



**Government
of South Australia**

TRS20D0045

Hon Stephen Mullighan MP
Member for Lee
Unit 1, 62 Semaphore Road
SEMAPHORE SA 5019

Treasurer
Level 8
State Administration Centre
200 Victoria Square
Adelaide SA 5000
GPO Box 2264
Adelaide SA 5001
DX 56203 Victoria Square
Tel 08 8226 1866
treasurer.dtf@sa.gov.au

lee@parliament.sa.gov.au


Dear Mr Mullighan

APPLICATION UNDER THE *FREEDOM OF INFORMATION ACT 1991*

I refer to your application made under the *Freedom of Information Act 1991* (FOI Act), dated 3 January 2020.

Your application seeks access to:

"All minutes, briefings and correspondence titled 'Breach of Section 16 (3) of the Public Finance and Audit Act 1987' as described on the Objective document management system, between 17 July 2019 and 3 January 2020."

The legislative prescribed timeframe to determine this application has expired and is now deemed to have refused you access to all documents relevant to your application. I refer to my letter dated 22 January 2020 where I sought additional time to make my determination.

The purpose of this letter is to advise you of my determination. An extensive search was conducted within this office. A total of 1 document was identified as answering the terms of your application.

I grant you access in full to 1 document; a copy of which is enclosed.

Please note, in compliance with Premier and Cabinet Circular PC045 - *Disclosure Logs for Non-Personal Information Released through Freedom of Information* (PC045), the Department of Treasury and Finance is now required to publish a log of all non-personal information released under the *Freedom of Information Act 1991*.

In accordance with this Circular, any non-personal information determined for release as part of this application, may be published on the DTF website. A copy of PC045 can be found at the following address: <https://dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars>. Please visit the website for further information.

As I am determining this application as Principal Officer, Section 29(6) of the Act does not provide for an internal review. If you are dissatisfied with my determination you are entitled to exercise your rights of external review with the Ombudsman.

Alternatively, you can apply to the South Australian Civil and Administrative Tribunal. If you wish to seek a review, Section 39(3) of the Act states you must do so within 30 calendar days of receiving the determination.

If you require any further information, please contact Vicky Cathro on 8226 9769.

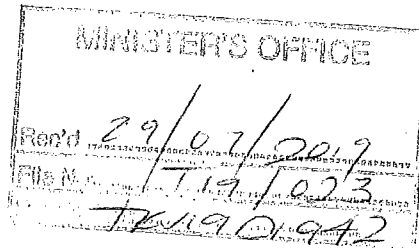
Yours sincerely

A handwritten signature in black ink that reads "Rob Lucas". The signature is written in a cursive style.

Hon Rob Lucas MLC
Principal Officer

29 February 2020

MINUTE



MINUTES forming ENCLOSURE

File SAF19/1095

Doc No A1208736

To The Treasurer

BREACH OF SECTION 16(3) OF THE PUBLIC FINANCE AND AUDIT ACT 1987

Timing: ROUTINE — for information only

Recommendations/Issues: It is recommended that you:

- Note there was an unintended breach of Section 16(3) of the *Public Finance and Audit Act 1987* (PFA Act) on the 4 July 2019 when the Treasurer's bank account with the Commonwealth Bank of Australia (CBA) was overdrawn by \$56 million which is above the current prescribed limit of \$50 million;
- Note the overdraft was a result of two different issues, one of human error and the other a system issue and the breach was rectified the follow day;
- Note that SAFA has not been able to identify a breach of section 16 (3) of the PFA Act for the past 10 years;
- Note there are no consequences or penalties for the breach; and
- Note options to minimise the possibility of this breach occurring in the future will be investigated by SAFA.

1. Advise of any changes that might be made to prevent further breaches
2. I assume SAFA advise AG Staff of breach

Noted

Hon Rob Lucas MLC
Treasurer

30/7/19

Key Points:

- SAFA is responsible for the cash management of the Treasurer's bank account with the CBA, which includes a number of bank accounts collectively referred to by DTF as the Treasurer's Offset Group.

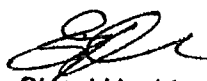
- On 4 July 2019, the Treasurer's bank account with the CBA was overdrawn by \$55,906,314.02.
- This is an unintended breach of clause 16(3) of the PFA Act, which states that the Treasurer must not borrow money by way of overdraft in excess of the limit prescribed for that purpose by an annual Appropriation Act or a Supply Act.
- *Appropriation Act 2018, 8 - Overdraft limit states the overdraft limit for the purposes of section 16(3) of the PFA Act 1987 is \$50 million.*
- The reason for the account being overdrawn was the result of two different issues. Each incident by its own would not have caused the breach but collectively they did cause the breach.
- CBA has a live bank account balance feature that failed to update when a South Australian Housing Trust (SAHT) withdrawal of \$624 million was processed and the CBA balance which was supposed to be real time and reflect the true balance was incorrect by this amount. CBA are looking into their system issues. This issue resulted in the amount of funds in the Treasurer's bank account overnight being very low and at risk of overdraft.
- Shared Services SA also processed a large withdrawal for \$158 million overnight and while SAFA was made aware of the transaction, the payment was bought forward by a day without SAFA being advised of the date change. This was a human error on behalf of the Shared Services accounts payable processing team. This transaction along with a low balance being left in the offset as a result of the SAHT withdrawal and CBA's system failure resulted in the overdraft.
- SAFA has not been able to identify a breach of section 16 (3) of the PFA Act for at least 10 years and has been investigating over the past few weeks interpretation of this clause of the PFA Act and the required action in response to the breach.
- The Chief Executive was advised on 5 July 2019 and it has been determined that it is appropriate that you be also advised of the breach.
- SAFA rectified the breach on the following day bringing the Treasurer's bank account back to a normal operating position.
- Further investigation will be undertaken by SAFA to identify any possible controls that could be put in place to minimise the risk of an event like occurring in the future.



Kevin Cantley
GENERAL MANAGER, SAFA

28 July 2019

Contact Officer:	Trisca Price
Telephone:	69412
Email address:	trisca.price@sa.gov.au

Supported / Not Supported

A/ Stuart Hocking
DEPUTY CHIEF EXECUTIVE
Department of Treasury and Finance
Date: 29/7/19