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1. Policy Statement

Cash management practices are established to ensure efficient utilisation of cash in a manner consistent with SA Health’s overall strategic goals.

This policy directive prescribes how bank accounts will be managed and monitored within SA Health in accordance with the Whole of Government *Transactional Banking Contract*. This policy directive ensures compliance with Treasurer’s Instruction (TI) 2 *Financial Management*, TI 6 *Deposits Accounts and Banking* and the *Public Finance and Audit Act 1987*.

2. Roles and Responsibilities

2.1. SA Health Staff

All SA Health staff involved in establishing, operating, maintaining and reconciling bank accounts must:

> direct requests to open a new bank account or close an existing account to Corporate Support, Corporate Finance Services, and

> ensure compliance with any requirements and official protocols (including forms and supporting documentation) given by the ADI, will be completed correctly and in a timely manner.

2.2. Corporate Support, Finance, Department for Health and Ageing

The SA Health Corporate Support team is responsible for:

> complying with Whole of Government *Transactional Banking Contract*

> obtaining the approval from the Chief Executive (CE), or delegate, to request the Treasurer to open a new bank account

> ensuring that bank accounts are only operated in accordance with the approved purpose, and any terms and conditions, as determined by the Treasurer

> maintaining bank accounts with an approved Authorised Deposit-taking Institution (ADI) incorporated pursuant to the *Commonwealth Banking Act 1959*

> ensuring a bank account has not been overdrawn

> closing a bank account if directed to do so by the Treasurer

> communicating to LHN/SAAS Site Finance teams, Financial Accounting and Shared Services SA (SSSA) of confirmation of bank account opening or closure, and

> managing records of bank accounts, signatories, and providing these to the Director, Corporate Finance Services, on request.

2.3. Financial Controls, Finance, Department for Health and Ageing

Financial Controls is responsible for ensuring:

> all components of the SA Health Operating Accounts reconcile and timely action is being taken to resolve all reconciling items
the monthly reconciliation has been checked by an officer who is independent from the preparing officer, and includes a final review by the Manager, Financial Controls, and the correct payment of bank fees (including duties and taxes).

2.4. Shared Services SA

Shared Services SA is responsible for:

> providing information to SA Health, particularly in relation to Accounts Payable and Accounts Receivable, to enable them to complete the bank reconciliations, and

> notifying Corporate Support when there are changes to SSSA signatories, and supplying the appropriate paperwork to Corporate Support to submit to the Authorised Deposit-taking Institutions (ADI).

3. Policy Requirements

Bank accounts must be managed effectively and comply with the Treasurer’s instructions to ensure appropriate controls exist with respect to the opening, closing and monitoring of bank accounts.

The monitoring of bank accounts and cash balances occurs to ensure that appropriate levels of liquidity exist in the system, and any adverse issues can be addressed in a timely manner to prevent any breaches of Treasurer’s Instructions.

3.1. Opening a new bank account

The Whole of Government Banking Transactional Banking Contract mandates the use of a nominated ADI; SA Health must not deviate from this mandate.

The approval of the Treasurer (or delegate) must be obtained prior to the opening of a new SA Health bank account. In the first instance, all requests to open a new bank account must be directed to Corporate Support. Corporate Support will complete all relevant ADI documentation on behalf of the business unit. Approval is obtained from the Chief Finance Officer (CFO), who has been sub-delegated this authority from the Chief Executive, SA Health. Once approved by the CFO, the request is sent to Treasury in accordance with TI 6 Deposit Accounts and Banking.

LHN/SAAS Business Finance Teams, Financial Accounting and SSSA will be kept informed throughout the process and will be notified when the bank account has been established.

Corporate Support will maintain and update a record of signatories, bank accounts and all account opening application records.

3.2. Authority to operate bank accounts

In accordance with TI 6 Deposit Accounts and Banking and the Public Finance and Audit Act 1987, s8 special deposit accounts and s21 deposit accounts must be operated to align with the approved purpose of the account. Money payable to the crown in relation to an approved purpose must, at the direction of the Treasurer, be credited to a special deposit account for that purpose.

Under the Whole of Government Banking Transactional Banking Contract, the Corporate Support team will provide the ADI with the names and specimen signatures of authorised personnel within SA Health. Corporate Support will immediately notify the ADI if there is any change to the list of authorised personnel.
All change requests for a signatory to be added to the list of authorised personnel must be lodged via Corporate Support, who will submit the requests to the Chief Executive (or delegate) for authorisation. Signatories and related supporting documentation will be maintained by Corporate Support.

3.2.1. Changes to Signatories on bank accounts
Where any changes to signatories are required on behalf of SA Health, Corporate Support will complete the pertinent ADI forms and comply with all ADI requirements.
Where there are any changes to signatories in SSSA, they must advise Corporate Support and provide all supporting documentation to Corporate Support for forwarding to the ADI.

3.3. Monitoring the operating bank account
Funding arrangements are on an as needed basis for the business units, and therefore daily monitoring of bank balances is required. All bank account balances will be monitored daily by the Department of Treasury and Finance (DTF) Reporting Team. Projected or actual overdrafts identified are to be advised immediately to the Director, Corporate Finance Services and the Manager, Corporate Support for investigation and remediation. For further information, refer to the Cash Management Procedure.

3.4. Closing of bank accounts
Any request to close a bank account must be directed to Corporate Support, who will complete the relevant ADI documents and ensure approval is received from the CFO; the delegated officer. Once approved, Corporate Support will action the closure of the bank account with the ADI. LHN/SAAS Business Finance Teams, Financial Accounting and SSSA must be notified of the intention to close a bank account, and must be informed throughout the process.

The Treasurer may direct the CE to close any bank account maintained by SA Health, and to transfer any balance remaining to an account at an ADI specified by the Treasurer.

A SA Health bank account will not be closed until all transactions on that account have been completed, and all cheques drawn against that account have been cleared and debited.

Corporate Support will maintain and update all account closing application records.

3.5. Control of SA Health operating bank accounts

3.5.1. Bank Reconciliation
A reconciliation of the bank account balance to the general ledger balance must be undertaken monthly. Finance staff, upon receipt of the daily (and monthly) bank reconciliations, will check that the bank account has not been overdrawn.

The monthly reconciliation will be checked by an officer who is independent from the preparing officer and any variances or unreconciled items are identified, these will be actioned and resolved in a timely manner.

3.5.2. Fees
Bank fees (including any duties and taxes) must be paid from the relevant public authority’s main account, and not deducted from receipts prior to crediting those receipts into the bank account.
4. Implementation and Monitoring

Compliance with this policy directive will occur when there are no bank accounts established without the knowledge of Corporate Support or any adverse comments and/or qualification from the Auditor General, and the requirements of TI 6 are met. Failure to exercise appropriate control mechanisms increases the risk of theft, fraud, or an inability to pay employees or suppliers when required.

5. National Safety and Quality Health Services Standards

N/A

6. Definitions

In the context of this document:

> **Authorised Deposit-taking Institution** (ADI) is a body corporate having an authority under the *Commonwealth Banking Act 1959* to carrying on banking business in Australia.

> **business unit** describes the operational units located within the Local Health Networks, SA Ambulance Service and the Department for Health and Ageing. Business Units may be used to describe an individual hospital within a LHN (eg RAH) as well as a Division within the department (eg eHealth) or clinical area within a LHN (eg cardiology).

> **SA Health** is the corporate identity used for the Department for Health and Ageing, all Local Health Networks and the SA Ambulance Service.

7. Associated Policy Directive/Policy Guidelines and Resources

> Cash Management Policy Directive
> Cash Management Procedures
> *Commonwealth’s Banking Act 1959*
> *Public Finance and Audit Act 1987*
> *Treasurer’s Instruction 2 Financial Management*
> *Treasurer’s Instruction 6 Deposit Accounts and Banking*

8. Document Ownership and History

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