

## TREASURER'S INSTRUCTION 6

### DEPOSIT ACCOUNTS AND BANKING

Reissued: 14 January 2011

Effective: 19 June 2006

#### Scope

6.1 This instruction applies to all public authorities unless otherwise stated.

#### Objective

6.2 To outline policies and procedures for the establishment and operation of deposit accounts and special deposit accounts with the Treasurer and bank accounts generally.

#### Interpretation and Definitions

6.3 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

6.4 For the purposes of this instruction:

6.4.1 "ADI" refers to an authorised deposit-taking institution, which is a body corporate having an authority under the Commonwealth *Banking Act 1959* to carry on banking business in Australia.

6.4.2 "Special deposit account" refers to special deposit accounts created pursuant to section 8 of the *Public Finance and Audit Act 1987*.

6.4.3 "Deposit account" refers to accounts created pursuant to section 21 of the *Public Finance and Audit Act 1987*.

6.4.4 "Bank account" refers to an account established with an ADI for taking money on deposit.

6.4.5 "Approved purpose" in respect of a special deposit account and a deposit account means the purpose approved by the Treasurer pursuant to sections 8 and 21 of the *Public Finance and Audit Act, 1987* respectively.

#### Instruction

##### *Deposit Accounts*

6.5 A special deposit account or deposit account may not be opened in respect of a public authority without the approval of the Treasurer. That approval shall be sought by the Chief Executive, or by an officer to whom the Chief

Executive has delegated authority to seek such approval, by lodging an appropriate request with the Under Treasurer.

- 6.6 Where a public authority which is an administrative unit has been authorised to record its financial activities through a special deposit account, that account shall be credited with:
- 6.6.1 all amounts appropriated by Parliament for the purposes of the administrative unit and which are paid to the administrative unit from the Consolidated Account from time to time;
  - 6.6.2 special purpose grants paid by the Commonwealth, where the Treasurer has directed that those grants shall be credited to that special deposit account. Where no such direction is given by the Treasurer, special purpose grants shall be credited to the Consolidated Account;
  - 6.6.3 any other revenues which are deemed to be controlled by the administrative unit and which are not required by the Treasurer to be credited to some other account.
- 6.7 Each Chief Executive shall ensure that at no time are any special deposit accounts and deposit accounts overdrawn. Where a special deposit account or deposit account is or will become overdrawn, the matter must be rectified immediately.
- 6.8 Each Chief Executive shall ensure that special deposit accounts and deposit accounts are only operated in accordance with each account's approved purpose, and any terms and conditions determined by the Treasurer, pursuant to sections 8 and 21 of the *Public Finance and Audit Act 1987* respectively. The Chief Executive of the public authority concerned will ensure that appropriate policies and procedures are established to ensure that the relevant special deposit account or deposit account is operated in compliance with the approved purpose and any terms and conditions.

### *Banking*

- 6.9 No bank account may be opened by a public authority that is an administrative unit without first obtaining the approval of the Treasurer or a person who is delegated by the Treasurer to give such approval. That approval shall be sought by the Chief Executive, or by an officer to whom the Chief Executive has delegated authority to seek such approval, by lodging an appropriate request with the Under Treasurer. Public authorities that are not administrative units must notify the Under Treasurer that they have opened a bank account within seven days of opening the account.
- 6.10 All Australian Dollar bank accounts operated by a public authority are to be maintained with an ADI. Where any bank account is to be operated in another country by a public authority it is to be maintained with an ADI authorised to carry on banking business in that country or an internationally recognised financial institution that is authorised to carry on banking business in that country and is otherwise regulated by a central bank or other supervisory or prudential authority of that country or its own country of origin.

### *Authorities to Operate Bank Accounts*

- 6.11 A public authority will ensure that appropriate policies and procedures are established to ensure that its operations are conducted in compliance with the *Financial Transactions Reports Act 1988*.

### *Closing of Bank Accounts*

- 6.12 The Treasurer may direct the Chief Executive of a public authority that is an administrative unit to close any bank account maintained by that authority and to transfer any balance remaining to the credit of that account to an account at a financial institution specified by the Treasurer.
- 6.13 A public authority's bank account shall not be closed until all transactions on that account have been completed and all cheques drawn against that account have been cleared and debited to that account.

### *Bank Fees*

- 6.14 Any bank fees (including any duties and taxes) must be paid from each public authority's funds and not deducted from receipts prior to crediting those receipts into the bank account.

### *Whole of Government Banking Services*

- 6.15 Where a whole of government agreement requires an administrative unit to comply with the terms of any agreement entered into by the SA Government for the provision of whole of government banking services, that administrative unit will establish appropriate policies and procedures to ensure that its operations are conducted in compliance with the terms of that agreement for the provision of whole of government banking services.
- 6.16 Where a whole of government agreement requires a public authority that is not an administrative unit to comply with the terms of any agreement entered into by the SA Government for the provision of whole of government banking services, that public authority will establish appropriate policies and procedures to ensure that its operations are conducted in compliance with the terms of that agreement for the provision of whole of government banking services.

### *Reconciliations*

- 6.17 For public authorities that record transactions in deposit accounts, special deposit accounts and/or Consolidated Account, each transaction in the bank account of which these items are a component must relate to a transaction in either a special deposit account, a deposit account or Consolidated Account.
- 6.18 Each Chief Executive shall ensure a monthly reconciliation is performed for all bank accounts operated by the public authority at the end of each month. The Chief Executive shall ensure that the reconciliation is checked by an appropriate officer, who is not the preparing officer.
- 6.19 Public authorities that record transactions in deposit accounts, special deposit accounts and/or Consolidated Account must identify the general ledger

balances for each deposit account, special deposit account and Consolidated Account item which should reconcile to the balance in the public authority's bank account(s) at each month end.

- 6.20 For bank accounts that are not entirely made up of a single special deposit or deposit account, the public authority must provide the Department of Treasury and Finance, within 10 working days of the end of every month, a copy of the reconciliation referred to in clause 6.19.

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