

TREASURER'S INSTRUCTION
FINANCIAL MANAGEMENT ACT 2016
AGENCY RESTRUCTURES

EFFECTIVE DATE

1 July 2019

SCOPE

This Treasurer's Instruction applies to all agencies listed in Column 1 of Schedule 1, Part 1 in the *Financial Management Act 2016* unless otherwise exempted or provided for under the provisions of the Act.

APPLICATION

At all times.

OBJECTIVE

To provide direction in relation to non-budget information requirements necessary for the preparation of financial statements associated with Agency restructures.

INSTRUCTION

- 18.1 The Accountable Authority must ensure that all transfers of assets and liabilities as a result of a restructuring by Administrative Arrangements Order are designated as a "contribution by owner".
- 18.2 The Accountable Authority must ensure that the effective date for the restructure is in accordance with the commencement date of the relevant Administrative Arrangements Order.
- 18.3 The Accountable Authority must ensure that, where the transfer date takes effect part way through a month, the effective date for the valuation of net assets is as at the end of that month, adjusted for any material transactions that may have occurred in the time between the transfer date and the end of the month.
- 18.4 The Accountable Authority must consult with the Tasmanian Audit Office and, following that consultation, seek prior written approval from the Secretary of the Department of Treasury and Finance to adopt an alternative effective date, such as 1 July, for the transfer of net assets. The request must advise whether the proposed date will have any impact on financial reporting and the expected materiality of that impact.
- 18.5 The Accountable Authority must ensure that the balance of net assets transferred is recorded directly to accumulated funds within equity by both the transferor and transferee agencies.

- 18.6 The Accountable Authority must ensure that the book value of net assets, as at the transfer date, is to be used as the valuation basis by both the transferor and transferee agencies.
- 18.7 The Accountable Authority must ensure that the financial statements for both the transferee and transferor agencies disclose, by way of note:
- 18.7.1 the date of the transfer;
 - 18.7.2 details of the Outputs and activities which have been assumed or relinquished;
 - 18.7.3 the Agency that will be assuming or relinquishing the Outputs and activities;
 - 18.7.4 the amount of transactions and/or balances transferred from the transferor Agency/ received by the transferee Agency;
 - 18.7.5 expenses and revenues attributable to those Outputs and activities for that reporting year, up to the date of transfer; and
 - 18.7.6 for the transferee Agency only, disclosure of all expenses and revenues for the reporting period for all transferred activities for which that Agency is now responsible.
- 18.8 The Accountable Authority must ensure that prior year comparatives are not adjusted or otherwise aligned to reflect the restructure for both the transferor and transferee agencies. A note to the effect that the comparative figures have not been adjusted must be included in the financial statements of both agencies.

ADDITIONAL GUIDANCE

Further information in support of this Treasurer's Instruction can be found in the *Financial Management - Better Practice Guidelines*.