

# Guidelines for Machinery of Government (MOG) Changes

Fiscal Management Division  
Queensland Treasury

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## 1.0 INTRODUCTION

### 1.1 Purpose and Scope

The purpose of this document is to provide agencies with guidance on the process for completing the MOG sign-off form and the accounting and budgetary requirements.

These guidelines primarily focus on the official machinery of Government (MOG) changes to departmental functions. However, the principles may also be applied to other Government-directed transfers such as functions transferred to, from or between statutory bodies or Government Owned Corporations (GOCs). The MOG sign-off form, discussed in Part 5.0, is recommended for use by these agencies as well, to agree on the balances to transfer.

### 1.2 Definition

A MOG change is the formal transfer of functions from one agency (usually a department) to another, made by Administrative Arrangements Orders and Departmental Arrangements Notices published in the Government Gazette. Agreements to transfer resources and functions must be published in a Gazette notice to be considered formal MOG changes.

MOG changes often occur following an election or when Ministerial positions are “reshuffled”. These may involve a simple transfer of a minor function or small administrative unit. Alternatively, the MOG change may have significant implications for both Transferring and Receiving departments – in some cases, whole departments can be abolished or created through MOG changes.

For the purposes of this document, the ‘transferor’ is referred to as the ‘Transferring’ department and the ‘transferee’ is referred to as the ‘Receiving’ department.

The terms ‘department’ and ‘agency’ are inter-changeable for the purposes of this document.

### 1.3 Legislative Requirements

Section 79 of the Financial Accountability Act 2009 (FA Act) provides the legal mechanism for the transfer of appropriation following MOG changes.

Section 79 applies if:

- after the enactment of the ordinary Annual Appropriation Act for a financial year, the public business of departments is redistributed; and
- because of the redistribution, appropriation funding allocated to a department (the transferor department) becomes funding of another department (the transferee department).

Governor-in-Council must approve the parts of the transferor department’s vote which should be paid to the transferee department for the redistributed function (s79 (2) and (3)). This decision will be published in a gazette notice which shows appropriation amounts still available for payment to the transferor department and the appropriation amounts now available for payment to the transferee department (s79 (4)).

Further details are discussed in Part 6.0.

## 2.0 ANNOUNCEMENT OF MACHINERY OF GOVERNMENT CHANGES

Formal changes in Ministerial and departmental responsibilities are announced in Administrative Arrangements Orders and/or Departmental Arrangements Notices.

### 2.1 Administrative Arrangements Orders

Administrative Arrangements set out the principal Ministerial responsibilities of Ministers and the Acts that they administer. The Arrangements are determined solely by the Premier and are made by Order in Council in accordance with section 44 of the *Constitution of Queensland 2001*. The Executive Council Secretariat manages the process of consolidation and amendment of the Administrative Arrangements.

The schedule to the consolidated Administrative Arrangements Order sets out:

- the Minister's title;
- the Minister's Principal Ministerial Responsibilities;
- Acts Administered by each Administrative Unit under each portfolio; and
- the responsible heads of each Administrative Unit.

Further information about Administrative Arrangements Orders is provided in section 10.1 of the Executive Council Handbook.

### 2.2 Departmental Arrangements Notices

Departmental functions and responsibilities are also the responsibility of the Premier. A Departmental Arrangements Notice is prepared to create and abolish departments and/or amalgamate part or parts of Departments as specified within the *Public Service Act 2008*. Such actions are made by an Executive Council Minute and published in the Queensland Government Gazette. The administration of these matters is undertaken by the Public Service Commission.

Consolidated Departmental Arrangements Notices are prepared on the Premier's instructions following a general election. In addition, amendments to Departmental Arrangements Notices are made from time to time with the approval of the Premier.

Further information about Departmental Arrangements Notices is provided in section 10.1 of the Executive Council Handbook.

### 2.3 Effective Date of MOG changes

The effective date of a MOG change is the commencement date published in the gazette notice. If no commencement date is prescribed, the effective date is the date of the gazette. However, for financial reporting purposes, the actual date of a MOG may be different to the gazettal date in certain circumstances.

In accordance with the FA Act and the *Financial and Performance Management Standard 2009* (FPMS):

- when a Transferring department is not abolished and the MOG does not occur on the first day of the month, then the transfer is taken to have occurred on the first day of the following month (section 80 of the FA Act)
- when a Transferring department is abolished, the effective date for the MOG is the abolition date for the Transferring department and the day following the abolition date for the transferor department (section 80 of the FA Act)
- newly formed departments and statutory bodies must apply the commencement date provisions contained in section 44 of the FPMS.

FRR 2F *Machinery-of-Government Changes* provides guidance to affected departments about financial and annual reporting and legislative requirements for abolished departments, new departments and continuing departments following a MOG change.

Despite the final financial statements of an abolished department being prepared as at the date of abolition, materiality concessions in FRR 2F allow that, where transactions between abolition date and the end of the month are immaterial and there are no material differences in the balances of assets/liabilities to be transferred, then it may be possible for those transactions to be reported in the abolished department's final financial statements. To avoid duplication, if these immaterial transactions are included in the abolished department's financial statements, they must not be included in the Receiving department's financial statements. This outcome can only be achieved, however, after consultation with and agreement from the Queensland Audit Office (QAO).

### **3.0 TRANSFERS OF FUNCTIONS AFFECTING STATUTORY BODIES AND GOCs**

For other Government transfers affecting statutory bodies or GOCs, the transfer mechanism will vary depending upon requirements specified in the relevant legislative head of power used to give effect to the transfer. For instance, certain restructuring provisions require that the responsible Minister approve and gazette a transfer notice, which may or may not reference detailed schedules of the transferring assets, liabilities, instruments, employees etc. In other cases, the legislation provides that the transfer be given effect by regulation. The operation and requirements of the transfer regulation will be guided by the legislative head of power.

Agencies are encouraged to seek their own legal advice as appropriate on the requirements of relevant transfer legislation. Where transfers affect GOCs, agencies should consult with Treasury's Shareholder and Structural Policy Division.

Also note that for the asset transfers to be effected through Contributed equity, the transfer notice or other suitable Government direction (such as a Ministerial letter) will need to specify that the transfer will be an equity withdrawal for the transferor and an equity injection for the transferee. Refer to the FRRs, section 4F for further advice.

If a MOG change involves a public sector company, please forward details of the change and relevant contact officer (via [fmhelpdesk@treasury.qld.gov.au](mailto:fmhelpdesk@treasury.qld.gov.au)). Details of the requirements concerning a public sector company are contained in the Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies which is available on the Queensland Treasury website.

## 4.0 TRANSFER NEGOTIATIONS

Once the necessary notices are published to provide the legal basis for the MOG change, departments should commence discussions to agree upon the budgeted revenues and expenses (including appropriation), assets, liabilities and resources (personnel) associated with the transfer. In undertaking these negotiations, departments should refer to information and guidance on MOG implementation and principles at

<https://www.forgov.qld.gov.au/machinery-government-changes>.

The negotiation of the MOG transfer amounts is a matter of determination by the relevant Transferring and Receiving department(s). However, Treasury Analysts may be approached by the departments to provide advice on Budget/forward estimates issues throughout the negotiation process.

As a general principle, the overall effect of the MOG change should be **budget neutral**. Appropriation transferred from the Transferring department must equal the appropriation received by the Receiving department. Cabinet Budget Review Committee (CBRC) approval is required where additional appropriation is sought for a function that has undergone a MOG change. Treasury should be consulted in all such cases. In addition, it is preferred that a nil budgeted operating result is transferred. This may result in the recognition of appropriation accruals to be transferred. Refer Part 4.2.

Agencies that use a shared service provider (SPP) should liaise directly with their SSP to determine the quantum of Corporate Services support costs that need to be transferred in relation to the affected functions.

### 4.1 Cash Appropriation

The amount of cash appropriation to be transferred will consist of two components:

- a formal transfer of **original** appropriation under section 79 of the FA Act – i.e. the amount of appropriation published in the Annual Appropriation Acts for departmental services, equity adjustment and administered items, relating to the transferred function, **not received** as at the effective date of the MOG change (refer Part 6.1.1); and
- any **subsequent appropriation** adjustments approved **in addition to** the original appropriation (i.e. rollover of deferrals or additional funding (net of approved savings) provided to the function) and not received as at the effective date of the MOG change. (refer Part 6.1.2). These do not form part of the section 79 transfers.

## 4.2 Revenues and Expenses

Agencies are to calculate the actual revenue and expenses related to each MOG'd function to the date of the MOG and then agree the amount of the original budgeted (as published in the SDS) revenues and expenses and the amount of unused Latest Budget (Estimated Actual) to transfer for each function.

Generally, there should be no surplus or deficit transferred in relation to the MOG. If necessary, an appropriation receivable or payable may be recognised to ensure revenues equal expenses for the function being transferred. This appropriation receivable/payable is then transferred as part of the MOG. Accrued appropriation may be recognised and transferred for the original Published Budget and/or the Approved Revised Budget (Estimated Actual).

It is expected that in most cases, appropriation accruals would be minimal. Preferably, the appropriation received up to the date of the MOG is allocated to match the expenses of the function to be transferred. If an appropriation accrual is recognised, the cash appropriation to be transferred **will differ** from the appropriation revenue being transferred.

The amount of the Published Budget to transfer is calculated as the actual revenue/expense at MOG date less the Published Budget. If the difference is negative, then there is no Published Budget to transfer.

The amount of revenue/expenses to transfer for the Latest Budget (Estimated Actuals) is calculated as the actual position at MOG date less the Latest Budget (Published Budget plus subsequent approvals). If the difference is negative, then the Transferring department needs to enter an ATM to increase its Latest Budget to the actual amount and there will be no Latest Budget to transfer.

Refer Attachment 4 for further details on calculating the amounts to transfer and how to populate the MOG sign-off form.

## 4.3 Net Assets

Departments need to agree on:

- what assets and liabilities will be transferred; and
- their value as at the date of the MOG.

Transferring departments should ensure that the assets are at fair value in their books prior to transfer (refer FRR 2F). Where assets and liabilities transferred affect expense items (such as depreciation expense), this should be factored into the value of the budgeted expenses transferred. The value of net assets transferred out **must** equal the net assets transferred in. If the Receiving department disagrees with the values transferred, it may perform a subsequent **revaluation**.



For the purposes of completing the MOG sign-off form and ATMs (for the SDS);

- The value of the Published Budget net assets to transfer will equal the Published Budget. This is because the Recast Published Budget (Adjusted Budget column in the SDS) represents the budgeted position at the end of the year and the Receiving department will have all the assets and liabilities.
- The agreed value of the net assets and liabilities to be transferred will represent the amount of the Latest Budget (Estimated Actuals) to transfer.

The net equity to be transferred will be reflected as a 'non-appropriated equity transfer' on the MOG sign-off form and ATMs. The accounting adjustments are discussed in Part 7.0.

Refer Attachment 4 for further details on calculating the amounts to transfer and how to populate the MOG sign-off form.

#### **4.4 Cash flow**

The Tridata cash flow is derived from the Operating Statement and the Balance Sheet movements. To calculate the Tridata Cash Flows to transfer, departments will therefore need to calculate the Balance Sheet movements to transfer (in addition to the balance at MOG date).

Refer Attachment 4 for further details on calculating the Balance Sheet movement amounts to transfer and how to populate the MOG sign-off form.

#### **4.5 Impact of MOGs on the SDS disclosure for the next Budget**

##### **4.5.1 Abolished departments**

There will be no SDS for Abolished departments as they do not exist at the end of the financial year and will not have a budget for the next year.

##### **4.5.2 Continuing Transferring departments**

*Adjusted Budget column*

- The Operating Statement will reflect the actual revenues and expense and cash flows up to the date of the MOG where the actuals at MOG date **are less** than or equal to the original budget;
- The Operating Statement will reflect the original budget for the functions transferred where the actuals at MOG date **are more** than or equal to the original budget; and
- The Balance Sheet will contain nil balances for the transferred function(s) as those functions will not exist in the Transferring department at the end of the financial year.
- The Cash Flow Statement will be derived from the Operating Statement and Balance Sheet movements transferred as per the Published Budget columns of the MOG sign-off form.

*Estimated Actual column*

- The Operating Statement will reflect the actual revenues and expense and cash flows up to the date of the MOG; and
- The Balance Sheet will contain nil balances for the transferred function(s) as those functions will not exist in the Transferring department at the end of the financial year.
- The Cash Flow Statement will be derived from the Operating Statement and Balance Sheet movements transferred as per the Estimated Actual columns of the MOG sign-off form.

#### **4.5.3 Receiving department**

*Adjusted Budget column*

- The Operating Statement will reflect the amount of the original Published Budget transferred as per the MOG sign-off form.
- The Balance Sheet will reflect the Transferring department's original Published Budget for those functions.
- The Cash Flow Statement will be derived from the Operating Statement and Balance Sheet movements transferred as per the Published Budget columns of the MOG sign-off form.

*Estimated Actual column*

- The Operating Statement and Balance Sheet will reflect the amount of the Latest Budget transferred as per the Estimated Actual columns of the MOG sign-off form.
- The Cash Flow Statement will be derived from the Operating Statement and Balance Sheet movements transferred as per the Estimated Actual columns of the MOG sign-off form.

## **4.6 Impact of MOGs on Audited Financial Statements for AASB1055 Budgetary Reporting comparison**

### **4.6.1 Abolished departments**

- It has been agreed with QAO that the actuals as at MOG date should be compared to the full year original Published Budget as published in the current year's SDS. This will be consistent with the 2017-18 FRRs - FRR 5C *Budgetary Reporting Disclosures*.

### **4.6.2 Continuing Departments**

- For the purposes of comparing the actuals with Budget, the Budget column will reflect the Adjusted Budget as published in the next SDS, as this is adjusted for the MOG. Refer to FRR 5C.

## **5.0 MOG TRANSFER SIGN-OFF FORM**

### **5.1 MOG Transfer Sign-off Form**

A specific MOG Transfer Sign-off Form (MOG sign-off form) has been developed to facilitate the finalisation and documentation of negotiated MOG transfers. Refer to Attachment 4 for Instructions on how to complete the MOG sign-off form. An example on how to complete the MOG sign-off form is available on the Tridata website under Downloads.

This form should be signed by the Accountable Officers of both Transferring and Receiving departments. As such, the forms will provide a formal record of agreed MOG transfers. The form will be used by Treasury and the QAO to provide a basis for effecting transfers of appropriation under section 79 and checking adjustments in the Treasury Tridata system, as well as assisting the QAO to verify to the Adjusted Budget column in the Service Delivery Statement (SDS) for the purposes of AASB 1055 *Budgetary Reporting* for continuing departments.

A separate form is to be completed for each function transferred. For example, if Department A transfers function X to Department B and function Y to Department C, separate forms are required for transfers from Department A to Department B and from Department A to Department C.

### **5.2 Changes to Agreed Balances to be Transferred**

If, within the same financial year, agreed balances are subsequently changed after the MOG sign-off form has been signed, a new MOG sign-off form will need to be signed for the changes. If a new form is not signed, the change cannot be reflected as a change to the MOG transfer balance or to equity. If the change affects the amount of appropriation to be transferred, the ATM will not be approved as a MOG ATM. It may be processed and approved as a non-MOG ATM but CBRC approval will be required to support the request for additional appropriation.

If the value of the amount transferred changes in the following year(s) (e.g. due to an error) and both parties agree and want to reflect this change as a MOG transfer, a new form must be signed. This will allow the adjustment to be done as a prior year adjustment. The change cannot affect the value of the cash appropriation to be transferred as cash appropriation only relates to the current year. However, an appropriation accrual may be adjusted. If a new form is not signed, the changes need to be reflected as a current year valuation adjustment, with no adjustment to non-appropriated equity.

## 6.0 CASH APPROPRIATION AND ADMINISTERED REVENUE TO GOVERNMENT ADJUSTMENTS

### 6.1 Governor-in-Council Approval of Section 79 Transfers and Publication in the Gazette

Pursuant to section 79 of the FA Act, Governor-in-Council approval is required to formally transfer the amount of the Transferring department's **original** cash appropriation (i.e. departmental services, equity adjustment and administered items) to be paid to the Receiving department.

Departmental services, (controlled) equity adjustments and administered items to be transferred will be based on the amounts agreed and included in the **cash appropriation line** in the Published Budget 'Movements' column of the MOG sign-off form.

Treasury's Fiscal Management Division will prepare the Executive Council Minute, in consultation with the Treasury Analyst, seeking Governor-in-Council approval for the transfer of appropriation under the FA Act. Treasury Analysts are required to forward copies of the signed MOG sign-off forms, supporting documentation such as ATMs (from the recast Published Budget) and relevant gazette notices relating to the MOG transfer to Treasury's Fiscal Management Division for this purpose.

Once approval from Governor-in-Council is received, a notice specifying the appropriation amounts to be transferred will be published in the Government Gazette. This notice is prepared by Treasury's Fiscal Management Division.

#### 6.1.1 Amount of original appropriation transferred

The amount entered in the cash appropriation lines in the **Published Budget column** of the MOG sign-off form is used to calculate the amount of the section 79 appropriation transfers. It is therefore critical that this amount is correctly calculated. Where appropriation accruals have been taken up at MOG date, the cash appropriation to transfer would then be equal to the appropriation revenue/equity +/- any appropriation payable or receivable and **will be different** to the appropriation revenue/ equity line items in the Operating Statement.

In calculating the amount of the **original** appropriation to transfer, all cash appropriation received up to the date of the MOG is taken to represent payment from **original** appropriation.

Where cash appropriation received is less than the **original** appropriation:

- The difference between the **original** cash appropriation and the year-to-date (YTD) cash appropriation is the amount available for transfer under section 79.
- This amount is to be entered in the **Published Budget** 'Movements' column against the 'cash appropriation' line for each appropriation heading. This form is discussed further in Attachment 4.

Where the cash appropriation received is greater than the **original** appropriation;

- There is no amount available for transfer under section 79;
- A **nil amount** is entered in the **Published Budget** 'Movements' column of the MOG Sign-off Form against 'cash appropriation';
- An Unforeseen Expenditure approval under section 35 of the FA Act will be sought for the Transferring department for the amount in excess of the original appropriation paid up to the date of the MOG.

### **6.1.2 Any subsequent appropriation adjustments approved in addition to the original appropriation in the Tridata ATM**

Where any **subsequent appropriation** adjustments relating to the transferred function (i.e. rollover of deferrals or additional funding (net of approved savings) provided to the function) have been approved in Tridata **after** the original Appropriation Acts are published;

- the amount to enter in the **Estimated Actual** 'Movements' column of the MOG Sign-off Form against 'cash appropriation' for each heading is the difference between the Latest Budget and the actual amount received
- the cash appropriation entered in the Published Budget column **will be different** to the cash appropriation entered in the Estimated Actual column.

## **6.2 Payment of Appropriation post-MOG**

For all departments, the amount of controlled and administered appropriation paid up to the **effective** date of the MOG transfer becomes their 'cash' appropriation up to the date of the MOG.

After the date of the MOG, the actual payment of appropriation to the Receiving departments will lag behind the effective date of the MOG change. This will mean that the Transferring department will continue to receive appropriation through the Tridata Cash Funding Module (CFM) for the transferred function(s) up to the date that the MOG adjustments is entered and approved in the ATM and CFM to transfer the appropriation.

Once the MOG adjustments have been entered in the Tridata system and flowed through to the CFM:

- The Transferring department will be required to effectively 'repay' that amount of appropriation it has received relating to the transferred function.
  - For continuing departments, this is generally achieved through **reductions in subsequent fortnightly appropriation payments** as reflected in the revised CFM, rather than a physical repayment to the Consolidated Fund (CF).
  - Abolished departments will be required to physically repay CF as they are not entitled to appropriation after the date of the MOG.
- The Receiving department will receive the full amount of appropriation relating to the transferred function from the date of the MOG as per its CFM allocation.

**Under no circumstances** should a Transferring department **pay appropriation** funding **received after** the MOG effective date **to the Receiving department** and record against appropriation WoGFIRs (as appropriation is only paid from CF).

### **6.3 Administered Revenue to Government post-MOG**

For administered functions, where the Transferring department continues to collect and process administered revenues on behalf of the Receiving department, the Transferring department is to remit the administered receipts to CF. **No cash is transferred between departments.**

It is therefore **critical** that the Receiving department’s name appears on the CF remittance advice sent by the Transferring department to Treasury Finance so that it can be correctly receipted in CF with the Receiving department’s identifier as the trading partner.

## **7.0 ACCOUNTING ADJUSTMENTS**

### **7.1 Year-to-date Actual Adjustments**

The Transferring department will record expenses and revenues and movements in assets and liabilities in its accounts up until the effective date of the MOG transfer. After that date, the balances of the assets and liabilities will be transferred to the Receiving department. The Receiving department will record the expenses and revenues and movements in assets and liabilities in its accounts for the rest of the financial year. This applies even if the Transferring department continues to process the transactions on the Receiving department’s behalf. Refer Part 7.2 on the Interim Arrangements.

Once the amounts to be transferred have been agreed between the agencies, accounting entries are required to show the transfer, to the Receiving department, of assets and liabilities which existed in the Transferring department at the date of the MOG change. These entries should be prepared for the financial year in which the transfer takes place. These entries will also be used as the basis for the transfer of the net assets in the Latest Budget MOG ATM (refer Part 8.2).

An example of the basic journal entries for the transfer of existing assets and liabilities in the current financial year is shown in Table 1 below.

**Table 1: Journal entry for YTD actual transfer**

<b>Transferring department</b>	<b>Receiving department</b>
DR Accumulated Depreciation	DR Assets
DR Liabilities	CR Accumulated Depreciation
DR Equity (Non-Appropriated equity adjustment)	CR Liabilities
CR Assets (at book value)	CR Equity (Non-Appropriated equity adjustment)

The Transferring department should provide details of individual ledger balances being transferred (including the list of Property, Plant and Equipment) to the Receiving department. In addition, it should also provide the WOGFIRs, Classification of Functions of Government (COFOG) and Counter Party Identifier (CPID) to assist the Receiving department with its ATMs and actuals’ uploads.

As mentioned in Part 4.2, departments may recognise and transfer an appropriation receivable or payable to avoid either department recording a surplus or deficit in relation to the function transferred.

### 7.1.1 Treatment of Net Assets

As assets and liabilities will likely not net to zero, an amount of equity (either a positive or negative amount) will also need to be transferred. The FRR 4F *Equity, Contributions by Owners and Distributions to Owners* provides some guidance regarding the accounting treatment for the transfer of equity for agency financial statements. In accordance with FRR 4F, asset revaluation surpluses cannot be transferred.

In accordance with FRR 4F, net assets are to be transferred from/to Contributed Equity. However, where the transfer of net assets would result in a negative Contributed Equity balance for the Transferring department, the department would instead adjust its Contributed Equity to nil and post the remaining amount of the net asset adjustment to Accumulated Funds first and then to Expenses, if Accumulated Funds is exhausted. The Receiving department would recognise Contributed Equity and a corresponding revenue to match the Transferring department's expense.

Departments should refer to the FRR 2F *Machinery of Government Changes* regarding implications for their audited financial statements.

The accounting entries used in agency actuals to transfer the net equity of a function as at the date of the MOG transfer are also to be reflected in the Latest Budget adjustments.

## 7.2 Interim Arrangements for processing MOG'd Functions

Where the Transferring department continues to process transactions on behalf of the Receiving department (until the Receiving department has its systems and bank accounts in place), the QAO has agreed that these transactions be treated as '**agent transactions**' by the Transferring department. As such, the Transferring department is to disclose associated amounts and balances in its Notes to the Financial Statements in accordance with FRR 2E *Controlled and Administered Transactions and Balances*. The Receiving department will recognise all transactions and balances (including cash at bank) processed by the Transferring department on its behalf.

The Transferring department should:

- not recognise the transactions processed on the Receiving department's behalf in its own Operating Statement and Balance Sheet; and
- quarantine the amounts in its bank account that relate to the function that has been transferred and **not** take them up in its Balance Sheet.

The Receiving department will:

- take up the transactions, including 'cash at bank', as if they had processed them themselves (even if they haven't physically received the net cash from the Transferring department).

The physical net cash should be transferred between the Transferring and Receiving departments as soon as is feasible. Because this is an agent transaction, there **should not be a receivable and payable** reported between the two agencies.

For controlled functions:

- any net cash flows (excluding appropriation) for the interim period are to be transferred to the Receiving department (or from the Receiving department to the Transferring department if payments are greater). This should be done regularly to minimise cash outstanding between the two entities at each balance date. Refer to Part 6.2 for the correct treatment of appropriation received in the interim period.

For administered functions:

- minimal cash is transferred between departments as all administered expenses are reimbursed from appropriation (Refer Part 6.2) and all administered receipts are paid to the Consolidated Fund (Refer Part 6.3).

## **8.0 BUDGET ADJUSTMENTS**

In order for the Budget (and SDS) to reflect that the function has been transferred to another department, adjustments need to be processed in Tridata, using the Tridata ATM, for each transferred function. **Separate** ATMs will be required to reflect the transfer of the asset and liability **balances** as at the effective date of the MOG and as the transfer of appropriation and other budgeted **movements** that have not been received/occurred as at the date of the MOG. The MOG ATMs for the movements and net asset balances will need to be entered for both the Recast Published Budget **and** the Latest Budget. In all, there will be **four MOG ATMs**.

The Receiving department must initially mirror the same WOGFIRs, COFOGs and CPIDs in its ATM as the Transferring department. If the Receiving department wants to use different WOGFIRs to reflect a different method of service delivery or to correct coding errors, this should be done in a separate **non-MOG ATM**. It is expected that the COFOG would not change as it is attached to the function being transferred (not the Receiving department). Refer Part 8.3.

Attachment 5 provides further information about:

- adjustments to Recast Published Budget (Adjusted Budget Column in next SDS)
- adjustments to Latest Budget (Estimated Actual and Budget columns in next SDS)
- how to reflect Adjustments in ATMs.

Prior to the MOG ATMs, other non-MOG ATMs may be required by the Transferring department to adjust the Latest Budget:

- for CBRC approvals obtained prior to the MOG;
- to reflect appropriation accruals taken up to enable the transfer of a balanced Operating Statement; or



- other adjustments required to factor in the actual position as at the date of the MOG (for example, where revenue has been recognised in actuals but was not originally budgeted).

This revised Latest Budget will then be the basis for calculating the budgeted amounts to transfer as part of the MOG ATMs.

Basic entries for the transfer of asset and liability **balances** as at the date of the MOG are shown Table 2. These are consistent with the journal entries entered in each department's ledger to reflect the net asset transferred (refer Part 7.1).

**Table 2 Basic ATM entries required for the transfer of the net assets as at date of MOG**

Transferring department	Receiving department
DR Liabilities balances (transfer wogfir)	DR Assets balances (transfer wogfir)
DR Non-appropriated Equity Injection/withdrawal (transfer wogfir)	CR Liabilities balances (transfer wogfir)
CR Asset balances (transfer wogfir)	CR Non-appropriated Equity Injection/withdrawal (transfer wogfir)

These adjustments will be processed in the department's own finance system ((budget and actuals), as well as through an entry in the ATM.

Basic entries for the transfer of budgeted appropriation, other movements in revenues and expenses and estimated asset and liability **movements** are shown Table 3.

**Table 3: Basic ATM entries required for Budget movement adjustments**

Transferring department	Receiving department
DR Appropriation Revenue	DR Expenses
DR Own source Revenue	DR Assets movements
DR Liabilities movements	CR Appropriation Revenue
DR Appropriated Equity Injection/withdrawal	CR Own source Revenue
DR Non-appropriated Equity Injection/withdrawal	CR Liabilities movements
CR Expenses	CR Appropriated Equity Injection/withdrawal
CR Asset movements	CR Non-appropriated Equity Injection/withdrawal

These adjustments will be processed in the department's own finance (budget) system (e.g. SAP), as well as through an entry in the ATM.

### **8.1 Recast Published Budget**

The Recast Published Budget ATMs will flow through to the Adjusted Budget column of the respective department's next SDS financial statements (including Cash Flow Statement).

The Recast Published Budget ATMs will also be used by Treasury Analysts and departments to explain movements in appropriation from the Appropriation Acts (adjusted for MOGs) for the Consolidated Fund Financial Report which is tabled in Parliament. It is therefore important that Treasury Analysts **check that the calculated cash appropriation transferred in the Recast Published Budget ATM** (revenue or equity less/plus any appropriation receivables/payables) **agrees to the cash appropriation in the Published Budget 'Movements' column** of the MOG sign-off form. Refer example below.

**Example: Transfer of Published Budget**

ATM Example - Receiving Department					
Title: MOG 12 Dec 2017 - transfer of ORIGINAL published budget movements for Function EGBDF from Department ABC to Dept XYZ					
Detail: The sum of the balance sheet transactions and remaining balances to transfer represents the original Published budget balance sheet balances.					
		DR/CR	COFOG	CPID	2017-18
491101	Appropriation for deptal services - State Funded	CR	c01	CRO048-CPID	3000
410001	Sales of goods and services	CR	c03	PNF219-CPID	2000
511101	Salaries, wages and related - Government employees	DR	c03	HOU205-CPID	1380
511201	Annual leave	DR	c03	HOU205-CPID	100
511301	Long service leave	DR	c03	HOU205-CPID	31
511401	Employer contributions - Accumulation schemes	DR	c03	HOU205-CPID	90
511403	Employer contributions - Defined Benefit scheme	DR	c03	HOU205-CPID	60
511901	Workers compensation expense	DR	c03	WCQ157-CPID	39
522001	Other Supplies and Services	DR	c03	PNF219-CPID	3300
111212	Cash at bank - increase/(decrease)	DR	c03	PFE218-CPID	1000
112112	Receivables of operating nature - increase/(decrease)	DR	c03	PNF219-CPID	6000
112112	Receivables of operating nature - increase/(decrease)	DR	c03	DJU017-CPID	-500
112922	Appropriation for deptal services receivable - State F. - incr./decr.	DR	c01	CRO048-CPID	-2000
125122	Land - valuation - Purchase/Acquisition	DR	c03	OWN999-CPID	2000
125126	Land - valuation - Revaluation/devaluation	DR	c03	OWN999-CPID	500
211112	Payables of operating nature - increase/(decrease)	CR	c03	PNF219-CPID	3000
212122	QTC borrowings - Loans raised	CR	c03	QTC145-CPID	1500
313002	Appropriation equity adjustments - State F. - Equity Injections	CR	c01	CRO048-CPID	2000
321002	PP&E revaluations - Revaluation increments/decrements	CR	c03	OWN999-CPID	500
<b>Check Total</b>					<b>0</b>
<b>Cash Appropriation for departmental services</b>					<b>5000</b>
<b>Cash Appropriation for equity adjustments</b>					<b>2000</b>

Machinery-Of-Government Transfer Sign-Off Form								
Transferring Department Name:	ABC							
Receiving Department Name:	XYZ							
Function(s) transferred:	EGBDF							
Date of Effect:	12/12/2017							
Controlled	2017-18	2017-18	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Published Budget	Published Budget	Estimated Actual	Estimated Actual	Next Year Budget <sup>5</sup>	Estimate <sup>5</sup>	Estimate <sup>5</sup>	Estimate <sup>5</sup>
	Movements <sup>1</sup>	Residual Balances <sup>2</sup>	Movements <sup>3</sup>	Balances at MOG date <sup>4</sup>	Movements	Movements	Movements	Movements
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash appropriation for departmental services <sup>6,7</sup>	5,000		8,000		12,000	12,000	12,000	12,000
Cash appropriation for equity adjustments <sup>8,9</sup>	2,000		3,000		0	0	0	0
Cash appropriation for administered items <sup>10,11</sup>								

## 8.2 Latest Budget

The Latest Budget ATMs will flow to the Estimated Actual and Budget columns of the next SDS.

The Latest Budget ATMs will also adjust the cash appropriation to be paid to the Transferring and Receiving departments. Therefore, it is essential that the calculated cash appropriation transferred in the Latest Budget ATM agrees to the cash appropriation in the Estimated Actual 'Movements' and Next Year Budget and Estimate columns of the MOG sign-off form. Refer example below.

### Example: Transfer of Latest Budget

ATM Example - Receiving Department										
Title: MOG 12 Dec 2017 - transfer of Latest Budget movements for Function EGBDF from Department ABC to Dept XYZ										
		DR/CR	COFOG	CPID	Fiscal Limit	2017-18	2018-19	2019-20	2020-21	2021-22
491101	Appropriation for deptal services - State Funded	CR	c01	CRO048-CPID	Y	5000	12000	12000	12000	12000
410001	Sales of goods and services	CR	c03	PNF219-CPID		3200	5500	6000	6500	7000
511101	Salaries, wages and related - Government employees	DR	c03	HOU205-CPID		2350	5780	5890	6000	6120
511201	Annual leave	DR	c03	HOU205-CPID		188	462	472	480	490
511301	Long service leave	DR	c03	HOU205-CPID		53	131	134	136	139
511401	Employer contributions - Accumulation schemes	DR	c03	HOU205-CPID		152	374	382	389	397
511403	Employer contributions - Defined Benefit scheme	DR	c03	HOU205-CPID		102	250	255	260	265
511901	Workers compensation expense	DR	c03	WCQ157-CPID		55	143	147	155	159
522001	Other Supplies and Services	DR	c03	PNF219-CPID		5300	10360	10720	11080	11430
11212	Cash at bank - increase/(decrease)	DR	c03	PFE218-CPID		2000	0	0	0	0
112112	Receivables of operating nature - increase/(decrease)	DR	c03	PNF219-CPID		6000	0	1000	0	0
112112	Receivables of operating nature - increase/(decrease)	DR	c03	DJU017-CPID		-500	0	0	0	0
112922	Appropriation for deptal services receivable - State F. - incr./decr.	DR	c01	CRO048-CPID		-3000	0	0	0	0
125122	Land - valuation - Purchase/Acquisition	DR	c03	OWN999-CPID		3000	0	0	0	0
125126	Land - valuation - Revaluation/devaluation	DR	c03	OWN999-CPID		500	500	500	500	500
211112	Payables of operating nature - increase/(decrease)	CR	c03	PNF219-CPID		3500	-1000	0	0	0
212122	QTC borrowings - Loans raised	CR	c03	QTC145-CPID		1000	1000	1000	0	0
313002	Appropriation equity adjustments - State F. - Equity Injections	CR	c01	CRO048-CPID	Y	3000	0	0	0	0
321002	PP&E revaluations - Revaluation increments/decrements	CR	c03	OWN999-CPID		500	500	500	500	500
<b>Check Total</b>						<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash Appropriation for departmental services</b>						<b>8000</b>	<b>12000</b>	<b>12000</b>	<b>12000</b>	<b>12000</b>
<b>Cash Appropriation for equity adjustments</b>						<b>3000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Machinery-Of-Government Transfer Sign-Off Form								
Transferring Department Name:	ABC							
Receiving Department Name:	XYZ							
Function(s) transferred:	EGBDF							
Date of Effect:	12/12/2017							
Controlled	2017-18	2017-18	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Published Budget	Published Budget	Estimated Actual	Estimated Actual	Next Year Budget <sup>5</sup>	Estimate <sup>5</sup>	Estimate <sup>5</sup>	Estimate <sup>5</sup>
	Movements <sup>1</sup>	Residual Balances <sup>2</sup>	Movements <sup>3</sup>	Balances at MOG date <sup>4</sup>	Movements	Movements	Movements	Movements
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash appropriation for departmental services <sup>6,7</sup>	5,000		8,000		12,000	12,000	12,000	12,000
Cash appropriation for equity adjustments <sup>8,9</sup>	2,000		3,000		0	0	0	0
Cash appropriation for administered items <sup>10,11</sup>								

**Guidelines for Machinery of Government (MOG) Changes**

Where **subsequent** appropriation adjustments (such as deferrals, savings or additional appropriation) or other adjustments have been made after the Published Budget, the appropriation and other items transferred **will differ** between the Published Budget and Estimated Actual columns of the MOG form (see below). Therefore, the Recast Published Budget ATMs should **also differ** from the Latest Budget ATMs for the current year (refer ATM examples above).

<b>Machinery of Government Transfer Example</b>				
<b>Machinery-Of-Government Transfer Sign-Off Form</b>				
<b>Transferring Department Name:</b>	ABC			
<b>Receiving Department Name:</b>	XYZ			
<b>Function(s) transferred:</b>	EGBDF			
<b>Date of Effect:</b>	12/12/2017			
	2017-18 Published Budget  Movements <sup>1</sup> \$'000	2017-18 Published Budget  Residual Balances <sup>2</sup> \$'000	2017-18 Estimated Actual  Movements <sup>3</sup> \$'000	2017-18 Estimated Actual  Balances at MOG date <sup>4</sup> \$'000
<b>Controlled</b>				
Cash appropriation for departmental services <sup>6,7</sup>	5,000		8,000	
Cash appropriation for equity adjustments <sup>8,9</sup>	2,000		3,000	
Cash appropriation for administered items <sup>10,11</sup>				
<b>REVENUES</b>				
Appropriation for departmental services - state funded	3,000		5,000	
Appropriation for departmental services - commonwealth funded				
Other (administered) appropriation - state funded				
Other (administered) appropriation - commonwealth funded				
Taxes				
User charges	2,000		3,200	
Royalties and land rents				
Grants and other contributions				
Interest				
Other revenues				
Gains on sale/revauation of assets				
<b>TOTAL REVENUES</b>	<b>5,000</b>		<b>8,200</b>	

The overall effect of the MOG change must be **budget neutral**. Where Receiving departments require additional appropriation for functions transferred in, CBRC approval is necessary.

### 8.3 Treatment of different service models

It is acknowledged that:

- Receiving departments have the discretion to alter the means by which transferred services are delivered. For example, the Transferring department may have provided services in-house through paid employees, while the Receiving department may decide to provide the same service from its department through outsourced service delivery; and
- there may be incorrect WOGFIRS, COFOGs or CPIDs used by the Transferring department, especially on the asset and liability balances being transferred.

However, for the purposes of an audit trail, ATMs for the Receiving department must mirror the Transferring department (and align to the MOG sign-off form). It is not sufficient for only the totals or bottom line to agree between the Transferring and Receiving departments.

Where the Receiving department chooses to deliver services differently or simply correct a coding error on a transaction/balance being transferred, it may subsequently reallocate the budget in a later (non-MOG) ATM.

It should be noted that where the transferred function is using the CPID of the Receiving department, the Receiving department will need to take this up. However, it will need another non-MOG ATM to internally eliminate this transferred transaction with its budgeted transaction with the Transferring department (since a department cannot use its own CPID).

Functionality is available in Tridata to allow agencies to view each other's related MOG ATMs in Tridata for reconciliation purposes.

### 9.0 TRIDATA ADJUSTMENTS

It is essential that both Transferring and Receiving departments involved in a MOG transfer recognise the transfers in the same actuals data upload period and Budget period to facilitate reconciliation on a whole-of-Government basis.

The transfer of net assets for Actuals and Budget are to be reflected in Tridata using relevant 'transfer' WoGFIRs. The value of net assets transferred out **must** equal the net assets transferred in. If the Receiving department disagrees with the values transferred, it may perform a subsequent **revaluation** but this is considered **not** part of the MOG.

If there are coding errors or negative balances being transferred (e.g. negative CPIDs), the Receiving department may adjust for these using the correct WOGFIRS, COFOGs or CPIDs in its actuals. However, as mentioned in Part 8.0, the Receiving department's Budget ATMs must mirror the Transferring department but it may enter a non-MOG ATM to correct any errors or realignments.

Note: The COFOGs recognised by the Receiving department should reflect the COFOG used by the Transferring department as the COFOG represents the 'function' of the transaction.

## 9.1 Continuing Departments

Where a department continues to exist but **gains** or **loses** functions, the balances of the assets and liabilities as at the date of the MOG transferred in or transferred out are to be recorded against the appropriate '**Transfer**' WOGFIRs. Any cash balances transferred as at the date of the MOG transfer are to be transferred using the 'Cash on Restructure' WOGFIRs, not the 'increase/decrease' WOGFIRs.

The quantum of assets, liabilities and equity recognised must be identical in both the Transferring and Receiving department. The balances recorded should reflect the balances at the date of the MOG, as agreed and signed off on the MOG sign-off form.

In Tridata, value of the net assets transferred are recorded against the **Non-appropriated Equity transfer** WOGFIR 314004. The Receiving department will recognise a matching Non-appropriated Equity transfer. Where the transfer of Contributed Equity results in negative equity, there may be a difference between the treatment in the financial statements and the treatment in Tridata. However, the QAO has agreed that the variance analysis required for AASB1055 will be at the Total Equity level so this difference is unlikely to impact on the variance explanations. Refer to the Budgetary Reporting policies in FFR 5C for further guidance.

The CPID associated with these balances should reflect the appropriate counter party of the asset or liability taken up or transferred out and **not** the CPID of the Transferring or Receiving department. **However, for the non-appropriated equity transfer, the Transferring department is to use the CPID of the Receiving department and the Receiving department is to use the CPID of the Transferring department** (Tridata will convert the closing balances to CRO048-CPID at the end of the year). The COFOG should reflect the nature/purpose of the transaction and therefore should not change.

This will apply for both Budget and Actuals information.

## 9.2 Abolished Departments

Year-to-date actual transactions up to the cessation date will continue to be recorded in Tridata for the abolished department. Once amounts to be transferred to the Receiving department have been finalised, the cessation of the department will be recognised by bringing all its assets, liabilities and equity WOGFIR accounts to nil. The entity should use appropriate transfer WOGFIRs for this purpose. This will include Appropriated Equity transfers, Non-appropriated Equity transfers, Revaluation Reserve Surplus transfers and Accumulated Funds transfers. **Only abolished departments** may use WOGFIR 313004 Appropriated Equity transfers. The Receiving department, however, will record the net equity using non-appropriated equity only (314004) which must equal the sum of all the equity transfer WOGFIRs of the abolished department.

When processing these transfers, the department should ensure that its assets, liabilities and equity are transferred out using the COFOG and CPID against which each account balance is held. This will apply for both Budget and actuals information. The Receiving department should then take up these COFOGs and CPIDs.

**However, for the non-appropriated equity transfer, the Transferring department is to use the CPID of the Receiving department and the Receiving department is to use the CPID of the Transferring department** (the closing balances will be converted to CRO048-CPID at the end of the year).

Once the current financial year's actual position is finalised, the Tridata team will copy the data into each remaining quarter and the 'Act\_Jun\_Audited' area so that a Tridata whole of Government (WoG) reporting package can be produced and audit certification obtained for these entities. Abolished departments should not wait until the end-of-year reporting process to have their WoG reporting package certified as the relevant staff may not be available in the future. Departments are to liaise with the QAO regarding the audit process.

For abolished departments, the amount of appropriation paid up to the cessation date becomes their final '**cash**' appropriation. The value of the accrued appropriation position (appropriation revenue, receivable/payable) must be agreed with the Receiving department and processed as an adjustment to appropriation in the MOG ATM (recast Published Budget and Latest Budget) and reflected in both departments' financial statements. This will ensure the correct recording of appropriation in the relevant entities. **There will be no change to the reported cash appropriation paid up to the date of cessation.**

### **9.3 Newly Established Agencies**

For agencies created in Tridata as a result of a MOG change, balances are to be recorded against the appropriate '**Transfer In**' WOGFIR. The balances recorded should reflect the balances at the date of the MOG change, as agreed and signed off on the MOG sign-off form.

Net assets are to be recorded against the non-appropriated equity WOGFIR 314004. The balance of WOGFIR 314004 must equal the balance of WOGFIR 314004 in the Transferring department unless the Transferring department is an abolished department in which case the value should equal the total equity transfers. The CPID associated with these balances should reflect the appropriate counter party of the asset/liability taken up and **not** the CPID of the Transferring department.

**However, for the non-appropriated equity transfers, the new department is to use the CPID of the Transferring department** (Tridata will convert the closing balances to CRO048-CPID at the end of the year). The COFOG should reflect the nature/purpose of the transaction.

## **10.0 RESPONSIBILITIES FOR AGENCIES AND TREASURY ANALYSTS**

### **10.1 Tridata adjustments**

Agencies and Treasury Analysts should review ATM adjustments in Tridata and MOG sign-off forms to ensure that, for each MOG transfer:

- reductions in cash appropriation for departmental services, (Controlled) equity adjustment and administered items for Transferring departments aligns with increases in corresponding cash appropriation headings for Receiving departments
- reductions in each State or Commonwealth funded appropriation category (i.e. controlled or administered appropriation revenue and equity injections/withdrawals) for Transferring departments aligns with increases in corresponding appropriation headings for Receiving departments
- reductions in own source revenue and operating statement expense items in Transferring departments aligns with increases in own source revenue and operating expenses in Receiving departments.
- the value of asset, liability and equity movements and balance transfers from Transferring departments aligns with the value of assets, liabilities and net equity assumed in Receiving departments.
- the recast Published Budget and Latest Budget ATMs of the Transferring department align to the respective columns of the MOG sign-off form and are mirrored in the Receiving department's ATMs. The Receiving department may subsequently reallocate the budget in a later (non-MOG) ATM. It is not sufficient for the totals or bottom line to only agree between the Transferring and Receiving departments.

Where possible, Treasury Analysts are requested to check that the asset and liability balance transfers entered in actuals agree to the ATMs and MOG sign-off forms.

Where a department is abolished, the department is to liaise with Treasury's Fiscal Reporting to finalise their balances and bring their balance sheet to nil in Budget and actuals and run the final WoG reporting package. Assistance can be provided to create a load file that brings all the balances to nil.

Total Equity across whole of Government should not change as a result of a MOG. For Actuals, agencies are to provide details of any equity transfers on the 'Equity Movement and Intra-government Asset Sales Explanatory Schedule' in the WoG package. Details supplied on this schedule are checked against the MOG sign-off form and assist in reconciling Tridata across whole of Government.

To assist with this reconciliation, Transferring departments are to use the Receiving department's CPID on its non-appropriated equity transfers and Receiving departments are to use the Transferring department's CPID. Tridata will revert the closing balances to CRO048-CPID at year end.

## **10.2 Creating or abolishing a department in Tridata**

Where there is a large MOG change, Treasury's Fiscal Reporting uses the Departmental Arrangements Notice to create or abolish agencies in Tridata. However, where smaller changes occur throughout the year, Treasury's Fiscal Reporting relies on Treasury Analysts to advise or request a new department to be created or abolished in Tridata, as well as where a department has a name change.



Agencies are required to advise their Treasury Analyst of name changes, new and ceasing agencies as soon as possible so that the necessary adjustment can be made to Tridata.

Generally, only material entities are recorded in Tridata, so it is necessary that Treasury is provided with sufficient documentation such as a copy of the enabling legislation, gazette notice or transfer notice, effective start date, expected operating result and net equity so that a determination can be made if the entity is eligible.

Treasury Analysts are to advise Treasury's Fiscal Reporting with the requested change, effective start and end date and supporting documentation provided by their department. The information can be forwarded via [fiscal.reporting@treasury.qld.gov.au](mailto:fiscal.reporting@treasury.qld.gov.au).

## 11.0 BUDGET DOCUMENTATION

### 11.1 Treatment of MOG Changes in the Financial area of the SDS

In the financial area of the SDS, the Published Budget should be adjusted to reflect any MOG change from its **effective date**.

#### 11.1.1 Changes Required to Budgeted Financial Statements

Adjustments are made to the Published Budget and Estimated Actual columns of all departments affected by the MOG change (except Abolished departments which do not have an SDS for the next Budget year).

- For the Transferring department:
  - The "Adjusted Budget" Operating Statement and Statement of Cash Flows will be derived from the Recast Published Budget MOG ATM for the budgeted movements to result in a part-year budget to the date of the MOG for the functions transferred. In most cases, this will reflect the actual results as at the date of the MOG for the transferred functions. The Balance Sheet for the transferred functions will be nil.
  - The "Estimated Actuals" Operating Statement and Statement of Cash Flows will be derived from the Latest Budget MOG ATM for the budgeted movements to give a part-year budget to the date of the MOG for the function transferred. This will reflect the actual results to the date of the MOG for the transferred functions. The net effect of the Latest Budget MOG ATM for net asset transfers and the asset and liabilities' movements in the MOG 'movements' ATM will result in a nil Balance Sheet for the transferred functions.
  - The new Budget will show the full year effect of the MOG transfer, derived from the Latest Budget MOG movements' ATM. Notes are required to explain the variance with both the Adjusted Budget and Estimated Actuals (which are a part year effect).

- For the Receiving department:
  - The “Adjusted Budget” Operating Statement and Statement of Cash Flows will be derived from the Recast Published Budget MOG ATM for the budgeted movements. The Balance Sheet will be derived from the MOG ATM for the budgeted movements as well as the MOG ATM for the Net Asset transfers.
  - The “Estimated Actuals” Operating Statement and Statement of Cash Flows will be derived from the Latest Budget MOG ATM for the budgeted movements and will be the remaining part-year impact of the MOG transfer. The Balance Sheet will be derived from the net effect of the Latest Budget MOG ATM for net asset transfers and the asset and liabilities’ movements in the MOG ‘movements’ ATM.
  - The new Budget will show the full year effect of the MOG transfer, derived from the Latest Budget MOG movements’ ATM. Notes will be required to explain the variance with the Adjusted Budget and Estimated Actuals (which are a part year effect).

**For example:**

Department A transfers a function to Department B on 12 December 2017.

- The original Published Budget appropriation of the transferred function is \$120.
- \$100 was received by Department A up to the date of the MOG for services provided prior to the MOG.
- A further \$10 was approved after the Published Budget to derive a Latest Budget of \$130.
- Assume the Next Year’s Budget was \$130.

Consequently, \$20 of the Published Budget and \$30 of the Latest Budget is transferred to Department B to perform those services post-MOG. This is reflected in the Adjusted Budget and Estimated Actuals columns below.

The whole of the next year’s Budget of \$130 is applied to Department B for the next year’s Budget.

<b>Whole-of-department financial statements</b>	<b>2017-18 Adjusted Budget \$’000</b>	<b>2017-18 Estimated Actual \$’000</b>	<b>2018-19 Budget \$’000</b>
Department A	100	100	0
Department B	20	30	130

A note describing the function transferred and date of transfer would also be included in the SDS.

### **11.1.2 Sources of Revenue area of the SDS**

The SDS discloses the total cost of delivering each service area and associated sources of revenue for the Budget year. This information will show the full year effect of the MOG transfer. The 'Appropriation' figure (i.e. State Contribution and Commonwealth Revenue) should reconcile to the 'Service Revenue' figure in the controlled section of the departmental controlled income statement. 'Total Cost' should reconcile to 'Total Expenses' in the departmental controlled income statement, except where the department provides services other than listed services (e.g. corporate services to another department and/or CBU).

### **11.2 Treatment of a MOG Change in the Performance area of the SDS**

The performance part of the SDS provides a brief outline of the service areas provided by the department and how these service areas relate to departmental objectives. If a change occurs to the department's service areas these must be reflected in the department's SDS.

In its simplest form, a service structure change occurs when a department increases or reduces its number of services or changes the allocation of departmental functions between services.

This may also occur when a department is subjected to a MOG change, thus gaining or losing functions to another department. Additional responsibilities received may be established as a new service or alternatively, they may be amalgamated with existing services. Similarly, lost responsibilities may result in an entire service being transferred out of the department or only part of an existing service being transferred.

When a department makes a change to its service structure, only the new service structure should be presented in the SDS. If the performance information in the SDS is affected by MOG changes, this information should be recast as if the new service structure had existed on **1 July** of the previous year.

In summary, the changes required to the performance area of the SDS are:

- present only the new service structure;
- recast all information as if the service existed in the new department on 1 July of the current year; and
- include a note describing the transfer of function and the date of transfer.

#### **11.2.1 Changes Required to Text Sections of the SDS**

The text in relation to how the department contributes to achieving the Government's objectives is written as if the new service existed for the whole of the previous year. Activities which occurred under the old service structure should be reclassified and discussed in the text under the new service to which they now relate.

- Service standards which previously related to the old service are shown in the performance area of the new service. All targets and actual service standard data associated with old services should be reclassified and shown under the new service to which they now relate;
  - Where possible, existing service standards which are translated to new services should be shown with a target for the previous year.
  - Where possible, if new service standards are adopted to coincide with the new service structure, previous year targets and estimates should be calculated as if the measure existed at the time of the last budget.
- Notes and explanations should be provided throughout to explain the move to a new service structure'
- Follow this link <https://www.forgov.qld.gov.au/manage-government-performance> for additional information for agencies relating to changes to service areas as a result of a MOG.

### **11.3 Budget Paper 3**

Adjustments are made to Budget Paper 3 – Capital Statement for all departments affected by the MOG change.

- For the Transferring department:
  - The new Budget will reflect a full year impact of the MOG change (i.e. the new Budget will not include any capital expenditure related to capital projects which fall under a function leaving the department).
- For the Receiving department:
  - The new Budget will reflect a full year impact of the MOG change (i.e. the new Budget will include 12 months of capital expenditure related to all capital projects which have been transferred into the department).

### **11.4 Budget Paper 4**

Adjustments are made to Budget Paper 4 – Budget Measures for all departments affected by the MOG change.

- For the Transferring department:
  - Expense, capital and revenue measures listed under the department will not include measures that relate to the transferred function (i.e. document will reflect the MOG change as if it occurred on 1 July).
- For the Receiving department:
  - Expense, capital and revenue measures listed under the department will include measures that relate to the transferred function (i.e. document will reflect the MOG change as if it occurred on 1 July).

## **12.0 OTHER MOG ISSUES**

### **12.1 Changes to Banking Arrangements**

When a department undergoes a name change, the name of the department's bank account(s) and the payment and receipting facilities (like Merchant Facilities and Corporate Purchasing Cards) are to be changed to reflect the department's new name. Similarly, in situations where a department is being abolished or parts of a department are being transferred to another department, the bank account should continue for a period of time so that outstanding cheques and Electronic Fund Transfers (EFTs) can continue to be banked into the account and any outstanding payments can be made from the account.

Once outstanding payments are realised, the account should be closed. If the bank account and/or payment / receipting facilities are to be transferred to another department (either new or an existing one taking over the function), then the accounts and facilities should be renamed.

In situations where a new department is being created, it is essential for bank accounts and payment / receipting facilities and the associated CommBiz payment and reporting system of the Commonwealth Bank of Australia to be established for the new entity. Similarly, the new department will need to make arrangements with the bank, or other providers of banking and payment services (such as Australia Post), to implement facilities or products as required.

If you have any queries about your department's banking arrangements please contact the Government Banking Unit at [govbank@treasury.qld.gov.au](mailto:govbank@treasury.qld.gov.au).

### **12.2 Overdraft Facilities**

Section 84 of the FA Act provides that an Accountable Officer must not arrange an overdraft facility with regard to any departmental financial institution account other than under a Treasurer's approval. In most cases, approved overdraft facilities will be attached to specified departmental bank accounts (with the account number and the name of the department included in the approval instrument).

Where new accounts are established following MOG changes, approval will need to be sought under section 84 of the FA Act if there is a continuing requirement to operate the account with an overdraft facility.

The Treasurer's power to approve overdraft facilities has been delegated to the Under Treasurer.

In the event that a department is abolished and its bank account closed, the associated overdraft ceases to exist.

Where a department is renamed, it is expected that its associated bank account would also be renamed and any associated overdraft would continue as previously approved.

Where a department is split, overdraft allocations and ongoing requirements must be assessed on a case by case basis.

Please contact your Treasury Analyst with any queries about overdraft facilities attached to departmental accounts, and the process for seeking approval under the FA Act.

### **12.3 Approvals under the FA Act**

Departments with existing approvals under the FA Act must examine and assess the impact of MOG changes on these approvals on a case by case basis.

Where it is clear that the functions of an existing department have been completely taken over by another department, then it is possible for an existing approval under the FA Act to be interpreted as applying to the new department. However, where an existing department is split up and its functions distributed to a number of other departments, Treasury Analysts must determine whether it is clear that the functions of the former department which were covered by an approval clearly fall within the functions of a new department.

If this distinction is unclear, it is recommended that legal advice is sought for clarification.

Where new approvals under the FA Act are sought and approved following MOG changes, Treasury Analysts are to forward copies of the signed approvals to the Treasury's Fiscal Management Division.

For general queries about approvals under the FA Act, please contact your Treasury Analyst.

### **12.4 Annual Report Requirements**

The *Annual Report Requirements for Queensland Government Agencies* issued annually by the Department of the Premier and Cabinet sets out the specific annual reporting requirements for agencies affected by a MOG change.

## ATTACHMENT 1 – CHECKLIST FOR TREASURY ANALYSTS

- Obtain copies of the Public Service Departmental Arrangements Notice and/or Administrative Arrangements (Amendment) Order related to the MOG change from the Government Gazette.
- Advise Treasury's Fiscal Management Division of the MOG change.
- 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 Tridata Support when necessary.
- If a MOG change involves a public sector company, please forward details of the change and relevant contact officer (via [fmhelpdesk@treasury.qld.gov.au](mailto:fmhelpdesk@treasury.qld.gov.au)). Details of the requirements concerning a public sector company are contained in the *Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies* which is available on the Queensland Treasury website.
- Obtain signed copies of the MOG sign-off forms from departments.
- Liaise with departments to enter ATMs in Tridata for the MOG change. Ensure that adjustments for MOG changes created in Tridata are consistent with the amounts identified in the MOG sign-off forms and that the overall effect is budget neutral.
- Both the Recast Published Budget and Latest Budget and must be submitted in Tridata. This will enable the information to flow through to the Service Delivery Statement.
- Forward copies of the MOG sign-off forms, relevant gazette notices, and any supporting information to Fiscal Management Division for the preparation of an Executive Council Minute.
- Maintain complete records of the MOG change on file for future reference.

## ATTACHMENT 2 – ACRONYMS AND GLOSSARY OF KEY TERMS

<b>Adjusted Budget</b>	This term is used in the Service Delivery Statement (SDS) of a department that has undergone a MOG. For the Transferring department, it represents the portion of the original Published Budget of the Transferring department remaining after the MOG. For the Receiving department, it represents the original Published Budget adjusted for functions gained in the MOG. It is populated from the Recast Published Budget in Tridata
<b>Agency</b>	Generic term used to describe various organisational units within government that deliver services. This could refer to departments, commercialised business units, statutory bodies and government-owned corporations.
<b>ATM</b>	Tridata's Adjustment Tracking Module (ATM) is where Departments enter adjustments to the budgeted financial statements and Treasury Analysts approve or note these adjustments.
<b>Classification of Functions of Government (COFOG)</b>	The COFOG is a four digit numeric character. Agencies are required to code each transaction according to its 'purpose', such as Government primary education or road maintenance. COFOGs are primarily required for the Australian Bureau of Statistics.
<b>Counter Party Identifier (CPID)</b>	The CPID is a six digit alpha/numeric character used in Tridata specifying other parties to a transaction with the agency.
<b>Estimated Actual</b>	On the MOG sign-off form - Represents the residual amount of the original Published Budget and any subsequent adjustments approved in the relating to the transferred function to be transferred to the Receiving department as at the effective date of the MOG. In the SDS – Represents the latest budget for the current year.
<b>FRRs</b>	Treasury's Financial Reporting Requirements for Queensland Government Agencies (FRRs), available from <a href="https://www.treasury.qld.gov.au/resource/financial-reporting-requirements-queensland-government-agencies/">https://www.treasury.qld.gov.au/resource/financial-reporting-requirements-queensland-government-agencies/</a>
<b>Latest Budget</b>	Latest Budget is a function used in Tridata to view, enter and validate Budget and forward estimates data for the preparation of the upcoming Budget. Data entered into the Latest Budget version relates to the Total Approved Revised Budget (TARB), which is the basis for the development of the next Budget.
<b>Original Published Budget</b>	Refer Published Budget.
<b>Part-Year Budget</b>	This is the portion of the original Published Budget and subsequent adjustments (approved post-budget), relating to the



	transferred function, remaining for the period from 1 July to as at the date of the MOG.
<b>Published Budget</b>	Represents the published annual Budget for the year in the SDS.
	On the MOG sign-off form - Represents the amount of the original Published Budget (in the SDS) available for transfer to the Receiving department.
<b>Recast Published Budget</b>	This is a function used in Tridata to view, enter and validate adjustments to the Published Budget. It is reflected in the Adjusted Budget column in the SDS.
<b>Service Delivery Statement (SDS)</b>	An SDS contains the budgeted financial and non-financial information for a budget year for each department.
<b>TARB</b>	Total Approved Revised Budget (within Tridata)
<b>Tridata</b>	Whole of Government (WoG) financial reporting and Budget management system.
<b>Vote</b>	A department's vote is the total amount appropriated to the department by an annual appropriation Act.
<b>Whole-of-Government financial information requirements (WOGFIR)</b>	Whole-of-Government chart of account code used in Tridata.

## ATTACHMENT 3 – SUPPORT

- Your Treasury Analyst
  
- Fiscal Reporting
  - Helen Tompkins (3035 1956)
  - [Fiscal.reporting@treasury.qld.gov.au](mailto:Fiscal.reporting@treasury.qld.gov.au)
  
- Accounting Policy
  - [fmhelpdesk@treasury.qld.gov.au](mailto:fmhelpdesk@treasury.qld.gov.au)
  
- Tridata Support
  - [tridatahelp@treasury.qld.gov.au](mailto:tridatahelp@treasury.qld.gov.au)
  
- *Financial Accountability Act 2009*
- *Financial and Performance Management Standard 2009*
- *Public Service Act 2008*
- Executive Council Handbook
  
- Queensland Treasury Website (Guidelines and Sign-off form)
- Tridata website – Downloads (Guidelines, Sign-off form and Example)
- Tridata website – FAQs and Quick Links (Five basic rules to recording MOG Net Asset balance transfers in Tridata).
- FORGOV website – Guidance on MOG implementation and principles
  - <https://www.forgov.qld.gov.au/machinery-government-changes>

## ATTACHMENT 4 – INSTRUCTIONS FOR AGENCIES ON HOW TO COMPLETE THE MOG SIGN-OFF FORM

The MOG sign-off form is used to prepare the section 79 Executive Council Minute, to reconcile to MOG ATMs and prepare the SDS.

- The Published Budget columns consist of a 'Movements' column and a 'Residual Balances' column to transfer the remaining budgeted movements and Closing balances from the Original Budget published in the SDS.
- The Estimated Actuals columns consist of a 'Movements' column and a 'Balances at MOG date' column to transfer the remaining budgeted movements and Closing balances from the Latest Budget Estimates for the current year.
- The Next Year Budget and Estimate columns will only include the transfer of the budgeted movements for the next year budget and outyears, since the transfer of the Estimated Actual Closing balances will flow to adjust the opening balance of the Next Year Budget and out-years.

### Published Budget columns

The Published Budget adjustments on the MOG sign-off form are used to prepare Executive Council (EC) minutes and calculate the Adjusted Budget column in the next SDS.

- The form is divided into 'Movements' and 'Residual Balances' to help derive the correct Adjusted Budget Cash Flow Statement.
- The cash appropriation in the Published Budget 'Movements' column of the form will be used by Treasury to prepare the EC Minute seeking Governor-in-Council approval for the transfer of appropriation under section 79 of the FA Act. Only the **original cash** appropriation not yet received at date of the MOG transfer is transferred under section 79. See also Part 6.1.1.
- For the Operating Statement, the amounts in the "Movement" column must reflect the original Published Budget revenues and expenses not yet earned/incurred as at the date of the MOG.
- For the Balance Sheet, the Closing balances in the original Published Budget SDS for the MOG'd function will be transferred and reflected in the Receiving department's Adjusted Budget. The sum of the Balance Sheet amounts in the 'Movements' and 'Residual Balances' columns will equal the Published Budget closing balances for those assets and liabilities. Agencies are advised to apply a 'best estimate' for the purposes of this split.

### Movements

The amounts entered in the Published Budget 'Movements' column for both the Operating Statement and Balance sheet items will be used to derive the correct cash flows once these are entered in the ATM.

For cash appropriation, the amount of the **original** cash appropriation not yet received as at the effective date of the MOG is the amount to enter in the 'Movements' column. Also note that the amount entered for the cash appropriation may differ from the appropriation revenue where appropriation receivables and payables are being transferred.

Unless there is no Original cash appropriation being transferred, **amounts MUST be entered against the cash appropriation items as this is used to generate the section 79 Executive Council Minute.**

The amounts to enter in the 'Movements' column for the transferred function's Operating Statement will reflect the difference between the Published Budget revenues and expenses and the actual revenues and expenses at the effective date of the MOG.

If the actual revenues, expenses and cash appropriation received at the date of the MOG is more than the original Published Budget, there will be no amount entered in the Published Budget 'Movements' column for the affected item.

For Balance Sheet items, the amounts entered in the 'Movements' column will reflect the difference between the Published Budget movement (in Tridata) and the actual movement at the effective date of the MOG (see example below). Where the actual movement is more than the budgeted movement, there will be no amount entered in the 'Movements' column and the budgeted closing balance will be included in the 'Residual Balances' column.

Residual Balances

The amount to enter in the Published Budget 'Residual Balances' column is the difference between the Published Budget closing balance in the SDS (related to that function) and the amounts in the Published Budget 'Movements' column of the form, so that the sum of the two columns adds to the Published Budget balance (see example below). Alternatively, the Residual Balances will equal the Published Budget opening balance plus the actual movements to the effective MOG date. The net assets and liabilities amount being transferred is to be entered against the Non-appropriated equity line.

It is unlikely that the Published Budget residual balances to transfer will equal the actual asset and liability balances as at the date of the MOG, since the Published Budget Balance Sheet is often derived from an estimated opening balance position, rather than the actual opening balance from the previous year's audited closing position.

**Example**

	Published Budget	Actual at MOG date	<u>For MOG transfer form</u>	
			Movement	Residual
<b>Buildings</b>				
Opening Balance	25,020	26,000		
Purchases	3,000	2,000	1,000	
Revaluation	600	-	600	
<b>Balance</b>	<b>28,620</b>	<b>28,000</b>	<b>1,600</b>	<b>27,020</b>
			<b>28,620 = Adjusted Budget</b>	

Estimated Actual columns

The adjustments to the Estimated Actual columns of the MOG sign-off form will be used to prepare the Estimated Actual column of the next SDS.

Movements

The amounts to enter in the Estimated Actual 'Movements' column of the form is the difference between the Latest Budget estimates approved in the ATM for the current year (Published Budget plus subsequent adjustments approved) and the actual movements as at the effective date of the MOG. This applies to the cash appropriation, Operating Statement and Balance Sheet items. These amounts are also used to derive the Estimated Actuals Cash Flow Statement in the SDS.

Where adjustments have been approved after the Published Budget, amounts in the Estimated Actual 'Movements' column **will be different** to the Published Budget 'Movements' column.

Balances at MOG date

The amount to enter in the Estimated Actual 'Balances as at MOG date' column will reflect the agreed asset and liability balances as at the date of the MOG. This is likely to be different to the Published Budget 'Residual Balances' for reasons mentioned above. The net assets and liabilities amount is to be entered against the Non-appropriated equity line.

*Example*

	Published Budget	Estimated Actual	Actual at MOG date	<u>For MOG transfer form</u>	
				Movement	Balance at MOG date
<b>Buildings</b>					
Opening Balance	25,020	26,000	26,000		
Purchases	3,000	3,500	2,000	1,500	
Revaluation	600	600	-	600	
<b>Balance</b>	<b>28,620</b>	<b>30,100</b>	<b>28,000</b>	<b>2,100</b>	<b>28,000</b>

↑ Estimated Actual balance transfer

A more comprehensive example is available on the Tridata website.

Next Year Budget and Estimates Movements columns

These columns will show only the transfer of the budgeted movements for these years (as reflected in the Latest Estimates in Tridata) to enable the MOG sign-off form to be reconciled to the MOG adjustments entered in the Tridata.

**A new MOG Sign-off Form is required when a MOG is re-negotiated**

If the MOG is subsequently re-negotiated or values are adjusted, a new MOG sign-off form identifying the changes **must** be signed by both Accountable Officers for audit and Treasury purposes.

For changes to the budgeted movements, ATMs will not be approved without a supporting MOG sign-off form. Consequently, if the change affects appropriation, this will not get adjusted.

In addition, if a new form is not signed, any adjustment to appropriation will not be recognised as a section 79 transfer, which could result in either department requiring Governor-in-Council approval for Unforeseen Expenditure which will need to be explained. Refer Part 5.2.

## ATTACHMENT 5 – TRIDATA BUDGET ADJUSTMENTS

As mentioned in Part 8.0, MOG ATMs for the transfer of net asset balances and budgeted transactions (movements) will be required for both the Recast Published Budget and the Latest Budget for each function. In all, there will be **four MOG ATMs** for each function:

1. Recast Published Budget – transfer of Original Published budgeted transactions (including balance sheet movements) that have not been received/occurred as at the date of the MOG – for current year only. These will be consistent with the MOG sign-off form.
2. Recast Published Budget – transfer of residual Published Budget balance sheet balances – for current year only - as per the MOG sign-off form (Refer Attachment 4)
3. Latest Budget – transfer of budgeted transactions (including balance sheet movements) that have not been received/occurred as at the date of the MOG - for all years - as per the MOG sign-off form
4. Latest Budget – transfer of net asset balances as at the date of the MOG – for current year only - as per the MOG sign-off form

### Recast Published Budget (Adjusted Budget Column in SDS)

Both parties to the MOG will need to make adjustments to the original Published Budget. The adjustments to the Published Budget are entered in Tridata in the Recast Published Budget and will be reflected in the Adjusted Budget column of each department's next SDS (except Abolished departments which have no next SDS). Adjustments only impact the current year column of the ATM. No adjustments are required in the next budget or out-year columns.

Having recast their Published Budget, departments will be able to provide explanations in their financial statements in accordance with AASB 1055 for variances between actuals and the MOG-adjusted Published Budget in the SDS. However, as outlined in Part 4.6, Abolished departments will compare the actuals at MOG date against the original Published Budget for the current year.

The Recast Published Budget ATMs are to reflect the transfer of the original Published Budget, as identified in the Published Budget columns of the MOG sign-off form. The category 'MOG/Inter-Departmental Transfers' is to be used for each MOG adjustment.

To better reconcile the ATMs to the MOG sign-off form and differentiate between transferring budgeted movements and residual balances, **departments are to prepare two ATMs for each transferred function**. Where functions have multiple programs, details of each program can be provided in a separate attachment, rather than multiple ATMs for each program.

- The **first ATM** will reflect the transfer of the budgeted Operating Statement and Balance Sheet movements only. The ATM will reconcile to the Published Budget 'Movements' column of the MOG sign-off form. It should have a useful title e.g. 'MOG 12 Dec 2017 - transfer of ORIGINAL Published Budget movements for Function X from Department ABC to Department EFG'.
- The **second ATM** will reflect the transfer of the residual Published Budget Balance Sheet balances as per the Published Budget 'Residual Balances' column of the MOG sign-off form. It should have a useful title such as 'MOG 12 Dec 2017 - transfer of ORIGINAL Published Budget residual balances for Function X from Department ABC to Department EFG'.

It is important that the ATM for the Recast Published Budget movements reflects the transfer of **original cash appropriation** (when calculated), as this ATM will be checked to the MOG sign-off form when preparing the section 79 Executive Council Minute as discussed in Part 6.1.1. It will also be used as audit evidence to the QAO in verifying compliance with AASB 1055 (except for Abolished departments. Refer part 4.6).

The Receiving department must initially mirror the same WOGFIRs, COFOGs and CPIDs in its ATM as the Transferring department. If the Receiving department wants to use different WOGFIRs to reflect a different method of service delivery or to correct coding errors, this should be done in a separate **non-MOG ATM**. It is expected that the COFOG would not change as it is attached to the function being transferred (not the Receiving department). Refer Part 8.3.

### **Latest Budget (Estimated Actual and Budget columns in SDS)**

Both parties to the MOG will need to make adjustments for:

- the financial year in which the transfer occurred
- the next budget year; and
- the out-years.

The adjustments will be entered in the Tridata Latest Budget and use category 'MOG/Inter-Departmental Transfers' for each MOG adjustment.

The adjustments for 'the financial year in which the transfer occurred' will be reflected in the Estimated Actual column of the department's SDS. These adjustments will reflect the transfer of both the **original** Published Budget and **subsequent** adjustments (approved post-budget), relating to the transferred function, remaining as at the date of the MOG (i.e. part-year budget movements). It will also include the transfer of the asset and liability balances relating to the transferred function as at the date of the MOG.

The adjustments for the next year's budget and out-years will reflect the full year budgeted movements only as the revised closing balances of the current year will roll forward to the opening balance of the next year and so on. Adjustments for the next year's Budget will flow through to the next year's Budget column in the SDS.



For the reasons provided in Part 8.0, **departments are to prepare two ATMs for each transferred function**. Where functions have multiple programs, details of each program can be provided in a separate attachment, rather than multiple ATMs for each program.

- **One ATM** will reflect the transfer of the budgeted movements only. This will include the remaining part-year budget for the current year and the full year budgeted movements for the next year’s Budget and out-years. The amounts for the current year will reconcile to the Estimated Actual ‘Movements’ column and amounts for the next year and out-years will reconcile to the Next Year and Estimates columns of the MOG sign-off form.
  - This will be a ‘Fiscal Limit’ ATM (where appropriation is affected) and should have a useful title e.g. ‘MOG 12 Dec 2017– transfer of Latest Budget movements for Function X from Department ABC to Department EFG’.
- The **second ATM** will reflect the transfer of the asset and liability balances relating to the transferred function as at the effective date of the MOG. This will impact the current year only. The values entered will reconcile to the Estimated Actual ‘Balances as at MOG Date’ column of the MOG sign-off form.
  - This will be classified as an ‘Other’ ATM and should have a useful title e.g. ‘MOG 12 Dec 2017 - transfer of asset and liability balances as at MOG date for Function X from Department ABC to Department EFG’.

The Receiving department must initially mirror the same WOGFIRs, COFOGs and CPIDs in its ATM as the Transferring department. If the Receiving department wants to use different WOGFIRs to reflect a different method of service delivery or to correct coding errors, this should be done in a separate **non-MOG ATM**. It is expected that the COFOG would not change as it is attached to the function being transferred (not the Receiving department). Refer Part 8.3.

### **How to reflect Adjustments in ATM**

#### ***Transfer of Net asset balances as at date of MOG***

Basic entries for the transfer of the asset and liability **balances** as at the date of the MOG are reflected in Part 8.2 Table 2. These are consistent with the journal entries entered in each department’s ledger to reflect the net asset transfers.

#### **Basic ATM entries required for the transfer of the net assets as at date of MOG**

<b>Transferring department</b>	<b>Receiving department</b>
DR Liabilities balances (transfer wogfir)	DR Assets balances (transfer wogfir)
DR Non-appropriated Equity Injection/withdrawal (transfer wogfir)	CR Liabilities balances (transfer wogfir)
CR Asset balances (transfer wogfir)	CR Non-appropriated Equity Injection/withdrawal (transfer wogfir)

These adjustments will be processed in the department’s own finance system (budget and actuals), as well as through an entry in the ATM.

The relevant 'transfer' WOGFIR would be used in Tridata to transfer the asset and liability balances in existence at MOG date, including Cash Transferred on Restructure (WOGFIR 111213) and Non-appropriated Equity (WOGFIR 314004).

***Transfer of remaining budgeted transactions (Movements)***

Basic journal entries for the transfer of appropriation, other movements in revenues and expenses and estimated asset and liability **movements** are reflected in Part 8.3 Table 2 and shown below.

Basic entries for the transfer of budgeted appropriation, other movements in revenues and expenses and estimated asset and liability **movements** are shown Table 3.

**Basic ATM entries required for Budget movement adjustments**

<b>Transferring department</b>	<b>Receiving department</b>
DR Appropriation Revenue	DR Expenses
DR Own source Revenue	DR Assets movements
DR Liabilities movements	CR Appropriation Revenue
DR Appropriated Equity Injection/ withdrawal	CR Own source Revenue
DR Non-appropriated Equity Injection/withdrawal	CR Liabilities movements
CR Expenses	CR Appropriated Equity Injection/ withdrawal
CR Asset movements	CR Non-appropriated Equity Injection/withdrawal

These adjustments will be processed in the department's own finance (budget) system (e.g. SAP), as well as through an entry in the ATM.

The Transferring department is to **use the existing budgeted movement WOGFIRs, COFOGs and CPIDs** to remove the budgeted amount (e.g. 125912). As previously mentioned, the Receiving department is to mirror this adjustment exactly. Any adjustments or corrections to WOGFIRs, COFOGs and CPIDs are to be made in a separate, non-MOG, ATM.

Departments and Treasury Analysts should refer to the example on the Tridata website – under Downloads - for information on how to record MOG changes in Tridata (ATMs).

Tridata's Quick Guide – *Five Basic Rules to Recording MOG Net Asset balance transfers in Tridata* (available on the Tridata website) provides additional information regarding the transfer of the net asset balances in Tridata for Budget and Actuals.