

**TREASURER'S INSTRUCTION**  
**FINANCIAL MANAGEMENT ACT 2016**  
**MANAGING RECEIPTS, PAYMENTS AND BANK ACCOUNTS**

**COMMENCED**

1 July 2019

**AMENDED**

18 March 2020

**SCOPE**

This Treasurer's Instruction applies to all agencies listed in Column I of Schedule I, Part I in the *Financial Management Act 2016* unless otherwise exempted or provided for under the provisions of the Act.

**APPLICATION**

At all times.

**OBJECTIVE**

To require an Accountable Authority to establish and maintain appropriate cash management and banking policies, procedures, controls and systems to assist with the management of the Agency and with accountability for public monies.

**INSTRUCTION****Managing Receipts**

- 7.1 The Accountable Authority must ensure that invoices are issued promptly for all goods and services supplied and that collection terms do not exceed 30 days.
- 7.2 The Accountable Authority must ensure that outstanding accounts are reviewed on a regular basis and appropriate measures are taken to recover outstanding accounts.

**Managing Payments**

- 7.3 The Accountable Authority must ensure that:
- 7.3.1 the Agency adopts the most appropriate and cost effective method of making payment for goods and services, including inter-agency payments; and

7.3.2 payment of a correctly rendered invoice (unless otherwise required by contractual arrangements) is made in accordance with agreed terms and within 14 days of the Agency receiving the invoice, or if a shorter term has been agreed, within the shorter term.

### **Penalty Interest**

7.4 Where an outstanding correctly rendered invoice of more than \$1 000 is not paid in accordance with paragraph 7.3.2, the Agency must, in addition to the amount of the invoice, pay penalty interest to the supplier.

7.5 The penalty interest to be paid is the greater of \$50, or an amount calculated on a daily basis from the date for due payment of the correctly rendered invoice, until the date of payment of the invoice, applying the small business “overdraft” rate published by the Reserve Bank of Australia in its Indicator Lending Rates series.

7.6 Where a contract prescribes a rate of interest payable for overdue payments, the amount of penalty/interest payable is to be either that specified above or that outlined in the pre-existing contract conditions, whichever is the greater.

7.7 The Accountable Authority must ensure that the Agency’s policy on the timing of making penalty interest payments is made publicly available to suppliers.

### **Bank Accounts**

7.8 Section 13 of the Act provides that the Treasurer may approve the opening of an authorised deposit-taking institution account and determine any terms and conditions on that account.

7.9 The Accountable Authority must seek the prior written approval of the Secretary of the Department of Treasury and Finance for the opening of an authorised deposit-taking institution account and to determine the terms and conditions on the account.

7.10 The Accountable Authority must ensure that all Agency bank accounts are reconciled with appropriate Agency records at least monthly and within 10 working days of the end of the month.

7.11 An Agency bank account must not be closed by an Accountable Authority until all transactions on that account have been completed. Any balance standing to the credit of the bank account at the time it is closed must be transferred to another Agency bank account in the Public Account.

7.12 Accountable Authorities must comply with the requirements of the *Australian Financial Transaction Reports Act 1988*.

## **Treasurer's Authority for Bank Accounts**

7.13 The Treasurer has delegated the authority to approve the opening of authorised deposit-taking institution accounts and to determine any terms and conditions on those accounts to the Secretary of the Department of Treasury and Finance.

## **ADDITIONAL GUIDANCE**

Further information in support of this Treasurer's Instruction can be found in the *Financial Management - Better Practice Guidelines*.