

## GSF Act: Agency Action List Guide

Version 2 – published June 2020

**Disclaimer: this document is provided as guidance material only and does not represent an exhaustive list of all actions needed for each particular agency, nor does it replace reading the legislation.**

### Overview

- This document is designed to provide an updated overview of the key high-level actions that agencies need to consider when implementing the ongoing requirements of the *Government Sector Finance Act 2018* (GSF Act) within their financial and management systems.
- The GSF Act is being implemented in a number of phases. That means, different parts of the GSF Act commence at different times.
- This document is a refreshed version of the agency to-do list (Version 1 from March 2019) and reflects the actions needed by agencies to 30 June 2020, and to 30 June 2021 (note: the actions included in this guide by 30 June 2020 include those in the previously published version).

### Other helpful resources

- Further information including factsheets, legislative ‘maps’, short trainer videos, frequently asked questions (FAQs) and useful links are available from Treasury’s website ([click here](#)).
- Unless otherwise indicated below, please contact Treasury at [legislation@treasury.nsw.gov.au](mailto:legislation@treasury.nsw.gov.au) if you have any questions.

Policy stream (inc GSF Act or other leg refs)	Policy intent or decision	Agency actions to mid-2020 (i.e. what <b>actions</b> will agencies need to take before 30 June 2020)	Agency actions during 2020-2021 (i.e. what <b>actions</b> will agencies need to take from 1 July 2020 to 30 June 2021)
<b>Financial reporting &amp; exemptions</b>  <u>2019-20:</u> <ul style="list-style-type: none"> <li>• <i>Statutory bodies and Departments listed in clauses 9 and 12A to the PF&amp;A Regulation, and</i></li> <li>• <i>Statutory bodies and Departments that are of a 'kind' referred to in the PF&amp;A Regulation 2015 Schedule 2 clauses 3-6</i></li> </ul> <u>2020-21 &amp; future financial years</u> <ul style="list-style-type: none"> <li>• <i>GSF Act Part 7 section 7.3</i></li> </ul>	Provide for a financial reporting framework and exempt agencies from financial reporting requirements	PF&A Act reporting provisions continue to apply for 2019-20 financial year.  Two types of entities will be relieved from PF&A Act financial reporting provisions for 2019-20: <ul style="list-style-type: none"> <li>• statutory bodies and Departments listed in clauses 9 and 12A to the PF&amp;A Regulation (the same entities relieved from PF&amp;A Act reporting requirements in 2018-19), and</li> <li>• statutory bodies and Departments that are of a 'kind' referred to in the PF&amp;A Regulation 2015 Schedule 2 clauses 3-6. Those clauses were added to the PF&amp;A Regulation in May 2020 following extensive consultation with Cluster representatives.</li> </ul>	Treasury expects that GSF Act financial reporting provisions will apply for 2020-21 and future financial years.  The GSF Act empowers Executive Council to approve regulations relieving 'kinds' of entities from GSF Act financial reporting provisions. Treasury will recommend that Executive Council approve a regulation relieving the same 'kinds' of entity from GSF Act reporting requirements in 2020-21 that are currently relieved under PFAA Schedule 2 clauses 3-6.
<b>Annual reporting generally</b>  <u>2019-20:</u> <ul style="list-style-type: none"> <li>• AR(SB) Act</li> <li>• AR(D) Act</li> </ul> <u>2020-21 &amp; future financial years*</u> <ul style="list-style-type: none"> <li>• <i>GSF Act Part 7 sections 7.10 to 7.14</i></li> </ul> <i>*note the commencement timing of annual reporting provisions currently under review</i>	Create a new annual reporting framework  Permit certain combinations of agencies to prepare a single annual report	N/A	Treasury is currently reviewing the scheduled commencement timing (1 July 2021) for annual reporting provisions under the GSF Act. Information on any changes to proposed commencement timing will be made available on the GSF Act website.  Prior to commencement, Treasury will develop and consult with Cluster representatives about a new annual reporting framework and about the possibility of certain groups of agencies preparing a single, combined annual report.
<b>SDA Financial reporting</b>  <u>2021-22 &amp; future financial years</u> <ul style="list-style-type: none"> <li>• <i>GSF Act Part 7 section 7.8</i></li> </ul>	Establish new SDA Financial Reporting Framework	N/A	N/A

<b>Roles &amp; responsibilities: Treasurer's directions</b>  <i>GSF Act Part 3</i>	Compliance with legislative rules and Treasury mandates/policies	Continue to comply with Treasury policies, circulars and directions.	No new actions post 1 July 2020.  Continue to comply with Treasury policies, circulars and directions.
<b>Roles &amp; responsibilities: Determining Accountable Authority for a GSF agency when it's unclear e.g. for a Panel</b>  <i>GSF Act Division 2.2 section 2.7(3)</i>	Treasury to draft regulations for the purposes of declaring Accountable Authorities under s2.7(3).	Advise Treasury through <a href="mailto:Legislation@treasury.nsw.gov.au">Legislation@treasury.nsw.gov.au</a> if an Accountability Authority needs to be declared under s2.7(3).	No new actions post 1 July 2020.  Advise Treasury through <a href="mailto:Legislation@treasury.nsw.gov.au">Legislation@treasury.nsw.gov.au</a> if an Accountability Authority needs to be declared.
<b>Roles &amp; responsibilities: Prescribing government officers</b>  <i>GSF Act Division 2.2 section 2.9(1)(e)</i>	Develop guidance on when to prescribe government officers (contractors/consultants)	Advise Treasury through <a href="mailto:Legislation@treasury.nsw.gov.au">Legislation@treasury.nsw.gov.au</a> if agency requests contractor/consultants to be prescribed as 'government officers'.	No new actions post 1 July 2020.  Advise Treasury through <a href="mailto:Legislation@treasury.nsw.gov.au">Legislation@treasury.nsw.gov.au</a> if agency requests contractor/consultants to be prescribed as 'government officers'.
<b>Roles &amp; responsibilities: Accountable Authorities</b>  <i>GSF Act section 3.6(1)(b) to establish, maintain and keep under review each of the following:</i>  <i>(i) effective systems for risk management, internal control and assurance</i>	To provide accountable authorities with instructions and/or guidance on how to comply with the requirement to establish and maintain effective systems for risk management, internal control and assurance.	Agencies should continue to comply with: <ul style="list-style-type: none"> <li>• TPP15-03 Internal Audit and Risk Management Policy</li> <li>• TPP12-03 Risk Management toolkit</li> <li>• TPP16-02 Shared arrangements for ARCs.</li> </ul> Agencies will be asked to review draft updated policies before Treasury issues them under GSF Act provisions.	Agencies should continue to comply with all relevant policies, including any updated policies issued.  Agencies will be asked to review draft updated policies before Treasury issues them under GSF Act provisions.
<b>Roles &amp; responsibilities: Accountable Authorities</b>  <i>GSF Act Section 3.6(1)(b) (ii) arrangements for protecting the integrity of financial and performance information</i>	To provide greater assurance as to the quality of financial information and reporting	Agencies should continue to comply with TPP17-06 Certifying the Effectiveness of Internal Controls Over Financial Information	Agencies will be asked to review draft updated policy before Treasury issues it and continue to comply with relevant policy.
<b>Roles &amp; responsibilities: Government officers</b>  <i>GSF Act Division 3.3 Government officers, section 3.7(1) Integrity</i>	To set out the key minimum requirements necessary to establish and maintain an appropriate system of fraud and corruption control	Agencies should continue to comply with TC18-02 NSW Fraud and Corruption Control Policy	Agencies will be asked to review draft updated policy before Treasury issues it and continue to comply with relevant policy.
<b>Expenditure</b>  <i>GSF Act Division 5.1, section 5.5</i>	Simplified arrangements for expenditure to replace former two-step 'payment on account' arrangements in sections 12 and 13 PFAA	The new section 5.5 GSF Act took effect from 1 December 2018 and requires appropriate authorisation for expenditure.  Agencies should ensure that expenditure is appropriately authorised and are free to authorise expenditure in a way that is most appropriate for them (e.g. taking into account risk appetite, controls etc).  Noting that while section 12 of Schedule 1 of the GSF Act provides savings and transitional arrangements that continue existing delegations and authorisations to approve payment, agencies should be updating delegates to ensure they are appropriate.	No new actions post 1 July 2020.  Continue to ensure appropriation authorisation for expenditure is in place.

<p><b>Gifts of government property</b></p> <p><i>GSF Act Division 5.2, section 5.6</i></p>	<p>Clarity on arrangements for the gifting of government property</p>	<p>Agencies should comply with the new requirements as set out in Treasurer Direction TD20-01 Gifts of government property.</p>	<p>No new actions post 1 July 2020.</p> <p>Agencies should continue to comply with the requirements as set out in Treasurer Direction TD20-01 Gifts of government property.</p>
<p><b>Statutory act of grace payments</b></p> <p><i>GSF Act Division 5.2, section 5.7</i></p>	<p>Clarity on the ability of a Minister to delegate authority</p>	<p>Agencies should comply with the new requirements as set out in Treasury Circular TC19-10 Statutory Acts of Grace Treasury Circular.</p>	<p>No new actions post 1 July 2020.</p> <p>Agencies should continue to comply with the requirements as set out in Treasury Circular TC19-10 Statutory Acts of Grace Treasury Circular.</p>
<p><b>Deemed appropriations of Certain Moneys received by GFS Agencies</b></p> <p><i>GSF Act Division 4.2, section 4.7</i></p>	<p>To provide for automatic appropriations (called deemed appropriations) to be given to the responsible Ministers for GSF agencies for the amounts of certain kinds of money the agencies receive or recover. This is a new legal authority to appropriate money out of the Consolidated Fund.</p>	<p>Agencies should review the regulation that has been developed that determines the types of revenue considered to be deemed and assess any new kinds of money to determine the legal authority to retain and spend against the regulation.</p>	<p>Continue to assess any new kinds of money to determine the legal authority to retain and spend against the regulation.</p> <p>In consultation with agencies, Treasury will review the operation of the deeming mechanism to determine its effectiveness and the need for any changes.</p>
<p><b>Working Accounts in the Special Deposits Account</b></p> <p><i>GSF Act Division 4.3, section 4.17, section 4.16 and section 7.8</i></p>	<p>To reform the way in which working accounts in the Special Deposits Account are established and used.</p>	<p>A GSF agency may, in circumstances permitted by regulations, establish and operate a working account in the Special Deposits Account in respect of working account money received by the agency. Agencies should ensure appropriate records and other information concerning the operation of a working account are kept.</p> <p>If an agency requires a new working account or an existing one varied, please contact your Treasury relationship manager in the Policy &amp; Budget Group.</p> <p>Treasury will work with GSF agencies to systematically transition existing working accounts from the old to the new legislative framework no later than 1 July 2022.</p>	<p>No new actions post 1 July 2020.</p>
<p><b>Accounts in the Special Deposits Account (other than working accounts)</b></p> <p><i>GSF Act Division 4.3, section 4.15/16</i></p>	<p>To enable the Treasurer to require the preparation of financial reports about the management of accounts in the Special Deposits Account</p>	<p>Monitor new legislation to identify any new accounts established in the Special Deposits Account.</p> <p>Ensure a responsible manager is appointed for the SDA account and appropriate records are maintained.</p>	<p>No new actions post 1 July 2020.</p> <p>Continue to monitor new legislation to identify any new accounts established in the Special Deposits Account.</p> <p>Continue to ensure a responsible manager is appointed for the SDA account and appropriate records are maintained.</p>
<p><b>Statutory Special Purpose Funds</b></p> <p><i>GSF Act Division 1.1, section 1.4</i></p>	<p>To define this type of funds and establish certain requirements regarding them</p>	<p>Monitor new legislation to identify any new statutory special purpose funds.</p> <p>Ensure appropriate records are created and maintained for the fund.</p>	<p>No new actions post 1 July 2020.</p> <p>Continue to monitor new legislation to identify any new statutory special purpose funds.</p> <p>Continue to ensure appropriate records are created and maintained for the fund.</p>
<p><b>Appropriations</b></p> <p><i>GSF Act Division 4.2, sections 4.6 to 4.13 except Section 4.7</i></p>	<p>To provide for budget control authorities issued by the Treasurer to replace current expenditure control authorities issued by the Treasurer, to enable certain kinds of unused appropriations for an annual reporting period of NSW to be carried over to future annual reporting periods and to replicate PF&amp;A Act appropriation provisions in the GSF legislation.</p>	<p>The GSF carries forward similar mechanisms for unused, transfer and lapsing of appropriations as existed under the PF&amp;A Act.</p> <p>Agencies should continue to comply with policies and guidelines on appropriation matters, including budgetary controls.</p>	<p>Treasury (in consultation with agencies) will review and reissue existing policies and guidelines on appropriation matters, including budgetary controls.</p>

<b>Scope: Notification of GSF agency</b> <i>GSF Act Division 2.2 section 2.8(1)</i>	Develop a process for agencies to inform the Treasurer and Auditor-General of new a GSF agency.	Agencies to notify the Treasurer and Auditor-General of a new GSF agency via GSF website form <a href="#">here</a> .	No new actions post 1 July 2020.  Agencies to notify the Treasurer and Auditor-General of a new GSF agency via GSF website form <a href="#">here</a> .
<b>Scope: Prescribing GSF agencies</b> <i>GSF Act Division 2.2 section 2.4</i>	Prepare regulations for the purposes of including entities within the definition of a GSF agency under s.2.4.	Agencies to continue advise Treasury through <a href="mailto:Legislation@treasury.nsw.gov.au">Legislation@treasury.nsw.gov.au</a> if they require an entity to be prescribed under s2.4(1)(l).	No new actions post 1 July 2020.  Agencies to continue advise Treasury through <a href="mailto:Legislation@treasury.nsw.gov.au">Legislation@treasury.nsw.gov.au</a> if they require an entity to be prescribed under s2.4(1)(l).
<b>Delegations: Determining Delegations from Minister(s) and Accountable Authorities (including sub-delegations)</b> <i>GSF Act Division 9.2</i>	Consult with Ministers, AA's etc. to implement any new delegations (as desired)	Agencies should continue to ensure delegations instruments and manual to be updated and maintained over time (e.g. annual review).	No new actions post 1 July 2020.  Agencies should continue to ensure delegations instruments and manual to be updated and maintained over time (e.g. annual review).
<b>Information Sharing</b> <i>GSF Act Division 9.1 section 9.2</i>		Agencies should continue to utilise information sharing provisions	No new actions post 1 July 2020.  Agencies should continue to utilise information sharing provisions
<b>Tax Equivalent Payments</b> <i>GSF Act Division 5.1 section 5.3</i>	The Treasurer may direct a GSF agency to pay tax equivalents.  Policy intent is compliance with competitive neutrality.	Agencies should continue to comply with existing Tax Equivalent Regime for Government Businesses, TPP 03-04	Agencies should continue to comply with existing Tax Equivalent Regime for Government Businesses, TPP 03-04 until an updated policy is issued.
<b>Financial Distributions to the Treasurer</b> <i>GSF Act Division 5.1 section 5.4</i>	The Treasurer may direct a GSF agency (or part of a GSF agency) to pay financial distributions to the Treasurer.	Agencies should continue to comply with existing Financial Distributions policy, TPP 16-04 as needed noting that section 5.4 of GSF Act replaces PF&A Act legislative references.  For queries on the policy, please contact your Treasury relationship manager in the first instance or email: <a href="mailto:CommercialPolicy@treasury.nsw.gov.au">CommercialPolicy@treasury.nsw.gov.au</a> .	Agencies will be asked to review draft updated policy before Treasury issues it and should continue to comply with existing Financial Distributions policy, TPP 16-04 as needed. For queries on the policy, please contact your Treasury relationship manager in the first instance or email: <a href="mailto:CommercialPolicy@treasury.nsw.gov.au">CommercialPolicy@treasury.nsw.gov.au</a> .
<b>Financial Arrangements</b> <i>GSF Act Division 6.4 sections 6.22 to 6.25</i>	All agencies should have relevant financial arrangements approved under the GSF Act, as well as accurate records of them.	If a GSF agency requires a new financial arrangement approval or an existing one varied, it should contact its Treasury relationship manager in the Policy & Budget Group or Commercial Group or email <a href="mailto:financialarrangements@treasury.nsw.gov.au">financialarrangements@treasury.nsw.gov.au</a>  Each GSF agency should compile a list (if they do not already have one) of their current and expected financial arrangements, whether issued under the PAFA Act or the GSF Act. This should include which investments it will need to make.  NSW Treasury will work with GSF agencies to systematically transition existing financial arrangement approvals from the old to the new legislative framework (PAFA Act to GSF Act) <i>no later than 1 December 2021</i> .	If a GSF agency requires a new financial arrangement approval or an existing one varied it should contact its Treasury relationship manager in the Policy & Budget Group or Commercial Group or email <a href="mailto:financialarrangements@treasury.nsw.gov.au">financialarrangements@treasury.nsw.gov.au</a>  Each GSF agency should compile a list (if they do not already have one) of their current and expected financial arrangements, whether issued under the PAFA Act or the GSF Act. This should include which investments it will need to make.  NSW Treasury will work with GSF agencies to systematically transition existing financial arrangement approvals from the old to the new legislative framework (PAFA Act to GSF Act) <i>no later than 1 December 2021</i> .
<b>Government Guarantees</b> <i>GSF Act Division 6.5 sections 6.26 to 6.33</i>	The Treasurer may provide a State guarantee in support of the obligations of a GSF agency.  The policy intention is for discretionary guarantees to only be offered if there is a suitable	Agencies should review their list of current guarantees to ensure they are still needed. Existing guarantees provided under the PAFA Act in relation to a particular financial arrangement will remain in force until that financial arrangement ends.  Agencies should approach requests from counterparties for new guarantees with the assumption that Government will not provide them.	Agencies should review their list of current guarantees to ensure they are still needed. Existing guarantees provided under the PAFA Act in relation to a particular financial arrangement will remain in force until that financial arrangement ends.  Agencies should approach requests from counterparties for new guarantees with the assumption that Government will not provide them. The State is a AAA-rated entity, and if its

	benefit to justify the administrative effort of issuing them.	The State is a AAA-rated entity, and if its agencies enter into legally binding arrangements, then the counterparties should not require a secondary guarantee.  Future guarantees will only be issued on the basis there is no alternative to issuing them. Treasury will view each request on its individual merit, but requests should include an alternative scenario where a guarantee is not provided.	agencies enter into legally binding arrangements, then the counterparties should not require a secondary guarantee.  Future guarantees will only be issued on the basis there is no alternative to issuing them. Treasury will review each request on its individual merit, but requests should include an alternative scenario where a guarantee is not provided.
<b>Funds Managers</b>  <i>GSF Act Division 6.6 sections 34 to 37</i>	The policy intention is for TCorp to be engaged as funds manager for agencies, with agencies able to seek approval to use another funds manager on an exceptions basis.	Agencies may use TCorp as funds manager for approved financial arrangements.  To engage another funds manager than TCorp, agencies should contact their Treasury relationship manager in the Policy and Budget Group or Commercial Group, or contact <a href="mailto:financialarrangements@treasury.nsw.gov.au">financialarrangements@treasury.nsw.gov.au</a> .	Agencies may use TCorp as funds manager for approved financial arrangements.  To engage another funds manager than TCorp, agencies should contact their Treasury relationship manager in the Policy and Budget Group or Commercial Group, or contact <a href="mailto:financialarrangements@treasury.nsw.gov.au">financialarrangements@treasury.nsw.gov.au</a> .
<b>Financial services (excluding financial arrangements)</b>  <i>GSF Act Division 6.3, sections 6.15, 6.19</i>	<p>1. A GSF agency must efficiently manage its cash resources.</p> <p>2. A GSF agency must use the State financial service providers for contracted banking and financial products and services.</p> <p>3. A GSF agency must hold cash in account structures directed by Treasury unless prior approval is obtained to hold cash in an alternative product.</p> <p>4. A GSF agency must provide Treasury with accurate cash forecasts and promptly report on material changes and variances to these forecasts.</p>	Agencies should comply with the new requirements as set out in Treasurer Direction TD19-01 Financial Services and relevant cash management policies.	Agencies should continue to comply with the new requirements as set out in Treasurer Direction TD19-01 Financial Service.  Treasury will be consulting with relevant agencies on the draft updated Cash Management Policy prior to this being issued.
<b>Performance Information</b>  <i>GSF Act section 8.2(1)</i>	The Treasurer may direct agencies to keep certain types of performance information to enable resource allocation decisions to be made by the government.	Agencies should continue to comply with existing policies and guidelines on outcome budgeting, including TPP 18-09 Policy and Guidelines Paper: Outcome Budgeting  Agencies will be requested to provide feedback on draft Treasurer's Directions relating to the keeping of performance information.	Agencies should continue to comply with policies and guidelines on outcome budgeting.  Agencies should comply with the new requirements as set out in Treasury Direction on performance information.

#### Acronyms

AR(SB) Act	<i>Annual Reports (Statutory Bodies) Act 1984</i>
AR(D) Act	<i>Annual Reports (Departments) Act 1985</i>
ARC	Audit and Risk Committee
ERIC	Electricity Retained Interest Corporations
GSF	Government Sector Finance
GSF Act	<i>Government Sector Finance Act 2018</i>
PAFA Act	<i>Public Authorities (Financial Arrangements) Act 1987</i>
PF&A Act	<i>Public Finance and Audit Act 1983</i>
PF&A Regulation	<i>Public Finance and Audit Regulation 2015</i>
SDA	Special Deposits Account
SOCs	State Owned Corporations
TBS	Treasury Banking System
TD	Treasurer's Direction