Victorian public sector operating manual on machinery of government changes

February 2020

VICTORIA State Government | Treasury and Finance

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Introduction

This manual provides a comprehensive source of guidance to assist departments in implementing machinery of government (MoG) changes. The guidance relates primarily to transfers of responsibilities and people between Victorian government departments under the *Administrative Arrangements Act 1983*, the *Public Administration Act 2004 and the Financial Management Act 1994.* However, the guidance also covers changes in portfolio responsibilities for non-departmental entities including the related impacts on the relationship between a relevant department and a government-controlled agency, and on the accounting for the investment in that entity regardless of whether the agency is directly involved in the transfer of departmental functions.

While it is not practical to cover in detail every matter that departments and agencies might encounter during MoG changes, this manual provides:

- an overview of the legislation that governs MoG processes;
- principles and approaches for planning and implementing MoG changes, including indicative timeframes for key events;
- protocols for resolving issues such as the transfer of resources;
- guidance on financial management and people management;
- applicable accounting standards and ministerial directions; and
- advice on managing customer and stakeholder relations, physical relocations, information, records, data and taxation.

Where possible, sample documents have been provided to assist departments in the planning and execution of what can be complex movements of functions and responsibilities between departments and their portfolio agencies. In the main, they have been developed by departments which have already been through MoG processes themselves, so generally speaking, these documents have already been ‘road tested’.

Applicable legislative and policy framework

Legislation

The following key legislation are relevant to MoG changes.

- *Public Administration Act 2004* (PAA);
- *Administrative Arrangements Act 1983* (AAA);
- *Financial Management Act 1994* (FMA); and
- *Interpretation of Legislation Act 1994* (s38AA)

Other Victorian legislation may also be relevant, including:

- *Privacy and Data Protection Act 2014*;
- *Public Records Act 1973*;
- *Freedom of Information Act 1982*; and
- *Constitution Act 1975*.

Reporting

The Budget and Finance Division of the Department of Treasury and Finance (DTF) issues specific guidance to departments in relation to MoG changes where they impact on the development and management of the annual budget and, where necessary, to specify any additional financial reporting requirements. The details and specifics of each guide will depend on the timing and complexities of a MoG change. Where relevant, the information contained in the previously-issued guidance has been incorporated into this manual.

Certain mandatory accounting and reporting requirements related to MoG changes are also included in the Financial Reporting Directions (FRD) (issued by the Assistant Treasurer under the FMA):

- FRD 119A *Transfers through Contributed Capital* together with FRD 103H *Non-financial physical assets,* require that changes of ownership of output and assets, with limited exceptions, to be accounted for as a contribution by owners by the transferee, and a distribution to owners by the transferor.
- FRD 117A *Contributions of existing non-financial assets to third parties* sets out the requirement to transfer non-financial assets to third parties.
- In addition, attention is drawn to the requirements of FRD 21C *Disclosures of responsible persons, Executive Officers and other personnel (contractors with significant management responsibilities) in the Financial Report*.

The requirements of these FRDs are detailed in chapter 6.

The Standing Directions 2018 and the associated mandatory instructions and guidance issued by DTF are also referred to in parts of this manual and, together with the FRDs and the Resource Management Framework, are accessible through the DTF website:

- Financial Reporting Directions – www.dtf.vic.gov.au/financial-reporting-policy/financial-reporting-directions-and-guidance
- Standing Directions 2018 and supporting material issued by DTF – www.dtf.vic.gov.au/financial-management-government/standing-directions-2018-under-financial-management-act-1994
- Budgeting, Resource Management and Financial Reporting Frameworks – www.dtf.vic.gov.au/financial-management-government/planning-budgeting-and-financial-reporting-frameworks

Responsibility for future updates to the manual

This manual has been compiled and produced by the Budget and Finance Division of DTF in close collaboration with departmental Chief Financial Officers (CFOs). Future updates of the manual are similarly the responsibility of the Budget and Finance Division of DTF and departmental CFOs.

List of acronyms

This table provides a list of acronyms commonly used in this document.

Acronym	Description
AAA	*Administrative Arrangements Act 1983*
AAO	Administrative Arrangements Order
ABN	Australian business number
CFO	Chief Financial Officer
DFS	Departmental financial statements
DPC	Department of Premier and Cabinet
DTF	Department of Treasury and Finance
FBT	Fringe benefits tax
FINSI	Financial supplementary information
FMA	*Financial Management Act 1994*
FOI	Freedom of Information
FRD	Financial Reporting Direction
GST	Goods and services tax
ICT	Information and communications technology
IDC	Inter-departmental committee
LSL	Long service leave
MoG	Machinery of government
MOU	Memorandum of Understanding
PAA	*Public Administration Act 2004*
PAYG	Pay as you go
PFC	Public financial corporation
PNFC	Public non-financial corporation
SAU	State Administration Unit
SRIMS	State Resource Information Management System
SSP	Shared Service Provider
VAGO	Victorian Auditor General's Office
VPS	Victorian Public Service
WoVG	Whole of Victorian Government

Contents

Chapter 1: Legal framework and definitions

This chapter introduces the legislative framework under which machinery of government (MoG) changes can be made. It describes the MoG process and the timing implications inherent in the various orders which drive and control a MoG change. There are several ways in which a MoG change can be implemented.

Key considerations

- The Premier exercises sole power to determine ministerial portfolios and allocate responsibility for the administration of acts to ministerial portfolios[1].
- Orders in Council are made by the Governor in consultation with the Executive (represented by the Premier and other members of the Government of the day), which include:
  - Orders establishing, abolishing and renaming departments and administrative offices under the *Public Administration Act 2004* (PAA); and
  - Administrative Arrangements Orders (AAOs), which are used to change the relationship between Ministers and departments or their agencies and can be used to ensure that certain references to ministers, departments and officers are construed as a reference to the relevant Minister described in the Order.

  These orders are published in the Victorian Government Gazette (www.gazette.vic.gov.au/).
- The Department of Treasury and Finance (DTF) will consult with the Department of Premier and Cabinet (DPC) on the most appropriate and cost-effective commencement date to be specified within an Order for accounting, record keeping and reporting purposes. This will normally be the end of the month or quarter following the specified commencement date for ministerial changes.
- To avoid confusion, unwarranted additional costs and potential conflicts and misinterpretation for financial reporting purposes, the effective date should be consistent between orders for any MoG change. Departments should make DPC aware of any potential or actual conflicts in the effective dates across various orders as soon as possible.
- On being advised, or made aware of a MoG change, the first task of the Chief Financial Officer (CFO) is to assess the intent of the government from the information contained in the relevant order and its impact on the department and its portfolio agencies.
- Where it is unclear what is intended to be achieved by way of the administrative change, advice should initially be sought internally or, if necessary, referred to DPC for clarification.
- Close liaison with and feedback from ministerial offices is imperative when assessing the overall impact of the intended MoG change on the portfolio.
- It is the responsibility of the departments involved to agree on the extent and impact of each MoG change and to negotiate an orderly transfer of functions, staff and funding.
- Following a MoG change, affected departments and agencies should ensure that their structure and governance arrangements are reviewed and updated, as required.

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1 The Premier exercises sole power to determine ministerial portfolios and which department will support each portfolio. The Governor, on the recommendation of the Premier, appoints ministers (commissions) under section 88 of the *Constitution Act 1975*. When a new minister is appointed, he or she is issued with a single commission, listing all of his or her portfolios. See sections 50, 87E and 88 of the *Constitution Act 1975.*

Machinery of government

MoG changes refer to the reallocation of functions and responsibilities between departments and ministers. In Victoria, the Premier has the sole discretion to recommend a reallocation of these functions and responsibilities. While a MoG change may occur at any time, significant MoG changes usually occur immediately following an election to give effect to any changes to the Ministry and any new administrative arrangements.

A new general order is made by the Premier on the day the new ministry is sworn in. The general order will be published online (www.vic.gov.au/general-orders).

If this also requires restructuring of departments, the consequent transfer of functions, appropriations and staff will be effected through the issue of a further order or orders through the *Administrative Arrangements Act 1993* (AAA) and a related order under the PAA.

An order under the AAA is required to support the changes made by the general order, to ensure that references in legislation to ministers, departments and secretaries are read consistently with changes made by the new general order.

DPC, acting on the advice of the Premier's Office, prepares the relevant order(s) for the Premier's signature.

Regardless of the size and timing of the changes, implementation in so far as they affect public sector agencies should be based on achieving the best outcome from a whole-of-government perspective and not based on achieving the best outcome for individual departments and agencies.

Implementation of changes – where to look and what to check

The Premier may consult with departments on a MoG change proposal; however, he/she is not required to do so.

Therefore, it is important that the first task of the CFO, on being advised of the issue of an order or orders, is to assess the intent of the change from the information contained in the order and its impact on the department, its portfolio agencies and administrative offices.

Departments will have access to detailed information on existing administrative structures and potentially complicated arrangements not necessarily available to the Premier's Office or to DPC when the relevant order was drafted.

Where it is unclear what is intended to be achieved by way of the administrative change through an order, advice should initially be sought internally or, if necessary, referred to DPC for clarification. It is not an uncommon occurrence for orders, which have already been made and published, to be amended to help ensure clarity of intent.

Expectations of government

As mentioned above, understanding the Premier's intentions and expectations is an important first step in implementing the changes reflected in an order. The expectations of affected ministers are also an important consideration.

Close liaison with and feedback from ministerial offices should be sought as soon as possible when assessing the overall impact of the intended MoG change on a portfolio. It is possible that the responsibilities of one or more of your portfolio ministers will have been directly affected by the changes and this should be an opportune time to review current administrative arrangements, including delegations. This close liaison with ministerial offices will continue during subsequent phases of the implementation process.

Notwithstanding the need to manage changes according to the government's overall expectations, once the parameters of the MoG change have been established, it is the responsibility of the departments involved to agree on the extent and impact of each change and to negotiate an orderly transfer of functions, staff and funding with the other relevant departments. The steps in managing a MoG change and the responsibilities of each of the affected departments (including those of central agencies) are examined further in the next chapter.

Timing of MoG changes – a critical consideration

The date(s) on which an order takes effect will be specified within each order. The effective date will be dependent of several factors. Because of the high cost of implementing MoG changes, wherever possible, **DTF will consult with DPC on the most appropriate and cost-effective commencement date for financial management purposes**. Although the commencement date is the prerogative of the Premier and generally applies as a 'stand-alone' date for implementing ministerial changes, DTF provides advice on an alternative commencement date to be specified within an order for accounting, record keeping and reporting purposes, including annual reporting under the *Financial Management Act 1994* (FMA). **This will normally be at the end of the month or quarter following the specified commencement date for ministerial changes.**

To avoid confusion, unwarranted additional costs and potential conflicts and misinterpretation for financial reporting purposes, the effective date should be consistent between orders (particularly between PAA and AAO) for any MoG change. Departments should make DPC aware of any potential or actual conflicts in the effective dates across various orders as soon as possible.

Legislative instruments

There are a range of legislative instruments which, either individually or collectively and depending on the circumstances and the intended outcome, can be used to bring about a MoG change. These instruments provide the legislative backing for the four main elements of a change. They are:

- to effect the transfer of functions;
- to effect the transfer of staff and administrative offices;
- to require that references to ministers, departments and secretaries in legislation and subordinate instruments be read consistently with the MoG changes; and
- to enable continued access to annual appropriations following a MoG change.

These legislative instruments and their usage and effects are described in the following pages. A table is also provided which summarises the application of each.

General orders

A general order allocates administrative responsibility for the administration of acts of Parliament to individual ministers. The Premier usually makes a new general order immediately following a general election. A general order is the guiding document for defining ministerial responsibilities for an act or parts of an act.

The general order is amended by subsequent supplements to the general order. These supplements can amend the allocation between ministers or add responsibility to ministers for new principal acts or existing acts.

A supplement is effective once signed by the Premier or from a future specified date. It is solely the prerogative of the Premier to decide between the making of a new general order or supplement to the current general order.

General orders and supplements to the general order are available to the public online – www.vic.gov.au/general-orders. They are not published in the Government Gazette.

Not all acts are allocated under a general order if it is considered to be unnecessary. For example, where the responsible minister is specified in the legislation and for private acts or spent legislation.

Most acts are administered solely by one minister. However, acts can be administered jointly or jointly and severally by multiple ministers in different ways:

- **Joint administration**: the responsible ministers must act together in making decisions or exercising powers under the act; and
- **Joint and several administration**: the responsible ministers may act together or separately in making decisions or exercising powers under the act.

It is possible to implement a MoG change through a new general order or a supplement to the current general order alone, although there are difficulties in some circumstances in employing this method. For example, the receiving department will not have access to the appropriations of the superseded department. For this reason, the more complicated MoG changes which involve the movement of staff and adjustments to departmental responsibilities are rarely done in this way alone.

Public Administration Act 2004 orders

The relationship of ministers to departments is governed by convention and convenience, according to the acts for which each minister is responsible.

Departments and administrative offices can be created, abolished or altered by an Order in Council under sections 10 and 11 of the *Public Administration Act 2004* (PAA).

Staff and work units can also be transferred between departments by declaration of the Premier (section 30) and, if required or considered desirable, any further transfer is signed jointly by the heads of the public bodies affected (section 28). A section 28 transfer can complement the declaration by the Premier, or it may be used to 'tidy up' or add additional transfers which were not covered by the section 30 declaration. Each s30 declaration and s28 transfer is a stand-alone document and issued with an effective date which is independent of the other.

Unless consultation is inappropriate, transfers of staff require consultation with the Community and Public Sector Union in accordance with the relevant workplace instrument (e.g. the Victorian Public Service Enterprise Agreement 2016).

Departments and administrative offices – PAA sections 10 and 11

Part 3, Division 2 of the PAA – *Public service bodies* provides the mechanism whereby the Governor in Council may, on the Premier's recommendation, make an order published in the Government Gazette establishing, abolishing or changing the name of either a department (section 10) or an administrative office (section 11).

Note that where the name of a department is changed by a section 10 PAA order, then any reference in an act or instrument to the department by its old name is taken to be a reference to the new department name from the date the name is changed (see *Interpretation of Legislation Act 1984*, s 38AAA).

The Governor in Council can also amend an order made under section 11 of the PAA (see *Interpretation of Legislation Act 1984*, s 27).

The responsible minister for these orders is the Premier.

Mobility of employees – PAA Part 3, Division 6, sections 28 and 29 transfers

Section 28: gives the head of a department or other public service body the power to transfer staff to another public service body 'on terms and conditions of employment that are no less favourable overall'. This power is broader in its application than for a MoG change since it only requires that the relevant head 'considers it (the transfer) to be in the interests of the public sector to do so'. The other department or public service body Head must approve the transfer as well. To signify agreement by both parties, the heads of the departments jointly sign the declaration agreeing the transfer, accompanied by a schedule (if necessary) of the duties transferred, along with the names of the staff involved in the transfer. Section 28 can only be used to transfer staff, not the functions themselves.

Section 29: The Premier can transfer a public service body head to other duties in that public service body or duties in a public entity:

- if it is in the interests of the public sector to do so;
- after consulting with the Victorian Public Service Commissioner; and
- on terms and conditions that are no less favourable overall.

These orders are suitable for simple, small scale transfers of staff between agencies. However, if the MoG change involves multiple agencies, it is general practice for the Premier to effect the transfers through a section 30 declaration so that DPC can monitor and advise the Premier on staff transfers across government.

Transferring employees – PAA section 30

Section 30 complements the relevant AAO whereby the Premier declares that employees from one public service body/entity are transferred to another public service body/entity to support the functions being transferred between those public service bodies/entities.

Only public service 'employees' within the meaning of the PAA can be transferred using a section 30 declaration and all such transfers must be to duties in the new public service body or public entity on 'terms and conditions of employment that are no less favourable overall'.

The declaration can take effect on the day it is signed or a future date. The declaration is not gazetted.

In line with section 30, it is important to note that the transfer is deemed to take place (section 30(2)) on the date the declaration is made. This date is taken to be the effective date for accounting and reporting purposes. **The declaration should therefore include a sentence to the effect that 'This declaration takes effect on the <date>'.**

In addition, when drafting the declarations under the various sections of the PAA and other acts, care needs to be taken to ensure that the effective date of the transfer is consistent throughout all the documentation. Inconsistencies can lead to difficulties in accounting for the transfers, especially where pay cycles, costings of entitlements of transferring staff and other valuations are involved. For reference, sample declarations under section 28 and section 30 are provided in the appendix to this chapter.

Administrative Arrangements Orders

Acts can include references to departments, ministers and other officers by titles that may become redundant or incorrect when MoG changes are made.

To update these references, the Governor in Council may make AAOs under section 3 of the AAA. In addition, if (and only if) a function is transferred from a department to another department, the Governor in Council may make a further Order to transfer appropriations to the receiving department under section 4.

An AAO can apply to subordinate legislation, other instruments made under legislation, as well as contracts and agreements.

AAOs enable legislation to be interpreted consistently with MoG arrangements until such time as the Office of the Chief Parliamentary Counsel amends any references as part of 'housekeeping amendments' to legislation or the latest general order. Orders will also specify several other important requirements in relation to the accounting for MoG changes:

- although the order takes effect on the date specified, for accounting and reporting purposes, the transfer of functions is often deemed to take place on a different date. This distinction is important as it allows for the government's priorities to be effected at the date of its choosing (e.g. in the middle of a month) and at the same time provide for a less costly and more convenient and practical time for all recording and reporting the financial aspects of the transfers (e.g. the end of a month or quarter);
- the secretary of each transferring department with outgoing functions must ensure that financial accounts are kept, and records are provided for the purposes of the FMA until the deemed transfer date; and
- a secretary of a receiving department must, if requested by a secretary of a transferring department, provide financial accounts, records or other information required to enable the latter to comply with its reporting responsibilities.

The impact of these provisions allows for departments affected by MoG changes to continue normal financial operations to a date specified in an orderly manner. It should be noted that the deemed date for accounting and reporting purposes can be earlier or later than the date of the order itself.

Appropriation Orders – AAA section 4

The Governor in Council may make an Order in Council under section 4 of the AAA to direct that moneys appropriated for the performance of a function by a department should be issued and applied fully or partly to the performance of that function by the department to which that function has been transferred: section 4(1). Note that an Order is only made under this section, if an Order is also made under section 3 to update the department's name.

An order under section 4 will relate to the unapplied (i.e. unspent) portion of an annual appropriation in the current financial year, consistent with the date(s) specified under the section 3 order. Section 4 of the Act is flexible in its application because it contains further provisions which allow for annual appropriation funding for a superseded department to continue to apply as if the functions had not been transferred elsewhere. Within this latter situation, it is possible for a new department to access and draw down the unused portion of the appropriation of the superseded department for the funding of those functions which have been transferred to it without the need to make an order under section 4. In this section, a superseded department can be either a department which has been abolished or one from which a function has been transferred.

However, as mentioned above, these provisions to allow continuing access to appropriations are only applicable if an Order was made under section 3. They are not available if the transfer has been effected using only the provisions in the PAA or other mechanisms. In these latter cases, funding of the functions in the new department is through the normal budget management provisions (e.g. Treasurer's Advance). In this situation if the transfer of functions between two or more departments is likely to involve significant funding adjustments, the intended receiving department(s) should alert DTF to this fact so that steps can be taken to advise the Premier that the issue of an AAO may be a better alternative.

Special/standing appropriations are provided for the purposes as specified in a particular act and will continue to be available to the minister assigned responsibility for that act by the General Order. No authority other than the section 3 order is therefore necessary for a new department supporting that minister to charge expenditure incurred against that special appropriation. The amount of warrant already obtained for the full financial year continues to be valid and is unaffected by the MoG change. However, the new department should check that the amount of unused warrant at the date of transfer will be enough to cover estimated expenditure for the remainder of the financial year. Additional warrant, if required, should be sought through DTF as soon as possible before any additional expenditure is incurred.

For the reasons outlined above, section 4(1) orders to transfer appropriation funding are not always made for a MoG change. Departments can settle financial arrangements internally in accordance with sections 4(3) and 4(4) of the AAA. For example, where an annual appropriation refers to a superseded department, section 4(3) provides continued access to all the items under that departmental heading notwithstanding that all or part of the items has become the responsibility of another department. In addition, section 4(4) clarifies the powers of departmental officers and office holders where functions have been transferred between departments: An office holder appointed to a position in the receiving department has the power to act for that same position in the superseded department. However, until such time as an appointment is made, the original office holder continues to exercise their powers with respect to the functions they were responsible for prior to the MoG change – in both the superseded department and in the receiving department.

The impact on the annual appropriations is further explained in the following paragraphs.

Annual Appropriation Act

As mentioned in the previous section, the purpose and the amount available to departments as set out in the schedule to the current year's annual appropriation remains unaffected by MoG changes unless an Order in Council is issued under section 4 of the AAA to formally transfer the unused portion of that year's appropriation between departments.

Barring this transfer, section 4(3) allows a department receiving a transferred function to effectively access the appropriation of a superseded department and to act in the place of the superseded department as if the function had not been transferred. However, where there are complicated transfer arrangements involving the dispersion of functions across multiple departments, it is sometimes preferable that a section 4 order is issued so that each department will know and can formally control the extent of the appropriation being made available to it.

Regardless of whether a section 4 order is issued, when providing DTF with the comparative (previous year) figures for the following year's appropriation bill, such figures will need to be adjusted for the MoG impacts. To ensure comparability between years, this adjustment to the comparative figures is normally done as if the transfer was effective for the full year.

To further inform the members of Parliament during debate on the appropriation bill for the next year, the MoG adjustments for each department in the schedule to the appropriation are included in the explanatory memorandum. Departments will be requested to supply this information to DTF as part of the budget development process – usually off-line and in summary format since details are not required for publication in the budget papers.

Departments will note that the details may also be required as part of the budget presentations to the Public Accounts and Estimates Committee hearings.

Comparatives for departmental financial statements in the budget papers, on the other hand, are reported as at the effective date of transfer. Naturally, the net impact of the changes on the comparative total appropriation will be zero since an order can neither increase nor decrease the total available annual appropriation.

Special cases

As is evident from the information in the previous sections, it is not necessary in all cases that an Order will be made under the AAA to make adjustments to existing MoG. In some circumstances only an Order under the PAA will be considered necessary, particularly where the adjustment is relatively minor in terms of impact on departments and no reference updates are required to ministers, departments or officers. In such cases, functions and staff can be effectively transferred between departments and agencies through the PAA.

However, unless an AAO is issued by the Governor in Council, or separate legislation provides access to interim funding (which is rare), there is no mechanism available to directly transfer funding (appropriations) between departments. As previously explained, adjustments to appropriation funding following a MoG change are only available under section 4 of the AAA where an AAO is also made under section 3. Where a MoG adjustment is brought about by using only the PAA, any funding adjustments to the receiving department can only be effected through existing budget mechanisms such as a Treasurer's Advance or other FMA provisions.

Summary of legislative instruments

Instrument	Application
General Order	To allocate ministerial responsibility for administration of acts
Supplements to the General Order	To amend a General Order. The Supplement will operate in place of the arrangements specified in the General Order in relation to the Acts, provisions of Acts and functions specified in the Supplement.
Administrative Arrangements Order	To update references in acts to departments, ministers and other officers that become redundant or incorrect as a result of MoG changes. Also applies to subordinate legislation and other instruments or agreements. (See *Administrative Arrangements Act 1983* below)
Public Administration Act 2004	
Section 10	To establish, abolish or rename a department
Section 11	To establish, abolish or rename an administrative office or reassign an administrative office between departments
Section 28	To enable the head of a department or other public service body to transfer staff to another department or public service body. This is used for simple or small-scale transfers
Section 29	To enable the Premier to transfer the head of a public service body to other duties within that body or in a public entity. Again, this is used for simple or small-scale transfers
Section 30	For complex changes involving multiple agencies, this section is more appropriate than sections 28 and 29. Gives the Premier authority to declare that, where a function has been transferred from one public sector entity to another, employees necessary to carry out the function are transferred to the public sector entity to which the function was transferred
Administrative Arrangements Act 1983	
Section 3	Gives authority for the Governor in Council to make Administrative Arrangements Orders
Section 4	Following the issue of a section 3 order, gives authority to transfer access to the unused portion of the current year's annual appropriation between departments. Can be authorised either through the issue of a Governor in Council order or without an order

Appendix to Chapter 1

Sample Public Administration Act Orders

Victoria Government Gazette

No. S 552 Thursday 29 November 2018
By Authority of Victorian Government Printer

Public Administration Act 2004

ORDER ESTABLISHING AND RENAMING DEPARTMENTS

Order in Council

The Governor in Council by Order made under section 10 of the **Public Administration Act 2004** –

(a) establishes the Department of Jobs, Precincts and Regions;

(b) changes the name of the Department of Economic Development, Jobs, Transport and Resources to the Department of Transport; and

(c) changes the name of the Department of Justice and Regulation to the Department of Justice and Community Safety.

This Order comes into effect on 1 January 2019.

Dated 29 November 2018

Responsible Minister:

THE HON DANIEL ANDREWS MP
Premier

ANDREW ROBINSON
Clerk of the Executive Council

Public Administration Act 2004

ORDER RELATING TO ADMINISTRATIVE OFFICES

Order in Council

The Governor in Council by Order made under section 11 of the **Public Administration Act 2004** –

(a) abolishes the Environment Protection Authority as an Administrative Office; and

(b) amends the Order in Council made on 8 November 2016 under section 11 of the **Public Administration Act 2004** to change the Department in relation to which the Latrobe Valley Authority is established from the Department of Premier and Cabinet to the Department of Jobs, Precincts and Regions.

This Order comes into effect on 1 January 2019.

Dated 29 November 2018

Responsible Minister:

THE HON DANIEL ANDREWS MP
Premier

ANDREW ROBINSON
Clerk of the Executive Council

Victoria Government Gazette

No. S 432 Thursday 4 December 2014
By Authority of Victorian Government Printer

Public Administration Act 2004

ORDER ABOLISHING AND RENAMING DEPARTMENTS

Order in Council

The Governor in Council, under section 10 of the **Public Administration Act 2004**, makes an Order to:

(a) abolish the following Departments –

- Department of Human Services; and
- Department of Transport, Planning and Local Infrastructure; and

(b) change the name of each Department listed in Column 1 of the Table below to the name of the Department listed in Column 2 of the Table.

Table

Column 1	**Column 2**
Department of Education and Early Childhood Development	Department of Education and Training
Department of Environment and Primary Industries	Department of Environment, Land, Water and Planning
Department of Health	Department of Health and Human Services
Department of Justice	Department of Justice and Regulation
Department of State Development, Business and Innovation	Department of Economic Development, Jobs, Transport and Resources

This Order comes into effect on 1 January 2015 (inclusive).

Dated 4 December 2014

Responsible Minister:
THE HON DANIEL ANDREWS MP
Premier

YVETTE CARISBROOKE
Clerk of the Executive Council

Sample PAA section 28 Transfer:

Public Administration Act 2004

SECTION 28(1)

TRANSFER BY PUBLIC SERVICE BODY HEAD

I, (**name**), Secretary, Department of [insert department name] and (**name**), Secretary, Department of [insert department name], make this Transfer pursuant to section 28 of the *Public Administration Act 2004*.

We declare that it is in the interests of the public sector that the employees identified in an item of the Schedule to this Transfer are necessary to support the carrying out of the duties to be transferred.

The employees are transferred, on the date this Transfer takes effect, from the old agency to duties in the new agency on terms and condition of employment that are no less favourable overall.

This Transfer takes effect as and from [insert date month and year].

(signed)
Secretary
Department of [insert department name]

(signed)
Secretary
Department of [insert department name]

Schedule to the PAA Section 28 Transfer

Transfer duties	Old agency	New agency	Employees
Insert description of transferred duties – see examples below	*Department of [insert name]*	*Department of [insert name]*	*List names of individuals*
Provision of human resources advice and services	Department of Environment, Land, Water and Planning	Department of Economic Development, Jobs, Transport and Resources	names supplied
Provision of specialist legal and legislation services	Department of Environment, Land, Water and Planning	Department of Economic Development, Jobs, Transport and Resources	names supplied
Provision of financial management services	Department of Environment, Land, Water and Planning	Department of Economic Development, Jobs, Transport and Resources	names supplied
Provision of facilities and fleet management services	Department of Environment, Land, Water and Planning	Department of Economic Development, Jobs, Transport and Resources	names supplied
Provision of information technology services	Department of Environment, Land, Water and Planning	Department of Economic Development, Jobs, Transport and Resources	names supplied
Provision of business services support including ministerial correspondence, cabinet support, risk management and business continuity	Department of Environment, Land, Water and Planning	Department of Economic Development, Jobs, Transport and Resources	names supplied
Provision of assessment, processing and advice in relation to Freedom of Information requests	Department of Economic Development, Jobs, Transport and Resources	Department of Environment, Land, Water and Planning	names supplied

Sample PAA section 30 Declaration:

Public Administration Act 2004
Section 30
Declaration

I, Daniel Andrews, Premier of Victoria, make the declaration pursuant to section 30 of the *Public Administration Act 2004* (Act).

I declare that, in relation to each item of the Schedule to this Declaration, following the transfer of the functions specified in Column 1 of that Schedule (“the transferred functions”) from the Agency specified in Column 2 of that Schedule (“the old Agency”) to the Agency specified in Column 3 of that Schedule (“the new Agency”), the employees identified in Column 4 of the Schedule are necessary to carry out the transferred function or support the carrying out of the transferred function, and are transferred, on the date this Declaration takes effect, to duties in the new Agency on terms and conditions of employment that are no less favourable overall.

For the purposes of section 30(2) of the Act this declaration takes effect on [insert date].

(signed)
The Hon Daniel Andrews MP
Premier

Date: [insert date signed]

Note that the schedule to the above section 30 declaration is in a similar format to the previous section 28 transfer – the first column should refer to functions being transferred, rather than duties.

Sample Administrative Arrangements Act Order

Victoria Government Gazette

No. S 579 Friday 21 December 2018
By Authority of Victorian Government Printer

Administrative Arrangements Act 1983

ADMINISTRATIVE ARRANGEMENTS ORDER (NO. 229) 2018

The Governor in Council makes the following Order:

Dated 21 December 2018

Responsible Minister:

THE HON DANIEL ANDREWS MP
Premier

ANDREW ROBINSON
Clerk of the Executive Council

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1. Title

This Order is called the **Administrative Arrangements Order (No. 229) 2018**.

2. Authorising provision

This Order is made under section 3 of the **Administrative Arrangements Act 1983**.

3. Commencement

(1) Subject to subclauses (2) and (3), this Order takes effect on 1 January 2019.

(2) This Order, as it applies to or in respect of an item in Table 1 of the Schedule, takes effect on 29 November 2018.

(3) This Order, as it applies to or in respect of an item in Table 2 of the Schedule, takes effect on 1 January 2019.

4. Definitions

In this Order –

'**Body**' means Minister, Department or officer;

'**instrument**' includes contract and agreement;

'**New Body**' means, in respect of an Old Body, the Body specified in Column 3 of the item specifying the Old Body in a Table of the Schedule;

'**Old Body**' means a Body specified in Column 1 of an item in a Table of the Schedule;

'**Schedule**' means the Schedule to this Order;

'**transaction**' includes –

(a) agreement, bond, contract, deed or other consensual arrangement; and

(b) action, appeal, arbitration, prosecution or other legal proceeding; and

(c) assignment, charge, lease, mortgage, transfer or other dealing with property; and

(d) loan, guarantee, indemnity or other dealing with money; and

(e) approval, consent, delegation, direction, licence, order, permit, requirement or other authority; and

(f) notice; and

(g) any other act, entitlement or liability at law.

SCHEDULE

Table 1

Item No.	**Column 1** **(Old Body)**	**Column 2** **(Legislation or Instrument)**	**Column 3** **(New Body)**
1.	Attorney-General	**Confiscation Act 1997** – • Section 134	Attorney-General, Minister for Crime Prevention, jointly and severally
2.	Attorney-General	**Crimes (Mental Impairment and Unfitness to be Tried) Act 1997** – • Sections 38C-38E, 38ZW, 42, 46 and 74 **National Redress Scheme for Institutional Child Sexual Abuse (Commonwealth Powers) Act 2018** **Sentencing Act 1991** – • Division 1C of Part 3 and section 89F **Victims of Crime Assistance Act 1996** **Victims of Crime Commissioner Act 2015**	Attorney-General, Minister for Victim Support, jointly and severally
3.	Attorney-General	**Victims' Charter Act 2006** – Except: • Section 21	Minister for Victim Support
4.	Attorney-General, Minister for Families and Children, jointly and severally	**Adoption Act 1984**	Attorney-General
5.	Attorney-General, Minister for Families and Children, jointly and severally	**Children, Youth and Families Act 2005** – • Chapters 3 and 4	Attorney-General, Minister for Child Protection, jointly and severally
6.	Attorney-General, Minister for Families and Children, jointly and severally	**Children, Youth and Families Act 2005** – • Sections 359 and 359A	Attorney-General, Minister for Child Protection, Minister for Victim Support, Minister for Youth Justice, jointly and severally
7.	Attorney-General, Minister for Families and Children, jointly and severally	**Children, Youth and Families Act 2005** – Except: • Chapters 3 and 4 • Sections 359 and 359A	Attorney-General, Minister for Child Protection, Minister for Youth Justice, jointly and severally

Chapter 2: Key roles and responsibilities

This chapter outlines the roles of key participants in the machinery of government (MoG) change processes, providing guidance on the roles and expectations of government, the Department of Premier and Cabinet (DPC), Department of Treasury and Finance (DTF) and affected departments. The role and terms of reference of an inter-departmental committee (IDC) (also known as a taskforce or steering committee), if required, is also outlined. The critical initial steps in establishing governance groups and in setting and disseminating key target dates for major MoG restructures are also covered.

Key considerations

DPC responsibilities and roles

- DPC is responsible for oversight of the implementation of the Premier's MoG changes and prepares all instruments to implement MoG changes. Staff movement instruments occasionally made under section 28 of the *Public Administration Act 2004* (PAA) may be prepared by other departments. Departments should provide DPC with copies of any section 28 transfers made.
- Wherever possible, DPC will advise on the preferred effective date of MoG changes to minimise implementation costs. In doing so, wherever possible, it will consider advice provided by DTF in such timing (per below).
- For the more complex MoG changes, DPC may convene IDC to coordinate the MoG implementation process.

DTF responsibilities and roles

- DTF has several roles in the MoG process including facilitation, providing advice and guidance on accounting, budgeting and reporting issues, and ensuring that the financial arrangements are effectively completed and accurately reflected in the Public Ledger, up-coming budget papers, appropriation bills and annual reports.
- DTF provides advice to DPC and departments on the most cost-effective timing for closing off financial systems for the preparation of financial reports and the transfer of budgets.

Departmental responsibilities and roles

- Affected departments are responsible for procuring mutual agreement to the proposed transfers of functions, staff and resources – working together to complete the MoG change in a timely and effective manner and working with DTF on the re-alignment of their financial estimates and actuals to the new administrative structure.
- Where mutual agreement cannot be achieved between departments within a reasonable agreed timeframe, then DPC and DTF may initiate binding arbitration processes to complete the necessary arrangements. This however is considered a sub-optimal outcome for the sector.
- Departments should provide DPC (Office of General Counsel) with copies of any section 28 transfers made.

The role of government and affected departments

The Premier

As outlined in the previous chapter, the Premier is solely responsible for the allocation of functions between ministers and the overall organisation and structure of government departments and agencies. This responsibility encompasses decisions that involve changes to portfolio departments and the transfer of functions and staff from one public sector body/entity to another (i.e. MoG changes).

DPC

As the First Minister's Department, DPC has overarching responsibility for overseeing the implementation of the Premier's MoG changes.

DPC prepares all instruments in response to the request by the Premier and his Office to implement the MoG changes. This will include, as required, the following:

- the General Order for the Premier's signature to allocate Ministerial responsibility for legislation;
- Department and Administrative Office restructure Orders under the PAA (section 10 and 11 Orders) for the Governor-in-Council's consideration and approval;
- a PAA section 30 declaration for the Premier's signature to effect the transfer of staff;
- an Administrative Arrangements Order (AAO) (section 3 of the Administrative Arrangements Act (AAA)) for Governor-in-Council's consideration and approval to effect the transfer of functions and to require that references to ministers, departments and secretaries in legislation and subordinate instruments be read consistently with the MoG changes; and
- an AAO (section 4 of the AAA) for Governor in Council's consideration and approval to effect the transfer of annual appropriations.

Wherever possible, DPC will provide advice based on departmental and DTF feedback, on timing options (the effective date) in accounting for MoG changes which will also assist in minimising potential transition and implementation costs.

Affected departments are made aware of media releases and other communications in relation to impending ministerial and VPS structural changes.

Depending on the level of complexity of a MoG change, DPC may convene a whole of government IDC to provide a whole of government perspective and focus to the changes and to coordinate the MoG implementation process (see below).

DTF

As the State's lead finance agency, the role of DTF in MoG change arrangements is to:

- collaborate closely with affected departments to facilitate the efficient re-alignment of departmental budgets and estimates from the 'old' to the 'new' structure. DTF will:
  - issue guidance on timeframes and processes for affected departments/agencies to ensure a coordinated approach;
  - ensure the agreed budget and forward estimates transfers are correctly reflected in the State Resource Information Management System (SRIMS) including a 'budget neutral impact' of the transfers across the general government sector. Where timing permits, transferring departments will be provided with the opportunity to review and revise current estimates in SRIMS to minimise the possibility of recording negative balances or expense estimates in the transfer journals to be provided to receiving departments;
  - in conjunction with affected departments, review relevant State Administration Unit (SAU) balances prior to implementation of MoG changes and transfer journals being processed, and advise those departments on the likely impact of the MoG change on available SAU balances over the remainder of the current financial year; helping ensure there is enough residual warrant authority available and in place.
  - collaborate with the Victorian Auditor-General's Office (VAGO) to ensure that any audit concerns associated with the required transfers are addressed and resolved.
- ensure that the arrangements are effectively completed and accurately reflected in the up-coming budget papers and appropriation bills;
- provide advice and guidance to departments and their portfolio entities to facilitate financial reporting which supports continuing public finance accountability for the subsequent reporting periods; and
- where appropriate, work with the Assistant Treasurer to facilitate effective and efficient financial annual reporting, such as enabling any abolished departments to table their final audited financial statements as part of the composite annual reports of the relevant new departments.

When informal advice is received that a MoG change is imminent and/or a formal AAO is to be issued, DTF suggests to DPC the preferred effective transfer date(s). This consultation is an important step in MoG process since an AAO can mandate both an effective date for the Order itself as well as an effective date for financial reporting matters. DTF will provide advice on the most cost-effective timing for closing off financial systems for the preparation of financial reports and the transfer of budgets. The inclusion of this 'alternative' date and associated instructions in the AAO will require affected departments to keep and share records and information and prepare reports as at a designated date (usually the end of a quarter) as if a function had not been transferred, rather than as at the date of the Order. Where two or more departments are substantially consolidated into one department, DTF will also advise on the appropriate full year consolidated reporting to be mandated by the Order.

The attachment to this chapter includes a flow diagram that outlines DTF's role in the financial reporting for MoG changes.

Affected departments

Departments are responsible for working with DPC to achieve the outcomes intended by the Premier's Orders, as well as implementing the MoG changes directly affecting their department.

Departments are individually responsible for:

- working with DPC to finalise relevant sections of a declaration made under section 30 of the PAA;
- procuring the agreement, generally in the form of a memorandum of understanding (MOU) or similar document, of their respective secretaries, as the employers, to the proposed transfers of functions and staff;
- if required, developing and agreeing to a joint transfer of staff under section 28 of the PAA to effect any further staff transfers not covered by the Premier's Declaration;
- convening appropriate steering committee and working group structures to effect the changes required by government;
- working together to progress the transfers and/or consolidations covered by the MoG change including planning, communication, management of affected staff and administrative arrangements affecting corporate services such as payroll and information technology services, and with DTF on the re-alignment of their financial estimates and output performance statements to the new administrative structure;
- ensuring that their structure and governance arrangements are appropriate, fit for purpose, promote effective implementation of policy, and provide a foundation for effective and efficient governance and management with high standards of responsibility and accountability (refer to the Victorian Public Sector Commission (VPSC): vpsc.vic.gov.au. Amongst their guidance material is *VPSC – Legal Form and Governance Arrangements for Public Sector Entities*);
- reviewing contracts and delegation instruments. Departments are encouraged to use ordinary processes for varying or novating their contractual arrangements to provide for MoG change(s) including MOUs; and
- ensuring ongoing communication and engagement with affected stakeholders, portfolio agencies and grant recipients.

Role of whole of government inter-departmental committees – for major restructures

A whole of government IDC (sometimes referred to as a task force or secretariat) may be convened (and generally chaired) by DPC to coordinate the MoG implementation process when required, generally for major complex MoG restructures. Ordinarily and IDC will be comprised of senior public servants from departments affected by the transfer of functions but may also draw on the expertise of senior executives of other departments. The terms of reference of an IDC is likely to include:

- overseeing the MoG changes announced by the Premier and ensuring changes are implemented consistent with the announcement and agreed timelines;
- agreeing and overseeing an implementation process, including timelines and the transfer of staff and financial responsibilities and budgets;
- resolving any outstanding issues such as the number of staffs attached to a particular function or the definition of particular functions; and
- ensuring clear and consistent communication of MoG changes across the VPS.

Final agreed terms of reference should be determined at the first meeting of the IDC.

In addition to a whole of government IDC, representatives of departments affected by MoG changes may convene bi-lateral working groups to determine each department's needs with respect to resourcing and budgets. The purpose of these forums is to position departments to commence work under the new arrangements as soon as possible after the date of the announced changes.

Members of an IDC should be departmental representatives who are responsible for coordinating MoG matters on behalf of their departments and should be delegated the power to make decisions. In addition to these departmental representatives, there should be representation from DPC and DTF legal areas, the Executive Directors of Financial Reporting and Portfolio Analysis within the Budget and Finance Division of DTF or their delegates to ensure there are members who can interpret the legal documents and advise on the budget and financial requirements.

Where an IDC or task force is to be established, DPC will contact the departments concerned and call for nominations.

Setting the initial targets and timelines

The information and guidance included in this manual is intended to be comprehensive and sufficiently broad to cover most situations involving restructuring of administrative arrangements. In addition, where a MoG change involves major changes to departmental structures and potentially complex and difficult negotiations and is likely to impact on whole of government processes (such as the production of the annual budget, budget update or annual financial report), DTF will issue supplementary guidance to departments in relation to target dates and DTF's information requirements for those processes.

Early attention to the following points may be helpful in ensuring a quick and orderly establishment of the MoG change process. The list is not meant to be exhaustive (see Appendix 1 for a comprehensive project plan) but covers the important first steps to be addressed.

- Obtain a copy of the Administrative Order (www.gazette.vic.gov.au), or search www.vic.gov.au/general-orders for General Orders, and the Parliamentary website for other relevant legislation for reference.
- Be familiar with the requirements of relevant legislation as outlined in chapter 1.
- Establish early communication with the relevant stakeholders (other departments, DTF, agencies impacted and others).
- Liaise with VAGO audit director to ensure that they are conversant with the process on which the documentary evidence of transfers will be prepared.
- Brief key stakeholders and inform staff of the process. Ensure communication and support channels are put in place.
- Arrange early meetings to establish ground rules and processes, including dispute resolution, for completing the transfers within the required timeframe.
- A suitably resourced project team should be created to manage the transfer process and to liaise closely with any task force support team. Where there are likely to be complicated issues on costings, staff transfers etc., it is suggested that Chief Financial officers (CFOs) or other senior officers from other departments, including DTF, be invited to participate as independent reviewers. The IDC or task force (if required), in consultation with DTF, may need to act as mediator in order to reach a solution if agreement is not able to be reached within the stated timelines. **DTF will establish and advise a time and date for this to be implemented but such action should be seen as a last resort measure**.
- Register all legal disputes and outstanding taxation matters. Goods and services tax (GST) implications need to be addressed, including existing and potential new Australian business numbers (ABNs).
- Ensure fixed asset listings are current and revaluations (FRD103G) are up to date.

- Check that the calculation of long service leave and recreation and other employee leave entitlements are current.
- Ensure that all contractual arrangements and commitments are registered, and supplier lists are available (so that they can be advised of the changes).
- Check when service level agreements will need to be renegotiated.
- Arrange any relevant actuarial reassessments to be provided to support the transfers.
- Ensure that all relevant financial delegations are reviewed and, if necessary, new instruments are developed and ready for submission for approval. This should include review of the documentation as to the responsibilities and authority of finance team members to approve and process journals.
- Ensure that any residual issues relating to departmental name changes are considered. For example, changes to any relevant bank accounts, amending registration details, relevant supplier and customer matters etc.

Key dates

The following is an **indication** of the timelines for the completion of key tasks and the provision of information to central agencies (DTF and DPC) following the announcement of a (generally major) MoG change by the Premier.

Statutory dates and timelines will, of course, be set by the various Orders and Declarations. Other subsequent dates and deadlines will be notified by DTF after consultation with DPC and affected departments and will depend on a number of factors, including the expected overall impact of the MoG change on the departments concerned, the potential impact of those changes on any upcoming events or processes such as Expenditure Review Committee budget or budget update deliberations, end of financial year close out and up-coming whole of government publications. As such, the actual dates set for the completion of any MoG change will need to be finalised and agreed taking account of the specific circumstances, including possible impacts of specialised legislation which may, for example, delay the finalisation of asset and/or liability transfers.

However, to aid discussion and to provide context the following timelines will be useful.

- Within one week – relevant departmental heads signify agreement of the details of any Order under section 30 of the PAA.

Estimates update to DTF

- Within seven weeks after the announcement date of the MoG change –
  - date for achieving in principle agreement between all parties on the financial impacts of the MoG changes.
  - departments notify DTF of any new or revised SRIMS chart of account items.
- one week prior to the date for reaching in-principle agreement on transfers – IDC and DTF provided with a progress report and an update on any risks to in-principle agreement being achieved by the set date.
- nine weeks after MoG announcement date – estimates journals loaded into SRIMS for the impact of the MoG changes ready for approval by DTF. The journals should contain only the numbers agreed to be transferred. Clean up journals to adjust for negative amounts or other prior mis-postings should not be loaded at this time. Appropriation Bill adjustments are normally required within the week following the estimates data feed to DTF.

Actuals update to DTF

- eight weeks after MoG announcement date – Agreement reached (MOUs signed where considered appropriate) in relation to appropriations and other funding source transfers between departments. Preliminary allocation statement completed as evidence of transfer amounts (FRD 119A).
- Within two weeks following the effective date for the transfer of balance sheet items – final data feed (wind-up) to DTF from discontinuing departments for the year to date (i.e. assumes the effective date is the end of a month).
- Within 10 weeks following the effective date for the transfer of balance sheet items – adjusted actual data feeds to DTF from continuing departments for the year to date.
- No later than one month after end of financial year following MoG change – final agreement reached (further MOUs updated and signed where considered appropriate) and allocation statements signed off in relation to transfers between departments.

Memorandum of Understanding

As mentioned previously and in various places throughout this document, the timely development and completion of a MOU between the transferring and receiving departments involved in a MoG change is of major importance in closing out the process. An MOU can be particularly useful where the General Order or a Supplement to the General Order allocates responsibilities to Ministers jointly or jointly and severally. Different departments may support those Ministers. An MOU can document which department will support which function.

In most circumstances, this signed binding agreement will be between secretaries of departments, but supplementary agreements may also need to be developed and agreed between CFOs or other senior officers to document on-going agreements such as shared accommodation or IT.

An MOU is a binding agreement that will be used as audit documentation by DTF and VAGO. The MOU will typically contain the details of:

- the date on which the transfer of departmental functions will occur;
- key people involved in the transfer of the functions;
- current and future estimates of operating revenues and costs associated with the functions being transferred;
- current and estimated closing balances of balance sheet assets and liabilities;
- details of any off-balance sheet items such as contingencies and commitments which are expected to become the responsibility of the receiving department;
- full time equivalent (FTE) numbers (reflected in the Premier's PAA section 30 Order);
- apportionment of any required savings for the functions being transferred;
- a detailed allocation statement;
- outputs being moved (measures reflected in the output statements in the budget papers);
- performance measures required to be created and/or discontinued. Departmental objectives and new performance measures and outputs to be created in accordance with the Resource Management Framework (e.g. 1.1 Specifying departmental objectives and objective indicators, 1.2 Specifying outputs and performance measures, and 6.1 Evaluating lapsing programs);
- value of budgets associated with outputs being transferred;
- allocation statement stating the value of net assets (total assets and total liabilities) being transferred in accordance with FRD 119A Appendix B; and
- apportionment of investment program (capital projects) and funding associated with the outputs or functions being transferred.

A sample MOU between the secretaries of two departments which was used for a previous MoG change is included as a reference in the appendix to chapter 4. A more contemporary template MoU has also been provided on the DTF website.

Appendix to Chapter 2

Implementing MoG changes for financial management – DTF role summary

Initiation

- Informal advice received that a MoG change is imminent and/or a formal AAO is to be made.
- Task force/secretariat established and consulting (for major and complex restructures).
- DTF to advise DPC of preferred effective transfer date(s).

Analysis

- DTF MoG team established (for major and complex restructures).
- Consultations conducted; management arrangements determined; implications assessed (review policy implications, system requirements, timelines, previous years' process, check all current steps needed).
- Roles and responsibilities and determination of the basis for negotiations – focus on customer needs.
- Reporting requirements considered considering the above (annual reports, budget).
- Planning documentation prepared, including key timelines, risk management and issues escalation protocols.
- Analysis of expected PAA Order impacts on financials, budgets and output performance statements completed.

Communications

- Key internal and external stakeholders identified (output managers, departments, key contacts).
- Output managers advised and consultations initiated.
- Medium, method and frequency of communications determined.
- DTF MOG team to contact affected departments and discuss impacts including resourcing, timelines and other issues that could affect the delivery of the MOG.
- Guidance developed based on planning documentation.
- Information and guidance issued to departments electronically (including final date of achieving in-principle agreement, date for balance sheet transfers, templates and guidance notes).

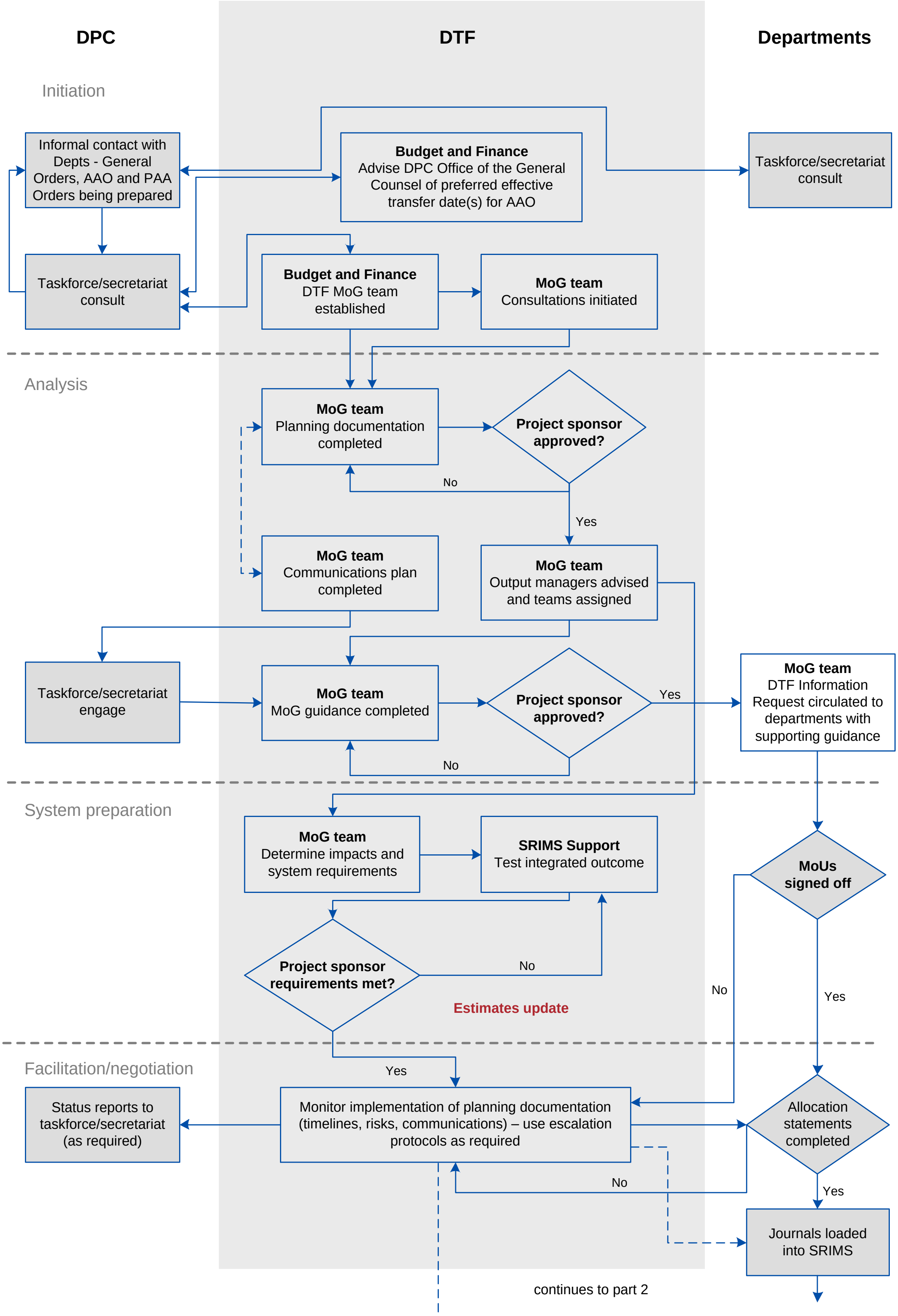
System preparation

- Implications of the impacts/movements assessed on the financial reporting requirements relative to the time of the year.
- Determination of chart of accounts impacts of entities involved: New entities created in the system as required; entities removed from system in line with requirements.
- Business rules assessed and arrangements for coordinated transfer of data/information determined.
- User security assessed/updated as per policy requirements.
- Key messages communicated to stakeholders in line with communications plan.

Facilitation/negotiation

- As per the communications plan, regular communications maintained via face-to-face forums, emails, phone and written reports as required.
- Timelines monitored, risks managed, and issues escalated as required.

Implementing MoG changes for financial reporting – DTF role summary (Part 1)



Implementing MoG changes for financial reporting – DTF role summary (Part 2)

Implementation/validation

- Implementation carried out in-line with planning/communications documentation.
- SRIMS validation/testing complete and errors fixed.

Estimates updates

- Agreement reached on appropriations and other funding source transfers between departments (MoUs drafted/allocation statements prepared and signed-off as appropriate).
- Journals loaded into SRIMS for the impact of MoG changes, with supporting documentation provided to DTF Relationship Manager (DTFRM).
- DTF checks complete, approval of all journals. This will include a review and, time permitting, adjustments to potential negative balances/expenses in the journal for the receiving department on a net zero basis.
- Departmental output statements, performance indicators and revised narrative for Budget Paper No. 3 provided to DTF for all affected outputs. Revised narrative on financial performance for Budget Paper No. 5 provided to the DTFRM.

Appropriation Bill and output measures

- Subject to timing of AAO.
- MoG changes reflected in the Appropriation Bill.
- Explanatory Memorandum to the Bill provides documentation on the changes (manual process).

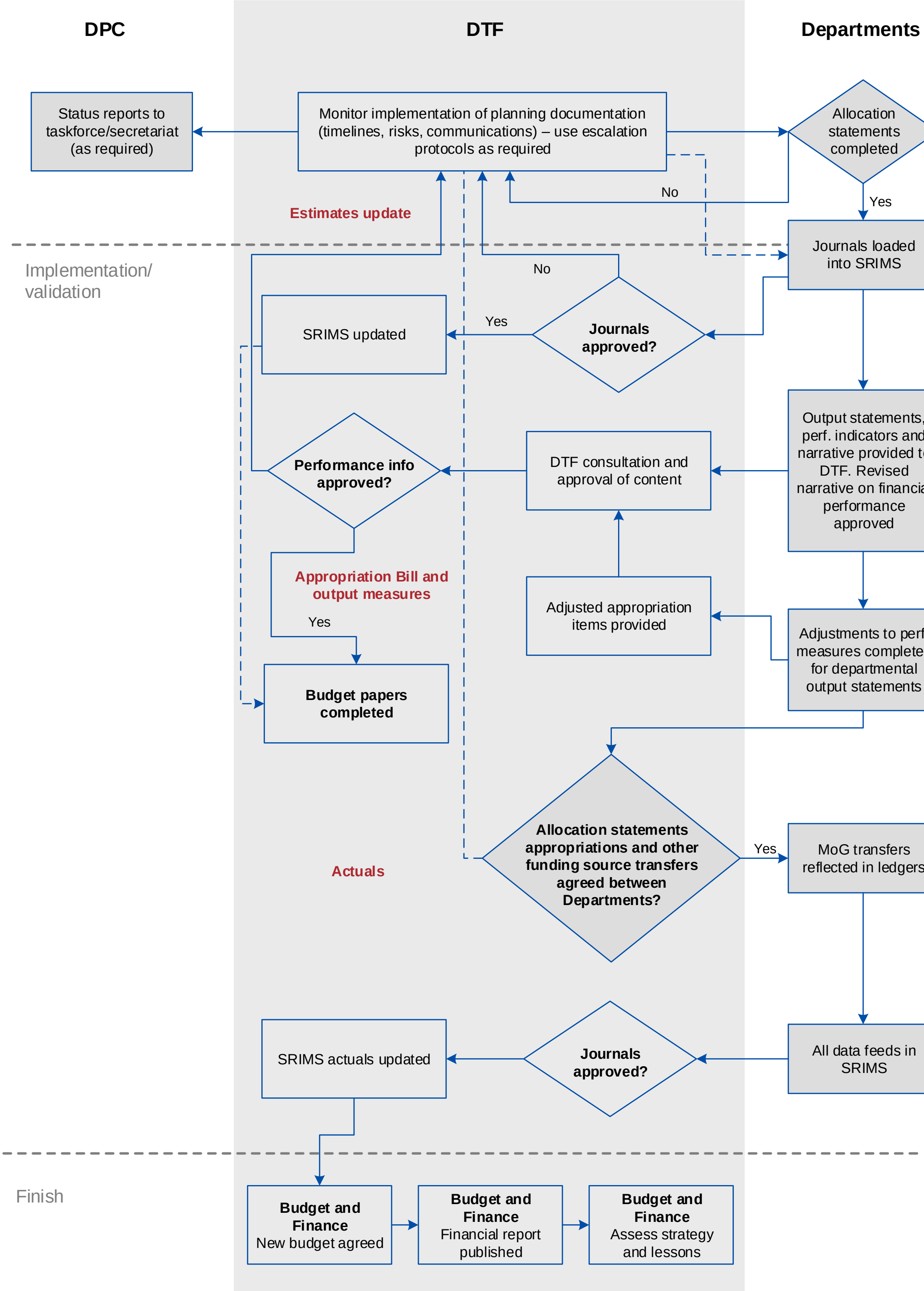
Actuals

- Agreement reached on allocation statements/MOUs signed off in relation to transfers between departments – signed where appropriate by ministers.
- Based on departmental assessments, SAU balances and available warrant is enough to cover expected expenditure over the remainder of the financial year for both receiving and transferring departments.
- All MoG transfers of assets and liabilities reflected in departmental ledgers and in data feeds in SRIMS. Final feeds expected from discontinuing departments as appropriate.

Finish

- New budget agreed.
- Financial reporting complete (estimates, actuals, Appropriation Bill) and report(s) distributed.
- Lessons learnt captured/review complete.

Implementing MoG changes for financial reporting – DTF role summary (Part 2)



Chapter 3: Principles for negotiations between entities

This chapter outlines the conduct and processes for fair and transparent negotiations between departments and agencies when determining the funding allocations for functions being transferred. From the establishment of the base or starting position through to the final negotiated position, the government's overall intent should be paramount. The expectations of reaching an agreed position by a set date and the role of any Inter-Departmental Committee (IDC), task force or secretariat established to oversee the machinery of government (MoG) change mediation process is also explained.

Key considerations

- If there are ambiguities in understanding what may or may not be included in an Order, DPC should be consulted as soon as possible to clarify the government's intent.
- Departments must negotiate and agree the details of each function to be transferred.
- Central agencies (including any IDC, task force or secretariat established to guide the process) will only become directly involved if the relevant departments are unable to reach agreement within the required timelines.
- **A guiding principle is that a MoG change must be budget neutral.**
- **In meeting the required timelines and in reaching a satisfactory agreement on the required MoG adjustments, departments must, always, display goodwill and reasonableness in their positions.**
- An Administrative Arrangements Order, or an order made under the Public Administration Act (PAA), can authorise the transfer of assets and liabilities and any adjustments to the current year's appropriation funding. **However, the Financial Management Act (FMA) Financial Reporting Directions require that an appropriately signed allocation statement (an administrative instrument) must be completed in order to transfer net assets between entities as contributions by owner.**

Establishing a starting point for negotiations

Whereas the overall expectations of the Premier and the government are reflected in the various MoG Order(s), many of the details inherent in the changes will need to be agreed between the transferring and the receiving departments/agencies. If there are ambiguities in understanding what may or may not be included in an order, DPC should be consulted as soon as possible to clarify the government's intent. In some instances, in the past, this has resulted in clarification being sought from the Premier's Office and a subsequent amendment made to the original order.

Once the requirements of an order have been established, understood and agreed between the relevant departments/agencies, the policy of central agencies (DPC and DTF) is that the details within each function to be transferred are matters for negotiation between the departments involved. Departments should consider the benefit of appointment a mutually independent party in the negotiation process, to be assist working through any differences as they arise.

Central agencies and any IDC, task force or secretariat established to guide the process to a successful conclusion will only become directly involved in decision-making if the relevant departments are unable to reach agreement within the required timelines that are generally driven by the budget/budget update or other external reporting requirements. If no third party is appointed, and it seems unlikely that the affected departments will be able to reach agreement in a timely manner, DTF/DPC may nominate someone to assist with the negotiation process.

As a general principle, a MoG change will be budget neutral unless the government has allocated additional funds (or savings) as part of the transition process.

Assets and liabilities are to be transferred at carrying value. However, before starting negotiations, the transferring department should ensure that, in compliance with accounting standards and other guidance, the assets and liabilities in question are in their books at fair value prior to transfer, and that any consequences of revaluation that may affect expense items (e.g. depreciation) have been factored into the budget to be transferred. Financial Reporting Direction FRD 103H Non-financial physical assets provides guidance on fair valuation of qualifying assets.

Reasonableness of positions

In implementing MoG changes, reasonableness of position means undertaking negotiations with the view to achieving the best outcome from a whole of government perspective rather than the best outcome for individual departments. It is expected that the negotiating parties will communicate openly with one another and with central agencies, to achieve the best outcome for government.

The ability of parties to reach a satisfactory agreement on the required MoG adjustments, and to meet the required timelines, will depend on the goodwill and reasonableness of positions of all parties.

The final position should be based on:

- sufficient resources to support the functions being transferred. This will not include resourcing of functions that government has previously ceased. It will include sufficient ongoing funding over the budget and forward estimates for the staff being transferred, and an appropriate component of the transferring department's State Administration Unit (SAU) inter-entity account balances, including any surplus, long service leave (LSL) funding, unspent depreciation equivalent or other funds in relation to creditors of that function being transferred. It will also include sufficient allocations for funded long-term commitments such as finance leases (including public private partnership quarterly service payments). Specific reference to the funding of these commitments should be included in the Secretaries' memorandum of understanding (MOU);
- an appropriate mix of funding for all government approved capital projects, including coverage of on-going minor works, via appropriations for outputs equivalent to the depreciation expense for assets transferred plus Additions to the net asset base (ATNAB);
- in relation to retained surpluses and depreciation equivalent balances, where a precise attribution to functions being transferred is not able to be established by the transferring department, an alternative, negotiated allocation methodology, such as a pro-rata allocation, may need to be applied;
- in relation to the transfer of various departmental liabilities such as LSL or other creditors, SAU cash balances equivalent to 100 per cent of the liability should be transferred. Only in exceptional circumstances where it can be demonstrated that such an amount will leave the transferring department (if continuing) with insufficient operating capital in the current financial year, a lesser amount (for example no less than 60 per cent of LSL) may be applicable. Non-continuing departments will be required to transfer their entire SAU balance to the receiving department(s) along with the balance of unfunded liabilities (see also chapter 9), after ensuring that they will have sufficient available SAU balances and warrant to service current commitments;
- evidence and formal documentation by the relevant parties in relation to shared services that support the functions. Shared services may include:
  - central and corporate services;
  - human resources;
  - resource strategy;
  - information and communication technology (ICT);
  - finance; and
  - accommodation.

  The evidence should include a breakdown by functional area, with an attribution of staff resources against each function.

- existing business/service delivery model arrangements and associated costs of the transferring functions – suitably 'shaped' to reflect the spirit and intent of the government's objectives for this MoG change. Specifically, the allocation of functions to the recipient department will recognise:
  - any devolved service delivery arrangements under that model;
  - an appropriate methodology of allocating costs consistent with the existing service delivery arrangement. This will include an appropriate selection of either incremental cost to the receiving department in delivering the service and functions transferred in the manner intended by government, or alternatively (again, where appropriate) the marginal or average (pro rata) cost of providing the existing service/function;
  - the allocation of central and corporate service costs (overheads) that support the function within the transferring department. As a general rule, this allocation can be expected to be in the range of 10 to 15 per cent of the total costs of the function (if applying a marginal or average cost model), would include accommodation costs, capital assets charge and depreciation, and may include elements of ministerial support services, Freedom of Information support, basic legal services, library services, communications and media and purchasing;
  - any differential costs associated with service delivery in regional centres compared to metropolitan centres (including rental costs and/or shared accommodation and services); and
  - the capacity of the recipient department to absorb the function. That is, the transfer of functions from the transferring department should not duplicate existing functions within the recipient department (e.g. role of the Chief Financial Officer (CFO)) and should also recognise any existing capacity to absorb additional transferring staff within existing accommodation arrangements;
- the number of transferring staff, including funded vacancies, and associated costs that support the function should be based on staff numbers prior to the transfer of the function;
- ensuring that the service delivery of both the transferring and recipient departments is not adversely impacted; and
- maintaining the spirit of the government's decision in transferring the functions in question.

'Reasonableness of positions' should also extend forward in time. It is always possible that an outcome, agreed at the time when negotiations were concluded, later proves to be inequitable or in error. A time limit should be agreed by both parties after which further claims for funding adjustments will not be pursued. This agreed time for a 'true-up' of each parties' claims could be the end of the financial year following the MoG change, or, at most within 12 months. The agreed timeline for this finalisation of positions, and any other conditions should be recorded in the MOU signed by the Secretaries.

Issues to consider when negotiating cost allocations

When negotiating budget funding for a transferring function, the expectation is that the parties involved will arrive at an agreed level of budget funding (revenue) that will adequately cover the cost of delivering the functions in the new department. It is therefore important that both parties be provided with the relevant information and understand the cost drivers for the function or service being transferred. Because of these variables, it is not possible to provide prescriptive advice as to how costs (and therefore revenue) should be allocated for any transfer situation.

It is important that all parties to the negotiations come to an agreement as early as possible, but also understand that once negotiations have been completed, there will be very limited opportunity to renegotiate funding adjustments once the MOU has been signed off. Consistent with the principles of reasonableness outlined above, any request for subsequent funding adjustments will need to be resolved by the parties concerned.

Output costs

Reported output costs included in the budget papers will not necessarily reflect the funding adjustments required even where a whole output is being transferred. The funding source may include other own source revenue as well as appropriations. Output costs may be used as a basis for negotiation, but ultimately a sufficient level of funding to produce those outputs is the important outcome to be agreed.

Output costs represent the total cost of delivering a portfolio department's outputs, including direct costs associated with delivery of the output plus a part of corporate overheads, allocated as indirect costs to each output. Indirect costs are generally allocated to particular outputs on a *pro rata* basis or as an average per unit cost and this may not be an appropriate basis for allocating funding if, for example, the size and composition of each department prior to the transfer is significantly different relative to the function or service being transferred.

As outlined previously in this chapter, corporate overheads are dealt with separately, so combining the two methods could result in double counting. In addition, there will likely be other functions and assets being transferred that are not attributable to a single output and combining a specific cost attribution with a global output cost approach is not a rigorous or consistent approach.

Where a complete output is transferred, the transferring department should provide an explanation of how the cost allowance included in the transfer funding relates to the published output information in the budget papers (e.g. BP3).

Savings and efficiencies

Where additional savings or efficiency measures have been included as part of the MoG change, the allocation to specific functions will need to be included in the negotiation process. The allocation of savings should be transparent to all parties, determined consistent with the government's intent in the matter and shown on a gross basis in the negotiation documents. This means that the gross amount of the budget transfer should be agreed prior to the allocation of any savings, unless it can be shown that the savings have already been applied to that function and that the impacted business unit is already aware of its target allocation.

Where a department proposes to on-pass unallocated savings as part of a MoG change, it must also provide a whole of department report to substantiate the amount of the savings proposed to be allocated to the transferring function/output.

As an example, the following table shows the total departmental savings required for a particular government savings initiative, with $2.1 million of savings proposed to be allocated to Output 3, which is the subject of MoG negotiations. As noted in the previous section, any adjustment to the output costings will need to be equally applied to the savings target. If only part of Output 3 was transferring to another department then the breakdown and calculations shown in the table below should be provided at that disaggregated level. Note also that savings or efficiency measures would rarely, if ever, include fixed assets, depreciation equivalent revenue or capital assets charge and so should not impact on the allocation statement.

Table: Allocation of government savings to existing outputs

Outputs*	Controlled operating revenue	Percentage savings	Allocation of savings
	$m	%	$m
Output #1	10.0	16%	1.6
Output #2	17.0	28%	2.8
Output #3	13.0	21%	2.1
Output #4	12.0	20%	2.0
Output #5	9.0	15%	1.5
Total revenue	**61.0**	**100%**	**10.0**

*This example shows departmental outputs. However, it may alternatively be split by business unit.

The transferring department may provide advice on how the savings may be achieved but the allocation decision is the responsibility of the receiving department.

Previously allocated savings and efficiencies that are prospective in nature (i.e. forming part of the forward estimates), including the government's on-going efficiency dividends, should be clearly stated if they are allocated to programs that are transferring.

Notwithstanding the identification of these savings, when transferring staff from one entity to another, the transferring department must transfer the staff with sufficient ongoing funding over the budget and forward estimates to cover all their entitlements and other employee-related costs, including salaries, LSL, superannuation, WorkCover and payroll tax. It is assumed that the transferring department has already embedded the previously announced savings within the portfolio.

Capital funding

Funding for the total estimated investment for each capital project, along with an annual cash flow profile, is approved by government as part of the budget process. Except for projects funded from specific trust accounts, the source of that funding will consist of a mix of depreciation equivalent revenue and (gross) ATNAB. Therefore, sufficient funding must be provided to the receiving department to cover the remaining total investment (expenditure) for all approved capital projects transferred, noting that depreciation equivalent revenue will also need to allow for an appropriate, negotiated level of annual spending on minor works. Details of this capital funding transfer for the current and future years should be included in the MOU.

Section 5 of the Appropriation Act and section 33 of the FMA require that the level of depreciation equivalent output appropriation (both for the current year and the amount estimated for future years) is equal to the annual depreciation expense generated by the portfolio’s physical assets. Therefore, the amount of depreciation equivalent revenue provided to the receiving department must be consistent with the depreciation expense which will be incurred on transferring assets. Because of this requirement, it is possible in some circumstances that a higher level of capital funding will need to be provided to the receiving department for the current year than is necessary for approved capital projects.

If this latter situation arises and the transferring department is left with insufficient funding in the current year to cover the expected cash outflows of its remaining capital projects, it may need to apply to DTF for supplementary funding. Regardless of the impact of these adjustments on the current year’s capital funding requirements, the total amount and mix of capital funding for future years for both the transferring and receiving departments will need to be reappraised and adjusted as part of the next annual budget cycle.

Mediation by an IDC, task force, secretariat or other party

Where an IDC, task force or secretariat has been established to oversee a MoG change, both transferring and receiving departments must notify the IDC, task force or secretariat of their position no later than a date which will be advised by DTF. The Director, Portfolio Analysis within the Budget and Finance Division of DTF is also to be notified of the respective positions at the same time. Where in-principle agreement has not been reached by the advised date, or, on the assessment of either party, subsequent deadlines issued by DTF are unlikely to be met, these positions need to be documented so that a mediation process can be implemented if required. This is considered to be a sub-optimal outcome for the negotiation process.

In the circumstance where an outcome cannot be reached by the required date, the IDC, task force or secretariat (or a group nominated by the Director, Portfolio Analysis if an IDC, task force or secretariat has not been established), supported by DTF and DPC, will arbitrate a decision sufficient to enable preparation of an upcoming budget or other whole of government publication. Arbitration should be triggered through written communication from the Secretary of an affected department. Whilst every effort will be made to encourage the parties to negotiate and agree an outcome, it is recognised that the process will be subject to both legal and administrative time constraints. Note that if one of the central agencies is a party to the arbitration, the other would drive the arbitration process.

Any decisions by the external party will therefore be the basis for preparation of all required State Resource Information Management System (SRIMS) journals for that publication. DTF's position on any arbitrated outcome is that it will not support any subsequent submission to Cabinet or its sub-committees for additional funding.

To assist in the arbitration process, a department's position must be supported by evidence such as details of functions, staff numbers, costings and costing methodologies and any other relevant information. Positions should include adjustments to budget data, actuals data (where available) and any savings allocations. If an issue goes to arbitration, the strength of each case will be dependent on the quality of this supporting information. There will be very limited scope for further discussion or revisiting the final agreed position on funding-related issues once an arbitrated decision has been incorporated into the budget papers and/or the Appropriation Bill.

Resolution of all other outstanding issues not involving funding or those that will not adversely and materially impact accurate reflection of the MoG changes in the budget papers remains the responsibility of the negotiating parties. Negotiating parties should strongly consider the option of obtaining the assistance of a third-party mediator to enable sign-off of any outstanding MOUs or agreements in order to meet departmental reporting deadlines.

Depending on when a particular MoG change is announced, certain processes such as the final valuations of assets and liabilities to be transferred via an allocation statement may not be completed until after the end of the financial year and may ultimately depend on other processes associated with end-year finalisation of financial accounts such as revenue certification and SAU reconciliations. Each department will need to work closely with their external auditors in order to ensure that the full impact of the MoG change is reflected in the annual financial statements for that year.

Authorisation for transfers following completion of negotiations

As explained in Chapter 1, the authority for the transfer of assets and liabilities, including balances held with the SAU is the arrangements made in an Administrative Arrangements Order or a Declaration made under section 28 or 30 of the PAA. Adjustments to the current year's appropriation funding may also be included in an Order, consistent with the requirements of section 4 of the Administrative Arrangements Act.

However, in order to also comply with accounting requirements, a further administrative instrument must be prepared which details the agreed transfer of net assets between entities designated as contributions by owner. The required administrative instrument for a MoG change is an allocation statement signed by either the relevant Ministers or a formally delegated departmental officer. Details of this process and other accounting requirements, including an example allocation statement are included in Chapter 6. Examples of the various legislative instruments are included in the appendix to chapter 1.

Chapter 4: Planning and communication, people management

This chapter provides guidance on critical planning considerations, addressing the preparation of comprehensive transition plans, due diligence, strategies for communications with staff and affected stakeholders, and the management of information communications technology (ICT) transition. The chapter outlines key considerations in managing the impact of machinery of government (MoG) changes on staff who can be strongly affected by disruption and uncertainty. It also addresses issues relating to the management of portfolio agencies and the need to review delegation instruments. The impact of departmental MoG changes on portfolio agencies, effectively managing relationships during the transition period and guidance on keeping up information flows are also covered.

Key considerations

- Planning as early as possible for the implementation of MoG changes is critical.
- The scale and complexity of a particular MoG change will dictate the depth of planning required and the manner in which this planning is put into effect.
- Steering committees or working groups should include appropriate levels of representation from both the transferring and receiving departments as well as an independent officer from another department if possible.
- Changes in ministers, departments and heads of departments make it essential that each department review its instruments of delegation and authorisation in the short term, and its structures and the effectiveness of its service delivery mechanisms in the medium term.
- Effective management of the MoG process will also include:
  - development of a comprehensive transition plan;
  - identifying issues through the detailed examination of all aspects of the functions being transferred (due diligence);
  - an appropriate staff communication strategy with shared responsibility between the receiving and transferring departments; and,
  - recognition that an ICT strategy needs to be addressed early in the planning process because of the significant resources and time involved to implement.
- MoG changes will cause a degree of disruption and uncertainty for employees, which need to be managed appropriately.
- Identify and establish relationships with key contacts at transferor and transferee departments to ensure smooth transition for affected portfolio agencies.
- Determine if there are any impacts to the funding of portfolio agencies resulting from a MoG change and engage appropriate contacts early to ensure minimal impact to the agency concerned.

Planning

Regardless of whether MoG changes are relatively minor or they involve a major restructure and the transfer of multiple functions between departments, it is critical that departments start planning for the implementation of the changes as early as possible. Whereas certain processes may be able to be completed in a matter of days or weeks, others, such as the establishment of a new department, may take months to completely bed down. It has been reported that one MoG change took over 18 months to fully implement.

Establishing a steering committee

Chapter 2 outlines the role of a whole of government inter-departmental committee (or task force), which can provide general oversight of the MoG process, set and monitor timelines and provide guidance and issue resolution where necessary. Where required, the Department of Premier and Cabinet (DPC), with support from other departments involved in the MoG changes, will generally convene and drive this committee.

In addition, a suitably resourced inter-departmental steering committee should be established as soon as possible, with clear lines of accountability to oversee implementation of MoG changes. This committee will be essential to managing the smooth transition of functions, staff and funding while ensuring business continuity during the process.

The scale and complexity of the MoG change will dictate the composition of the committee, which would typically include representation from both the transferring and receiving departments. Its membership may be drawn from senior personnel in information technology, legal, finance, human resources, and accommodation etc. including counterparties responsible for receiving the functions. Ideally the committee should be chaired (co-chaired) by senior executives (Deputy Secretary or Chief Financial Officer (CFO) level) and should meet regularly during the transition period, provide advice to the executive, and plan for and coordinate implementation activities to assist in a smooth transition and the best outcome for government and all parties involved. Where possible, consider including at least one independent member (e.g. CFO) from a department not involved in the MoG change.

In addition, working groups reporting to the steering committee should be established to progress specific aspects of the change. For example, a small working group within the transferring department could undertake and report as soon as possible on an initial scoping exercise. The scoping exercise might include a comprehensive list of questions relevant to the transferring functions and programs/outputs including assets and liabilities, contracts register, intellectual property, disputes and litigation, lapsing programs, savings requirements, staff numbers and pay and conditions.

Further working groups should be established within each department, reporting to individual members of the steering committee, for example to manage ICT transfers. A past, successful practice in at least one department was to establish a working group with responsibility for clearing issues in relation to the preparation and processing of State Resource Information Management System (SRIMS) journals for budget transfers. This group included representatives from DTF (Portfolio Analysis and Financial Reporting groups) and was established very early in the process (even before the Administrative Arrangements Order was officially issued) to ensure that business rules within SRIMS were understood and, where necessary, lifted to enable processing to take place and to ensure that timelines for completion were not adversely affected.

Transition planning – issues for consideration

The steering committee and/or subordinate working groups should consider the following points when developing a comprehensive transition plan:

- articulate the objectives to be achieved by the change;
- ensure key stakeholders are involved in the process;
- clarify and document the respective roles of transferring and receiving departments in relation to the process, including the documentation of review and approval requirements for MoG journals;
- ascertain whether functions will transfer in their current form or in a modified form;
- conduct due diligence and risk management assessment in relation to the transfer of functions;
- develop a communication strategy to ensure employees and stakeholders are kept informed of transition arrangements;
- determine the new direction, core business, structure and staffing arrangements of the transferring functions;
- develop a people management strategy that includes realistic timeframes and the impacts of any differences in employment conditions between the transferring and receiving departments;
- include in the project plan: transfer of budgets, assets and liabilities, employees and information technology; physical relocation to new premises (city, metro and country if required); transfer of records and other information (digital and physical); management of stakeholders including Minister's Office, subsidiary entities, other external stakeholders (refer to chapter 5 for information relating to information technology, records management, facilities and accommodation); and
- maintain the general principles of reasonableness of position with the view to achieving the best outcome from a whole of government perspective and openness, fairness and equity in dealing with affected staff.

It should be clear to participants in the steering committee and working groups that, in addition to representing their department, each also has a responsibility to act from a whole of government perspective so that the changes to arrangements will produce the best results for the State.

Due diligence

Due diligence is the detailed examination of all aspects of the functions being transferred, including budget funding, assets and liabilities and statutory, contractual and other arrangements, with a view to identifying any issues that may need to be addressed.

The steering committee should develop a comprehensive set of questions (supported by checklists where appropriate) covering all necessary information relating to the transferring functions. This should include:

- identification of delegated functions and authorisations;
- assets and liabilities;
- register of all contractual arrangements and funding agreements, leases (vehicle, property and equipment, public private partnerships (PPPs)) and provision of goods and services;
- partnerships and joint ventures;
- intellectual property;
- disputes and litigation;
- outstanding legal actions, freedom of information (FOI) requests (including how potential future requests will be dealt with);
- outstanding Australian Taxation Office (ATO) matters;
- identification of specific programs and administrative schemes and whether established under statute or otherwise;
- audit reviews (internal and/or external, financial or performance based); and
- departmental financial, information and other data and records management systems.

Communication strategy

An appropriate communication strategy should be developed very early in the process to ensure there is clear understanding of the extent and rationale for the change, the objectives to be achieved by government and the impact on affected employees.

Both the transferring department and the receiving department should ensure that communication to staff is effective and consistent. For preference this should be the responsibility of a dedicated project manager or managers, coordinated across both departments to ensure consistency of messaging and advice. There should be shared responsibility between the receiving and transferring departments for the overall communication strategy.

The communication strategy should consider:

- conducting a series of meetings or information sessions for affected staff;
- providing regular email updates (from the receiving department) to staff of both the transferring and receiving departments;
- establishing a dedicated transition website accessible to both the transferring and receiving departments; and
- establishing a telephone or email hotline to answer specific enquiries with published updates of frequently asked questions (FAQs).

Information and communications technology strategy

An ICT strategy needs to be addressed early in the planning process as it may involve significant resources and time to implement. Chapter 5 of this manual provides further details.

Records management strategy

The receiving and transferring agencies should work together to develop and deliver a records management strategy. Chapter 5 of this manual provides further details.

People management

This section provides details of the types of issues that will need to be addressed to ensure a smooth transition of staff from both the transferring and receiving departments.

MoG changes can cause a large degree of disruption and uncertainty for employees. If human resource issues are not managed appropriately, staff morale may suffer, leading to staff attrition and loss of productivity. For effective change management, heads of departments should advise staff on the rationale for, and the nature and extent of the changes and should provide regular updates to staff. It is also good practice for the receiving department to establish a working group to develop a people management strategy, manage the transition and oversee staff changes. This group should also work closely with contacts in the transferring department to ensure that potential issues are anticipated and effectively managed. This will include due consideration for relevant human resources legislation, principles and policies, particularly in relation to staffing and equity issues.

Departments affected by a transfer of functions will need to establish early contact and work together in a cooperative manner to ensure continuity of government business and a minimum of disruption to employees.

Remuneration and other conditions of employment

As outline in Chapter 1, a determination under the Public Administration Act (PAA) (section 28 by Department Heads and section 30 by the Premier) requires that the transfer of an employee to duties in another department or other public entity must be made on terms and conditions of employment that are no less favourable overall. In addition, section 31 states that transfers made under section 28, 29 or 30 do not affect employment continuity (the transfer does not constitute a resignation or termination of employment).

Issues for consideration by the transferring department for managing staff transfers

Priority staff issues

- identification of affected employees, including whether or not (and when) physical relocation is to be effected;
- development of the PAA section 30 declaration by the Premier, including the schedule of identified VPS employees being transferred to another department. Any subsequent adjustments to these transfers can be included in a schedule attached to a PAA section 28 transfer signed jointly by both department heads;
- implement the communications strategy and establish and maintain communication with affected staff as soon as possible;
- making the connection to the receiving department's information and communications technology systems, including establishment of emails and allocation of individual phone numbers;
- calculation of employee entitlements and updating of staff records (long service leave, leave taken etc.); and
- transfer of physical and digital personnel records of affected employees including personnel files and leave records (see also chapter 5 for information on the management and transfer of records).

Depending on the timing of the MoG change and on the approach agreed with the receiving department, the transferring department may need to finalise performance appraisals and, where relevant, make arrangements for calculation and payment of performance bonuses (on a *pro rata* basis) to transferring staff.

Affected employees should be consulted throughout these processes, kept informed of developments, and given the opportunity to speak to current managers regarding any concerns they may have. The receiving department should provide induction sessions and information packages to help staff settle into the new organisation.

Arrangements need to be put into place for the return of items in the possession of employees from the transferring department. This will include vehicles, laptops, mobile phones, purchasing cards, and security passes. Designated employees may need to be provided with extended access to the premises for a defined period for a particular purpose. These arrangements should be discussed with the employees concerned and the circumstances brought to the attention of the receiving department. In some cases, staff transferring to the receiving department may be permitted to retain certain items (such as mobile phones and departmental or executive vehicles) from the transferring department, as part of the agreed transfer arrangements. Please note that VicFleet will need to be notified of any changes to vehicle lease arrangements including any permanent transfers.

Arrangements also need to be put into place for employees to return or release departmental records (physical and digital formats) back to the transferring department's records management system or records management areas. An assessment will be made (see chapter 5) as whether or not the records will subsequently form part of the overall MoG transfers.

The receiving department needs to be advised of any requirements, issues or other implications in relation to existing delegations or authorisations required by employees in order to perform their duties. This could extend to governance documents, contractual arrangements and any outstanding procurement or legal actions.

The departmental heads of the relevant departments will jointly sign a PAA section 28 transfer for movement of staff whose duties are affected by MoG changes. Under this section of the Act the departmental heads may, if satisfied that it is necessary or desirable in order to give effect to an administrative re-arrangement, transfer VPS employees to another department. The transferring department will generally prepare the document for approval and signing.

Employees on leave, secondment or temporary assignment

In identifying employees who are to be transferred, the transferring department will need to provide details of any employees who normally perform work associated with the function that is to be moved, but who are on paid or unpaid leave, those on long-term sick leave and any employees who are on secondment. These employees will be transferred to the receiving department with effect from the date specified in the section 28/30 transfer/declaration with appropriate notation as to when their period of leave or secondment will expire.

A separate agreement on funding and other arrangements should be sought from the receiving department where employees who are substantively assigned to the function to be transferred are temporarily performing other duties.

It will also be necessary to contact the organisation which is providing the people on secondment or outposting, including from a Commonwealth department, to the old department to reaffirm and agree the details of any ongoing secondment with the new department.

Recruitment action

The arrangements for handling recruitment processes which have not been completed will depend on the stage reached in the process and the nature of the administrative change.

Where a vacancy has been advertised and the department has not yet taken a decision to make an offer of engagement to the preferred applicant, the position should be transferred as an unfilled vacancy and the receiving department should decide whether to discontinue the process or proceed with the recruitment action.

Where the transferring department has taken the decision to engage the preferred applicant, the recruitment process should continue until the process has been completed. Once the decision comes into effect the person will, in accordance with the PAA section 28/30 determination be transferred to the receiving department.

Issues for consideration by the receiving department for managing staff transfers

The general principle which applies to MoG changes is that affected employees are transferred with their function, and their employment status and classification remain the same. (See above: 'Remuneration and other conditions of employment')

Induction of transferred employees

The receiving department should ensure transferred employees are given an appropriate induction to the department as soon as possible to provide them with information including:

- the organisational structure;
- management systems, including performance management;
- the department's systems and ICT issues (e.g. TRIM) and protocols and formats for written material, records management policies and practices;
- workplace arrangements, remuneration and if appropriate, classification structures; and
- human resource procedures for raising issues such as complaints and conduct matters.

Memorandum of Understanding and recoup agreements

Documentation of the process is essential, and it is highly desirable to develop a Memorandum of Understanding (MOU) between heads of departments detailing all decisions agreed, including in relation to the payment of transition costs and recovery of costs at a later stage.

This is important where a transferring department agrees to continue providing some services for a period of time, such as allowing employees to remain in existing accommodation or maintaining communications and information technology services. Typically, this could include shared accommodation and shared services in metropolitan and non-urban locations where it is desirable and effective to continue to provide services to the public from a single location. If not already identified within the accounting system, these expenses will need to be separately recorded and an agreement reached as to how and when these costs will be recovered from the receiving department. Short term arrangements versus long term agreements need to be separately identified.

Invoicing arrangements for these transitional costs should be established to ensure that existing accountability and approval processes can be followed for both the receiving and transferring departments. Whilst other recoup mechanisms could also be implemented, invoicing arrangements are considered optimal as they align with existing processes.

A sample document outlining the administrative arrangements for recoups and an MOU are included in the appendix to this chapter. There is also a more extensive Sample MOU available on the DTF website.

Security passes

Security passes will be required for incoming staff. Receiving departments should contact their security team with a list of names of new staff and confirming the access profile required for each. The relevant security application forms may need to be completed and consideration given to whether additional requirements need to be complied with, e.g. police checks. Arrangements will need to be made for new photos to be taken or alternatively existing ones to be transferred electronically from the security provider.

Delegations and authorisations

Changes in Ministers, departments and department heads that occur following an election make it essential that each department review its instruments of delegation and authorisation.

An instrument of delegation or a statutory authorisation made by a Minister or department head will continue to have effect following the issue of a new or amended General Order by the Premier (i.e. following a general election or a change in the designation of a Minister, department head or department) if the only substantive administrative change is the person who holds the office of Minister or department head. In either case, however, it is good administrative practice to review these administrative arrangements and issue new instruments of delegation or authorisation as appropriate.

Where functions and staff are transferred between departments, however, any delegations or authorisations attached to staff within the transferring department will cease to have effect at the time the functions and staff are transferred to the receiving department. Delegations or statutory authorisations will have to be remade. Delegations or statutory authorisations will also cease to have effect where a department is abolished.

Some *personal* authorisations do not survive MoG changes and will need to be remade. Agency staff holding personal authorisations (i.e. those made to a person rather than to a position, and/or made other than under statute) will need to contact their in-house legal team for advice on whether they need to be remade.

Where a statutory office is moved from one department to another under a PAA section 11 Order (usually Gazetted at the same time as the PAA section 10 Order for the changes to departments), it will be necessary to seek new delegations and authorisations, effective from the date of the transfer, to enable these statutory office holders to perform their duties under their respective new departments.

Managing the department's portfolio agencies

Agency classifications

There are several ways in which government agencies can be created or amended. Cabinet approval is required for the creation of all new non-departmental entities under Premier's Circular No 2013/2 on the *Creation and Review of Non-Departmental Entities*. This Circular is available from Governance Branch, DPC.

The Victorian Public Sector Commission has published a useful document titled *Legal Form and Governance Arrangements for Public Entities: Guidelines (revised May 2013).* The revised version contains information updated to reflect MoG changes and a process for determining the most appropriate legal form and governance arrangements when establishing a public entity. The document is available at:
vpsc.vic.gov.au/resources/legal-form-and-governance-arrangements-for-public-entities-guidelines-revised-may-2013

In summary, an 'agency' can be created:

- by an Act of Parliament (statutory authority);
- under the State Owned Enterprises Act by Order in Council (State body or State business corporation);
- as a public company under the Corporations Act; or
- as an officially established public service body by Order in Council (administrative office).

All except the last-mentioned body are autonomous entities which are independent of a department, generally having their own Board and management structures. An independent agency may be a fully commercial operation (such as water bodies which fund their operations and can borrow against future revenue). For other agencies (such as hospitals and TAFEs), their operations may be largely dependent on the appropriations and the budget process for a substantial portion of ongoing funding. A further sub-set of the latter bodies is that of government agencies which collect and retain regulatory-type revenues but are dependent on government for virtually all capital funding requirements (e.g. the Victorian Institute of Teaching). Therefore, the potential impact of MoG changes will be different for each type of agency within the portfolio. Management of this impact, particularly during the early stages of the transition period will require close liaison and communications between the transferring and receiving departments and any agencies concerned.

From DTF's perspective, a MoG change will not impact the Government Finance Statistics (GFS) classification applicable to each agency for whole of government reporting since a change in portfolio by itself is not a defining factor in the classification. However, if a department or agency believes that the primary business of an agency will fundamentally change as a result of a MoG change, they should discuss this with their DTF relationship manager **BEFORE** any change is implemented. The accounting arrangements and requirements for moving agencies between portfolio departments are discussed in detail in Chapter 6.

Engagement with agencies

Effective and positive relationships between the portfolio department and their agencies are extremely important. The PAA (section 13A), the Standing Directions 2018 and the supporting Instructions and Guidance issued by DTF (No. 2.3.4) provide the framework for establishing and maintaining this relationship.

Portfolio departments advise and support their portfolio Ministers on financial management by working with, and providing guidance to, their portfolio agencies; facilitating and coordinating a portfolio approach to the delivery of intended government policies and priorities – including efficiency and effectiveness; facilitating liaison and information sharing between agencies and their ministers and with DTF on whole of government financial management and performance matters.

A MoG change that involves the transfer of an agency from one portfolio department to another will impact this relationship and it is therefore important for the 'transferring' department to maintain and the 'receiving' department to quickly establish close and continuous communications and information sharing during the transition period.

Impact of MoG changes on portfolio agencies

As indicated throughout this document, MoG changes can take many forms. Therefore, the impact on a particular type of portfolio agency will vary on a case by case basis. As shown in the preceding sections, the extent of the impact of a MoG change on an independent government agency could range from minimal (involving a change only in the working relationships) to major (involving substantial changes to funding arrangements).

While the most common impact of MoG change involves the transfer of responsibility for an agency from one department to another, it may involve the transfer of functions or responsibilities between agencies or between a department and an agency (including, potentially, the establishment of a new agency). In the case of the transfer of responsibility for an agency between departments, this will involve only minimal impact on an agency's systems and processes but will require close, effective and timely communication between all affected parties regarding the progress and management of the impact on the agencies involved. However, a transfer of functions between agencies will directly impact an agency, the circumstances and effects of which will depend on the government's intended outcome. As a minimum, it is likely that legislative change will be required to effect the change. Although these considerations are outside the scope of this manual, note that DTF is able to provide advice on the establishment of a new entity and, on behalf of the Treasurer through its Commercial Division, will be involved in any new or changed governance and reporting arrangements.

Establishing new relationships – business continuity (monthly and other meetings)

Engagement with agencies can vary from department to department depending on the complexities of the relationship, funding arrangements, etc. It is critical to develop and implement an agreed handover and communication strategy with transferring agencies to ensure a smooth transition to the new department. For example, some departments manage compliance, financial reporting and funding issues through separate divisions/business units, whereas others may manage the relationship from one central contact point. Timing of the transition and who the agency should be communicating with at various points in the transfer process should also be agreed between the departments. Ensure also that this handover strategy includes managing the transition at senior executive level including Secretary to CEO and CFO to CFO.

Face-to-face contact is important and the new departmental portfolio contacts are encouraged to arrange meetings with incoming agency contacts as soon as possible during the handover process. This will help to establish the relationship and can also provide the agency with a known departmental contact to follow up on any questions and to provide ongoing support.

If the change in departments is likely to materially impact the reporting arrangements (for example a significant increase in the quantity, quality or timing of information required to be provided to the new department), it is recommended the transferring department offer support in the form of training etc. to allow a smooth transition to the new arrangements. Similarly, the transferring department may have well established monthly or other periodic information sharing and training sessions. From the agency's perspective, it is important that these arrangements are maintained with the receiving department at least for the foreseeable future when a review of continuing arrangements may then be appropriate.

Managing relationship changes and keeping up information flows – changes to personnel and structures.

In terms of establishing and cementing ongoing relationships, it is recommended that new departmental portfolio contacts communicate with their agencies as soon as possible and exchange information on topics such as budgets and funding arrangements, reporting of financials (actuals data), and financial compliance information. This should be a three-way communication involving representatives from the agency as well as the transferring and receiving departments to ensure that timing and content of reporting and other information-sharing are neither duplicated nor inadvertently overlooked. Other topics to be covered in these meetings include funding arrangements, including continuity of funding flows and whether or not it will be necessary to re-negotiate agreements. It may be necessary to seek legal advice where there have been changes or there are potential changes to legislation or to MOUs.

Assistance and advice may also be sought from DTF in the early stages of transition in order to avoid potential complications post-transition. This could include issues such as revenue collections (economic and financial policy), budgets, financial frameworks and reporting (budget and financial management), agency borrowings and performance reporting (DTF Commercial).

Agency restructures

Details of restructuring arrangements for existing agencies is outside the scope of this manual and requires specialised knowledge and advice. To effect such a restructuring (other than for an Administrative Office which can be amended under the PAA), requires either an amending Act of Parliament, or an amending Order-in-Council for state owned enterprises under the *State Owned Enterprises Act 1992* (SOE Act). A public entity can also be declared to be a reorganising body under the SOE Act to conduct or to facilitate a reorganisation of that entity.

An Administrative Order to bring about a MoG change should therefore not directly impact the internal structure of an agency unless one of the above steps is also taken.

Appendix to Chapter 4

First steps for establishing a successful MoG change process

The following is a list of suggestions for setting up a project team and for addressing the most urgent and immediate MoG issues, particularly in relation to the impact on corporate governance and staff.

A detailed operational checklist is also included at the end of this manual.

Check that the government's intent is understood and accurately reflected in the MoG Order

Ensure that:

- the changes proposed by government are accurately reflected in the published Order;
- all related media releases and other publications are available for reference;
- the transferring department understands the nature and scope of the changes; and
- the receiving department has been informed of and agrees the extent of those changes.

Decide who will drive the changes and appoint a project team

As soon as possible, agree the appropriate governance structure and establish a project committee/team(s) (preferably inter-departmental) to coordinate all aspects of the required change. Ensure that the project team:

- understands its responsibilities and deliverables and has a clear understanding of its reporting lines to and from the senior executive;
- has the right mix of seniority, skills and experience, including project management skills. Consider the inclusion of appropriate people from central agencies (DPC and DTF);
- identifies and assesses key issues, risks, expected impacts and necessary resources as a matter of urgency; and
- seeks guidance from the senior executive to identify which values and cultures are to be reinforced in the new organisation.

Develop a transition plan

Develop a transition plan which addresses change issues including maintaining 'business as usual'. The plan will include:

- key timelines including compliance with statutory obligations (Orders, reporting), central agency requests;
- mitigation strategies for the key identified risks;
- steps for reviewing progress against plans and regular reporting to the senior executive; and
- procedures for dealing with variations to plans.

Consider whether to seek expert assistance

The level of complexity of the change may make it worth considering the engagement of consultants or contractors to assist in managing the process.

Develop a communication strategy

Ensure that the communication strategy includes:

- communication with central agencies;
- communication with regional locations;
- notifying clients, service providers and other identified stakeholders about relevant changes to operations;
- keeping portfolio agencies informed of changes which could impact on relationships and funding arrangements; and
- keeping staff informed of the process.

Consider the organisation's ability to service revised Ministerial responsibilities

Assess whether organisational changes are required to meet the revised needs of Ministers.

Address the potential impact on staff

Effects include the impact on morale, different organisational cultures, loss of key staff and corporate knowledge. Ensure effective communication with staff on available counselling services, issues resolution, secondment/leave opportunities.

Identify and review corporate policies, standards, plans, performance measures

Identify policies and standards in finance, human resources and administration, strategic plans, asset and information plans, communication technology plans and operational plans (including performance measures); and plan for their immediate review and update to ensure they are of continuing relevance, appropriate and maintain accountability. Include core and strategic committees (e.g. finance, audit, risk management and information technology).

Review and update delegations and accountability arrangements

Review and update all instruments of delegation to ensure continuity of operations. Ensure delegations conform to the Order and are consistent with the new structure.

Legal matters

Identify, review and prepare for the transfer of existing obligations from contracts, leases and litigation.

Identify opportunities to review and renegotiate terms and contracts.

Manage the orderly transfer of staff, staff-related records, payroll, salary packaging

- arrange for the return or issue security passes and access cards, return of equipment (e.g. laptops, mobiles);
- develop an accommodation plan;
- develop a plan for transfers between payroll systems; and
- arrange for the transfer of staff records.

Manage the transfer of departmental records (electronic and paper-based)

- develop an effective handover process; and
- Public Record Office Victoria *Guideline 4 PROS 10/17 Transfer of Custodianship* which includes an extensive checklist.

Sample: Agreement for recoups and payments for the [receiving department] by the [transferring department]

Administrative arrangements

Background

The [transferring department] finalised a Memorandum of Understanding (MOU) with the [receiving department], agreeing arrangements for the transfer of corporate support services on 13 September 201x.

[Functions/services] were transferred to the [receiving department] as part of the machinery of government changes announced on 9 April 201x.

The MOU requires all services to be transferred by 31 December 201x. These dates can be varied with the mutual agreement of the parties to the MOUs.

This document outlines the process to be followed during the transitional arrangements to ensure the [transferring department] recovers all costs and pays all revenue collected on behalf of the [receiving department].

Arrangements for function #1 transferred

[Function #1] will continue to use the [transferring department] system to transact from 1 July 201x. Their transactions have been segregated by using a separate entity segment value.

Invoices and revenue directly attributable to [function #1 receiving department]

Any invoices and revenue paid or received on behalf of the [receiving department] are to be direct costed to the new entity segment value. This coding should be done at the time of initial recognition of the transaction.

For any directly attributable transactions relating to the [receiving department] which have already been charged to the [transferring department] should be re-allocated.

This arrangement allows the direct charging to the new entity segment value for invoices and revenue specifically relating to the receiving department.

Arrangements for function #2 transferred

Revenue collected on behalf of the [receiving department]

The financial systems have been set up to ensure amounts received on behalf of the [receiving department] are appropriately coded.

At the end of each month, the accounts receivable team in finance is to seek approval from the appropriate delegate to pay all [receiving department] revenue collected.

Directly attributed invoices issued in the name of the [receiving department]

- Any invoices exclusively attributable to or issued to the [receiving department] are to be forwarded to the [receiving department] for their payment. No exclusively attributable [receiving department] invoices made to the name of [receiving department] are to be paid through the financial system of the [transferring department].

Other recoups

For other recoups outlined in the MOU and for elements of invoices that contain directly attributable costs (but are not issued in the name of the [receiving department]), business managers should identify the amounts to be charged by the 25th of each month.

Details of the amounts to be charged are to be emailed to the nominated contact person by the next business day to enable an invoice to be raised for payment by the [receiving department].

Contacts for each Corporate Services Division

	Transferring / Receiving
Information Services –	……………/……………
Finance and Planning –	……………/……………
People and Culture –	……………/……………
Business Operations –	……………/……………
Communications –	……………/……………
Legal Services –	……………/……………

Sample: Memorandum of Understanding

Department of Economic Development, Jobs, Transport and Resources and Department of Environment, Land, Water and Planning

Purpose

1. The purpose of this Memorandum of Understanding between the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and the Department of Environment, Water, Land and Planning (DELWP) is to agree arrangements for the continuation of corporate support services for staff transferring to DELWP with the Planning and Local Government portfolios.
2. The principle underlying the MOU is that each party will act in a collaborative manner to ensure the best outcomes for both parties.

Machinery of Government change

3. The Department of Transport, Planning and Local Infrastructure (DTPLI) contains the Public Transport, Roads, Ports, Planning, Local Government, and Sport and Recreation portfolios.
4. On 1 January 2015, the DTPLI was abolished and the Public Transport, Roads and Port portfolios transferred to DEDJTR, the Planning and Local Government portfolios transferred to DELWP and the Sport and Recreation portfolio transferred to the Department of Health and Human Services.
5. Corporate support functions in the former DTPLI transferred to DEDJTR on 1 January 2015, with the exception of some specific functions identified in the section 30 notice under the *Public Administration Act 2004*.

Recitals

6. In the interests of providing maximum support to staff during the transition period, DEDJTR will provide corporate support services to DELWP staff supporting the Planning and Local Government portfolios to a standard consistent with the standard of delivery prior to the Machinery of Government change as set out in Schedule 1 (“the Corporate Support Services”).
7. DEDJTR and DELWP agree to work together to arrange the transfer of the Corporate Support Services from DEDJTR to DELWP within six months or such other timeframe as may be agreed by both departments.
8. DEDJTR agrees it will continue to provide corporate support services until the transfer referred to in clause 6 is completed.
9. DELWP agree to pay any additional costs payable to third party providers for providing the corporate support services in accordance with the Schedule 1.
10. DELWP may request services in addition to the corporate support services. If DEDJTR is able to supply the additional services requested, DEDJTR shall determine the cost of providing these and advise DELWP of the cost prior to the service supply.
11. In the event that DELWP needs for corporate support services change beyond 1 January 2015 and DEDJTR is not willing or able to provide this function, it can be excised from this MOU.

12. DEDJTR and DELWP agree that planning, documentation and implementation of the transfer of the corporate support services provided to staff supporting the Planning and Local Government portfolios will be undertaken jointly by the owners of each corporate support service in DEDJTR and DELWP.
13. DELWP will notify DEDJTR at least 14 days prior to a service no longer being required, unless stated by exception.
14. In the event of a dispute, the responsible DELWP and DEDJTR representatives will use their best efforts to settle it promptly through direct negotiation. If the dispute cannot be settled within 30 days from when either department has notified the other department of the nature of the dispute and any measures that should be taken to rectify it, it will be resolved through consultation between relevant Deputy Secretaries within both departments.

Commencement and Duration

15. This MOU will commence from 1 January 2015 and will conclude when DELWP and DEDJTR agree that all services have been transferred, by mutual agreement, or by 30 June 2015, whichever is the earliest.

(signed)

Secretary
Department of Economic Development, Jobs, Transport and Resources

24/12/2014

(signed)

Secretary
Department of Environment, Land, Water and Planning

23/12/2014

Schedule 1: DEDJTR services to DELWP (sample)

Service	Description
Financial services	
Accounts payable/ receivable	Manage the accounts payable and accounts receivable functions, including customer and supplier databases.
Budgets	Load Planning's and Local Government's initial budgets into Oracle to enable the monitoring of expenditure and generation of reports.
Asset management	Maintenance of fixed assets register, annual asset confirmation, provide asset advice and address queries including whether costs should be expensed or capitalised
Cash management	Administration of corporate cards and training of cardholders and endorsers.
Financial reporting	Provision of monthly results to enable DELWP to provide consolidated reporting.
Financial systems	Provision and support of Oracle e-Business and Oracle Business Intelligence (OBI and Cognos), including Helpdesk and system administration.
Procurement	Procurement practices, tools and templates. Note: DELWP is responsible for procurement approvals and governance.
Business services	
Risk management	Provide risk management advisory services and maintain Planning and Local Government portfolio's risks in the strategic risk register with approval by DELWP
Business continuity planning	Maintain business continuity plans for Planning and Local Government portfolios on the Business Continuity System (BC3) with approval by DELWP. In the event of an incident that invokes Planning and Local Government's business continuity plans, assist DELWP's business continuity team to restore business critical functions.
Audit and assurance services	Provide advice and support for internal and external audit and assurance requirements and maintain Planning and Local Government portfolio's actions in the audit action tracking system with approval by DELWP.
Insurance and risk	Provide advice and administration of any risk, insurance and claims management services relating to conduct of normal business.
Cabinet, ministerial and parliamentary support	Provision of portfolio aligned board information and MIBs report detailing the status of PPQs, ministerial correspondence and briefings and questions on notice (QONs), as at end December 2014. Continue to host management information databases for Planning and Local Government staff with approval by DELWP.
Freedom of information (FOI) support services	Acceptance, assessment and decision making in relation to Planning and Local Government FOI matters, and maintenance of FOI systems. This service is provided under an instrument of authorisation from <name>, Secretary DELWP as the FOI accountable officer in DELWP to <name>, Manager Freedom of Information, transferring to DEDJTR.

Service	Description
Administrative services	
Accommodation planning and facilities management	Provision of facilities management and security services and the administration of invoicing for <addresses>, including rental, cleaning, issues management, maintenance, with approval by DELWP.
Vehicle management	Management of executive and operational vehicles including car parking, CityLink, servicing, fuel costs, repairs and replacements with approval by DELWP.
Security cards/security officers	Management of building inductions, car park and security card issue with approval by DELWP.
Travel	Management of the travel contract and bookings for domestic and international air travel with approval by DELWP. Management of cabcharge with approval by DELWP.
Stationery and office servicing	Management of the stationery contract, milk supplies, plants, keys, lockers, bike parking, environment campaigns, security bins and coordination of fire wardens with approval by DELWP.
Human resources services	
Payroll	Provision of payroll and human resource information system services for Planning, Land Victoria and Local Government staff with approval by DELWP.
Human resources management services	Provision of agency, VPS, graduate and trainee recruitment, reclassifications, HR reporting, HR Business Partner and IR services, performance management, executive officer employment services, organisational development, leadership development, safety and wellbeing services, including EAP, OHS and First Aid training, capability development and other HR services staff with approval by DELWP.
Business systems and information services	
Desktop telephony	Management of the whole of government fixed telephony contract including new requests, moves, changes, and administration of invoices relating to desktop services provided by NEC (WOVG contract) with approval from DELWP.
Mobile telephony	Management of the procurement and invoicing of mobile telephones and mobile tablet devices with approval from DELWP.
Mail Services	Receipt of mail (Australia Post and DX) at 1 Spring St, and security scanning and includes courier and consumables. Includes ministerial deliveries at 1 Spring Street to Planning and Local Government ministers.

Service	Description
Desktop computers and printers	Management of ICT desktop and printing assets including maintenance of the IT Asset Register and procurement within WOVG contracts with approval by DELWP. Management of ICT services including telephony, ICT desktop, mobile devices and printing assets support for the offices of Minister for Planning and Minister for Local Government with the approval of DELWP.
Cenitex	Manage Cenitex relationship for Planning and Local Government staff including administration of the invoicing process with approval of DELWP.
Licences	The administration of invoices for software licences, e.g. ESR1, Adobe Pro, Microsoft Project and Visio, purchased on behalf of Planning and Local Government staff, with approval by DELWP.
Records management	Support records management systems (TRIM and management information systems), services and consumables provision. Support for the offices of Minister for Planning and Minister for Local Government with the approval of DELWP. Management of the off-site storage contract with recall including administration of invoices with approval from DELWP. Note: as per Public Records Office Victoria (PROV) Transfer of Custodianship Guideline, each department is responsible for the costs associated with the identification, appraisal and sentencing of records for transfer for their respective portfolio's, and the receiving agency is only responsible for the costs associated with accepting the transferred records.
Strategic communication services	
Internet/intranet	Hosting Planning and Local Government's public internet site and internal content with approval by DELWP.

Chapter 5: Administrative arrangements, accommodation, transfer of records, information and knowledge

This chapter outlines administrative arrangements to be addressed during machinery of government (MoG) changes. This incorporates records management and the transfer of records, current Freedom of Information (FOI) requests, information and communication technology (ICT) related issues, including email, telephones, and the transfer of databases and electronic and web based information. Accommodation issues to be considered are also outlined, addressing the transfer of physical assets, metropolitan and regional accommodation, shared services and shared accommodation and a range of smaller, but important considerations such as stationery and pool vehicles.

Key considerations

- *PROA 4 Information Privacy and Public Records Advice,* issued by the Public Record Office Victoria (PROV), contains useful advice about compliance relating to Information Privacy and the management of Public Records.
- Departments should follow the general principle for MoG changes that ‘records follow functions’. The one exception is where a function is being transferred out of the VPS, certain records are to be retained.
- IM-STD-08 *Machinery of Government Standard*, issued by DPC, defines the minimum requirements for the transfer of digital information, data and records during machinery of government changes in accordance with the requirements set out in this standard.
- In relation to accommodation changes and the relocation of physical assets, the accepted norm is for the receiving department or agency to meet these costs. However, cost allocations, timing of moves and other details should be reflected in a memorandum of understanding (MOU) between the entities concerned.
- Where MoG changes impact on the ongoing requirements for accommodating co-located staff (shared accommodation and ICT), departments should ensure that all required services and future asset usage are clearly identified and documented in the inter-departmental MOU, and that processes and cost sharing arrangements to ensure the continued access and operation of the services and assets are agreed.

Records management

Transferring records

With MoG changes, the general principle is that 'records follow functions' except where a function is being transferred out of the VPS, when some of the associated records may need to be retained.

Once a MoG change has been established, those involved will need to determine how the records of transferring agencies should be re-allocated to new or restructured agencies consistent with the transfer of functions. IM-STD-08 *Machinery of Government Standard* defines the minimum requirements for the transfer of digital information, data and records. The standard is available at:

- www.enterprisesolutions.vic.gov.au/wp-content/uploads/2018/09/IM-STD-08-Machinery-of-Government-Standard-PDF.pdf

Some classes of records, such as those containing personal information or other confidential information, may present particular problems. When functions transfer between agencies, there would not normally be any change to any obligation to hold, maintain and use personal information in accordance with the *Information Privacy Act 2000*. Public Record Office Victoria PROA 4 *Information Privacy and Public Records Advice* contains advice (in consultation with the Victorian Privacy Commissioner and the Victorian Government Solicitor) about compliance with the *Information Privacy Act* and the *Public Records Act 1973*.

The PROV, established under *the Public Records Act*, is an agency of DPC and is the archives of the State Government of Victoria. Its objectives include the issue of standards regulating the creation, maintenance and security of public records and to advise and assist agencies in achieving compliance with issued standards.

Public Record Office Victoria *PROS 10/17 S1 Operations Management Specification* covers the activities associated with operational recordkeeping across the Victorian Government. In particular section 2.6 (steps 25 through 37) lists the broad requirements involved for the *Transfer of Custodianship* between government agencies. The publication is available at:

- prov.vic.gov.au/recordkeeping-government/document-library/pros-1017-s1-operations-management

In addition, Public Record Office Victoria *PROS 10/17 G3 Transfer of Custodianship Guideline* supports the above specifications document and provides detailed steps to plan, implement and review a transfer of record custodianship between government agencies in relation to MoG changes, including site closures; transfer of records outside of the Victorian Government jurisdiction, and transfer of responsibilities through legislative changes. This guideline provides useful and practical guidance on the management of transfer of record custodianship that adheres to best practice recordkeeping principles identified in the Operations Management Standard. The publication is available at:

- prov.vic.gov.au/recordkeeping-government/document-library/pros-1017-g3-transfer-custodianship

Public Records Office contact points:

Phone: +61 3 9348 5600
Email: agency.queries@prov.vic.gov.au
Web: prov.vic.gov.au

Freedom of Information

As a result of a MoG change and the associated movement of records to another department, the originating department may receive FOI requests that need to be referred to the new department. The transfer of requests is covered by section 18 of the *Freedom of Information Act 1982*. Note however, that a request for access to a document may be made to any department or agency which has a copy of the document.

Information that is published on websites and which may be required for FOI and open public sector information purposes should be retained and appropriately stored. Under section 7 of the Act, publication of information concerning functions etc. of departments needs to be updated as soon as practical.

Information and communications technology strategy

An ICT strategy needs to be addressed early in the planning process as it may involve significant resources and time to implement.

Consideration should be given to:

- protocols for downloading and re-loading databases, electronic mail and personal drives;
- temporary diversion of electronic mail and phone calls;
- developing programs to upload personnel data from the transferring department's human resources and payroll systems to the respective receiving department's systems;
- arranging for transfer of software (having due regard for any licensing issues) and hardware, including desktop computers, printers, file servers, additional routers etc.;
- whether novation of contracts relating to computer services is required (e.g. Oracle Financials);
- arranging for employees to transfer to the receiving department's systems and products, including provision of training, as required;
- updating the receiving and transferring departments' internet sites to reflect changes including re-direction 'pointers' from the transferring department's site where needed;
- updating/merging receiving and transferring departments' intranet sites;
- creating new logons and email addresses;
- arranging for information in all formats (including records and data) to be moved from the transferring department to the receiving department (including archived information for FOI purposes);
- installing cabling and outlets in new accommodation;
- updating and re-issuing information on disaster recovery/business continuity plans; and
- agreement on cost-sharing arrangements in relation to the above works and for the period of shared access to networks and systems.

Websites and information storage systems

Information published on departmental websites is also considered to be records that document the interaction between the agency and the public. Transferring and gaining agencies should ensure that the contents of both old and new websites are captured – including for FOI and for the proactive publication of public sector information consistent with government policy – before websites are redeveloped as part of MoG changes.

To provide continuity and accountability, decisions about the arrangements for transfer of records and records management responsibilities should be appropriately documented and recorded at the time they are made in the records management systems of both the transferring and the gaining agencies.

Accommodation and transfer of physical assets

Accommodation

This section outlines issues in relation to shared costs accommodation following MoG changes and related ICT services.

Shared accommodation setups can be complex and managing change to existing arrangements can sometimes be a drawn-out process between departments.

Departments involved in the MoG changes with co-located staff should ensure all service and asset transfers are clearly identified and articulated in any MOU and that processes to ensure the continued access and operation of the services and assets are documented.

Shared accommodation costs include, but are not limited to the following.

- Lease costs are usually the easiest cost to identify and agree the methodology and the allocation of cost sharing.
- Utility costs are sometimes incorporated into leasing costs, but this is not always the case.
- Security costs tend to be a separate cost to the leasing and utility costs and can be relatively significant in all operational areas, including for regional operations. Any security arrangements in place and their costs, need to be identified to ensure that any cost-sharing arrangements can be agreed and documented as part of the MoG changes.
- Cleaning costs also tend to be separate to lease and utility costs and any agreement on cost-sharing should be clearly articulated.

Standard approaches to sharing the above accommodation-related costs include pro-rating by full time equivalent, headcount or square meterage.

In addition to costs directly associated with accommodation, departments also need to consider other assets and services that may be caught up in the MoG changes. Examples of complex items include:

- Stationery: While this can be minor in terms of value, this issue tends to directly impact all staff members located in the shared accommodation. To reduce the potential for decreased staff productivity and reduce any potential tensions, Departments should ensure that clear arrangements are put in place for the ordering and payment of stationery. While initially one department may do all of the ordering and payment of stationery items for all parties involved in the MoG change, this tends not to be a sustainable approach due to the need for additional administration on the re-charging of costs. Parties involved in the MoG change should move to implement clear lines of purchasing responsibility as quickly as possible.

- Pool vehicles: MoG impacts on access to pool vehicles tend to be highly disruptive. A MoG change may result in the transfer of vehicle assets from one department to another which can have ramifications on the booking and rostering of vehicles. Departments involved in MoG changes with pool vehicles should ensure that shared access to pool vehicles remains available with cost sharing arrangements agreed upfront and communicated clearly.
- ICT hardware e.g. PCs: In some instances, moving PCs between departments involved in a MoG change need to be re-imaged to align with the standard operating environment for each party. This needs to be arranged through the ICT provider as part of managing the accommodation changes.
- Access to networks and systems: Continued access to systems between departments needs to be maintained until such time as agreed that each department is able to provide its own access services to affected staff. This important issue has been overlooked in a number of previous MoG change arrangements, resulting in agreement on the cost sharing for access to systems being delayed for some considerable time after other MoG change arrangements have been finalised. The degree of complexity involved with changes and modifications to ICT systems has been the main reason that departments tend to leave these arrangements unresolved – with plans to address them at a future time. Departments should identify and document ICT cost-sharing arrangements as part of the MoG change negotiations and incorporate the agreed outcome in the inter-departmental MOU.

Physical assets

As a result of a MoG change, transferring agencies may identify a number of physical assets such as office fit out, plant and equipment including mobile phones, photocopiers etc. necessary for the continued operation of the agency.

The transferring and receiving departments should come to agreement on the timing of the physical relocation of assets and the appropriate support funding. This is best managed via incorporation into the MOU described – or alternatively developed as a separate MOU.

While there is no formal procedure regarding who should meet costs associated with the relocation of assets, the accepted norm is for the receiving department or agency to meet these costs. This may include removalists, cleaning of vacated areas, set up costs, and legal costs to transfer property leases, accommodation re-fit costs to house incoming staff, new post boxes, signage and stationery etc.

For assets on departmental asset registers, appropriate transfer forms supporting the formal allocation statement required under FRD 119A should be completed to ensure assets are correctly accounted for and recorded in the relevant department’s systems. Preferably the details of all transferring assets should be provided to the receiving department in electronic form and in a format which can be easily uploaded to that department’s assets register.

Details of lease agreements, warrantees and service agreements if applicable should also be transferred and the relevant provider informed of the change in billing details.

Example Accommodation and asset transfer project plan – MoG change

Ref	Action	Responsible Officer	Receiving department contact	Status Comments/ Progress
1	**Project management**			
	Accommodation contact appointed to project team			
	Register project with Shared Service Provider if required			
2	**Identification of needs**			
	Identify accommodation and storage needs			
	Confirm physical location of team			
	Ascertain fit out requirements of new location, including access to storage			
	Determine seating arrangements in new location			
	Does lease/building need to be transferred			
	Estimate budget and establish funding source			
3	**Preparation of physical location**			
	Engage architects (if required)			
	Engage building works (if required)			
	Order furniture and other equipment as required			
4	**Physical uplift**			
	Provide packing boxes for incoming staff			
	Arrange removalist for movement of boxes etc.			
	Arrange cleaning if end of lease			
5	**Other accommodation**			
	Provision of car parking pass for incoming EO (if there is an existing vehicle)			
	Provide security passes to new staff			
	Office signage			

Shared Service Provider

The Shared Service Provider (SSP) within DTF delivers facilities, accommodation, car pool and library services to all Victorian Government departments and some of their portfolio agencies.

SSP delivers its services through a combination of in-house and outsourced provider arrangements.

In the event of a MoG change, SSP works closely with its client departments and agencies to plan and implement necessary accommodation changes and ensure continuity of access to library and car pool services.

Client departments and agencies can engage SSP to support the following MoG related activities:

- relocating staff;
- negotiating/changing property lease/s;
- sourcing accommodation;
- coordinating building and construction or demolition;
- arranging office fit-out and refurbishment;
- accessing library services; and
- accessing car pool services.

For all accommodation-related MoG activities, the key contact person in each department is responsible for assessing the requirements in these areas following a MoG and advising SSP whether they need an accommodation program manager to manage the project.

The SSP representative and the client key contact person work together to clearly define and document the scope and costs of MoG related activities to ensure they have a clear start and end. This will support SSP and clients to ensure all MoG needs are addressed and related costs can be clearly attributed to support reporting activities.

Some of the critical considerations for the client key contact person and the SSP representative to consider as part of this planning is:

- ensuring the department receiving the changes has sufficient ongoing funding for the SSP management fee. The fee is based on Net Lettable Area (NLA), which should be moved proportionally to the transferring department's management fee for that year. The SSP Finance team can assist with the calculations;
- the SSP representative will advise the SSP Finance team about the MoG changes; and
- determining whether or not funds held in the Finance Agency Trust need to be transferred to the receiving department, and making appropriate provision for any facilities management invoices that have not yet been paid. Responsibility for payment of any unsettled invoices should be included in the signed MOU between the affected departments.

SSP will work collaboratively with outsourced providers to endeavour to issue all pre-MoG invoices within six months following a MoG change.

This timeframe will depend on:

- how timely outsourced service providers are in submitting outstanding invoices with appropriate supporting documentation;
- timely resolution of outstanding facilities management queries; and
- resolving issues between affected departments on funding transfers for post-MoG accommodation, leasing and office refurbishment works, library and other services.

Victorian Government Library Service

The Victorian Government Library Service (VGLS) manages the contracts and licences for electronic library subscriptions and the hardcopy library collection for Victorian Government. This includes the systems that underpin the delivery of library services, including the VGLS Gateways (library intranet) and access to electronic resources. Following a MoG change, VGLS will work with clients and library vendors to provide access to purchased electronic library resources on the appropriate VGLS Gateway. To ensure access to library services following a MoG change, clients should advise the VGLS of:

- the names of staff who are moving so that VGLS systems can be updated with the correct details;
- any new IP address ranges; and
- any hardcopy library collections that are no longer required on-site. VGLS will provide advice on these collections and arrange for them to be reviewed, relocated and made available through the central catalogue (as appropriate).

Appendix to Chapter 5

Accommodation, furniture and equipment checklist

	Checklist: Accommodation, furniture and equipment
1.	Receiving and transferring agencies are to determine whether employees will move immediately to a new location or remain in the transferring agency's accommodation for a period.
2.	If remaining in the transferring agency's accommodation and the receiving agency is taking over leasing arrangements, the receiving agency should ensure that both SSP and the landlord of the premises have been notified of the change of client.
3.	If remaining in the transferring agency's accommodation for a period and the transferring agency is continuing to pay for the lease, a MOU is to be developed to include the intention to recover these costs.
4.	Receiving agency to consult transferring agency about any furniture and equipment to be moved.
5.	Receiving agency to arrange removal of furniture and equipment, provide packing boxes to employees etc.
6.	Identify staff requiring temporary access to transferring agency's premises and desktop facilities and arrange for this to continue.
7.	Transferring agency to arrange for employees to return agency items in their possession (laptops, mobile phones, gym keys, security passes, credit cards, vehicles, library books, etc.) consistent with normal 'exit' procedures. In some cases, staff from the transferring agency may be able to take certain items with them, as part of agreed transfer arrangements.

Chapter 6: Accounting for MoG changes

This chapter outlines the accounting framework and procedures required to be followed during a machinery of government (MoG) change. The accounting requirements facilitate compliance with Australian Accounting Standards, Financial Reporting Directions (FRD), Resource Management Framework and the Financial Reporting Operations Framework. In order to establish a consistent accounting treatment at the whole of Victorian government (WoVG) level, the prescribed procedures for departments on how to account for MoG changes are explained in this chapter.

Key considerations

- A MoG change requires specific accounting standards, FRDs and procedures to be applied to the transfer of functions between departments.
- MoG transfers should be finalised as soon as possible after the effective date of the Order and before the end of the reporting period in which the order was made.
- In order to facilitate a MoG change, FRD 119A *Transfers through Contributed Capital* is required to be followed, which will also ensure a zero net impact of transfers at the WoVG level.
- In instances where an agency is re-assigned between portfolio departments this does not constitute a restructure for the purposes of FRD 119A.
- Allocation statements agreed and signed off by each of the departmental CFOs are critical to the successful transfer of functions.
- The allocation statement should be supported by further documentation. Asset registers, details of employee benefit liabilities and all other relevant sub-ledger details are to be provided to the receiving department.
- If a department has insufficient contributed capital to effect a transfer as an adjustment to contributions by owner, the equivalent amount of accumulated surplus (i.e. including revaluation surplus) must be reclassified to contributed capital prior to transfer. If there is insufficient accumulated surplus available for reclassification, then the amount of the shortfall is to be expensed.
- Administered investments in controlled entities, which are to be transferred to another department, are required to be de-recognised by the transferring department's State Administration Unit (SAU) Branch Entity. A department receiving the investment in controlled entities is required to recognise the investment as an administered item.
- Specific disclosures relating to the MoG change are required in the relevant financial report(s) and Budget document(s) in order to differentiate between MoG impacts and business as usual.

MoG change accounting process

A MoG change refers broadly to a transfer of functions, assets, liabilities and staff between departments and/or other agencies. In accounting literature and terminology, this process is referred to as a *restructuring of administrative arrangements*.

Accounting Standards

The specific accounting standard, which provides the basis for accounting for the transfers of assets and liabilities as part of any restructuring arrangements, is in two parts comprising: Australian Accounting Standards Board (AASB) 1004 *Contributions* and AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

AASB 1004 requires contributions by owners and distributions to owners to be recognised directly in equity – which means that government-controlled not-for-profit entities and for-profit government departments must account for restructures of administrative arrangements as transactions with owners, in their capacity as owners. In addition, Interpretation 1038, establishes criteria for determining whether a transfer of assets (or assets and liabilities) to wholly-owned public sector entities from other entities in the same group of entities satisfies the definition of 'contributions by owners'. Two other important requirements of Interpretation 1038 are:

- a transfer, once designated as either a contribution by owners or, if necessary, as income, may not be redesignated; and
- a transfer, classified by the transferor as a distribution to owners, must be classified by the transferee as a redemption of its ownership interest.

It is worth noting here the impact of the standards is that transfers of assets and liabilities between departments and other agencies, whether as a restructuring of administrative arrangements, or other transfer designations under the standards, are treated as a return of contributions to the owner (the government) and a redistribution by the owner to another designated controlled entity – and not as a direct transfer between those entities. This may, in turn, help to explain the basis for some of the required accounting entries when feeding journals in the State Resource Information Management System (SRIMS) as set out in chapter 8.

Mandatory requirements issued by the Assistant Treasurer

FRD 119A *Transfers through Contributed Capital* was issued to both clarify and bring together the requirements of these two pronouncements mentioned above. Reference to the FRD requirements, and further guidance, are included in the following sections of this chapter.

In addition to the FRD 119A reporting requirements, other requirements in relation to mandatory disclosures of the impacts of restructuring arrangements in a department's annual financial statements are included in the *Model Report for Victorian Government Departments* (the Model). Examples of the required disclosures relating to MoG changes are also provided, including in the Report of Operations section. Specific reference to the FRD 119A requirements, in particular, is included in Note 4.3 *Restructuring of administrative arrangements* in the *2018-19 Model Report*.

Timing

Wherever possible, restructuring arrangements need to be completed so as to be fully reported in the financial report for the financial year in which the Order was made – both for departmental and WoVG reporting. In order to ensure this can occur, DTF provides a timetable with key milestones and supporting documentation regarding reporting requirements for those publications.

Following a MoG change, further Orders may be issued that reference the MoG. It is important that these transfers, where appropriate, are treated in the same manner as a contribution of capital and that they are supported by the appropriate documentation.

As part of the restructuring process, departments and agencies are also required to prepare the required SRIMS journals to put into effect the MoG changes, consistent with accounting pronouncements, the Assistant Treasurer's instructions and other guidance material issued by DTF. Details of journal preparation and processing in the State Resource Information Management System (SRIMS) are included in chapter 8.

Documentation

One of the most important tasks to be undertaken to comply with restructuring arrangements under accounting standards is the completion of a formal allocation statement to document the restructuring agreement between the transferring and receiving departments. Although generally referred to as an 'allocation statement', the format of the actual documentary evidence required to support the transfers is not prescribed, provided the evidence presented contains the necessary information to comply with the accounting requirements.

A MoG transfer is generally regarded as finalised when the next following financial statements have been signed off and the audit completed. For all intents and purposes, other than for special cases involving possible legislative amendments to effect part of a transfer, the allocation statement will also have been completed by this time. However, certain provisions of the memorandum of understanding (MOU) as agreed and signed by the relevant Secretaries (e.g. true-up funding adjustments) may still have provisions which have yet to be finalised at that point in time.

A sample copy of an acceptable allocation statement is included in FRD 119A, and reproduced, both as a template and as an example of a past transfer, in the appendix to this chapter.

Transfers through contributed capital – FRD 119A

Restructure of administrative arrangements

Implementing a MoG change usually requires assets and liabilities of respective functions, departments or agencies to be reallocated. Any such reallocation under a MoG change Order is considered to form part of a restructure of administrative arrangements. FRD 119A is instrumental in reflecting the change of ownership of functions resulting from a MoG change. It minimises the impact on departmental profit and loss because the transfer of assets and liabilities are required to be accounted for as a contribution by owners by the transferee, and a distribution to owners by the transferor, with direct adjustments made in equity through contributed capital (sufficient balance in the contributed capital permitting). As mentioned previously, this treatment is consistent with the definition of a 'restructure of administrative arrangements' in accordance with AASB 1004.

The transferring department is required to prepare a journal to debit contributed capital and credit the relevant net assets being transferred, with the receiving department processing the reverse entry. For detailed journal entries refer to chapter 8.

Insufficient contributed capital for distributions to owners

As explained in the *Guidance on the application of FRD 103H* Non-*current physical assets (para 3.4.1)*, where there is an asset(s) distribution, the entity must first reclassify any related revaluation surplus to accumulated surplus prior to the distribution, **irrespective of the sufficiency or otherwise of contributed capital balance**. If the asset revaluation surplus included in equity is not known, management will need to apply judgement and document the methodology used to determine an appropriate estimation of the related amount.

After completing the reclassification of any related revaluation surplus to accumulated surplus and where there is insufficient contributed capital for distributions to owners, the entity must then reclassify its accumulated surplus to contributed capital to the extent required to effect the distribution.

When this occurs, the reclassifications outlined above, and the subsequent transfer must be completed as separate journals. A debit to accumulated surplus and credit to contributed capital will increase the contributed capital and reduce the accumulated surplus to the extent necessary (or the extent possible). The contributed capital is then debited and the assets credited (as above).

If there is still insufficient contributed capital after processing the above reclassifications, the balance of the transfer amount must be recognised as an expense. The journal to reflect this is a debit to expense and credit to (net) assets for the portion and to the extent that there is insufficient contributed capital. There is no particular preference which net assets are expensed in this process. However, note again that consistency of accounting for transfers by the transferor and transferee is required by AASB Interpretation 1038.

Entities are required to document any reclassifications of equity resulting from insufficient contributed capital.

Evidence of all reclassifications of equity should be sent to the Consolidated and Reporting Analysis team of DTF once approved by the relevant CFOs.

A separate process may be required to be undertaken to clear the remaining contributed capital and accumulated loss once the net assets of the department have been transferred to the receiving department. If an accumulated loss occurs after a transfer, the extent of the loss must be recognised in the profit and loss.

Allocation statement – evidence of transfer amounts by CFOs (including zero net asset transfers)

For transfers that arise from restructure of administrative arrangements or 'other transfers' that are designated as contributions by or distributions to owners, the CFOs of both the transferor and transferee entities are required to provide documentary evidence, under FRD 119A, of the mutually agreed transfer amounts, including those transfers that result in zero net assets.

Where the transferor or the transferee (or both) is not a department, the CFOs of the relevant portfolio departments are to be notified of the agreed transfer amounts as soon as practical but before the end of the respective reporting period.

At a minimum, the documentation evidencing the transfer amounts shall include:

- the names of the transferor and transferee;
- a reference to the evidence of government decisions that have led to the transfer;
- a list detailing the assets and/or liabilities transferred and the respective amounts;
- reclassification in equity and/or any resultant income/expense impact due to insufficient contributed capital;
- date of the transfer; and
- signatures of the CFOs of both the transferring and receiving departments.

Off-balance sheet items such as contingent assets and liabilities and commitments are not included on the allocation statement. However, an apportionment of the obligations between the transferring and receiving departments should be documented as part of the MOU signed off by the relevant Secretaries, noting where possible, an approximation of the quantifiable and non-quantifiable components of each.

Measurement basis

For the purposes of a MoG transfer, all assets or liabilities to be transferred must be measured at their carrying amount, noting that the carrying value of each asset and liability must not materially differ from its fair value (AASB 13 *Fair Value Measurement*, references in various FRDs including, for example, revaluation procedures in FRD 103H). Refer to the Appendix for a sample copy.

Accounting for the investment in the controlled entity/department

The stand-alone transferee department's accounts will show an investment in any controlled entity either in the controlled or administered entity of the department depending on the type of entity and its relationship to the department.

The investment in all government-controlled agencies is held by the State and, for management purposes only, included in the State Administration Unit (SAU) Branch entity of each portfolio department (i.e. the department's administered entity). The adjustment required to transfer this investment to another department is to derecognise the investment (at carrying value) and adjust the administered entity's nominal entry for contributed capital. The receiving department simply reverses this entry in its own SAU Branch entity.

An investment held in the department's controlled entity of the transferor will be transferred to the transferor's departmental administered entity as a return to owner and then transferred to the transferee's departmental administered entity before being transferred to the transferee's departmental controlled entity.

The transferor will derecognise the investment in the controlled entity and no longer consolidate the entity into its consolidated financial statements (if it is a controlled investment). The transferee department will recognise the investment in the controlled entity and consolidate the investment in the controlled entity into their consolidated financial statements. For journal entries refer to chapter 8. These transfers will be disclosed in commentary in the contributed capital note of each department's financial report.

MoG transfers of entities between portfolios – not classified as contributions by or distributions to owners

Re-assignment of responsibility for a portfolio entity from one department to another

In instances where a controlled entity of government (GG, PNFC or PFC) is re-assigned between portfolio departments this does not constitute a restructure for the purposes of FRD 119A. The only accounting impact of such a MoG change is that the investment in the entity being re-assigned is transferred between the departments' respective administered entities. The amount of the adjustment is to be noted in the evidence of transfer amounts by CFOs. (See paras 7.1 to 8.1 of FRD 119A).

For the entity itself, there is no impact in relation to accounting for contributions by owners and therefore no adjustment to equity required because there is no transfer of the entity's net assets. All that has changed is that the administration of the State's control over the agency has been re-assigned between departments.

The only instance in which the entity being re-assigned will need to 'roll up' its other equity accounts into contributed capital would be when the entity had been consolidated into the transferring department's financial report (for example where a determination had been made under FMA s 53). In that case, the entity would be required to 'roll up' the other equity accounts into contributed capital because in effect, there is a transfer of net assets from one department to another department.

When a re-assignment occurs, DTF will notify the affected departments of the required changes to the SRIMS reporting hierarchy for that agency. Generally, this will involve a journal entry to 'transfer' the entity's trial balance to a new entity code assigned to the new department's hierarchy (for efficient administrative purposes only), as at the re-assignment date specified in an administrative order.

Asset registers and information supporting the transfer of other assets and liabilities

Requirement for the transferor department to provide an extract of the asset register

The allocation statement advises the transferee department of the non-financial assets being transferred. Pursuant to this, the transferor department is required to provide an extract of the asset register for the assets being transferred. The book values in the allocation statement should equal those in the asset register. Any relevant corresponding files and governance information supporting the asset register should also be provided to the receiving department.

Valuation of transferred non-financial physical assets

Appendix A of FRD 103H provides a schedule for the annual revaluation of non-financial physical assets according to the class of those assets. Assets transferred during a MoG process will continue to be required to be revalued consistent with their purpose group-based asset class. Therefore, it is important to note the transferor department will need to provide this information to the receiving department.

Purpose groups are based on the system of Classifications of Functions of Government (COFOG) issued by the ABS and typically this classification would not change as a result of a MoG change. Therefore, the existing revaluation cycle applicable to assets being transferred will continue unchanged in the receiving department.

Requirement for the transferor department to provide details of employee entitlements

The allocation statement also advises the receiving department of the employee liabilities for staff being transferred. Not only is there a requirement for employee entitlements to be calculated and advised but, importantly, estimated liability balances and their supporting documentation should also be provided. For more detailed information on employee transfers refer to chapter 4.

Requirement for the transferor department to provide details of other assets and liabilities

As with transfers of fixed assets and employee entitlements, supporting documentation is also required to be provided for all other assets and liabilities being transferred. This will include detailed lists of outstanding debtors, creditors, loans, advances and lease liabilities.

Financial reporting and budget disclosures required for MoG changes

If a new department is created, a financial report would be required from the date the department is operational. Critically, a budget will also be required to be created, based on the agreed budgets from functions transferred from other departments.

General disclosures in departmental financial statements

Various disclosures are required in the department's annual financial report to explain the changes impacting a department due to a MoG change. These are designed to enhance the users' understanding of the financial statements given the transfers that have occurred between departments. A suggested list of additional disclosures is provided below. However, this list is not exhaustive, and CFOs should assess the extent of additional disclosures for any MoG change on a case by case basis.

- The Statement of Changes in Equity requires an insertion of a line for 'Administrative restructure and other transfers – net assets received' and 'Administrative restructure and other transfers – net assets transferred'.
- The Cash flow statement will provide additional lines for 'Cash received from activity transferred in – MoG changes' and 'Cash transferred on activity transferred out – MoG changes'.
- A note is required in the financial statements under the title 'Restructuring of administrative arrangements' (see Note 4.3 in the *2018-19 Model Report*) explaining the changes and citing the legal Orders authorising the changes. The following disclosures are also recommended:
  - a table of activities transferred to/from the department on the date of transfer showing the department and entity or segment;
  - disclosure of transfers made through contributed capital and related table with net assets received/transferred;
  - a table with a breakdown of net assets received and a table with a breakdown of net assets transferred to other government departments;
  - a table for each department showing the outputs transferred into the department. It should show the combined income and expenses from the beginning of the financial year that was previously with the old department and the remaining amount transferred in, split into controlled and administered; and
  - a table showing the outputs transferred out of the department to other departments. It should show the combined income and expenses from the beginning of the financial year that was previously with the department and the remaining amount transferred out to other departments split, where relevant, into controlled and administered.

Within the existing summary of compliance with annual parliamentary and special appropriations tables, a separate column disclosing the amounts due to the administrative arrangements (MoG) should be included. It will also be necessary to include lines for administrative restructures transferred in/out in the contributed capital note.

MoG change references should be provided across notes explaining the impact of MoG transfers in/out and, if necessary, a special MoG change disclosure for trust accounts (refer also to chapter 8).

Note disclosures of responsible persons and executive offices

All departments and entities will need to comply with the disclosure requirements of FRD 21C *Disclosures of responsible persons and executive officers in the financial report.*

In addition, separate disclosure of other personnel with significant management responsibilities are captured in the Related parties disclosure note as key management personnel under the requirements of AASB 124 *Related Party Disclosures.* While the transferor and transferee departments would only be reporting remuneration for part of the financial year, they should still be reported in the categories applicable for the full financial year. It is essential that care is taken in the wording of the explanation and analysis, in particular, the impact of MoG change so that it reduces the risk of erroneous conclusions being drawn about the number and remuneration of executive officers disclosed.

Annualised employee equivalent (AEE) is calculated by dividing the total number of ordinary hours that an employee worked over the reporting period by the total number of full-time working hours a year (this is generally 38 hours a week for 52 weeks a year).

Reporting requirements for abolished and merged departments

For a MoG change that takes effect part way during a financial year, for the abolished department to lodge its final set of audited financial statements before the end of the financial year, a determination is required from the Assistant Treasurer to vary the financial year for the final set of report of operations and financial statements (FMA section 6) to be prepared.

It should be noted that if this were to occur, the set of financial statements will need to be submitted to the Auditor-General within eight weeks of end of that revised financial year (section 45) and tabled before the Parliament within four months of the end of that revised financial year (s.46). An exemption (section 47) may be sought from the Assistant Treasurer to extend the period to which the set of financial statements would need to be submitted to the Auditor-General and also defer the tabling to Parliament (section 46) in order for a composite set of reports to be prepared under section 53.

Alternatively, FMA section 53(1)(a) allows a composite set of reports to be prepared by departments affected by a MoG change. This will comprise a final set of audited financial statements up to the effective date of the MoG transfer for the abolished department and a set of audited financial statements for the merged department (which will include 12 months of operations for the existing department, including the operations of the abolished department transferred in, to the end of the financial year).

This would not only ensure compliance with the Australian Accounting Standard reporting entity concept for the abolished and newly merged departments, but also provide clear transparency of the performance of the former and merged departments. It should be noted that the exemption to extend the submission of the financial statements to the Auditor-General provides a department with the ability to prepare a composite set of reports under s.53 and facilitate a more efficient audit of the two sets of financial statements at the same time.

Financial statements of abolished departments are to be prepared consistent with the going concern basis of preparation. While the abolished department will cease to exist, its functions or services will generally continue to operate as normal within a different entity. Assets and liabilities associated with those functions/services will generally transfer to a new and/or continuing department at the carrying amounts recorded in the books of the abolished department immediately before the transfer.

In accordance with the FMA, there must be an appointed accountable officer (section 42) and Chief Finance and Accounting Officer (section 43) for the abolished department to certify the final financial statements (section 49). Note that an accountable officer cannot be appointed under section 42 for the period after the department has been abolished. However, this can be addressed by the appointment of an accountable officer under the Administrative Arrangements Order.

Impact of MoG changes on reporting entities with pre-existing FMA section 53 determinations

For reporting entities that already have pre-existing FMA section 53 determinations to consolidate their results with departments to reduce the burden of preparing a full set of audited financial statements (as required under FMA section 45), any such determinations will continue to have legal effect after the effective date of the MoG, but their application will change to the relevant new or merged department.

The currently agreed process is for financial statements to continue to be consolidated with the pre-MoG department up to the date of the MoG transfer and then report the remaining period with the merged or new department.

Financial reporting disclosures by a continuing department

A continuing department's disclosures in the annual report will include its normal 12 months' operations plus the trading operations of the transferred department from the effective commencement date through to the end of the financial year. Refer above to the impact of MoG changes that occur within a financial year.

Annual Financial Report for the State of Victoria (AFR) disclosures

The transfer of functions between departments and entities will generally not impact the consolidated financial statements of either the general government sector or the whole of State. Hence there are less disclosure requirements in the AFR in relation to MoG changes than for a department. For certain Notes, there is a requirement to explain movements on prior year comparative balances and footnotes will be required. Examples of where such footnotes are required include: expenses by department, purchases of non-financial assets by department, the public account note and the controlled entities note.

Budget and Budget Update disclosures

Depending on the timing of a MoG change, Note 1 *Statement of Significant Accounting Policies* may include advice that certain changes take effect from a specified date and that there is no impact on the general government sector Estimated Financial Statements (EFS) (or actual financial results if the publication is the AFR). There will also be a comprehensive footnote disclosure with respect to any impact on the list of Controlled entities.

Disclosure will be required in both the commentary and footnotes with respect to any discussion of departmental financial statements and in sections/chapters where there is a discussion of departmental results.

Refer to chapter 7 for the impact on the departmental statements.

Application of AASB 1055 *Budgetary Reporting*

Agencies need to assess compliance with AASB 1055 (i.e. if they report their budget separately to Parliament), including the consequences of MoG or legislative changes impacting on an agency's existence, where applicable. **AASB 1055 is not expected to impact most entities, including all departments, as the budget is typically reported on a departmental portfolio basis.**

Requirement to prepare budgets for new departments

As the Budget and Budget Update are forward looking publications, the preparation and publication of budget information for a department which has been abolished is not required in these documents. Such departments will have transferred all of their outputs to new or other existing departments. Therefore, there is a requirement to prepare information and commentary in the budget papers for the upcoming budget year only for the new/receiving department. This means that processes will be required to be put in place immediately following a MoG change in order to collect this information. While published budgets are not required for abolished departments, the historical information (including revised budgets for the current financial year) and commentary advising that the department no longer exists and where its former operations have been transferred to is required to be disclosed.

Summary of relevant Pronouncements and Directions

The following accounting standards, AASB interpretations and Standing Directions 2018 are relevant, in various circumstances, to the accounting for MoG changes:

- AASB 3 *Business Combinations* (revised October 2010);
- AASB 1004 *Contributions* (issued December 2007);
- AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (revised December 2012);
- AASB Interpretation 17 *Distributions of Non-cash Assets to Owners* (revised June 2009);
- AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* (issued December 2007);
- FRD 8D *Consistency of budget and departmental reporting*
- FRD 103H Non-financial physical assets;
- FRD 117A *Contributions of existing non-financial assets to third parties*
- FRD 119A *Transfers through Contributed Capital*

Appendix to Chapter 6

Example CFO documentation to evidence transfer amounts

Transfer from <insert name of transferor department/entity>

Transfer to <insert name of transferor department/entity>

On < insert date of transfer i.e. dd/mm/yyyy>

This Statement is made pursuant to FRD 119A Transfers through Contributed Capital under the *Financial Management Act 1994.*

These transfers are to be accounted for as contributions by [distributions to] owners based on ['Restructure of administrative arrangements' OR 'Other transfers' designated by the Minister for <insert portfolio name>].

[Attach a copy of the evidence of the government decision as outlined in Appendix A]

Transfer details

The value of the amounts being transferred is <insert amount $NNNN>

Description <insert name of output/function/assets/liabilities as appropriate>

	$'000
Assets	
Cash	n,nnn
Other financial assets	n,nnn
Intangibles	n,nnn
Property, plant and equipment	n,nnn
Liabilities	
Employee benefits	(n,nnn)
Other liabilities	(n,nnn)
Net assets/Net liabilities	**N,NNN**

[Attach a list of the assets and/or liabilities transferred]

[Complete/delete the following table as appropriate]

Reclassifications of equity and resultant income/expense impact

Transferor of net assets [Transferee of net liabilities]	$'000	Transferee of net assets [Transferor of net liabilities]	$'000
Equity		Equity	
Increase in accumulated surplus from revaluation surplus[2]	x,xxx	Increase in contributed capital[3]	n,nnn
Reduction in contributed capital[4]	(n,nnn)		
Reduction in accumulated surplus[5]	(n,nnn)		
Expense[6]	**y,yyy**	**Income**	**y,yyy**

Approved by:

< insert CFAO signature of transferor department/entity >

Chief Financial and Accounting Officer <insert name> Date <insert date>

< insert CFAO signature of transferee department/entity >

Chief Financial and Accounting Officer <insert name> Date <insert date>

[2] The transferor of an asset or net assets should first reclassify any related revaluation surplus to accumulated surplus prior to the distribution in accordance with the *Guidance on the application of FRD 103H Non-current physical assets (para 3.4.1)*.

[3] Equals the reduction in contributed capital and/or reduction in accumulated surplus.

[4] For transferee receiving liabilities or net liabilities, adjustments should be made via contributed capital until reaching a zero balance, with any remainder of the transferred liabilities being adjusted against accumulated surplus then expense. No adjustments are allowed to be made through revaluation surplus account as no relevant revaluation surplus exists prior to the transfer.

[5] Only required when there is insufficient contributed capital.

[6] Only required when there is insufficient contributed capital and accumulated surplus.

TRANSFER OF NET ASSETS

NOTIFICATION FORM

Relinquishing Department	Responsible Officer	Acquiring Department	Responsible Officer
Department of Premier and Cabinet (DPC)	(Name) Chief Financial Officer	Department of Economic Development, Jobs, Transport and Resources (DEDJTR)	(Name) Chief Financial Officer

Pursuant to a declaration under Section 30 of the *Public Administration Act 2004* the Creative Victoria (formerly Arts Victoria) was transferred from the Department of Premier and Cabinet to the Department of Economic Development, Jobs, Transport and Resources. The associated assets and liabilities transferred from DPC to DEDJTR are detailed below. In accordance with FRD 119A *Transfers through contributed capital* these transfers will be accounted for as contributions/distributions by owners and accounting entries reflecting the transfer will be recorded in the general ledgers of DPC and DEDJTR as at 1 January 2015.

Summary of Transfers

	Total $'000
Assets	
Cash Assets	7,423
Cash Assets - Depreciation Equivalent Arts Agencies	119,351
Debtors	28
Intangibles	553
Property, Plant and Equipment	219,173
Property, Plant and Equipment Held for Resale	3,729
Leased Assets	99
Equity Investments General Government	1,314,851
Equity Investments Public Non-Financial Corporations	510,933
Liabilities	
Creditors	(1,537)
Accruals	(92)
Recreation Leave	(536)
Long Service Leave	(1,416)
Lease Liability	(100)
Other Provisions	(30)
Net assets transferred (Contributed Capital)	2,172,429

Approved by:

(Signed)
(Name) Date 25/02/2015

Chief Financial Officer
Department of Premier and Cabinet

(Signed)
(Name) Date 26/02/2015

Acting Executive Director
Department of Premier and Cabinet

(Signed)
(Name) Date

Chief Financial Officer
Department of Economic Development, Jobs, Transport and Resources

Chapter 7: Whole of Victorian Government financial reporting

This chapter outlines the impact of machinery of government (MoG) changes on whole of Victorian Government (WoVG) financial reporting and on the preparation of the Annual Appropriation Bill. It explains the need for manual adjustments when constructing certain financial statements from trial balance information and provides guidance on the treatment of MoG impacts in the departmental performance statements of the budget papers.

This chapter is primarily targeted at departmental finance and budget coordination staff who are involved in the preparation of the budget papers, the Appropriation Bill and financial reporting products such as the State's Annual Financial Report (AFR).

Key considerations

- For significant MoG changes such as those following an election, the upcoming Appropriation Bill should include an Explanatory Memorandum (EM), which provides the workings for the adjustments to the full year comparators between the original estimate and the adjusted budget, reflecting the new departmental structure. The adjusted budget figures are then used in Schedule 1 of the Bill as the prior year Budget figure to enable comparisons of appropriations between years.
- DTF will calculate the required cashflow and other adjustments for publication of the departmental financial statements (DFS) in the budget papers, based on the departmental MoG opening balance transfer journal submitted to the State Resource Management Information System (SRIMS). This is done in consultation with departments as they will also need to similarly adjust for actual MoG changes in their annual report. There may also be differences between the originally budgeted and actual MoG related manual adjustments. Any calculated adjustment for a MoG change will continue to be applied to the DFS in the budget papers for as long as the relevant MoG change year is disclosed.
- DTF requires the submission of two journals types to be processed in SRIMS to effect MoG changes:
  - a **budgeted movements journal** transfers the operational budget transactions to another entity in SRIMS for the remainder of the MoG year and for each forward year; and
  - an **opening balance journal** (reflecting the balance sheet as at the effective date of the MoG change) transfers balance sheet item balances from the giving department to the receiving department.
- MoG transfers do not require standard budget supplementation approvals such as Treasurer's Advance or other approvals from the Treasurer for appropriation changes, even where a receiving department's appropriation is increased in the current year. The authority for such an adjustment stems from provisions in the *Administrative Arrangements Act 1983* (AAA).

Timelines

The timelines will be driven by the timing of the announcement and the effective date of the MoG change, and the potential impact on the standard information requirements that are pertinent to the next applicable (and subsequent) WoVG budget and financial reporting product(s).

For example, where a MoG change is announced and is deemed effective in January, the following budget and AFR will need to reflect the revised arrangements, while a MoG change effective in May should be reflected in the following AFR and then subsequently in the budget update.

Further information on indicative MoG change timelines for completing tasks and reporting to central agencies is included in chapter 2.

Appropriation Bill

Explanatory Memorandum

The EM of the Appropriation Bill provides a high-level understanding of the purpose of the Bill and how each section operates. The extent of the information to be disclosed is the prerogative of the Treasurer.

In practice, the EM for the Appropriation Bill does not change much from year to year, save for information on MoG changes and any other new information specific to the financial year.

The Office of Chief Parliamentary Counsel (OCPC) should be presented with all new information (MoGs, special details) to advise on how/whether to appropriately reflect such details in the EM. The Treasurer's brief attached to the Appropriation Bills should correspondingly provide information on the treatment of MoG changes and special details in the EM, in anticipation of possible questions raised in Parliament about relevant changes.

In recent years, the EM has conventionally included the following information (only items 7 to 8 tend to change from year to year):

1. purpose of the Bill and payments provided for in it;
2. explanation of annual appropriations;
3. explanation of special appropriations and that they are included in Budget Paper No. 5 and not in the Bill;
4. items for which section 29 of the *Financial Management Act 1994* (FMA) apply;
5. explanation of the treatment of unapplied appropriation;
6. explanation of Treasurer's Advances included in the Bill;

7. MoG changes that are the subject of an Order in Council in the current financial year. MoG changes are included in the EM to explain changes to the comparative figures listed in Column 1 Schedule 1 of the Bill (the adjusted current financial year appropriations), and the reasons for the differences from the actual appropriations from the previous year's Bill – to the extent they are adjusted due to MoG changes. Where they are significant, the EM should include the full year comparators in a table format (described below). Where minor, MoG changes may be referred to in narrative form. If very minor and administrative only in nature, it may not be necessary to include them at all;
8. professional judgement and consultation with DTF Legal and the OCPC will determine the treatment and/or inclusion of small-scale MoG changes/corrections to/omissions from previous MoG changes. A useful guide would be an analysis and assessment as to the extent these affect the year-on-year growth rates of the departmental appropriations in Schedule 1 of the Bill and therefore the parliamentary debate in consideration of these;
9. any other special details to be included specific to the relevant year; and
10. clause notes: outline of each clause.

Full year comparators

Where used, the EM should include the full year comparators in table format showing a 'like-for-like' comparison as if the MoG changes had been in effect for the whole of the relevant financial year, along with a brief explanation of what the table is showing.

It should be noted this will not only require departments to establish the amount of appropriation funding to be transferred as at the effective date of a MoG change for budget and reporting purposes (e.g. for the part-year still to run), but also to calculate the amount(s) that would have been transferred to cover the full year of appropriation funding. Moreover, the total full-year appropriation that would have been transferred (had the MoG change applied to the whole year) also needs to be split between the individual appropriation types (provision of outputs, additions to net asset base, payments on behalf of the State and others as appropriate) as the adjusted budget figures are used in Schedule 1 of the Bill to enable meaningful comparisons of appropriations between years.

An example of the EM and Schedule 1 from the 2015-16 Appropriation Bill is shown below.

Explanatory memorandum adjustments table

Department	2014-15 Original estimate	Adjustments	2014-15 Budget
	$'000	$'000	$'000
Courts	236 665	0	236 665
Economic Development, Jobs, Transport and Resources	0	8 548 481	8 548 481
Education and Early Childhood Development	10 211 944	-10 211 944	0
Education and Training	0	10 211 944	10 211 944
Environment and Primary Industries	2 061 438	-2 061 438	0
Environment, Land, Water and Planning	0	1 935 889	1 935 889
Health	7 587 146	-7 587 146	0
Health and Human Services	0	11 413 338	11 413 338
Human Services	3 774 908	-3 774 908	0
Justice	5 802 530	-5 802 530	0
Justice and Regulation	0	5 739 496	5 739 496
Premier and Cabinet	602 760	-299 308	303 452
State Development, Business and Innovation	900 213	-900 213	0
Transport, Planning and Local Infrastructure	7 204 780	-7 204 780	0
Treasury and Finance	2 688 598	-6 881	2 681 717
	41 070 982	**0**	**41 070 982**

Schedule 1 from the Annual Appropriation Bill:

DEPARTMENT OF ECONOMIC DEVELOPMENT, JOBS, TRANSPORT AND RESOURCES

Item	2014-15 budget	2015-16 estimate
	$'000	$'000
1. Provision of outputs (section 29 of the ***Financial Management Act 1994*** applies)	6 411 183	6 479 734
2. Additions to the net asset base (section 29 of the ***Financial Management Act 1994*** applies)	1 951 383	1 808 391
3. Payments made on behalf of the State	64 538	66 767
4. Payment to Regional Growth Fund pursuant to section 4 of the ***Regional Growth Fund Act 2011***	121 377	125 000
Total Appropriation	**8 548 481**	**8 479 892**

An example of the EM and Schedule 1 from the 2018-19 Appropriation Bill is shown below.

Department	*2018/2019 Original Estimate*	*Adjustments*	*2018/2019 Adjusted Budget*
	$'000	$'000	$'000
Courts	428 089	0	428 089
Economic Development, Jobs, Transport and Resources	12 501 437	-12 501 437	0
Education and Training	13 973 827	-111 910	13 861 917
Environment, Land, Water and Planning	2 121 717	-12 000	2 109 717
Health and Human Services	15 846 313	-391 222	15 455 091
Jobs, Precincts and Regions	0	2 409 205	2 409 205
Justice and Community Safety	0	7 596 419	7 596 419
Justice and Regulation	7 626 896	-7 626 896	0
Premier and Cabinet	615 848	-39 308	576 540
Transport	0	10 592 657	10 592 657
Treasury and Finance	6 646 374	84 492	6 730 866
	59 760 501	0	59 760 501

DEPARTMENT OF JOBS, PRECINCTS AND REGIONS

Item		*2018/2019 Budget*	*2019/2020 Estimate*
		$'000	$'000
1.	Provision of outputs (section 29 of the **Financial Management Act 1994** applies)	2 048 497	1 884 530
2.	Additions to the net asset base (section 29 of the **Financial Management Act 1994** applies)	288 001	367 069
3.	Payments made on behalf of the State	72 707	75 245
	Total Appropriation	2 409 205	2 326 844

For the comprehensive MoG changes in 2014-15 and 2018-19, DTF provided a template to departments for the breakdown of all appropriation items to be completed as if they had adjusted for the full year. An example of one such completed return is shown below:

Attachment D

DEPARTMENT OF ECONOMIC DEVELOPMENT, JOBS, TRANSPORT AND RESOURCES (DEDJTR)
MOG - 2014-15 Appropriation Adjustment

Instructions

1. **Provide the 2014/15 full year effect (comparative) of the MOG transfers to be effected in 2015 in the appropriate columns under 'Workings'.**
2. **Column 'C' rows 12, 14, 16, 18 and 20 will then automatically update through the links in the spreadsheet.**

Item	2014-15 Original estimate	Adjustments **Full year effect**	2014-15 Revised estimate
	$'000	$'000	$'000
1. Provision of outputs (section 29 of the ***Financial Management Act 1994*** applies)	0	6 411 183	6 411 183
2. Additions to the net asset base (section 29 of the ***Financial Management Act 1994*** applies)	0	1 951 383	1 951 383
3. Payments on behalf of the State	0	64 538	64 538
4. Payment to the Regional Growth Fund pursuant to section 4 of the ***Regional Growth Fund Act 2011***	0	121 377	121 377
Total Appropriation	0	8 548 481	8 548 481

Workings			**Total $'000**	**Outputs**	**ATNAB**	**POBOS**	**Other**
(Optional to provide adjustment as one line item or by programs/outputs below)				(input **negative amts below if transfer is 'to' another dept**; positive amounts if 'from' another dept)			
Agriculture	to/from	DEPI*	318 703	307 085	11 618		
Arts Victoria	to/from	DPC	400 706	384 215	16 491		
Workplace Relations	to/from	DTF	2 774	2 774			
Transport and former DTPLI Corporate	to/from	DTPLI	6 954 964	5 129 326	1 824 788	850	
State Development, Business and Innovation	to/from	DSDBI	871 334	587 783	98 486	63 688	121 377
	check total		**8 548 481**	**6 411 183**	**1 951 383**	**64 538**	**121 377**

*DEPI (DELWP)
*DTPLI (DEDJTR)

The adjustments provided by the transferring department need to correspond with the receiving department (e.g. for the example shown, there needed to be a corresponding reduction of $384 million output appropriation for DPC related to Arts Victoria). While future budget transfers and opening balances are agreed between departments or in relevant allocation statements, restating full year appropriation impacts should arguably be advised by the transferring department and replicated in the receiving department given that only the transferring department would have full visibility of the original full year budget.

Following completion and return of all templates, DTF undertakes a reconciliation across departments to ensure the consistency of the restated figures to be published in the Appropriation Bill. This should ensure appropriation restatements across portfolios/programs net off, that the comparative total appropriation and the amounts for individual appropriation items across all departments do not change and explanations are obtained for restatements that do not align with a simple pro rata analysis.

Budget papers

Departmental financial statements

Requirement for manual adjustments to financial statements

The departmental financial statements (DFS) included in the budget papers (BP5 *Statement of Finances*, Chapter 3) are affected by the departmental MoG journals submitted into the State Resources Information Management System (SRIMS).

In the absence of cash transactional data, the cashflow statements in SRIMS are derived from movements in trial balance items (operating statement and balance sheet) to calculate cashflows. Illustratively, while the operating statement shows revenue for sales of goods and services, the cashflow statement also incorporates movements in relevant balance sheet items (such as debtors/receivables/unearned revenue) to derive the cashflows associated with the sales of goods and services.

The DFS (and parts of the consolidated estimated financial statements (EFS)) for the general government sector as explained further below) therefore require correcting manual adjustments before publication in the budget papers. This is the result of the opening balances being transferred between departments (as per the relevant allocation statements). As SRIMS provides for the derivation of a cashflow statement based on movements in account balances, the transfer of opening balance sheet items will create a movement that artificially impacts on the cashflow statement and, to a lesser extent, the operating statement. This does not affect the balance sheet as the balances resulting from the opening balance sheet item transfers will be correct.

As outlined in chapter 6, DTF requires the submission of two types of journals to be processed in SRIMS to effect MoG changes:

1. **Budgeted movement transfer**

   This type of budget journal transfers the operational **transactions** related to a business unit or department/government entity (budgeted revenues and expenditures) **and budgeted movements** in balance sheet accounts (such as movements in payables and receivables, asset acquisitions, employee liabilities etc.) for the remainder of the year and for each forward year.

   These transactions will continue to have an impact on a department’s budgeted cashflow statement, but rather than for this to occur in the giving department, this will now occur in the receiving department (noting that there will be no impact on the consolidated EFS). No manual adjustment is required for these transfers.

2. **Opening balance transfer**

   This type of journal reflects the initial transfer of balance sheet item balances from the giving department to the receiving department as at the effective date of the MoG change (as agreed in the allocation statement). By definition, this will only affect the year in which the MoG change takes place (and not forward years).

An illustrative example of these impacts on the cashflow statement is shown below where a department transfers $40 million in assets (buildings) to another department:

	20xx/yy Annual movement prior to MoG	MoG transfer Receipt of $40 million of buildings[1]	20xx/yy Unadjusted SRIMS output after MoG	20xx/yy Required manual adjustment	20xx/yy Correct C/F statement
Receipts from Government	100		100		100
Other receipts	100		100		100
Total receipts	**200**		**200**		**200**
Payments to suppliers and employees	-80		-80		-80
Other payments	-80		-80		-80
Total payments	**-160**		**-160**		**-160**
Net cash flows from/(used in) operating activities	**40**		**40**		**40**
Payments for non-financial assets	-20	-40	-60	40	-20
Consisting of:			0		0
Buildings	-20	-40	-60	40	-20
Net cashflow from/(used in) investing activities	**-20**	**-40**	**-60**	**40**	**-20**
Net increase/(decrease) in cash	**20**	**-40**	**-20**	**40**	**20**
Cash at the beginning of the financial year	0				0
Cash at the end of the financial year	**20**	**-40**	**-20**	**40**	**20**

[1] The transfer results in a debit entry to the applicable 'Buildings' account, which represents an outflow on the cashflow statement.

As can be seen from the example, the transfer of buildings (via a debit entry in the receiving department's SRIMS ledger) will artificially increase payments for non-financial assets. This is not a correct derivation of the payment as the MoG opening balance transfer does **not** result in the receiving department spending additional cash on non-financial assets. It is also easy to understand why the balance sheet is not artificially affected by the opening balance transfer, i.e. the receiving department actually has an increased asset base that is $40 million higher than prior to the MoG opening balance transfer.

Because it is not easily adjusted automatically in the SRIMS, this impact will need to be manually adjusted for publication in the DFS. Similar artificial movements arise:

- in cashflow statement items impacted by movements in other opening balance transfers such as payables, receivables, accumulated funds, etc.;
- to a lesser extent, operating statement items below the net result from transactions impacted by movements in opening balance sheet transfers, including:
  - changes in physical asset revaluation reserve (e.g. through relevant revaluation accounts);
  - adjustment to accumulated surplus/(deficit) due to a change in accounting policy (e.g. through the Accumulated funds – prior period adjustment account);
  - financial assets available for sale reserve (e.g. through relevant revaluation accounts; and
  - other (e.g. through the Accumulated funds and General reserve accounts); and
- for relevant items on the Statement of changes in equity (SOCIE) will also need to be manually adjusted to maintain consistency between financial statements (e.g. movements in Reserves).

It must be stressed that, because of the way in which estimates data are stored in SRIMS, budgeted movements over the forward estimates that are being transferred (as opposed to the opening balance transfers referred to above) will flow through to the financial statements correctly for the receiving and transferring departments and do not require manual adjustments.

Manual adjustments are only required to be made for opening balance transfers between departments/entities. This is the reason it is important for departments to provide two separate journals for the opening balance and budgeted movement transfers (refer chapter 6).

It is also important to note that the items Cash and cash equivalents at the beginning of the financial year and Cash and cash equivalents at the end of the financial year on the cashflow statement **do not** need to be manually adjusted for opening balance transfers. These two items are the only balances being shown on the cashflow statement. All other disclosures on the cashflow statement (e.g. receipts, payments, payments for non-financial assets, net borrowings, etc.) are movements. As explained above, the departmental MoG journals for SRIMS will result in correct closing balances being reflected.

Any calculated adjustments to Cash and cash equivalents at the beginning of the financial year and Cash and cash equivalents at the end of the financial year arising from the methodology below (calculation of manual adjustments for DFS) **should therefore not be made against these two items**. However, in order to keep a balanced (i.e. net '0') manual adjustment, the calculated values will need to be adjusted elsewhere in the cashflow statement.

The accounts included under the SRIMS reporting hierarchy for Cash and cash equivalents at the beginning of the financial year and Cash and cash equivalents at the end of the financial year include the following:

Account	Account Description
10230	SAU Bank Westpac Public Account (SAU only) – at amortised cost.
10231	SAU Public Account – Balancing Account (SAU only) – at amortised cost
10300	Agency Bank Accounts (Public Account Activity)
10380	CMS – Agency Bank (Expenditure Account) CMS – Agency Bank (Expenditure Account)
10394	CMS – Agency Bank (Revenue Account)
10400	Cash on Hand and Other Bank Accounts – AUD – at amortised cost
10410	Cash on Hand and Other Bank Accounts – Foreign Currency – at amortised cost
10420	Victorian State Pool Account – RBA
10430	Victorian State Pool Account – Interest Account – RBA
11000	Deposits at amortised cost – with TCV – at call or short–term
11100	Deposits at amortised cost – with GG – at call or short–term
11101	Deposits at amortised cost – with PNFC – at call or short–term
11102	Deposits at amortised cost – with PFC – at call or short–term
11200	Deposits at amortised cost – with Other State Governments, Territories and the Commonwealth – at call or short–term
11300	Australian Currency Deposits – at call or short–term – at amortised cost
11350	Central Banking System (CBS) deposits
11400	Foreign Currency Deposits – at call or short–term – at amortised cost
32200	Bank Accounts Overdrawn – at amortised cost
45500	Trust Fund Inter–Entity

Where an entity has cash holdings (asset accounts range 1xxxx), these amounts tend to be generated from net revenues in previous years. The calculated adjustment against cash, should therefore be made against the cashflow item Owner contribution by government for cashflow statement purposes (which is the category where the account Accumulated funds is included).

Similarly, any calculated adjustment against cash arising from the Trust fund inter-entity account should also be made against Owner contribution by government for cashflow statement purposes.

Calculation of manual adjustments for DFS

When a MoG change occurs, the agreed opening balances of balance-sheet items will be transferred between departments (i.e. the balance of each asset and liability account as at the date of transfer).

In order to calculate the necessary budget manual adjustments, the following are required to be provided to DTF:

- a complete list of opening balance journals, which needs to verify a zero change impact at the account level (these journals should only affect the year in which the MoG change occurs);
- the extraction of the detailed journals from SRIMS, which includes mapping to the account hierarchies of the DFS, split between controlled and administered entities; and
- the creation of a spreadsheet pivot or other tool to map the values for opening balance transfers by account and by administered/controlled entity to the cashflow and operating statement hierarchies.

An exhaustive, zero-summed opening balance journal list should be prepared to identify the correct journal dataset for analysis. Once the correct dataset is obtained, the movement at account level should be mapped to the relevant reporting hierarchy of the DFS. Pivot tables illustrate how MoG changes impact different financial statements for each portfolio and indicate the adjustments required to be made in the presentation of each, noting the special treatment for cash and cash equivalents above.

DTF will obtain departmental agreement on the required manual adjustments as part of the normal departmental review process of the DFS, which is a good business practice given portfolio ministers may need to respond to queries in Public Accounts and Estimates Committee (PAEC) hearings regarding this information.

Departments will also generally need to amend the system-generated statements for their own annual report for the same reason. While the MoG opening balance transfer journals are used for manually adjusting the DFS for budget purposes, it is likely the actual transfer (as recorded in the ledger system rather than the budget data) may vary from budget due to revised valuations or in some extreme circumstances, differing accounting policies/practices. In this case, departments should keep relevant records and provide these to DTF to manually adjust the DFS in the subsequent budget with this more recent information (when the previous current year becomes the actual year and so on).

Where actuals differ from the budgeted amounts, DTF relies on the amended manual adjustments as advised by departments since it has little alternative information available to verify these adjustments. However, by the time actuals affected by the MoG change are published in the DFS, departments' own audited annual reports would have been published. The required adjustments advised to DTF should mirror those contained in departments' own annual reports.

DTF, in conjunction with departments, will need to ensure the DFS are internally consistent after manual adjustments have been made, e.g. cash and cash equivalents match on the cashflow statement and the balance sheet, and total equity and individual equity components are the same on the balance sheet and SOCIE.

Publication of abolished or newly created departments

DFS for an abolished department should be included in the budget papers as long as the relevant department has budgeted data, either for the budget year or for the revised outcome in the current financial year. Once the affected department only reports historical actuals (i.e. with the passage of time there is no longer a budget or revised outcome for that department), and the DFS for that department will cease to be published in the budget papers.

Restatement of previous years' data

The restatement of previous years' data for affected departments in the DFS to reflect MoG changes applied in earlier period(s), is not required consistent with the agreed arrangements for reporting the 2014-15 and the 2018-19 MoG changes.

Estimated Financial Statements

Similar considerations to those mentioned above also apply to the EFS, noting that at a general government sector level, the artificial impacts on the cashflow statements for the transferring and receiving departments will net to zero on consolidation. Therefore, manual adjustments at the general government sector level should be confined to:

- cashflow disclosures itemised by department, e.g. purchases of non-financial assets which should mirror those for the DFS outlined above; and
- SOCIE as explained below.

Transfer to accumulated surplus line – SOCIE

As part of the MoG change process, balances may need to be transferred between various equity accounts to allow for sufficient contributed capital to give effect to the transfer of balances through contributed capital (see chapter 6 regarding the requirements of Financial Reporting Direction 119A). To enable the transfer of equity, a series of 'MoG use only' accounts have been created in SRIMS. These facilitate the identification of transfers of equity between the accounts for accumulated funds, reserves and contributed capital. These accounts include '(MoG use only)' in their account description such as:

- 50910 – Accumulated funds – transfer to / from revaluation reserves (MoG use only); and
- 52000 – Property plant and equipment revaluation reserve – transfer to/from accumulated funds (MoG use only).

The 'MoG use only' accounts are included in the GFS-GAAP Balance Sheet hierarchy as they contribute to equity balances at a point in time. However, they are not included in the GFS-GAAP Operating Statement hierarchy, as movements between these accounts do not represent an actual change in net worth of the entity.

In order to facilitate the presentation of these equity transfers, the ‘Transfer to accumulated surplus’ line has been included in SOCIE. The inclusion of this line item allows movements in equity due to MoG changes to flow through SOCIE rather than the Operating Statement. This enables:

- transfers of equity due to MoG changes to be presented in the *‘Transfer to accumulated surplus’* line on SOCIE. This line item must total to zero, as MoG related transfers should have no net impact at a general government sector level or at any other sector level;
- the *‘Total other comprehensive income’* on the SOCIE to reconcile to the *‘Total other economic flows – other comprehensive income’* on the Operating Statement, as the impact of the ‘MoG use only’ accounts is removed;
- the *‘Non-financial assets revaluation surplus’* movement on the SOCIE to reconcile with the *‘Changes in non-financial assets revaluation surplus’* line item in the Operating Statement, as the impact of the ‘MoG use only’ accounts is removed;
- the *‘Accumulated surplus/(deficit) total equity’* on the SOCIE to remain unchanged and therefore continue to reconcile with *‘Accumulated surplus/(deficit)’* on the Balance Sheet; and
- the *‘Total equity’* on the SOCIE to remain unchanged and therefore continue to reconcile with *‘Net worth’* on the Balance Sheet.

The *‘Transfer to accumulated surplus’* line is derived by extracting the movements in the ‘MoG use only’ accounts (which are included in the GFS-GAAP SOCIE hierarchy) from the *‘Other comprehensive income’* line and reflecting them in the *‘Transfer to accumulated surplus’* line (which is incorporated in the SRIMS general government sector SOCIE hierarchy). This impacts the *‘Accumulated surplus/(deficit)’* column and the *‘Non-financial assets revaluation surplus’* column.

Replicating cashflow adjustments in future publications

Departments (for their own financial reporting requirements) and DTF (for whole of government reporting) will need to ensure manual adjustments are carried forward into all applicable future publications (and updated where relevant). Illustratively, where a MoG change is transacted in the budget year, that budget year will need to be manually adjusted for the DFS (and for certain instances on the EFS as outlined above). This budget year will then become the expected outcome in the following year’s DFS and the actuals in the year following. Similar considerations apply to whole of government actuals reporting.

Dissection of the State Administration Unit balances and movements in the State Administration Unit inter-entity account

The 45xxx State Administration Unit (SAU) inter–entity account represents appropriated funds available to the department which have not yet been drawn down. Every six months, the 45xxx account is dissected using the SAU inter entity dissection and reconciliation template. The movement in the balance of the 45xxx account is dissected and each of its components explained and reconciled. These components include the current year parliamentary appropriations, cash draw-down, movements in appropriation funded accruals, unspent depreciation equivalent, unspent long service leave equivalent and surplus on the provision of outputs.

As part of the MoG change transfers, affected departments may have to transfer various components of their 45xxx inter-entity SAU account to the receiving department.

The transactions required to transfer the full amount of the 45xxx account balance as a transfer of equity is explained in chapter 8. Transfers of the different components of the 45xxx account are effected through the SAU inter-entity dissection and reconciliation template. The 'MoG changes' column throughout the template is used to record these transfers (see screenshot below for an example).

DEPARTMENT OF XXXX

As at 31 December 20xx

This pro forma has been designed to assist Departments when dissecting their outstanding undrawn appropriation balances in SAU accounts held with DTF. The pro forma, together with supporting documentation, is to be made available to the Auditor-General's Office (AGO) at year end as part of the annual audit process.

A copy is to be forwarded to the Director, Financial Reporting, Department of Treasury and Finance, 4/1 Treasury Place, Melbourne 3002, for information at the same time as your final Annual Financial Report is provided to the Victorian Auditor-General.

The pro-forma should also be provided to your usual DTF Departmental relationship manager on a quarterly basis in accordance with the current DTF information request.

	Opening balance for 20xx-xx $	Net movement for year $	Machinery of government changes $	Closing balance at 31/12/20xx $
SAU Asset (Inter-entity) Balance as at 31/12/20xx	**0**	**0**	**0**	**0**
Comprising:				
Balance of Surplus earned on the Provision of Outputs (a)	0	0	0	0
Depreciation equivalent not yet spent on additions to net assets (b)	0	0	0	0
Sub total	**0**	**0**	**0**	**0**
Unpresented Cheques and Cash in Transit	0	0	0	0
Payables and Accruals:				
Employee entitlements	0	0	0	0
Payables	0	0	0	0
Other Liabilities	0	0	0	0
Less Prepayments	0	0	0	0
Receivables (c)	0	0	0	0
Sub total	**0**	**0**	**0**	**0**

Enter MoG transfers in and out into the designated columns throughout the template

Departments should use the MoG changes column to record transfers in and out of the 45xxx inter-entity account. Departments need to compare dissection spreadsheets and ensure relevant SAU components in/out offset each other exactly, resulting in no impact in items at a general government sector level.

The SAU inter-entity dissections and reconciliations are provided to the Victorian Auditor-General's Office (VAGO) as part of the annual audit process.

Departmental Performance Statements

The Departmental (Output) Performance Statements included in the budget papers (Budget Paper No. 3 *Service Delivery*, Chapter 2 and Appendix A) will be affected by MoG changes since the responsibility for delivering some outputs will likely shift from one department to another.

Along with the function that is transferred as part of MoG changes, the associated performance measures and output cost will also be transferred to the relevant department's portfolio.

In general, an existing output of a transferring department should be replicated in the receiving department, at least for the first year following transfer and subject to the ultimate ministerial approval between the relevant portfolio minister and the Assistant Treasurer. Because of the timelines usually involved in finalising MoG changes for the budget papers, it may not be possible for the receiving department to undertake a wholesale review of their output structures prior to publication of the budget papers. Where only part of an output is transferred to another department, a judgement will need to be made whether the function will be represented in the budget papers as a stand-alone output or incorporated into an existing output (with suitable adjustments to existing performance measures). This should involve consultation between the affected departments and DTF.

When new outputs are created, they will be done so in accordance with the relevant guidance in the Standing Directions 2018, including on new performance measures and outputs and output specifications. On approval, discontinued outputs will subsequently be disabled in SRIMS and all new outputs created.

Subsequent MoG journals that impact the financial data loaded into SRIMS must be signed off by the departmental CFO, and, where relevant, reflect the transfer of appropriations and estimates for the budget and forward years approved and agreed between departments.

All transfers between departments must fully offset each other on a line by line basis in SRIMS, unless there are specific reasons for this to not occur. DTF will ensure the journals across departments reconcile at a whole of government level before they are approved in SRIMS. This process will ensure items are not inadvertently double counted and like-for-like transfers are effected between entities.

Below is a basic guide of how to deal with MoG changes affecting output statements.

Section in output statements	Transferring department	Receiving department	General tip
Ministerial portfolios	Remove any portfolios where relevant	Add in any portfolios where relevant	
Departmental mission statement	Update to reflect the makeup of the department post-MoG	Update to reflect the makeup of the department post-MoG	
Departmental objectives	Update to reflect the makeup of the department post-MoG	Update to reflect the makeup of the department post-MoG	Departments will need to liaise with their DTF relationship manager to ensure the text is consistent.
Output summary by departmental objective	The transferring department does not show a line item in the table for the outputs that have been transferred. It is treated as if they never had the output in that financial year	The previous year Budget column and the previous year Revised column should be adjusted to reflect funding for that output for an entire financial year, i.e. as if the receiving department has always administered the output – this includes back data for previous years from the transferring department.	Departments will need to refer to MoG agreements and ensure reporting is consistent, noting that the final output costs will not be available until the MoG financial journals have been approved in SRIMS and any necessary adjustments occurred as part of the budget deliberations.
Amounts available	Income from transactions table is an extract from DFS.	Income from transactions table is an extract from DFS.	These data will be included once the MoG financial journals have been approved in SRIMS and any necessary adjustments occurred as part of the budget deliberations.
Output tables and performance measures	The transferring department should not report any outputs or performance measures associated with the outputs/performance measures being transferred. Those performance measures transferred would be reported (either as continued or discontinued) by the department where the responsibilities have been transferred.	If the department continues to report the same measures reported by the transferring department in the last budget, then they will need to disclose all historical targets. If the department reports new performance measures, they must: • report as much back-data as possible; and • report the historical data of old performance measures in Appendix A.	Departments will need to ensure they liaise with DTF relationship manager to ensure data updates are correct.

Section in output statements	Transferring department	Receiving department	General tip
Appendix A – Output performance measures for review by the Public Accounts and Estimates Committee	Not required to report any discontinued measures – when an output is transferred, ALL of the output is transferred. The output costs are not reported in the discontinued measures table.	Required to report all discontinued performance measures arising from MoG changes in Appendix A under the new output structure (even if the receiving department has never reported the performance measures previously and have only just received them as part of MoG but will be discontinuing them). The output costs are not reported in discontinued measures table.	Departments will need to ensure they liaise with their DTF relationship manager to ensure data updates are correct.
Footnotes	n.a.	'This performance measure has been introduced as a result of Machinery of Government changes that resulted in the transfer of <xyz> functions <out of/into> the Department of xxx.'	

Authority for budget transfers

The authority for MoG changes, including access to a transferring department's appropriations, is outlined in chapter 1. Appropriation adjustments between departments are subject to the provisions of the AAA, which caters for such MoG changes either through a specific Order to transfer the funding or by virtue of the provisions of section 4 of that Act which allows for the existing appropriation to be accessed as though a MoG change had not happened.

Therefore, supplementation such as Treasurer's Advance to 'authorise' the increase in appropriation by the receiving department is not required. Appropriation adjustments between departments resulting from a MoG change must have an overall net zero effect and do not require the Treasurer's approval.

End-of-year requirements

S35 FMA advances and Treasurer Advances

The department that incurred the actual expenditure under the authority of Treasurer's advance or an advance under section 35 of the FMA would need to a facilitate a minister's request for the final end-of-year approval from the Treasurer. In some instances, this may mean that both the transferring and the receiving departments will report expenditure against a Treasurer's advance which was approved prior to the MoG adjustment taking place. Departments should therefore include this follow-up issue in their agreed Memorandum of Understanding (see chapter 4) and continue to actively liaise to ensure all budgetary supplementation related issues are captured.

Section 29 FMA

Section 29 agreements between the Treasurer and a Minister will continue to be valid for the financial year in which the MOG occurred. Section 29 agreements will also continue to be valid when a new Ministerial position is created which assumes the responsibilities of an existing Ministerial portfolio which held a Section 29 agreement. New S29 agreements are not required for the financial year which includes MOG changes. However, new agreements reflecting the new ministerial portfolio and department will be required for financial years following the MOG changes.

Warrants

Departments are also required to ensure there is sufficient warrant coverage for expenditure incurred during a financial year as part of year end processes. As mentioned in Chapter 1 (page 8), '*The amount of warrant already obtained for the full financial year continues to be valid and is unaffected by the MoG change.*'. This means that the department incurring the expenditure does not need to seek a new warrant for the existing budget for the functions transferred to it. This applies to all special appropriations, trust fund drawdowns and access to SAU balances. However, it is the responsibility of the receiving department to seek *additional* warrant coverage for expenditure above the original estimate.

Note that new warrant coverage *is not* required for the reduction in SAU balances associated with transferring functions into another department. The authority for the transfer for SAU balances is provided by the MOG instruments.

Revenue certification

A department's appropriation authority is calculated at year end for the purposes of revenue certification. This is done by taking the appropriation amount as per the relevant appropriation bill, adding all S29 receipts and adjusting for all known Treasurer/Government approvals impacting on the appropriation line (e.g. S30 FMA transfers, output program cash flow adjustments, savings).

Specifically, for S29, DTF expects to see the following in a MOG year:

- the department who receives the external revenue uses the s29 receipts authority to deposit the funds in the Consolidated Fund;
- the department who had the expenditure draws down s29 appropriation provided the external revenue is recognised in the MOG year by either department;
- the total s29 draw-downs between the two departments at year end cannot exceed the amount of revenue recognised by the two departments; and
- the department responsible for the program at year end can apply for carryover based on the total revenue received by both departments in the MOG year less the combined expenditure.

Any MOG transfer would also affect the total appropriation authority by subtracting (in the case of the transfer out) or adding (in the case of transfer in) to a department's parliamentary authority. The amount of appropriation transferred is the same for both affected departments and corresponds with the amounts included in the MOG journals. Amounts could differ at year end if the final agreed MOG amount differs, however both departments need to identify the same amount.

Budget Paper No. 4 – State Capital Program

Departments and DTF will need to need to ensure all relevant projects are appropriately listed under the applicable departments and none are inadvertently omitted following a MoG change.

As part of the MoG discussions between departments, consideration needs to be given to which asset investments currently underway need to be transferred. A specific request will be made by DTF to all relevant departments to provide information on asset investment projects recorded in asset monitoring (ASSAM) documents in SRIMS that need to be moved to a new department.

DTF instructions will generally include a template Microsoft Excel table to be forwarded to your Infrastructure Policy and Assurance Relationship Manager in DTF by a due date. The change in allocations will need to be transferred centrally in SRIMS and so the list provided to DTF should include the asset monitoring document SRIMS ID and be provided in the format outlined below. This will enable the relevant documents to be easily identified within SRIMS. Once the information has been processed in SRIMS, access to the updated data in the ASSAM module will also be provided to the new department.

Information to be provided for the transfer of asset monitoring documents in SRIMS

SRIMS ID	Project name	Transferring Department	Receiving department

Once each department's listing has been received by DTF, the SRIMS Support team will change the entity code on the individual asset monitoring (ASSAM) documents to ensure that, going forward, they can be amended and updated by the correct department. The change in entity will also enable the asset investments to be published correctly in Budget Paper No. 4.

The transfer of asset investment initiatives between departments due to MoG changes in SRIMS assumes no changes to individual asset investment's total estimated investment (TEI) or annual cash flows. Any changes to project cash flows and TEIs should have been addressed as part of a department's non-policy asset investment adjustments to the forward estimates for the following year's budget process.

Disclosure guidance issued by DTF

DTF periodically provides guidance for the presentation of various publications. The following is an example of guidance provided for the MoG changes announced and implemented in 2015-16. **Note that DTF did not provide specific disclosure guidance for the 2018-19 MoG changes.**

Guidance on Budget – statement of finances

Departmental financial statements in Budget Paper No. 5 (BP5) for re-named and merged departments for 2015-16 will reflect the full impact of MoG changes.

Comparative financial information will be presented in the format as instructed in Table 1. As a general guide, presentation of information includes:

- 2013-14 actual – the original department's year end performance/position;
- 2014-15 budget – the original department's published 2014-15 budget financial information as it existed in the *2014-15 Budget*;
- 2014-15 revised – the revised budget estimate of the newly created departments, incorporating MoG changes effective 31 December 2014; and revised budget estimates as per *2014-15 Budget Update* for departments ceasing to exist from 1 January 2015 (DTPLI and DHS); and
- 2015-16 budget – the published budget estimates for newly created departments, incorporating MoG changes effective 31 December 2014; and nil presentation for departments ceasing to exist from 1 January 2015 (DTPLI and DHS).

Table 1: Presentation for departmental financial statements – 2015-16 Budget

Department (*2015-16 Budget* papers)	2013-14 actuals	2014-15 budget (published)	2014-15 revised	2015-16 budget	
DHHS	DH	DH	DHHS	DHHS	Full presentation in BP5
DET (DEECD)	DEECD	DEECD	DET	DET	
DEDJTR	DSDBI	DSDBI	DEDJTR	DEDJTR	
DJR (DOJ)	DOJ	DOJ	DJR	DJR	
DELWP	DEPI	DEPI	DELWP	DELWP	

Budget portfolio outcomes

While disclosure of the budget portfolio outcomes in the report of operation is not audited, it should be consistent to the note included in the financial statements as required by FRD 8D *Consistency of Budget and Departmental Reporting* to report on the comparison of the portfolio budget and actuals as set out in the Budget papers for that financial year and explanation of the material variances.

Note there is no requirement to recast the budget to reflect MoG changes made subsequent to the publication of the budget for that financial year. However, it is expected that, as a minimum, the presentation of the comparison of the budget and outcomes would include information explaining the impact of the MoG change.

Table 2 provides further guidance on the disclosure requirements for former departments using as an example the departments that ceased as a result of the MOG which occurred on 1 January 2015.

Table 2: Presentation matrix for Departmental Financial Statements – 2015-16 Budget

Department	2013-14 actuals	2014-15 budget (published)	2014-15 revised	2015-16 budget	
DTPLI	DTPLI	DTPLI	DTPLI as per 2014-15 Budget Update	N/A – aggregated in DEDJTR and DELWP	Partial presentation in BP5
DHS	DHS	DHS	DHS as per 2014-15 Budget Update	N/A – aggregated in DHHS	
DH (not published in *2015-16 Budget*)	Included in DHHS	Included in DHHS	Included in DHHS	Included in DHHS	Not published
DEPI (not published in *2015-16 Budget*)	Included in DELWP	Included in DELWP	Included in DELWP	Included in DELWP	
DSDBI (not published in *2015-16 Budget*)	Included in DEDJTR	Included in DEDJTR	Included in DEDJTR	Included in DEDJTR	

* Reflects the former DTF and DPC departmental structures prior to MOG changes, effective 31 December 2014.

Chapter 8: State Resource Information Management System

This chapter outlines the responsibilities of departments and DTF in the update of the estimates, actuals and cash ledgers in the State Resource Information Management System (SRIMS) and the annual appropriations. This incorporates:

- the creation of new entities and output codes as a result of machinery of government (MoG) changes;
- the accounting treatment for the movement of assets and liabilities between the transferring and receiving departments;
- the transfer of assets and liabilities in trust accounts;
- the treatment of MoG changes in the financial supplementary information (FINSI); and
- the treatment of MoG changes in the departmental cash ledger.

Key considerations

- Departments and DTF are required to understand their responsibilities for updating their estimates, actuals and cash ledgers in SRIMS.
- A Memorandum of Understanding (MOU) between the departments should be agreed and signed off by the Chief Financial Officer (CFO) of both departments.
- The SRIMS transfer journals in the estimates ledger must be split between journals that give effect to the opening balance transfers arising from the MoG changes and those giving effect to the movements. MoG change journals loaded into SRIMS must be signed off by departmental CFOs. (Also refer to chapter 7 on this issue). The journals should contain only those numbers agreed to be transferred. Other 'clean-up' adjustments to the ledger are to be submitted and processed separately. This may be either before or after the initial transfer journals have been processed, depending on the timing of the MoG change and other budget processes.
- Departments must reflect MoG transfers in the actuals ledger by loading a full trial balance.
- All the MoG journals at a general government and whole of government level are required to be budget neutral and will fully offset each other on consolidation.
- Departments are required to provide FINSI submissions at the end of the financial year with the MoG transfers appropriately reflected.
- Departments that transact on the public account are required to reflect any changes to their structure in their departmental cash ledger trial balance (within SRIMS) and potentially their banking arrangements with Westpac to comply with those changes.
- Departments are required to understand the consequences and treatment of MoG on the departmental cash ledger and the banking requirements with Westpac.

Summary of responsibilities for updating estimates in SRIMS and for the Annual Appropriation Bill

Departmental responsibilities

Departments are responsible for the following:

- provide a list of all new entity structures to DTF including subordinate agencies, changes to authority codes and, where relevant, proposed output changes (must be within the same classification of the functions of government hierarchy);
- document all transfers and provide this documentation as audit evidence for DTF;
- create the two journals to be loaded into SRIMS – one for all the movements in the estimates in SRIMS, reflecting the transaction amounts to be transferred, and one for the value of the opening balances of all balance sheet items being transferred. These journals must be provided separately as the opening balances will be removed when the rollup and rollover is conducted at year end;
- a separate journal is to be submitted to SRIMS after this processing has been completed where there are any adjustments and 'clean-up' arrangements required to remove past errors etc. However, depending on the timing of the MoG change and the phase of the budget cycle, the transferring department may also be permitted to submit revised estimates journals (current year only) prior to the submission of transfer journals to SRIMS in order to minimise the possibility of negative balances and/or expenses being included;
- update the actuals, estimates, and cash ledgers consistent with the details shown on the signed allocation statement;
- SAU balances included in the allocation statement should be supported by a signed reconciliation statement, which should also be made available for audit purposes;
- prepare revised departmental output statements, revised performance indicators and narrative for all affected outputs (i.e. new or revised) on a no-policy change basis for loading into SRIMS.
- consult with other departments to ensure all transfer numbers reconcile;
- complete the Appropriation Bill transfer form; and
- provide their DTF relationship manager with all of the information requested in a timely manner.

DTF responsibilities

DTF is responsible for the following:

- publish additional guidance including timelines where appropriate to ensure the estimates and actuals can be updated according to the published budget and/or financial reporting timelines. This will include an assessment and advice of whether or not it will be possible to allow estimates updates for the current year to be submitted prior to the transfer journals being loaded into SRIMS;
- update the chart of accounts and mapping of all entities to eliminate as far as possible the incidence of SRIMS business rules being broken;
- conduct a whole of Victorian government (WoVG) reconciliation process to ensure a net 'no budget impact'; and
- collate all Appropriation Bill transfers and produce the MoG adjustments table and text for the Explanatory Memorandum to be included in the Appropriation Bill.

Updating actuals and estimates in SRIMS

All departments affected by MoG changes are required to create MoG adjustment journals within the SRIMS **estimates ledger,** to reflect the changes to departments' estimates for the MoG year as well as the forward estimates. In contrast to estimates, departments reflect MoG transfers in the **actuals ledger** by loading a full trial balance (in SRIMS through the loading of a financial actuals (FINACT) document) as at the effective date of the MoG change.

An MOU or other agreement should be negotiated between the relevant departments to ensure the correct amounts are in the documentary evidence of transfers for the actual closing balances of net assets. The relevant CFOs are required to sign off the agreement and to ensure the journals accurately reflect the documentary evidence of transfers. As part of this process, both CFOs should ensure that, for themselves and for their finance teams, all journals have been approved consistent with financial delegations on behalf of the Secretary and that these delegations have been adequately documented.

MoG journals loaded into SRIMS must also be signed off by departmental CFOs and reflect the transfer of appropriations and estimates for the forward estimate years agreed between departments. Adjustment journals to correct inconsistencies or past allocation 'errors' should be submitted to SRIMS separately and only after the agreed transfer journals have been approved for posting.

Supporting documentation of the agreement between departments, and in-principle approval of the transfers, must be provided to DTF at the same time.

All transfers between departments must fully offset each other on a line by line and function by function basis in SRIMS. Exceptions to this rule are listed in the table below.

Account	Equity and SAU accounts (e.g. 50120 Equity transfers to other government entities – fixed assets and 50110 Equity transfers from other government entities – fixed assets).
Authority	Annual appropriation or Financial Management Act s29 authorities.
Output	New outputs created by the receiving department.
Related party	The existing related party has changed as a result of MoG change.

There are to be no reallocations between items in the operating statement or the balance sheet other than those required by the SRIMS business rules (e.g. changes to contributions by owner/accumulated funds etc.) as part of the transfer process. Departments are responsible for liaising with one another to ensure the sum of all the MoG journals is both line item neutral and budget neutral at a whole of government level (unless the government specifies otherwise). DTF will liaise with departments to ensure MoG changes across departments reconcile at a whole of government level before journals are approved in the SRIMS. **Once DTF has confirmed that the MoG journals are budget and line item neutral, journals will be processed. Departments will be provided a later opportunity to seek approval for adjustments between line items if this becomes necessary.**

Accounting transactions

The SRIMS chart of accounts is used to derive the departmental and general government sector cash flow statements, it is important to distinguish between adjustments that split the opening/closing balances with movements. **As also highlighted in chapter 7, the SRIMS journals for estimates must be split between journals that give effect to the opening balance transfers arising from the MoG changes and those giving effect to the movements.**

Transfers of movements (estimates) in accounts

For all estimates movements being transferred, the transferring department reduces the movement against the opening balance of the relevant account and the receiving department increases the movement against the opening balance of the relevant (same) account.

For example, if the Department of Planning has $100 of output funding and associated expenses transferring to the Department of Resources, the journal entries to the relevant accounts would be:

Planning		Resources	
Cr 8xxxx	$100	Cr 71200	$100
Dr 71200	$100	Dr 8xxxx	$100

Transfers of opening balances

As outlined in chapter 6, the transfer of assets and liabilities consequent to government decisions is to be made in accordance with Financial Reporting Direction (FRD) 119A *Transfers through Contributed Capital*, which stipulates such transfers are done via adjustments to the departments' contributed capital.

Where there is insufficient contributed capital for distributions to owners, the entity must reclassify its accumulated funds to contributed capital to the extent required to effect the distribution. If there are insufficient accumulated funds, the reclassification may also include the transfer of related revaluation reserves directly to accumulated funds.

To ensure there are no impacts to the operating statement and cash flow statement at both a whole of government level and departmental level, any reclassification of equity as a result of MOG must be reflected using the relevant accounts below:

- **50910** Accumulated funds – transfer to/from revaluation reserves (MoG use only);
- **50920** Accumulated funds – transfer to/from contributed capital (MoG use only);
- **51100** Freehold land, crown land and land improvements – revaluation reserve – transfer to/from accumulated (MoG use only);
- **51400** Freehold buildings – revaluation reserve – transfer to/from accumulated funds (MoG use only);
- **51500** Right of Use Buildings Revaluation Reserve – with non-public sector lessor – Transfer to/from Accumulated Funds (MOG use only)
- **51950** Infrastructure roads – revaluation reserve – transfer to/from accumulated funds (MoG use only);
- **51980** Right of Use Road and Road Infrastructure Revaluation Reserve - with non-public sector lessor – Transfer to/from Accumulated Funds (MOG use only)

- **52000** Property plant and equipment revaluation reserve – transfer to/from accumulated funds (MoG use only);
- **52250** Infrastructure other than roads (including channels) – revaluation reserve – transfer to/from accumulated funds (MoG use only);
- **52290** Right of Use Infrastructure Systems Revaluation Reserve – with non-public sector lessor – Transfer to/from Accumulated Funds (MOG use only)
- **52450** Natural resource reserves – revaluation reserve – transfer to/from accumulated funds (MoG use only);
- **52650** Cultural assets – revaluation reserve – transfer to/from accumulated funds (MoG use only);
- **52760** Intangible assets – revaluation reserve – transfer to/from accumulated funds (MoG use only); and
- **52815** Available-for-sale investments revaluation reserve – transfer to/from accumulated funds (MoG use only).

Accounting for MoG change opening balance transfers in SRIMS is dependent on the type of MoG transfer and includes:

- creation of a new department;
- cessation of a department with all of its functions moving to new or existing departments;
- transfer of functions;
- transfer of entities; and
- transfer of trust accounts.

New/ceasing departments and transfer of functions

MoG changes relating to ceasing departments and the creation of new departments (e.g. some functions and operations of the Department of Economic Development, Jobs, Transport and Resources were transferred to the new Department of Jobs, Precincts and Regions in 2018-19), and the transfer of functions between departments (e.g. the transfer of agriculture from Department of Environment, Land, Water and Planning (DELWP) to DEDJTR in 2014-15)are reflected through adjustments to the departments' contributed capital.

It is important to note that when an entity ceases as a result of a MoG change it is required to be disabled in SRIMS (once all transfer entries have been processed). Likewise, if an entity, whether a department or a subsidiary agency is moved from one portfolio department to another as a result of a MoG change, the old entity is:

- required to be disabled in its current departmental structure within SRIMS (once all transfer entries have been processed); and
- 'transferred' to a newly created entity in its new portfolio structure, noting the trial balance account information of a transferring subsidiary entity will exactly mirror that of the old entity since no actual transfer will have occurred under FRD 119A. The transfer of subsidiaries between portfolios is further explained below.

No existing entities general government will be 'dragged and dropped' into a new place in the hierarchy as a result of MoG change as this will result in a loss of historical data in SRIMS (i.e. all historical data prior to the MoG change would feed into the new structural arrangements rather than where it existed prior to the MoG).

Additionally, it is important to note the related party hierarchy in SRIMS mirrors the entity hierarchy (i.e. new entities that are created form part of the related party hierarchy as well as those disabled as a result of MoG changes). It is incumbent on reporting entities to update the related party they are using for transactions in their future data feeds to ensure they accurately reflect the nature of the transaction (i.e. disabled entities should no longer be used). DTF will ensure the business rules in SRIMS are updated periodically to reflect the changes made to the related party hierarchy.

For both estimates and actuals, the net assets (opening balances) being transferred are to be reflected in the journals using the following SRIMS accounts:

For transferring departments:

- 50120 Equity transfers to other government entities (Fixed assets)
- 50125 Equity transfers to other government entities (Other net assets)

For receiving departments:

- 50110 Equity transfers from other government entities (Fixed assets)
- 50115 Equity transfers from other government entities (Other net assets)

It is important that departments correctly distinguish between **fixed assets** (SRIMS accounts 17500-18999, 24110-29999), and **other net assets** (sum of all other assets and liabilities), when using the equity transfer accounts listed above. This is to ensure there are no unintended impacts to the cash flow statement.

Example 1: New/ceasing departments and the transfer of functions

Transferring department				
Entity	**Account**	**Account description**	**Dr**	**Cr**
XXXX	2xxxx	Fixed Assets		80
XXXX	xxxxx	Other Net Assets		20
XXXX	50120	Equity transfer to other Government Entities (Fixed)	80	
XXXX	50125	Equity transfer to other Government Entities (Other Net Assets)	20	

Receiving department				
Entity	**Account**	**Account description**	**Dr**	**Cr**
YYYY	2xxxx	Fixed assets	80	
YYYY	xxxxx	Other net assets	20	
YYYY	50110	Equity transfers from other government entities (Fixed assets)		80
YYYY	50115	Equity transfers from other government entities (Other net assets)		20

Example 2: New/ceasing departments and the transfer of functions without sufficient contributed capital and accumulated funds

Transferring department				
Entity	**Account**	**Account description**	**Dr**	**Cr**
XXXX	2xxxx	Fixed assets		80
XXXX	xxxxx	Other net assets		20
XXXX	50910	Accumulated funds – transfer to/from revaluation reserves (MoG use only)		100
XXXX	51400	Freehold buildings – revaluation reserve – transfer to/from accumulated funds (MoG use only)	100	
XXXX	50920	Accumulated funds – transfer to/from contributed capital (MoG use only)	100	
XXXX	50000	Contributed capital		100
XXXX	50120	Equity transfer to other government entities (Fixed assets)	80	
XXXX	50125	Equity transfer to other government entities (Other net assets)	20	

Receiving department				
Entity	**Account**	**Account description**	**Dr**	**Cr**
YYYY	2xxxx	Fixed assets	80	
YYYY	xxxxx	Other net assets	20	
YYYY	50110	Equity transfers from other government entities (Fixed assets)		80
YYYY	50115	Equity transfers from other government entities (Other net assets)		20

Transfer of 'subsidiary' entities between portfolios

This type of journal entry for a MoG transfer relates to the transfer of responsibility for 'subsidiary' entities between portfolio departments (e.g. CenITex transferred between DTF's portfolio and DEDJTR in 2014-15). This type of 'transfer' does not impact on the entity itself, but is an administrative process for adjusting SRIMS data so an entity is moved from one portfolio to another. In its simplest form, the data for an entity is moved to a different location and assigned a new entity number - the existing entity is disabled in SRIMS and the trial balance is cleared to zero. For the receiving portfolio, the balances are replicated in a newly created entity as from the date of the MoG change. Note that in addition to the transfer of the entity to another portfolio, the transferring department's administered entity must also transfer its investment in controlled entities to the receiving department as explained in chapter 6.

Example 3: Transfer of an entity between portfolio departments

Old entity – transferring portfolio				
Entity	**Account**	**Account description**	**Dr**	**Cr**
XXXX	2xxxx	Net assets		100
XXXX	50000	Contributed capital	70	
XXXX	50200	Accumulated funds	30	

New entity – receiving portfolio				
Entity	**Account**	**Account description**	**Dr**	**Cr**
YYYY	xxxxx	Net assets	100	
YYYY	50000	Contributed capital		70
YYYY	50200	Accumulated funds		30

Transfer of trust accounts between departments

The SRIMS chart of accounts does not provide for the breakdown of 'project' information, which may be held by the transferring department in relation to specific approved projects or programs within a particular trust account. **Where applicable, the transferring department will need to provide supplementary project information, including charge codes, in relation to the internal management of trust accounts to the receiving department as a separate process (documented where necessary in the Secretary's or CFO's MOU or other agreement note).** This latter information should include project information such as revenues and expenditures for at least the current financial year up to the date of MoG transfer, and a reconciliation of unexpended funds, which balances to the trust's retained earnings as stated on the Allocation Statement.

The MoG transfers of controlled trust account balances between departments (e.g. the Community Support Fund) meet the requirements of 'contributions by owners' under FRD 119A. Therefore, they should be treated as adjustments to contributed capital **at the department level**.

However, a department should not record ongoing transactions under a trust account authority code as ‘contributions by owner’. This would not reflect the nature and function of the relevant trusts, nor the Government's intent. Therefore, to overcome this accounting anomaly between compliance with FRD 119A and avoiding having contributed capital recorded within a trust account, MoG transfers should be initially recorded by the receiving department as a contribution by owner for the net assets of the trust (with the journal entry balanced within the one trust authority to satisfy the SRIMS business rules). This is then adjusted, as in the example journal entries below, so the trust account records only an impact against accumulated funds. The department itself accounts for an adjustment to contributed capital using non-public account authority code 0000.

The following journal entries illustrate the transfer of trust fund assets as a result of MoG changes:

1 – Recognise the contributed capital transfer within the trust authority (4xxx):

Dr Cash/other Net assets
Cr Contributed capital

2 – Roll up the contributed capital into accumulated funds entry (using only the above trust authority):

Dr Contributed capital
Cr Accumulated funds

3 – Restore the contributed capital entry at the departmental level (using authority 0000):

Dr Accumulated funds
Cr Contributed capital

It should be noted journal entries 2 and 3 are not transfers between accumulated funds and contributed capital. They are balancing adjustments between authority codes to correct the anomaly created by the system rules but still retain consistency with the requirements of FRD 119A. They will not affect the presentation of the financial statements. These steps are illustrated in the following journal entries for the transferring department and the receiving department.

Example 4: Transfer of a trust account between departments

Step 1

Transferring department					
Entity	**Authority**	**Account**	**Description**	**Dr**	**Cr**
XXXX	4xxx	xxxxx	Fixed assets		80
XXXX	4xxx	xxxxx	Other net assets		20
XXXX	4xxx	50120	Equity transfer to other government entities (Fixed assets)	80	
XXXX	4xxx	50125	Equity transfer to other government entities (Other net assets)	20	

Step 2

XXXX	4xxx	50120	Equity transfer to other government entities (Fixed assets)		80
XXXX	4xxx	50125	Equity transfer to other government entities (Other net assets)		20
XXXX	4xxx	50200	Accumulated funds	100	

Step 3

XXXX	0000	50200	Accumulated funds		100
XXXX	0000	50120	Equity transfer to other government entities (Fixed assets)	80	
XXXX	0000	50125	Equity transfer to other government entities (Other net assets)	20	

Example 4: Transfer of a trust account between departments (continued)

Step 1

Receiving department					
Entity	**Authority**	**Account**	**Description**	**Dr**	**Cr**
XXXX	4xxx	xxxxx	Fixed assets	80	
XXXX	4xxx	xxxxx	Other net assets	20	
XXXX	4xxx	50110	Equity transfers from other government entities (Fixed assets)		80
XXXX	4xxx	50115	Equity transfers from other government entities (Other net assets)		20

Step 2

XXXX	4xxx	50110	Equity transfers from other government entities (Fixed assets)	80	
XXXX	4xxx	50115	Equity transfers from other government entities (Other net assets)	20	
XXXX	4xxx	50200	Accumulated funds		100

Step 3

XXXX	0000	50200	Accumulated funds	100	
XXXX	0000	50110	Equity transfers from other government entities (Fixed assets)		80
XXXX	0000	50115	Equity transfers from other government entities (Other net assets)		20

The above transactions for the transferring and receiving departments can each be processed as single journals. They have been split in this example so as to show the steps involved in adjusting the contributed capital transactions out of the trust account, while still retaining the correct entries at the department level.

Creating a part-year estimates transfer

As discussed above, SRIMS journals must be split between journals that give effect to the opening balance transfers arising from the MoG changes and those giving effect to the movements.

Prior to creating the relevant journals, the transferring department should quickly assess the validity or otherwise of the year to date actuals relevant to the transfer. In the event that a department is being discontinued due to a MoG change, multiple adjustments to actuals post-transfer date will inevitably be required – potentially all the way through to VAGO sign off. It is important that, once the year to date actuals are judged to be materially accurate, the relevant transfer journal utilises these numbers. Seeking to continue to update year to date actuals may substantially delay the journal for immaterial changes.

For operating statement items, the journal required is to be based on the full year estimate less the actual year to date movement. Appropriation revenue must be consistent with the agreed funding amounts being transferred to the new department. These estimates may be rounded to the nearest thousand dollars, ensuring the journal remains consistent with SRIMS business rules.

For balance sheet opening balances, the actual closing balance at the effective MoG date is to be used for the opening balance journal.

For balance sheet movements, the estimated end of financial year closing balance less the actual closing balance at the effective MoG date is to be used as the basis for the movements journal – adjusted, where necessary, so that the transfer journal will not result in material estimated negative balances at year end in the receiving department. As with appropriation revenue items, ATNAB and estimated movements in SAU balances must be consistent with agreed transfer amounts.

In no circumstances should a negative appropriation funding line be included in a transfer journal.

DTF will, time permitting, provide the opportunity to submit an estimate update journal prior to the transfer journal being submitted, or alternatively at a later date, to correct the potential situation where 'negative' expenses or revenue are, or would be, included in the transfer journal. Where an early update is not possible, the transferring department is to provide the details of the corrections to the estimates and balances direct to the receiving department to assist them in understanding the true underlying position and to expedite the clean-up in SRIMS post-MoG change.

Example 5: Estimates transfer for a MoG change effective 31 December 20XX

Estimated trial balance for the 20XX-YY financial year

XXXX – Transferring department 20XX-YY				
Account Type	Account description	Opening balance	Movement	Closing balance
Revenue	75800 – Other fees revenue	0	(50)	(50)
Revenue	75810 – Sales of goods	0	(100)	(100)
Revenue total		**0**	**(150)**	**(150)**
Expenditure	80100 – Salaries, overtime, recreation leave, sick leave, special leave, allowances and bonuses	0	100	100
Expenditure	86000 – Other operating supplies and consumables	0	150	150
Expenditure total				
Asset	10400 – Cash on hand and other bank accounts – AUD – at amortised cost	5 000	150	5,150
Asset	24425 – Freehold land, crown land and land improvements – at valuation (Public safety and environment)	18 000	5 000	23 000
Asset total		**23 000**	**5 150**	**28 150**
Liability	30100 – Accounts payable with non-public sector (excluding capital expenditure Items) – at amortised cost	(4 000)	(250)	(4 250)

XXXX – Transferring department 20XX-YY				
Liability total		**(4 000)**	**(250)**	**(4 250)**
Owners equity	50000 – Contributed capital	(12 000)	0	(12 000)
Owners equity	50200 – Accumulated funds	(2 000)	0	(2 000)
Owners equity	51000 – Freehold land, crown land and land improvements – revaluations	(5 000)	(5 000)	(10 000)
Owners equity total		**(19 000)**	**(5 000)**	**(24 000)**
Grand total		**0**	**0**	**0**

Actual trial balance as at 31 December 20XX

XXXX – Transferring department				
Account type	**Account description**	**Opening balance**	**Dec YTD movement**	**Closing balance**
Revenue	75800 – Other fees revenue	0	(20)	(20)
Revenue	75810 – Sales of goods	0	(50)	(50)
Revenue total		**0**	**(70)**	**(70)**
Expenditure	80100 – Salaries, overtime, recreation leave, sick leave, special leave, allowances and bonuses	0	60	60
Expenditure	86000 – Other operating supplies and consumables	0	110	110
Expenditure total		**0**	**170**	**170**
Asset	10400 – Cash on hand and other bank accounts – AUD – at amortised cost	5 000	70	5 070
Asset	24425 – Freehold land, crown land and land improvements – at valuation (Public safety and environment)	18 000	5 000	23 000
Asset total		**23 000**	**5 070**	**28 070**
Liability	30100 – Accounts payable with non-public sector (excluding capital expenditure Items) – at amortised cost	(4 000)	(170)	(4 170)
Liability total		**(4 000)**	**(170)**	**(4 170)**
Owners equity	50000 – Contributed capital	(12 000)	0	(12 000)
Owners equity	50200 – Accumulated funds	(2 000)	0	(2 000)
Owners equity	51000 – Freehold land, crown land and land improvements – revaluations	(5 000)	(5 000)	(10 000)
Owners equity total		**(19 000)**	**(5 000)**	**(24 000)**
Grand total		**0**	**0**	**0**

Opening balance journal – clearing adjustments (FRD 119A)

Transferring department				
Entity	**Account**	**Description**	**Dr**	**Cr**
XXXX	50000	Contributed capital		11900
XXXX	50920	Accumulated funds – transfer to/from contributed capital (MoG use only)	11900	
XXXX	50910	Accumulated funds – Transfer to/from revaluation reserves (MoG use only)		10000
XXXX	51100	Freehold land, crown land and land improvements – revaluation reserve – transfer to/from accumulated funds (MoG use only)	10000	

Opening balance journal – transfers out

Transferring department				
Entity	**Account**	**Description**	**Dr**	**Cr**
XXXX	10400	Cash on hand and other bank accounts – AUD – at amortised cost		5070
XXXX	24425	Freehold land, crown land and land improvements – at valuation (Public safety and environment)		23000
XXXX	30100	Accounts payable with non-public sector (excluding capital expenditure Items) – at amortised cost	4170	
XXXX	50120	Equity transfer to other government entities (Fixed assets)	23000	
XXXX	50125	Equity transfer to other government entities (Other net assets)	900	

The journals above clear the trial balance (opening balance amounts) of the transferring entity, with the exception of an accumulated closing balance of $100. This is to account for the first six months' loss of $100, which will clear to zero as part of the year end roll up/rollover process.

Opening balance journal – transfers in

Receiving department				
Entity	**Account**	**Description**	**Dr**	**Cr**
YYYY	10400	Cash on hand and other bank accounts – AUD – at amortised cost	5070	
YYYY	24425	Freehold land, crown land and land improvements at valuation (Public safety and environment)	23000	
YYYY	30100	Accounts payable with non-public sector (excluding capital expenditure Items) – at amortised cost		4170
YYYY	50110	Equity transfer from other Government Entities (Fixed assets)		23000
YYYY	50115	Equity transfer from other government entities (Other net assets)		900

This journal is a mirror image of that processed by the transferring department and establishes the opening balance (as a transaction) in the receiving department. Note the differences in the equity accounts from that of the transferring department.

Movement journals

Transferring department				
Entity	**Account**	**Description**	**Dr**	**Cr**
XXXX	75800	Other Fees Revenue	30	
XXXX	75810	Sales of Goods	50	
XXXX	80100	Salaries, Overtime, Recreation Leave, Sick Leave, Special Leave, Allowances and Bonuses		40
XXXX	86000	Other operating supplies and consumables		40
XXXX	10400	Cash on hand and other bank accounts – AUD – at amortised cost		80
XXXX	30100	Accounts payable with non-public sector (excluding capital expenditure Items) – at amortised cost	80	

Receiving department				
Entity	**Account**	**Account Description**	**Dr**	**Cr**
YYYY	75800	Other Fees Revenue		30
YYYY	75810	Sales of Goods		50
YYYY	80100	Salaries, overtime, recreation leave, sick leave, special leave, allowances and bonuses	40	
YYYY	86000	Other operating supplies and consumables	40	
YYYY	10400	Cash on hand and other bank accounts – AUD – at amortised cost	80	
YYYY	30100	Accounts payable with non-public sector (excluding capital expenditure Items) – at amortised cost		80

Financial supplementary information

Requirements for the State's Annual Financial Report

Departments and entities are required to provide financial supplementary information (FINSI) data to DTF as part of the Annual Financial Report (AFR) requirements.

FINSI is financial information that cannot be collected through a trial balance but is required to be disclosed in the AFR under accounting standards. Sections of the AFR that require supplementary information are listed below:

- gross cashflows;
- reconciliation of movements in fixed assets and insurance claims;
- fair value of non-financial assets;
- commitments;
- contingent asset and liability;
- financial instruments;
- funds under management; and
- sensitivity analysis.

The FINSI excel template used to prepare the FINSI submission is loaded at the end of financial year under Information and Guidance in SRIMS.

Impact of a MoG changes on FINSI

MoG changes usually include the transfer of assets and liabilities from a department to another department at the effective date of the transfer. The transfers will create movements in the accounting books and impact the departmental FINSI submission to DTF.

At a State of Victoria level, the transfer of assets and liabilities will fully offset each other on consolidation and must not have any impact.

Appendix A discloses the different sections and tables in the FINSI submission where departments are required to disclose their net MoG transfers.

Different impacts of different types of MoG transfers on FINSI

As explained above, there are four different types of MoG transfers, namely:

- creation of a new department;
- cessation of a department with all of its functions moving to another department;
- transfer of a function; and
- transfer of an entity.

Creation of a new department

If a new department is created, the new department will need to submit a FINSI submission that reflects the transactions that occurred from the effective date of the new department.

Cessation of a department with all its functions moving to another department

If a department ceases to exist and all of its functions are moved to another department, the receiving department will need to submit two FINSI submissions at the end of the financial year.

The first submission will reflect the transactions that happened before the transferring department ceased to exist. DTF will open the system for the ceasing department to submit their FINSI submission.

The second submission will reflect the transactions under the new combined department.

Example: On 1 January 2015, the Department of Transport Planning and Local Infrastructure (DTPLI) ceased to exist and all transport related assets and liabilities were transferred to the Department of Economic Development, Jobs, Transport and Resources (DEDJTR). At the end of the 2015-16 financial year, DEDJTR had to submit a FINSI submission for the ceased DTPLI, reflecting the first six months of transactions that happened under DTPLI and another submission for DEDJTR, inclusive of the second six months of transactions of the ceased DTPLI.

Transfer of a department or function

If a department or function from within a department is transferred to another department, both the receiving department and the transferring department will have to submit one FINSI portfolio submission each. The transferring entity's submission should reflect the transactions before the functions are transferred, while the receiving entity's submission should reflect the transactions after the functions are transferred.

Example: On 1 January 2015, the agriculture function moved from DELWP to DEDJTR. At the end of the financial year, DELWP reflected the agriculture functions' transactions for the first six months of the financial year in its FINSI submission, while DEDJTR's submission reflected the agriculture functions' transactions for the second six months of the financial year in its FINSI submission.

How does the net MoG transfer line work in FINSI?

Each MoG affected FINSI element in the FINSI submission contains a 'Net MoG transfer' line item. This needs to be populated with the net of the amount received from or transferred to other departments.

Of key importance is communication between transferring and receiving departments to ensure the amount recorded for the transferring department offsets the amount recorded by the receiving department.

This line item is necessary as it allows DTF to differentiate between transfers associated with MoG changes and normal day to day transactions.

To identify the amount necessary to be disclosed in the net MoG transfer line, departments are required to identify:

- the accounts impacted by the MoG OB (opening balance) journals; and
- the accounts which have an impact on the section of the FINSI.

Example: for all accounts which are mapped to investment in non-financial assets for policy purposes (cashflow hierarchy in the chart of accounts) and have a movement in the MoG opening balance (OB) journal, the MoG OB amount must be disclosed under the 'Net MoG transfer' line under investment in non-financial assets for policy purposes in the gross cashflow.

Reconciliation of fixed assets in FINSI

Example

Department of Planning had $300 million worth of buildings at the start of 2018-19 and after six months the buildings have depreciated by $15 million (depreciation rate: 10 per cent per annum). On 1 January 2019, as a result of a MoG change, the agriculture functions are moved from the Department of Planning to the Department of Resources and the carrying amount ($95 million) of the agriculture related building is transferred to Department of Resources. Based on the above example the following FINSI submission is required:

Department of Planning FINSI submission

Reconciliation of movements in land and buildings	
Description	**2018-19**
Opening balance	$300 000 000.00
Net MoG transfer	(95 000 000.00)
Acquisitions	–
Reclassification	–
Revaluation	–
Impairment	–
Disposals	–
Assets recognised for the first time	–
Depreciation*	($25 000 000.00)
	$180 000 000.00

*The $25 million represents depreciation for $200 million worth of buildings at the start of the financial year and six months' depreciation for the agriculture-related building ($100 million), which was transferred on the 1 January 2019 (6 months).

Department of Resources FINSI submission

Reconciliation of movements in land and buildings	
Description	**2018-19**
Opening balance	$600 000 000.00
Net MOG transfer	95 000 000.00
Acquisitions	–
Reclassification	–
Revaluation	–
Impairment	–
Disposals	–
Assets recognised for the first time	–
Depreciation*	($64 750 000.00)
	$630 250 000.00

*The $64.75 million represents depreciation for $600 million worth of building at the start of the FY and 6 months depreciation for the agriculture related building ($95 million) which was transferred on the 1 January 2019 (six months).

Note: Departments are required to ensure that the transfer of assets and liabilities (net MoG line) reconcile with their counterparties and net off to zero at a general government/State of Victoria level.

Cashflow Statement

As outlined in the previous chapter, the State of Victoria cash flow statement is a derived cash flow. This means that every movement in an operating statement account or balance sheet account will cause a movement in the cashflow statement.

As the MoG transfer journal is a transfer of assets and liabilities, this will cause movements in the cashflow statement. Analysts in departments have to ensure that they are aware of the accounts impacting on the **gross cashflow components** and if any movement in these accounts relate to a MoG transfer, the transfer has to be disclosed in the Net MoG transfer line.

The Net MoG transfer line represents MoG movements that are created as a result of the transfer of assets and liabilities from a department to another. These movements are non-cash movements. Therefore, at a general government/Whole of Victorian government level, the net impact must be zero.

Example: At the start of the 2018-19 financial year, Department of Planning has a term deposit with Treasury Corporation of Victoria (TCV) of $200 million. During the first six months of the year, an additional $100 million was deposited with TCV. On 1 January 2019, as a result of a MoG change, $250 million of the term deposit with TCV was transferred to Department of Resources. Based on the above example, the following tables show the gross cashflow FINSI submission for both Department of Planning and Department of Resources.

Department of Planning (transferring department) FINSI submission

Gross cash flows

Description	**General government**	**PNFC**	**PFC**	**External**
Net cash flows from investment in financial assets for liquidity management purposes			- 150,000,000.00	
Net MOG transfer			- 250,000,000.00	
Total cash outflows			100,000,000.00	
Total cash inflows				

Department of Resources (receiving department) FINSI submission

Gross cash flows

Description	**General government**	**PNFC**	**PFC**	**External**
Net cash flows from investment in financial assets for liquidity management purposes			300,000,000.00	
Net MOG transfer			250,000,000.00	
Total cash outflows			50,000,000.00	
Total cash inflows				

Cash update

Following a MoG change, departments that transact on the public account are required to reflect any changes to their structure in their departmental cash ledger trial balance (within SRIMS) and potentially to alter their banking arrangements with Westpac to comply with the changes.

There are two broad areas that require consideration:

- banking arrangements; and
- changes to the financial system (SRIMS).

Banking arrangements

New departments

Newly established departments transacting through the public account will require the creation of Westpac bank accounts for both revenue and expenditure accounts. Approval to establish and maintain bank accounts (including associated facilities) is required by the Assistant Treasurer under section 15(1) of the *Financial Management Act 1994*. This requires permission to be sought by the relevant Minister through a letter to the Assistant Treasurer. The new department will also need to inform DTF's Cash and Banking team (working.capital@dtf.vic.gov.au) that it is seeking approval to establish these accounts.

Once approved, the department will need to liaise with Westpac to have these accounts created and add a list of approved users. The entity is also required to liaise with DTF's Cash and Banking team, who will write to Westpac and inform TCV that these accounts are to be added to the public account.

Merged departments

Existing bank accounts will not initially require any change, but departments are required to contact Westpac to ensure the list of approved users is updated following the MoG change.

After a period of time, accounts no longer required should be closed by the relevant department in accordance with Instruction 3.4 – Internal control system of the Standing Directions 2018. Westpac, DTF and TCV will need to be informed of the decision to close accounts.

Changes to the financial system (SRIMS)

The accounting treatment for changes to the cash ledger as a result of a MoG change follows the principle that the cash ledger must reconcile at the end of each month with the actuals ledger. This reconciliation is performed in accordance with:

- Standing Direction 3.4 – Internal control system of the Standing Directions 2018; and
- Section 5.6 Cash management and reconciliation of the Resource Management Framework.

This means the cash ledger itself must reflect any changes made to the actuals ledger as a result of a MoG change.

Steps for implementing changes specific to the cash ledger

1. **Implement the entity changes in SRIMS hierarchies to reflect MoG**

   For new departments, liaise with DTF to set up a new entity within the cash module hierarchy in SRIMS. Any change to the hierarchy will need to agree with changes to the actuals ledger. DTF need to be informed and agree with the structural change. DTF will then request this be implemented in the cash module by SRIMS support.

   For existing departments this will mean either confirming to DTF that there is to be no change or, if there is an impact as a result of MoG, confirming which entity codes will need to be disabled. This disabling will follow the remapping and equity transfer of amounts against existing accounts.

2. **Mapping changes for the cash account numbers in SRIMS**

   DTF will need to prepare and send to SRIMS a list of proposed bank account mapping structure. This will determine the inflow and outflow journals for cash are created and posted as per MOG changes. Affected entities will need to liaise with SRIMS support to ensure they have access to the correct module (i.e. DHS cash journals created under new entity hierarchy using the DHHS hierarchy code).

   DTF will need to provide the following details for the mapping list to SRIMS:

   - Westpac bank account number;
   - entity code;
   - cash flow type of the bank account (inflow/outflow); and
   - account numbers and the authority code in SRIMS.

   Departments and agencies will then need to use the new entity code when claiming the FINCM journals for daily banking process.

Note: Daily cash journals will continue to be processed in SRIMS until the end of the month in which the MoG is scheduled to take place. After this date, bank accounts will be required to be remapped in SRIMS under a different hierarchy structure – in accordance with the agreed MoG changes.

3. **Transfer existing amounts in accounts from the cash ledger**

MoG transfers of the cash ledger are required to follow the same accounting process (outlined earlier in this chapter) to transfer actuals data (i.e. through an equity transfer). When satisfied that all transfers are correctly reflected in the system, DTF will need to disable ceased entity codes in SRIMS.

4. **Update State Administration Unit (SAU) mappings for cash in SRIMS**

Certain SAU mappings are specific to cash and are related to the inflow/outflow journal that creates the SAU side of the FINCM journal. When there are changes made to the mappings for the inflow/outflow, the SAU cash mappings also need to be updated to reflect these changes.

DTF will need to review SRIMS information and update the cash SAU mapping list, to ensure all changes arise from the MoG changes are captured.

5. **DTF only (daily input of journals)**

DTF will need to update the daily cash tool to reflect the MoG changes. Potential changes will include:

- adding new entities to the relevant versions (i.e. Version 1, Version 2) of the daily cash tool;
- potentially splitting the relevant bank transactions from Version 1 to Version 3 when moving an existing department/entity; and
- updating the cash forecasting reports to incorporate any changes made.

Chapter 9: Departmental issues, financial policies and financial systems integration

This chapter outlines the preparation required for the transfer of assets and liabilities (physical assets, cash, investments and loans), and the 'registration' of changes of ownership with the receiving department (using the Department of Environment, Land, Water and Planning (DELWP) as an example) following the transfer of physical assets. Key issues include the detailed planning for the integration of financial policies and systems and information sharing to enable effective financial reporting immediately following a MoG change.

Key considerations

- Accounting for transfers must be in accordance with Financial Reporting Direction (FRD) 119A *Transfers through Contributed Capital* (as detailed in chapter 6).
- Liabilities being transferred should be fully offset by a State Administration Unit (SAU) receivable, unless it can be demonstrated that this would leave insufficient funds in the receivable account to fund remaining commitments over the balance of the financial year.
- Details of land holdings subject to transfer must be notified to Land Victoria either through a forwarded copy of the allocation statement (Crown land), or completion of a 'Transfer of land' form (freehold land) available from their website.
- Business reference groups tasked with specific responsibilities and reporting to a steering committee, should be established to manage the transition and integration of the various finance functions being transferred.
- An information sharing agreement between departments (letter of representation and an accompanying schedule) should be developed for year-end financial reporting purposes. The information mainly relates to the period between the date of the MoG change and the end of financial year, but also includes the period immediately prior to the MoG change date. Information sharing provisions are included in the Administrative Arrangements Order (AAO).
- A sample letter of representation and accompanying schedule are included in the Appendices to this chapter.

Transfers of assets and liabilities

Accounting for the transfer of net assets between departments must be in accordance with FRD 119A *Transfers through Contributed Capital*. In summary, the FRD requires the net book values of assets and liabilities transferred as a result of a MoG change to be treated as contributions by owner (gaining department), or distributions/return of capital to owners (transferring department). Chapter 6 provides further details on these accounting requirements. The FRD also requires departments to record the transfer at the amount recognised in the books of the transferring agency as at the transfer date.

Departments therefore need to identify and provide details of all assets and liabilities to be transferred as explained in the following paragraphs. This identification includes controlled and administered assets (including cash and receivables), and liabilities that form part of the function to be transferred. Cash to be transferred may include amounts that have been accumulated to meet future commitments (e.g. SAU appropriation receivables from DTF (account 45000) and cash balances of trust accounts held in their SAU (account 45500)).

Historians will note outstanding liabilities (principally staff entitlements and creditors) were not funded when accrual appropriations were introduced as at 1 July 1999 and therefore a funding 'shortfall' exists in departmental SAU balances. **As a general rule, DTF expects controlled liabilities funded from appropriations for creditors and employee benefits and on-costs will be transferred on a fully funded basis – that is, the transfer of liabilities will be offset by a SAU receivable for the same amount, unless it can be demonstrated that this would leave insufficient funds in the transferring department's SAU account to fund expected commitments over the remainder of the financial year.** It is important that the transferring department, particularly if it is a continuing department, analyse its SAU balances and the expected impact of transfers on those available balances. This analysis should include a reconciliation of SAU balances as at the transfer date using the standard quarterly reconciliation pro forma.

Where a transferring department is not continuing, the SAU receivables balance (supported by a reconciliation) must be cleared to zero. In this case, any funding 'shortfall' will be transferred to the receiving department by way of the imbalance on the transfer documentation between its liabilities not matched by an equivalent SAU receivable amount. Affected departments will also note that top-up funding is available, on application to the Treasurer, by way of supplementary appropriation in subsequent years should it be needed for any expected cash shortfall in SAU balances to meet the abovementioned 'unfunded' liabilities.

The minimum detail to be provided as documentary evidence of the transfer amounts includes:

- the names of the transferor and transferee;
- a reference to the evidence of government decisions required in paragraph 6.1 of the FRD;
- a list detailing the assets and/or liabilities transferred and the respective amounts;
- reclassification in equity and/or any resultant income/expense impact due to insufficient contributed capital (FRD paragraph 9.1);
- date of the transfer; and
- signatures of both CFOs of the transferor and transferee.

The date on which asset and liability transfers are recognised in the financial statements is the transfer (effective) date in the AAO.

Refer to the appendix to chapter 6 for an example of the documentation required to be agreed between CFOs to evidence the transfer amounts.

Cash, investments and borrowings

Bank account balances (including cash, investments and loan accounts) as at the agreed transfer date will need to be physically transferred from the transferring department to the receiving department. This may also include agency-related bank accounts which are outside the Public Account system. Chapter 10 provides details regarding the management of changed banking arrangements.

Physical assets

Guidance issued by DTF at the time of the MoG announcement will determine the timeframe during which the transferring and receiving departments will need to reach agreement about the transfer of physical assets (including, but not limited to property, plant, equipment, and fit-out) and contracts for the use of physical assets (e.g. accommodation leases) (Further information on setting timeframes and negotiations between entities is included in chapter 2 *Key roles and responsibilities* and chapter 3 *Principles for negotiations between entities)*. The negotiated decision as to which assets are to be transferred will depend on the particular circumstances of each case and will tie back to the details of the particular Order. Some departments lease their assets (such as accommodation and VicFleet motor vehicles) and it will be a matter between the transferring and receiving departments to decide who will assume responsibility for these leasing arrangements – including any associated budget funding. Details of such arrangements should be included in the MOU.

Once agreement has been reached on the changes to responsibilities for leased assets, the lessor must be contacted to update the arrangements, and where necessary, develop, agree and sign any novated lease agreements.

Where any land holdings are subject to transfer, DELWP Land Victoria Division must be notified of the details of any transfers of freehold or Crown land which are included on the allocation statement.

In relation to Crown land, the notification of the transfer of control is made via the allocation statement. A copy of the signed allocation statement should be sent to Land Victoria (within DELWP). The email address is CrownLand.Reconciliation@delwp.vic.gov.au

The notification of the transfer of freehold land should be made via a 'Transfer of land' form which can be obtained from www.delwp.vic.gov.au/__data/assets/pdf_file/0016/305251/TransferOfLand_V31_RE.pdf

Reconciliations

General Ledger account reconciliations should be prepared and fully documented and provided to the receiving department for all asset and liability balances subject to transfer to support the balances transferred. This will also provide information for the quality assurance process review, which should be carried out following settlement of the MoG changes.

Financial reporting and systems

When MoG changes occur, significant planning is required prior to the actual transfer of financial data, including general ledger, sub-ledger and budget information, to the transferee.

The receiving department will be dependent on the transferring department for this financial information in the interim period between the MoG change transfer date and the time when the physical transfer of financial data occurs.

Transition period – Information for monthly public ledger feeds

The transition period can be considered as the period between the effective date of the MoG change and the following 30 June. During this period, it would be expected the transferor department will continue to maintain certain processes and provide monthly information, which will support the receiving department in fulfilling both its interim reporting obligations to DTF as well as for annual reporting purposes. The extent of this overall support and the obligations of each party should be documented and agreed in an MOU either at Secretary or CFO level. The attachment to this chapter contains a sample agreement in relation to end of year information sharing and a supporting CFO representation letter.

Overarching expectations

To the extent that the transferor department agrees to process transactions on behalf of the receiving department, the expectation is that the **receiving department will**:

- be responsible for its own revenue, whether from external parties or from government (appropriations), notwithstanding this may be dependent of expense reports generated and provided by the transferor department;
- settle its own taxation items (e.g. GST and payroll tax);
- satisfy itself that any claims (i.e. invoices) by the transferor department are reasonable;
- provide timely responses to the transferor department in relation to disputed claims to enable the transferor department to meet close-off deadlines for month-end ledger transactions;
- ensure information provided from the transferor department's ledger and sub-ledger is correctly mapped to its own systems and to the public ledger;
- raise all accruals (e.g. creditors) for the agreed amount to be invoiced by the transferor department at month end; and
- raise month-end non-cash accruals in its own ledger for items such as salary related items, based, if necessary, on information provided by the transferor department.

The **transferor department will**:

- provide a monthly invoice for net cash paid on behalf of the receiving department, reconciled to advised details of payments less any receipts banked;
- provide all relevant documentation to enable the receiving department to raise its invoices, including trust account and FMA (e.g. section 29) authorities; and
- pay all agreed general creditors on behalf of the receiving department, as far as possible, in the month in which the invoice was received.

It should be noted that one intended outcome of any agreement in relation to interim reporting is to provide continuity of monthly public ledger feeds which incorporate all material adjustments. This should also recognise that, in such a disruptive environment as a major MoG change, complete realignment of transactions between departments will not generally be achievable during the period of transition. One such example is that depreciation expense on transferring assets should continue to be charged by the transferring department until the allocation statement has been signed off.

Financial information requirements

The transferor department may be required to provide financial information for the preparation of the transferee's internal management reports and annual financial statements and the audit of the annual financial statements. Financial information might also be needed to prepare data for the annual report of operations and appendices, information available on request, Public Accounts and Estimates Committee (PAEC) requests and freedom of information requests. Note that the AAO will specify the period during which financial accounts and reports are to be kept and provided as shared information for both the old and the receiving departments. Appendix 2 includes a sample request for information to be provided at end of financial year. In addition, a sample Representation letter from the transferring department to the CFO of the transferee department in connection with the preparation of the audited financial report is included in Appendix 3.

Reporting to DTF

The transferor department will need to provide the transferee department with the trial balance and other financial information sufficient to meet DTF's requirements for whole of government consolidated monthly, mid-year and annual reporting as well as for the preparation of each department's annual reports.

Financial policies

Existing financial policies and procedures need to be reviewed by the receiving department, or appropriate new policies developed for a new department. It is recommended a working group be established to determine the policies and procedures to be retained, merged, revised, developed or made redundant.

Departmental policies and procedures must be consistent with the requirements of the Financial Management Compliance Framework, Standing Directions and FRDs of the Assistant Treasurer, and associated DTF instructions and guidance and relevant Australian Accounting Standards.

Financial systems

It is recommended that a working group be established early in the planning process to address the impact on the financial systems needs of the department.

System interfaces that may transfer as a result of a MoG change can be significantly different in design and complexity from the department's own in-house interfaces. The difference in the sophistication of feeder systems and the subsequent work that must be undertaken at both the finance system end and to the transferring business systems can be significant in order to bring these disparate systems together. This can also be compounded by widely differing sub-systems such as accounts payable modules developed over time to meet the specific needs of the transferring department and which will now need to be integrated. Such integration can take significant resources and time to achieve.

The working group should therefore be given responsibility to make recommendations as to which financial system and sub-systems will continue to be used over the longer term where there is a merger of two departments with disparate systems.

A finance integration plan should also be developed as soon as possible in order to effectively manage the transition to the new department for all affected finance/accounting/budget services.

Consideration in the deliberations by the working group and included in the integration plan should be given to:

- departmental needs over the long term;
- change requests from business and operational units, and the ability to interface existing systems;
- financial outlays, including capital and the cost of training staff (cost benefit analysis of any proposed system changes); and
- the proposed timing for the introduction of new systems which will maximise these benefits.

Appendix 1 provides a detailed example of a Finance Integration Plan.

Outputs

DTF will contact affected departments in the period leading up to the submission of baseline output statements in order to confirm and establish in SRIMS the appropriate output codes in relation to any new required outputs. This will enable each department to prepare and submit the relevant MoG journals. The expectation is that, in general, existing outputs of transferring departments will be initially replicated in their new departments, however may be subsequently reviewed at a later date.

A basic guide in how to deal with changes to departmental performance (output) statements is included in chapter 7.

State capital program

As part of the MoG discussions between departments, current asset investment projects need to be identified as part of the transfer process. Adjustments between departments for capital funding for asset investment projects then need to be agreed according to the principles laid out in chapter 3 and reflected in the MOU signed by the relevant Secretaries. Once all asset investment transfers have been agreed and confirmed by the transferring and receiving departments, this list is to be provided by email to your DTF Infrastructure Policy and Assurance Relationship Manager so that the change in allocations can also be transferred centrally in SRIMS. The process for updating the SRIMS information is detailed in chapter 7.

Any changes to estimated project cash flows and the total estimated investment should be addressed as part of a department's non-policy asset investment adjustments to the forward estimates.

Appendix to Chapter 9

This appendix provides an example of an integration plan for the new department's finance/accounting/budget services area to plan for and implement the integration of functions and groups from the transferring department, including where appropriate, the integration of regional groups and offices.

Following on from this example, is a sample 'Information to be provided by the transferring department to the receiving department at the end of a financial year' and a sample Representation letter agreed between affected CFOs.

Finance integration plan (example)

Background to the plan

The Premier announced the establishment on [date] of the new department which will support the ministerial portfolios of [as listed]

On [effective date], the [old Department] along with [other functions and groups] from [other departments] as specified in the MoG change will be incorporated into the new department.

Purpose

The purpose of this integration plan is to identify all of the finance tasks that need to be actioned, scheduled and assign individual responsibility so the new department has integrated governance and finance support systems at the earliest possible time.

A number of policies/procedures will need to be in place by the effective date (e.g. financial delegations) to enable the organisation to operate the business. It is expected the larger number of integration issues will need to be staged over the next six months.

It is proposed to engage an independent party to provide a level of 'assurance' on key finance activities (e.g. allocation statements and DTF data feeds) to ascertain if they have been performed in accordance with requirements. The review will reference the effectiveness of this plan in respect to its scope, governance arrangements, adequacy of work plans, reporting of milestones etc. in delivering the key processes and outputs.

Governance structure

Steering Committee

A steering committee will oversee the transition and integration of the finance functions in the department and will report through to the Lead Deputy Secretary- Financial Management and to the corporate services steering committee. A number of business reference groups (BRGs) will be established to integrate the incoming areas and portfolios into the department. These BRGs will report on a regular basis to the steering committee. The steering committee should include the Chief Information Officer (CIO) or a representative who understands the technical implications of integrating different financial systems, especially in relation to the key activities of the financial systems strategy BRG.

The purpose of the steering committee is to provide oversight and set strategic direction for the project and agree the communication to occur across the department. It will also be responsible for the overall delivery of milestones and will have a project coordinator to support the activities. The group will also have responsibility to assess/advise the cross-impacts of this integration plan with other intra-department working groups (e.g. HR, IT). It will also:

- establish BRGs and approve the work program of the BRGs to integrate incoming functions and portfolios into the department;
- monitor progress, issues and risks and approval of deliverables across all the BRGs;
- ensure sufficient and appropriate resources are available to meet deadlines across BRGs;
- agree and communicate key messages across the department and within the financial management group; and
- resolve issues escalated from the BRGs and where necessary escalate to the Lead Deputy Secretary – Financial Management.

Membership

The finance steering committee should be chaired by the Chief Financial Officer (CFO) and will comprise representatives from incoming functional groups across both finance and procurement functions. Membership will include:

- CFO (Chair);
- Director, Finance;
- Deputy Director;
- Executive Project Director; and
- Project Management/Support.

Business Reference Groups

These reference groups will have a lead and subject matter experts from the incoming areas/groups. Their role is to scope the detailed actions and timeframes necessary to deliver on the priorities of the business streams. This will include assigning tasks to individuals to ensure outcomes are consistent with agreed priorities and deliverables.

The (suggested) BRGs are:

- resource transfers (inter-department focus);
- financial operations and processes;
- financial accounting and compliance;
- financial systems development and strategy;
- Expenditure Review Committee/State budget;
- internal budgets/management reporting;
- procurement;
- grants administration;
- annual report contents/format; and
- closure of old department's accounts.

In addition, ad hoc BRGs will be convened by the steering committee to address specific issues as required.

Membership of each BRG will be determined by the nominated leader in order to address the specific issues of each stream.

The BRGs may seek or be directed by the steering committee to consult with key stakeholder groups and engage specific expertise as required.

Further information on the roles of the BRGs is contained in the attachment to the Finance Integration Plan.

Administration and reporting

The steering committee chair is responsible for providing the Lead Deputy Secretary- Financial Management with appropriate briefings on the recommendations, issues and risks within the steering committee's remit. The chair of this committee will attend the corporate services steering committee and provide progress on the key milestones.

Key deadlines

The steering committee will be responsible for adhering to, and communicating key deadlines issued by the DTF and DPC.

A high level timeline will be issued to key stakeholders and supporting BRGs.

Meeting schedule

The steering committee will meet fortnightly to monitor compliance with key deadlines. The BRGs will meet weekly or as required by their work plan.

Attachment to the finance integration plan

Finance business reference groups

The following are examples of BRGs which may be required to implement a MoG change based on the foregoing finance integration plan. The composition of individual BRGs and their responsibilities will be decided by the Steering Committee and will depend on an assessment of the potential impact of the MoG on the relevant work area of the affected department and the expected workload/responsibility allocated to each BRG.

Resource transfers BRG

Priorities:

- negotiate a fair and equitable split of resources based on budgets/outputs;
- agree on a true-up process to ensure adequate resourcing; and
- agree financial impacts of the MoG changes by [agreed date].

Team members:

- Director, Finance, (lead);
- Chief Finance Officer (incoming functions); and
- Directors and other representatives as required.

Key activities:

- agree staff to be transferred under section 30 of the *Public Administration Act 2004* and subsequent PAA section 28 transfers for corporate staff;
- agree resources (program/recurrent; corporate; assets/liabilities; vehicles; SAU; minor capital works); to transfer in/out of department;
- agree budget transfer principles e.g. if remaining budget transfers (FY budget less actuals to effective transfer date) or remaining current year budget;
- integrated regional delivery model arrangements; and
- arrange MOU's where appropriate (across all corporate functions).

Financial operations/processes BRG

Priorities:

- review existing policies and procedures with the aim to adopt best practices;
- implement common business processes and polices (i.e. travel, entertainment, p-cards and financial delegations) by agreed date; and
- meet all regulatory/compliance/tax related matters and communicate with suppliers/banks etc.

Team members:

- Director, Financial Operations (lead);
- Manager, Financial Operations (incoming functions);
- Director, Finance;
- Manager, Accounting Policy and Compliance; and
- representatives of incoming functions as specified.

Key activities:

- name change to businesses/ suppliers, ABR, SRO;
- purchasing cards – cancel existing, reissue, obtaining list, acquittal of pre transfer date cards;
- financial Delegations;
- processing accounts payable;
- processing accounts receivable;
- personal expenses;
- financial policies/procedures review;
- updating internet/intranet sites;
- support migration out of old department;
- petty cash;
- current contracts;
- payroll interfaces;
- financial records management;
- direct debit arrangements; and
- Ministers offices.

Financial systems strategy BRG

Priorities:

- develop and implement a systems solution for the first month's management reporting for the department;
- develop and implement the most efficient process re the monthly DTF feeds for the department and its agencies;
- develop systems solution to enable year on year analysis at general government sector and agency level to meet reporting requirements such as PAEC;
- develop a longer term strategy re systems integration for the new department; and
- implement a solution to enable financial authorisations to be processed across email platforms from the effective transfer date.

Team members:

- Manager, Financial Systems Strategy (lead);
- CFO;
- Director, Financial Operations;
- Manager, Financial Systems;
- Manager, Reporting and Operations;
- Manager, Budgeting and Reporting; and
- other representatives as required

Key activities:

- historical reporting;
- chart of Accounts mapping;
- departmental structure;
- corporate reporting structure;
- integration of IT networks;
- HR management/payroll systems;
- finance systems;
- finance applications;
- Lotus Notes (workflow mailer approvals);
- DTF feed (by due date);
- induction/training (incoming staff);
- grants systems; and
- grant delegation.

Financial accounting and compliance BRG

Priorities:

- ensure compliance with key legislative and other DTF guidelines covering appropriation and data feeds; and
- meet DTF timelines, in particular adjustments to appropriations by due date and DTF data feeds by due date.

Team members:

- Director, Finance (lead);
- Director, Financial Operations;
- Manager, Accounting Policy;
- Manager, Financial Accounting/Compliance;
- Manager, External Reporting; and
- other group representatives as required.

Key activities:

- legislative responsibilities;
- general ledger;
- business activity statements;
- fringe benefits tax;
- reconciliations;
- chart of accounts;
- employee provisions and other similar accounts;
- grants transactions;
- asset registers;
- transferring of trust fund balances; and
- allocation statements.

Budget sub-committee and budget preparation BRG

Priorities:

- coordinate upcoming budget process to meet the requirements of the departmental Executive, Board, Ministers and the Treasurer's submission dates.

Team members:

- Assistant Director, Budgets (lead);
- Manager, Financial Planning; and
- other group representatives as required.

Key activities include:

- Budget committee business cases and co-ordination for the departmental executive;
- liaison with DTF;
- Cabinet submission; and
- input into SRIMS.

Internal budget set-up/management reporting BRG

Priorities:

- ensure systems and budgets are reflective of organisational structure to facilitate management reporting by specified date; and
- ensure history is available for incoming areas to facilitate year on year reporting for PAEC purposes.

Team members:

- Manager, Budgeting (lead);
- Assistant Director, Budgets; and
- other group representatives as required.

Key activities include:

- PAEC reporting for portfolio;
- output mapping;
- FMA section 29 arrangements;
- Treasurer's Advances;
- budget savings;
- SRIMS updates;
- depreciation;
- capital funding;
- SAU transfer;
- internal reporting adjustments;
- management reporting;
- program/funding data and budgets – mapping; and
- future year adjustments.

Procurement BRG

Priorities:

- identify risks associated with current once-off and on-going procurement contracts;
- identify and review all transactions/vendors undertaken by the old department; and
- based on outcomes of above, provide a transition plan for existing contracts and as a pathway to ensuring one common system/process.

Team members:

- Director, Financial Operations (lead);
- Manager, Procurement;
- Manager, Financial Systems and Reporting; and
- other group representatives as required.

Key activities include:

- assess all existing contractual obligations and transactions and how they will be transitioned to a common system/process;
- review and assess local procurement policies;
- procurement processes – migration and training; and
- assess delegation authority.

Grants administration BRG

Priorities:

- identify and review all grant transactions/vendors undertaken by areas of the new department; and
- based on outcomes of above, provide a transition plan to one common system/process.

Team members:

- Director, Financial Operations (lead);
- Manager, Grants Administration;
- Manger, Financial Operations;
- Manager, Financial Systems and Reporting; and
- other group representatives as required.

Key activities include:

- assess all existing grant transactions and how they will be transitioned to a common system/process;
- grants payments system – migration and training;
- grant payment process; and
- assess delegation authority.

Closure of old department's accounts BRG

Priorities:

- ensure all accounts/systems closed, historical documents provided to relevant departments, FBT closure by 31 December and final data feed to DTF by required date.

Team members:

- Director, Financial Operations (lead);
- CFO; and
- Manager, Financial Accounting.

Key activities include:

- liaise with VAGO/department's Risk and Audit Committee and DTF on year-end process;
- prepare December/June (subsequent events) year-end timetables;
- assign Accountable Officer for the old department reporting entity; and
- transfer of balances to new department from old department entity.

Annual Report format/disclosures BRG

Priorities:

- obtain clarification on the format and disclosures of the department's Annual Report, in particular the report of operations and the financial statements and appendices.

Team members:

- Director, Financial Operations (lead);
- Manager, External Reporting and Compliance; and
- Manager, Accounting Policy and Compliance.

Key activities include:

- plan for and manage the two sets of financial statements which are likely to be included in the department's annual report;
- include other components from incoming functions/groups;
- assess each appendix in the annual report to determine the most appropriate form of reporting; and
- refer to, and comply with, DTF's disclosure requirements.

Information to be provided at end of financial year (sample)

The following is a representative example of information to be provided at the end of the financial year by the Department of 'Planning' (DoP) (transferor) to the Department of 'Resources' (DoR) (transferee). The information sharing is to satisfy audit requirements and is mainly related to the period between the date of the MoG change and the end of financial year. Note however that certain information in the request is also be required for the period immediately prior to the MoG change date in order to satisfy reporting requirements. Note also that a schedule will be required for audit requirements and provided by DoR (transferee) to DoP (transferor) for items to satisfy the transferor's reporting requirements. This assumes that both departments will continue to exist post MoG change.

In addition, a signed management letter of representation will accompany the information. A sample letter is included at the end of the following table.

Information required		Data required	Date required	Contact
1	**Financial report**			
1.1	Trial balance as at 30 June 20xx and a mapping document between the trial balance and financial statements	Detailed trial balance at account level for both the department CoA and DTF equivalent, Fund, Output, cost centre, project and Entity Level (controlled, controlled Trust, Administered Trust and Administered) for <business unit transferred> for the period from date of MoG to end financial year. The trial balance is to accurately reflect the appropriate disaggregated classifications at authority level specifically addressing: • Annotated Receipt Agreements (FMA S29) Administered Revenue; • trust; • capital; • Treasurer's advance; • access to surplus; • Special Appropriations (incl. < specific revenue items> and drawdown); • FMA S29 Controlled Expenditure; • Controlled (state) Appropriation Revenue; • FMA Section 29 Provision of Outputs Revenue; and • Annual Appropriation FMA Sec 32 – Other than ATNAB.	10 July 20xx	
1.2	Explanations for variances greater than 10 per cent between current and prior year	• Output note workings for financial year for outputs transferred to DoR. • <period of the financial year prior to MoG> by financial statement line item. • Trial Balance from item 1.1.	6 July 20xx 6 July 20xx 10 July 20xx	

Information required		Data required	Date required	Contact
2	**Revenue**			
2.1	Transaction listing for material controlled and administered revenue accounts from date of MoG to 30 June 20xx	Sample list of the material revenue accounts for Controlled and administered (where applicable) (list is not exhaustive and may include multiple accounts for each item listed): • interest from Treasury Corporation Victoria (both short and long term); • grant from General Government (outside portfolio); • recurrent – Commonwealth specific purpose grant (GST free); • Grant revenue external to State Government; • sale of services within portfolio to General Government budget sector; • sales of goods and livestock; • external user charges; • interest – investments from TCV; • royalties and licences; • grants and donations received from another Fund; and • regulatory fees and licence fees received from another Fund. Note: account numbers should be provided where relevant	8 July 20xx	
3	**Expenses**			
3.1	Listing of expenditure payments from date of MoG change to 30 June 20xx	List of payments categories for controlled and administered (where applicable) (list is not exhaustive): • grants to general government outside and within portfolio; • grants to PNFC and PFC; • grants to commonwealth, other state and local government; • grants to private sector business; • contract and professional service; • IT costs; and • payments for shared services.	10 July 20xx	
3.2	Schedule to support the disclosures in the superannuation note.	Transaction listing by superannuation fund for all contributions paid and payable to super funds by DoP for DoR employees for the period MoG date to 30 June.	10 July 20xx	

Information required		Data required	Date required	Contact
4	**Payroll**			
4.1	Reconciliation of employee benefits expense from the payroll system to the general ledger at 30 June 20xx	Transaction listing of employee expenses to support the balances contained in the accounts that make up employee benefits expense. <Sample accounts> follow: • wages and allowances; • salary and related cost recoups; • casual staff; • overtime and penalty rates; • maternity leave; • payroll tax; • fringe benefits tax; • recreation leave; • LSL expense (other than revaluation of present value LSL); • WorkCover levy payments; • employer superannuation contributions; and • targeted separation payments.	8 July 20xx	
5	**Cash and other financial assets**			
5.1	Reconciliation of all bank accounts with supporting documentation at 30 June 20xx	Transaction listings supporting the balances that relate to DoR outputs. • cash and deposits (including deposit on call and term deposit); and • departmental expenditure.	10 July 20xx	
5.2	Explanation of long outstanding items on the bank reconciliations as at 30 June 20xx	Listing of unpresented cheques as at 30 June 20xx together with an explanation of any items unpresented for 6 months or more for items relating to DoR outputs on the DoP system.	13 July 20xx	
6	**Investment, loans and other financial assets**			
6.1	Reconciliation for TCV investment as at 30 June 20xx	These should have been transferred to DoR by 30 June so will appear on the statements presented to DoR by TCV. [Ensure investments have been transferred in time to appear on relevant statements as at 30 June].	8 July 20xx	
6.2	Financial instruments note disclosure	Schedule supporting the calculation of the weighted average interest rate for cash and funds held in trust that relate to DoR.	13 July 20xx	

Information required		Data required	Date required	Contact
7	**Receivables**			
7.1	SAU reconciliation	A copy of the SAU reconciliation at 30 June 20xx signed by the CFO and prepared in accordance with the Department of Treasury and Finance pro forma and guidelines, together with supporting documentation for balances relating to the DoR outputs. *Note: Need to agree process for accounting for appropriation and SAU by fund source and entity. This is currently being treated as receivable or payable by each department. This will need to be classified as SAU unless there is an agreement to pay amounts owing to each other.* Explanation to support the split between current and non-current.	20 July 20xx	
7.2	Reconciliation of trade debtors to the subsidiary ledger as at 30 June 20xx (controlled and administered)	Copy of signed Reconciliation for the whole of DoP. Note: the amount will not agree to the portion relating to DoR. The transaction listing at 7.3 will be the basis of the reconciliation.	15 July 20xx	
7.3	Aged debtors listing	Soft copy of the aged debtors listing (controlled and administered) as at 30 June 20xx, for DoR outputs recorded on DoP systems: • name of customer (i.e. debtor); • invoice date; • invoice number; • invoice amount $; • outstanding amounts to be sub classified: – 0 – 30 days; – 31 – 60 days; – 61 – 90 days; – 91 – 180 days; – 181 – 360 days; and – greater than 360 days.	15 July 20xx	
7.4	Accrued revenue	Schedule to support accrued revenue (controlled and administered) at 30 June 20xx together with description of methodology used in calculating the accruals: • accrued revenue; and • accrued interest. Complete transaction listing for the period date of MoG change to 30 June. Copies of the five largest manual journal accruals (by value) and documentation supporting the accrual.	8 July 20xx	

Information required		Data required	Date required	Contact
7.5	Provision for doubtful debts at 30 June 20xx	Schedule supporting the balance in DoP ledger account Provision for doubtful debts – Receivables for DoR related outputs. This will include: • name of customer (i.e. debtor); • invoice date; • invoice number; • invoice amount $$; and • outstanding amounts to be sub classified: – 0 – 30 days – 31 – 60 days – 61 – 90 days – 91 – 180 days – 181 – 360 days – greater than 360 days. • rationale or basis used in calculating the provision for doubtful debts; and • summary of movement in provision including: – opening balance as per allocation statement; – additional provisions recognised; – reductions arising from payments; – bad debts written-off; and – closing balance reconciled to the detailed trial balance.	15 July 20xx 3 July 20xx 8 July 20xx	
7.6	List of bad debts written off during the year	Supporting documentation/authorisation for the write-offs outlining the reason and recovery action taken for the period date of MoG change to 30 June 20xx for DoR outputs on DoP system.	8 July 20xx	
7.7	Transaction list of amounts received from the 15 June to 15 July 20xx	This is a list of cash received in the bank account to check cut-off of transactions including: • payee; • date received; and • payment reference.	16 July 20xx	
7.8	GST payable and receivable reconciliation and BAS	A listing of transactions by controlled and administered that support the balances in the following accounts relating to DoR. • GST for accrued payments; • GST recoverable (used for cash balancing); and • GST payable (used for cash balancing).	13 July 20xx	

Information required		Data required	Date required	Contact
8	**Prepayments**			
8.1	Prepayments (controlled and administered) as at 30 June 20xx	Transaction list of payments > $250 000 paid between date of MoG and 30 June including: • supplier; • invoice number; • invoice description; and • payment amount.	6 July 20xx	
		Listing of Prepayment transactions reconciling to the trial balance including: • journal/invoice number; • amount prepaid.	8 July 20xx	
		Statement of the Basis of Apportionment	8 July 20xx	
		Copies of the top 10 invoices (by value) classified as prepaid. Note: Additional invoices may be requested on a risk basis/materiality following the review of the initial data provided	8 July 20xx	
9	**Property, plant and equipment**			
9.1	Fixed asset movements reconciliation for all assets assigned to DoR by purpose group	Schedule to include by asset category: • opening balance as per Allocation Statement; • additions from date of MoG to 30 June; • disposals from date of MoG to 30 June; • assets received/(provided) free of charge from date of MoG to 30 June; • transfers between categories; • depreciation charged between date of MoG and 30 June; • revaluation increments/(decrements) between date of MoG and 30 June; • capital contributions between date of MoG to 30 June; and • any other adjustments (e.g. stocktake discrepancies, asset write offs) to bring the balance of each category back to the trial balance provided to DoR as at 30 June.	13 July 20xx	
9.2	Reconciliation of asset category totals to the fixed asset register at June 20xx	A fixed asset register detailing all the assets that make up the asset balances in the trial balance sent to DoR. This register will need to include: • asset ID; • asset category; • asset description; • asset cost; and • asset accumulated depreciation.	8 July 20xx	

Information required		Data required	Date required	Contact
9.3	List of all asset additions and asset disposals made from date of MoG to 30 June 20xx	This register will need to include: • asset ID; • asset category; • asset description; • asset cost; • asset accumulated depreciation; • sales proceeds received; and • date of asset disposal or addition.	8 July 20xx	
9.4	Schedule to support capital works in progress at 30 June 20xx	Schedule for accounts (e.g.): • buildings and structures CIP – cost account; • buildings and structures CIP – asset clearing account; • plant and equipment CIP – clearing account; • plant and equipment CIP – cost account; • CIP Intellectual Property – licence fees; • CIP Intellectual Property – software purchases; • CIP Intellectual Property – contract services IT and systems; and • intangible assets CIP. Information should include: • opening balance for each project; • additions to the WIP balance; • closing WIP for each project; • estimated cost of the project upon completion; • estimated completion date of project; • whether there is a capital commitment existing at year-end related to the project (see also capital commitments data); • projects completed and capitalised (see also capital commitments data); and • evidence that uncompleted amounts are included in commitments (see also capital commitments data).	13 July 20xx	
9.5	Schedule of assets held for sale as at 30 June 20xx	VicFleet and DTF Property Group listing of assets held for sale relating to the DoR outputs.	13 July 20xx	
9.6	Details of the valuation and estimation for useful lives methodology for each class of assets	• Copy of instructions and CFO sign-off of useful life review of assets. • Summary of impact on any DoR assets for useful life adjustments arising from the review. • Copy of the fair value assessment (assessment of land and building indices, HBU indicators and other indicators)	8 July 20xx	

Information required		Data required	Date required	Contact
9.7	Supporting documents for an impairment asset	• Copy of instructions and CFO sign-off of impairment assessment. • Summary of impact on any DoR assets impairment adjustments arising from the review.	8 July 20xx	
9.8	AASB 13 Disclosures	Description of significant unobservable inputs to Level 3 valuations for assets relating to the DoR outputs.	13 July 20xx	
9.9	Finance leased motor vehicles	The following files are to be provided for all motor vehicles leased through VicFleet on behalf of DoR (agreed to the finance lease assets and liabilities at 30 June): • VicFleet EOM file; • VicFleet average interest rate file; • VicFleet finance lease commitments AASB117 file; and • VicFleet assets sold but not reported file.	8 July 20xx	
10	**Investments in joint venture and jointly controlled entities**			
10.1	Investment in Joint Ventures	For each Joint Venture: • adjustment to the investment resulting from year end results; • worksheet for calculating the amounts to be presented in the financial statements and supporting the balance in DoP; • Joint Venture bank account balance; • Joint Venture receivable – current; • Joint Venture receivable – non-current; • Joint Venture contributions payable – current; • Joint Venture contributions payable – non-current; • accrued revenue; • accrued expenses; • capital payment liability – current; and • capital payment liability – non-current. Final Statutory Accounts for all Joint Venture bank accounts (or management accounts as at 30 June if statutory accounts are not available)	15 July 20xx	
11	**Payables**			
11.1	Accounts payable reconciliation (controlled and administered)	Copy of signed Reconciliation for whole of DoP. Note: the amount will not agree to the portion relating to DoR. The following transaction listing (11.2) will be the basis of the reconciliation.	10 July 20xx	

Information required		Data required	Date required	Contact
11.2	Aged creditors listing (controlled and administered) as at 30 June 20xx	Soft copy of the following for DoR outputs recorded on DoP systems: • name of supplier (i.e. creditor); • invoice date; • invoice number; • invoice amount $; • outstanding amounts to be sub classified: – 0 – 30 days; – 31 – 60 days; – 61 – 90 days; – 91 – 180 days; – 181 – 360 days; and – greater than 360 days.	13 July 20xx	
11.3	Listing of accruals (controlled and administered) as at 30 June 20xx	Transaction listing reconciling to the trial balance for: • accrued expenses; • accrued grants and transfer payments; and • the listing should include either journal number/invoice number and amount. Copies of the top 10 journals by value and supporting documents substantiating the accruals.	10 July 20xx	
11.4	List of payments made from 15 June to 15 July 20xx	A listing of all payments made against the DoR outputs by DoP including: • payment number; • document number (invoice being paid); • payment date; and • amount.	16 July 20xx	
12	**Employee benefits provisions**			
12.1	Annual leave and long service leave provisions	A schedule to support the provision for annual leave and long service leave for DoR staff on the DoP payroll as at 30 June 20xx with supporting calculations. Details and supporting information for: • employee name; • salary; • classification; • service (in years); • leave balance; • payroll on-costs included (including a comment on the basis of allocation and the percentage applied); • leave loading applicable; • discount rates, • probability rates; • inflation rates; and • evidence that future increases have been considered such as superannuation increases proposed by the Government.	10 July 20xx	

Information required		Data required	Date required	Contact
13	**Other provisions**			
13.1	Other provisions	A schedule to support the disclosure of the following: • provision for EO Performance Incentive–current; and • provision for dismantling, removal of PP and E–non-current (if applicable and where data is available). Basis of calculating the provision.	10 July 20xx	
13.2	Provision movements	Schedule outlining movements in on-costs and performance incentive provisions from the opening balance as at date of MoG change and the closing balance as at 30 June 20xx. Schedule should include: • additional provisions recognised; • reductions arising from payments; • increases/reductions arising from re-measurement; and • unwind of any discount rates.	14 July 20xx	
14	**Intangibles**			
14.1	Intangible asset disclosures	Transaction listing from date of MoG to 30 June for accounts: • intangibles clearing account; • intangible assets CIP; • intangible assets-accumulated amortisation; • intangible asset–option; and • intangible asset–option accumulated amortisation. Movement reconciliations from date of MoG to 30 June and supporting documentation for: • additions; • disposals; • impairments; and • amortisation. (Asset register or equivalent data is sufficient). Annual impairment assessment for 30 June 20xx.	13 July 20xx	
15	**Commitments**			
15.1	Commitments that require disclosure by DoR and currently managed by DoP.	Aged schedule to support the following commitments as at 30 June 20xx: • finance lease commitments payable; • operating lease commitments payable; • capital commitments; and • other commitments. Access to material contracts.	24 July 20xx	

Information required		Data required	Date required	Contact
16	**Contingent assets and liabilities**			
16.1	Contingencies that require disclosure by DoR and currently managed by DoP.	Documentation to support contingencies as at 30 June 20xx	20 July 20xx	
17	**Annotated income agreements**			
17.1	FMA section 29 receipts	A copy of all FMA section 29 annotated receipt agreements relating to the outputs transferred to DoR.	3 July 20xx	
18	**Machinery of government**			
18.1	Supporting schedules for MOG change disclosures	Schedule of income and expenses for controlled and administered for the period 1 July to date of MoG change for outputs transferred to DoR.	10 July 20xx	
19	**Trust Fund disclosures**			
19.1	Disclosure of Trust Fund information in the financial statements (controlled and administered)	For all trust funds that transferred to DoR as part of the MoG change, a schedule summarising: • opening balance of each Trust Account; • revenue for the period date of MoG change to 30 June; • expenditure for the period date of MoG change to 30 June; and • closing balance of the Trust Fund reconciled to the detailed trial balance provided at point 1 (above).	13 July 20xx	
		A brief description outlining the authority for each Trust such as section of the enabling Act, and purpose of the Trust.	8 July 20xx	
20	**Executive remuneration**			
20.1	Executive remuneration disclosures	Schedule with supporting documentation to support Executive Officers' remuneration and Responsible persons remuneration. Details of any contractors with management responsibilities.	13 July 20xx	
21	**Revised accounting standards**			
21.1	AASB 10, 11 and 12.	• Assessments of AASB 10 (for the portfolio entities that have transferred to DoR and any foundations and associations), 11 (joint arrangement and investments and investments in PNFC entities) and 12 (disclosure requirements for entities identified under AASB 10 and 11). The assessments will need to include as a minimum the following entities transferred from DoP to DoR. • <list all known entities transferred>	6 July 20xx	

Information required		Data required	Date required	Contact
22	**Annual report**			
22.1	Annual report appendices	Provide the following annual report appendices and information available on request relating to DoR: • consultancies; • contractors; and • disclosure of grants and transfer payments.	20 July 20xx	
23	**Other items**			
23.1	Confirmation of treatment	Confirm the inclusion or exclusion of the following items within the data to be fed to DoR: • WorkCover on-costs (not included); • appropriation drawdown by authority (to be included); and • other items as identified.	Asap prior to 30 June 20xx	

Sample representation letter from the <Department of Resources (transferor)>

The following is a sample letter of representation provided to the CFO of the fictitious Department of Planning (transferor) by the CFO of the similarly fictitious Department of Resources (transferee) in connection with the preparation of the audited financial report.

<name>

<title/CFO>

Department of Planning

PO Box 999

MELBOURNE VIC 3000

Dear ______

Provision of Financial Data for the year ended 30 June 20xx

This representation letter is provided in connection with the preparation of the financial report of the Department of Planning (DoP) and the data feed to the Department of Treasury and Finance (DTF) for the year ended 30 June 20xx.

The purpose of this letter is to assure you that the data provided by the Department of Resources (DoR) in relation to functions reported by you but transacted on the DoR financial systems is accurately recorded, reconciled, substantiated and correctly classified, in all material respects.

I confirm, to the best of my knowledge and belief and, having made such enquiries as I considered necessary for the purpose of appropriately informing ourselves, the following representations made to you in relation to the data provided.

1. I have provided you with:
   (a) access to all information of which I am aware that is relevant to the preparation of the financial report such as records, documentation and other matters as requested;
   (b) additional information that you have requested from us for the purpose of preparing the financial data;
   (c) unrestricted access to staff within the DoR from whom you have sought the financial data; and
   (d) copies of assessments, transaction listings, supporting documents and other information as requested to substantiate the data provided.
2. All transactions for the period 1 January 201x to 30 June 201x relevant to DoP have been recorded in the accounting records of DoR and are reflected in the financial data provided to DoP.
3. Proper accounts and records have been kept in accordance with the *Financial Management Act 1994*, where applicable.

4. I acknowledge responsibility for the design and implementation of internal control to prevent and detect error. I have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial data, and adequate financial records have been maintained. I have disclosed to you details of all deficiencies in internal control of which I am aware.
5. I have no plans or intentions that may materially affect the carrying values or classification of assets and liabilities.
6. I consider the measurement methods, including the valuation premise, valuation techniques, assumptions and inputs used to determine fair values relating to assets and liabilities to be appropriate, consistently applied and in accordance with AASB 13 Fair Value Measurement. In particular, fair value measurements for non-financial assets comply with AASB 13 as they appropriately take into consideration the highest and best use from the perspective of market participants that is physically possible, legally permissible and financially feasible where applicable. Further, the financial data provided accurately and completely contains the disclosure requirements regarding assets and/or liabilities fair valuations and classifications within the fair value hierarchy in accordance with AASB 13.
7. I have considered the requirements of AASB 136 Impairment of Assets when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
8. Asset useful lives have been reviewed and any resulting changes accounted for as a change in an accounting estimate.
9. All known actual or possible litigation and claims whose effects should be considered when preparing the financial report of DoP have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework, including:
   (a) material liabilities or contingent liabilities or assets including those arising under derivative financial instruments; and
   (b) unasserted claims or assessments that our lawyer has advised us are probable of assertion.
10. DoR has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
11. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those provided to you.
12. I am satisfied that the remuneration of the accountable officer and all executives has been properly calculated and the data provided for the relevant executives includes all components of executive remuneration including wages and salaries, leave accruals, performance and other bonuses, superannuation, motor vehicles, any other allowances.
13. The identity of all known related parties (including controlled entities), related party relationships and transactions have been provided to you. All related party relationships and transactions have been appropriately accounted for and disclosed in the financial data.
14. I believe that the significant assumptions used in making accounting estimates for inclusion in the financial data are reasonable.

Yours sincerely

<name>
<title>

Chapter 10: Customers, suppliers, banking and taxation issues

An administrative restructure within government typically impacts a wide range of customers and stakeholders both directly relating to the entities being reorganised, and indirectly across government and the general public. When a machinery of government (MoG) restructure is announced, it is critical to *early identify* the key stakeholders and what information will need to be communicated to these parties to facilitate a seamless transition. The departments and agencies involved in the administrative restructure should consider the establishment of a joint transition working group to ensure the appropriate administrative changes and necessary communication occur in a timely manner.

This chapter provides information on the management of business and financial administration issues, with guidance on managing creditors and debtors, contracts and commitments with suppliers and customers, banking arrangements and taxation matters.

Key considerations

- Early communication with stakeholders, customers and suppliers following a MoG announcement is of major importance. The level of interaction will vary depending on the area to which they relate to your department and includes activities such as:
  - banking arrangements;
  - taxation arrangements and compliance (fringe benefits tax (FBT), goods and services tax (GST), Pay as You Go (PAYG));
  - vendor management;
  - landlord/accommodation arrangements;
  - systems, IT and business process changes;
  - Commonwealth funding arrangements; and
  - grant recipient/program management.
- Customers and other stakeholders will need to be promptly notified of any organisation changes. Key information to be communicated includes:
  - changes to the organisation's name, Australian business number (ABN) and business and postal addresses;
  - changes to key contacts personnel and contact details (phone/email); and
  - changes to any business processes (either temporarily or ongoing) to ensure transactions can continue seamlessly, including training of staff.
- Key stakeholders may prefer to meet in person to be informed of the changes and how the MoG change will impact them.
- Managing and ensuring 'business as usual' for customers should be a key focus with the consideration that there is a likelihood that changes to relationships will occur.

Key stakeholder summary

Aside from external and internal customers, there are a number of stakeholders which will have dealings with the transferring department. The following table summarises the impact of a MoG change on various stakeholders.

Stakeholder	Impact of MoG changes
Portfolio agencies (Funding and stakeholder management)	Where a MoG change involves the transfer of an agency from one department portfolio to another, it is important for the transferring department to maintain and the receiving department to quickly establish close and continuous communications and information sharing during the transition period. Refer to chapter 4 for more information.
Auditors (Audit and compliance management)	Both external auditors e.g. Victorian Auditor General's Office (VAGO) and internal auditors will need to be notified of the MoG changes. Auditors will also be interested in how the transition is managed and implemented and may involve a report back to the department's Audit Committee. Auditors will need to be provided with evidence that MoG transfers have been correctly accounted for including: • data migration from one department's systems to another; • section 30 *Public Administration Act 2004* staff transfers and provisions; and • transfer documentation has been signed, such as Asset Allocation Statements, and the effective transfer dates are correctly recorded in the entities accounts. MoG changes which are effective part-way during a financial year may make public attestation against the Standing Directions 2018 more complex as entities manage the transition to new processes including establishment of delegation instruments.
Banks (Banking arrangements)	Notify and meet (if necessary) with relevant banking institutions to clarify and make any necessary changes to banking arrangements under the government banking rules/requirements. Consider the impact on the Public Account and the requirements of Part 3 of the *Financial Management Act 1994* in relation to the opening and closing of departmental accounts.
Australian Taxation Office (ATO) (Taxation arrangements)	Notify the ATO in writing of the list of entities impacted by the MoG changes (including entities being abolished in the specific portfolio, merging of entities, or new entities being created); and effective dates of changes evidenced by the necessary instrument (administrative orders, gazettes, etc.). ABNs – changes to ABNs, grouping of ABNs to be clarified with the ATO. Grouping of entities for tax purposes is linked to the Business Activity Statement preparation. GST, FBT and PAYG – implications discussed in more detail below.
Vendors/Creditors (Vendor management)	Prepare a list of creditors to be notified of MoG changes (a vendor listing is usually available from the financial system database). Email/mail a letter to relevant vendors who need to be notified outlining the changes and any proposed changes to vendor arrangements.
Landlords (Tenancy/ accommodation arrangements)	Consider changes to accommodation requirements (transitional and longer term accommodation). Liaise with the DTF Shared Service Provider (SSP). SSP are the property managers on behalf of the government-owned accommodation (i.e. 1 Macarthur Place) and private leased buildings (i.e. 121 Exhibition Street). Changes to tenancy agreements with SSP following MoG changes to be agreed and final invoices issued and settled no later than end of financial year (or six months whichever is greater).

Stakeholder	Impact of MoG changes
Grant recipients (Grant management)	Similar to Vendor management above – grant program managers may need to outline the MoG changes in an email/letter to relevant grant recipients. Consider how the MoG changes may or may not affect the grant program, including any administrative changes to Recipient Created Tax Invoices or payment arrangements.
Other Commonwealth bodies	Relevant Commonwealth bodies will need to be notified of any MoG changes, which may impact where Commonwealth funds are being received by departments.
System team and technology providers/ technicians (System configuration/ data migration)	Because the MoG change involves a transfer of functions from one department to another, the receiving department would need to consider any changes to the Chart of Accounts to incorporate any new cost centres, businesses, project codes, etc. The transferring department should be requested to provide details of their current charging codes to assist in integrating the functions in the Chart of Accounts. On a wider scale, where a department is to be abolished with functions being transferred to a number of existing departments, a much larger-scale data migration project would need to be established to bring across general ledger balances, transaction history, payroll data, open contracts and open purchase orders. In addition, business processes will need to be reviewed to incorporate the incoming functional requirements, coupled with systems training for the new users transferring into the receiving department.

Contracts and commitments with suppliers and customers

Identification of current and outstanding contracts is critical to ensure a seamless transition for vendors/suppliers who are party to these agreements for the provision of goods and services. Arrangements to transfer or novate these contracts will need to be undertaken in consultation with the transferring department and vendor.

Banking arrangements

For any queries and assistance about the establishment of new departmental bank accounts, and the process for seeking ministerial approval under the FMA, contact the Financial Assets and Liabilities (FAL) team in DTF.

	New account	Existing account	Closing account
Approval of the Assistant Treasurer under section 15 of the FMA is required for a department to open and maintain an account with an authorised deposit-taking institution, whether part of the Public Account or not.	●		
Where a department is renamed, it is expected that its associated bank account would also be renamed and any banking arrangements would then continue as previously approved. DTF will assist the new department to register the name change with Westpac Bank.		●	
DTF will need to assist in establishing new or changed accounts with Westpac Bank as the bank requires DTF authorisation for any changes to the Public Account banking arrangements.	●	●	
For a discontinuing department, the bank account will need to continue for a period of time so that outstanding cheques and Electronic Fund Transfers (EFTs) can continue to be transacted through the account, and outstanding payments made from the account. However, after a period of time the account is to be closed.			●
Approval is not required for a department to close accounts, however the FAL team in DTF (working.capital@dtf.vic.gov.au) and the TCV Treasury Client Relationship team (Ph: 9911 3636) must be notified.			●

Corporate cards

VPS staff transferring from their old department to a new department through a MoG change cannot take their corporate card with them, as the card has the department name on it. Secondly, the direct debit card payments are linked to that department only.

In the new department, incoming staff would need to establish new financial delegations and new corporate cards linked to the new department. Staff will also need to identify recurring charges from the cards, and transfer those to the new cards or make alternative arrangements.

For further information, each department will have its own Corporate Card Administrator.

Investment of money in a Trust Account

If money in a Trust Account has been invested under Section 21 of the FMA, to comply with Standing Directions, these funds will be invested in a Central Banking System (CBS) bank account. The only exception is when Treasurer's approval under section 1.5 of Standing Directions has been granted to invest in an alternative manner. If a new CBS bank account is required to be established, the funds should be transferred to the new account and the old account subsequently closed. DTF (working.capital@dtf.vic.gov.au) should be notified about any changes to CBS accounts, including a name change. If Trust funds are invested outside of the CBS, the institution (usually TCV or the Victorian Funds Management Corporation (VFMC)) will need to be contacted and provided with the new banking details to ensure funds are redeemed to the correct bank account.

Public Account advances

Where the functions of an existing department have been transferred to another department and involves the transfer of an outstanding FMA section 36 or section 37 Public Account Advance, the existing approval under the FMA is interpreted as applying to the new department as successor to the transferring department. This includes the outstanding on-going section 36 approval for GST payments to the ATO. The details of all outstanding advances, including copies of the original approvals need to be provided to the receiving department, and the value of the liability at the date of transfer included in the Allocation Statement signed by the Minister (or delegate if appropriate).

Financial Management Compliance

The Standing Directions 2018 under the *Financial Management Act 1994* requires assessment of compliance for the entire period of the relevant financial year e.g. 1 July 2019 to 30 June 2020.

In the case of a machinery of government change, the following is to apply to the portfolio department's assessment and/or reporting obligations for the relevant compliance year:

- if part of the department's functions (business units) or portfolio agencies are transferred to another department, the relinquishing department does not have any end of year assessment or reporting obligations, in relation to these, for that compliance year; and
- the new home department acquires compliance assessment obligations relating to the transferred department's functions and/or portfolio agencies commencing from the date of the machinery of government change e.g. 1 January 2020.

Portfolio agencies submit their annual compliance report (within the required timeframes) to their home department as at the end of the compliance year.

To assist with the transition from a compliance perspective, the new home department may wish to seek information from the relinquishing department e.g. any relevant compliance issues or current deficiencies etc.

Taxation and the ATO

The following is a summary of the taxation impacts of MoG changes. In addition, the ATO has issued guidance – *GST and machinery of government changes* – available at www.ato.gov.au/Business/GST/In-detail/Non-profit-and-government-organisations/Government-organisations/GST-and-machinery-of-government-changes

Australian Business Numbers

MoG changes may have consequences for ABN registration. These can include:

- registration under an ABN for a newly created department;
- cancellation of the ABN of a department that has been abolished;
- a change in title of a department that needs to be registered with the ATO (but no change to its ABN); and
- the ABNs for agencies affected by transfer between portfolios, which generally do not require any change.

Goods and Services Tax

Business units transferring from one department to another will most likely have outstanding orders with suppliers at the time of the MoG change. The resultant tax invoices will contain the details of the transferring department where the order was originally placed, but the receiving department will be responsible for the payments.

The ATO has issued a determination to the effect that, as a result of a transfer of functions arising from MoG changes, it will treat a document issued by a supplier as a valid tax invoice for the purposes of the receiving department claiming input tax credits in respect of that document, where the document is in the name of the transferring department. The ATO has advised that it will extend these transitional arrangements and accept these tax invoices for up to three months after the date of the MoG change. The three month period commences on the date of the Administrative Order effecting the MoG changes.

Where assets or liabilities are transferred, there are no GST consequences as a result of MoG changes.

Registration of MoG changes with the ATO

Where departments are abolished or created or the grouping of departments/agencies change, it is necessary to register name changes and other details with the ATO.

Note that MoG changes can have an impact on not only the individual registrations but also on GST groups that some departments and associated units have formed. In dealing with registration issues arising from MoG changes, the following should be considered:

- identify whether there is an impact on your existing registration, either ABN or GST or both;
- determine whether you need to liaise with another department or agency to find out whether anything in the way it is registered impacts on your existing or proposed registration; and
- decide, in conjunction with others impacted if necessary, the date from which the changes to your registration become effective. This will usually be the date of the Administrative Order.

GST compliance – supplies that you make (tax invoices)

Because all tax invoices must have the name and ABN of the supplier on them, any MoG change that results in a change to the name or ABN of the department making the supplies will require changes to be made to the tax invoices issued by that department.

Actions to ensure that your department complies with GST requirements regarding tax invoices include:

- determining whether any of the required information on the tax invoices you issue has to change as a result of MoG changes. These are likely to result from registration changes that you may need to do;
- depending on whether you use pre-printed stationery or generating tax invoices/receipts on plain paper from your systems (including cash registers), decide what actions need to be taken to be able to produce tax invoices/receipts with the new information on them;
- developing a plan, with a timetable, to change the relevant information in tax invoices to accord with the registration changes that have been made. (Note: any changes must occur within the three month period allowed by the ATO);
- ensuring the plan is coordinated with other actions that need to be done in moving through the MoG changes, particularly the ABN/GST registration changes that need to occur; and
- where other agencies are likely to be impacted, e.g. if you have acquired a division from another agency, coordinating with the other agency so that there is no duplication of tax invoices for the same supply being made by that division.

GST compliance – acquisitions you receive (tax invoices)

To be able to claim input tax credits to which your department is entitled, you need to hold a valid tax invoice at the time you lodge your business activity statement (BAS). If the value of the goods or services to which the tax invoice relates is $1 000 or more, the supplier is required to show the name and either the address or ABN of the recipient on the tax invoice. If the MoG changes impact on any of those three variables, then the supplier needs to be advised of the new details. Even if the tax invoice is for an amount below $1 000, some suppliers still show the recipient details on the tax invoice. For certainty, it is therefore appropriate to advise all suppliers of any changes to your details as the recipient.

In respect of acquisitions where a business unit is moved between departments, purchase orders may have been issued in respect of that business unit by the transferring department but the goods or services will be received and paid for by the other department. Therefore, the need to communicate with suppliers and between departments is very important. Actions that may need to be taken in respect of purchases include:

- determining, in parallel with planning for registration changes and other changes, what alterations need to be made in relation to recipient details on tax invoices your department receives from suppliers;
- preparing advice to issue to suppliers, advising them of the changes they will need to make to their tax invoices and the date of effect for such changes;
- if necessary, liaising with other relevant departments and agencies to coordinate any changes and advice to suppliers; and
- planning your approach – bear in mind that the ATO only allows three months following the date of the MoG change during which tax invoices showing incorrect details will be accepted for GST purposes.

GST compliance – adjustment notes

MoG changes can result in a number of funding transfers between agencies, including budget adjustments and reimbursement of expenditure made by one agency that is the responsibility of another agency. Budget adjustments are not subject to GST.

Where a business unit is transferred and the transferring department continues to pay accounts of the relevant unit after the MoG change and then seeks reimbursement from the receiving department, it is not entitled to claim any input tax credits in respect of expenditure incurred post the MoG change. It should therefore seek to recover the gross amount of its expenditure from the other department. This is treated in the same manner as a budget adjustment and is not subject to GST because there has been no supply by the transferring agency to the receiving agency in respect of reimbursement.

With respect to receipts after the date of the MoG change that are applicable to the period before the change occurred, service level agreements should be drawn up to outline the responsibilities of each entity.

GST compliance – salary reimbursements and transfer of leave entitlements

The reimbursement of the salary of transferred employees by the receiving department does not constitute a taxable supply for GST purposes since the receiving department is responsible for the employee's salary and other remuneration as from the date of transfer.

No GST impact – transfer of leave entitlements

Where an employee transfers from one department to another, and there is a payment made for leave obligations, the receiving department has made a supply, which is not a taxable supply and is not subject to GST. This issue will not normally arise for transfers between departments since it will generally only involve an adjustment between receivables from government via an allocation statement or from a budget adjustment – neither of which are subject to GST.

Fringe Benefits Tax

A 'nominated entity' is a VPS entity that is responsible for its own FBT obligations to the ATO as defined in the *Fringe Benefits Tax Assessment Act 1986*. To be a nominated entity, the State of Victoria (the State) via DTF, must have nominated the entity to the ATO on or before 21 May in the year of tax. Nominations must be lodged on or before 21 May to enable the instalments to be shown on the appropriate Activity Statement.

Where nomination occurs after 21 May in the year of tax, the FBT obligations for that entity rest with the State until the end of that FBT year, i.e. 31 March following nomination. Although the FBT obligations rest with the State, the nominated entity must:

- ensure sufficient funding is transferred to the State to enable the quarterly FBT payments to be made to the ATO; and
- at the end of the first FBT year, prepare and submit a fully compliant and signed FBT return to DTF Corporate Finance by 15 May to enable DTF to on-forward the return to the ATO.

Once nominated, that entity remains a nominated entity until the nomination is revoked, i.e. nomination is only required once.

Creating/Listing a new entity for FBT

Where a new entity is the result of a merger and involves entities being amalgamated or abolished with the functions being transferred to a new entity, the old entities will cease to exist. The ceased entities are required to notify the ATO and DTF of the date they ceased to exist, and lodge a final FBT return from 1 April to the cessation date. Payment of any outstanding FBT liability must also be made when the final return is lodged.

Where nomination of a new entity to the ATO occurs between 1 April and 21 May, the new entity will be a nominated entity from 1 April in the year of nomination. However, where the nomination occurs after 21 May, the FBT responsibility rests with the State until the end of that particular FBT year. This means the State will pay the quarterly FBT instalments and lodge the end of year FBT return with the ATO. To enable the State to meet these responsibilities the nominated entity must:

- ensure sufficient funding is transferred to the State to enable the quarterly FBT payments to be made to the ATO; and
- at the end of the first FBT year, prepare and submit the FBT return to DTF by 15 May to enable DTF to on forward the return to the ATO.

Where a name change is associated with an increase in functions as a result of another nominated entity being abolished, the ceased entity is required to notify the ATO and DTF of the date that it ceased to exist and lodge a final FBT return from 1 April to the date of cessation. Payment of any outstanding FBT liability must be made when the final return is lodged. The nominated entity which has its name changed will need to advise the ATO and DTF of its change in name in the same manner as any other employer that changes its name. Any name change must be the same as the name published in the Order.

Where a new department is created and the new department becomes a nominated entity on or before 21 May, it will be responsible for its own FBT obligations from 1 April in the year of nomination. However, if it becomes a nominated entity after 21 May, the FBT obligations for the remainder of that year will revert back to the State.

Note that a nominated body ceases to exist when there is a substantive change in structure. For example, two departments merging to form a single department, one department being split into two departments, a department/nominated entity becoming a statutory authority, etc. A name change by itself will not result in the nominated body ceasing to exist.

Notification of FBT liability at cessation

Where there is a transfer of employees and functions to either another nominated entity, or to the State, the State (via DTF) is required to advise the ATO of the notional tax of the nominated entities for the year after the change. The notional tax must include both the tax that was paid by the ceased entity in the year of change and the tax that was paid for the remainder of the year by either the continuing nominated entity, or the State. Therefore, where a nominated entity ceases to exist, at the date of cessation that entity must advise DTF of the amount of tax paid to the date of cessation and the amount of tax payable for the remainder of the year.

Reportable fringe benefits amount

For reportable fringe benefits purposes, both the nominated entity that ceased to exist and the nominated entity to which the employee was transferred (or the State if the employee was not transferred to a nominated body) will need to separately calculate the value of the fringe benefits provided to the employee. Both the ceased entity and the nominated entity (or the State) to which the employee was transferred will apply the $1 000 reporting threshold separately in calculating the reportable fringe benefits amount.

Pay as You Go summary

The ATO has indicated that there is flexibility with regard to payment summaries:

- a single payment summary can be given to employees at the end of the financial year under the name of the new department that covers both the period of employment under the former department name and the new department name; or
- alternatively, separate payment summaries can be provided under the former department name and the new department name.

Tax file number employment declarations

MoG changes will generally have no impact on tax file number (TFN) employment declarations of current employees. Current employees do not need to sign new declarations under new department names. New employees (i.e. where a declaration has not been signed as at the date the transfer of employees takes effect) will need to sign TFN employment declarations under the name of the new department.

Payroll tax

Where a department or agency is abolished, it is the responsibility of that entity to lodge a final payroll tax return with the State Revenue Office.

Legacy organisation issues

- Are there any compliance issues from prior periods that need to be considered? What were the findings/corrective actions/current status?
- Are there any HR issues (such as staff or performance issues) that the receiving organisation needs to be aware of?
- Consider any staff with special needs that may need specialised seating arrangements (i.e. disability assistance).

Attachments: Miscellaneous reference checklists

This attachment includes:

- a detailed action plan for departments engaged in a machinery of government (MoG) change;
- a summary checklist and actions for DTF; and
- 100-day plan for the establishment of a new entity following a MoG change.

The following detailed checklist of action items for departments provides suggestions for implementation and issues for consideration. The list has been compiled from one that was originally developed by a Victorian government department and used in at least two MoG changes. Even so, the list is not exhaustive and not all of the items will be relevant in every situation. For example, complexities may arise when portfolio agencies and other government entities are involved in a transfer of functions between departments.

Checklist and action items for departments

Headline activities

Item	Action required
Establish governance structure to manage all MoG activities	1. Determine the governance model for managing and reporting MoG activities. Should include elements from central agencies and both receiving and transferring departments. Ensure appropriate levels of seniority for decision-making.
Establish working groups	2. Establish a MoG project board to oversee all MoG activities for the Department. 3. Establish key working groups for each group coming in or leaving the Department: (a) Group 1 working group (e.g. Regional Development ->); (b) Group 2 working group (e.g. Energy ->); (c) Information Communication Technology (ICT) systems working group (with each of the giving departments); (d) Grants working group; and (e) Training working group.
Establish key contacts	4. Confirm contact details for those involved with MoG activities. 5. Prepare contact list for key contacts within each giving and receiving department.
Confirmation of staff numbers (full time equivalents and contractors)	6. Prepare submission. 7. Prepare PAA s28/s30 transfer documentation.
Confirmation of corporate staff numbers to transfer	8. Prepare submission. 9. Prepare PAA s28/s30 transfer documentation.

Item	Action required
ICT connectivity – activity phases over time	10. Establish project management. 11. Conduct project management. 12. Set up a MoG transition email for general enquiries to filter into the one email address (TransitionToDeptname@dxxx.vic.gov.au). 13. On-boarding. 14. Desktop: (a) standard operating environment (SOE) selection; (b) kiosk access available; and (c) interim solution available to all users 15. SOE migration complete. 16. Application conversion. 17. Identify applications. 18. Application packaging. 19. Conversion to receiving network. 20. Data migration. 21. Conduct training: (a) desktop; (b) TRIM; (c) Oracle; and (d) other. 22. Migrate and prepare websites. 23. Set up call centre and support. 24. Migrate intranet content. 25. Determine any new potential ICT project impacts on department (will impact, internal/external reporting and input processes) 26. Video conferencing. 27. Agree strategy. 28. Execute plans. 29. Connect telephony.
Cessation of support from the giving Departments	30. Confirm timelines. 31. Arrange and agree to interim arrangements. 32. Prepare memorandum of understanding (MOUs) for continued support where required.
Accommodation	33. Confirm accommodation status. 34. Confirm accommodation locations: (a) CBD sites check; and (b) Regional sites (nos: xx). 35. Prepare relocation. 36. Relocation.
Organisational/Divisional structure	37. Determine new divisional structure that will apply.
Timetable – change management	38. Develop timetable re operational changes (will impact external reporting and compliance re any adjustments).

Item	Action required
Key communications	39. Audiences: (a) current staff; and (b) integrating MoG staff (various groups, including individual corporate staff). 40. Plan ‘all staff’ forum in consultation with Secretary’s office. 41. Prepare email banners for key spokespeople. 42. Agree key messages for MoG.
Regional delivery model	43. Engage and consult with regions on specific requirements. 44. Determine the requirements and final structure for IT, HR and reporting. 45. Obtain executive endorsement. 46. Obtain endorsement from other departments co-located in the region. 47. Determine project timeline and resources. 48. Implement regional delivery model. 49. Post implementation feedback.

Information management and technology

Item	Action required
ICT program and plan	1. Prepare ICT transition plan. 2. Ensure adequate time is made available to accurately discover all the ICT expenses that need to be transferred. 3. Check software licensing to ensure compliance with and currency of licences being transferred.
Network connectivity	4. Provide access to incoming environment from all sites (metro and regional).
ICT Support (Contracts, CenITex and other)	5. Transition to new department both of the infrastructure as well as costs (i.e. allocation of per unit costs to new department): (a) servers; (b) PCs / desktop; (c) printers; (d) tablets; and (e) other (incl. scanners).
SOE	6. Ensure compatibility with new environment. 7. Selection. 8. Application packaging. 9. Migrate and delete old. 10. Identify and replace obsolete PC fleet. 11. Rollout new SOE to all PCs.
On-boarding	12. Confirm requirements. 13. Ensure HR have pre-requisite information in a timely manner. 14. On-boarding of users.
Access to Oracle Financials	15. Determine business requirements. 16. Test access.

Item	Action required
Telephony	17. Transfer all coordination to new department. 18. Transfer all billings to new department. 19. Transfer assets to new department. 20. Connect Phones/iPads to new department's email.
Call centres (if so, re-routing calls?)	21. Confirm requirements. 22. Ensure continuity of service.
Migration to TRIM from old system	23. Conduct feasibility assessment. 24. Engage suppliers. 25. Plan and manage migration. 26. Migration complete – delete old records.
Records management storage and archiving	27. Confirm requirements. 28. Prepare and discover all documents (electronic and paper files) for transfer. 29. Set up TRIM in new department for migration. 30. Manage transfer to new department.
Special records (EER)	31. Assess historic records. 32. Engage records specialist to catalogue records. 33. Plan and archive records.
Migration to new department. Ministerial briefing system	34. Confirm requirements. 35. User access available. 36. Plan migration. 37. Migrate.
Migration to PPQ system	38. Confirm requirements. 39. User access available. 40. Plan migration. 41. Migrate.
Websites	42. Liaise with Communications re 'look and feel'. 43. Set migration plan.
Video conferencing	44. Agree strategy for management. 45. Ensure assets move to new department. 46. Make any required change.
Withdrawal of support from the transferring department	47. Confirm timelines. 48. Arrange and agree to interim arrangements. 49. Prepare MOU/agreement for continued support where required.
ICTconnection – regional delivery model	50. Confirm requirements. 51. Explore options for connection. 52. Liaise with other departments co-located in the regions. 53. Determine user access availability. 54. Implement IT connectivity strategy under regional delivery model.

Item	Action required
Grants electronic management system (GEMS) (if applicable)	55. Confirm requirements. 56. User access available. 57. Plan migration. 58. Migrate.

Human resources

Item	Action required
People	1. Prepare PAA section 30 declaration for business units and support staff.
Payroll	2. Confirm cut-over date and number of staff transferring. 3. Establish organisation/cost structure in payroll and HR system. 4. Manage staff details transfer. 5. Confirm payroll reconciliation. 6. Finalise payroll-related communication to transitioning staff.
Executives	7. Receiving department. Executive establishment: (a) EO roles; (b) STS7; (c) 'Super6s'; and (d) other. 8. Organise transition arrangements for EO performance management and bonuses. 9. Establish current contract parameters and address any contract renewals/issues. 10. Prepare induction booklet – both all staff and executive.
Regional information sessions (for staff located in regional areas	11. Sessions timetable (times, dates, locations) developed and distributed.
Induction/information sessions	12. Sessions for incoming staff (city based) (times, dates, locations) developed and distributed.
Information booklets and FAQs	13. Source information. 14. Development information. 15. Format information. 16. Distribute information booklet and FAQs.
Corporate resources staff transitioning into new department	17. Determine reporting lines. 18. Determine accommodation. 19. Commencement dates for staff.

Item	Action required
Training	20. Coordinate training schedule for all systems: (a) TRIM; (b) GEMS; (c) HR: Manager self-service (MSS) / Employee self-service (ESS); (d) possible parliamentary questions (PPQs); (e) performance development plans; (f) Oracle; (g) Lotus Notes (if upgrading from older version; (h) procurement; and (i) other software.
HR ESS	21. Arrange access, including reliance on Cenitex. 22. Input each person (VPS, Exec and Contractors) individually into ESS. 23. Provide HR ESS training.
Delegations	24. Prepare HR delegations.
Performance management	25. Complete current cycle payment on existing systems of the giving Department. 26. Integrate to new department. 27. Training requirements for incoming staff (city based and regional). 28. Payment processes for next cycle. 29. Uplift historical records of staff from other departments.
Industrial relations	30. First hearing before Fair Work Commission. 31. Second hearing before Fair Work Commission.
Community and Public Sector Union (CPSU)	32. Ongoing liaison with CPSU.
OH&S	33. Determine risk profile and systems. 34. Accommodation directory for new department.
Emergency Management	35. Ensure all new department work locations have emergency procedures in place, trained floor wardens.
WorkCover	36. Register new worksites (legal requirement – 28 days from transfer date). 37. Transfer claims to new department coverage. 38. Transfer responsibility from old department claims agent to new department claims agent.
First aid	39. Develop first aid establishment and ensure all workplaces have trained first aid officers.
Recruitment	40. Arrangements for cut over date for new department to commence management of recruitment. 41. Develop a process for managing recruitment.
Learning and development	42. Cut over date. 43. Specialist training to be incorporated.
Employee support	44. Identify employee workplace relations issues. 45. Cut over arrangements and date.
Corporate health and wellbeing	46. Identify current offerings and providers. 47. Determine transitional arrangements.

Item	Action required
Graduate recruitment	48. Determine current requests to hire for the up-coming VPS graduate recruitment and development scheme. 49. Transfer current VPS graduates to the new department.
HR policies	50. Identify differences and gaps between old and new departments.
Redeployment	51. Determine current redeployment cases or pending numbers of redeployment cases as a result of any change management processes/detachment.
HR reporting	52. Confirm incoming requirements if variances from new department 53. Determine the cut over date for reporting to the Victorian Public Service Commission, annual reports etc.
HR-MIS interfaces/integration to other systems	54. Finance (general ledger). 55. All others as required.
Formal matters	56. Identify if any matters in train e.g. disputes/misconduct. 57. Establish/agree cut over date.
HR employee/position files	58. Paper employee/position files. 59. TRIM file transfer.

Finance

Item	Action required
Finance program and plan	1. Prepare finance transition plan.
Financial processes	2. Department name change. 3. Corporate cards, including re-allocation of recurring payments for cards to be cancelled. 4. Collect cab charges from business units leaving, and provide cab charges to receiving department. 5. Financial delegations, including documentation of delegation to approve the processing of MoG journals. 6. Direct debit arrangements. 7. Processing/accounts payable. 8. Processing/accounts receivable. 9. Petty cash. 10. Financial policies.
Financial systems	11. IT Connectivity. 12. Historical records. 13. Printers for Oracle. 14. Organisational/divisional structure. 15. Training. 16. Telephones, cars. etc. 17. Internet expenses (reimbursement of personal expenses).

Item	Action required
External reporting and compliance	18. General ledger. 19. BAS activity statements. 20. Fringe benefits. 21. Reconciliations. 22. Chart of accounts. 23. Employee provisions and other similar accounts. 24. Asset registers. 25. Allocation statements. 26. Transfer of trust balances.
Grants	27. Grants transactions. 28. IT systems – GEMS. 29. Grants delegations.
Financial services	30. IT Systems – GEMS. 31. Grants Delegations.
Internal reporting and budget	32. Outputs, Chart of Accounts, capital, depreciation, FTE's, overheads, FMA section 29, Treasurer Advances, future year, savings, dates, SRIMS, output costs, internal reporting adjustments, SAU, ERSC, PAEC, historical data, management reporting, program/funding data and budgets – mapping

Strategic planning and ministerial services

Item	Action required
Cabinet papers/processes	1. Transfer new department coordination 2. Secretary of new department to approve all Cabinet Submissions 3. Transfer of electronic and hard copy Cabinet files.
Ministers	4. Determine support requirements 5. Liaise with Minister's office regarding accommodation requirements 6. Integration/training with new department systems and processes
Migration of all staff onto new department briefing system	7. Assess requirements 8. Provide training to users 9. Transition to new system 10. Determine timelines for use of former departmental systems to cease 11. Identify all briefs, questions on notice and adjournment debates to be transferred 12. Ensure accessibility of briefs during transition.
Migrations of all PPQs onto the new department system	13. Assess requirements 14. Identify all PPQs to be transferred from old department(s). 15. Transition to new PPQ database 16. Provide training to users for PPQ database
Performance reporting and program evaluation	17. Integrate into new department program

Item	Action required
Strategic/business planning	18. Integrate into new department program
Boards/entities	19. Identify and support 20. Integrate into new department program of appointments to Boards
Departmental Liaison Officers	21. Identify and support 22. Integration/training with new department systems and processes
Budget papers and budget launch	23. Working with strategic communications
PAEC estimate hearings	24. Identify and support
Emergency management arrangements (EER)	25. Identify and support

Legal, audit and risk

Item	Action required
Legal, audit and risk program and plan	1. Prepare legal, audit and risk transition plan.
FoI and privacy	2. Determine model for provision of FOI services to operate from 1 July (on interim or permanent basis). 3. Obtain agreement to the model from relevant Deputy Secretary/Executive Director/CE. 4. If using an interim model, determine and obtain agreement to the permanent model and adoption date. 5. As part of the above, determine how FOI applications active at 30 June and specific to the incoming areas will be handled. 6. As part of the above, determine how whole of Department FOI applications active at 30 June will be handled. 7. As part of the pre-1 July FOI processing, arrange for giving departments to report on new FOI requests. 8. Include new executives and FOI coordinators in the new department distribution emails from 1 July. 9. Update the FOI Manager software with all relevant data for operation from 1 July. 10. Ensure all departments agree on the FOI annual reporting responsibilities for the Annual Reports. 11. Update FOI Delegation to include transferring FOI Officer from old department(s). to new department.
Legislation	12. Determine model for provision of legislation services to operate from 1 July (on interim or permanent basis). 13. Obtain agreement to the model from relevant Deputy Secretary/Executive Director/CE. 14. If the model agreed is interim, determine and obtain agreement to the permanent model and adoption date. 15. Identify required training of staff, organise and provide.

Item	Action required
Legal	16. Determine model for provision of legal services to operate from 1 July (on interim or permanent basis). 17. Obtain agreement to the model from relevant Deputy Secretary/Executive Director/CE. 18. If the model agreed is an interim one, determine and obtain agreement to the permanent model and its adoption date. 19. Agree arrangements for legal support (e.g. use of Legal panel gateway).
Risk management	20. Determine model for provision of risk management services to operate from 1 July (on interim or permanent basis). 21. Obtain agreement to the model from relevant Deputy Secretary/Executive Director/CE. 22. If the model agreed is an interim one, determine and obtain agreement to the permanent model and its date of adoption. 23. Obtain copies of current risk registers (including fraud registers), and details of their administration. 24. Obtain copies of any supporting risk management documents, e.g. strategy documents, policies, frameworks and procedures/ guidelines. 25. Obtain copies of any audit or other evaluation reports on the areas'/departments' risk management practices.
Business continuity	26. Determine model for provision of business continuity management services to operate from 1 July (on interim or permanent basis). 27. Obtain agreement to the model from relevant Deputy Secretary/Executive Director/CE. 28. If the model agreed is an interim one, determine and obtain agreement to the permanent model and its date of adoption. 29. Obtain copies of current business continuity management plans, and details of their administration. 30. Obtain copies of any supporting business continuity management documents, e.g. strategy documents, policies, frameworks and procedures/guidelines. 31. Obtain copies of any audit or other evaluation reports on the areas'/departments' business continuity management practice.
Insurance	32. Obtain details of all incoming insurance policies. 33. Discuss and agree with the VMIA the transfer of insurance responsibility to new department. 34. Obtain details of any recent or current insurance claim, noting its status and any issues arising.
Internal and external audit	35. Determine model for provision of internal audit services to operate from 1 July (on interim or permanent basis). 36. Obtain agreement to the model from relevant Deputy Secretary/Executive Director/CE. 37. If the model agreed is interim, determine and obtain agreement to the permanent model and its date of adoption. 38. As part of the above, ensure any contracts with external providers are correctly amended. 39. As part of the above, determine if any current year audits will require attention by new department post 1 July. 40. Obtain planning documents (if they exist) and review internal audits planned for current/new year, and incorporate in the new department's plan as appropriate. 41. Determine indicative budget requirements for the new department's program for current and forward years.

Business Services (facilities and accommodation)

Item	Action required
Accommodation program and plan including temporary moves	1. Prepare accommodation transition plan. 2. Confirm accommodation status. 3. Confirm accommodation locations: (a) CBD sites; and (b) regional sites (how many?). 4. Liaise with Shared Services Accommodation. 5. Prepare interim relocation if required. 6. Prepare relocation (IT connection, floor plans and OHS considerations). 7. Relocation (coordinate removalist and shared services resources).
Mail	8. Re-direct. 9. Organise new mail delivery arrangements (where groups are not co-located). 10. Cancel/transfer subscriptions for business specific publications.
Procurement	11. Transfer of procurement activities into new department.
Security	12. Issue new passes – Head Office. 13. Issue passes – other sites. 14. Review/update security arrangements for regional sites.
Fleet/vehicle pool	15. Locations. 16. Integrate into new department's program. 17. Transfer Insurance to new department.
Re-location	18. Assess space requirements. 19. Re-stacking.
Regional location	20. Confirm current location arrangements can continue. 21. Determine appropriate cost-sharing arrangements. 22. Explore opportunities to co-locate. 23. Coordination with co-location manager. 24. Signage update.
Environment management	25. Integrate into VGBO program (CBD and regional sites).

Strategic communications

Item	Action required
Communications program and plan	1. Prepare communications plan in consultation with relinquishing departments. 2. Agree key messages for MoG. 3. Integrate staff into the regular communications meetings. 4. Invite Ministerial COS to departmental coordination meeting.
Internal communications	5. Audiences: (a) current staff; (b) integrating MoG staff; and (c) departing staff. 6. Plan 'All staff forum' in consultation with Secretary's office. 7. Prepare email banners for key spokespeople. 8. Agree key messages for MoG.
Client/stakeholder communication	9. Included in the communications plan. 10. Identify clients and stakeholders with incoming MoG groups. 11. Determine appropriate tools. 12. Agree key messages for MoG.
Branding	13. Agree new department's 'look and feel'. 14. Consult with transferring department(s).
Corporate material	15. Letterhead changes. 16. Business cards. 17. Templates.
Calendar of events	18. Establish calendar meetings with ministerial offices. 19. Establish calendars for new Ministers. 20. Advise incoming portfolios of process. 21. Set appropriate time with new ministers.
Budget media releases	22. Prepare media releases in consultation with ministerial offices and transferring departmental contacts.
New staff induction	23. Prepare communications material for MoG staff induction. 24. New department Information sessions – regional and CBD. 25. Prepare communication material FAQ's and divisional speaking points. 26. Develop welcome poster for lift well.

Summary checklist and action items for DTF

	Action item
1.	Liaise with DPC on the effective dates for the Administrative Arrangements Order or Public Administration Order.
2.	Obtain copies of the Administrative Arrangements Order related to the MoG change (from the Government Gazette).
3.	Advise DTF Directors of the MoG change.
4.	Liaise with your department regarding the accounting transactions associated with the MoG change. Ensure that the overall effect of the MoG change is budget neutral. Consult with SRIMS Support when necessary.
5.	If a MoG change involves a PNFC or PFC, liaise with <Shareholder Advisory Services contact> Commercial Division of the change and relevant contacts
6.	Obtain signed copies of the MoG sign-offs from departments: • MOUs; and • Allocation statements (1) and (2).
7.	Liaise with departments to enter journals for the MoG change. Ensure that adjustments for MoG changes are consistent with the amounts identified in the allocation statements (if available) and that the overall effect is budget neutral.
8I	Both the recast published budget and the revised budget are required.
9.	Maintain complete records of the MoG change on file for future reference.

The 100-day plan – establish a new entity

Note: This plan is also available from DTF in Excel format.

Category	Item	Recommended action	Responsibility	Assigned: to date	Status	Indicative target (days)	Comments
Governance	New entity definition	Define entity roles and responsibilities, including handover to other entities	PES			1	
People/HR	Employee relations	Develop IR strategy	People and Culture			1	
People/HR	Staff transfer arrangements	Develop staff transfer process	People and Culture			1	
People/HR	Employee relations	Design interim structure	People and Culture			1	New entity: consider engaging a HR/IR specialist.
People/HR	Staff transfer arrangements	Map existing employees to proposed structures	People and Culture			1	
People/HR	HR delegations	Preparation of Declaration of Interests for Senior Officers	People and Culture			1	
People/HR	Organisational realignment stage 2	Senior Management PDs and contracts	People and Culture			1	
Governance	Transfer staff, functions and contracts	Transfers of staff, functions and contracts from departments/agencies into the new entity under PAA or general law	Legal			1	Includes liaise with DPC and Office of Chief Parliamentary Counsel
People/HR	Performance and development	Develop interim process paper for CEO sign-off. Communicate to all staff	People and Culture			2	
People/HR	Staff transfer arrangements	Develop staff transfer formal letter	People and Culture			2	
People/HR	Payroll/HR system	Determine payroll services provider	People and Culture			2	
People/HR	Organisational realignment stage 2	Develop functional/team descriptions	People and Culture			2	

Category	Item	Recommended action	Responsibility	Assigned: to date	Status	Indicative target (days)	Comments
People/HR	Organisational realignment stage 2	Provide advice and develop new roles and PD's as required	People and Culture			2	
People/HR	Management transfer Arrangements	Prepare management transfer arrangements Information Sheet	People and Culture			3	
People/HR	Management transfer arrangements	Senior managers briefed on interim structure and roles	People and Culture			3	
People/HR	Management transfer arrangements	Email managers regarding transfer arrangements	People and Culture			3	
People/HR	Employee relations	Communicate information on new entity to staff and relevant unions	People and Culture			3	
People/HR	Staff transfer arrangements	Staff announcement of management team, structure and transfer process	People and Culture			3	
People/HR	Staff transfer arrangements	Staff announcement of interim management team	People and Culture			4	
People/HR	Position descriptions	Select PD template and convert all PD's and job titles	People and Culture			4	
Communications	Staff contact list	Publish on intranet (if not available, distribute by email)	People and Culture			5	
Facilities	Accommodation	Identify staff numbers and accommodation requirements.	People and Culture			5	
Financial management	Bank account	Establish bank account (if required) and signatories	Financial Services			5	Within Public Account or separate bank account? Get FMA s15 approval.
Financial management	Registrations	Register for ABN, GST, PAYG, PRT, WorkCover (if necessary)	Financial Services			5	Consult portfolio tax and compliance officer
Financial management	Budget and cost centre changes	Determine funding (may include split of funds if new entity created by separation from existing entity)	Financial Services			5	Consult with DTF: Corporate Finance and Budget and Finance Division (AA Order (MoG) issued?)

Category	Item	Recommended action	Responsibility	Assigned: to date	Status	Indicative target (days)	Comments
Financial management	Delegations	Determine appropriate financial delegations for senior officers	Financial Operations			5	
Information management	Mail and courier services	Determine mailing address and delivery processes	Information Services			5	
Information management	Records and document management	Develop business rules (policy as required) for managing information	Information Services			5	
People/HR	Staff transfer arrangements	Prepare staff transfer arrangements Information Sheet	People and Culture			5	
People/HR	Staff transfer arrangements	Develop and communicate interim arrangements for HR services	People and Culture			5	
People/HR	Management transfer arrangements	Development of team functional descriptions	People and Culture			5	
People/HR	Management transfer arrangements	Managers meet with transferring staff	People and Culture			5	
People/HR	Payroll/HR system	Prepare information for payroll services provider on how to handle queries	People and Culture			5	
People/HR	Payroll/HR system	Confirm staff listing and super fund names	People and Culture			5	
People/HR	Payroll/HR system	Arrange payroll transfer of existing government employees	People and Culture			5	
People/HR	Payroll/HR system	Formally notify staff of changes to payroll	People and Culture			5	
Governance	Authorisations	Develop subordinate instruments for the entity (e.g. Ministerial authorisations, delegations or determinations)	Legal			5	
Financial management	Financial systems	Select financial systems to be used	Data Management			10	Options include shared services with other entities

Category	Item	Recommended action	Responsibility	Assigned: to date	Status	Indicative target (days)	Comments
Financial management	Budget and cost centre changes	Transfer budgets between entities	Financial Services			10	Consult with Manager Divisional Services (DTF-FTS) and Budget and Finance Division
People/HR	Employee wellbeing	Determine interim arrangements and communicate	People and Culture			10	Includes Social Club, Gym
People/HR	Leave	Develop and confirm interim arrangements	People and Culture			10	
People/HR	VPS Code of Conduct/ values	Confirm Code of Conduct and issue relevant	People and Culture			10	
People/HR	Staff transfer arrangements	Finalise all employment related documentation and handovers between providers	People and Culture			10	
Technology	Technology support	Identify technology service provider and define requirements including for SOE software	Technology			10	Includes shared access across multiple networks (and IP addresses), remote access, access to externally-hosted apps.
Facilities	Accommodation	Find accommodation	Shared Services Provider			15	Considerations – network connectivity; existing office fit-out; potential to expand
People/HR	Organisation charts	Develop and publish organisation charts on intranet or by email	People and Culture			15	Interim organisational charts may be required.
Communications	Internal communications	Develop email groups	CenITex			20	Set up any required mailing lists based on new team structures
Communications	Business cards	Develop an interim business card	Communications			20	Consider interim business card for senior management or relationship managers only
Communications	Website	Establish and seek approval for new domain name	Communications			20	Secure the domain name and CenITex to make any required DNS changes

Category	Item	Recommended action	Responsibility	Assigned: to date	Status	Indicative target (days)	Comments
Governance	Committees	Review terms of reference, composition, skill requirements and performance reporting arrangements	Planning and Executive Services			20	
New entity operations	Define services and pricing (finalise and promoted)	Customer briefings	New entity			20	
New entity operations	Service delivery	Identify and establish a general or hotline number.	Telephony			20	
People/HR	HR policies and procedures	Review which policies and procedures from the existing entity will be adopted	People and Culture			20	
People/HR	Interim recruitment approach	Develop interim recruitment position paper for sign off by CEO	People and Culture			20	
People/HR	Payroll/HR system	Deactivate staff from previous system	People and Culture			20	
People/HR	Payroll/HR system	On-board staff to new cost centres	People and Culture			20	
People/HR	Payroll/HR system	Make arrangements for leave without pay and WorkCover staff	People and Culture			20	
People/HR	Payroll/HR system	Salary packaging and sacrificing arrangement confirm and communicate	People and Culture			20	
Financial management	Management reporting	Consider the need to produce an interim report	Financial Services			25	
Financial management	Management reporting	Determine chain of reporting (to department and WoVG), depending upon entity status	Financial Services			25	PNFC/PFC, Administrative Office, Trust, SOE?
Financial management	Purchasing	Determine what to do with existing purchase orders	Financial Operations			25	
Financial management	Financial management compliance framework (FMCF)	Determine requirements under FMCF, and implications of non-compliance	Financial Services			26	Consult Compliance

Category	Item	Recommended action	Responsibility	Assigned: to date	Status	Indicative target (days)	Comments
Financial Management	Fringe benefits tax (FBT)	Review FBT requirements/obligations	Financial Services			27	If entity created after 21 May and part of Crown in right of State of Victoria, liaise with WoVG Compliance (DTF – Budget and Finance Division).
Communications	Communication and marketing strategy	Develop an overall communication/ marketing strategy including brand and associated collateral	Communications			30	
Communications	Telephone and email protocols	Establish telephone answering and email protocols (including footer) and communicate to all staff	Communications			30	
Financial management	Chart of Accounts	Review and align with new organisational structure	Financial Services			30	
Financial management	Assets and liabilities acquired	Confirm assets and liabilities at start and formally sign off with disposing entity	Financial Services			30	Instrument of transfer e.g. allocation statement – FRD119
Financial management	Purchasing	Notify suppliers to inform of change of ownership	Financial Operations			30	ABN, tax invoice requirements
Governance	Committees	Advise any changes of membership/ representatives	PES			30	
Information management	Information security and handling	Identify requirements for additional rigour around security management	Information Services			30	Confidentiality deeds, police checks etc.
New entity operations	Projects and initiatives in progress	Communicate any changes to accountability	PES			30	
Technology	Technology policies	Determine policies including internet content filtering, proxy configuration/exclusions, changes to IP ranges and hosts	Technology			30	
Communications	Branding	Design branding for new entity	Communications			35	
Finance Management	Grant management	Novation and assignment of grant agreements.	Grants units			35	

Category	Item	Recommended action	Responsibility	Assigned: to date	Status	Indicative target (days)	Comments
Financial management	Contract management	Novation and assignment of contracts	CRU			35	
Communications	Staff information	Develop an information/ induction kit for new staff	Communications			40	Provide to staff when relocated to new accommodation, or as soon as possible afterwards
Communications	Stationery	Design and arrange for printing of stationery	Communications			40	Printed stationery: letterhead, With compliments slips, DL, C5, C4 and B2 sized envelopes
Communications	Templates	Develop templates for placement on intranet/network drives.	Communications			40	Word templates: Letter, Fax, Agenda, Minutes, Report, Generic. PowerPoint master slides.
Financial management	Organisational governance	Review procurement policies and procedures	Contract Resourcing Unit			40	CRU/Victorian Government Purchasing Board
Information management	Collaboration	Provide information to staff about products and tools for sharing information`	Information Services			40	Includes use of an EDRMS and interim arrangements – use of shared network storage, file naming, location of templates and references.
New entity operations	Service delivery	Communicate new client service model to clients	Communications			40	
New entity operations	Policies and procedures (business processes/ service delivery)	Review which policies and procedures from the existing entity will be adopted	New entity			40	
People/HR	Employee wellbeing	Review update and publish workplace contacts for OH&S, EEO, Floor wardens, first aid	People and Culture			40	
People/HR	Training	Determine and confirm interim arrangements for accessing and attending L&D programs	People and Culture			40	
People/HR	Uniforms	Assess need for uniforms for customer facing staff	People and Culture			40	

Category	Item	Recommended action	Responsibility	Assigned: to date	Status	Indicative target (days)	Comments
People/HR	Vendor notification – recruitment agencies/ others/EAP	Communicate with vendors about any proposed changes to arrangements	People and Culture			40	
Technology	Technology support	Deploy Word, Excel and PPT templates to SOE's	Technology			40	
Technology	Technology support	On-boarding for applications and secured intranet sites	Technology			40	
Financial management	Organisational governance	Review financial policies and procedures	Financial Services			41	Consult with Manager Portfolio Services (FTS)
Financial management	Management reporting	Review current reporting requirements, identify new requirements and determine options moving forward	Financial Services			44	Consult with DTF – Budget and Finance/Commercial Divisions on WoVG reporting requirements and timetable.
Facilities	Accommodation	Communicate to all staff about relocation process	Communications			45	
Financial management	Chart of Accounts	Review and align financial reporting requirements	Financial Services			45	Review FMA/SDs/FRDs
Financial management	Statutory reporting	Review reporting requirements and determine options moving forward	Financial Services			45	FMA part 7. Model Report issued by Assistant Treasurer. Consult VAGO.
Communications	Stakeholder information	Presentation or kit providing overview of new entity and operating model (incl pricing model if applicable)	Communications			50	
Facilities	Accommodation	Plan and deliver relocation	Shared Services Provider			50	
Facilities	Security and access passes	Arrange staff security passes	Shared Services Provider			50	
Facilities	Booking system – vehicles	Define and communicate process for accessing car pools	Shared Services Provider			50	

Category	Item	Recommended action	Responsibility	Assigned: to date	Status	Indicative target (days)	Comments
Facilities	Booking system – meeting rooms	Determine meeting rooms booking system and processes – standard and special request	Technology			50	
Financial management	Assets and liabilities acquired	Ensure asset register is updated	Financial Services			50	Consult with Manager, Assets Management
Information management	Records management	Determine records management practices including classification scheme	Information Services			50	
Information management	Knowledge management	Identify key knowledge risks in transfer of function and staff, and develop plan to address	Information Services			50	
People/HR	Performance and development	Select and communicate interim performance and development process	People and Culture			50	
People/HR	Employee wellbeing	Finalise WorkCover premium	Finance			50	
Stakeholder management	Customer engagement	Develop and/or integrate customer engagement models	New entity			50	
Stakeholder management	Supplier management	Determine suppliers and relationship management responsibilities	New entity			50	
Technology	Technology support	Identify any requirements for new or consolidated business applications	Technology			50	It is assumed that new entities created using Cenitex as provider for core ICT services, using Cenitex standard project plan for the creation of a new site and/or customer.
Communications	Website management	Confirm design and structure of entity website	Communications			60	
Communications	Policies and procedures (communications)	Review which policies and procedures from the existing entity will be adopted	Communications			60	
Communications	Internal directory – create/update	Staff to be advised to update directory details	Communications			60	

Category	Item	Recommended action	Responsibility	Assigned: to date	Status	Indicative target (days)	Comments
Information management	Records and document management	Select EDRMS and service provider	Information Services			60	
New entity operations	Service delivery	Develop client service model (including service desk)	New entity			60	
People/HR	Workplace health and safety	Ensure OH&S representatives, wardens and first aiders	People and Culture			60	
Stakeholder management	Customer engagement	Communicate new engagement model to customers	Communications			60	
Stakeholder management	Customer engagement	Communicate new engagement model to staff	Communications			60	
Stakeholder management	Supplier management	Communicate new roles and responsibilities to staff	Communications			60	
Stakeholder management	Supplier management	Communicate new roles and responsibilities to suppliers	Communications			60	
New entity operations	Customer engagement	MOUs between the new entity and its customers	Legal			60	
Communications	Building signage	Change all building signage	Communications			70	May require SSP involvement depending on tenancy arrangements
Information management	Records and document management	Determine transfer/retention of information including records from other entities	Information Services			70	
Information management	Information security and handling	Undertake high level risk assessment of information assets of the entity	Information Services			70	Identify any sensitive data/information held by the entity. Includes consideration of Cabinet-in-confidence data.
New entity operations	Reporting	Identify operational reporting requirements and design processes and format to deliver	PES			70	
Technology	Collaboration systems	Determine email and calendar rules, databases and collaboration tools	Technology			70	

Category	Item	Recommended action	Responsibility	Assigned: to date	Status	Indicative target (days)	Comments
Governance	Business continuity management	Develop and/or update business continuity plans and disaster recovery requirements	PES			80	
Information management	Records and document management	Create user accounts and deliver training to staff of entity	Information Services			80	
New entity operations	Reporting	Agree new reporting with clients	PES			80	
People/HR	Employee wellbeing	Confirm ongoing EAP provider arrangements	People and Culture			80	
Technology	Collaboration systems	Update internet email addresses to new domain name (e.g. entity.vic.gov.au)	Cenitex			80	
Governance	Reporting	Follow up on issues raised in previous reports, including audit reports and external reviews prior to reorganisation	PES			90	
Communications	Website management	Transfer/decommission previous web presences	Communications			100	
Communications	Business cards	When branding confirmed, arrange printing of business cards	Communications			100	
New entity operations	Service design	Draft, negotiate and implement service standards/catalogue	New entity			100	
New entity operations	Service design	Release new service catalogue	New entity			100	
New entity operations	Service design	Develop plan to transition clients to new service standards/catalogue	New entity			100	
People/HR	Organisational realignment stage 2	Develop management realignment kit / checklist	People and Culture			100	

Treasury
and Finance