



Government of South Australia
Attorney-General's Department

Attorney-General's Department

FINANCIAL AUTHORISATIONS Policy

Policy 8

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Document Control Sheet

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1. Purpose

1.1. The purpose of this policy is to provide guidance on the authorisation methods to be adopted by the Attorney-General's Department (AGD) prior to any of the following transactions taking place:

- Incurring of expenditure through contractual arrangements, including purchases;
- Entering into an agreement with the potential to incur expenditure; and
- Making a payment or disbursement.

2. Scope

2.1. This policy applies to all business units of the AGD.

2.2. It is a responsibility of the Chief Executive (as per Treasurer's Instruction 8 *Financial Authorisations* (TI8)) to ensure that a proper register of financial authorisations is established and that it is operating effectively. The register of financial authorisations should identify staff or positions within the department who are authorised to act on behalf of the Chief Executive in relation to financial authorities, together with the limits of their authority.

2.3. Generally payment authority should only be exercised when the payment is within the authorised officer's responsible cost centre. However, there may be exceptional circumstances where officers that provide a corporate purchasing or procurement service may cross charge costs to other business units.

2.4. Payment authority does not allow an authorised officer to authorise payment belonging to a cost centre administered by another business unit/agency.

3. Definitions

3.1. 'Contract' refers to an arrangement, including for the purchase of goods or services, whereby a public authority commits to or incurs expenditure, or where there is a potential for expenditure to be incurred, where the terms and conditions are contained in a document signed by the contracting parties, documents such as a purchase order or an exchange of letters, or terms and conditions are agreed in a oral exchange, but does not include an employment contract pursuant to the *Public Sector Management Act*, or the authority's enabling legislation:

3.1.1. Where it is intended to contract for goods or services to be supplied by a panel of providers, for the purpose of this policy in determining the approvals required the potential total value of services that may be acquired is the contract consideration.

3.1.2. Where it is intended to enter into a 'head agreement' or similar, with specific agreements to be entered into by individual public authorities under the head agreement, for the purpose of this policy, the potential total value of goods or services that may be acquired by public authorities under the head agreement is the contract consideration for that contract.

3.2. 'Employee' has the same meaning as defined in Treasurer's Instruction 1 *Interpretation and Application* paragraph 1.6.3.

3.3. 'Financial authorisation' means the approval given by Cabinet, a Minister, a governing authority, Chief Executive or nominated employee for a public authority to make a commitment (verbal or written) to incur expenditure through the purchase of goods and/or services (except where purchases are made on a government purchase card). Also relates to the approval to make a payment or

disbursement, including direct debit, or taking up of a supplier's credit note, up to a specified monetary limit.

- 3.4. 'Authorisation to raise invoices' relates to the approval to recognise revenue when money is owed to the Department for the sale of goods and/or services to a customer. Also relates to the approval to raise adjustment (credit) notes where the initial invoice was raised in error. For bad debt write-offs, separate authorisations exist. This authorisation does not have a monetary limit.
- 3.5. 'Incurs expenditure' refers to a dealing that results, or will result, in an obligation on the public authority, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Economic benefits can take various forms such as the payment of cash, transfer of assets, provision of services, and replacement of an obligation with another obligation or the conversion of the obligation of equity.
- 3.6. 'Basware' is the on-line business application administered by Shared Services SA, used to certify and approve invoices for payment within the 'Invoice Processing Module', and the creation and workflow of purchase requisitions, the generation of purchase orders, and electronic receipting of goods and services within the 'Purchase Management Module'.
- 3.7. Any reference to a monetary sum is inclusive of GST.

4. Principles

- 4.1. Approval to incur expenditure, enter into an agreement with the potential to incur expenditure or make a payment or disbursement, up to limits specified in T18 clause 8.11.1 (in respect of contracts) and clauses 8.16.1.1 and 8.16.1.2 (in respect of payments and disbursements) must be delegated by the Chief Executive to an officer of the AGD.
- 4.2. Approvals for the purchase of land where the expenditure exceeds \$4,400,000 and the approvals for an office accommodation project (various amounts) are specified in T18 clause 8.13.1 and 8.13.2 respectively.
- 4.2. The Chief Executive will determine the limit of financial authority for each officer.
- 4.3. All staff, to which authority to make any approvals detailed in paragraph 4.1, must receive notification that authority has been duly delegated. Pursuant to TI 8, this notification must:
- Be in writing;
 - Specify the employee or the position;
 - Specify the monetary limit and any other relevant terms and conditions such as the type of contract or purchase for which the contract authorisation may be provided; and
 - Specify that financial authority ceases upon the employee ceasing employment or materially changing duties, or in relation to a position, a material change in the nature of duties assigned to that particular position.
- 4.3. It is the responsibility of business units to promptly advise Financial Services of any changes to staff whose position has a financial authorisation.
- 4.4. It is the responsibility of Financial Services to maintain the financial authorisations register. The register of financial authorisations shall contain the following information for each officer or position with approved financial authority:
- The position title and/or occupant's name;
 - The approved financial delegation limit of the position holder;

- The type of delegation approved. This includes:
 - financial authorisation; and
 - with respect to purchase cards specify the transaction and monthly limit which applies to the use of the card.
 - Any other relevant terms and conditions, eg special delegations
 - All Basware access is to be updated to reflect the approved financial authorisations schedules.
- 4.6 An officer temporarily appointed to a position may exercise all the financial authorities of that position, pursuant to clause 8.8.3 of TI 8. Financial Services is to ensure that officers given temporary financial authorisations have their Basware access updated to reflect the temporary arrangements.
- 4.7 Generally the authority to commit, incur or approve expenditure shall be exercised only in respect to those areas and accounts for which the officer is responsible and for purposes for which the funds were allocated.
- 4.8 In exercising financial authority, the delegated officer must:
- Verify that the expenditure is in accordance with the goods and services received;
 - Ensure that the transaction is within their budget or other budget restrictions that may apply;
 - Not exceed their limit of financial authority; and
 - Exercise their delegated authority within the AGD approved policies and procedures regarding procurement.
- 4.9 A delegated officer must not approve reimbursement or payment for purchases of good or services intended for their personal use or consumption even if the costs are incurred in the normal course of duty and are within their delegated authority.
- 4.10 Application for financial authority or amendment to existing authority:
- Complete a "Request for Financial and/or Purchase Card Authority" form (available from the Finance templates on Microsoft Word or from Financial Services - also refer to APPENDIX A).
 - The form must be signed by the applicant, the immediate line manager and the relevant Executive Director before being forwarded to Financial Services for certification.
 - Financial Services will check any existing authorisation and arrange for Chief Executive approval.
 - Financial Services will update the Financial Authorisation schedules once approval has been obtained and advise the applicant.
 - Financial Services will provide appropriate information to Shared Services SA to enable the update of the delegate's access to Basware and advise the applicant once updated.

5. Operations

- 5.1. To ensure appropriate payment, invoices shall be verified by an independent officer to ensure that sufficient authorisation has been attained prior to payment. Reference should be made to the financial authorisations register as required.

- 5.2. Only those staff with authorised delegations are permitted to approve invoices for payment, incur expenditure or enter into a contractual agreement within the limits of their specific authorisation.
- 5.3. The financial authorisations register should be updated regularly and must be reviewed at least annually.
- 5.4. A delegated officer must not approve the reimbursement or purchase of goods or services intended for their personal consumption even if the costs are incurred in the normal course of duty and are within their delegated authority.
- 5.5. Staff who have 'super-delegate' access within Basware must ensure that documentation is attached with invoices for the proper approval of the payment before approving in Basware.


6. Responsibilities

- 6.1. Pursuant to Treasurer's Instruction 2, the Chief Executive of each agency has ultimate responsibility for ensuring that this policy is adhered to by staff.
- 6.2. Business units that have any queries in relation to this policy should contact their FS Financial Consultant in the first instance, or alternatively, the Department's Senior Financial Accounting Consultant for specific matters.

7. References

Treasurer's Instruction 8

8. Endorsement


Executive Director
Finance, People & Performance
Attorney-General's Department