

QUEENSLAND TREASURY
Budget Strategy and Financial Reporting

Guidelines for the Implementation of Machinery of Government (MoG) Changes

November 2024

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1.0 Introduction

1.1 Purpose and scope

The primary purpose of this document is to provide agencies with guidance on the process for calculating and completing MoG transfer forms and for recording MoG changes in Tridata.

It also provides general information on legislative, reporting and operational impacts resulting from MoG changes.

Appendix 1 provides guidance on key terminology used in these guidelines and **Appendices 2 and 3** provide more detailed information supporting key sections of the document and should be read in conjunction with those sections where noted.

These guidelines focus on legislated machinery of government (MoG) changes to departmental functions, however, the principles and tools, such as the MoG transfer form, may also be applied to other government-directed redistributions such as functions transferred between statutory bodies or government-owned corporations (GOCs).

This document should be read in conjunction with the *Queensland Machinery of Government Handbook* available at www.forgov.qld.gov.au.

1.2 Definition of a MoG and agency relationship

A MoG change occurs when the Premier alters the government's administrative arrangements. MoGs usually result in the transfer of specific functions and legislative responsibilities from one agency (usually a department) to another, directed by an Administrative Arrangements Order (AAO) and/or a Departmental Arrangements Notice (DAN). In order to be considered a legislated MoG change, a direction by government to transfer resources and functions must be published in a Gazette notice.

MoG changes often occur following an election or when ministerial positions are reshuffled. As well as transferring functions between government agencies, MoGs can result in whole departments being abolished or created.

For the purposes of this document, the agency transferring functions to another agency is referred to as the 'transferring' agency and the agency receiving functions from another agency is referred to as the 'receiving' agency. These terms have the same meaning as the transferor/transferee relationship mentioned in some legislation.

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

2.0 Redistribution of Functions of Government

2.1 Administrative Arrangements Order (AAO)

Administrative Arrangements set out the principal responsibilities of ministers, the Acts that they administer and the departments, agencies and office holders responsible for them. 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*.

Further information about AAOs is provided in section 10.1 of the *Executive Council Handbook*.

2.2 Departmental Arrangements Notice (DAN)

Departmental functions and responsibilities are also the responsibility of the Premier. A DAN 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 Sector Commission.

Consolidated DANs are prepared on the Premier's instructions following a general election.

Further information about DANs is provided in section 10.2 of the *Executive Council Handbook*.

2.3 Legislative requirements for transfer of appropriation

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 transferring department) becomes appropriation funding of another department (the receiving department).

Governor in Council must approve that part of the transferring department's vote that should be paid to the receiving 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 transferring department and the appropriation amounts now available for payment to the receiving department (s79 (4)).

2.4 Transfer 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 Queensland Treasury's GOC Performance and Governance (GPG) branch.

For 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 transferring agency and an equity injection for the receiving agency (refer to FRR 4F *Equity, Contributions by Owners and Distributions to Owners* for further advice).

If a MoG change involves a public sector company, please forward details of the change and relevant contact officer to FMCSupport@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.

2.5 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 transfer date (redistribution) of a MoG may be different to the gazettal date in certain circumstances.

In accordance with the FA Act:

- 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 (s80 of the FA Act).
- when a transferring department is abolished, the effective date of the MoG is the abolition date for the transferring department and the day following the abolition date for the receiving department (s80 of the FA Act).

3.0 Transfer negotiations

Once the necessary notices are published to provide the legal basis for the MoG change, departments should commence discussions to agree on the resources, including budgeted revenues (appropriation and other), expenses, assets, liabilities and other resources (e.g. FTEs) associated with the transfer.

The negotiation for the transfer of resources is ultimately a matter for the accountable officers of the transferring and receiving departments. In undertaking these negotiations, departments should refer to current advice issued by central agencies. In the event that Accountable Officers cannot reach agreement in relation to one or more matter concerning the transfer of functions, and all attempts to do so at the departmental level have failed, then the matter can be referred to central agencies for review (refer to the *Queensland Machinery of Government Handbook* available at www.forgov.qld.gov.au for further information including negotiation timeframes).

The Queensland Audit Office has also published a [Checklist for managing machinery of government \(MoG\) changes](#) to provide agencies with guidance on the most common issues that arise during MoG changes.

4.0 MoG transfer form and approval

4.1 MoG transfer form

Once negotiations have been completed, the financial aspects of the MoG transfer are formally approved using a MoG transfer form.

A template MoG transfer form has been developed by Queensland Treasury to facilitate the finalisation and documentation of negotiated transfers. **Appendix 2** provides instructions for

completing the form and a calculation and completion example is available on the Financial Management Centre (FMC).

The transfer form must ultimately be signed by the Accountable Officer or an approved delegate of both the transferring and receiving departments, providing a formal record of agreed transfer amounts and a reference point should disputes subsequently arise. In certain circumstances and only with the approval of Queensland Treasury, interim transfer approval may be provided by an agency's CFO or equivalent, before final approval is arranged with Accountable Officers.

The form will be used by Queensland Treasury and the QAO to provide a basis for effecting transfers of appropriation under section 79, checking adjustments in Tridata and assisting the QAO to verify 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 required 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.

4.2 Changes to previously agreed transfer amounts

Errors and renegotiations can occur for a number of reasons following initial MoG approvals. These include the location of additional physical assets, reassessment of corporate support needs, errors in the original calculation of appropriation to transfer or valuation of assets and liabilities.

If, within the same financial year, previously agreed transfer amounts are subsequently renegotiated or material errors identified, a new transfer form containing only the changes identified, should be signed by both Accountable Officers to allow the change to be reflected as a MoG change through non-appropriated equity.

If a new form is not signed, the change cannot be reflected as a change to the MoG transfer amount or recognised through equity. Where the change affects the overall amount of appropriation to be transferred to the receiving department, CBRC approval will be required to support a request for additional appropriation for the receiving department.

If the change to the previously agreed transfer amount is identified in a following year, and both agencies agree to reflect this change as a MoG transfer, a new transfer form containing only the changes identified should be signed by both Accountable Officers. This will allow the adjustment to be processed as a prior year MoG adjustment. Clearly, the change cannot retrospectively affect the value of the cash appropriation for the prior year, however an appropriation accrual may be permitted.

If a new form is not signed, the changes will need to be reflected as a current year adjustment through the operating statement rather than through non-appropriated equity.

5.0 Calculating the values to transfer for each function

Once the physical and human resources to be transferred have been identified, the value attached to those resources can be calculated.

The transferring department may need to adjust their Latest Budget (refer to Appendix 1 for definition) eg. for CBRC decisions obtained post-Published Budget but prior to the effective date of

the MoG, before calculating the values to transfer for each function.

For each MoG'd function, agencies must calculate the amount of Published Budget (refer to Appendix 1 for definition) and the amount of Latest Budget that has not been received/incurred by the transferring agency as at the date of the MoG. This information is required to formally transfer appropriation under section 79 of the FA Act and for the SDS for both the transferring and receiving agency.

The amounts to be transferred for Published and Latest Budgets include cash appropriation, other revenue and expenses and net asset amounts (assets less liabilities).

Appendix 2 provides detailed information on how to complete the MoG transfer form with the individual values to transfer.

5.1 Cash appropriation

The amount of cash appropriation to be transferred will have 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 adjustments and administered items, relating to the transferred function, not received as at the effective date of the MoG change (refer to section 5.1.1); and
- any appropriation adjustments approved subsequent to the original appropriation (i.e. rollover of deferrals or additional funding - net of approved savings) relating to the transferred function, not received as at the effective date of the MoG change. These do not form part of the section 79 transfers (refer to section 5.1.2).

Where appropriation accruals have been taken up at MoG date, the cash appropriation to be transferred would be equal to the accrual appropriation revenue/equity +/- any appropriation payable or receivable.

5.1.1 Original Published Budget cash appropriation to transfer

Per 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, that is now to be paid to the receiving department.

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

Where cash appropriation received up to the date of the MoG is less than the original appropriation, the difference is the amount available for transfer under section 79.

Where the cash appropriation received up to the date of the MoG is greater than the original appropriation, there is no amount available for transfer under section 79. Queensland Treasury will seek approval for Unforeseen Expenditure on behalf of the transferring department under section 35 of the FA Act, for any amount in excess of the original appropriation paid up to the date of the MoG.

Queensland Treasury will also prepare the Executive Council Minute seeking Governor in Council approval for the transfer of appropriation under section 79 of the FA Act and, once approval is granted, will prepare a notice to be published in the Government Gazette, specifying the appropriation amounts to be transferred.

5.1.2 Latest Budget cash appropriation to transfer

Where any appropriation has been approved subsequent to the Published Budget relating to the transferred function, additional funding adjustments (ATMs) are required. Per Appendix 1, Published Budget plus subsequent approved funding adjustments is referred to as the Latest Budget and applies to the current year and the outyears.

Therefore, the original Published Budget cash appropriation available for transfer (calculated in section 5.1.1) will be different to the Latest Budget cash appropriation available for transfer if there have been subsequent approved funding adjustments.

Where cash appropriation received up to the date of the MoG is less than the Latest Budget appropriation, the difference is the amount available for transfer.

Where the cash appropriation received up to the date of the MoG is greater than the Latest Budget appropriation, there is no amount available for transfer.

5.2 Revenue (excluding appropriation) and related expenses to transfer

The transfer value of other revenues (excluding appropriation) such as user charges and fees and expenses also needs to be calculated. Deducting the actual revenue received from related expenses incurred up to the date of the MoG, from the Published Budget and Latest Budget respectively, provides the amounts of the remaining Published Budget and Latest Budget available to transfer to the receiving agency.

If expenses exceed revenue, then there is no Original and/or Latest Budget left to transfer ie. The Actual amount at MoG date is greater than the approved budget.

5.3 Net assets/liabilities to transfer

The transferring and receiving agencies need to agree on the value of assets and liabilities to transfer as at the date of the MoG.

Transferring agencies should ensure that the assets are at fair value in their books prior to transfer (refer FRR 2F *Machinery-of-Government Changes*). 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 agency disagrees with the values transferred, it may perform a subsequent revaluation but this is not considered to be part of the MoG.

The Budget column in the SDS represents the budgeted position at the end of the financial year. As the receiving agency will have all the assets and liabilities of the transferring function post-MoG, the Published Budget MoG adjustment (ATMs) will reduce net assets of the function in the transferring agency to nil (refer section 6.3 below). This will be represented in the Adjusted Budget column of the next SDS.

The Latest Budget (Estimated Actual) column in the SDS, will reflect the transfer of the agreed value of the net assets and liabilities to be transferred (refer to section 6.4 below for further explanation of ATMs required to achieve this).

The net equity to be transferred will be reflected as a 'non-appropriated equity transfer.

6.0 Adjustments to budget - ATMs

6.1 Non-MoG ATMs

The transferring department may first need to process non-MoG ATMs in Tridata to adjust the Latest Budget prior to calculating MoG transfers, for example:

- for CBRC approvals obtained post Budget but prior to the MoG; or
- to reflect appropriation accruals taken up to enable the transfer of a balanced operating position.

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

6.2 MoG ATMs

Once the values to transfer have been calculated, MoG ATMs must then be processed to reflect the transfer of functions between departments.

Separate ATMs will be required to reflect the transfer of the asset and liability balances and for the transfer of appropriation and other budgeted movements that have not been received/incurred, as at the effective 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 Tridata. In all, there will be four MoG ATMs for each function transferred.

- Published Budget movements – Recast Published Budget ATM
- Published Budget residual balances – Recast Published Budget ATM
- Latest Budget movements – Latest Budget ATM
- Latest Budget balances at MoG date – Latest Budget ATM

Appendix 3 provides detailed information on how to prepare MoG Budget Adjustments for Tridata based on the values on the approved MoG transfer form.

Basic entries for the transfer of asset and liability balances as at the date of the MoG are shown in Table 1. These are consistent with the journal entries that would be entered in each department's ledger (budget and actuals) to reflect the net assets transferred. Transfers should be coded to the applicable transfer WOGFIR in each asset, liability and equity account.

Table 1: Basic ATM entries required to transfer net assets/liabilities as at date of MoG

Transferring department	Receiving department
DR Liability balances transferred out	DR Assets balances transferred in
DR Non-appropriated Equity - net transfer	CR Liability balances transferred in
CR Asset balances transferred out	CR Non-appropriated Equity - net transfer

Basic entries for the transfer of budgeted appropriation, other movements in revenues and expenses and estimated asset and liability movements are shown Table 2.

Table 2: Basic ATM entries required for Budget movement adjustments

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

6.3 Recast Published Budget ATMs

For the next SDS to reflect the impact of the transfer of functions between departments on the original Published Budget, both the transferring and receiving departments need to enter Published Budget Recast ATMs. These ATMs will flow through to the Adjusted Budget column of the respective department's next SDS financial statements as shown below.

The Recast Published Budget ATMs will also be used by Queensland Treasury and departments to explain movements in appropriation from the original Appropriation Acts (adjusted for MoGs) for the Consolidated Fund Financial Report which is tabled in Parliament. It is therefore important that departments ensure that the calculated cash appropriation transferred in the Published Budget Recast ATM (revenue or equity plus/minus any appropriation receivables/payables), agrees to the cash appropriation in the Published Budget 'Movements' column of the MoG transfer form as shown in the below example for a receiving department (refer also to section 5.1 for further details).

Example: Transfer of Published Budget Movements (Receiving Department)

ATM Example - Receiving Department XYZ				
Title: MOG 18 Dec 2023 - transfer of 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	GPC	CPID	2023-24
491101 Appropriation for deptal services - State Funded	CR	c01	CRO048-CPID	3,000
410001 Sales of goods and services	CR	c03	PNF219-CPID	2,000
511101 Salaries, wages and related - Government employees	DR	c03	HOU205-CPID	1,380
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	3,300
111212 Cash at bank - increase/(decrease)	DR	c03	PFE218-CPID	1,000
112112 Receivables of operating nature - increase/(decrease)	DR	c03	PNF219-CPID	6,000
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	-2,000
125122 Land - valuation - Purchase/Acquisition	DR	c03	OWN999-CPID	2,000
125126 Land - valuation - Revaluation/devaluation	DR	c03	OWN999-CPID	500
211112 Payables of operating nature - increase/(decrease)	CR	c03	PNF219-CPID	3,000
212122 QTC borrowings - Loans raised	CR	c03	QTC145-CPID	1,500
313002 Appropriation equity adjustments - State F. - Equity Injections	CR	c01	CRO048-CPID	2,000
321002 PP&E revaluations - Revaluation increments/decrements	CR	c03	OWN999-CPID	500
Check Total				0
Cash Appropriation for departmental services				5,000
Cash Appropriation for equity adjustments				2,000

Guidelines for the Implementation of Machinery of Government (MoG) Changes

Machinery-Of-Government Transfer Form								
Transferring Department Name:		ABC						
Receiving Department Name:		XYZ						
Function(s) transferred:		EGBDF						
Date of Effect:		18/12/2023						
Controlled	2023-24 Published Budget	2023-24 Published Budget	2023-24 Estimated Actual (Latest Budget)	2023-24 Estimated Actual (Latest Budget)	2024-25 Next Year Budget ⁵ (Latest Budget)	2025-26 Estimate ⁵ (Latest Budget)	2026-27 Estimate ⁵ (Latest Budget)	2027-28 Estimate ⁵ (Latest Budget)
	Movements ¹ \$'000	Residual Balances ² \$'000	Movements ³ \$'000	Balances at MOG date ⁴ \$'000	Movements \$'000	Movements \$'000	Movements \$'000	Movements \$'000
Cash appropriation for departmental services ^{6,7}	5,000		8,000		12,000	12,000	12,000	12,000
Cash appropriation for equity adjustments ^{8,9}	2,000		3,000		0	0	0	0
Cash appropriation for administered items ^{10,11}								

6.4 Latest Budget ATMs

For the next SDS to reflect the impact of the transfer of functions between departments on the Latest Budget, both the transferring and receiving departments also need to adjust Latest Budget. The Latest Budget ATMs will flow to the Estimated Actual and Budget columns of the respective department's next SDS financial statements.

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 transfer form as shown in the below example for a receiving department (refer also to section 5.1 for further details).

Example: Transfer of Latest Budget Movements (Receiving Department)

ATM Example - Receiving Department XYZ									
Title: MOG 18 Dec 2023 - transfer of Latest Budget movements for Function EGBDF from Department ABC to Dept XYZ									
	DR/CR	GPC	CPID	2023-24	2024-25	2025-26	2026-27	2027-28	
491101 Appropriation for deptal services - State Funded	CR	c01	CRO048-CPID	5,000	12,000	12,000	12,000	12,000	
410001 Sales of goods and services	CR	c03	PNF219-CPID	3,200	5,500	6,000	6,500	7,000	
511101 Salaries, wages and related - Government employees	DR	c03	HOU205-CPID	2,350	5,780	5,890	6,000	6,120	
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	5,300	10,360	10,720	11,080	11,430	
112122 Cash at bank - increase/(decrease)	DR	c03	PFE218-CPID	2,000	0	0	0	0	
112112 Receivables of operating nature - increase/(decrease)	DR	c03	PNF219-CPID	6,000	0	1,000	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	-3,000	0	0	0	0	
125122 Land - valuation - Purchase/Acquisition	DR	c03	OWN999-CPID	3,000	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	3,500	-1,000	0	0	0	
212122 QTC borrowings - Loans raised	CR	c03	QTC145-CPID	1,000	1,000	1,000	0	0	
313002 Appropriation equity adjustments - State F. - Equity Injections	CR	c01	CRO048-CPID	3,000	0	0	0	0	
321002 PP&E revaluations - Revaluation increments/decrements	CR	c03	OWN999-CPID	500	500	500	500	500	
Check Total				0	0	0	0	0	
Cash Appropriation for departmental services				8,000	12,000	12,000	12,000	12,000	
Cash Appropriation for equity adjustments				3,000	0	0	0	0	

Machinery-Of-Government Transfer Form								
Transferring Department Name:		ABC						
Receiving Department Name:		XYZ						
Function(s) transferred:		EGBDF						
Date of Effect:		18/12/2023						
Controlled	2023-24 Published Budget	2023-24 Published Budget	2023-24 Estimated Actual (Latest Budget)	2023-24 Estimated Actual (Latest Budget)	2024-25 Next Year Budget ⁵ (Latest Budget)	2025-26 Estimate ⁵ (Latest Budget)	2026-27 Estimate ⁵ (Latest Budget)	2027-28 Estimate ⁵ (Latest Budget)
	Movements ¹ \$'000	Residual Balances ² \$'000	Movements ³ \$'000	Balances at MOG date ⁴ \$'000	Movements \$'000	Movements \$'000	Movements \$'000	Movements \$'000
Cash appropriation for departmental services ^{6,7}	5,000		8,000		12,000	12,000	12,000	12,000
Cash appropriation for equity adjustments ^{8,9}	2,000		3,000		0	0	0	0
Cash appropriation for administered items ^{10,11}								

6.5 Treatment of different service models

The overall effect of a MoG change must be budget neutral. This means that, for the purposes of an audit trail, the ATMs of the receiving department must initially mirror those of the transferring department and align to the MoG transfer form in detail. It is not sufficient for only the totals or bottom line to agree between the transferring and receiving departments, the WOGFIRS, COFOGs and CPIDs must all align.

For this purpose, functionality is available in Tridata to allow agencies to view and link each other's related MoG ATMs for reconciliation and record keeping purposes.

It is however 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.

Where the receiving department chooses to deliver services differently or wants to correct a coding error on a transaction/balance being transferred, this can be done in a subsequent non-MoG ATM.

Where the transferred function is using the CPID of the receiving department, the receiving department will still need to mirror this in the MoG ATM. However, a further non-MoG ATM will be required to effectively eliminate the transferred transaction with its counterpart in the transferring department (since a department cannot use its own CPID). For example, if before the MoG, the receiving department had recorded an expected revenue from the transferring department and, as a result of the MoG transfer, now also has a corresponding expense with its own CPID, the receiving department will need to remove both the revenue and transferred expense using a non-MoG ATM as it should not record transactions with itself.

Where receiving departments require additional appropriation for functions transferred, CBRC approval is required.

7.0 Adjustments to actuals

7.1 Year-to-date (YTD) actuals adjustments

The transferring department will record revenues, expenses and movements in assets and liabilities in its accounts up to 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 revenues, expenses 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 to section 9.1).

The transferring department should provide details of individual ledger balances being transferred (including the list of Property, Plant and Equipment and customer/vendor details of receivables/payables transferring) to the receiving department. In addition, it should also provide the WOGFIRS, COFOG & CPID to assist the receiving department with its Tridata actuals upload.

7.2 Treatment of net assets through equity

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. 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.

Net assets are to be transferred to/from 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.

7.3 Timing and Tridata treatment of net asset transfers

It is essential that both transferring and receiving departments recognise the MoG transfer in actuals in the next available data upload period following the processing of MoG ATMs for Budget. This will ensure accurate actual to budget analysis is conducted on a post-MoG basis for whole-of-Government.

As with the budget treatment, 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 not considered to be 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 (refer to section 6.3 for treatment of budget corrections).

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 or balance, not the function of the receiving department.

The balances of assets and liabilities to transfer as at the effective date of the MoG are to be recorded against the appropriate 'transfer' WOGFIRs. Any cash balances are to be transferred using the 'Cash on Restructure' WOGFIRs, not the 'increase/decrease' WOGFIRs.

The balances transferred should reflect the balances as at the effective date of the MoG, as agreed in the MoG transfer form.

7.3.1 For new and continuing departments

The value of the net assets transferred are to be recorded against the Non-appropriated Equity transfer WOGFIR 314004 (part of Contributed Equity) in Tridata. 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. 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 variance explanations. Refer to the Budgetary Reporting

requirements in FFR 5C for further guidance.

The CPID associated with the net asset balances transferred should reflect the appropriate CPID of the asset or liability taken up or transferred out and not the CPID of the transferring or receiving department except for the non-appropriated equity. 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 for Non-appropriated Equity transfers only.

7.3.2 For abolished departments

YTD actual transactions up to the cessation date will need 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 using appropriate transfer WOGFIRs. This will include Appropriated and Non-appropriated Equity, Revaluation Reserve and Accumulated Funds.

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.

Once the current financial year's actual position is finalised, the Tridata team will copy the data into each remaining quarters and the 'Act_Jun_Audited' area so that a Tridata whole of Government (WoG) reporting package can be produced and audit certification obtained. Abolished departments should not wait until the end-of-year reporting process to have their WoG reporting package certified. 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.

8.0 Impact of MoGs on Budget documentation, Annual Reports and Financial Statements

8.1 Budget documentation

8.1.1 Service Delivery Statement (SDS BP5)

Performance section of the SDS

The Performance Section of the SDS including the Departmental Overview, Budget Highlights and Performance Statements, should reflect any change to a department's responsibilities as a result of a MoG change.

In the instance of a MoG change, the SDS Performance Statement is required to be recast in the following Budget as if the new service area structure had existed in that agency from 1 July of the previous year.

The Administrative Arrangement Orders (AAO) set out the responsibilities of ministers and their

Guidelines for the Implementation of Machinery of Government (MoG) Changes

portfolio. Each department must consult with each other about the transfer of either service areas, services and/or individual service standards.

Service standards should be presented as follows:

- Transferring department - service standards being transferred to another departments are removed from the Performance Statement of the transferring department.
- Receiving department - service standards being received from another agency are to be presented in the receiving agency's Performance Statement, or if no longer relevant, presented as a discontinued measure by the receiving.

More information can be found on the Department of Premier and Cabinet website - [performance-statement-requirements.pdf](#)

Financial section of the SDS

The Financial Section of the SDS including the Departmental Budget Summary, Budgeted Financial Statements and Reporting Entity Financial Statements should be adjusted for the impact of a MoG change. These adjustments occur as a result of MoG transfer ATMs.

Adjustments to published budget movements and balances (Published Budget Recast ATMs) flow into the "Adjusted Budget" column of the SDS, representing published budget for the department plus/minus functions transferred as part of a MoG.

Adjustments to latest budget movement and balances (Latest Budget ATMs) flow into the "Estimated Actual" and "Budget" columns of the SDS, representing latest budget for the department plus/minus functions transferred as part of a MoG.

As Abolished departments do not exist at the end of the financial year and will not have a budget for the next year, they will not produce an SDS.

For a transferring department:

- The "Adjusted Budget" and "Estimated Actual" Operating Statement and Statement of Cash Flows (derived from budget movements) will include the first part of the year, pre-MoG, for transferred functions. In most cases, this will reflect the actual result as at the effective date of the MoG for the transferred functions. The Balance Sheet for the transferred functions will be nil.
- The new "Budget" year will show the full year effect of the MoG transfer out, derived from the Latest Budget MoG movement ATMs.

For the receiving department:

- The "Adjusted Budget" and "Estimated Actual" Operating Statement and Statement of Cash Flows (derived from budget movements) will include the second part of the year, post-MoG, for received functions. The "Adjusted Budget" Balance Sheet will be derived from the Published Budget MoG ATMs, and the "Estimated Actual" Balance Sheet will be derived from the Latest Budget MoG ATMs for the budgeted movements and net asset transfers.
- The new "Budget" year will show the full year effect of the MoG transfer in, derived from the Latest Budget MoG movements ATMs.

For example:

Department A transfers a function to Department B due to a MoG on 18 December 2023.

- 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 also \$130.

As a result of the MoG, \$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 physical cash appropriation transferred will only be \$30, however the impact of the published budget and estimated actual must be separately reflected in the SDS.

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

Table 3: Example impact of MoG on financial statements in the SDS

SDS Appropriation revenue – Post-MoG	2023-24 Adjusted Budget \$'000	2023-24 Estimated Actual \$'000	2024-25 Budget \$'000
Department A	100	100	0
Department B	20	30	130

A footnote to the financial statements will also be included in the SDS in relation to the MoG. Preferred wording will be provided by the Queensland Treasury's Budget Office.

8.1.2 Capital Statement (BP3)

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

- 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).
- 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).

8.1.3 Budget Measures (BP4)

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

- 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).

- 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).

8.2 Annual Report and Financial Statements

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.

In accordance with the *Financial and Performance Management Standard 2019* (FPMS), newly formed departments and statutory bodies must apply the commencement date provisions contained in s40.

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).

In relation to AASB 1055 *Budgetary Reporting*, for abolished departments, it has been agreed with QAO that the actuals as at MoG date should be compared to the full year Published Budget as published in the original SDS for the current year, consistent with FRR 5C *Budgetary Reporting Disclosures*.

For continuing departments, the actuals to budget comparison for AASB 15 will be made against the Adjusted Budget column as published in the next SDS as this is adjusted for the MoG change.

9.0 Post-MoG arrangements and other administrative issues

9.1 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 'agency transactions' by the transferring department. 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.

For administered functions:

- minimal cash is transferred between departments as all administered expenses are reimbursed from appropriation (refer to section 9.2) and administered receipts are paid to the Consolidated Fund (refer to section 9.3).

9.2 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 department 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 are entered and approved in the ATM and CFM, to transfer the appropriation.

Once the MoG adjustments have been entered in Tridata 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 can only be paid from CF).

9.3 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 to be 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 Queensland Treasury Finance so that it can be correctly receipted in Consolidated Fund with the receiving department's identifier as the trading partner.

9.4 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 a new or 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 payment and reporting systems of the Commonwealth Bank of Australia are 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.

9.5 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 a new 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, previous overdraft allocations and ongoing requirements must be reassessed on a case by case basis.

Please contact FMCSupport@treasury.qld.gov.au with any queries about overdraft facilities attached to departmental accounts, and the process for seeking approval under the FA Act.

9.6 Approvals under the FA Act

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

With reference to a gazette Public Service Departmental Arrangements Notice (DAN):

- Where an existing department is renamed, previous approvals given to the existing department will be taken to be given to the renamed department.
- Where it is clear that the functions of an abolished department have been completely taken over by another department (the receiving department), it is possible that some previous approvals given to the abolished department will be interpreted as applying to the receiving department. However, this is dependent on the wording of both the DAN and the applicable approval instruments wherein the previous approvals were given to the abolished department. The receiving department should request the repeal of any applicable previous approval given to the abolished department that are not required by the receiving department.
- However, where an existing department (transferring department) is split and a function of the department is amalgamated and declared part of another department (receiving department), any previous approvals given to the former department in relation to that function will not be interpreted as applying to the receiving department unless the approval instrument indicates otherwise. Generally, a new approval will be required by the other department.

In all cases where the impact of a MoG change is unclear, it is recommended that legal advice is sought for clarification.

In relation to a department's involvement in a company, the department should refer to the guidance provided in the *Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies* and where necessary, seek approval under section 88A of the FA Act to transfer that involvement.

Where new approvals under the FA Act are sought and approved following MoG changes, copies of the signed approvals are to be forwarded to the Budget Strategy and Financial Reporting (via FMCSupport@treasury.qld.gov.au).

Appendix 1 – Acronyms and glossary of key terms

SDS and MoG transfer form Terminology	The Service Delivery Statement (SDS) contains the budgeted financial and non-financial information for a budget year for each department
Original Budget	Refers to the Published Budget (see below)
Published Budget	The Budget published in the SDS, for the year in which the MoG takes place. Also known as Original Budget or Original Published Budget.
	On the MoG transfer form - represents the residual amount of the Published Budget in relation to the transferred functions, that is available for transfer to the receiving department as at the effective date of the MoG. Published Budget Movements – operating statement and balance sheet movements to be transferred/received Published Budget Balances – balance sheet residual balances to be transferred/received
Adjusted Budget	Column in the financials section of the SDS – Represents a departments original Published Budget, adjusted for functions transferred due to a MoG. It effectively represents what the agency's Published Budget would have been, had the MoG transfer been included at the time of the Published Budget. It therefore provides a better comparison to the Latest Budget In Tridata – MoG ATMs to recast Published Budget are entered under the Recast Published Budget option.
Latest Budget	Latest Budget refers to the Published Budget plus any subsequent approved funding adjustments (ATMs) made post-Published Budget. The Latest Budget concept applies to the current year (Estimated Actual) and the outyears. On the MoG transfer form - represents the residual amount of the Published Budget in relation to the transferred functions, that is available for transfer to the receiving department as at the effective date of the MoG. Published Budget Movements – operating statement and balance sheet movements to be transferred/received Published Budget Balances – balance sheet residual balances to be transferred/received
Estimated Actual	Column in the financial section of the SDS – Represents a department's <u>Latest Budget</u> for the <u>current year</u> .
	On the MoG form – Represents the residual amount of the Published Budget plus any subsequent approved funding adjustments (ATMs) in relation to the transferred function (ie. The Latest Budget), that is available for transfer to the receiving department as at the effective date of the MoG. Estimated Actual Movements = operating statement and

	balance sheet movements to be transferred/received Estimated Actual Balances = balance sheet residual balances to be transferred/received
Tridata Terminology	Tridata is the Whole of Government (WoG) financial reporting and Budget management system.
ATM	Tridata's Adjustment Tracking Module (ATM) is where Departments enter adjustments to their budgeted financial statements and Treasury Analysts approve or note these adjustments.
COFOG	The COFOG is a four digit numeric character used in Tridata. It stands for 'Classification of Functions of Government'. Agencies are required to code each transaction in Tridata according to its 'purpose', such as Government primary education or road maintenance. COFOGs are primarily required for the Australian Bureau of Statistics.
Counter Party Identifier (CPID)	The CPID is a six digit alpha/numeric character used in Tridata specifying other parties to a transaction with the agency.
Recast Published Budget	This is a type of adjustment in the ATM used to adjust the Published Budget for the current year. Once approved, adjustments are reflected in the Adjusted Budget column in the SDS.
TARB	Total Approved Revised Budget is a Tridata term that reflects an agency's Latest Budget.
WOGFIR	Whole-of-Government chart of account code used in Tridata. It stands for 'Whole-of-Government financial information requirements'.

Appendix 2 – How to complete the MoG transfer form

This appendix should be read in conjunction with section 5 above and the 'MoG Transfer form example' available on the Financial Management Centre (FMC).

The MoG transfer form represents the formal record of agreement between Accountable Officers for the transfer of resources (financial and FTE) as the result of a MoG.

The form allows space for agencies to record the transferring and receiving agency names, the name of the function transferring and the effective date of the MoG (usually the commencement date stated in the DAN). There must be a separate form for each function transferred.

Published Budget columns of the MoG transfer form

The Published Budget columns consist of a 'Movements' column and a 'Residual Balances'.

Once Published Budget adjustments (ATMs) are processed based on the Published Budget columns of the MoG transfer form (refer to **Appendix 3**), these will be used to derive the Adjusted Budget column in the SDS.

The Adjusted Budget column in the SDS refers to an agency's original Published Budget, adjusted for functions transferred in and out due to a MoG. It effectively represents what the agency's Published Budget would have been, had the MoG transfers been included at that time. It therefore provides for an 'adjusted' view of the Published Budget that is comparable with the agency's Latest Budget structure (Estimated Actual and outyears) post-MoG.

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. This is because the receiving agency will have all the assets and liabilities of the transferring function post-MoG, so the total Published Budget closing balances will transfer.

Agencies are advised to apply a 'best estimate' for the purpose of this split.

Published Budget Movements column

The amounts entered in the Published Budget 'Movements' column for both the Operating Statement and Balance Sheet items will be used to derive the Adjusted Budget Cash Flow Statements in Tridata once the amounts are entered in the MoG ATMs.

Where cash appropriation received up to the date of the MoG is less than the original appropriation, the difference is the amount available for transfer under section 79 of the FA Act (refer to section 5.1.1). This amount should be entered in the Published Budget 'Movements' column against the 'cash appropriation' line for each appropriation heading (departmental services, controlled equity adjustments and administered items).

The amount entered for the cash appropriation may differ from the amounts entered for appropriation (accrual) revenue in the Operating Statement section of the form, where appropriation receivables and payables are also being transferred.

For the Operating Statement, the amounts in the Published Budget 'Movements' column must reflect the original Published Budget revenues and expenses not yet received/incurred by the transferring department as at the date of the MoG (refer to section 5.2).

If the actual revenue, 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/s (refer to section 5.1.1 and 5.2).

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 (refer to section 5.3). 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 (refer to example below).

Published Budget Residual Balances column

The amount to enter in the Published Budget 'Residual Balances' column is the difference between the Published Budget closing Balance Sheet balances (related to the function transferring) and the amounts in the Published Budget 'Movements' column of the transfer form, so that the sum of the two columns adds to the Published Budget Balance Sheet (refer to 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.

Example

As at the effective date of the MoG, the balance of the Land asset class belonging to function EGBDF is \$29,200. The EGBDF function is transferring from Department ABC to Department XYZ. Department ABC needs to transfer the remaining 'Published Budget Movements' and 'Residual Balance' to Department XYZ.

	2023-24 Published Budget	2023-24 Actual Balance @ MoG date	Column on the MoG Transfer Form	
			Pub Bud Movements	Pub Bud Residual Balances
Land (EGBDF function)				
Opening Balance *	20,000	21,200		
Purchases	10,000	8,000	2,000	
Revaluations	500	0	500	
Closing Balance	30,500	29,200	2,500	28,000

**30,500 = Adjusted
Budget transfer**

* The opening balance for the 2023-24 Published Budget is different to the opening balance at 1 July 2023 as it was derived from an estimated opening balance position at the time of the published budget. The opening balance at 1 July 2023 is based on the actual closing balance at 30 June 2023 which will likely differ from the Published Budget opening balance.

Estimated Actual columns of the MoG transfer form

The Estimated Actual 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 for the current year (Estimated Actual).

The adjustments to the Estimated Actual columns of the MoG transfer form will be used to prepare the Estimated Actual column of the next SDS.

Estimated Actual Movements column

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 approved adjustments (ATMs)) and the actual movements as at the effective date of the MoG. This applies to the cash appropriation, Operating Statement and Balance Sheet items on the form. These amounts are also used to derive the Estimated Actuals Cash Flow Statement in the SDS.

By default, 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.

Estimated Actual Balances at MoG date column

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

Example

As at the effective date of the MoG, the balance of the Land asset class belonging to function EGBDF is \$29,200. The EGBDF function is transferring from Department ABC to Department XYZ. Department ABC needs to transfer the remaining 'Estimated Actual Movements' and 'Balance at MoG date' to Department XYZ.

	2023-24 Published Budget	2023-24 Estimated Actual	2023-24 Actual Balance @ MoG date	Column on the MoG Transfer Form	
				Est Act	Est Act
				Movements	Balances at MoG date
Land (EGBDF function)					
Opening Balance *	20,000	21,200	21,200		
Purchases	10,000	11,000	8,000	3,000	
Revaluations	500	500	0	500	
Closing Balance	30,500	32,700	29,200	3,500	29,200

**32,700 = Estimated
Actual Budget transfer**

* The opening balance for the 2023-24 Estimated Actual is the same as the opening balance at 1 July 2023 as the actual closing balance at 30 June 2023 rolls into the opening balance of the 2023-24 financial year.

A more comprehensive example is available on the Financial Management Centre (FMC).

Next Year Budget and Projection columns of the MoG transfer form

The Next Year Budget and Projection columns will only include the transfer of the budgeted movements (which includes cash appropriation and operating statement amounts) for the next year budget and outyears, since the transfer of the Estimated Actual (Latest Budget) closing Balance Sheet balances will flow to adjust the opening balance of the Next Year Budget and outyears.

Appendix 3 – MoG Budget adjustments (ATMs)

This appendix should be read in conjunction with section 6 above and the 'MoG Transfer form example' available on the Financial Management Centre (FMC).

MoG ATMs for the transfer of budgeted transactions (movements) and net asset balances will be required for both the Recast Published Budget and the Latest Budget for each function transferring. This applies to FTEs as well as budgeted transactions and balances. In all, there will be four MoG ATMs for each function:

1. Recast Published Budget – transfer of Published Budget transactions (operating statement and balance sheet movements) that have not been received/incurred as at the date of the MoG – for the current year only. These will be consistent with the MoG transfer form (Published Budget Movements column).
2. Recast Published Budget – transfer of residual Published Budget balance sheet balances – for the current year only. These will be consistent with the MoG transfer form (Published Budget Residual balances column).
3. Latest Budget – transfer of Estimated Actual transactions (operating statement and balance sheet movements) that have not been received/incurred as at the date of the MoG - for all years. These will be consistent with the MoG transfer form (Estimated Actual Movements column).
4. Latest Budget – transfer of net asset balances as at the date of the MoG – for the current year only. These will be consistent with the MoG transfer form (Estimated Actual Balances at MoG date column).

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 that of the receiving department).

Recast Published Budget (Adjusted Budget Column in the SDS)

Both parties to the MoG will need to make adjustments to the Published Budget by recasting it for the functions transferred in/out.

The adjustments to the Published Budget are entered in Tridata as a Published Budget Recast ATM 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 of the ATM.

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

To better reconcile the ATMs to the MoG transfer form and differentiate between transferring budgeted movements and residual balances, departments are to prepare two ATMs for each function transferred. 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 transfer form. The title should represent the ATMs purpose e.g. 'MoG 18 Dec 2023 - transfer of 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 transfer form. The title should represent the ATMs purpose eg. 'MoG 18 Dec 2023 - transfer of Published Budget residual balances for Function X from Department ABC to Department EFG'.

It is important that the Published Budget Recast movement ATM reflects the transfer of original cash appropriation (when calculated), as this ATM will be checked to the MoG form when preparing the section 79 Executive Council Minute. It will also be used as audit support for QAO in verifying compliance with AASB 1055.

Latest Budget (Estimated Actual and Budget columns in the SDS)

Both parties to the MoG will need to make adjustments to the Latest Budget for the current year (Estimated Actual) and all outyears, by adjusting it for functions transferred in/out.

The adjustments to the Latest Budget are entered in Tridata as a Fiscal Limit ATM (where appropriation is impacted) or an 'Other' ATM (for balance transfers) and should use the 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 functions, remaining as at the date of the MoG. 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.

As with the Recast Published Budget, departments are to prepare two ATMs for each function transferred.

- The first ATM will reflect the transfer of the budgeted Operating Statement and Balance Sheet movements only. This will include the remaining 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 outyears will reconcile to the Next Year and Projection columns of the MoG transfer form. The title should represent the ATMs purpose e.g. 'MoG 18 Dec 2023– 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.

Guidelines for the Implementation of Machinery of Government (MoG) Changes

The values entered will reconcile to the Estimated Actual 'Balances as at MoG Date' column of the MoG transfer form. The title should represent the ATMs purpose e.g. 'MoG 18 Dec 2023 - transfer of asset and liability balances as at MoG date for Function X from Department ABC to Department EFG'.

Appendix 4 – Where to get help with MoG queries

- Guidance on implementing MoG changes (principles, implementation timeframes, governance, roles and responsibilities) – *Queensland Machinery of Government Handbook* and *QAOs Checklist for managing MoG Changes*
- Tridata ATM and funding queries – your Treasury Analyst
- Guidance on recording transactions in Tridata – FMCSupport@treasury.qld.gov.au
- Accounting Policy queries – FMHelpdesk@treasury.qld.gov.au
- Legislative and Governance queries – FMCSupport@treasury.qld.gov.au
- Technical Tridata Support – FMCSupport@treasury.qld.gov.au
- Resources and Templates including proforma MoG transfer form and worked example - Queensland Treasury Financial Management Centre - [Financial Management Centre \(govnet.qld.gov.au\)](http://govnet.qld.gov.au)