# Treasurer’s Direction (mandatory)

| Purpose | To outline mandatory requirements for administering and accounting for machinery of government changes. |
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| **Last reviewed** | Not applicable |
| **Operative date** | 1 July 2020 |
| **References** | * Guidance document – Machinery of government changes * *Financial Management Act 1995* |

# Scope

1. This Treasurer’s Direction outlines key accounting and budgetary requirements of government agencies impacted by a machinery of government (MoG) change.

# Definitions

1. MoG refers to the allocation of functions and responsibilities between agencies and ministers.
2. A MoG change is the reallocation and or transfer of functions and responsibilities that arises:
   1. through revisions to the Administrative Arrangements Order, including:
      1. transferring a function or parts thereof, from one agency to another
      2. amalgamating two or more agencies into one agency
      3. ceasing an individual function or agency
      4. creating an individual function or agency.
   2. or at the discretion of the relevant ministers, accountable officers or by Cabinet decision.

# Key principles of machinery of government changes

## Agreements

1. As part of the agreement process for actioning transfers, both the transferring and receiving accountable officer must:
   1. agree on the amount and methodology for budget transfers arising from an Administrative Arrangements Order, within 30 days from the commencement of the revised order or as soon as practicable for all other transfers
   2. sign a budget transfer agreement in accordance with paragraph 8
   3. provide a completed copy of the budget transfer agreement, signed by all parties, to the Department of Treasury and Finance (DTF) along with any other relevant documentation to substantiate the budget transfer(s).
2. If the two accountable officers are unable to agree on the amount and methodology for a budget and or actual transfer between their agencies, the Under Treasurer will make a binding decision.
3. Pursuant to paragraph 5, an accountable officer must provide DTF with relevant information requested, within a specified timeframe, to assist the Under Treasurer to make a decision on budget or actual transfer amounts for each agency.

## Transfer of functions

1. The transfer of a function must:
2. be cost-neutral from a whole of government perspective
3. include the transfer of corporate costs associated with that function
4. include the transfer of personnel on-costs and operational costs for any positions transferred as part of that function.
5. Budget transfer agreements must, at a minimum and where applicable, include:
   1. names of the transferring and receiving agencies
   2. functions and or outputs to be transferred
   3. details of revenue, expenses, assets and liabilities to be transferred including agreed budgeted amounts
   4. total number of full-time equivalent positions to be transferred
   5. date of transfer of 1 July unless otherwise advised by DTF
   6. signatures of the accountable officers of both the transferring and receiving agencies.

# Accounting for machinery of government changes

## Effective date

1. Administrative and functional rearrangements take effect from 1 July of the year of transfer for budget and accounting purposes.

## Transfer of budgets

1. An accountable officer must submit budget adjustments for MoG changes within timeframes set by DTF and provide copies of the signed budget transfer agreement(s) in accordance with paragraph 8.
2. Budget adjustments must reflect budgeted amounts inclusive of parameters from the effective date outlined in paragraph 9.
3. Pursuant to paragraph 10, an accountable officer must action separate budget transfers for opening balance accounts as at the effective date and budgeted balances in the current and forward estimates.

## Transfer of actuals

1. All revenue, expense and balance sheet transactions, including administered items, incurred prior to a MoG change are deemed to have occurred and taken effect in the recipient agency from the effective date outlined in paragraph 9.
2. Assets and liabilities must be transferred at the value recorded in the transferring agency’s financial statements at the time of transfer.
3. Where an asset’s value is not known, the recipient agency must revalue the asset post transfer.
4. Agencies must transfer cash balances or accounts that affect an agency’s cash balances through the Ledger Transfer Facility Wizard.
5. Accountable officers must action the transfer of actuals related to MoG changes in the agency’s ledger within 60 days of either:
   1. signing a budget transfer agreement
   2. or a binding decision for budget transfer is made by the Under Treasurer.
6. In accordance with paragraph 17, an accountable officer must action separate actual journals for opening balance accounts as at the effective date and movements that have occurred in the agency’s accounts from the effective date to the date of transfer.

## Infrastructure

1. DTF in consultation with the Department of Infrastructure, Planning and Logistics will determine revised capital works and minor new works program and repairs and maintenance allocations associated with administrative or functional rearrangements.

# Recordkeeping

1. An accountable officer must:
2. keep appropriate documentation to support the budget and actual transfers actioned under a MoG change
3. retain such records for the specified minimum period, in accordance with the agency’s records disposal schedule.

# Reporting

1. Upon request, an accountable officer must provide DTF with copies of documentation that support the budget and actual transfer process, and any other relevant information as and when required.

# Exclusions

1. To facilitate the processing of MoG changes and meet government requirements, DTF is authorised:
2. to change the effective date, timeframes and due dates referred to within this Treasurer’s Direction
3. to determine the exclusion of parameters from budget transfers where necessary.

# Change history

| Version | Date | Author | Change details |
| --- | --- | --- | --- |
| 1.0 | 1 July 2020 | DTF Financial Policy | Initial version |