

**Relevant clauses to consider in approving requests for payment under the CHESSE Memorandum of Arrangement**

Subsection 945(3) provides that the Minister may approve in writing, in relation to payments to be made out of development accounts, purposes that are permitted purposes when the approval is given.

The Attorney-General has approved the release of up to \$35m from SIDA in accordance the CHESSE Memorandum of Arrangement (MOA) between the ASX and the Department relating to supervision of the project: copy of MOA attached. In a letter of 9 June 1992 to Mr Coppel the Attorney-General advised the ASX of his approval of SIDA funding on this basis. Under clause 9.2 of the MOA payments from SIDA are subject to the Department's written approval.

In seeking approval for payment the relevant clauses of the MOA to consider are clauses 5, 7 and 8 of the MOA. Clause 5 provides for the lodgment of a report and requests for payment approval on a quarterly basis. Clause 5.2 details what is to be contained in the report. Clause 5.2.1 requires a comparison of actual expenditure with budgeted expenditure for the relevant period. Clause 5.2.2 requires a comparison of actual tasks and items completed or partially completed compared with budgeted tasks and items to be completed or partially completed during the period. Clause 5.2.3 requires the ASX to report on whether the anticipated total actual expenditure for the project will exceed total budgeted expenditure. Clause 5.2.3 requires a report on the implementation of the project in accordance with the budgeted time frame. When the CHESSE Budget and Work Plan was submitted for approval it included a proposed report layout for seeking approvals for payment from the Department under clause 5.1. The reports submitted largely follow that layout.

Clause 7 requires requests for approval to be supported by an auditor's certificate.

Under Clause 8.2 payment requests must be accompanied by a technology report. Clause 8.3 details the contents of the technology report.

Under clause 12.1 the ASX are to provide copies of reports to the Australian Securities Commission (ASC). The Department must take into account the views of the ASC in relation to the project: clause 12.2.

These requirements serve to ensure satisfactory progress in the implementation of the CHESSE project against specific indicators, to signal well in advance any significant cost overruns before any expenditure is incurred, to substantiate expenditure and indirectly to ensure that accounting and management controls are utilised throughout the project.

Clause 9.1 requires the Department to expeditiously process payment approval requests. Under clause 9.3 if actual expenditure on any item exceeds the budgeted expenditure the Department may still authorise payment having regard to the latest estimated cost of the project.

