

Treasurer's Instruction No	102
Title	Finance Manuals
Effective date	1 September 2011
Objective and Background	Provides instructions on the establishment and maintenance of Finance Manuals within agencies
Last Reviewed Date	31 August 2011

Black letter (or bold) items within these Instructions are mandatory and other plain font items are instructional or for the purpose of providing guidance only.

Section 10 of the Financial Management and Audit Act 1990 (the Act) requires a Head of Agency to prepare and issue an accounting manual in accordance with the Treasurer's Instructions. The section also requires that the manual be maintained in an effective and up to date form and be readily available to officers of the Agency.

In this Instruction, the term "Finance Manual" is used to describe the accounting manual referred to in section 10 of the Act. Finance Manual better describes the broad range of accounting and financial management activities that should be covered within the Manual.

(1) The Head of Agency must ensure the Agency's Finance Manual:

- (a) documents all of the Agency's accounting and financial management policies and guidelines; and**
- (b) provides an up to date and authoritative source of information on financial management matters, which is easily accessible by staff.**

The Finance Manual should incorporate all accounting and financial management policies and guidelines in place within the Agency.

It is at the discretion of each Agency to determine the most appropriate form of its Finance Manual and how it is made available (ie as a physical reference document, as web based documents accessed by the intranet, CD or other means). The Finance Manual may comprise a group of related individual policy documents as opposed to a single comprehensive document.

The Finance Manual should be accessible to all staff as it is the means by which all financial policy changes are determined and communicated throughout the Agency. The manual should incorporate the specific areas of financial management for which the Head of Agency is responsible under section 22 of the Act. In addition, the Manual should incorporate:

- details of the legislation under which the Agency operates;
- delegations in place under section 35 of the State Service Act 2000;
- a description of the State Sector financial management structure;
- the Agency chart of accounts;
- standard forms to be used in financial management;

- exemptions from Treasurer's Instructions that affect the Agency's accounting and financial management policies; and
- Australian Accounting Standard requirements.

Attachment 1 Contents Guide for a Finance Manual provides guidance as to the range of topics that should be covered in a Manual.

As a general rule, the Manual will describe procedures rather than describe how specific processes are performed. The Finance Manual may reference more detailed procedural information that is maintained separately to ensure the user has access to all information necessary to undertake the financial management tasks for which they have responsibility. This supporting documentation should describe each key financial management transaction, process and procedure within the Agency.

The Finance Manual should be easily understandable by its wide range of users. It should outline the key roles and responsibilities of staff undertaking financial management related activities within the Agency. The Manual should not merely paraphrase the Treasurer's Instructions, but translate these obligations into the specific activities that are expected within the Agency. For example, the Manual should outline the actual role and responsibilities of an officer who authorises and certifies expenditure.

The Manual must reference other relevant user manuals, legislative references, Treasurer's Instructions, key Agency accounting and finance systems and processes.

The Finance Manual should improve the internal control of the Agency by:

- providing a single, authoritative statement of accounting and financial management policies and procedures;
- reducing the risk of ad-hoc policies and procedures being developed;
- enhancing staff awareness of established procedures;
- providing a formal means by which procedural changes are made and communicated throughout the Agency; and
- enabling Agency management and internal audit to monitor compliance with Agency procedures

(2) Regarding Procurement Delegations and Authorisations for goods and services, the Agency Accounting Manual must include:

(a) a copy of the Ministerial Authorisation; and

(b) a list of the officers appointed by the Head of Agency to be responsible for purchases of goods and services, leases or rentals of equipment and disposal of property made by the agency. Details for each officer include:

(i) position title;

(ii) monetary limit;

(iii) any other conditions imposed; and

(iv) details of any subsequent revocation or variation of the appointment.

A *Ministerial Authorisation Form* can be found on the Buying for Government section of www.purchasing.tas.gov.au under Resources (Forms).

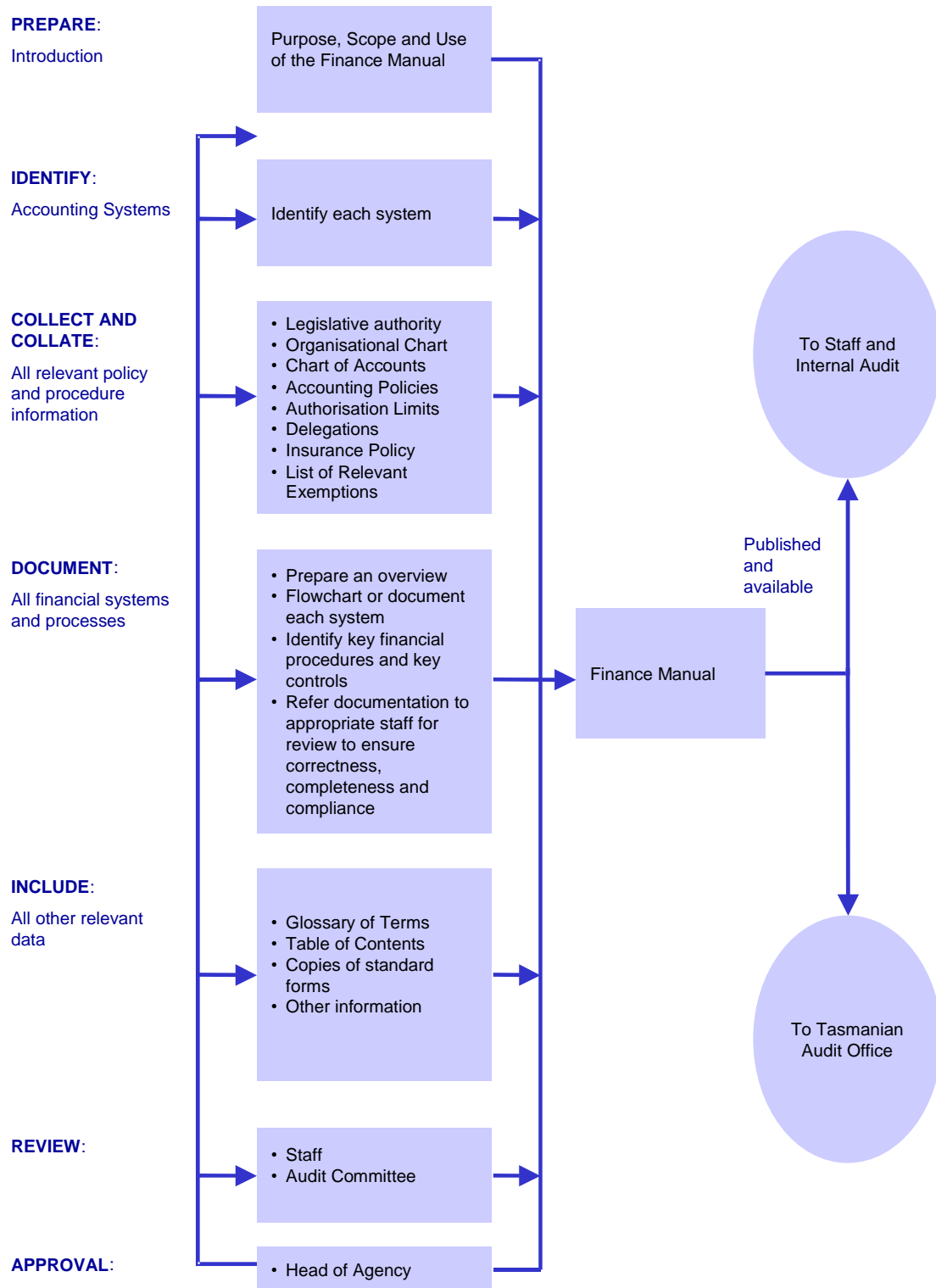
MAINTAINING THE FINANCE MANUAL

- (3) The Head of Agency must ensure there is a process for periodic review of the Finance Manual in order to continuously improve the policies and reflect changes in the business of the Agency, technologies and best practice trends in financial management.**

The Manual needs to provide relevant current information to be a useful document. The maintenance of a Finance Manual is a significant issue, as it will always be competing with other priorities for an agency. In this regard, it is important that each Agency establishes an appropriate review process to ensure the manual is kept up to date.

The following flowchart illustrates the process for preparation and/or maintenance of a Finance Manual:

Flowchart 1: Preparation/Maintenance of a Finance Manual



USER ACCESS TO A FINANCE MANUAL

All staff within an Agency should be made aware that the Finance Manual provides a single, authoritative statement of Agency accounting policies and procedures. The Manual should be a key reference for new and existing staff, Agency management and persons undertaking internal and external audit activities. Table 1 provides a summary of the various categories of users of the Finance Manual within an Agency.

Table 1 Users of the Agency Finance Manual

User	Main Purpose
Head of Agency	To meet statutory responsibilities imposed under sections 10, 22 and 23 of the Financial Management and Audit Act 1990.
Senior/middle management	As a reference to improve familiarity with financial management policies and procedures, to assist with resolving procedural issues and as an internal control document.
Agency staff	As a basis for understanding of procedures and to assist in the review of procedures.
Internal/External Audit	As an explicit statement of internal control for monitoring compliance with procedures and understanding the financial management systems of an Agency.

CONTENTS GUIDE FOR FINANCE MANUALS

The following section provides a guide to outline a possible structure for a Finance Manual. The structure is meant as a guide only, and an Agency may also include additional sections, if appropriate, or exclude sections that are not appropriate.

1. Introduction
 - 1.1. Purpose, Scope and Format of the Finance Manual
 - 1.2. Definitions
 - 1.3. Control, Maintenance and Update of Manual
2. The Agency
 - 2.1. Overview
 - 2.2. Organisational Structure
 - 2.3. Acts, Regulations, By-Laws.
 - 2.4. Statutory Responsibilities (responsibilities/obligations under relevant legislation and the *Financial Management and Audit Act 1990*)
 - 2.5. Objectives and Policies
3. Financial Management
 - 3.1. Objectives
 - 3.2. Accounting Policies
 - 3.3. Financial Structure
 - 3.4. Financial Systems
 - 3.5. Financial System Controls
 - 3.6. Government Accounting Arrangements
 - 3.7. Internal Audit Policy
 - 3.8. Exemptions from Treasurer's Instructions relating to ongoing financial management activities (if any)
4. Budgeting
 - 4.1. Overview
 - 4.2. Preparation and Collation of Agency Estimates
 - 4.3. Treasury Budget Process – updating the Treasury Budget Management System (BMS)
 - 4.4. Internal Allocation and Advice of Approved Budgets
 - 4.5. Cash Flows
 - 4.6. Monitoring of Budget
 - 4.7. Requests for Additional Funds
 - 4.8. Carry Forwards

- 4.9. Capital Funding
- 5. Delegations
 - 5.1. Authority to Incur Expenditure
 - 5.2. List of Certifying Officers
 - 5.3. Delegations under the *State Service Act 2000*
 - 5.4. Other (type and extent)
- 6. Revenue
 - 6.1. Overview
 - 6.1.1. Types of Revenue
 - 6.1.2. Revenue Collection
 - 6.1.3. Key Controls
 - 6.1.4. EFTPOS
 - 6.1.5. Cheques
 - 6.1.6. Preparation of Receipts
 - 6.1.7. Refunds
 - 6.1.8. Security of Moneys Received
 - 6.1.9. Clearing Account
 - 6.2. Accounts Receivable
 - 6.2.1. Definition and recognition
 - 6.2.2. Terms of Credit
 - 6.2.3. Credit management
 - 6.2.4. Reporting
 - 6.2.5. Debt Management
 - 6.2.6. Inter-Agency Debts
 - 6.2.7. Doubtful Debts
 - 6.2.8. Write-offs
- 7. Purchasing
 - 7.1. Overview
 - 7.2. Purchasing Principles
 - 7.3. Purchase Orders
 - 7.4. Purchasing Delegations
 - 7.5. Commitments Register
 - 7.6. Information Technology
 - 7.7. Tasmanian Government Card
 - 7.8. Tenders
 - 7.9. Complaints Process
- 8. Inventories

- 8.1. Overview
- 8.2. Receipts of Stores/Inventory Rounding
- 8.3. Stock Control
- 8.4. Reimbursement for Losses or Damages
- 8.5. Disposal of Surplus Equipment or Materials
- 8.6. Write-offs
- 9. Asset Management
 - 9.1. Overview
 - 9.2. Definition and Recognition of Assets
 - 9.3. Valuation Basis
 - 9.4. Asset Recognition Threshold
 - 9.5. Revaluation
 - 9.6. Depreciation
 - 9.7. Asset Registers
 - 9.8. Purchase of Assets
 - 9.9. Maintenance and Security
 - 9.10. Disposals/Write-offs
 - 9.11. Impairment
- 10. Expenditure
 - 10.1. Overview
 - 10.2. Types of Expenditure
 - 10.3. Key Controls
 - 10.4. Treasurer's Expenditure Control Authority
 - 10.5. Payment of Accounts
 - 10.5.1. Preparation of Payment Documentation
 - 10.5.2. Examination, Certification and Authorisation of Payment Documentation
 - 10.5.3. Reimbursement of Expenses – Departmental Employees
 - 10.5.4. Duplicate Invoices
 - 10.5.5. Prepaid Expenditure
 - 10.5.6. Tasmanian Government Corporate Card
 - 10.6. Entertainment Expenses
 - 10.7. Advance Accounts
 - 10.8. Petty Cash
- 11. Salaries and Wages
 - 11.1. Overview
 - 11.2. Payroll Distribution Procedures
 - 11.3. Unclaimed Salaries and Wages

11.4. Payroll Reconciliation Procedures

11.5. Transfer of Leave Entitlements

12. Taxation

12.1. Overview

12.2. Fringe Benefits Tax (FBT)

12.2.1. Benefits Subject to FBT

12.2.2. Reportable Fringe Benefits

12.2.3. Annual Return

12.3. Payroll Tax

12.3.1. Payroll Tax Returns

12.3.2. What is Taxable?

12.4. Goods and Services Tax (GST)

12.4.1. Tax Invoices

12.4.2. Remittance and Reporting Obligations

12.5. Pay As You Go (PAYG) system

12.5.1. PAYG instalment system

12.5.2. PAYG withholding system

12.6.

13. Financial Management Information Systems

Where suitable documentation already exists separately for computer based accounting systems, the Manual need only include a general description of the system and contain an appropriate reference to the relevant Procedure Manual. In the absence of such documentation, Procedure Manuals should be written and either incorporated in the Finance Manual or appropriately referenced as above. Interfaces between various systems are to be noted.

14. Bank Accounts

14.1. Overview

14.2. Opening and Closing Accounts

14.3. Bank Account Register

14.4. Signatories to Accounts

14.5. Bank Reconciliation

15. Financial Systems

15.1. Reconciliation of Ledger/s

15.2. Postings to Ledger/s

15.3. Postings to Subsidiary Records

15.4. End of Day Processes

15.5. End of Month Processes

15.6. End of Year Processes

- 15.7. Chart of Accounts
 - 15.7.1. Overview
 - 15.7.2. Role in Reporting (TFRS etc)
 - 15.7.3. Updating the Chart
- 15.8. TFRS Interface Requirements
- 16. Internal Control
 - 16.1. Overview
 - 16.2. Accounting Systems and Internal Control
 - 16.3. Organisational Structure
 - 16.4. Management
 - 16.5. Personnel
 - 16.6. Audit Committee
 - 16.7. Internal Audit
- 17. Fraud Control
 - 17.1. Overview
 - 17.1.1. Definition of Fraud
 - 17.1.2. Statement of Attitude to Fraud
 - 17.2. Fraud Control Plan
 - 17.2.1. Fraud Risk Register
 - 17.2.2. Fraud Control Officer
- 18. Other
 - 18.1. Fees and Charges
 - 18.2. Travel Guidelines
 - 18.3. Motor Vehicle Guidelines
- 19. Forms
- 20. Flowcharts