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FMCS RMG 214 Upgrade Guide

November 2016

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INTRODUCTION

This document is intended to assist FMCS System Administrators with the implementation and configuration of Version 4.3 of the FMCS which is specifically designed to meet the requirements of [Resource Management Guide 214](#) (RMG 214).

Torque Software will contact FMCS clients to agree a suitable time to upgrade to Version 4.3. Cloud based clients will be upgraded by Torque Software. Internally hosted clients will be provided a downloadable installation package.

If you have any questions or comments, please contact Torque Software at support@torquesoftware.com.au or call on 1300 795 581.

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RESOURCE MANAGEMENT GUIDE 214

Resource Management Guide 214 has now been released by The Department of Finance. RMG 214 applies from 1st July 2015 and includes changes to how non-compliance is reported. In response to RMG 214, Torque Software has enhanced the FMCS to further assist agencies with their requirement to;

- establish and maintain an appropriate system of risk oversight and management, including implementing measures directed at ensuring officials of the entity comply with the finance law.

- develop and implement appropriate processes to review the entity's compliance with the finance law and ensure instances of significant non-compliance are notified to the responsible Minister in accordance with paragraph 19(1)(e) of the PGPA Act.

In particular, the FMCS has been modified to assist with the requirement to report significant non-compliance to the Finance Minister and the responsible Minister, and also to include significant non-compliance in the Commonwealth entity's annual report.

The modifications are based on the following recommendations in RMG 214 for identifying significant non-compliance:

- failure to comply with the duties of accountable authorities (sections 15 to 19 of the PGPA Act);

- serious breaches of the general duties of officials (sections 25 to 29 of the PGPA Act);

- significant fraudulent activity by officials;

- systemic issues reflecting internal control failings

- high volume instances of non-compliance

- non-compliance issues that are likely to impact on the entity's financial sustainability.

SUMMARY OF CHANGES

A summary of the most significant changes to the FMCS as a result of the introduction of RMG 214 appears below. For more detailed information, see section RMG 214 ENHANCEMENTS.

New Breach Outcome Lookup Values

Two new Breach Outcome lookup values have been added. These are now used instead of the previous breach outcomes (that were related to Compliance Report - Appendix A).

- Non-Compliance – Significant
- Non-Compliance – Not Significant

New Breach Finalisation Processing

When finalising a breach, the breach outcome is defaulted to Non-Compliance - Not Significant or Non-Compliance -Significant, depending on the default configuration set by the administrator and may be edited when finalising.

Indicating that no breach has occurred has also been made simpler.

New Reports

Three new reports have been created:

- **Significant Non-Compliance Report** returns all breaches with a reportable (Significant) outcome;
- **Requirement Report** groups and counts breaches by the requirement breached;
- **Committer Report** groups and counts breaches by the person who committed the breach.

Breach Category/Question Settings

Questions relating to PGPA Act Sections 15 - 19 have had Breach Outcome set to "Non-Compliance – Significant". All other questions have had Breach Outcome set to "Non-Compliance – Not Significant".

See Important Consideration section below regarding this change.

Breach Outcomes

All finalised breaches with a committed date on or after 1st July 2015 have had the Breach Outcome changed as follows:

- Breaches of PGPA Act Sections 15 - 19 have had Breach Outcome set to "Non-Compliance – Significant";
- All other breaches have had Breach Outcome set to "Non-Compliance – Not Significant".

See IMPORTANT CONSIDERATION section below regarding this change.

IMPORTANT CONSIDERATION

While in most cases there will be little action required by System Administrators to implement Version 4.3, it is important FMCS System Administrators read and understand the changes made to the FMCS and how to configure the FMCS for RMG 214.

Particular attention is drawn to the following sections:

- Breach Outcome in Existing Finalised Breaches; and
- Breach Outcome in Breach Category/Question Settings.

Torque Software believe these updates are in the best interest of users of the FMCS.

Appendix A: Non-compliance Schedule Report

The Appendix A: Non-compliance Schedule report has been modified to prevent it being run for reporting periods after the 2014-15 financial year.

New Significant Reasons

A new setting has been included to allow entry of reasons why a breach is considered Significant Non-Compliance.

Miscellaneous Changes

The Circumstances field has now been renamed "Administrative Comments".

The Breaches Reported section in submitted breaches has been removed.

RMG 214 ENHANCEMENTS

Breach Finalisation Changes

The way breaches are finalised has been changed. The Breach Outcome of the submitted breach is now modifiable by System Administrators. When finalising a breach, you will now see a new section in the submitted breach like this.

Note: Usually only one Requirement Breached would display. In this example a number have been included for demonstration purposes.

The Breach Outcome is defaulted based on the Outcome – System Default value for each of the requirements breached. If any of these are Non-Compliance - Significant, the Breach Outcome will default to Non-Compliance - Significant.
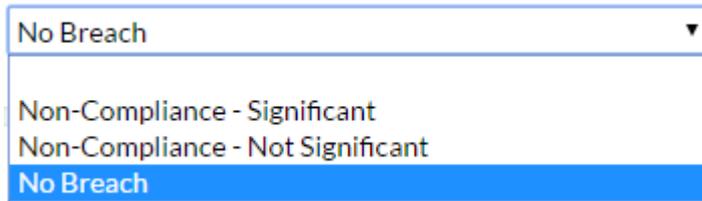
You may indicate the breach is significant by selecting one or more significant non-compliance reasons from the list. If any of these are selected, they will also set the Breach Outcome to Non-Compliance – Significant.

You may also override the Breach Outcome by selecting an Outcome from the lookup list. If you change the Breach Outcome you will be warned to include the reason why the Breach Outcome was changed in the Administrator Comments field.

If you have made changes to the submitted breach when finalising, you should select the Refresh button to ensure the list of Requirements Breached are up to date.

Note: Requirements breached with a reportable Outcome (i.e. Non-Compliance – Significant) will appear in the Significant Non-Compliance Report.

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To indicate no breach has occurred, simply select No Breach in the Breach Outcome lookup list.

Breach Outcome in Existing Finalised Breaches

The breach outcome of all existing finalised breaches with a Committed Date on or after 1st July 2015 have also been changed as follows:

- Breaches of Sections 15 – 19 of the PGPA Act have been changed to have an Outcome of "Non-Compliance – Significant";

- All other breaches have been changed to have an Outcome of "Non-Compliance – Not Significant".

You MAY need to make changes to existing finalised breaches committed on or after 1st July 2015.

Depending on how your instance of the FMCS was configured, the upgrade may not have been able to set the outcome of breaches of Sections 15 – 19 of the PGPA Act to "Non-Compliance – Significant". You should review any significant breaches with a Committed Date on or after 1st July 2015 and ensure the outcome has been correctly set to "Non-Compliance – Significant".

Also, if you are aware of any finalised breaches that should not have their outcome changed in this way, you should unlock the breach and change the outcome as required.

New Reports

Three new reports have been created;

- Significant Non-Compliance Report,
- Requirement Report, and
- Committer Report.

The new reports can be found by going to Reports > Breach and opening the Report By drop-down list.

REPORTS

Run administrative reports here.

Breach	Forward Year Commitment	Entertainment

Report By

Breach Detail Report ▼

- Breach Detail Report
- Breach Outcome
- Requirement
- Committer
- Breach Committed
- Breach Identified
- Allocated To
- Organisational Structure
- Breach Summary
- **Significant Non-Compliance**
- Appendix A: Non-compliance Schedule

Period(s)

Legal Entity

Significant Non-Compliance Report

The Significant Non-Compliance Report lists all individual breaches marked as reportable (i.e. Significant) when finalised by the System Administrator.

This report can be filtered by reporting period and will include all breaches where the following is true;

- The Committed Date is on or after 1st July 2015,
- The Breach Outcome of the submitted report has the Reportable indicator checked (see Breach Outcomes section below).

An example of the Significant Non-Compliance Report appears below.

SIGNIFICANT NON-COMPLIANCE REPORT

Note: Only breaches committed on or after 1st July 2015 may appear in this report.

Drag a column header here to group by that column

	Identifier	Reporting Period	Organisational Structure	Supervisor	Committed By	Committed	Identified	Corrective Action Date	Finalised	Administrator Comments	Category	Requirements Breached
⊕	2130	2016-17 / 2	Secretary's Office / Business Group 1 / Division1 / Branch1 / Section1	Stacy Marks	Della Ankunding (US02)	1/11/2016	1/11/2016	3/11/2016	2/11/2016	Failed to assess tender properly	Duties of Officials	PGPA Act Section 25 (1 instance, Internal)
⊕	2126	2016-17 / 2	Secretary's Office / Business Group 1 / Division1 / Branch1	Stacy Marks	Sallie Green (Sallie)	11/10/2016	19/10/2016	20/10/2016	2/11/2016	sdfsdf	Duties of Officials	PGPA Act Section 25 (1 instance, Internal) PGPA Act Section 26 (1 instance, Internal) CGRG 4.3 (1 instance, Internal)
⊕	2121	2016-17 / 2	Secretary's Office / Business Group 1 / Division1 / Branch1 / Section1	Stacy Marks	Cristal Rempel (US01)	12/10/2016	12/10/2016	13/10/2016	16/10/2016	Compliance not monitored correctly	Duties of Accountable Authorities	

Requirement Report

The Requirement Report groups and counts all breaches by the requirement breached.

An example of the Requirement Report appears below.

BREACH REQUIREMENT REPORT

Lists the number of reported breaches for each Requirement.

Requirement Breached ▲						
		Identifier	Reporting Period	Organisational Structure	Supervisor	Committed By	Committed
⊖		Requirement Breached: PGPA Act Section 23 (5 Instance[s])					
⊖		Requirement Breached: PGPA Act Section 25 (2 Instance[s])					
⊖		Requirement Breached: PGPA Rule 18 (1 Instance[s])					
⊖		Requirement Breached: PGPA Rule 14 (1 Instance[s])					
⊖		Requirement Breached: PGPA Rule 13 (1 Instance[s])					
⊖		Requirement Breached: PGPA Act Section 28 (1 Instance[s])					

Note: Breaches for a particular requirement can be viewed by clicking the arrow.

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Committer Report

The Committer Report groups and counts all breaches by the person who committed the breach.

An example of the Committer Report appears below.

COMMITTER REPORT

Lists the number of reported breaches for each Committer.

			Identifier	Reporting Period	Edited By	Allocated To	Supervisor	Submitted By
Committed By ▲								
							▾	
→			Committed By: User Eight (US08) (27 Instance[s])					
→			Committed By: User One (US01) (20 Instance[s])					
→			Committed By: Admin System (admin) (11 Instance[s])					
→			Committed By: John Smith (john) (9 Instance[s])					
→			Committed By: First Assistant (FAS1) (8 Instance[s])					
→			Committed By: User Four (US04) (7 Instance[s])					

Note: Breaches for a particular person can be viewed by clicking the arrow.

Appendix A: Non-compliance Schedule Report

The Appendix A: Non-compliance Schedule report has been modified to prevent this report from being run for reporting periods after the 2014-15 financial year.

For reporting periods after the 2014-15 financial year, the Breach Summary report can be used instead. The Breach Summary report has a similar format as the Appendix A: Non-compliance Schedule report, except that it includes all breaches rather than only those reportable to Finance.

Miscellaneous Changes

The Circumstances field has now been renamed "Administrator Comments" to better reflect how this field tends to be used.

The BREACHES REPORTED section in submitted breaches has been removed and is replaced by the new Outcomes section.

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Configuration

A number of configuration enhancements have been made to support the new Significant Non-Compliance Report.

> 🛡️ Note: It is important that System Administrators understand these enhancements and consider if configuration changes are required to meet the requirements of their organisation.

Breach Outcomes

The following changes have been made to the available Breach Outcomes;

- "Non-Compliance – Significant" and Non-Compliance – Not Significant" breach outcomes have been added, and
- All other breach outcomes except "No Breach" have been inactivated.

Go to System Administration > Breach > Lookup Lists > Breach Outcomes.

If you used the default breach outcome settings, breach outcomes should look like this;

BREACH REPORTING SETTINGS

	Settings	Lookup Lists	Preambles	Workflow	Teams	Permissions

Categories	Resolutions (Master)	Requirements	Corrective Actions (Master)	Outcomes	Significant Reasons	Framework Groups

	Outcome	Reportable	Breach	Priority	Sort Order	Active
📝📇	Non-Compliance - Significant	☑	☑	1	1	☑
📝📇	Non-Compliance - Not Significant	☐	☑	2	2	☑
📝📇	No Breach	☐	☐	3	3	☑
📝📇📇	Reportable Internal	☐	☑	2	99	☐
📝📇	Reportable to Finance	☑	☑	1	99	☐

You should NOT need to make changes to this setting.

Note: Any breach with a Breach Outcome that has the Reportable flag checked will appear in the Significant Non-Compliance Report.

Significant Reasons

A new setting has been included to allow entry of reasons why a breach is considered Significant Non-Compliance.

Go to System Administration > Breach > Lookup Lists > Significant Reasons.

BREACH REPORTING SETTINGS

| Settings | Lookup Lists | Preambles | Workflow | Teams | Permissions |

| Categories | Resolutions (Master) | Requirements | Corrective Actions (Master) | Outcomes | Significant Reasons | Framework Groups |

	Reason	Breach Outcome	Sort Order	Active
	Accountable Authority Duties	Non-Compliance - Significant	1	☑
	General Duties of Officials	Non-Compliance - Significant	2	☑
	Fraudulent	Non-Compliance - Significant	3	☑
	System Control Failing	Non-Compliance - Significant	4	☑
	High Volume	Non-Compliance - Significant	5	☑
	Financial Sustainability Impact	Non-Compliance - Significant	6	☑
	Other Significant	Non-Compliance - Significant	7	☑

Each reason also includes the associated breach outcome to be used when the reason is selected when finalising a breach.

You should NOT need to make changes to this setting.

Breach Outcome in Breach Category/Question Settings

The value for Breach Outcome in breach questions has been modified to indicate those requirements that are nominated as significant in RMG 214. The Breach Outcome of all breach questions related to Sections 15 – 19 of the PGPA Act have been set to "Non-Compliance – Significant". The Breach Outcome of all other breach questions has been set to "Non-Compliance – Not Significant".

Note: These changes are only made to breach questions where the category they are related to has an Applies To date on or after 1st July 2015.

Go to System Administration > Breach > Lookup Lists > Categories and select the arrow to display questions.

See an example below.

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You MAY need to make changes to this setting.

Depending on how your instance of the FMCS was configured, the upgrade may not have been able to make the changes noted above, although this is unlikely. You should review all categories with an Applies To date on or after 1st July 2015 to ensure that, at a minimum, all questions in the category relating to Sections 15 – 19 of the PGPA Act have been set to have a Breach Outcome of "Non-Compliance – Significant".

Your organisation may also have other requirements it considers to be significant for reporting purposes. Questions relating to these requirements should also be changed to have a Breach Outcome of "Non-Compliance – Significant".

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Torque Software are specialists in developing financial compliance software for the Australian Federal Government.

To learn more about Torque Software, contact us on 1300 795 581 or visit www.torquesoftware.com.au.

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