

Disclaimer: This is guidance material only and does not replace reading the legislation.

Frequently Asked Questions

GSF financial reporting commencement

1. Which *Government Sector Finance Act 2018* (GSF Act) financial reporting provisions commence from 1 July 2021?

GSF Act financial reporting and consolidated government sector reporting provisions commence from 1 July 2021. The relevant divisions and sections of the GSF Act are:

- Division 7.1: Interpretation,
- Sections 7.4 - 7.7: Accounts and records of GSF agencies, Annual GSF financial statements, and
- Division 7.4: Consolidated government sector reporting.

2. What are the impacts of these provisions commencing?

From 1 July 2021, agencies are required to prepare their financial statements in accordance with GSF Act requirements (starting for the financial year 2020-21). *Public Finance and Audit Act 1983* (PF&A Act) financial reporting provisions have been repealed on 1 July 2021 and will no longer apply.

In addition, from 1 July 2021, GSF Act reporting requirements will apply to all Consolidated government sector reports, which include:

- monthly statements,
- half-yearly reviews (HYR), and
- consolidated state financial statements.

Agency financial statements

3. Are financial reporting requirements under the GSF Act the same as those which previously applied under the PF&A Act?

Annual financial statements requirements under the GSF Act remain fundamentally the same as under the PF&A Act. The PF&A Act required agencies to prepare their financial statements in accordance with the Australian Accounting Standards (AAS). The GSF Act also requires that 'reporting GSF agencies' as defined in GSF Act section 7.3, prepare their financial statements in accordance with the AAS.

4. Can you provide example wording for the certification statement?

Section 7.6 of the GSF Act requires that an agency's financial statements must include a certification statement by that agency's accountable authority. See Annexure 1 for example wording.

5. When are agencies required to submit financial information to Treasury?

All accountable authorities for agencies must carry out the procedures in relation to each financial year and submit the financial information to Treasury as mentioned below. The information must agree with the financial statements submitted for audit.

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- agencies listed in Appendix A to Treasurer's Direction (TD) 21-02 *Mandatory Annual Returns to Treasury*:
 - as stipulated in Treasury Policy Paper (TPP) 21-04: *Agency Direction for the 2020-21 Mandatory Annual Returns to Treasury*,
- agencies listed in Appendix A to Treasury Circular (TC) 21-04, whose information is required to prepare the notes to the *Total State Sector Accounts*:
 - as stipulated in TC 21-04: *2020-21 Mandatory Annual Returns to Treasury*.

In addition, Treasury requires that agencies provide specified financial information by other earlier dates - see *TPP21-01 Agency Direction for the 2020-21 Mandatory Early Close*.

6. When are agencies required to submit their annual financial statements for audit?

The deadline for agencies to submit their financial statements to the Auditor-General is:

- GSF agencies listed in Appendix A to Treasurer's Direction (TD) 21-02 *Mandatory Annual Returns to Treasury*:
 - within four weeks following the end of the reporting period (see TD 21-02 *Mandatory Annual Returns to Treasury*),
- all other GSF agencies that are not listed in Appendix A to *TD21-02 Mandatory Annual Returns to Treasury*:
 - within six weeks following the end of the annual reporting period (see TD 21-03 *Submission of Annual GSF Financial Statements to the Auditor-General*).

7. Can agencies submit the financial statements to the Auditor-General without the signed certification statement?

Agencies can submit their financial statements to the Auditor-General without the signed certification statement. However, agencies must submit a full version including the signed certification statement in accordance with the GSF Act section 7.6(4). Agencies are to agree on the date that the accountable authority will submit the full version of the statement during the audit.

Under the previous PF&A Act requirements, the signed certification statement was a separate statement and was not part of the financial statements subject to audit. Under the GSF Act, the certification statement by the accountable authority forms part of the financial statements subject to audit and as a result will be referred to in the Independent Auditor's Report.

8. Can agencies apply for an extension to submit their financial statements?

Treasury expects that each accountable authority will do everything within its power to meet the above deadlines for their agencies. In very rare and unusual circumstances, an accountable authority may not be able to meet those deadlines. In those circumstances, agencies can apply for an extension pursuant to clause 7 of TD 21-02 *Mandatory Annual Returns to Treasury* or clause 2 in TD21-03 *Submission of Annual GSF Financial Statements to the Auditor-General*. Both of these TDs require that the accountable authority consults with the Auditor-General prior to seeking an extension.

9. When can agencies expect to receive the audit report of their financial statements?

Agencies can discuss the timing of receiving the audit report with the Audit Office.

10. When must a Minister table an agency's financial statements in Parliament?

Some agencies are required to prepare an annual report under:

- the *Annual Reports (Departments) Act 1985* (ARDA), or
- the *Annual Reports (Statutory Bodies) Act 1984* (ARSBA).

An agency's annual report prepared in accordance with either of those Acts must include financial statements (see FAQ #21 below).

The accountable authority for an agency that is not required to prepare an ARDA or ARSBA annual report, must submit that agency's financial statements to its responsible Minister. GSF Act section 7.6(5)(b) requires that the responsible Minister must table that report in Parliament as soon as practicable, but no later than 5 months after the Auditor-General provides her audit report on those financial statements.

11. When can an agency make its financial statements publicly available?

An agency's financial reports must be made publicly available after it is tabled in Parliament.

12. Can the Treasurer access an agency's accounts and records?

Yes. The Treasurer can access an agency's accounts and records.

Section 7.5(1) states that all GSF agencies must keep accounts and records that properly record and explain agency's transactions, cash flows, financial position and performance. Pursuant to section 7.5(2), the Treasurer and the responsible Minister have full and free access to agency records and accounts.

Agencies exempt from financial reporting requirements

13. Which agencies are exempt from GSF Act financial reporting requirements?

(1) Exemptions of a 'kind'

The following kinds of agencies are exempt from the GSF Act reporting, as specified in the *GSF Regulation 2018* (or *GSF Amendment (Reporting GSF Agency Exclusions) Regulation 2021*):

1) Small agencies

An agency meeting all of the following requirements is exempt:

- a) the assets, liabilities, income, expenses, commitments and contingent liabilities of the agency are each less than \$5,000,000,
- b) the total cash or cash equivalents held by the agency is less than \$2,500,000,
- c) at least 95% of the agency's income is derived from money paid out of the Consolidated Fund or money provided by other GSF agencies, and
- d) the agency does not administer legislation for a Minister by or under which members of the public are regulated.

2) Special purpose staff agencies

An agency that comprises solely of persons who are employed to enable another particular agency to exercise its functions is exempt.

(3) Certain Crown land managers

An agency meeting all of the following requirements is exempt:

- a) the agency is a Crown land manager,
- b) requirements referred to in "Small agencies" above (1(a), (b) and (d))
- c) the income of the agency, derived from sources other than money paid out of the Consolidated Fund or money provided by other GSF agencies, is less than \$100,000.

(4) Entities established with the sole purpose of holding certain retained State interests

An agency meeting all of the following requirements is exempt:

- a) the sole purpose of the agency (the *first agency*) is to hold and manage retained State interests arising from a particular relevant transaction, and all of its activities relate to that purpose,
- b) the first agency's financial position and financial performance are consolidated within the financial statements of another GSF agency (the *second agency*),
- c) the first agency and the second agency each has the same accountable authority,
- d) if there is another GSF agency that is also a controlled entity of the second agency, the first agency and the controlled entity have the same sole purpose.

Treasury developed these exemptions in consultation with agencies and the Audit Office, preparing for GSF Act financial reporting commencement in July 2020. Following the impact of COVID-19, it was considered appropriate to defer the July 2020 commencement until 1 July 2021, and maintain financial reporting obligations under the PF&A Act for the year 2019-20. In addition, the *Public Finance and Audit Regulation 2015* was amended, and the same "four" kinds of exemptions were added to apply for PF&A financial reporting requirements in 2019-20. Accordingly, any agency that:

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- was exempt from PF&A Act financial reporting in 2019-20 because it met all requirements for a particular 'kind' exemption; and
- still meets each of those requirements in 2020-21

will be exempt from GSF Act financial reporting requirements in 2020-21.

Agencies must self-assess every year to determine whether they remain exempt against the criteria in the *GSF Regulation 2018*. Where an agency is uncertain, contact Treasury.

The *Public Finance and Audit Regulation 2015* was repealed on 1 July 2021 and exemptions in clauses 9 and 12 A will no longer apply.

14. Are agencies required to confirm exemptions with Treasury?

Treasury has contacted Cluster Chief Financial Officers to develop an indicative list of agencies likely to be exempt from GSF Act financial reporting requirements for 2020-21. Cluster Chief Financial Officers should notify Treasury if they subsequently assess an agency within their Cluster to be exempt from GSF Reporting.

15. If my agency is not exempt, is there any value in seeking exemption from the Treasurer or Treasury?

No. The GSF Act does not empower the Treasurer or Treasury to exempt a particular agency from GSF Act financial reporting requirements. Under the GSF Act, an agency is exempt only if it meets all requirements for one of the four 'kind' of exemptions above.

16. Can an exempt agency voluntarily prepare its financial statements?

Yes. GSF agencies can still prepare financial statements even if they are not required to do so under section 7.6 of the GSF Act.

If agencies are likely to fall in and out of exemptions of a 'kind' specified in the *GSF Regulation 2018* (see #Q13), it may be beneficial to prepare financial statements each year as the Audit Office still needs to perform audit procedures and obtain assurance on the opening balances when these amounts have not been audited in the prior year. It may therefore be more efficient to prepare financial statements each year.

17. Can the Auditor-General inspect and examine the accounts and records of an exempt entity?

Yes. The Auditor-General can still inspect and examine the accounts and records of any agency even if that agency is exempt from reporting. This is pursuant to section 35(2)(a) of the *Government Sector Audit Act 1983* (previously *PF&A Act*).

18. Who pays the Auditor-General's audit costs?

Where the Auditor-General audits an agency's financial statements, that agency must reimburse the Auditor-General for the cost of that audit. The Audit Office provides information on the cost of each audit in its annual engagement letters prior to audit commencement. For further information about the Auditor-General's costs, please visit the [Audit Office website](#).

Consolidated state financial statements

19. Which agencies are included in the Consolidated State Financial Statements?

Agencies included in the consolidated state financial statements are listed in Appendix A to the TD21-02 *Mandatory Annual Returns to Treasury* and TC21-04 *2020-21 Mandatory Annual Returns to Treasury*.

Annual reports

20. Which legislation will govern the preparation of agency annual reports?

ARDA and ARSBA set out annual reporting requirements for entities that meet the definition of 'Department' and 'statutory body' under those Acts. Agencies that were required to prepare 2019-20 annual reports under either of those Acts will be required to prepare annual reports under those Acts again for 2020-21. From 1 July 2021, those entities (previously listed in Schedules 2 and 3 of the PF&A Act) are listed in Schedule 2, Part 1 and Part 2 of the GSF Regulation 2018 (or *GSF Amendment (Transitional) Regulation 2021*).

21. By what date must a Minister table an agency's annual report in Parliament?

ARDA and ARSBA require that:

- Departments and statutory bodies respectively submit their annual reports to their appropriate Minister within four months from the end of the financial year, and
- Ministers table those reports in Parliament within one month of receipt.

22. When will annual reporting provisions of the GSF Act commence?

It is anticipated that annual reporting provisions of the GSF Act (Division 7.3 of the GSF Act) will commence on 1 July 2023 subject to approval by Governor. Treasury will provide further details on the [GSF website](#) ahead of that date. Until GSF annual reporting provisions commence, agencies that have previously prepared annual reports under ARDA or ARSBA will continue to prepare annual reports under those Acts.

Remaining reporting provisions of the GSF Act

23. When will other reporting provisions of the GSF Act commence?

The remaining GSF Act reporting provisions below are scheduled to commence on 1 July 2023, subject to approval by the Governor:

- SDA accounts (section 7.8 of the GSF Act), and
- special purpose reporting (section 7.9 of the GSF Act)

These provisions are new requirements with no previous equivalents under the PF&A Act or any other legislation. Treasury will consult with the sector on the form and content of these reports prior to commencement.

The [GSF Act commencement timetable](#) is available on the [GSF website](#).

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24. What has happened to the PF&A Act?

Following commencement of the majority of the GSF Act, PF&A Act was renamed as the *Government Sector Audit Act 1983* on 1 July 2021 as an Act that is primarily concerned with the powers and functions of the Auditor-General and establishing the Audit Office, and the Public Accounts Committee. The PF&A Act financial reporting provisions have been repealed on 1 July 2021 and will no longer apply.

Annexure 1

EXAMPLE

Statement by the Accountable Authority

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ('the Act'), I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the *Government Sector Finance Regulation 2018* and the Treasurer's directions, and
- present fairly [name of agency]'s financial position, financial performance and cash flows.

[This statement must be signed by the Accountable Authority. Where the Accountable Authority is a 'governing body' – for example, a board – the statement should be signed for the governing body by the president, chairperson or other principal officer of the governing body, following a resolution by the body adopting the financial statements. See example signature blocks below].

Signed

Name

Title

Date

Or

Signed

Title

for [name of governing body (eg board) of]

[name of Agency]

Date