

Treasurer's Direction

TD23-24 SDA Account financial reports

Friday, 8 December 2023

TD23-24 SDA Account financial reports

Summary/Archibald statement:

This Direction specifies mandatory requirements for preparation of financial reports for SDA accounts.

Commencement:

This Direction applies to financial years ending on or after 30 June 2023,

Application:

This Direction, made under the *Government Sector Finance Act 2018* (GSF Act), applies in respect of all SDA accounts within the meaning of section 1.4 of that GSF Act and to the responsible managers for those accounts within the meaning of section 4.16 of that Act.

Purpose/objectives:

The purpose/objects of this Direction are as follows:

1. To specify mandatory requirements for preparing financial reports for SDA accounts in accordance with GSF Act section 7.8(2).
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Interpretation:

In this Direction:

AASB 1 means AASB 1 *First-time Adoption of Australian Accounting Standards*.

AASB 101 means AASB 101 *Presentation of Financial Statements*.

AASB 107 means AASB 107 *Statement of Cash Flows*.

AASB 108 means AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

AASB 1048 means AASB 1048 *Interpretation of Standards*.

AASB 1053 means AASB 1053 *Application of Tiers of Australian Accounting Standards*.

AASB 1054 means AASB 1054 *Australian Additional Disclosures*.

AASB 1057 means AASB 1057 *Application of Australian Accounting Standards*.

assets, commitments, contingent liabilities, expenses, income and liabilities have the same meanings as in the Australian Accounting Standards.

Direction refers to this Treasurer's Direction TD23-XX.

Exempt SDA account means any SDA account referred to in (a), (b) or (c) below:

- a. SDA accounts that are:
 - consolidated into the financial report of another GSF agency, in accordance with 'AASB 10 Consolidated Financial Statements, aggregated into the financial report of another GSF agency, or
 - 'administered' (per AASB 1050 *Administered Items*), and thus disclosed as an administered item,by a GSF agency under Australian Accounting Standards.
- b. SDA accounts not controlled by the NSW Total State Sector.
- c. SDA accounts meeting both of the following requirements:
 - the assets, liabilities, income, expenses, commitments and contingent liabilities of the SDA account are each less than \$5,000,000. and
 - the total cash or cash equivalents held by the SDA account is less than \$2,500,000.

General Purpose Financial Statements has the same meaning as in paragraph 7 of AASB 101.

GPFS means General Purpose Financial Statements.

GSF Act means the *Government Sector Finance Act 2018*.

GSF agency has the same meaning as in section 2.4 of the GSF Act.

Responsible manager has the same meaning as in section 4.16 of the GSF Act and is affected (where applicable) by clause 1 of this Direction.

Auditor-General means the Auditor-General referred to in section 27B of the *Government Sector Audit Act 1983*.

SDA account has the same meaning as in section 1.4 of the GSF Act.

SDA account financial report means an SDA account financial report as defined in section 7.8 of the GSF Act and prepared under that section.

Special Purpose Financial Statements has the same meaning as in AASB 1054.

SPFS means Special Purpose Financial Statements.

Direction:

1. Where section 4.16(2)(a) of the GSF Act does not apply and the Treasurer (or the Treasurer's delegate or sub-delegate) has not otherwise given a direction in writing under section 4.16(2)(b) of that Act in respect of an SDA account, the Treasurer directs under section 4.16(2)(b) that the following persons are to exercise the functions of the responsible manager for an SDA account and, when exercising those functions, must comply with this Direction:
 - A. the person holding the position that normally signs the financial report of the GSF agency that prepares financial reports for the SDA account or that person's nominee, or
 - B. the chair or person exercising the functions of chair of the GSF agency's governing board, or that person's nominee.
2. The responsible manager for an SDA account must carry out the following steps (or ensure that the following steps are carried out) in relation to the preparation of that SDA account's financial report:
 - A. **Prepare annual SDA account financial reports**
 - i. For all SDA accounts that are not Exempt SDA accounts, the responsible manager must prepare annual SDA account financial reports in the form of one of the following:
 - a. SPFS in accordance with the requirements in section B below; or
 - b. GPFS in accordance with GPFS Tier 1 reporting requirements as defined in AASB 1053 in part applicable to not-for-profit entities.
 - ii. Despite clause 2A(i) above, the responsible manager for an Exempt SDA account must prepare GPFS or SPFS for the SDA account if required to do so by the Treasurer, the Secretary of Treasury or a nominee of the Treasurer or Secretary in accordance with the requirements of this Direction.
 - iii. The responsible manager for an SDA account must prepare a statement as to whether the annual SDA account financial report complies with this Direction – see Attachment for suggested wording.
 - iv. The responsible manager must ensure that the statement is given to the Auditor-General before the Auditor-General prepares the audit report for the annual SDA account financial report.
 - v. The statement is taken to be part of the annual SDA account financial report after it is given to the Auditor-General.
 - vi. If more than one person has the capacity to exercise the functions of the responsible manager for an SDA account, only one of those persons is required to sign the statement.
 - vii. A responsible manager is not required to provide prior-year comparatives in the first year that they comply with this Direction.
 - viii. When SPFS are prepared for an SDA account in accordance with this Direction for a period and SPFS were not prepared for the SDA account in accordance with this Direction for the immediately preceding period, any opening balances of assets and

liabilities, as well as any adjustments to these assets and liabilities, must be recognised through the opening balance of retained profits/accumulated losses.

- ix. Despite clause 2A(vi)-(viii) above, when an SDA account financial report is prepared in the form of GPFS, the requirements of AASB 1 must be complied with.

B. Prepare SPFS in accordance with form and content requirements

i. Presentation and disclosure

An annual SDA account financial report prepared as SPFS must state that the report has been prepared as SPFS. The report must include the following minimum presentation and disclosure requirements:

- a. statement of financial position
- b. statement of financial performance
- c. statement of cash flows

SPFS must be prepared in accordance with AASB 101 and AASB 107 (except as specifically required otherwise in this Direction).

d. notes covering:

- reporting SDA account (description of the SDA account purpose and key activities, funding sources, allowed purposes of cash outflows, name of the controlling entity, name of the administering entity (if not the controlling entity), the legislation or other document under which the SDA account was created, and the responsible manager(s))
- basis of preparation to list disclosure requirements of Australian Accounting Standards that have/have not been complied with to the extent relevant, Australian Accounting Standards require,
 - summary of significant accounting policies, and
 - other notes as deemed necessary by the responsible manager
- e. comparative information for the previous year (except for the first year of compliance with this direction in accordance with clause 2A(vii).

ii. Classification, recognition and measurement

- a. SPFS must be prepared on an accrual basis and must comply with:
- AASB Framework for the Preparation and Presentation of Financial Statements
 - All classification, recognition and measurement requirements in all Australian Accounting Standards and interpretations applicable to not-for-profit entities
 - AASB 101 (except as specifically required otherwise in this Direction)
 - AASB 107
 - AASB 108
 - AASB 1048
 - AASB 1053
 - AASB 1054
 - AASB 1057.

iii. Exempt SDA Accounts

Exempt SDA Accounts are not required to comply with the requirements (including form and content requirements) of this Direction. However, those SDA Accounts must continue to comply with any reporting requirements specified in their establishing legislation.

C. Submit SDA account financial reports to the Auditor-General in prescribed timeframes

- i. The responsible manager for an SDA account must provide the SDA account financial report to the Auditor-General for an audit or audit-related services within four months after the end of the respective financial year unless different timeframes have been agreed with the Auditor-General or unless (ii) below applies.
- ii. The responsible manager for an SDA account must provide the first SDA account financial report prepared in accordance with this Direction to the Auditor-General for an audit or audit related service within eight months after the end of the relevant financial year unless different timeframes have been agreed with the Auditor-General.
- iii. The financial year for an SDA account starts on 1 July each year unless:
 - i. another date is specified in the legislation establishing the SDA account, or
 - ii. the Treasurer has determined that the SDA account's financial year will end on a date other than 30 June.

3. Exemptions and Extensions

- A. The Secretary of the Treasury, or a person nominated by the Secretary may, on his or her own initiative, or in response to a written request from a responsible manager for an SDA account, grant an exemption from, or extension in relation to, one or more of the requirements of this Direction.
- B. The responsible manager for an SDA account may request an exemption from, or extension in relation to, one or more of the requirements of this Direction in writing addressed to the Secretary of the Treasury.
- C. The responsible manager for an SDA account must consult with the Auditor-General prior to seeking an exemption or extension under this clause.
- D. A request for an exemption or extension under this clause must identify:
 - i. the requirement or requirements that the responsible manager for an SDA account is seeking exemption from, or an extension in relation to
 - ii. reasons why the responsible manager for an SDA account cannot comply with the requirement or requirements
 - iii. the outcome of consultation with the Auditor-General.

Related documents

- *AASB Framework for the Preparation and Presentation of Financial Statements*
- *AASB 1 First-time Adoption of Australian Accounting Standards*
- *AASB 101 Presentation of Financial Statements*

- *AASB 107* Statement of Cash Flows
- *AASB 108* Accounting Policies, Changes in Accounting Estimates and Errors
- *AASB 1048* Interpretation of Standards
- *AASB 1053* Application of Tiers of Australian Accounting Standards
- *AASB 1054* Australian Additional Disclosures
- *AASB 1057* Application of Australian Accounting Standard

This is a Direction made under section Sections 3.1 and 7.8(2) of the Government Sector Finance Act 2018 (NSW)

End date or review date for this Direction:

This Direction is to be reviewed on or before Sunday, 1 August 2027

Related Documents:

- *AASB* Framework for the Preparation and Presentation of Financial Statements
- *AASB 1* First-time Adoption of Australian Accounting Standards
- *AASB 101* Presentation of Financial Statements
- *AASB 107* Statement of Cash Flows
- *AASB 108* Accounting Policies, Changes in Accounting Estimates and Errors
- *AASB 1048* Interpretation of Standards
- *AASB 1053* Application of Tiers of Australian Accounting Standards
- *AASB 1054* Australian Additional Disclosures
- *AASB 1057* Application of Australian Accounting Standard.

(Legislative) References:

Sections 3.1 and 7.8(2) of the GSF Act.

Daniel Mookhey MLC

Treasurer

Friday, 8 December 2023

Statement by the responsible manager

In my opinion, the accompanying financial report for the year ended 30 June XXXX:

- has been prepared in accordance with Treasurer's Direction TD22-XX *SDA account financial reports*, and
- presents fairly [name of SDA]'s financial position, financial performance and cash flows.

[Name of responsible manager]

[Date]