdrawals) will be entered in the ATM as a Fiscal Limit Adjustment.

Examples:

- seeking an increase to the fiscal limit for an output investment proposal as part of the budget submission process
- any re-allocation sought between payment for outputs and equity adjustment or
- MOG changes impacting on the fiscal limit.

Fixed price contract

Defined in AASB 111 Construction Contracts as:

“a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses”.

Follow the dollar audits

Follow-the-dollar audits permit the Auditor-General, under certain conditions, to undertake audits of non-public sector entities in relation to the effective use of funds provided by government agencies.

Forward Estimates

Estimates (on a rolling three year basis) of future baseline funding requirements. These estimates assume there will be no significant change in Government policy, and are designed to provide agencies with a longer-term perspective to the Budget process. Forward estimates are more commonly used to refer to five years of budget, namely current year estimate, next year budget and three out-years.

Fringe benefits

Certain rights, privileges, services or facilities (not subject to pay-as-you-go tax) provided to future, present and past employees (and/or their associates, for example, spouse, child, other relative, or nominee) in respect of their employment.

Fringe benefits tax
A Commonwealth Government tax levied on employers in relation to the total taxable value of fringe benefits.

**Front End Deductible**

The discount of the excess/co-payment portion of hospital accommodation charges for patients who elect to be treated in public hospitals as private patients.

**Fuel card**

An official credit card issued in the name of the Hospital and Health Service for the purchase from outlets of the petroleum company with the prevailing contract for providing fuel and lubricants for official vehicles and equipment for which the card was issued.

**Gains**

Represent other items that meet the criteria of income, for example, a gain on the disposal of physical assets.

**General ledger**

An entity’s principal accounting record, against which all its transactions relating to assets, liabilities, equity, revenue and expenses are recorded, using accounts incorporated into a Chart of Accounts. Subsidiary ledger details must be recorded in the general ledger via the summarised recording of transactions against the general ledger’s control accounts.

**General purpose financial report**

Defined in [AASB 101 Presentation of Financial Statements](#) as:

> “a financial report intended to meet the information needs common to users who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs”.

**Geographical segment**

A distinguishable component of an entity that is engaged in providing products or services within a geographic boundary, usually defined to produce discrete economic information useful in the management of its resources.

**Gift**

See also Declarable Gift and Reportable Gift.

Defined in the Public Service Commission (PSC) Directive: Gifts and Benefits as:

> “Items given and received by public service employees in the course of official duties. It includes gifts and/or benefits which may be tangible (of lasting value) or intangible (of no lasting value). It does not include any gifts or benefits given or received under an appropriately approved employee health and well-being program or an appropriately approved rewards and recognition program. It does not include benefits negotiated when
an agency sponsors a service, product or activity on its own or with another government agency, as may occur under the Queensland Government Sponsorship Policy”.

Go to Note (Tridata)

Button in the IA that enables users to input and access variance notes.

Goodwill

Defined in AASB 3 Business Combinations as:

“future economic benefits arising from assets that are not capable of being individually identified and separately recognised”.

Governance

Governance is the act of governing. It relates to decisions that define expectations, grant power, or verify performance. It consists of either a separate process or part of management or leadership processes. These processes and systems are typically administered by a government.

Government Enterprise Architecture Framework

The Queensland Government Enterprise Architecture (QGEA) is the collection of information communication technology (ICT) policies and associated documents that guide agency ICT initiatives and investments to improve the compatibility and cost-effectiveness of ICT across government. Governor-in-Council

The capacity of the Governor when he/she presides over meetings of the Executive Council.

Grant

A form of non-repayable revenue given, usually by a Government body, to an entity for the purpose of financing a specific activity or ongoing program of activities.

Guarantee

A formal promise to do something, usually with an associated offer of an item, or funds, as security.

Guardian / Administrator

Authority granted by the Guardianship and Administration Tribunal in respect of a person who has not appointed an enduring power of attorney and who is no longer capable of making their own decisions. The authority of a guardian is generally limited to personal and lifestyle decisions. The authority of an administrator is generally limited to financial management decisions. See also Administrator.

HACC

Home and Community Care program
(the) Handbook

See the ‘Financial Accountability Handbook’.

Head of Internal Audit

The executive internal audit position created in a public sector entity pursuant to the provisions of section 78 of the Financial Accountability Act 2009.

Health litigation

The rendering of or failure to render medical or health services which are provided in the conduct of the Hospital and Health Service’s activities and which results in bodily injury, mental injury or death of a patient.

Healthcare purchasing

Healthcare purchasing is the act of the System Manager committing resources with the aim of improving health, reducing inequalities and enhancing patient experience. Each financial year the System Manager will consult Health and Hospital Services about the purchasing intentions.

Health Service Directive

A directive issued by the Chief Executive (Director-General) to the Hospital and Health Service for the following purposes:

- promoting service coordination and integration in the delivery of health services:
  - between Services
  - between Services, the department and other service providers
- optimising the effective and efficient use of available resources in the delivery of health services
- setting standards and policies for the safe and high quality delivery of health services
- ensuring consistent approaches to the delivery of health services, employment and the delivery of support services
- supporting the application of public sector policies, State and Commonwealth Government Acts, and agreements entered into by the State.

Heritage asset

An asset which is irreplaceable and which the Government has therefore decided to retain and preserve for the duration of its physical life because of its unique historical, geographical, cultural or environmental significance, rather than its operational attributes.

Such assets are usually not for sale or redeployment.

Historical cost

Generally in relation to an asset, historical cost represents the acquisition cost of an asset.
Hospital and Health Ancillary Board

A board established by the Minister, pursuant to section 43A of the Hospital and Health Boards Act 2011, to give advice to the Hospital and Health Board in relation to:

- a public sector hospital
- a public sector health facility
- a public sector health Service
- a part of the State.

Hospital and Health Board

A board of five or more members, appointed by the Governor in Council, on the recommendation of the Minister, pursuant to section 23 of the Hospital and Health Boards Act 2011, which controls the Hospital and Health Service for which it is established.

Hospital and Health Boards Act 2011 (HHBA)

An act to provide for the delivery of public sector health services and other health services in Queensland and is the enabling legislation for the governance of Hospital and Health Services and which establishes them as statutory bodies; it sets out their purpose and specific powers.

Hospital and Health Boards Regulation 2012 (HHBR)

A regulation to regulate matters contained in the Hospital and Health Boards Act 2011.

Hospital and Health Service

Is statutory body, as defined in Section 7, Hospital and Health Boards Act 2011, and is the principal provider of public sector health services.

Identifiable asset

An asset capable of being both individually identified and specifically recorded.

Immaterial

That information which if omitted, misstated or not disclosed will not adversely affect decisions about the allocation of scarce resources made by users of the financial report or the discharge of accountability by the management or governing body of the entity.

Impair

A decline in the future economic benefits or service potential of an asset, over and above the use reflected through depreciation. An asset is impaired when its carrying amount exceeds its recoverable amount.

Impairment Loss
Impairment is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

**Impairment test**

A test performed to compare the carrying amount of an asset or a cash generating unit with its recoverable amount. Such tests are generally conducted with both external and internal sources of information to evaluate the useful life and the economic performance of the assets being evaluated.

**Impressed signature**

A reproduction of the signature of an authorised officer on money forms or correspondence, via a stamp impression made manually or electronically by machine.

**Imprest account**

A permanent advance/cash float of a fixed amount provided to an authorised accounting officer who is required to frequently fund relatively minor amounts of expenditure for official purposes, with the advance itself being periodically reimbursed in respect of funding provided by that officer.

**Income**

Is defined in Australian Accounting Standard AASB 118 Revenue to encompass both revenue and gains.

**Incur**

The act of creating an obligation for an individual/organisation to make a payment either immediately, or at some time in the future through the acceptance of goods/services.

**Independent valuation**

A valuation made by a person:

- who is an expert in relation to valuations of that class of non-current assets
- and
- whose pecuniary or other interests could not reasonably be regarded as being capable of affecting the person’s ability to give an unbiased opinion in relation to that valuation.

**Information Privacy Act 2009 (IPA)**

The Act, provides safeguards for the way that the public sector handles an individual’s personal information.

**Input**

A resource in the form of a person, materials, energy, facility or expenditure used by activities in producing outputs.

**Intangible asset**
An item with no easily identifiable physical form, but which provides some sort of financial or operating benefit to the Hospital and Health Service.

**Integrity Act 2009 (IA)**

An Act to encourage confidence in public institutions by helping Ministers, members of the Legislative Assembly and others to deal appropriately with ethics or integrity issues and regulating conduct between lobbyists and State and local government representatives so that lobbying is conducted in accordance with public expectations of transparency and integrity.

**Intellectual Property**

Means any and all industrial and intellectual property rights of any kind (whether or not in a material form) including:

a) patents, trade-marks, copyright (existing and future) and designs (whether registered or unregistered);

b) any application or right to apply for registration in respect of the rights in sub-clause (a); and

c) semi-conductor or circuit layout rights, database rights, software developments, computer programs (including both source and object codes) processes, rights in Inventions, specifications, formulas, confidential information, know-how, research data, improvements in procedure, discoveries and similar rights.

**Interdepartmental**

Between Queensland State Government Departments; see “Intradepartmental.”

**Interest rate cash flow risk**

A risk where interest rate changes directly affect the contractually determined cash flows from a financial instrument.

**Interest rate price risk**

A risk where interest rate changes directly affect the net fair value of a financial instrument.

**Interest rate risk**

The risk of a financial instrument’s value fluctuating due to changes in market interest rates.

**Internal audit unit**

An independent group within the Hospital and Health Service which provides objective assurance and “consulting activity” designed to add value and to improve the organisation’s operations and helps the Hospital and Health Service to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
**Internal check**

An independent internal verification carried out by an officer/employee not otherwise involved in the particular transaction(s) and/or accounting record(s) to determine whether or not the transactions/accounting records are accurate, legitimate and comply with all other applicable internal/legislative requirements.

**Internal control**

The methods or procedures adopted within an entity to:

- safeguard its assets
- reliability of financial information
- ensure compliance with all financial and operational requirements and
- generally assist in achieving the entity's objectives.

**International Financial Reporting Standards (IFRS)**

Australian entities are required to comply with Australian equivalents to International Financial Reporting Standards (IFRS) for reporting periods beginning on or after 1 January 2005. The Australian equivalent Standards are developed by the Australian Accounting Standards Board (AASB) with a view to international harmonisation of financial reporting.

**Intestate**

Deceased without having left a Will or a person who has died without leaving a Will.

**Intradepartmental**

Within Queensland Health; see “Interdepartmental”.

**Inventory**

Assets:

- held for sale in the ordinary course of business
- in the process of production, for such sale
- in the form of materials or supplies to be consumed in the production process or in rendering of services.

**Investment**

Resources belonging to the Hospital and Health Service for the generation of interest, royalties, dividends and capital appreciation, which are not directly used in providing the Hospital and Health Service’s goods and/or services.

**Investment activities**

Defined in AASB 107 Statement of Cash Flows as:
“the acquisition and disposal of long-term assets and other investments not included in cash equivalents.”

**Investment property**

Property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes or
- sale in the ordinary course of business.

**Invoice**

An account issued to an individual/organisation, documenting details of amounts payable to the issuing entity, in accordance with a purchase order/contract/agreement.

**Invoice Verification Officer**

An officer who matches the purchase order, goods receipt report and the invoice.

**Key performance indicators (KPIs)**

An indicator that provides specific measures of system performance.

**Latest Budget (Tridata)**

The Latest Budget version is used by agencies to view, enter and validate Budget and forward estimates data for the preparation of the upcoming Budget. Data entered into the Latest Budget version relates to the Total Approved Revised Budget (TARB), which is the basis for the development of the next Budget.

For Departments only, the TARB is calculated by adding the Published Budget to any approved adjustments entered in the Adjustment Tracking Module. Once calculated, the TARB can be viewed by selecting the Latest Budget version. Other agencies must enter updated financial statements directly into the Input Application as required throughout the Budget process.

For Statutory Bodies, the Latest Budget version is available for data entry when the data view/status is Working, but is “read only” with a data view/status of Validated or Accepted. For Departments only, the Latest Budget version is always “read only”, as all data is entered using the Adjustment Tracking Module.

**Latest Forecast (Tridata)**

The Latest Forecast version allows agencies to distribute the latest Budget totals (for the current year) across the months or quarters of the financial year to indicate, for example, spending trends in their Statement of Financial Performance (Operating Statement). Comparisons can then be made with the actual monthly results to determine potential issues in the financial statements. An auto-forecast option is available, which spreads the total evenly across the twelve months.

The Latest Forecast version is available for data entry with a data view/status of Working, but is “read-only” with a data view/status of Validated or Accepted.
Lease

An agreement conveying from the initial owner (lessor) to the user (lessee) certain rights to use certain property over a specified period of time, in return for a series of payments by the lessee to the lessor.

Lease Term

The non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when, at the inception of the lease, it is reasonably certain that the lessee will exercise the option.

Lessee

An individual or organisation which receives certain rights to use certain property over a specified period of time, in return for a series of payments to a lessor.

Lessor

An individual or organisation which provides certain rights to use certain property over a specified period of time, in return for a series of payments from a lessee.

Letter of demand

A letter forwarded to a debtor when a debt is seventy five (75) days old and demanding that the debt be paid to avoid legal action.

Letters of Administration

Authority granted by the Supreme Court to a person to administer an estate in accordance with the Succession Act 1981 or to administer an estate where there is a will but all the beneficiaries are deceased.

Levy (verb)

To charge an individual/organisation a fee for goods/services/works provided to that individual/organisation.

Liability

Defined in AASB Framework for the Preparation and Presentation of Financial Statements as;

“a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits”.

Line manager

An officer/employee who, in respect of a specific organisational unit:

- is responsible for the financial management of, or financial systems (either computerised or manual) operated within, that unit
and
- contributes directly to the achievement of organisational goals and objectives contained within strategic and business plans or other targets set by higher level management.

The term also applies to other officers/employees who assist line managers by providing advice and ancillary services.

**Liquidity**

The ease with which an asset can be converted into cash.

**Load files (Tridata)**

Each load file to be used in the DLM must be saved as a text comma delimited file (.csv extension).

This file can be prepared from a spreadsheet or using an extract from SAP.

**Loss**

Losses are defined by the Australian Accounting Standards Board in its *Glossary of Defined Terms* as a ‘decrease in economic benefits’. The term ‘losses’ includes bad debts written-off, thefts, accidental and wilful damage or property destruction and losses due to negligence.

For the purposes of disclosure requirements in Queensland Treasury and Trade's Financial Reporting Requirements for Queensland Government Agencies, the term ‘losses’ does not include:

- provisions for impairment (of receivables)
- ‘Impairment loss’ as defined in AASB 136 Impairment of Assets
- routine inventory adjustments.

See Material Loss.

**Machinery of Government (MOG)**

The formal transfer of functions from one Department to another. The transfer may involve the transfer of a business unit or a function. Whole departments can be abolished or created through MOG changes.

**Maintenance**

The restoration of an item to, or the preservation of it in, a safe, efficient and effective operating condition.

**Managing for Outcomes**

The financial management framework that has been adopted by the Queensland Government refer to Financial Management Practice Manual Chapter 3 Planning, Budgeting, Forecasting and Performance for further information.

**Material**
Defined in AASB 1031 Materiality as:

“Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial report.

Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor”.

Material Loss

The Financial and Performance Management Standard 2009 defines a material loss as:

(a) “a loss of money with a value greater than $500; or
(b) for other property with a value greater than $5000”.

Mid-year review

A major review of year to date actual expenditure against originally budgeted expenditure and cash flows for the year up to the particular date specified by the Budget Division of Queensland Treasury and Trade.

Minimum lease payments

The total lease payments to be made by a lessee over the term of a lease, including:

- the amount of any bargain purchase option, premium and any guaranteed residual value but excluding
- any reimbursements of executory costs to be met by the lessor and any contingent rentals.

Misconduct

Is conduct as defined in Part 4, Division 2 of the Crime and Misconduct Act 2001.

Monetary asset

An asset representing either actual currency, that is, notes, coins and cash at bank or a claim to a specified amount of money, for example, receivables and investments.

Money form

A specific type of accountable form used, or intended to be used, to acknowledge value, that is, the receipt of public moneys (receipts) and the payment of public moneys (cheques).

The term also includes any form of license or permit, a condition of which is the payment of moneys, and any other form that the Treasurer directs to be a money form.

Money order

A non-negotiable instrument purchased for cash from Australia Post, which can only be redeemed by the payee stated on the money order.
National Health Funding Pool

The combined pool accounts for Queensland, that is:

- the State Managed Fund
- the State Pool Account.

National Tax Equivalents Regime (NTER)

The National scheme where corporatised and commercialised entities are required to pay to the Taxation Unit of Queensland Treasury and Trade an amount in lieu of the amount of income tax that would have been paid to the Australian Taxation Office if their “government” exemption did not exist.

National Weighted Activity Unit (NWAU)

The National Hospital Cost Data Collection (NHCDC) calculates and reports the average cost of delivering activities at a national, state and national peer group level. This national average is the National Efficient Price and will be expressed as a National Weighted Activity Unit (NWAU).

Negotiable instrument

Any financial document having a monetary value, ownership of which is able to be transferred by one party to another, for example, cheque, bill of exchange, promissory note, payment order or money order.

Net book value

The amount at which an asset or liability is recorded in the accounting records as at a particular date. In relation to a depreciable asset, the net amount remaining from the acquisition cost after deducting accumulated depreciation / amortisation.

Net fair value

The value of an asset, after deducting from its fair value the costs expected to be incurred in selling that asset, for example, transaction costs such as taxes, duties, fees and commissions, and levies imposed by regulatory agencies or securities exchanges.

Net realisable value

The estimated proceeds from the sale of an asset:

- minus all further costs necessary to get the asset to a saleable condition and
- minus any incidental marketing/selling/distribution costs.

Non-appropriated equity adjustment

See non-reciprocal transfer.
Not Approved Status (Tridata)

An ATM status type. If a Fiscal Limit or Other Adjustment is rejected during the approval process, Queensland Treasury and Trade must change the status of the adjustment to Not Approved.

Adjustments with the status of Not Approved will not appear in any consolidated Queensland Treasury and Trade reports or financial statements although a report detailing adjustments with this status can be run through the ATM Reports facility.

Non-cancellable lease

Defined in AASB 117 Leases as a lease that is cancellable only:

- upon the occurrence of some remote contingency
- with the permission of the lessor
- if the lessee enters into a new lease for the same or an equivalent asset with the same lessor or
- upon payment by the lessee of such an additional amount that, at inception of the lease, continuation of the lease is reasonably certain.

Non-current

For all entities within the Hospital and Health Service, greater than 12 months after the end of the reporting period.

Non-current asset

A tangible resource of an entity which was not acquired/constructed for resale in the ordinary course of operations, for example, land, buildings, plant/equipment and vehicles, for the production or supply of goods and/or services on a continuing basis, but where the financial and/or operational benefits of the resource would be realised 12 months or more after the end of the reporting period.

Non-monetary asset

An asset representing neither actual currency, that is, notes, coins and cash at bank nor a claim to a specified amount of money, for example, receivables and investments.

Non-reciprocal transfer

A non-reciprocal transfer is one where a transferee and a transferor agency directly receive/sacrifice assets and/or liabilities without giving approximately equal value in exchange.

See also non-appropriated equity adjustments.

Non-recurrent expenditure

Non-recurrent expenditure comprises expenditure not classified as recurrent expenditure, excluding losses and special payments.

Not-for-profit Entity
An entity whose principal objective is not the generation of profit. A not-for-profit entity can be a single entity or a group of entities comprising the parent entity and each of the entities that it controls.

**Obligation**

An undertaking that is binding on an individual/organisation to do something, for example, make a payment to a supplier/officer for goods received/services performed.

**Obsolescence**

The process of an asset becoming out of date or losing its usefulness due either to commercial or technical factors.

**Official credit card**

A credit card provided to employees under an arrangement where an entity has a credit facility with a Queensland Government credit card organisation, and has individual credit cards issued to authorised employees of the entity, allowing those employees to obtain specified goods and/or services, without the use of cash, by charging it to their credit cards.

**Official function**

One at which both invited guests and Hospital and Health Service personnel attend for the purpose of extending or improving relations by hosting, attending or providing hospitality.

**Official hospitality**

The presentation of entertainment, food and refreshments to visitors and to guests of the Hospital and Health Service and to employees attending, but not waiting on or serving the host/s and visitors.

**Official misconduct**

The conduct of public officials as defined in section 15 of the *Crime and Misconduct Act 2001*.

**Official purpose**

A purpose directly related to the undertaking of an entity’s operational responsibilities/functions/activities.

**On-cost**

A secondary expense (overhead) directly attributable to the incurrence of one or more other primary expenses, for example, payroll tax is an on-cost of employees’ salaries/wages.

**Operating activities**

Defined in AASB 107 Statement of Cash Flows as:

“are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities”. 
Operating lease

A lease where the lessor effectively retains substantially all the risks and benefits associated with owning the leased property.

Operational plan

A plan for a part of an organisation which applies, in a more detailed manner, the corresponding business or strategic plan.

Operational Unit

A discrete area of responsibility or operations of interest to management, for example, hospital, ward, sector, team, unit or branch including the corporate office. The term may include the complete Hospital and Health Service as the context requires. It has application in pin-pointing the level at which a policy or requirement is intended to be implemented. For example, a requirement for an operational unit to maintain a register provides the Branch Senior Director, Unit Director, or the Hospital and Health Service with discretion as to how high or how low within the organisational structure the register will be kept, and correspondingly, how many.

Order

See “Purchase Order”.

Other Adjustments (Tridata)

An ATM status type includes those adjustments which do not impact on the fiscal limit, but which require the approval of the CBRC, the Treasurer or Queensland Treasury and Trade.

Examples:

- new revenue items
- the effect of changes to fees, charges and concessions policy for controlled or administered revenue other than CPI increases
- re-allocations of administered expenses
- change to the approved capital program of the Hospital and Health Service such as seeking approval to sell an asset
- significant change in an accounting policy that impacts on the financial statements
- recoverable funding requests, requests for QTC borrowings or
- any adjustments that impact on the operating result of the Hospital and Health Service.

Outcome

An effect on, or consequence for, the community of services/products, that is, outputs purchased/provided by the Government.

Outlay

A payment to another entity for a particular purpose.
Output

A discrete service or product (including policy advice) produced/provided by an agency and purchased by the Government.

Output class

A logical group of outputs that:
- contributes to a common service or product
- has the same customers and
- usually relates to the same outcome.

Ownership interest

The financial interest in the total equity of an entity, this interest being held directly and/or indirectly through a third party by another entity.

Owner-occupied property

Property held by the owner or by the lessee under a finance lease, for use in the production or supply of goods or services or for administrative purposes.

PARIS

An acronym for Payroll and Rostering Internet Site, which is the departmental Human Resource software product used in payroll and human resources management.

PAYG

See “Pay As You Go tax.”

Parent entity

Defined in AASB 127 Consolidated and Separate Financial Statements as:

“an entity that has one or more subsidiaries”.

Pay As You Go Tax

Commonwealth Government taxation deduction from regular gross income payments to individuals.

Payment

A means, for example, cash, cheque or credit card, of settling an obligation to another entity for goods/services/works provided by that entity.

Payment terms

Conditions agreed upon between a supplier and a recipient regarding the method, timeframe and available discounts, where applicable, for payment for the goods/services provided/performed by the supplier.
Payroll tax

A self assessed State Government tax levied on employers at a set percentage - refer to Office of State Revenue website for Payroll Tax for the current rate - of certain payments considered to constitute direct salaries/wages.

Performance audits

Performance audits evaluate whether an entity or government program is achieving its objectives effectively, and doing so economically and efficiently and in compliance with relevant legislation.

Performance monitoring

An ongoing process of systematically assessing efficiency, economy and effectiveness within an entity to determine, as a minimum, whether:

- relevant policies are being implemented
- goals and strategies are appropriate to achieve each goal identified in the prevailing strategic plan
- identified policies, goals, strategies and objectives are being achieved
- Government objectives and community needs are being met
- performance indicators are suitable to measure or evaluate the degree to which goals have been achieved
- resources are optimally allocated across activities
- resources are utilised to produce the best value for money and
- there are alternative options to improve the efficiency, effectiveness and economy of operations.

Performance measure

A quantifiable unit of measurement used to determine and assess the provision of outputs by agencies. They establish how performance will be judged for each output according to the criteria of quantity, quality, cost, timeliness, and where appropriate, location.

Performance target

A precise standard, expressed as a number, percentage or ratio, to be achieved in respect of a performance measure. Such a target represents a minimum acceptable requirement of Government.

Permissible benefit

A payment or other benefit received by an employee in accordance with his/her terms and conditions of employment.

Policy

A high-level statement of intent with respect to a matter of broad and long range significance.

Portable and attractive items

Physical items which are:
• below the Property, Plant and Equipment recognition threshold and
• by their nature, susceptible to theft and/or loss, due to their size, utility and marketability.

**Practice**

Operational procedures applied to ensure compliance with the associated policies.

**Pre-acquisition**

Refers to an occurrence prior to the acquisition date.

**Prepayments (prepaid expenses)**

When payments are made:

• in respect of goods and/or services not yet received
or
• which otherwise relate to one or more future reporting periods.

**Prescribed requirement**


**Preventative internal control**

An internal control that deters undesirable events, accidental or intentional.

**Private practice arrangement**

An arrangement to provide an incentive for medical specialist practitioners to serve in public hospitals and in other facilities. It applies with varying conditions to both metropolitan and non-metropolitan practitioners with a more favourable bias to the non-metropolitan incentives.

**Probable**

More likely than not.

**Probate**

The Will proven by a court as being the last Will issued by the testator, and therefore the appropriate Will to use in the administration of the estate.

**Procedure**

A detailed method and/or technique used in carrying out an organisational and/or accounting/finance task, performed in a systematic fashion and in accordance with higher level policies and practices that have been determined.

**Process**
A combination of linked activities comprising people, technology, supplies and methods that produce a given product or service, that is, output.

**Procurement**

Procurement means the entire process by which all classes of resources, that is, material, human, facilities and services are obtained.

**Professional accounting standard**

An accounting standard issued by the Australian Accounting Standards Board.

**Projected funds**

An estimate of available cash at a future specified date.

**Property, plant and equipment**

The following asset classes are to be included as property, plant and equipment in accordance with the Queensland Treasury and Trade’s Financial Reporting Requirements for Queensland Government agencies:

- Land
- Buildings
- Infrastructure
- Major Plant and Equipment
- Plant and Equipment
- Leased Assets (finance lease)
- Heritage and Cultural Assets
- Work in Progress

See also “Non-current assets.”

**Provision**

Defined in [AASB 137 Provisions, Contingent Liabilities and Contingent Assets](#) as:

> “a liability of uncertain timing or amount.”

**Public accounts**

These consist of the Consolidated Fund and all budgetary Trust and Special Funds established, and extend across all Government departments and other specified agencies. They provide a mechanism for recording the accounts of the Queensland Government, and are maintained by the Government Reporting Services section of Queensland Treasury and Trade.

**Public Financial Enterprises**

Authorities that are Government controlled which perform centralised banking functions, or accept demand, time or savings deposits, or that have the authority to incur liabilities and acquire financial assets in the market on their own account, for example, QTC and Workcover.
Public health system

A system comprised of the Hospital and Health Services and the department.

Public interest disclosure

A report of certain wrongdoing or danger made pursuant to the provisions of the Public Interest Disclosure Act 2010.

Public money

All money, negotiable instruments or securities received or held by a Queensland Government department/agency and/or its officers, where such moneys, for example, routine fees and charges, or proceeds from instruments or securities, are received or held on behalf of the Queensland Government, and are to be paid into a fund within the public accounts.

Public property

All property, other than public moneys, other moneys or other property, acquired or held by a Queensland Government department/agency and/or its officers on behalf of the Queensland Government, for the official use of that department/agency or for transfer to another department/agency.

Public Records Act 2002 (PRA)

An Act to provide for the management of public records in Queensland.

Public Sector Ethics Act 1994 (PSEA)

An Act that declares the ethical principles that are fundamental to good administration.

Public Service Act 2008 (PSA)

An Act about the administration of the public service and the management and employment of public service employees, and to provide for matters concerning particular agencies in the public sector.

Public Trustee

A position created pursuant to the provisions of the Public Trustee Act 1978 to discharge the responsibilities contained in that Act.

Public Trading Enterprises

Non-financial authorities that provide goods and services in the market and generally operate on a commercial or quasi-commercial basis, for example, Queensland Rail and Government Owned Corporations.

Published Budget (Tridata)

The Published Budget version allows agencies to view financial statement data as was published in the previous Budget. For Departments only, approved adjustments in the Adjustment Tracking
Module are added to the amounts stored as the Published Budget to form the Total Approved Revised Budget (TARB) in the new budget year. The Published Budget version cannot be amended.

**Purchase order**

An official written request, approved by an authorised officer/employee, to a supplier to supply goods and/or services in accordance with the terms and conditions stated in their offer/tender.

**QA**

See “Quality assurance."

**QGFMS**

See “Queensland Government Financial Management System."  

**QHEPS**

The Queensland Health Electronic Publishing Service, manager of the Queensland Health intranet web sites.

**QHHR/PRS**

Acronym for Queensland Health Human Resource/Payroll System. It is the human resources software product used for payroll and human resources management. See ‘PARIS’.

**QTC**

See “Queensland Treasury Corporation.”

**Qualifying asset**

An asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

**Quality assurance**

A practice whereby the purchaser of an item/service receives assurance that the item/service will be of consistent quality over time.

**Queensland Government Corporate Purchasing Card (QGCPC)**

Whole-of-government contracts have been put in place with the Commonwealth Bank for the use of the Commonwealth Bank Corporate Card to facilitate local purchases.

**Queensland Government Financial Management System**

The standard integrated financial system to be used by all Queensland Government departments/agencies, which uses specific software (currently SAP) to perform financial (and other related) processing functions.
Queensland Government Insurance Fund (QGIF)

A client service team located in the Office of the Insurance Commissioner and which provides a self-insurance scheme for departments and eligible statutory authorities which incorporates risk identification, underwriting and claims management.

Queensland State Archives

An agency created pursuant to the provisions of the Public Records Act 2002 to provide policy with respect to the making, managing, keeping and preserving public records in Queensland.

Queensland Treasury Corporation

The Queensland Government’s principal lending/borrowing body for Queensland public sector clients, and which also carries out some investing activities for clients.

Rational economic choice

The selection of the most cost-effective, value-for-money option for acquiring an item/service for a particular purpose, usually where there is more than one option available.

Receipt

A money form issued to another individual/organisation to acknowledge having received either property or a payment of money (in whatever form) from that individual/organisation.

This term may also be used to refer to a cash inflow.

Receivables

Amounts owing by other individuals or organisations in respect of the provision of goods, services, works and/or other financial assistance, in accordance with an order/contract/agreement. Such amounts must be presently receivable in accordance with the associated order/contract/agreement (and other legal contractual principles).

Receiving Officer

An employee whose duty it is to ensure that goods and services that have been ordered are received as stated and are in an acceptable condition. The Receiving Officer is an officer who is independent of the expenditure and procurement process.

Recipient Created Adjustment Note (RCAN)

An adjustment note issued by the Department on the behalf of a supplier, in respect to any adjustment events that occur under an agreement when a supplier has requested the department issue tax invoices on behalf of the supplier – see RCTI.

Recipient Created Tax Invoice (RCTI)

A tax invoice issued by the Department on the behalf of a supplier at the suppliers request.

Recommended (Tridata)
An ATM status type. Fiscal Limit and Other Adjustments, for example, are required to be approved by the Cabinet Budget Review Committee, the Treasurer or Queensland Treasury and Trade. For Fiscal Limit and Other Adjustments, Queensland Treasury and Trade Analysts must check the adjustment and then change the status of the adjustment to Recommended so that it can move through the appropriate approval process. The TA reflects Queensland Treasury and Trade’s position in relation to the agency sought adjustment.

Agency Advice Adjustments are noted at Treasury Analyst level and therefore do not need to go through the Recommended status part of the process.

**Recoverable amount**

Recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use.

**Recurrent expenditure**

Recurrent expenditure is expenditure for goods and services which are of a repetitive, periodic or standard nature provided to the HHS as normal day to day operating expense. A purchase order is not generally prepared, primarily because it is unnecessary.

**Recurrent services**

Defined in the Hospital and Health’s Financial and Procurement Delegations as:

“services of a repetitive nature rendered to patients and clients through the Hospital and Health Service under any Act or law, contract, arrangement or approval, for which it is neither the accepted practice nor necessary to issue a requisition or official order for the rendering of such services.”

**Reducing balance method**

A method of depreciation, which applies a fixed percentage charge to a depreciable asset’s carrying amount each year to determine the annual depreciation expense.

**Related party transaction**

A transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

**Remittance**

Money sent to pay for goods/services or an allowance.

**Repair**

A cost incurred in restoring an item to, or maintaining it in, a safe, efficient and effective operating condition. A repair involves the replacement or renewal of a worn-out or dilapidated part of an asset, but does not add to value of the asset or extend its useful life.

**Repayable advance**

Amounts that the Hospital and Health Service has received on loan in respect of future anticipated expenditure (either in a lump sum or via separate draw-downs on loan funding available).
Replacement cost

Defined in AASB 102 Inventories as:

“the cost the entity would incur to acquire the asset on the reporting date”.

Reportable gift

Defined in the Public Service Commission Directive No. 22/09 as:

- “the transfer of property or other benefit
- without recompense
or
- for a consideration substantially less than full consideration
or
- a loan of property made on a permanent, or an indefinite, basis

received or given by an official when they are acting in their official capacity.

Gifts and/or benefits include tangible items of lasting value and intangible items of no lasting value (including hospitality).

It does not include any gifts or benefits given or received under an appropriately approved employee health and well-being program or an appropriately approved rewards and recognition program. It does not include benefits negotiated when the Hospital and Health Service sponsors a service, product or activity on its own or with another government agency, as may occur under the Queensland Government Sponsorship Policy”.

Reportable gift threshold

The department’s reportable threshold of $150, aligns with PSC Directive 22/09 Gifts and Benefits and is referred to in this manual as the ‘gifts and benefits limit’.

A gift or benefit is reportable when its retail value exceeds the gifts and benefits limit.

If multiple gifts and/or benefits are received from the same donor or from donors in a similar relationship with the officer or employee in a financial year and the cumulative retail value is greater than $150, then each gift and benefit must be reported.

Reporting date

The end of the reporting period to which a financial report relates.

Reporting entity

An entity (including an economic entity) for which there are expected to be users who rely on general purpose financial reports for information about that entity, where such information is useful for making and evaluating decisions about the allocation of resources.
A reporting entity can be a single entity or a group comprising a parent and all of its subsidiaries.

**Reporting period**

Any period of time for which periodic financial reports are prepared, for example, monthly, quarterly and annually.

**Reproduction cost**

The cost of reproducing an asset’s future economic benefits.

**Requisition**

An official form used by an officer/employee to request the supply of goods and/or services, either from a bulk store or from an external organisation by means of a purchase order.

**Research**

Defined in AASB 138 Intangible Assets as:

"original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding."

**Reserve**

A component of equity set aside for a specific purpose.

**Residual value**

In relation to a leased item - the estimated fair value of that item at the end of the lease term, based on price levels and market conditions at the commencement of the lease.

In relation to an owned item, it is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Resource**

An input such as a monetary item, that is, cash or an investment, person or physical item, that is, inventory, equipment or a computer system used by an entity in producing and/or providing goods, services or other intangible outcomes.

**Resource allocation**

The assignment of financial, human and physical resources to programs and lower level activities/tasks, usually in accordance with the prevailing strategic/business plan.

**Resource management**

A systematic approach to achieving the efficient and effective allocation and use of an entity’s resources in pursuit of its goals. Resource management focuses on detailed and clearly
measurable objectives and resource allocation/utilisation plans for achieving specific outputs and outcomes within the prevailing strategic plan.

**Restricted contribution**

A contribution received with a restriction on the purpose for which it may be used. Such a contribution is generally received from an industry body, that is, it would not be an appropriation or trust fund receipt.

**Restructuring**

A programme that is planned and controlled by management, and materially changes either:

- the scope of a business undertaken by an entity
- the manner in which that business is conducted.

**Retained surpluses / accumulated losses**

The retained surpluses/accumulated losses component of equity represents the difference between all expenses and revenues for all reporting periods to date.

**Retention**

In relation to construction contracts - an amount (included in progress billings) which has not yet been paid by a client until either:

- conditions specified in the construction contract (in respect of their payment) are satisfied
- defects have been rectified.

**Revaluation model (non-current physical asset valuation)**

A valuation model that values a non-current physical asset at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

**Revenue**

Defined in AASB 118 Revenue as:

“the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity, when those inflows result in increases in equity, other than increases relating to contributions from equity participants”.

**Revenue initiative**

A proposal for additional funding submitted by the Hospital and Health Service to Budget Division of Queensland Treasury and Trade as part of the budget cycle, aimed at generating additional revenue.

**Right to Information Act 2009 (RTIA)**
An Act which makes more information available, provides equal access to information across all sectors of the community and to provide appropriate protection for individual’s privacy - refer also to the Information Privacy Act 2009.

Risk management

The practice of balancing the various costs of internal controls, internal checks and insurance against the benefits to be gained from each, and implementing a sensible balance of these costs with an acceptable level of risk.

SAC

See “Statement of Accounting Concepts”.

SAP

SAP (Systems, Applications, Products) software presently used as the Queensland Government Financial Management System (QGFMS).

SOX (Sarbanes-Oxley)

The Sarbanes-Oxley Act was introduced in the United States on 30 July 2002 following on from a series of corporate financial scandals including Enron, WorldCom and Arthur Andersen. It is named after Senator Paul Sarbanes and US congressman Michael G. Oxley, who drafted the bill.

Under Sarbanes-Oxley, companies are required to implement sound information and records management practices and ensure the trustworthiness of business records and financial statements. The Act also tightened security disclosure requirements, increased regulatory oversight of auditing firms and created new federal crimes and increased penalties for existing crimes. Consequences of non-compliance with this legislation include corporate and individual penalties, forfeiture of compensation by officers and civil penalties. This Act has a global ramifications. The Australian equivalent is the commonwealth legislation, the CLERP 9 Act.

Sale and leaseback

A transaction which involves the sale of property, with all or part of that property being leased back to the seller/lessee by the purchaser/lessor.

Savings option

A proposal for reduced funding, involving either a significant reduction in the range and/or quality of existing services, or the cessation of one or more existing services, submitted by the Hospital and Health Service to the Budget Division of Queensland Treasury and Trade as part of the budget cycle.

Segregation of duties

A means of internal control where responsibility for carrying out the various (related) steps of a single process is assigned to more than one officer/employee.

Self-insurance
A practice whereby an organisation elects to bear the effects of a possible risk itself, rather than incurring the cost of insurance.

**Set-off**

Also known as offsetting which is the netting of assets and liabilities or income and expenses in financial reporting. This practice is severely restricted by AASB 101 Presentation of Financial Statements.

**Senior Executive**

Senior Executive is the Hospital and Health Service Chief Executive or equivalent.

**Services**

The actions or activities (including policy development) of an agency which contribute to the achievement of the agency’s objectives.

**Settlement**

The extinguishing of a financial obligation of an entity through payment.

**Service agreement**

An agreement negotiated between the Chief Executive (Director-General) and the Hospital and Health Service in terms of section 16 of the HHBA.

**Shortage**

A deficiency detected via a check/audit/reconciliation of transactions, for example, a shortage of amounts to be banked in relation to actual collections.

**Significant asset**

A non-current physical asset which is valued at $1 million or more.

**Significant influence**

The power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

**Sinking fund**

An interest-earning pool of money to which periodic deposits are made by entities, as a way of providing for future major asset acquisitions, loan repayments, or other liabilities, for example, income tax equivalent payments.

**Solvency**

The ability of an entity to pay all debts as and when they become due and payable.
Sought/Advised Status (Tridata)

An ATM status type. Once an adjustment has been completed and validated in Draft, users change the adjustment status to:

- Sought, for Fiscal Limit and Other Adjustments
- Advised, for Agency Advice Adjustments.

- Sought/Advised adjustments are used to produce the Total Sought Revised Budget, which can be used by Departments/agencies and Queensland Treasury and Trade users during the Budget process. These adjustments are also reported in the Fiscal Limit Determination Report in the ATM.

Sought Budget (Tridata)

The Sought Budget version allows Departments only to view the Total Sought Revised Budget (TSRB). The TSRB details the impact on their financial statements of all adjustments the Department is seeking and is calculated by adding the Published Budget to both the Approved adjustments and to all other adjustments with the status of Sought in the Adjustment Tracking Module.

To view the TSRB, Departments must contact their TA or the Tridata Support Team to request that a calculation script is run to populate the screens.

Special allocation

Funding provided via the annual State Budget process, for a special item or purpose where the exact requirement sometimes cannot be forecast, and the need for such funding is reassessed each financial year.

Special payments

Payments not legally required in accordance with an Act or contract.

Special purpose financial report

A financial report other than a general purpose financial report.

Sponsorship

An agreement between the Hospital and Health Service and another organisation or individual to provide monetary, human or physical support, in return for some benefit to the provider.

Spot exchange rate

The exchange rate for immediate delivery.

SSA

Salary Sacrifice Arrangement
(the) Standard

See the ‘Financial and Performance Management Standard 2009’

Standard of Practice

A Standard of Practice, developed pursuant to section 12D of the Public Sector Ethics Act 1994 applies standards of conduct and behaviour, additional to those contained in the Code of Conduct for the Queensland Public Service, to the public officials of an agency.

Standing Offer Arrangement

The purpose of Standing Offer Arrangements (SOA’s) is to obtain value for money (most suitable clinical product for the best price) for a range of high use clinical consumables in use throughout Queensland Health.

State Managed Fund

A bank account established pursuant to section 53F of the Hospital and Health Boards Act 2011:

- to receive the moneys specified in section 53G of that Act
- to make the payments specified in section 53H of that Act.

Statement of Accounting Concepts

A professional accounting standard issued by the Australian Accounting Standards Board which sets out the theoretical basis for certain accounting and reporting concepts and requirements.

Statement of Cash Flows

A financial statement which sets out, for a particular reporting period (and the one prior thereto for comparison purposes), an entity’s cash inflows and outflows according to whether they are of an operating, financing or investing nature, and the cash position as at the beginning and end of the reporting periods. Such information provides users of financial reports with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilise those cash flows.

Statement of Changes in Equity

A financial statement which shows the changes in an entity’s equity between two reporting dates reflecting the increase or decrease in its net assets during the period refer to AASB 101 Presentation of Financial Statements (Paragraphs 96 to 100) for further details.

Statement of Comprehensive Income

A financial statement which sets out, for a particular reporting period (and the one prior thereto for comparison purposes), an entity’s income and expenses, where the overall net difference provides the entity’s profit (where there is an overall excess of income over expenses) or loss (where there is an overall excess of expenses over income) for that period.
Statement of Financial Position

A financial statement which sets out, as at the particular reporting date (and the one prior thereto for comparison purposes), an entity’s assets, liabilities and equity, where the net assets, that is, total assets minus total liabilities, equals equity (or net worth).

State Pool Account

A bank account established pursuant to section 53B of the Hospital and Health Boards Act 2011:

- to receive the moneys specified in 53C of that Act and
- to make the payments specified in section 53D of that Act.

Statutory Bodies Financial Arrangements Act 1982 (SBFAA)

An Act:

- to provide for guarantees by the Treasurer of statutory bodies’ financial arrangements
- to confer on statutory bodies the power to enter into and perform financial arrangements and
- to confer on statutory bodies the authority to invest moneys.

Statutory Bodies Financial Arrangements Regulation 2007 (SBFAR)


Statutory Bodies (Superannuation Arrangements) Act 1994 (SBSAA)

An Act to provide superannuation arrangements for members of statutory authorities.

Statutory body

Defined in the Financial Accountability Act 2009 as:

“an authority, corporation, instrumentality or office -

(a) that is established under an Act; and
(b) that has control of funds; and
(c) that includes, or whose governing body includes, at least 1 member who is:
   i) appointed under an Act, by the Governor in Council or a Minister; or
   ii) whose appointment is confirmed by the Governor in Council or a Minister.”

Stock

See “Inventory”.

Stock-take
The process of:

- identifying/counting, listing and valuing (in the case of inventories) of inventories or other non-current tangible assets held by an entity, either in a bulk store or in various locations
- checking the results of these activities against the corresponding inventory records or Asset Registers, as appropriate, to check the accuracy of those records and the proper custody of those inventories or non-current physical assets
- investigating and resolving any resulting discrepancies (of a quantity and/or valuation nature).

**Stop payment notice**

A notice issued by the HHS to the bank requesting the bank to not pay the cheque which is the subject of the Stop Payment Notice.

**Store**

A place (including the contents of that place) where bulk quantities of inventories are retained for use or resale.

**Straight-line method**

A method of depreciation where an asset’s depreciable amount is divided by its estimated useful life to determine the annual depreciation expense.

**Strategic planning**

A cyclical process by which the Hospital and Health Service reviews its desired outcomes and future position and identifies the broad measures by which these will be achieved.

**Subsidiary (noun)**

An entity which is controlled by a parent entity.

**Subsidiary ledger**

A detailed accounting record, against which individual transactions/balances relating to either assets, liabilities, revenue or expenses are recorded. A single subsidiary ledger only contains lower level details of a certain type of transaction or balance, for example, receivables. Subsidiary ledger details must be recorded in the general ledger via the summarised recording of transactions against the general ledger’s control accounts.

**Subsidiary ledger account**

An account contained within a subsidiary ledger, which records financial transactions /balances for an individual item, depending on the nature of the subsidiary ledger. For example, in the case of a creditor’s subsidiary ledger, subsidiary accounts would usually relate to the various suppliers or individuals who are owed money by the entity.

**Subsidy**
Funding provided to an individual/organisation as a non-repayable grant to meeting the cost, either wholly or partially, of a particular function or activity.

**Supplementary appropriation**

An appropriation granted to meet unforeseen expenditure arising in a particular financial year.

**Supplementation**

An increase in a base budget allocation to:

- provide full year funding for a new activity or program, for which funding has only to date been approved to the end of the current year
- fund changes in the client population
- establish and operate new capital facilities or
- fund expanded operations financed, wholly or partially, by revenue, for example, through budgetary receipt offset arrangements or revenue retention.

**Supply service**

A service for which a parliamentary appropriation (for expenditure) has been granted.

**Surplus**

An excess detected via a check/audit/reconciliation of transactions, for example, an excess of amounts to be banked compared with actual collections.

**Suspense accounts**

Accounts established to hold transaction information pending either:

- a determination as to the most appropriate recording treatment/allocation in the general ledger or
- the correction of any invalid (and rejected) transactions.

**System**

An interrelated set of manual and/or computerised procedures and activities (including the associated physical ‘tools’) utilised to accomplish a particular function.

**System Manager**

The role adopted by the department, through the Chief Executive (Director-General), for the overall management of the public health system which comprises the Hospital and Health Services and the department.

The system manager is responsible for:

- statewide planning
- managing statewide industrial relations
• managing major capital works
• monitoring HHSs performance
and
• issuing binding health service directives to HHSs.

System specification

The detailed documentation of a computer system and the clerical activity needed to produce source documents and outputs.

Tax equivalent

An amount paid by a corporatised or commercialised entity (under the National Tax Equivalents Regime (NTER)) to the Taxation Unit of Queensland Treasury and Trade, in lieu of the amount of tax that would have been paid to the Australian Taxation Office if its government exemption did not exist. Such a tax equivalent may relate to income tax or capital gains tax.

Terms of payment

Conditions agreed upon between a provider and a purchaser of goods and/or services regarding the method, timeframe and available discounts (where applicable) for payment for the goods/services provided/performed.

The legislation

As referred, includes the following legislation:

• Financial Accountability Act 2009
• Financial Accountability Regulation 2009
and

Threshold

A (usually financial) limit imposed beyond which certain specific requirements must be observed, for example, the threshold for recognising property, plant and equipment items as assets.

Total Approved Revised Budget (Tridata)

See Latest Budget

Total Sought Revised Budget (Tridata)

See Sought Budget.

Trade creditor

A creditor in respect of normal operations.
Trade debtor

A debtor in respect of normal operations.

Trade-in

The transfer of an asset to a third party, usually along with a cash payment, in return for a replacement asset.

Trading Operation

Is a business, a joint venture, a practice or any other type of business entity through which a business is being carried on.

Transaction

An occurrence, act or other accounting adjustment which affects an entity, where the resulting economic/financial implications are processed within the entity’s financial system(s) and recorded in its general ledger.

Transaction costs

The incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Transaction costs include fees and commissions paid to agents, advisers, brokers, and dealers, levy by regulatory agencies and securities exchanges, and transfer taxes and duties.

Transfer Notice

A notice authorised by the System Manager transferring the ownership of non-current physical assets from the department to a Hospital and Health Service.

Transfer payments

Amounts to be paid to other parties in accordance with the Hospital and Health Service’s objectives, legislation or other authority. Transfer payments may also represent reimbursements of such payments previously made by those other parties.

Travel and Entertainment Card

A credit card whose use is restricted to senior management for incurring official expenditure whilst travelling overseas.

Tridata

The whole-of-Government financial reporting and budget management system which supports both accrual financial reporting and output performance reporting for the Queensland Government.
Trust Fund

Funds set up to hold money or assets on behalf of an individual or group and are subject to various laws and rules in relation to their administration. The department/Hospital and Health Service operate the following trust funds:

- General Trust Funds

Trustee

A person (including a company) who takes on fiduciary duties and obligations in the management and maintenance of assets that have been handed over in trust for other persons.

UIG

See “Urgent Issues Group Abstract”.

Unconditional entitlement

Entitlements of an employee not subject to any conditions.

Undertaking

A formal promise to do something, usually with an associated offer of an item, or funds, as security.

Unearned revenue

An obligation of the Hospital and Health Service to Commonwealth Government grants which will be satisfied, and revenue progressively recognised, as and when:

- the Hospital and Health Service provides the goods and/or services or completion of programs to which the funding or revenue relates
- or
- the period of time the revenue or grants relates to has elapsed.

Unforeseen expenditure

As defined in Queensland Treasury and Trade’s Cash Funding Profiles Guidelines.

Cash Funding Profiles (CFPs) detail the estimated annual cash flows between the Hospital and Health Service and the Consolidated Fund dissected over the 26 fortnightly periods of the financial year. CFPs are entered by the Hospital and Health Service electronically into the Tridata Cash Funding Module (CFM).

CFPs are used by Queensland Treasury and Trade to:

- make appropriation payments to the Hospital and Health Service
- determine the timing of payments from the Hospital and Health Service to the Consolidated Fund
- determine requirements for additional appropriation to meet unforeseen expenditure under the provisions of the Financial Accountability Act 2009
and
• manage the State’s short and long term cash requirements.

**Unguaranteed residual value**

That part, if any, of a leased property’s residual value which is either:

• unguaranteed
or
• guaranteed only by a third party related to the lessor.

**Unidentifiable asset**

An asset that is not capable of being individually identified or specifically recorded.

**Units method**

A method of depreciation which uses the proportion of the depreciable asset’s actual unitary production relative to its total estimated productive capacity to determine the annual depreciation expense.

**Unrequited transfer**

A non-repayable monetary transfer where there are no goods, services or property rights provided in return.

**Unpresented cheque**

A cheque that has not been presented to the bank for payment by the payee of the cheque.

**Urgent Issues Group Abstract/Pronouncements/Interpretations**

A professional accounting standard issued by the Australian Accounting Standards Board.

**Urgent Issues Group Abstracts** are issued more speedily than Australian Accounting Standards, to provide timely guidance on the appropriate treatment of certain accounting issues, where unacceptable or widely divergent accounting treatment would otherwise exist.

**Useful life of an asset**

May be determined as either:

• the estimated period of time over which an asset is expected to be used, or the benefits represented by the asset are expected to be derived, by the Hospital and Health Service or
• the estimated total service, expressed in terms of production or similar units that is expected to be obtained by the Hospital and Health Service from the asset.

Refer to FMPM section 7.14 Depreciation and Amortisation for more information on useful life.

**User charge**
Authority for setting fees and charges is a System Manager function, the calculation and application of such fees and charges must be in accordance with approved whole-of-Government policies.

These policies include Principles for Fees and Charges issued by Queensland Treasury and Trade.

**Validation**

The confirmation, via either manual internal check, reconciliation or computer system control, of the completeness, accuracy and legitimacy of one or more transactions/balances/accounting records, sometimes by comparison with a predetermined result or similar transaction/balance/record or applicable financial accounting or management requirements. The validation of transactions usually requires that they meet certain criteria before being processed further (either clerically or via a computer system).

**Validated (Tridata)**

The Validated data view/status in the IA (sometimes referred to as Working Data 2) is used by Treasury Analysts to verify the validated data submitted by entities. Treasury Analysts confirm that the financial statements entered by entities are valid and reflect agreed totals. They then approve the statements.

Entities have ‘read-only’ access to Validated data in the Input Application.

Departments creating adjustments in the ATM which, once approved, update the Input Application accounts in the Validated area.

**Valuation**

The act of assessing, in monetary terms, the worth of an asset, liability, revenue or expense.

**Value in use**

As defined in AASB 136 Impairment of Assets as the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

**Variance (Tridata)**

Check-box in the IA that enables users to enter variance notes between forecast and actual data.

**Variable cost**

A cost where the total amount varies in a direct relationship with the volume of activity, for example, items produced.

**Vendor**

A supplier of goods/services/works to an entity.
Verification

The confirmation, via either manual internal check, reconciliation or computer system control, of the completeness, accuracy and legitimacy of one or more transactions/ balances/ accounting records, sometimes by comparison with a predetermined result or similar transaction/balance/record or applicable financial accounting or management requirements.

Verifying officer

An officer with responsibility for verifying the identity in accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act), of proposed cheque signatories and encashment officers for specific bank accounts.

Vesting

The transfer of certain rights in relation to an asset or assets to an entity. In most cases the transfer of the rights does not amount to a transfer of legal ownership.

Non-vesting leave is not paid out on termination of employment.

Voucher

A source document displaying all authorised information necessary for the processing and recording of a financial transaction.

Waiver

The act of an entity giving-up a right to claim a payment, service or other benefit (which it is entitled to receive) from another entity.

Weighted average unit (WAU)

A unit of activity weighted for relative cost which then enables a cost comparison of different types of activity to be made within an output class.

Whistleblower

A whistleblower is a public servant or public sector employee who makes known for public interest certain wrong doings which occur in their workplace.

Whole-of-government activity/transaction/balance

See “Administered activity/transaction/balance”.

Whole of Government Financial Information Report (WOGFIRS)

WOGFIRS is a chart of accounts used by Queensland Treasury and Trade to consolidate State Government agencies’ financial data using the Tridata application.

Will

A document issued by a person (the testator) specifying how his or her estate is to be dealt with.
Work Health and Safety Act 2011 (WHSA)

An Act to provide a balanced and nationally consistent framework to secure the health and safety of workers and workplaces.

Working (Tridata)

The Working data view/status in the IA (sometimes referred to as Working Data 1) is used by agencies to view, enter and validate their financial statement information.

Agency users can enter financial statement data into the Input Application by:

- typing the required amounts into data entry cells
- creating a data load file via the Tridata spreadsheet or (for actuals) through the SAP extract tool, and using the Data Load Module.

Once financial information is entered in the Working data view/status, entities must validate the data using the validation and warning rules and then submit the completed statements to the Validated data view/status. Treasury Analysts may view information held as Working in the Input Application if the relevant entity requests assistance in validating their data.

Work in progress

Accumulated costs for the development of a specific asset, which have been incurred over an extended period of time and which are of a capital nature.

Write-down

The reduction in an entity’s accounting records of the recorded value of an asset or liability in accordance with appropriate authorisation.

Write-off

In relation to a monetary asset - the act of an entity ceasing to acknowledge in all of its accounting records that amount as an asset, in accordance with appropriate authorisation.

In relation to a tangible asset - the act of an entity ceasing to recognise (apart from disposing of, or trading-in) in all of its accounting records that item as an asset, in accordance with appropriate authorisation. Write-off also includes situations where an asset is physically scrapped or dumped due to its redundancy or obsolescence.

Written-down value

See “Net book value.”
Appendix 2

2.1 Release authority re unclaimed property

RELEASE AUTHORITY RE UNCLAIMED PROPERTY

To: State of Queensland
cl- [insert name and address of hospital]

I/We *(insert full name(s) of claimant(s)) of  (insert address of claimant(s)), authorise and direct you to deliver to [insert name of person collecting the property] the following property:

[insert description including serial number of property being collected]
I/We declare that the receipt of [insert name of agent collecting the property] shall be a sufficient discharge on my/our behalf.

Dated this [insert date] day of [insert month and year].

# SIGNED BY [print full name of Claimant(s)]

In the presence of: ...........................................................
(Signature of Claimant)

...........................................................
(Signature of Witness)

* If there is more than one claimant to sign this Authority, insert the names and addresses of each claimant. Delete the references to “I” and “me”, “we” and “us” as appropriate.

# Add further signature clauses if there is more than one executor signing this Authority.
Appendix 3

3.1 Statutory declaration by executors re unclaimed property (where probate not required)

STATUTORY DECLARATION BY EXECUTORS RE UNCLAIMED PROPERTY
(Where Probate Not Required)

STATUTORY DECLARATION
To: State of Queensland
cl- [insert name and address of hospital]

I/We *[insert name of executor] of [insert address of executor], do solemnly and sincerely declare as follows:

1. I/We have conducted a diligent search of the personal belongings of [insert name of deceased], and I/we believe that the paper writing annexed hereto and marked with the letter “A” is a copy of the true and original last Will of [insert full name of deceased]. I/We am/are the executor/s named therein.

2. [insert full name of deceased] died at the [insert name of hospital] on [insert date of death]. Annexed hereto and marked with the letter “B” is a true copy of the Certificate of Death for [insert name of deceased].

3. Funeral expenses for [insert name of deceased] have been paid in full. Annexed hereto and marked with the letter “C” is a true copy of the receipt for payment of the funeral expenses for [insert name of deceased].

4. I/We have no knowledge of any claims or demands upon the assets or property of [insert name of deceased].

5. I/We do not intend to apply to the Supreme Court of Queensland for a Grant of Probate, nor has any other party made me/us aware of any proposed application.

6. And I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Oaths Act 1867.

# Declared before me at ) [insert town] in the ) State of Queensland ) ..........................................
this [insert date] day of ) (Signature of Executor)
[insert month and year] )

(Signature of Justice of the Peace)

* If there is more than one executor, insert the names and addresses of each executor.
Delete the references to “I” and “me”, “we” and “us”, “am” and “are” as appropriate.

# Add further signature clauses if there is more than one executor.

Note - Copies of the Will, Death Certificate and Funeral expenses receipt(s) are to be certified by a Justice of the Peace as true and correct copies of the originals and attached to this Statutory Declaration.
Appendix 4

4.1 Form of indemnity re unclaimed property indemnity

FORM OF INDEMNITY RE UNCLAIMED PROPERTY

INDEMNITY

To: State of Queensland
c/- [insert name and address of hospital]

IN CONSIDERATION of the [insert name of hospital](“the Hospital”) releasing to me/us:

* the sum of $ [insert amount of money] held by the hospital on behalf of myself/ourselves

* the sum of $ [insert amount of money] held in the Hospital's Patients' Trust/Fiduciary Bank Account on my/our account,

* the [insert description of property being released] held by the hospital on behalf of myself/ourselves,

I/We will indemnify and keep indemnified the State of Queensland (“the State”) against all actions, proceedings, claims, demands, costs, damages and expenses which may be brought or made against the State or which the State may pay, sustain or incur by reason of the State [paying/releasing the said *money/*property to me/us].

Dated this [insert date] day of [insert month and year].

# SIGNED BY [print full name of Claimant(s)]

) ) )

In the presence of: ) (Signature of Claimant or Owner)

) )

) )

(Signature of Witness)

* Delete the inapplicable word or phrase

# Add further signature clauses if there is more than one claimant or owner. Delete the references to “I” and “me”, “we” and “us”, “myself” and “ourselves” as appropriate.
Appendix 5

5.1 Form of indemnity by executors re unclaimed property indemnity

FORM OF INDEMNITY BY EXECUTORS RE UNCLAIMED PROPERTY

To: State of Queensland  
c/l- [insert name and address of hospital]

RE: Estate of [insert full name of deceased patient] (deceased)

IN CONSIDERATION of the [insert name of hospital] (“the Hospital”) releasing to me/us:

* the sum of $ [insert amount of money] held by the hospital on behalf of [insert full name of deceased patient], who died at the hospital on [insert date of death].

* the sum of $ [insert amount of money] held in the Hospital’s Patients’ Trust/Fiduciary Bank Account Fund on account for [insert full name of deceased patient], who died at the hospital on [insert date of death].

* the [insert description of property being released] held by the hospital on behalf of [insert full name of deceased patient], who died at the hospital on [insert date of death].

I/We will indemnify and keep indemnified the State of Queensland (“the State”) against all actions, proceedings, claims, demands, costs, damages and expenses which may be brought or made against the State or which the State may pay, sustain or incur by reason of the State *paying/releasing the said *money/*property to me/us.

Dated this [insert date] day of [insert month and year].

# SIGNED BY [print full name of Executor] ) ) ) ) ) ) ) ) ) ) )
   ) ) ) ) ) ) ) ) ) )
   ) ) ) ) ) ) ) )
   ) )
   )
   )
   ..................................................
   (Signature of Witness)

* Delete the inapplicable word or phrase

* Add further signature clauses if there is more than one claimant or owner.
Delete the references to “I” and “me”, “we” and “us”, “myself” and “ourselves” as appropriate.
### 6.1 Declaration of reportable gifts and benefits from

<table>
<thead>
<tr>
<th>GIFT or BENEFIT</th>
<th>Date the Gift was offered</th>
<th>Cultural or heritage significance</th>
<th>Category of Gift or Benefit</th>
<th>Description of Gift or Benefit</th>
<th>Reason for Accepting or Giving (Give Benefit to Qld Community)</th>
<th>Retail Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Yes ☐ No ☐</td>
<td>Entertainment ☐ Education ☐ Research ☐ Networking ☐ Other (specify) ☐</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DONOR</th>
<th>Donor Name</th>
<th>Donor Organisation</th>
<th>Donor Contact details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RECIPIENT</th>
<th>Recipient First Name</th>
<th>Recipient Family Name</th>
<th>Recipient Employee Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUPERVISOR APPROVAL (&lt;$150) or RECOMMENDATION</th>
<th>Line Manager recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Return gift ☐ Recipient may accept gift ☐ Surrender gift to Executive Officer for decision ☐ Other (specify) ☐</td>
</tr>
<tr>
<td></td>
<td>Name</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DDG or equivalent APPROVAL (≥$150)</th>
<th>Approved ☐ Not Approved ☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
</tr>
<tr>
<td>Position Title</td>
<td></td>
</tr>
<tr>
<td>Signature &amp; Date</td>
<td></td>
</tr>
<tr>
<td>Comment</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DG APPROVAL (gifts to DDGs or equivalent) – brief may be required</th>
<th>Approved ☐ Not Approved ☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature &amp; Date</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 7

7.1 Approval and reporting process for gifts and benefits
Appendix 8

8.1 Form HD 24

**FORM HD24**

<table>
<thead>
<tr>
<th>BRANCH, DIVISION, SECTION</th>
<th>FILE REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL YEAR</td>
<td>SEQUENCE NUMBER</td>
</tr>
<tr>
<td></td>
<td>DATE OF LOSS</td>
</tr>
<tr>
<td></td>
<td>CRIME REPORT NUMBER</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DESCRIPTION OF PROPERTY LOST</th>
<th>GROSS VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(attach list if necessary)</td>
<td>$ :</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ASSET NUMBER (if applicable)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>CAUSE OF LOSS</th>
</tr>
</thead>
</table>

**ACTION TAKEN FOR REIMBURSEMENT**

*insert tick if an insurance claim is involved*

<table>
<thead>
<tr>
<th>AMOUNT RECOVERED</th>
<th>$ :</th>
</tr>
</thead>
</table>

**ACTION TO REMEDY ANY WEAKNESS IN THE INTERNAL CONTROLS.**

**CATEGORY OF LOSS**

(Tick appropriate box, complete where necessary)

(A) Losses of or deficiencies in public moneys or other moneys:

| (i) Losses by stealing or any other offence |
| (ii) Losses due to failure to assess and levy revenue or amounts receivable |
| (iii) Irrecoverable overpayments |
| (a) Salaries and Wages |
| (b) Other |
| (iv) Irrecoverable Debts: |
| (a) Written off on specific statutory authority |
| (b) Written off on compassionate or other grounds |
| (v) Other losses (specify): |

(B) Losses of or deficiencies in public property or property including:

| (i) Losses by stealing or other offence |
| (ii) Losses due to condemnation, obsolescence or deterioration: |
| (a) A rise from defect in admin. |
| (b) Arising from any other cause |
| (iii) Losses due to destruction or damage: |
| (a) Caused by incidents beyond the control responsible person |
| (b) Other causes (specify): |

| (iv) Losses due to natural causes if loss is not within the accepted level of tolerance: |
| (v) Net deficiencies in stores revealed by stocktaking |
| (vi) Other losses (specify): |

(C) Legally unavoidable payments for which no real is received in return (specify):

**REPORT PREPARED BY:**

(state full name and position)

**SIGNATURE**

<table>
<thead>
<tr>
<th>NET AMOUNT TO BE WRITTEN OFF</th>
<th>$ :</th>
</tr>
</thead>
</table>

**GENERAL LEDGER ACCOUNT NUMBER &**

(to which the loss was/will be debited)

<table>
<thead>
<tr>
<th>APPROVED/REJECTED</th>
<th>SIGNATURE</th>
<th>DATE</th>
</tr>
</thead>
</table>
Appendix 9

9.1 Taxi usage certification

TAXI USAGE CERTIFICATION

I,........................................................., of ................................. Division
...................................................... Branch, ........................................ Section
do hereby certify that the taxi transportation usage by officers under my control for the period from ..........to
............... and attached to voucher number ............for payment, was for official purposes, and was the most
economic and efficient form of transport available in the circumstances for the continued provision of
services.

..............................................                       .......................................
Name - Please Print                               Signature                                    Date
Appendix 10

10.1 Application and authority for business accounts with verifying officer

For a copy of this Commonwealth Bank of Australia form, contact the Information System Support (ISS) Banking Team at ISS-Banking@health.qld.gov.au.
Appendix 11

11.1 Appointment of verifying officer form

For a copy of this Commonwealth Bank of Australia form, contact the Information System Support (ISS) Banking Team at ISS-Banking@health.qld.gov.au.
Appendix 12

12.1 Application and authority for business accounts with verifying officer

For a copy of this Commonwealth Bank of Australia form, contact the Information System Support (ISS) Banking Team at ISS-Banking@health.qld.gov.au.
Appendix 13

13.1 Standard form letter re old cheque

STANDARD FORM LETTER RE OLD CHEQUE

Finance Branch

Enquiries to: <contact name>
Telephone: <contact no.>
Facsimile: <facsimile no.>
File Number: <file number>
Our Reference:
Your Reference:

<addressee’s name>
<addressee’s title>
<full address and adjust spacing below to make address at bottom fit>

Dear <supplier’s contact name>

PRESENTATION OF CHEQUE

I hereby give notice that XXXX Hospital and Health Service is required by law to cancel your cheque if it is not banked within three (3) months of the date of the cheque.

If you bank your cheque after this time it may be dishonoured and XXXX Hospital and Health Service will not be responsible for any loss you may suffer because of the dishonour.

XXXX Hospital and Health Service will give you a replacement cheque if you :-

(a) have not banked your cheque within three months of the date of the cheque
(b) request a replacement cheque
(c) return your cheque.

If the cheque has been lost or misplaced, an indemnity may be requested.

Yours faithfully


<name of signatory>
<position or title or signatory>
/ / <date>
## Appendix 14

### 14.1 Account opening form

**ACCOUNT OPENING FORM**

<table>
<thead>
<tr>
<th>Entity Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABN:</td>
</tr>
<tr>
<td>Contact Person:</td>
</tr>
<tr>
<td>Phone number:</td>
</tr>
<tr>
<td>Email:</td>
</tr>
</tbody>
</table>

1. How often do you require printed bank **statements**? (Weekly/Monthly) Do you require them on a specific day?

2. What account do you want to be debited for **fees**? (This account or provide account number of another account)

3. What account do you want to be credited/debited for **interest**? (This account or provide account number of another account)

4. Is the account to be included in a **Whole-of-Government set-off Pool or Auxiliary Pool**?

5. What will be the average balance of this account? (Provide amount if known)

<table>
<thead>
<tr>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 15

15.1 Authority to encash cheques

<table>
<thead>
<tr>
<th>AUTHORITY TO ENCASH CHEQUES</th>
</tr>
</thead>
</table>

Authority is given for the following Officer (Specimen Signature appears below)

Full Name of Officer: ____________________________________________
Current Work Base: _______________________________________________
Home Address: ___________________________________________________

Specimen Signature: _____________________________________________

to present cheques for encashment drawn on _____________________ account marked Petty Cash", at the following branch of the Commonwealth Bank of Australia.

Branch: _______________________________________________________
Branch Address: ________________________________________________

for the period:
From: _________________ To: _________________

Cheques will be signed by: _______________________________________

Branch please note cheques will not exceed $ _______ in value.

Approval:

To be completed by a Verifying and Authorising Officer

Authority is granted for the Officer named above to encash cheques

<table>
<thead>
<tr>
<th>Verifying Officer</th>
<th>Authorising Officer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature: ________</td>
<td>Signature: __________</td>
</tr>
<tr>
<td>Name: ______________</td>
<td>Name: ______________</td>
</tr>
<tr>
<td>Title: ______________</td>
<td>Title: ______________</td>
</tr>
<tr>
<td>Date: ______________</td>
<td>Date: ______________</td>
</tr>
</tbody>
</table>
Appendix 16

16.1 Indemnity form

INDEMNITY FORM

In consideration of the XXXX Hospital and Health Service issuing to me a fresh cheque for $ in lieu of cheque no. ______________________ for the same amount which has been lost, mislaid or destroyed, I ________________________________ of ________________________________.

DO HEREBY AGREE TO INDEMNITY and save harmless the said XXXX Hospital and Health Service against any loss which may occur in connection with the said cheque no. and from all actions, claims and demands in respect of the issue to me of the fresh cheque aforesaid and do hereby further agree that should the aforesaid cheque no. come into my possession I shall forthwith deliver up and return it to the said XXXX Hospital and Health Service

Dated at ______________________________ this __________________ day
of _____________________ 20__.                

______________________________ Signature

Witness ________________________________.

NB: Witness must be a Commissioner for Declarations, Justice of the Peace (Qualified), or a Justice of the Peace (Magistrate) within the State of Queensland, or equivalent if outside of the State of Queensland.
Appendix 17

17.1 Stocktake instructions

PRIOR TO STOCKTAKE

Prior to the physical stocktake, stock is to be reviewed for removal or segregation of obsolete or damaged stock, or stock that does not belong to the XXXX Hospital and Health Service. This will include stock on consignment. Any obsolete or damaged stock must be recorded on the stock sheets and identified as obsolete or damaged, so that appropriate consideration may be given to valuation or write-off.

Bins and shelves are to be marked and numbered, and stock sheets are to make reference to those locations. Bays, bins, racks, shelves or work benches are to be visibly identified and numbered using paint pens or adhesive tape onto which the number can be written with felt pens etc. No two stock locations are to have the same number, so that each location is uniquely identifiable.

It is imperative that a proper cut off is established to ensure that stock is neither omitted nor counted more than once. Stock movements may occur through:

- Sales orders being filled (goods outward)
- Purchase orders being filled (goods inward)
- Transfers from stock to work in progress (job transfers)
- Transfers from/to one department to another.

Cut-offs are to be clearly established for incoming and outgoing stock. Where possible, deliveries of stock into stores should be arranged to occur on either the day before stocktake or the day after. If necessary, outward deliveries known to be required during the stocktake should be drawn in advance and separated from other stock, and recorded on the stock sheets in the normal manner. Goods received during stocktake should be held separately from other stock until the stocktake is completed, and then recorded as in stock, if and only if the stocktake occurred on or before year-end.

The cut-off instructions should be precise on how goods received around stocktake are to be treated - they should be accrued as payable at year-end if physically received before close of business at period end, or held over into the new period if received on or after close of business at period end. This will require further instructions on how the documentation is to be marked also, to identify the transaction as belonging to one period or the other. (For example, the invoice may be marked as "Received After Stocktake" to identify it as belonging to the next accounting period.)

The cut-off instructions must also deal with deliveries outwards, around stocktake. Delivery dockets must be marked to indicate whether the goods were removed prior to or after counting. If they were taken prior to counting, they should be invoiced in preference to adding the stock back in (as if counted normally). If the goods were taken after counting, they must not be invoiced until after the stocktake has been updated on the perpetual inventory system.

Where possible, sales order deliveries are to be either completed the day before stocktake, or left until after the counting of stock has been completed in full (that is, including all random checks). Orders which cannot be physically dispatched prior to the
commencement of stocktake should be included in the stock counts and taken up as following month's sales.

No goods or materials are to be delivered to customers during stocktake without prior arrangement, in which case the stock is to be firstly counted and recorded and then picked and separated entirely from other stock. The delivery docket is to be marked "COUNTED IN STOCK", so that Accounts can readily ascertain whether or not any adjustment to stock counts is required.

No goods or materials are to be invoiced if it or they have not been delivered to customers prior to stocktake.

Similarly, no transfers to other sectors or branches or departments are to be made without the appropriate requisition during stocktake. It is important that the stock subject to a transfer is not counted twice, once by the sending Branch and secondly by the receiving Branch. To this end, all outgoing transfers must be either taken out of stock prior to stocktake and the transfer advice marked "NOT COUNTED" so the receiving Branch will know to include the stock in its counts, or the sending Branch includes the stock in its counts and marks the transfer advice "COUNTED" so that the receiving Branch will know not to include the stock in its counts.

Purchase order deliveries must be scheduled such that the goods are received either on the day before stocktake, or after stock has been counted. Any deliveries that arrive during the counting are to be set aside from our stock, and must not be included in the counts.

All stock is to be tidied up preparatory to the stocktake, and if necessary relocated such that all lots of the same item are located together, unless any are kept out for a job. Materials allocated or purchased for specific jobs are to be separately bundled and identified. Requisitions from stock to jobs are to be removed from stock and if applicable placed with other materials, or otherwise bundled as above, prior to the commencement of stocktake.

Obsolete, unserviceable and/or slow moving stock is to be separated out, and located apart from normal stock, so that an appropriate decision may be made as to the valuation to be applied to that stock. This stock is to be counted and recorded on separate stock sheets labelled "OBsolete" for identification. Scrap and waste stock is similarly to be separated, and recorded on a separate stock sheet labelled "Scrap and Waste". Goods belonging to other persons - on loan or returned for repair etc. - must be properly identified and separated from HHS stock.

These items may be counted and recorded prior to the stocktake.

All purchase orders unfilled at the time of stocktake must be kept separate from those purchase orders filled and ready for submission to Accounts, so that it is possible to identify the orders as being either included in or excluded from the stocktake.

All delivery dockets written out or signed at the commencement of the stocktake must be kept separate from any delivery dockets written out or signed during or after the stocktake. This is extremely important as it will determine the accounting period in which the liability will be recognised, and whether or not any adjustment to the stocktake will be required by Accounts Branch.

All sales orders completed at or prior to the stocktake must be kept separate from any orders awaiting completion, so that Accounts Branch will know in which accounting period the appropriate invoice will have to be raised and processed. The delivery docket or consignment note must also be attached to the sales order.
All small items of plant, machinery and equipment are to be properly identified as such and are not to be recorded on stock sheets.

All goods received notes held prior to the stocktake must be attached to the relevant purchase order and marked "IN STOCK", and the stock is to be counted.

A review of all credit note requisitions (from sales customers) is to be made to determine whether or not the goods have been received back into stock. If the answer in each individual case is "Yes", then mark the document as "IN STOCK" and submit the document to Accounts Branch. In the alternative, the requisition is to be held and ignored until the goods have been returned.

For items that are numerous and light, and may be counted on the basis of weight, determine the conversion rates, for example, 100 per Kg, beforehand, so that the items may be weighed and correctly recorded during stocktake, without any delays during counting. The conversion rates should then be written down for future reference. The use of reliable scales is permitted.

Every requisition which has not been filled from stores at the start of counting is to be marked "AFTER STOCK". This will mean that the stock has been included in the counting and that no further adjustment is required.

Stocktake sheets are to be pre-numbered and sequence checked. A register is to be maintained of to whom (blocks of) sheets were issued, and these are then to be checked off when the sheets are returned. Both used and unused sheets must be returned. Unused sheets must be cancelled. Missing sheets must be followed up, and instructions at the time of distribution must be clear and precise as to the requirement to have all sheets returned regardless of condition. For the purpose of subsequent follow up, ranges of numbers must be retained for the different stores and areas within in the case of large stores. The issue of stock sheets must not be in a fragmented manner, as this will make it very difficult to subsequently locate any missing sheets.

Like stock should be stored together for ease of identification and counting.

**DURING STOCKTAKE**

All stores are to be CLOSED during stocktake, in that no stock is to be removed during the stocktake, and no deliveries are to be accepted into stock.

If it is absolutely necessary that stock items be withdrawn during the stocktake, this must not occur until after each item has been counted and recorded. A docket indicating the removal is then to be left in place of the removed item(s), to enable the earlier counts to be confirmed in any random check. The docket must identify the item removed, and the quantity thereof. Similarly, a copy of the docket must accompany the item removed, so that if it is moved to a location which has not yet been counted it will not be counted (included) again when a team reaches that location to carry out a count. The delivery docket must be marked to indicate that invoicing is not to occur until after the stocktake has been entered into the inventory file. The stock sheet is to be noted to the effect that the stock was removed and the document number also noted for subsequent cut-off matching. A copy of the delivery docket or similar will be retained and returned with the stock sheets.

Pre-counting should be employed once the stores have been organised. This method must only be used where the stock is unlikely to be disturbed after having been counted and before the stocktake has been completed. All pre-counted stock is to be conspicuously tagged, to avoid double counting.
The stocktake sheets are to be completed in ink.

The stocktake is to be carried out in teams of 2 (two) - one person will count, the second person will record and generally assist the counter. Counts are to be made by at least two teams. Initial counts are to made by Team 1, and check counts are to be made by Team 2. Any differences in counts are to be recorded and confirmed by Team 1, by re-count. The two ‘teams’ may simply comprise two groups each counting in the first instance one-half of the stock, and then swapping over to check the other's counts.

Random checks are to be made by each team, of the other teams' counts, such that each team will have checked at least two (2) of the other teams' counts on at least one (1) stock sheet. Any time an error is found, the scope of testing must be extended by another check. Any errors thus found are to be confirmed by the original count team, and the errors are to be corrected and initialled.

The stocktake is to proceed in an orderly manner from one end of the work area to the other, from the front of stock shelf to the back, from left to right. All stock is to be marked as counted after it is counted by the placement of a marker, to ensure that all stock is indeed included in the count.

In using tags (or other marks) as part of the counting and identification processes, the tags should be attached as and when each line has been counted, rather than pre-tag everything and remove the tags as counts proceed.

Broken packs should be moved and counted with other related single items.

Units of measure (weight in kg., volume in litres, gallons) and pack or carton units and quantities must be stated explicitly. Where these appear to have been printed on pre-printed stock sheets, they must be checked and not simply assumed to be correct. Where any differences arise, the quantities will not be entered against the (apparently) offending line. Instead, the quantities will be entered onto a new line.

If the unit is ordinarily a pack or a carton and we have cartons (or packs) and additionally some broken cartons or packs, then the stock sheet must contain two (or more) lines –

one for the full pack, and another for the individual items ex pack, with the two different units of measure. Do not enter the same stock line item code against the broken pack as is used for the complete pack.

If you measure it, enter the unit as "litre", "metre" or "foot" etc. and the quantity measured. Do not enter the unit as "piece" or "length" unless the standard unit is a "piece" or "length" in which case the unit must be entered as for example "PCE 12m" or "LNG 6m".

If you weigh it, enter the unit as "Kg" or "Pound" and enter the actual weight unless the weighing is merely an incidental means of counting using conversion factors.

If you count it, enter the unit as "Pack", "Ctn" or "Ea" and enter the quantity counted. All "Pack", "Carton", "Box" or "Set of .." units of measure must also include the pack size.

In any circumstance where ambiguity or doubt can arise, do not be concerned that another line on the stock sheet may be required in order to fully describe the item(s) being counted. It is of much more use to run over into two lines in order to adequately describe an item than it is to have to come back again at a later date to try to identify it.
If the stock sheet quotes a unit of measure, the stock should be counted and recorded using that
unit of measure. If packs are listed and exist, count and record the number of packs, not the total
contained within the packs.

On a sample basis, packs should be verified as to the content and counts.

Counting tags are to be used to identify stock that has been counted. To this end other media may
be used such as coloured marking pens or paint, so long as the same colour is not used twice in
any two successive stocktakes (so that markings are not confused).

The following instruction is applicable only when is it neither possible nor practical to adhere to the
"Prior To Stocktake" instruction regarding deliveries from suppliers.

Receipt of goods inwards from suppliers which occurs during stocktake should be handled
in ONE of the following ways:

Either

(a) Take the delivery into stock and include the goods on our stock sheets, and note the
delivery docket "TAKEN INTO STOCK"

Or

(b) Ignore the delivery altogether for stocktake purposes (do not record the stock on our
stock sheets) and note the delivery docket "AFTER STOCKTAKE".

The aim of either of these actions is to indicate to Accounts whether or not any adjustment
is required to the stock sheets for stock received around the cut off

interval. Depending on the date of the stocktake, for example, 30 June or 31 December, we
may have to recognise the delivery and its corresponding liability, or delay the recognition
until the start of the next accounting period. If stocktake was to occur on the first day of a
month, then Alternative (B) above is the preferred option, as the liability for payment of the
stock received did not arise in the month (accounting period) for which the stocktake is
being made.

The following instruction is applicable only when is it neither possible nor practical to adhere to the
"Prior To Stocktake" instruction regarding sales deliveries.

Deliveries out of stock to fill a sales order not in compliance with the instruction in "Prior To
Stocktake" (that is, these should be held over until completion of stocktake) may be
handled in ONE of the following ways:

Either

(a) Take the stock out of store, and mark the sales order "EX STOCK", so that
Accounts will then know that the delivery has to be invoiced as part of the present
accounting period. The stock is not to be recorded on any stock sheet.

Or
(b) Leave the stock in store, count it and record on the stock sheet as normal, just as if the sales order did not exist, and mark the sales order "AFTER STOCK", so that Accounts can make the required adjustments if any.

The aim of these alternatives is to ensure that the sale and its reduction in stock are reflected in the correct accounting period. Thus, if stock was counted on the first day of a month, then the sales order should be "AFTER STOCK", and the invoice recorded in the following accounting period.

**AFTER STOCKTAKE**

All stocktake sheets issued are to be returned, whether used or unused. A register of sheets issued will be kept, and sheets not returned will be followed up, to ensure that all sheets are accounted for.

The stock sheets must be checked off the register, and any missing sheets must be investigated.

All sheets are to be previewed for major variations and if necessary counts rechecked and verified.

The stock sheets will be collated and handed over to the finance area for processing etc.

Do not remove any count tags until all questions have been resolved. This may of course be carried out in sections. For example, if a particular bay did not have any questions arise out of the stocktake, or all questions within the bay have been cleared, the tags in that bay may be removed.

**CUT OFF DOCUMENTATION**

Name of centre (Hospital and Health Service, Unit)

Date of Stocktake

Accounting Period

Last Document Numbers:

<table>
<thead>
<tr>
<th>Item</th>
<th>Number</th>
<th>Date Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods received note</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales invoice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase order</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase requisition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales order/requisition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stores requisition (Job transfers)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cheque requisition</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 18

18.1 Projects approved by GIC or Minister – resultant component contracts > $5m requiring DG approval

**XXX Division/CBU**

Projects approved by GIC or Minister – resultant component contracts > $5m requiring DG approval

Refer to FMPM Section 10.1 for guidelines

<table>
<thead>
<tr>
<th>Our Ref:</th>
<th>Dept ref no. (BR, DG)</th>
<th>File ref no. (if known)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date:</td>
<td>Date</td>
<td></td>
</tr>
<tr>
<td>To:</td>
<td>Director General</td>
<td></td>
</tr>
<tr>
<td>FROM</td>
<td>Position/unit</td>
<td></td>
</tr>
<tr>
<td>SUBJECT</td>
<td>Brief description</td>
<td></td>
</tr>
</tbody>
</table>

Requested by Position/name of person requesting or initiating this brief

Decision required by Deadline for decision (explanation must be provided under "issues")

1. **Project approval:**

<table>
<thead>
<tr>
<th>Project approval:</th>
<th>Yes ☐</th>
<th>No ☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects greater than $5m but less than $10 m – Ministerial approval obtained</td>
<td>If yes, go to 2.</td>
<td>If no, must obtain Ministerial approval before proceeding.</td>
</tr>
<tr>
<td>Projects greater than $10 m – Governor In Council (GIC) approval obtained</td>
<td>If yes, go to 2.</td>
<td>If no, must obtain GIC approval before proceeding.</td>
</tr>
</tbody>
</table>

2. **GIC/Ministerial approval details:**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Amount</th>
<th>Approval Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Provide the total approval amount.</td>
<td>Date of approval.</td>
</tr>
</tbody>
</table>

Number Executive Council Minute or Ministerial briefing/approval number.

3. **Budget management:**

<table>
<thead>
<tr>
<th>Component contract/s expenditure is within project approval limit *</th>
<th>Yes ☐</th>
<th>No ☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>If yes, go to 4.</td>
<td>If no, additional approval must be obtained prior to proceeding.</td>
<td></td>
</tr>
</tbody>
</table>

*Note: Refer to FMPM Section 10.1 Financial Delegations, for further guidance.

4. **Component contracts to be approved by the Director General:**

| Contract title | Contract amount | Additional details |
Appendix 19

19.1 Briefing note for approval Director General

<table>
<thead>
<tr>
<th>Department RecFind No:</th>
<th>Division/HHS:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>File Ref No:</td>
<td></td>
</tr>
</tbody>
</table>

Briefing Note for Approval
Director-General

<table>
<thead>
<tr>
<th>Requested by:</th>
<th>Date requested:</th>
<th>Action required by:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SUBJECT:**

Proposal
That the Director-General:

- **Approve**
- **Sign**
- **Note**
- **Provide** this brief to the Minister for approval.

**Urgency**
1.

**Headline Issues**
2. The top issues are:
   a. 
   b. 
   c.

**Blueprint**
3. How does this align with the Blueprint for Better Healthcare in Queensland?
   a.

**Key issues**
4.

**Background**
5.

**Consultation**
6.

**Financial implications**
7.

**Legal implications**
8.

**Attachments**
9.
Recommendation
That the Director-General:

Approve
Sign
Note
Or/And
Provide this brief to the Minister for approval.

APPROVED/NOT APPROVED NOTED

IAN MAYNARD
Director-General

To Minister's Office for Approval
for Noting

Director-General's comments

Author
Cleared by: (SD/Dir)
Content verified by: (CEO/DDG/Div Head)

<Name> <Name> <Name>

<Position> <Position> <Position>

<Unit/HSD> <Unit/HSD> <Unit/HSD>

<Tel number> <Tel number> <Tel number>
<Date> <Mob number> <Mob number>

<Date> <Date> <Date>
Briefing Note for Approval
The Honourable Lawrence Springborg MP
Minister for Health

Requested by: Date requested: Action required by:

SUBJECT:

Recommendation
That the Minister:
Note …

APPROVED/NOT APPROVED NOTED NOTED

LAWRENCE SPRINGBORG
Minister for Health

Chief of Staff

Minister’s comments

Briefing note rating
1

Department RecFind No:________________________
Division/HHS:________________________
File Ref No:________________________