

NSW Treasury

TPG24-17: Agency Direction for the 2023-24 Mandatory Annual Returns to Treasury

TPG24-17

12 June 2024

Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:

Regeneration by Josie Rose



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Key information	
Treasury Policy and Guidelines (TPG) is relevant to?	<input checked="" type="checkbox"/> GSF Agencies <input checked="" type="checkbox"/> General Government Sector <input checked="" type="checkbox"/> Public non-financial corporation <input checked="" type="checkbox"/> Public financial corporation <input checked="" type="checkbox"/> State Owned Corporations <input checked="" type="checkbox"/> Other <input type="checkbox"/> Executive agencies related to Departments <input checked="" type="checkbox"/> Subsidiaries of the NSW Government established under the Corporations Act 2001
Date issued	12/06/2024
Review date	1/06/2025
<input checked="" type="checkbox"/> Replaces <input type="checkbox"/> Replaced by	The Treasury Policy and Guidelines document replaces: <ul style="list-style-type: none"> • TPG23-13 Agency Direction for the 2022-23 Mandatory Annual Returns to Treasury
Issuing/Publishing entity	NSW Treasury
Related instrument(s)	The related instrument for this policy and guidelines is: <ul style="list-style-type: none"> • TD21-02 Mandatory Annual Returns to Treasury
Document approver	Su-Lin Macdonald Director – Total State Financial Reporting NSW Treasury
Contact	General inquiries concerning this document should be initially directed to: Total State Financial Reporting, NSW Treasury; agencyinfo@treasury.nsw.gov.au (with Agency Prime number, Agency Name and 'Annual Return 2024' in the Subject).
Document contains	
<input checked="" type="checkbox"/> MANDATORY POLICY compliance set out by NSW Treasury.	
<input checked="" type="checkbox"/> RECOMMENDED POLICY reflecting best practice standards.	
<input checked="" type="checkbox"/> GUIDANCE/ADDITIONAL INFORMATION to provide clarity or explain requirements in detail.	

1. Agency Direction for the 2023-24 Mandatory Annual Return to Treasury

1.1 Purpose

This NSW Treasury Policy and Guidelines (TPG) adopts and incorporates the Treasurer's Direction TD21-02 Mandatory Annual Returns to Treasury, including the defined terms which also apply to this TPG.

The TPG provides additional guidelines to Agencies relating to Annual Returns to be submitted to Treasury and outlines procedures completed at an interim date under the Treasurer's Direction on Mandatory Early Close as at 31 March each year (TD19-02) that must be updated and finalised as part of the Annual Returns.

This TPG also describes a number of procedures to confirm that key controls over Agency balances are carried out. These procedures form good practice that should in any case be carried out at appropriate points in the financial year.

1.2 Background

Treasury collects and combines the Annual Returns from public sector Agencies to produce the:

- Consolidated Financial Statements of the NSW General Government and Total State Sectors (known as the Total State Sector Accounts)
- Uniform Presentation Framework: Outcomes Report, prepared in accordance with an intergovernmental agreement to allow consistent comparisons between jurisdictions
- Government Finance Statistics (GFS) reports that are submitted to the Australian Bureau of Statistics (ABS), and
- Submissions to credit rating agencies.

The Total State Sector Accounts produced by NSW Treasury are subject to public scrutiny. It is important, therefore, that each Agency's Annual Returns are accurate and complete. Treasury continues to focus on improving the quality and timeliness of financial reporting in the Total State Sector Accounts as this is one aspect of sound financial management. Further, the production of high quality and timely financial statements by Agencies is essential for Government decision-making, timely management of public funds, and enhanced public sector accountability.

The Supplementary Return is used to efficiently collect the other financial information that forms part of the Total State Sector Accounts, namely the note disclosures that falls outside of the Agency's trial balance which is submitted through Prime.

1.3 Related legal obligations

The TPG should be read in conjunction with TD21-02, as amended from time to time.

The TPG supersedes the previous version, issued as NSW Treasury Policy Paper *TPG23-13 Agency Direction for the 2022-23 Mandatory Annual Returns to Treasury*.

The references provided are correct at the time of publishing this document, however, some documents may be superseded before financial year end. References to these Treasury documents in this TPG should be read as references to the replacement documents where applicable. Agencies should refer to the [Document and Resources library](#) on the NSW Treasury website for the latest Circulars and Policy Papers.

1.4 Summary of Requirements

The mandated requirements for the 2023-24 Year End are summarised below:

Mandatory Annual Returns

- The accountable authority for an Agency (or delegate) must review and approve the financial statements, Prime Data Return, Supplementary Returns, Crown Data Return, and any additional returns specified in this TPG prior to submission to NSW Treasury. The information in the Prime Data Return must agree with the financial statements submitted for audit.
- Agencies must develop a detailed plan to enable the submission of information referenced to above. The plan must be developed in consultation with key stakeholders, including the Auditor-General, and the plan must allow sufficient time for review by the accountable authority for an Agency (or delegate) and involvement of the Audit and Risk Committee of the Agency.
- Agencies must perform procedures as outlined in section 2.3 of this TPG.

Events after the Reporting Period

- The accountable authority for an Agency (or delegate) must notify Treasury of events after the reporting period, as defined in Australian Accounting Standard AASB 110 *Events after the Reporting Period* (AASB 110), within a day of the Agency becoming aware of the issue.
- Agencies are required to perform an assessment of the events after the reporting period in accordance with AASB 110.

Correction for Errors to Submitted Data

- The accountable authority for an Agency (or delegate) must advise Treasury of all adjustments and/or errors (corrected or uncorrected) greater than \$5 million identified subsequent to submitting the Preliminary Annual Return to Treasury so that the Total State Sector Accounts can be assessed for revision. This also applies to all State Revenue Agencies (“S-Agencies”).
- The form used to advise of these adjustments and/or errors in Prime is “Update to the Preliminary Annual Return”.
- As part of the Final Annual Return, Agencies are also required to complete Form 5c “Reconciliation between Preliminary and Final Annual Return” in Prime to ensure that opening balance adjustments to the balance sheet in the 2024-25 reporting year reconciles with the adjustments between the 2023-24 Preliminary and Final Financial Statements.

Prior Year Data

- The accountable authority for an Agency (or delegate) may only change comparative information in its financial statements if the change is required by Australian Accounting Standards.

Submission of Financial Statements for Audit

- Financial statements must be prepared and given to the Auditor-General on Tuesday, 30 July 2024, to enable the Auditor-General to audit them.

2. Mandatory Annual Returns

2.1 Mandatory Requirements

- The accountable authority for an Agency (or delegate) must review and approve the financial statements, Prime Data Return, Supplementary Returns, Crown Data Return, and any additional returns specified in this TPG prior to submission to NSW Treasury. The information in the Prime Data Return must agree with the financial statements submitted for audit.
- Key submissions include:
 - Crown Data Return (refer to section 2.3(ii))
 - Prime Data Return (refer to section 2.3(iii))
 - Preliminary Annual Return (refer to section 2.3(iv))
 - Supplementary Return (refer to section 2.3(v))
 - Final Annual Return (refer to section 2.3(vi)), and
 - CFO Letter of Certification (if required by TPP17-06 *Certifying the effectiveness of internal controls over financial information*, which is transitioning to TPG24-08 *CFO Certification on the Internal Control Framework over Financial Systems and Information* from 1 July 2025 onwards).
- Agencies must develop a detailed plan to enable the submission of information referenced to above. The plan must be developed in consultation with key stakeholders, including the Auditor-General, and the plan must allow sufficient time for review by the accountable authority for an Agency (or delegate) and involvement of the Audit and Risk Committee of the Agency.
- Agencies must perform procedures as outlined in section 2.3 of this TPG.

2.2 Guidance – Submission Dates

The Mandatory Annual Returns apply to all NSW public sector Agencies listed in Appendix A of TD21-02 *Mandatory Annual Returns to Treasury*, including State Owned Corporations, that are required to submit Prime returns. Annual Returns constitute the financial statements and associated schedules/notes that reflect the Agency's financial performance during the year and financial position at the end of the year. Agencies are required to submit the following returns to Treasury by the specified dates, including for financial transactions and activities administered by the Agency on behalf of Treasury (formerly Crown) (i.e. State Revenue Agencies (“S-agency”)).

Note: the Audit Office of New South Wales is referred to as “Audit Office” in this TPG.

Annual Return Procedure	2024 date ¹	Submission
Appendix J to Treasury – Valuation of LSL liability as at 30 June 2024 for Crown Funded LSL Agencies and members of the Agency Funded Crown LSL Pool (TC21-03 Accounting for Long Service Leave and Annual Leave, or its replacement)	11 June	Treasury: Crown_Entity@treasury.nsw.gov.au
Information on Emerging Issues (Final Submission) to Treasury as per TPG24-03	19 June	Treasury: agencyinfo@treasury.nsw.gov.au

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Annual Return Procedure	2024 date ¹	Submission
Agency Direction for the 2023-24 Mandatory Early Close		
Final appropriations payments to Agencies	19 June	N/A
Long Service Leave (LSL) Claims 1. Final day for Agencies to claim reimbursements of LSL for both Crown Funded LSL Agencies and members of the Agency Funded Crown LSL Pool (must be submitted before 10:00am) and expenditure made on behalf of the Crown. 2. Final day for Agencies to send contributions to the Agency Funded Crown LSL Pool. 3. Unclaimed monies to be deposited in the Consolidated Fund or any reimbursements to be recouped from the Consolidated Fund.	24 June	Treasury: Crown_reimbursements@treasury.nsw.gov.au Crown_receipts@treasury.nsw.gov.au
Appendix J to Agencies - Treasury to advise of the present value of the LSL liability based on the 30 June 2024 Commonwealth bond rate. Appendix J will be returned to Crown Funded LSL Agencies and members of the Agency Funded Crown LSL Pool.	4 July	N/A
Agencies to provide LSL adjusting journal to Treasury	12 July	Treasury: Crown_monthly_journal@treasury.nsw.gov.au
Agencies operating unpaid cheque accounts on behalf of the Consolidated Fund must send reconciliation working papers.	12 July	Treasury: Crown_Entity@treasury.nsw.gov.au
Final day for Treasury to process non-LSL adjusting journals	12 July	N/A
Provide Agencies with Crown June ledger	15 July	N/A
30 June 2024 Prime return (Period 12, Scenario SA0099) consistent with the draft financial statements	16 July ²	Prime
Appendix H – Certificate of Reconciliation with the Crown Ledger Appendix I – Crown Data Return <i>Only applicable to State Revenue Agencies (S-agencies):</i> Appendix G – Commonwealth Funding Return	22 July ³	Treasury: Crown_Entity@treasury.nsw.gov.au
30 June 2024 Annual Financial Statements (including administered items note disclosure and supporting work-papers for the Audit Office)	30 July	Audit Office and Treasury: agencyinfo@treasury.nsw.gov.au
Preliminary Annual Return Checklist (Appendix C) and supporting documentation, and the completed Prime Supplementary Returns ⁴	30 July	Treasury: agencyinfo@treasury.nsw.gov.au and Prime
Resolution of Emerging Issues (Appendix D)	30 July	Treasury: agencyinfo@treasury.nsw.gov.au

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Annual Return Procedure	2024 date ¹	Submission
Completed Accounting Issues Resolution Papers to Treasury, if applicable (Appendix E)	30 July	Treasury: agencyinfo@treasury.nsw.gov.au
Additional variance queries (Appendix M) due back from Agencies and Policy & Budget analysts	30 July	Treasury: agencyinfo@treasury.nsw.gov.au
Agencies to complete “Update to the Preliminary Annual Return” in PRIME (in previous years referred to as Appendix B submission) no later than 1 day after error(s) (in aggregate, above \$5 million) are identified (corrected or uncorrected). All Agencies are required to complete this return, including nil returns. Agencies are to request Total State Financial Reporting (TSFR) team to push the “Update to the Preliminary Annual Return” to First Pass for agencies to revise and to re-submit the update. Refer to section 4 for further guidance.	15 August (or 1 day post identification of errors)	Prime
Notification of new events after the 30 June 2024 reporting period (post balance date events)	Within one day of the Agency becoming aware of the matter	Treasury: agencyinfo@treasury.nsw.gov.au
Final Annual Return (Audited Final Financial Statements, Independent Auditor’s Report and Engagement Closing Report) to Treasury	Within one day of receiving the signed Independent Auditor’s Report	Treasury: agencyinfo@treasury.nsw.gov.au
Management Letter (when received from the Audit Office)	Within one day of receiving the Management Letter	Treasury: agencyinfo@treasury.nsw.gov.au
Form 5c “Reconciliation between Preliminary and Final Annual Return” is to be submitted by agencies for FY23-24	Within one day of receiving the signed Independent Auditor’s Report	Prime
CFO Letter of Certification for FY2023-24, if required accordance with TPP17-06 <i>Certifying the effectiveness of internal controls over financial information</i> . (Appendix P)	13 September	Treasury: agencyinfo@treasury.nsw.gov.au

- All Appendices and returns are to be provided on or before the due dates (including nil returns).
- It is anticipated that Agencies will have minimal unexpected adjustments or errors over \$5 million with the improvements to financial reporting processes undertaken by the sector.
- Please note Appendix G is required to be completed by the Prime team responsible for State Revenue agency reporting and reviewed by the Director responsible for Prime.
- Treasury agency to submit on 8 August 2024: administered items note disclosures (to Audit Office and Treasury: agencyinfo@treasury.nsw.gov.au), Supplementary Return and [Appendix C](#) for administered items (to Prime and Treasury: agencyinfo@treasury.nsw.gov.au).

2.3 Guidance – Submission Requirements

The following information provides guidance to assist Agencies in completing the Annual Returns to Treasury for the 2023-24 Financial Year.

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All returns and relevant working papers are to be emailed to agencyinfo@treasury.nsw.gov.au. You can also copy in your TSFR analyst.

i. Long Service Leave Return (LSL Return)

For the 2023-24 Financial Year, there will be no May valuation and the 30 June 2024 valuation will be provided to agencies on 4 July 2024.

ii. Crown Data Return (CDR) and Commonwealth Funding Return

To assist with the preparation of the NSW Treasury administered items note disclosure, all NSW Public Sector Agencies are required to complete the CDR which must be emailed to the Crown_Entity@treasury.nsw.gov.au by no later than 22 July 2024. Further details are contained in the attached Guidance, with the CDR in section 2.6 and [Appendix I](#).

For those State Revenue agencies (S-agencies) who report the Commonwealth funding revenue, they are required to complete the Commonwealth Funding Return (Appendix G).

iii. Prime Data Return (including State Revenue Agency data where applicable)

Agencies are to submit their 30 June 2024 Prime return consistent with the 2023-24 draft financial statements by 16 July 2024. Agencies must submit data into Period 12 (Scenario: SA0099 – June 2024). Please refer to [Appendix F](#) for instructions.

iv. Preliminary Annual Return

a. Preliminary Annual Return submissions due by 30 July 2024:

- Completed 2023-24 financial statements as prepared for audit
- Updates to Prime Data Return (including State Revenue Agency data where applicable), for any changes since the 16 July 2024
- Supplementary Return in Prime (see Section 2.3.v below for further detail)
- Financial Statement Variance Analysis ([Appendix M](#))
- Preliminary Annual Return Checklist ([Appendix C](#))
- Details for any corrections of material prior period errors
- Resolution of Emerging Issues ([Appendix D](#))
 - Details of the resolution of the Emerging Issues communicated to Treasury in the Information on Emerging Issues returns on 26 April 2024 and 19 June 2024; and information on any other Emerging Issues identified subsequent to the submission of the Information on Emerging Issues returns and the details of the resolution of these issues. Agencies must notify its Audit and Risk Committee of emerging issues reported to Treasury.
- Any Accounting Issue Resolution Papers ([Appendix E](#))

b. Update to the Preliminary Annual Return submissions due by 15 August 2024:

- Revisions to Preliminary Annual Returns (the Prime module “Update to the Preliminary Annual Return” to replace former [Appendix B](#) form)

v. Supplementary Return

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The Agency is required to complete the Supplementary Return in Prime as part of the Preliminary Annual Return. Agencies must ensure that the information reconciles to their financial statements.

The Supplementary Return in Prime provides Treasury with additional financial information that falls outside of the ordinary trial balance. This additional information allows Treasury to prepare disclosures for notes for the Total State Sector Accounts.

Please note that many schedules require dissections. These assist Treasury with the elimination of inter-Agency transactions and balances upon consolidation and provide for additional disclosures in the notes to the Total State Sector Accounts. For example, the Property, Plant and Equipment (“PPE”) movement reconciliation requires a dissection of movements with three groups:

- Other General Government Agencies
- Other NSW Public Sector Agencies i.e. Public Non-Financial Corporations (“PNFC”) and Public Financial Corporations (“PFCs”)
- All other entities i.e. the private sector, Commonwealth, Local Governments and Other State Governments.

The total of the above three groups must agree to the total movements reported in the PPE note of the Agency’s financial statements. Refer to Appendix A4 of the [2023-24 Budget Statement](#) if you require a list of NSW public sector Agencies by sector classification. Refer to the Supplementary Return User Guide on Prime for further guidance to assist you to prepare the Supplementary Return: Prime > Application Tasks > Documents > expand User documents.

vi. Final Annual Return

The following returns are required as part of the Final Annual Return:

- a. Due within one day of receiving the signed Independent Auditor’s Report and comprises:
 - Audited financial statements
 - Independent Auditor’s Report on Agency’s financial statements
 - Engagement Closing Report issued to your Agency by the Audit Office
- b. Management Letter (within one day of receipt from the Audit Office).
- c. Form 5c “Reconciliation between Preliminary and Final Annual Return” in Prime to ensure that opening balance adjustments to balance sheet accounts (MOBAJ2) in the 2024-25 reporting year reconcile with the adjustments between the 2023-24 Preliminary and Final Financial Statements.

2.4 Guidance – Detailed Plan with Key Stakeholders

Agencies must develop a detailed plan with key stakeholders to allow for submission of information referred to above. The plan must be developed in consultation with key stakeholders, including the Audit Office, and incorporate sufficient time for management review and involvement of the Audit and Risk Committee of the Agency.

Prior to submitting the Annual Returns to Treasury, Agencies must:

- Engage proactively with the Audit Office to discuss any concerns identified during the Early Close Process. Relevant actions must be taken to resolve any issues prior to preparing Agency

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financial statements to avoid the possibility of a modification of the opinion within the Independent Audit Report or of reported misstatements.

- Identify, document and notify Treasury and Agency's Audit and Risk Committees of emerging issues or likely misstatements.
- Complete the Annual Return Checklists that define the minimum requirements for the Annual Returns. Agencies may perform additional procedures as part of a strategy to improve the quality and timeliness of financial reporting. These must be signed and provided to Treasury at the same time as the year-end financial statements are submitted to the Audit Office.

2.5 Guidance – Detailed Guidelines for the Preliminary Annual Return

The following Year End procedures should be performed as part of the preliminary Mandatory Annual Return:

i. Finalise revaluations of non-financial assets conducted as part of the Treasurer's Direction on Mandatory Early Close as at 31 March each year (TD19-02)

This should include finalising procedures on preparation of non-financial asset valuations, recording of valuations in general ledgers, and preparation of related disclosures.

As part of the Preliminary Annual Return, consider if any indicators suggest roll forward procedures need to be performed for the non-financial asset valuations from date of valuation (reflected in the early close submission) to 30 June. Management to consider if further engagement with the valuer is required to confirm that there are no material valuation changes as at 30 June.

Further guidance on the process for valuing non-current physical assets can be found at [TC21-11 Timetable for Agency Asset Valuations](#).

Revaluations should be based on appropriate methodologies and records kept to support this valuation at 30 June each year.

ii. Finalise the fair value assessment of non-financial assets (including service concession arrangements) conducted as part of the Treasurer's Direction on Mandatory Early Close as at 31 March each year (TD19-02)

Review the early close assessment on useful lives and residual values including, where relevant, reasons why the Agency concluded carrying value was not materially different to the fair value. Consider if there are any indicators that suggest these assumptions reviewed at early close are required to be updated for 30 June 2024. Demonstrate and document why assets have been placed in each level of the valuation hierarchy under Australian Accounting Standard AASB 13 *Fair Value Measurement*. For instance, valuations with Level 2 classifications should not contain significant unobservable inputs. Further guidance on performing valuations of physical non-current assets can be found at [TPP23-09 Guidance when performing valuations of physical non-current assets](#).

iii. Finalise employee annual leave provisions

Reconciliation and calculation of annual leave provisions must be completed. The balances calculated for the Early Close Financial Statements must be rolled forward with adjustments for monthly accruals and actual payments as part of the 30 June Financial Statements.

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iv. Agree and confirm inter and intra (portfolio) Agency transactions and balances

As part of the year-end process, Agencies should confirm the dollar amount of material NSW Public Sector inter and intra (portfolio) Agency statement of comprehensive income transactions and statement of financial position balances. Generally, the threshold is \$5 million. However, a lower materiality may apply for particular Internal Counter-Party (ICP) mismatches due to the nature and/or volume of transactions, for example ASOSPLUG19 – Personnel Services – Expense/Revenue.

ICP mismatches can be reviewed by running the ICP mismatch report at an Agency level. All material ICP mismatches should be investigated and cleared as part of your Prime data submission and review. The Agency providing the service (e.g. the debtor) should take the lead in agreeing each balance.

This is necessary to ensure:

- that the amounts reported in Prime by the Agencies will correctly and completely eliminate on consolidation at a whole of government level, and
- the amounts reported in the financial statements are consistently applied by the Agencies, and in the same financial period.

Documentation of the confirmation should be retained by the Agency, to evidence year end processes.

v. Document all significant management judgements and assumptions made when estimating transactions and balances, including one-off transactions and provide to the Audit Office, together with all relevant supporting documentation.

Where transactions and balances involve significant management judgements and assumptions, Agencies must document these in accounting issue resolution papers ([Appendix E](#)). Significant management judgements / assumptions include those that:

- have a significant impact on the amounts and information recognised in the financial statements and notes, and
- are particularly judgemental, involve multiple assumptions and/or involve estimation uncertainty (e.g. the estimates are highly sensitive to changes in the assumptions).

The accounting issue resolution papers must:

- summarise the accounting issue, set out management's evaluation of the issue, its conclusion and whether the NSW Treasury Accounting Policy and Advisory Team supports the accounting position where they have been consulted
- be concise, ideally no longer than three pages in length
- be provided for review and assessment by the Audit Office, and
- be available to NSW Treasury Accounting Policy and Advisory Team where the transaction is material or significant to the Total State Sector Accounts (TSSA). If in doubt, please discuss with the Accounting Policy and Advisory Team.

Materiality should drive the decision about the extent of documentation. Management's determination of materiality should be discussed with the Audit Office.

[Appendix E](#) provides a template for the reporting of the resolution on accounting issues.

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Agencies should collect and retain appropriate documents to support significant judgements and significant assumptions made when estimating transactions and balances, and record the process used to arrive at those assumptions.

Examples of significant judgements and significant assumptions include:

- discount rates used in determining present values
- estimated useful lives of assets
- inputs into actuarially determined balances
- asset revaluations and impairment
- valuation of and accounting for financial instruments
- assumptions used to calculate material provisions
- determining ECL provisions for receivables and financial guarantee contracts under AASB 9.

Management judgement may be required in determining:

- the correct accounting for a new transaction or balance
- whether an Agency is classified as for-profit or not-for-profit
- whether major assets are classified within levels 1, 2 or 3 in the AASB 13 hierarchy
- whether a contract is, or contains, a lease
- whether the entity controls a subsidiary (AASB 10) with less than half the voting power
- classification of a lease as finance or operating as lessor
- whether lease renewal / termination options will be exercised
- whether an asset meets the scope and recognition criteria to be recognised as a service concession asset
- whether an asset meets the criteria to be classified as held for sale
- whether a property qualifies as an investment property
- whether related party transactions are material and require disclosure per AASB 124
- appropriateness of the going concern basis of accounting
- whether modifications to financial instruments result in derecognition of that instrument
- existence and measurement of contingent liabilities and assets.

Agencies should engage effectively with all affected stakeholders and agree financial implications and accounting treatments, including engaging with its Principal Department and Treasury to ensure whole-of-government impacts are properly classified for consolidation. Agencies should update the ledgers and financial statement disclosures to reflect the treatment. It is the Principal Department's responsibility to ensure consistent accounting treatment within the portfolio.

For material and / or complex accounting matters agencies may choose to engage an external advisor. It is requested this is discussed with Treasury ahead of advice being finalised where there could be a risk of inconsistency of treatment at a whole of Government level. **Agencies must make available to Treasury where necessary, any formal accounting advice from external advisors on accounting transactions, treatments and approaches.**

Additionally, **Agencies must provide all formal accounting advice from external advisors on accounting transactions, treatments and approaches relevant to the financial statements to the**

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Audit Office in line with their engagement letter and the letter of representation that will be signed at Year-End.

vi. Prepare balance sheet account reconciliations

Agencies must:

- reconcile balance sheet accounts monthly, including the valuation of employee leave and other key provisions,
- clear reconciling items, including resolving outstanding items of bank and other key (debtor/creditor) reconciliations, and
- ensure all general ledger accounts are independently reviewed and approved with all analytical work performed to support the reconciliations for both accuracy and completeness.

vii. Reconcile the June month-end Prime Data Submission to the pro forma 30 June Financial Statements using Form 5a of the Supplementary Return

Agencies must provide explanations for variances exceeding \$5 million. The reconciliation is to be captured via Form 5a of the Supplementary Return in Prime.

viii. Review and agree changes in accounting policy with the Principal Department. Notify and provide all documentation to your Audit Office team.

The Agency is to submit their accounting policy changes to the Principal Department for review and agreement. The purpose of this direction is so accounting policy changes are approved by the Principal Department, and Agencies within a portfolio are applying consistent accounting policies.

ix. Prepare notes to Financial Statements

The Agency must prepare note disclosures including prior year comparative information and all narrative disclosures. The Agency must prepare and make available to the Audit Office, on request, monthly account reconciliations in support of key balances as part of the working papers to support the notes to Financial Statements.

Agencies must provide/ action as applicable:

- Prior year comparative information
- Prior period errors/ corrections and restatements
- Current year-to-date figures
- Updated material accounting policies
- Updated wording reflecting new and revised accounting standards and Treasury policies
- Consideration of the possible effects of accounting standards issued but not yet effective
- The date of last and next scheduled comprehensive valuations for each class of physical non-current assets
- Impact of restructures
- Agencies, in their capacity as lessors, must disaggregate each class of PPE into assets subject to operating leases and assets not subject to operating leases. Agencies must include in their financial report, disclosures required by AASB 116 *Property, Plant and Equipment* for assets subject to an operating lease (by class of underlying asset) separately from owned assets held

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and used by the lessor (AASB 16, para 95). Refer to the [Financial Reporting Code](#) for an example of disaggregated disclosure.

- Agencies are reminded of the requirement to provide disclosures on performance obligations and contract liability balances recognised under AASB 15 *Revenue from Contract with Customers*. Agencies must disclose the following information in their financial statements:
 - Revenue recognised that was included in the contract liability balance at the beginning of the year (AASB 15, para 116(b));
 - Revenue recognised from performance obligations satisfied in previous periods (AASB 15, para 116(c)); and
 - Transaction price allocated to the remaining performance obligations from contracts with customers (AASB 15, para 120(b)).
- Agencies should make an assessment whether including disclosures regarding the impact of any natural disasters and/or climate related matters for 2023-24 is relevant for their Agency. Please refer to Appendices N and O for further guidance. .
- Disclosure on contingent assets and contingent liabilities. Accounting Standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* requires disclosure of contingent assets and contingent liabilities in the financial statements.
 - Agencies must disclose their contingent assets and liabilities in their financial statements and complete and submit the Contingent Assets and Liabilities Supplementary Return to Treasury at year-end. The return also requires information on contingent assets and liabilities that exist but are not reported by the Agency, as they are the responsibility of Treasury administering for/on behalf of the Crown in the right of the State of New South Wales (the Crown).
 - Information on financial guarantees. AASB 9 *Financial Instruments* requires recognition of any liability for financial guarantee contracts in the Statement of Financial Position.
- Disclosure on consultants and other contractors expense.
 - A ‘consultant’ is a person or organisation engaged under contract on a temporary basis to provide recommendations or professional advice to assist decision-making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors. Services provided under the NSW Government Legal Services Panel are excluded from the definition of a consultant for annual reporting purposes. Please record consultants expense to Prime account AE208020001 *Consultant Expenses*.
 - An ‘other contractor’ expense is any individual or organisation (other than a consultant) who is engaged to undertake work that would or could be regarded as normally undertaken by an employee, but internal expertise is not available. Other contractors, however, excludes personnel service expenses (disclosed as a separate line item, per Treasury Circular TC15-07 *Financial and Annual Reporting requirements arising from personnel service arrangements*) and contractors related to maintenance (disclosed as part of maintenance expense). Please record contractors expense to Prime account AE208040001 *Contractor Expenses*.

x. Variance analysis – [Appendix M](#)

All Agencies must complete detailed variance analysis for the year to 30 June 2024. The variance analysis should include:

- Comparison of your Agency’s actual 2023-24 financial performance and financial position to the 2022-23 financial performance and financial position.

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- Comparison of your Agency's actual 2023-24 financial performance and financial position to the original budgeted 2023-24 financial performance and financial position where *AASB 1055 Budgetary Reporting* (AASB 1055) applies to your Agency.

xi. Financial Arrangements

The Agency must ensure:

- financial arrangements are authorised in accordance with section 6.22(2) of the GSF Act, and
- records in respect of the financial arrangements are kept, including any financial arrangement approvals, in accordance with section 6.22(8)(b) of the GSF Act.

xii. Prepare Administered Items Disclosures in Financial Statements (General Government Sector (GGS) Agencies Only)

All GGS agencies must include note disclosures in their financial report on transactions and balances that are "administered" by the agency on behalf of the State of NSW. Agencies should address the following:

- Administered transactions and balances must be accounted for using the principles and requirements that apply to controlled transactions of the same nature i.e. accrual basis.
- The notes to the financial statements must show details of transactions and balances in relation to "Administered Items", including revenue, expenditure, assets and liabilities.
- The recommended minimum disclosure for administered incomes and expenses is outlined in the [Financial Reporting Code](#) at Note 9. The recommended minimum disclosure for administered assets and liabilities is outlined in the [Financial Reporting Code](#) at Note 35. Additional line items should be included for any additional administered transaction and balances applicable to the agency.
- For whole-of-government reporting purposes, GGS agencies **must reconcile administered transactions and balances as per agency financial statement disclosures to amounts recorded in Prime in the relevant State Revenue Agency.**
- Refer to [TPP21-03 Accounting Policy: Guidance on Administered Items](#) for guidance on under what circumstances activities that an entity is responsible for should be disclosed as administered items, rather than recognised as controlled items in its financial statements.

xiii. Finalise Right-of-Use-Assets and Lease Liability balances

Agencies need to ensure that all lease arrangements are accurate and complete and all work papers should be made available to the Audit Office for their review. Consideration should include:

- all additions, disposal (terminations) of leases are reflected in the movements of right-of-use assets and lease liabilities
- right-of-use-assets and lease liabilities should include the impact from changes in future lease payments (e.g. upon market rent review) and lease term (e.g. change in estimates on lease extension options)
- Agencies are required to assess at the end of each reporting date whether there are any indications of impairment/reversal of impairment in accordance with AASB 136 *Impairment of Assets*, and
- the initial recognition of new leases, and lease modifications for which the use of a new discount rate is required by AASB 16, are measured using the latest AASB 16 discount rate published on the Treasury website, unless TCorp rates are not applicable to the entity.

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Please refer to [TC 20-02 AASB 16 Lease Subsequent Measurement of Right of Use Asset](#) for further details.

For intra-government property leases managed by Property NSW:

- Contracts have been renegotiated with agencies where Property NSW have substantive substitution rights. These revised contracts generally do not meet the definition of a lease as defined in AASB 16
- Impacted agencies who have opted in are required to continue to recognise service charge payments (this occurred from the beginning of the 2022-23 financial year).

We remind Agencies to consider the requirements of AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* when making disclosures about the uncertainties inherent in their estimates (for instance, where appropriate, Agencies should indicate that estimates are subject to change).

xiv. Finalise assessment of all revenue contracts

Agencies should complete their assessment of all revenue contracts (new and modified) and ensure revenue is accurate and complete and has been correctly accounted for under AASB 15 *Revenue from Contract with Customers* or AASB 1058 *Income of Not-for-Profit Entities*. Please refer to the [Accounting Policy](#) website for additional guidance.

xv. Agencies must update financial instruments

The Annual TcorpIM Funds distribution statements will be provided by the NSW Treasury Corporation (TCorp). Other financial instrument information for disclosures will also be available at 30 June 2024.

xvi. 'Agency Performance Adjustments' (previously referred to as 'TMF Hindsight Adjustments')

Impacted Agencies must accrue their Agency Performance Adjustment (APA) for this financial year. Agencies will be provided with a preliminary estimate of their expected APA by icare. Refer to [Appendix K](#) for further details and accounts to record the APA accrual in Prime.

xvii. Agencies must re-calculate insurance, superannuation, and other employee liabilities

Accounting standards require that insurance, superannuation and other long-term provisions are recalculated using a 30 June discount rate.

Note: State Owned Corporations (SOCs) must apply the 30 June High Quality Corporate Bond Yield when calculating their defined benefit superannuation liability and Long Service Leave liabilities for use in the Agency's financial statements, and for the data submission in Prime.

SOCs are also required to recalculate the Long Service Leave liabilities at 30 June, using the 30 June Government Bond rate (Commonwealth Government Bond Yields quoted by Reserve Bank of Australia), and complete the template included as part of the Supplementary return. This information is required for the Total State Sector reporting at 30 June, which continues to be based on the 30 June Government Bond rate.

All other Agencies must use Government Bond rates to discount their insurance, superannuation, and other employee liabilities.

xviii. Correct classification of accounting balances and transactions in accordance with Australian Bureau of Statistics (ABS) and Government Finance Statistics (GFS) classifications

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Classification of the Functions of Government (COFOG) data is used to report information on revenue disaggregation and expenses and assets by function in the notes to the Total State Sector Accounts. It is also used to prepare the Outcomes Report under the Uniform Presentation Framework (UPF). Users of this information include the ABS, Commonwealth Grants Commission, Productivity Commission, Reserve Bank of Australia, credit rating agencies, media organisations and the general public.

Most Agencies will have a one for one mapping from their Program to a COFOG code, so it is essential that “Programs” are captured accurately in Prime.

It is essential that classifications are correct and movements on previous reported balances are explained. Agencies should run the ‘COFOG 4-Digit Reports’ in Prime to confirm that program data has been entered accurately and review movements between reporting periods.

Your Treasury analyst will be in contact to request further details on significant movements in COFOG data if required. The accuracy of COFOG is to be reviewed and approved by the relevant Agency officers prior to submission.

xix. Document the accounting treatment for Restructures and Discontinued/Abolished Agencies

The accounting treatment for changes to Agency structures resulting from legislative or other changes including Machinery of Government changes must be documented and available for review by Treasury and the Audit Office.

Restructures, discontinued and/or abolished Agencies will impact financial reporting requirements. The effects of such changes need to be assessed for each Agency. For part year financial reporting requirements of an Agency that has been abolished or dissolved, financial statements should reflect all necessary disclosures that are required due to restructures.

Agencies should refer to [TPP21-08 Contributions by owners made to wholly-owned Public Sector Entities](#) and AASB 1004 *Contributions* (AASB 1004) for guidance on the designation of asset/liabilities transfers as transfers of equity.

In accordance with section 7.7 of the *Government Sector Finance Act 2018*, a former reporting GSF Agency is required to prepare a financial report for the period until the date that it ceased to be a reporting GSF agency. However, the Treasurer may give directions:

- exempting a former reporting GSF Agency from that requirement, based on exemption criteria, or
- modify that requirement for such an Agency.

xx. Obtain evidence of authorities / approvals for transactions within Delegation

Ensure all material transactions are supported by appropriate delegations. Under the [Government Sector Finance Act 2018](#), all transactions require a relevant authority. Agencies should ensure financial statements work papers include evidence of authorities and approvals, that are within the appropriate delegations for significant items, such as:

- restructured arrangements
- material, complex or one-off transactions, and
- equity transfers.

Relevant authority might be evidenced by:

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- Treasurer’s Directions
- Written delegations from Ministers, and
- Secretary/Chief Executive/CFO Delegations (financial).

xxi. Review and resolve prior year Management Letter and Engagement Closing Report issues

Agencies should review all prior management letters and audit engagement closing reports to prioritise appropriate management responses and actions. Agencies should:

- document evidence of management’s review of issues raised and endorsement of the solutions/approach including resolved issues
- assign responsibility for issue resolution to appropriate staff and monitor the progress of the issues resolution throughout the year
- update the ledgers, financial statements and note disclosures to reflect the solutions/approach
- retrospectively restate comparative information where applicable to reflect new treatment and advise Treasury accordingly
- engage with the Audit Office, Treasury and other stakeholders as required.

2.6 Guidance – Detailed Guidelines for Crown Data Return

Agencies referencing the “Crown Entity” or “Crown Finance Entity” in financial statements must replace these with “The Crown in right of the State of New South Wales”. The short form “Crown” can be used once the full form has been defined.

Many transactions and balance of the Crown are now administered items of Treasury and will be included in note disclosures of NSW Treasury’s financial statements. Information provided by Agencies, additional to data from the Crown’s ledgers maintained by Treasury, is required to complete the administered items note disclosure.

Agencies that normally forward a Nil return are requested to continue to examine their situation to see if a Nil return is again applicable.

i. Banking arrangements

NSW Treasury maintains a number of bank accounts. Care must be exercised to ensure that deposits are made to the correct bank account and that the correct bank details and account number are quoted. The main accounts for transacting with the Crown are:

Consolidated Fund (ConFund) Westpac bank account:

BSB: 032-001

Account: 20 3850

Crown Operating ANZ bank account:

BSB: 012-100

Account: 838163575

For clarification or more information contact Ramesh Nand on (02) 9228 3138.

ii. Payments to the Crown

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Agencies crediting the Crown's bank accounts must ensure that receipt vouchers for those deposits are emailed to Crown_Receipts@treasury.nsw.gov.au on the day of the deposit.

It is essential that all Public Revenue, Collections and Remitting bank accounts operated by Agencies are cleared by the year-end. This will ensure that all ConFund revenues, user-charges etc. are properly brought to account. To ensure a smooth flow of such entries, Agencies must clear their collections of Crown revenues to the appropriate Crown bank accounts at least weekly during June and on a daily basis during the period 24 June 2024 to 30 June 2024 inclusive.

iii. Unpaid cheque accounts operated on behalf of the ConFund

A number of larger Agencies operate a Treasurer's Unpaid Cheque Account on behalf of the ConFund. As these accounts form part of the ConFund's cash at bank total, the Treasury Finance requires reconciliations of these accounts for its year end work papers. The reconciliations and related working papers are to be emailed to Crown_Entity@treasury.nsw.gov.au by 12 July 2024.

The balance of the unpaid cheque account must not include cheques unpaid/dishonoured for more than 2 months. These are to be cleared, with appropriate deposit made to the credit of the Treasurer's Unpaid Cheque account.

iv. Appropriation Payments and other reimbursements

Final appropriation payments will be paid on 19 June 2024. Reimbursement of all other expenditures including LSL and unclaimed moneys will need to be submitted by **10am 24 June 2024** for payment on 26 June 2024.

v. Long Service Leave (LSL) - Calculation of the present value of LSL for the Crown Funded LSL Agencies and the Agency Funded Crown LSL Pool

LSL must be accounted for in accordance with *AASB 119 Employee Benefits* (AASB 119) and discounted appropriately. Agencies whose LSL is assumed by the Crown and those belonging to the Agency Funded Crown LSL Pool must complete [Appendix J](#) Crown Funded LSL Agencies and members of the Agency Funded Crown LSL Pool.

Treasury Circular TC 21-03 *Accounting for Long Service Leave and Annual Leave* or its replacement mandates the required treatment for returns to Treasury. In particular, Agencies should:

- accrue for on costs of Annual Leave while the employee is on Annual Leave or Long Service Leave
- accrue for the on costs of Long Service Leave whilst the employee is on Annual Leave.

vi. LSL - Expensing the accruing cost of LSL for the Crown Funded LSL Agencies

At year end, Crown Funded LSL Agencies are required to reconcile the movement of LSL liability assumed by the Crown during the financial year and complete Section 3.2 Provision of Long Service Leave – Certificate of Reconciliation of the Crown Data Return in [Appendix I](#). Agencies should ensure that the expense appearing in the Agency's financial statements for LSL assumed by the Crown agrees with the LSL expense (Crown general ledger accounts 842000 and 842004).

Where officers are transferred between Category 1 Agencies, Agencies must ensure that the transferred LSL liabilities do not impact on the LSL expense. The transferred amount must be reported in the line item "Staff transferred in/out – non-cash transfers" in the Return.

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If a discrepancy is identified, Agencies must investigate and rectify the errors before lodging the Return. The Crown general ledger accounts 842000 and 842004 must not be used to balance up the yearly movement. Reconciliations must be performed.

Agencies must advise a LSL adjusting journal (clearly marked as such) no later than 12 July 2024.

vii. LSL - Payment of adjusting cash contribution to the Agency Funded Crown LSL Pool

Members of the Agency Funded Crown LSL Pool with a final adjusting payment or direct bank credit (clearly marked as such), must make these on or before 26 June 2024. The payment will ensure that the correct portion of all 2023-24 salaries and wages payments has been paid into the appropriate account.

viii. LSL - Recoupment of LSL

Amounts payable for June 2024 LSL by GGS Agencies and those Crown LSL Pool Agencies entitled to a reimbursement from the Crown are to be lodged by 10 am on 24 June 2024 for payment on 26 June 2024.

ix. Unclaimed money

Any unclaimed money and part balances of any Special Deposits Account no longer required should be deposited into the ConFund, Westpac Bank Account BSB: 032-001 Account: 20 3850, by 24 June 2024 for credit of the Consolidated Fund Receipts general ledger account 858075 - Transfers under Section 4.14 of the GSF Act.

x. Reconciliation with the Crown ledger

Agencies transacting with the Crown and receiving ledger print-outs for transactions must submit [Appendix H](#) Certificate of Reconciliation with the Crown Ledger by 22 July 2024. Note that Agencies' ledgers must agree with the Crown ledger as at 30 June 2024 in respect to the administered revenue remitted to the Consolidated Fund.

The submission of the signed Certificate of Reconciliation must be supported with a copy of the June month end ledger print-out, as evidence of the balances being reconciled.

The full June month end printouts will be emailed to Agencies on 15 July 2024.

Any discrepancies are to be reported to Treasury Finance as soon as possible to allow sufficient time for resolution.

For enquiries regarding the ledger printouts, contact Ramesh Nand (9228 3138) or Howe Tran (6885 9393).

2.7 Guidance – Detailed Guidelines for Commonwealth Funding Return

i. Commonwealth funding with sufficiently specific performance obligations

AASB 1058 *Income of Non-for-Profit Entities* (AASB 1058) and AASB 15 *Revenue from Contracts with Customers* (AASB 15) are effective for not-for-profit entities for the years beginning on or after 1 January 2019. To comply with these Accounting Standards, revenue adjustments are required to be recognised in the administered items note disclosure in NSW Treasury's financial statements, in relation to Commonwealth funding with sufficiently specific performance obligations that Treasury

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collects on behalf of the State. These funds are subsequently distributed to departments and Agencies via the appropriations process. Departments and Agencies that are receiving such federal funding through appropriations/cluster grants are responsible for identifying and calculating the revenue adjustments from the State's perspective.

ii. Complete and return the Commonwealth Funding Return.

Agencies that receive funding through Commonwealth-State Funding Agreements indirectly via the appropriation process, must complete and return the Commonwealth Funding Return for all new and amended Commonwealth Funding Agreements entered or amended during this financial year. Agencies should assess the Commonwealth funding and determine if it should be accounted for and reported under AASB 15 or AASB 1058 from the State or GGS perspective, which is required to be submitted to Treasury.

Agencies are required to complete the Revenue Assessment Form within 14 business days after the receipt of any Commonwealth funding via the appropriation process. Agencies are required to confirm to Treasury that ALL required revenue Commonwealth Funding – Revenue Assessment Forms have been submitted to Treasury by no later than 22 July 2024. Where Agencies have already submitted the revenue assessment forms to Treasury, no resubmissions are required.

For those State Revenue agencies (S-agencies) which receive the Commonwealth funding, they must submit this information via the Commonwealth Funding Return [Appendix G](#).

3. Events After the Reporting Period

3.1 Mandatory Requirement

- The accountable authority for an Agency (or delegate) must notify Treasury of events after the reporting period, as defined in Australian Accounting Standard AASB 110 *Events after the Reporting Period* (AASB110), within a day of the Agency becoming aware of the issue.
 - Agencies are required to perform an assessment of the events after the reporting period in accordance with AASB 110.
-

3.2 Guidance

Please email agencyinfo@treasury.nsw.gov.au within a day with the details of any material events after the reporting period, including Prime accounts, amounts and an explanation of whether the events are adjusted or unadjusted in nature.

Your TSFR analyst will be in contact to any request further details as required.

4. Correction for Errors to Submitted Data

4.1 Mandatory Requirement

- The accountable authority for an Agency (or delegate) must advise Treasury of all adjustments and/or errors (corrected or uncorrected) greater than \$5 million identified subsequent to submitting the Preliminary Annual Return to Treasury so that the Total State Sector Accounts can be assessed for revision (this also includes all State Revenue Agencies).

4.2 Guidance

While \$5 million might or might not be material to an Agency, the \$5 million threshold will assist Treasury to assess those matters that individually, or collectively, could materially impact the State's consolidated financial statements.

The Agency is required to complete, including nil returns, the Prime module "Update to the Preliminary Annual Return" (in previous years referred to as "the Appendix B" submission) to report changes in Financial Statements and Note Disclosures by 15 August 2024. Any errors or adjustments identified subsequently must be advised to Treasury no later than a day after the Agency identify adjustments and/or errors in aggregate, above \$5 million. This includes compensating (offsetting) errors greater than \$5 million even if the net impact is less than \$5 million.

Agencies will have to request TSFR to push the submitted "Update to the Preliminary Annual Return" back to First Pass for agencies to review and re-submit the update. If the adjustment/error is less than \$5 million, even if it is material to your Agency, there is no need to advise Treasury. However, it must be corrected in the Agency's Final Annual Return.

Treasury will review and assess the impact of the adjustments submitted in the Update to the Preliminary Annual Return at the consolidated level and determine which adjustments are material to be reflected in the TSSA. While in the past these later adjustments were taken up centrally by TSFR, for FY23-24 it is proposed the material adjustments that are submitted in the Update to the Preliminary Annual Return by agencies will be reflected in agency's Prime data. This update will be done via HFM journal by the TSFR team in consultation with agencies.

We encourage the submission of identified errors prior to the original deadline date of 30 July, so that any adjustments will not constitute an error to the Total State Sector accounts submitted to the Audit Office.

Agencies are required to complete and email the completed Appendix D and any Accounting Issues Resolution Papers (Appendix E) prepared on the identified Emerging Issues to agencyinfo@treasury.nsw.gov.au with the other components of the Preliminary Annual Return.

5. Prior Year Data

5.1 Mandatory Requirement

- The accountable authority for an Agency (or delegate) may only change comparative information in its financial statements if the change is required by Australian Accounting Standards.
-

5.2 Guidance

The Agency may only change comparative information if the change is required by the Australian Accounting Standards, for example due to a change in accounting policy or as a correction of a material error in a prior period. Note, Australian Accounting Standards require that all changes resulting from revisions to estimates must be made prospectively, and not retrospectively adjusted.

The Agency's financial statements should be aligned to the prior year P12 Prime data, and subsequent adjustments in the current year reflected via Form 5c, reflected as MOBAJ2 adjustments. Please email agencyinfo@treasury.nsw.gov.au and your TSFR analyst with the details of any unadjusted discrepancy, including Prime accounts, amounts and an explanation.

Agencies will need to demonstrate that the change is eligible for retrospective restatement and complies with accounting standards. Treasury will assess how the change is to be captured in PRIME on a case by case basis.

6. Submission of Financial Statements for Audit

6.1 Mandatory Requirement

- Financial statements must be prepared and given to the Auditor-General on Tuesday, 30 July 2024, to enable the Auditor-General to audit them.

6.2 Guidance

Refer to the date set in section 2.2 above for financial statement submission dates.

7. Exemptions and Extensions

Refer to Treasurer's Direction [TD21-02 on Mandatory Annual Returns to Treasury](#) for information on year end exemptions and extensions. Note any exemptions and extensions should be sought ahead of 30 June 2024.

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Appendices

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Appendix A: Further Information and Contacts

People at Treasury who can help

Agency Treasury Analysts – General Queries

Andrew Azar	9228 5164
Tatiana Carlisle	9228 4591
Mathew Do	9228 3322
Wendy Feng	9494 8048
Yixin Liu	9494 8305

Emerging Issues, Correction of Material Prior Period Errors

Su-Lin Macdonald (Director Total State Financial Reporting)	9228 4410
Wendy Feng	9494 8048

Sean Osborn (Director Accounting Policy and Advisory)	9228 5932
Jeanne Vandenbroek (Director Financial Management Legislation Policy & Assurance)	9228 5233

System Queries, e.g. Prime System Access, Prime Upload Facility Prime Service Desk

Prime Functionality (including Training)

David Tonkin	9228 4638
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Supplementary Return - Definitions and Classifications

Andrew Azar	9228 5164
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Treasury's Return Address

Remember to "Promote" the Prime data back to Treasury upon completion.

Unless stated otherwise, returns should be forwarded electronically to Treasury by the due date to:

Agencyinfo@treasury.nsw.gov.au

Please include your Agency Prime number, Agency name and 'Annual Return 2024' in the subject title when emailing to Treasury.

Crown¹ related matters

Advances

Charles Cheung	9228 4604
Jenny Lao	9494 8068

Appropriations payments

Howe Tran	6885 9393
Ramesh Nand	9228 3138

Banking (accounts, products & services)

Henriette Prego	9228 3873
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Cash management and interest payments

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Jin Kang 9228 4150

Commonwealth funding

Prathna Narayan 6626 5689

Kamal Garcha 9372 7911

Crown accounting policy

Prathna Narayan 6626 5689

Crown guarantees

Prathna Narayan 6626 5689

Debt management

Charles Cheung 9228 4604

Jenny Lao 9494 8068

Long service leave arrangements

Charles Cheung 9228 4604

Jenny Lao 9494 8068

Reimbursement of Crown expenses

Ramesh Nand 9228 3138

Howe Tran 6885 9393

Other correspondence:

Email: Crown_Entity@treasury.nsw.gov.au

1. The convention of preparing separate Crown Entity financial statements ceased in 2020-21. Agencies referencing the "Crown Entity" or "Crown Finance Entity" in financial statements must now replace these with "The Crown in right of the State of New South Wales". The short form "Crown" can be used once the full form has been defined.

Resources/Links

Treasury Resources

NSW Treasury Policy Papers, Treasury Circulars, Treasury Analysis of Australian Accounting Standards, and other Treasury publications

<https://www.treasury.nsw.gov.au/documents-resources/documents-library>

External Resources

Government Sector Finance Act 2018

<https://www.treasury.nsw.gov.au/budget-financial-management/reform/government-sector-finance-act-2018-0>

Government Sector Employment Act 2013

<https://www.legislation.nsw.gov.au/view/whole/html/inforce/current/act-2013-040>

CPA Australia

<https://www.cpaustralia.com.au/professional-resources/reporting>

Further information and contacts

For further Information or clarification on issues raised in the discussion paper, please contact:

Total State Financial Reporting, NSW Treasury

Email: agencyinfo@treasury.nsw.gov.au

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Appendix B: [No longer used]

Consistent with last financial year, for this year, Agencies are required to complete the former Appendix B submission in Prime, in the module titled "Update to the Preliminary Annual Return".

Appendix C: Preliminary Annual Return Checklist

Forward to Treasury at the same time, as the preliminary Annual Return procedures are completed and submitted to the Audit Office

Due date by (mandatory): 30 July 2024

Email: agencyinfo@treasury.nsw.gov.au

Agency Name: **Agency No. (Prime)**

Annual Procedures	yes "✓" no "x" n/a "-"
<ul style="list-style-type: none"> Submit 30 June 2024 reporting information into Period 12 in Prime (Scenario: SA0099 – June 2024), including State Revenue Agency data where applicable. Also refer Appendix F. 	
<ul style="list-style-type: none"> Prepared the financial statements in line with the Financial Reporting Code TPG24-05 issued by Treasury and in accordance with Accounting Standards and Treasury’s mandates TPG24-06. 	
<ul style="list-style-type: none"> Accounting position papers and any external advice on key emerging issues have been submitted to and resolved with the Audit Office. 	
<ul style="list-style-type: none"> Confirm the Agency complies with Treasury’s mandatory accounting policies with a detailed explanation if it does not comply. 	
<ul style="list-style-type: none"> Confirm the management review and sign off the revaluation of non-financial assets (including Service Concession Assets (SCA) where applicable). 	
<ul style="list-style-type: none"> Confirm the fair value assessment of non-financial assets (including SCA where applicable) has been documented, discussed and agreed with the Audit Office. 	
<ul style="list-style-type: none"> Confirm the revalued non-financial assets (including SCA where applicable) has been included in the Prime submissions and financial statements. 	
<ul style="list-style-type: none"> Confirm non-financial assets movements in the balance sheet and break downs in the note disclosures have been reconciled. 	
<ul style="list-style-type: none"> Confirm employee leave provisions have been updated and submitted to the Audit Office for review. 	
<ul style="list-style-type: none"> Confirm that all material inter-Agency balances and transactions have been broken down by Agency and material inter-Agency balances have been confirmed with contra Agencies. 	
<ul style="list-style-type: none"> Confirm all key account balances have been reconciled. 	
<ul style="list-style-type: none"> <i>For Principal Department only:</i> Confirm review and assessment of consistency in accounting treatment of <u>all new material transactions and balances</u> among Agencies within your portfolio. 	
<ul style="list-style-type: none"> Confirm all lease arrangements have been correctly accounted for in right-of-use-assets and lease liabilities. 	
<ul style="list-style-type: none"> Confirm all revenue contracts have been assessed and accounted for under AASB 15 and AASB 1058. 	
<ul style="list-style-type: none"> Explain any unresolved prior year audit issues (prior year Management Letter and Engagement Closing report issues) including the proposed action plan to resolve them. 	
<ul style="list-style-type: none"> Attach journal, explanation and proposed disclosure where 2022-23 comparatives are amended due to the correction of a material error, or a change in accounting policy. 	
<ul style="list-style-type: none"> Where applicable, confirm the new accounting standards assessment is complete and there is supporting work papers to evidence how the Agency has considered requirements of new and updated accounting standards. 	
<ul style="list-style-type: none"> Identify and document accounting issues including all one-off, complex or significant transactions. 	
<ul style="list-style-type: none"> - document the transactions using the template at Appendix E 	

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Annual Procedures	yes "✓" no "x" n/a "-"
- engage effectively with all affected stakeholders and agreed financial implications and accounting treatments, including with Treasury to ensure whole-of-government impacts are properly classified for consolidation	
- outline and submit to Treasury the management judgements, assumptions undertaken, estimates and the basis of treatment	
- update the ledgers, financial statements and note disclosures to reflect the treatment	
- make available to Treasury where necessary any formal advice from external advisors or consultants.	
• Assess the impact of contingent assets and liabilities and note all quantifiable and non-quantifiable contingencies in the supplementary return.	
• Confirm management review of the financial statements and work papers and endorsement of the annual financial statements.	
• Confirm the 30 June 2024 Prime return reconciles to the financial statements provided to the Audit Office and Treasury and Form 05a of the Prime Supplementary Return has been completed with detailed variance analysis as per section 2.5.x.	
• Confirm management review and endorsement of the supplementary returns.	
• Confirm that the derived cash closing balance in the cash flow statement is correct and agrees to the statement of financial position (cash assets less bank overdraft).	
• If your Agency has been impacted by changes to legislation and/ or financial reporting requirements, confirm that these have been discussed and agreed with the Audit Office.	
• Confirm that FY23-24 Machinery of Government changes up to 30 June 2024 have been updated in Prime and financial statement as agreed by both Agencies.	
• Agree all equity transfers with the counterparty.	
• Confirm all material transactions are supported by appropriate delegations.	
• Submit this checklist to Treasury.	

I confirm that the above Annual Return Procedures have been complied with, as indicated. Where Annual Return Procedures have not been complied with, an appropriate explanation is attached.

Signed: **CFO / Authorised delegate**

Name of CFO / Authorised delegate:

Agency Contact: (Name) **(Tel)**

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Appendix D: 2023-24 Resolution of Emerging Issues previously advised to Treasury as part of the Mandatory Early Close (TD19-02)

Due date by: 30 July 2024

Email: agencyinfo@treasury.nsw.gov.au

Agency Name **Agency No. (Prime)**

Where appropriate attach further information e.g. extracts from pro-forma notes to financial statements

- As part of the Mandatory Early Close did you report any emerging issues with an impact of more than \$20 million?

Yes/No

If yes, what was the nature of the issue(s), and how was this resolved in the agency’s Financial Statements. If appropriate attach an Accounting Issue Resolution Paper ([Appendix E](#)).

Examples of emerging issues include:

- unresolved accounting policy issues or other matters which the Audit Office has indicated may lead to the qualification of the Independent Auditor’s Report.
- complex transactions and contracts
- key risk areas that could impact the quality or timeliness of your financial statements
- significant asset revaluations particularly those involving estimation uncertainty
- significant revenue / expense items – i.e. significant in size compared to the previous year

- significant adjustments direct to equity – for example from agency restructures
- new disclosures resulting from the adoption of accounting standards, changes in accounting policies
- discontinuing operations, sale of a significant asset, new business acquisitions etc.
- the accounting treatment of new privately financed projects
- new or significant changes to contingent liabilities/assets

- Does management plan to amend the 2023-24 financial statements for the emerging issue?
Yes/No

- Have management’s positions including external advice on the above emerging issues been provided to the Audit Office?
Yes/No/N/A

Audit Office

- For any unresolved emerging issues, what date has the audit team indicated that it plans to report its observations based on the audit procedures conducted at the early close? **/...../2024 or N/A**

Signed: **Chief Finance Officer:**
(Name of CFO)

Agency Contact: (Name) **(Tel)** **...../...../2024**

Appendix E: Accounting Issue Resolution Paper (Template)

Where transactions and balances involve significant management judgements and assumptions, Agencies must document those judgements and assumptions (as per section 2.5.v).

Due date by (where applicable): 30 July 2024

Email: agencyinfo@treasury.nsw.gov.au

Agency Consideration:

Date Prepared	<i>[insert date prepared]</i>		
Date Updated	<i>[insert date revised if applicable]</i>		
Agency	<i>[insert name of Agency that the issue relates]</i>	Agency #	<i>[insert]</i>
Preparer	<i>[insert name of the preparer of this Position Paper]</i>		
Issue	<i>[insert brief description of the nature of the issue being addressed]</i>		

Background:

[Describe the background to the current issue and any related information which better frames how the issue arose and the current difficulties being faced by the Agency]

Stakeholders:

[Describe the key stakeholders impacted by this issue and how they have been consulted]

Description of Issue:

[Provide a detailed description defining the current issue faced by the Agency]

Consideration of Accounting Treatment:

Agency Policy:

[Identify any accounting policies or standards which directly relate to addressing the issue. Consideration should include:

- *Accounting Standards*
- *Treasury Policies, Circulars and Directions*
- *Agency Specific Policies]*

Are adopted accounting policies/treatment aligned with Accounting Standards?

Yes / No

Technical Analysis & Options:

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[Describe the Agency’s position and interpretation of policies and accounting standards - including any advice provided by an accounting firm or other specialist. Further, outline any options available on how the issue may be interpreted and addressed – e.g. through interpretations of the policy and standards or through differences of opinion]

Proposed Accounting & Finance Impact including Disclosures:

Does the transaction require retrospective or prospective adjustments (refer AASB 108)? Yes / No

If retrospective adjustments are required, demonstrate that the adjustment required is ‘material’, indicate the historical periods and amounts that require adjustment in the template below.

Please provide journals taking into consideration any impact to prior year financial statements and all impacts to the financial statements, including the reasons for the transaction.

Financial Impact (\$000)	2023-24	2024-25	2025-26	2026-27	2027-28
Budget Result (-ve worsens)					
Operating Result					
Net Lending					
Financial Statement (-ve worsens)					
Balance Sheet					
Operating Statement					
Financial Impact (\$000)	2018-19	2019-20	2020-21	2021-22	2022-23
Prior Year Financial Statements (-ve worsens)					
Balance Sheet					
Operating Statement					

Concluding Position:

[Describe the final position/option that the Agency has identified to be the most appropriate recommendation]

Consultation:

[Provide whether the NSW Treasury Accounting Policy Team supports the accounting position and details of person consulted. If not consulted, enter ‘not applicable’.]

Agency Sign Off & Review:

Sign-off	Role	Signature	Date
[insert name]	Financial Accountant (Preparer)		
[insert name]	Financial Manager (Reviewer)		
[insert name]	Agency CFO (Reviewer)		

Appendix F: Prime Guidelines for the Preliminary Annual Return

Actuals for the Total State Sector Accounts are completed first:

The following steps are undertaken after account balances are finalised and Prime account classifications and counterparties are checked in your upload file.

- Set the following **dimensions** in your upload file:
 - **Scenario:** SA0099 for P12 Actuals
 - **Year:** 2024
 - **Period:** June
- On the **Home** screen, click on **Navigate**, then select **Applications**
- Under **Consolidation**, select **PRIME**. A new **PRIME** tab appears next to the **Home Page** tab
- Click on the triangle to expand the **Agency User** task list, then double-click on **FDMEE-Link**
- Upon establishing the FDMEE link, Prime will display the **Data Management** tab
- Click on **Data Load Workbench** to show the **Data Load Workbench** panel
- Click on the Location link to bring up the **Point of View** (POV) window to set the required POV:
 - Select your **Agency**
 - Set the **Period:** June 2024
 - Set the **Category:** Actual TB (trial balance only) or Actual TB MOV (if your upload file contains the trial balance and movement schedules)
- Upload data to agree to your financial statements
- Where applicable, general government Agencies input program data and Classification of the Functions of Government (COFOG) splits
- Run Prime financial reports to ensure that they agree and reconcile to the financial statements
- Complete the Prime supplementary schedule and ensure it reconciles back to Prime data
- If the cash flow statement is not deriving the correct closing cash balance, use the *REP153A - Non Cash Transactions Validations Report – Detailed Periodic (AASB 101)* to assist you to debug any misclassifications
- ‘Promote’ the file to Review Level 3
- Advise Treasury that 2023-24 Prime is complete by emailing to agencyinfo@treasury.nsw.gov.au the remainder of the Preliminary Annual Return i.e. the supplementary return and the financial statements by the due dates
- Treasury will review your preliminary Prime Data Return.

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Appendix G: Commonwealth Funding Return and Revenue Assessment Form

Due date by: 22 July 2024

Email: Crown_Entity@treasury.nsw.gov.au

Submission Requirements

State Revenue Agencies (S-Agencies) are required to complete the Revenue Assessment Form within 14 business days after the receipt of any Commonwealth funding via the appropriation process. Agencies are required to confirm to Treasury that ALL required revenue Commonwealth Funding – Revenue Assessment Forms have been submitted to the Crown by no later than 22 July 2024. Where Agencies have already submitted the revenue assessment forms to Treasury, no resubmissions are required.

Background

AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) and AASB 15 *Revenue from Contracts with Customers* (AASB 15) came into effect for not-for-profit entities from 1 January 2019. Under these Accounting Standards, revenue from federal funding with sufficiently specific performance obligations attached is no longer recognised on a cash basis. Adjustments are required to recognise revenue from such funding in line with the recipient agency's progress of satisfying the relevant performance obligations.

Funding Recipient Agency's Role

When federal funding is distributed to departments/agencies through the appropriations process from the Consolidated Fund, the adjustments are posted in the financial statements of Treasury instead of the funding recipient agency. However, it is the responsibility of the funding recipient agency to:

- identify the Commonwealth funding with specific performance obligations with reference to the funding agreements;
- assess the Commonwealth funding and determine if it should be accounted for and reported under AASB 15 or AASB 1058 from the State or GGS perspective, which is required to be **submitted to the Crown within 14 business days of receipt of the email notification from Treasury**;
- calculate related revenue adjustments arising from this funding based on the process of the sufficiently specific performance obligation, if applicable, being satisfied and update the year-to-date actuals for the projects delivered under these agreements in Prime at Year-End (P12).
- change in current year process: complete the Commonwealth Funding Return and report to Crown by 22 July 2024.

Purpose

This revenue assessment form's purpose is to capture the assessment of all new Commonwealth funding agreements and any amendments or extensions to existing agreements onto the Commonwealth Funding Agreement Register maintained by NSW Treasury. This form should be completed by the Agency who is responsible and accountable for the delivery and/or management of the projects under the agreement. Assessment of the applicable revenue accounting standards should be done in consultation with the Agency's Accounting Policy team.

The revenue assessment form (excel based) will be emailed by Crown to the relevant Funding Recipient Agencies upon receipt of the Commonwealth Funding in the Consolidated Funding. The excel based form has been designed to be more user friendly and to include relevant guidance. There is no change to the assessment criteria in the excel based form.

The Commonwealth Funding Returns purpose is to support the revenue adjustments reported by the Agencies in Prime as at P12. The amounts reported in the Commonwealth Funding Return are reported in the financial statements of Treasury. This return replaces Schedule 8 and Schedule 9 of the previous year Crown Data Return.

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The Commonwealth Funding Return (excel based) will be emailed by Crown to the relevant Funding Recipient Agencies by 30 June 2024.

IMPORTANT:

1. Agencies **must** update the year-to-date actuals for the projects delivered under the Commonwealth funding agreements in Prime each month.
2. Agencies **must** also update the forecast for the projects delivered under the Commonwealth funding agreement at half-year review and budget submission.
3. Please complete the form below and submit via email to: Crown_Entity@treasury.nsw.gov.au.
4. NIL Returns from Agencies are NOT Required.

A. Resources and Guidance

NSW Treasury has published Guidance on the application of AASB 15 and AASB 1058 to assist agencies when assessing the application of these standards. Further guidance for any complex or material funding agreements should be sought from NSW Treasury's Accounting Policy and Advisory team, if not covered by the published guidance.

i. Link to Accounting Revenue Standards and NSW Treasury Guidance

Document / Reference	Link
AASB 15 <i>Revenue from Contracts with Customers</i>	Link
AASB 1058 <i>Income of Not-for-Profit Entities</i>	Link
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	Link
NSW Treasury's Accounting Policies and Guidance papers	Link

ii. Contacts

Relevant NSW Treasury Finance team contacts	Link
Crown Entity	Crown_Entity@treasury.nsw.gov.au
NSW Treasury's Accounting Policy & Advisory	accpol@treasury.nsw.gov.au

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Appendix H: Certificate of Reconciliation with the Crown Ledger

Due date by: 22 July 2024
Email: Crown_Entity@treasury.nsw.gov.au

Name:	
Position Title¹:	
Agency:	
Profit Centre:	

I certify that the ledgers of this authority agree with the Crown ledgers² as at 30 June 2024.

Signed:	
Date:	
Contact Telephone No:	

1. The Certifying Officer must be a Senior Finance Officer within the agency.
2. The ledgers printout sent to the agency by the Crown on 15 July 2024 must be attached to this Certificate as evidence that those balances have been agreed to the agency's own ledgers in respect to administered revenue remitted to the Consolidated Fund.
3. Accrual accounting should still be applied in the agency's own ledgers.

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Appendix I: Crown Data Return

Due date by: 22 July 2024

Email to: Crown_Entity@treasury.nsw.gov.au

Note 1: The completion of a Crown Data Return is compulsory for all NSW Public Sector Agencies. **Nil returns are required.**

Note 2: If any amount shows changes subsequent to the provision of this return, the relevant page should be resubmitted (within one day following identification) with the amended figure highlighted.

The Crown Data Return has been prepared electronically in Excel. The Crown Data Return with corresponding instructions will be emailed to Agencies in advance.

The preparation of the administered items note disclosure in NSW Treasury's financial statements, is based on information provided from other Agencies as well as its own ledgers. Specific information requested from Agencies is detailed below.

Crown Data Return contacts:

Items	Contact name	Contact telephone/email address
1	Prathna Narayan	6626 5689
2	Prathna Narayan Evelyn Chen	6626 5689
3	Charles Cheung	9228 4604
4 & 5	Jenny Lao	9494 8068
6	Prathna Narayan	6626 5689

1. Amounts owing by/to the Crown (show Crown liabilities in brackets)

1.1 Non-administered items

This information is required to ensure that the correct amounts owing to/by Agencies are recognised in the administered items note disclosure in NSW Treasury financial statements.

Examples of assets in an Agency's financial statements (Crown liabilities) include:

- a) LSL reimbursements owing by the Crown to an Agency to cover payments made to employees during the year, and

Examples of liabilities in an Agency's financial statements (Crown assets) include:

- a) LSL contributions (Agency Funded Crown LSL Pool)
- b) Transferred officers' LSL (Crown Funded LSL Agencies)
- c) Advances repayable to the State

2. Provision for redundancy payments

TPG23-23 *Funding for Redundancy Payments* details the requirements for obtaining reimbursement from the Crown for redundancy payments made by the Agency. The funding assistance is available to all GGS Agencies. Where there is justification, assistance may also be available to Agencies which receive significant operating subsidies or budget funded grants to deliver programs.

Agencies with funding approved but not yet paid as at 30 June need to advise Treasury Finance so that appropriate provisions can be made.

3. Liabilities assumed by the Crown (show Crown liabilities in brackets)

3.1 LSL and superannuation

The Crown has assumed the LSL liability for certain GGS Agencies and accounts for the LSL liabilities of members of the Agency Funded Crown LSL Pool. Accordingly, it is required to reflect all such unfunded liabilities in the administered items note disclosure in NSW Treasury's financial statements. Agencies should report the assumed LSL and on-costs liabilities in the Return.

Information regarding unfunded superannuation liabilities assumed by the Crown will be provided directly by the Trustee's actuary.

Note: GGS Agencies are to ensure that their expenses for superannuation and payroll tax on superannuation are fully accounted for in journals supplied to Treasury Finance as at 30 June 2024.

3.2 Certificate of Reconciliation of Agency's Provision for LSL

Certain GGS Agencies' LSL liabilities and the related defined benefit superannuation on-cost are assumed by the Crown.

AASB 119 Employee Benefits (AASB 119) encourages the involvement of a qualified actuary in the measurement of post-employment benefit obligations. To ensure actuarial methodology consistency and reduce whole of government costs, Treasury has appointed an actuary to determine a shorthand valuation approach to calculate Agencies' LSL expense. Agencies must ensure movements in the LSL liability for the year are accurately reflected in the Crown ledger by completing the appropriate section of this Return.

Based on the information provided, Treasury Finance will advise Agencies of the LSL liabilities assumed by the Crown. Refer to [Appendix J](#) and NSW Treasury Circular TC21-03 *Accounting for Long Service Leave and Annual Leave*, or its replacement, for more information.

According to AASB 101, all unconditional LSL and related on-costs must be presented as current liabilities in the Statement of Financial Position.

Note 1: Some on-costs relating to LSL (e.g. payroll tax, defined contribution superannuation) are the responsibility of individual Agencies. As such, they are not to be recouped from the Crown and are not to be included in the reconciliation of LSL of this Return.

Note 2: Significant variations of 10% or more between the opening and closing balances of an Agency's provision for LSL must be accompanied by a written explanation.

Note 3: For agencies that transitioned to the "MyWorkZone" system in 2023 and have identified errors in their LSL data transition between the old and new system, please provide the details and calculations of the prior period error in the 30 April 2023 nominal LSL balance.

3.3 Defined benefit superannuation on-costs on annual leave for GGS Agencies whose defined benefit superannuation is assumed by the Crown

NSW Treasury Circular TC21-03 *Accounting for Long Service Leave and Annual Leave*, or its replacement, provides detailed instructions for the calculation of the defined benefit superannuation on-costs on annual leave.

Agencies should report the closing balance as at 30 June of the defined benefit superannuation on-costs on annual leave in the Crown Data Return. Where the defined benefit superannuation is assumed by the Crown, additional superannuation liability accrued on the annual leave liability is also assumed by the Crown and is recognised as an expense and revenue.

3.4 LSL on-costs on annual leave for Crown Funded LSL Pool Agencies

NSW Treasury Circular TC21-03 *Accounting for Long Service Leave and Annual Leave*, or its replacement, provides detailed instructions for the calculation of the LSL on-cost on annual leave.

Agencies should report the closing balance as at 30 June of the LSL on-costs on annual leave in the Crown Data Return.

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Where the LSL is assumed by the Crown, any additional LSL liability accruing on the annual leave liability is also assumed by the Crown and is recognised as an expense and revenue.

4. Advances repayable to the State

Public sector entities are required to furnish a return of Treasurer's advances repayable to the Crown. Advances include amounts of money advanced to agencies to assist with working capital management and/or funding of natural disasters. Agencies that have received funds (via capital or recurrent allocations) that are used to provide loans to external parties and where the Agency will refund the money to the Crown are considered advances and should be included in the Advances repayable to the Crown return.

Agencies which have received funding for energy efficient equipment under the Treasury Loan Fund program are advised that the funding is an advance and is to be recorded appropriately.

5. Fair value of interest free and low interest advances and loans

Under AASB 9, interest free and low interest loans must initially be recognised at fair value (consistent with other financial instruments) and amortised cost thereafter. The fair value of a long-term loan or receivable that carries no interest or below market interest should be calculated as the present value of all future cash receipts, discounted using the prevailing market rate of interest at the time the advance was issued.

Any additional amount is generally an expense or revenue (generally classified as grant revenue or expense). Amortisation of the loan is recognised as investment revenue (or finance cost) using the effective interest rate method. Treasury Policy Paper TPP21-10 *Accounting Policy: Accounting for Financial Instruments* provides requirements and further information on this matter.

Agencies will need to agree with the Crown the fair value and nominal value of loans as at 30 June 2024. Agencies should contact Jenny Lao (9494 8068) to agree these values before submitting the Return.

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Appendix J: LSL Return: Category 1 - Crown Funded LSL Agencies and Category 2 - Agency Funded Crown LSL Pool Agencies

Due date by: 11 June 2024

Email to: Crown_Entity@treasury.nsw.gov.au

In accordance with Circular TC 21-03 *Accounting for Long Service Leave and Annual Leave*, or its replacement, please complete the Long Service Leave Return. The Long Service Leave (LSL) Return was prepared electronically in Excel and was emailed to Agencies in advance.

Appendix K: Agency Performance Adjustments (APA)

The Annual Performance Adjustments (APA) refunds and/ or payments to the TMF are adjustments to annual contributions that larger agencies have previously made for their general lines (insurance) and workers' compensation cover.

These APA refunds and payments seek to:

- use price signalling to identify claims issues and overall performance of individual agencies
- incentivise agencies to engage in appropriate claims prevention and mitigation activities
- ensure the agency is accountable for trends under their control and receive relevant information to understand those trends.

Agencies receiving APA have been provided with a preliminary estimate of their expected APA by icare and must accrue for this in their actuals.

Action

For financial year ended 30 June 2024, impacted agencies are expected to accrue their APA this financial year. To assist in this process agencies will be provided with a preliminary estimate of their expected APA by icare. Invoices are expected to be issued by icare from July 2024.

Where the APA preliminary estimate has been received from icare, please ensure the following is recorded in your agencies P12 actuals:

- profit and loss impact in FY 2023-24; and
- balance sheet receivable or payable (GST inclusive amounts) in FY 2023-24 to reflect the accrual of the invoice required.

Prime Requirements

The journals required to reflect the APA will be dependent on whether your agency will be receiving a refund or required to make a payment. Please use ICP Code EB0404 - NSW Self Insurance Corporation.

Payment

Ensure any agency with a payment amount has recorded an expense and corresponding payable in P12 Actuals.

Adjustment Required	Prime Account	Prime Account Description
DR	AE209010913	Contribution to TMF for Annual Performance Adjustments
CR	AL712021007	Current Liabilities - TMF Annual Performance Adjustments Contribution

Refund

Ensure any agency with a refund amount has recorded a revenue and prepayment in P12 Actuals.

Adjustment Required	Prime Account	Prime Account Description
DR	AA607021007	Current Prepayments - TMF Annual Performance Adjustments Reimbursement
CR	AR107080185	Other Revenue - TMF Annual Performance Adjustments Reimbursed

Appendix L: Frequently Asked Questions (FAQs)

- Q** *How can I check the Prime data return before promoting it to Treasury?*
- A** The Agency Toolkit is an Excel base tool built to assist agencies in analysing their Prime data submissions before being promoted to Treasury. The Agency Toolkit will assist with ICP mismatches, Non-Cash movements, Inactive ICP & Account checks and other checks. The Agency Toolkit is available on the Prime Knowledge Base [KB0011451](#). For support, please contact agencyinfo@treasury.nsw.gov.au.
- Q** *Where/how does the CEO/CFO sign the Supplementary Return and Checklist?*
- A** The CEO/CFO do not physically 'sign' the Prime returns. However, the preparer is **required** to complete a question on Management Representations on behalf of your Agency (refer to [TPP 17-06 Certifying the Effectiveness of Internal Controls Over Financial Information](#)). The representations for 2023-24 state that the CFO has attested to the accuracy of the financial statements, Prime data and the Supplementary Return. You need to organise that the CFO or an authorised representative is available to authorise the information, so that your organisation can meet its timetable obligations for Treasury.
- Q** *How can I view all available Prime accounts?*
- A** The Data Dictionary is available on the Prime Knowledge Base. Email Treasury on agencyinfo@treasury.nsw.gov.au or the applicable contact listed above for specific queries.
- The Prime Chart of Accounts is also available on the Knowledge base under [KB0010495](#) Prime reference manual (including mapping information).
- Q** *I have corrections > \$5 million to the Prime or Supplementary Return package that I previously forwarded to Treasury.*
- A** Submit the "Update to the Preliminary Annual Return" in Prime within one day after the error(s) are identified.
- Q** *The available Prime account has an inappropriate counterparty?*
- A** Email Treasury on agencyinfo@treasury.nsw.gov.au or the applicable contact listed above.
- Q** *Prime does not reflect my 2022-23 comparative AGAAP reports. What should I do? (e.g. I need to reclassify employee liabilities from Non-current to Current.)*
- A** Email Treasury on agencyinfo@treasury.nsw.gov.au or the applicable contact listed above.
- Q** *Do we need to calculate the Liability for Lapsed Appropriations Drawn Down?*
- A** No. Agencies are no longer required to recognise a liability. However, all lead Departments and Special Officers are required to prepare a Summary of Compliance as required by AASB 1058. NSW Treasury will issue guidance to help agencies prepare these in early June 2024.

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Appendix M: Financial Statement Variance Analysis

Due date by (mandatory): 30 July 2024

Email to: agencyinfo@treasury.nsw.gov.au

The variance analysis template that is to be completed for Agency financial statements will be made available on the Prime Knowledge Base (in the year-end reporting section).

Agencies will be required to provide variance analysis commentary for line items at the financial statement and note levels following the Prime AASB 1049 ledger format. Commentary will be required for GGS and TSS eliminated data.

All Agencies must submit the form and provide commentary on variances (equal to or greater than 5% and \$50 million by 30 July 2024). The variance analysis should include:

- Comparison of your Agencies actual 2023-24 financial performance and financial position to the 2022-23 financial performance and financial position, and
- Comparison of your Agencies actual 2023-24 financial performance and financial position to the original budgeted 2023-24 financial performance and financial position where AASB 1055 applies to your Agency.

Appendix N: Accounting and Disclosure Impacts of Natural Disasters

A number of Agencies were impacted by floods and other natural disasters in the past few years. While the impact of these has significantly been reduced for many agencies this year, these events may still have material impact on some agencies. The guidance is applicable to agencies on which natural disasters still have a material impact on. It only provides a brief summary of the requirements in *AASB 101 Presentation of Financial Statements (AASB 101)*, and Agencies should refer to AASB 101, the disclosure requirements within applicable accounting standards and TPG24-05 Financial Reporting Code for NSW General Government Sector Entities where applicable when preparing disclosures. Agencies must consider the impact of these on the 30 June 2024 financial statements.

Factors to consider include, but are not limited to:

i. Heightened disclosures may be applicable where an agency's operations are impacted by natural disasters

The impacts of natural disasters may require additional or more specific disclosure of judgements, assumptions and sensitive estimates.

The key requirements for disclosures of significant judgments, assumptions and estimation uncertainty can be found in AASB 101.

- AASB 101.122: "An entity shall disclose, along with material accounting policy information or other notes, the judgements, apart from those involving estimations (see paragraph 125), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements."
- AASB 101.125 "An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:
 - their nature
 - their carrying amount as at the end of the reporting period."

Significant judgments usually relate to applying accounting standards, where management has had to exercise significant judgement in determining the accounting treatment and typically relate to how something is characterised. For example:

- Assessment of control under AASB 10, or significant influence under AASB 128 *Investments in Associates and Joint Ventures* (AASB 128)
- Lessor classification as finance or operating lease
- Whether lease options are reasonably certain to be exercised
- Classification of financial instruments
- Risk of default in estimating expected credit losses.

Sources of estimation uncertainty are typically related to the measurement of assets and liabilities. For example, uncertainties in relation to:

- Determining fair values or recoverable amounts of assets using estimated future cash flows, risk adjusted discount rates etc
- Actuarial assumptions for defined benefit superannuation obligations
- Assumptions about the timing and amount of future cash flows in measuring provisions and contingencies
- Forward looking estimates in expected credit losses
- Estimates of future variable revenue.

The disclosure requirements for significant judgements and estimation uncertainty are separately distinguished in AASB 101. In the current environment, it is possible there will be:

- New matters that have material assumptions, estimates and management judgements

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- Major revisions of existing matters, due to significantly changed assumptions and uncertainties.

Note: Other accounting standards also include specific disclosure requirements that relate to estimates and uncertainties (e.g. AASB 137 or AASB 13). However, compliance with these specific disclosures may not be sufficient to meet AASB 101 requirements. (AASB 101.129 provides expectations around sensitivities which may not be required under a specific standard).

ii. Key features of disclosures

Further guidance is provided in paragraphs AASB 101.122-133. This includes examples of the types of disclosures an entity might make.

Disclosures for significant judgments should:

- Be specific to an entity's circumstance
- Include why the judgment was made
- Include why it is significant (i.e. effect on financial statements)
- How the conclusion was reached.

Disclosures for sources of estimation uncertainty should:

- Be specific and explain the nature of the assumption or uncertainty
- Include the carrying amount of the affected assets/liabilities with sensitivity analysis
- Include the expected resolution of an uncertainty and ranges of possible outcomes
- Include an explanation of changes made to past assumptions.

iii. Financial instruments

Changes in market prices and cash flow forecasts, as well as greater risks and uncertainties due to natural disasters may significantly change the fair values of assets and liabilities.

Agencies may need to make disclosures if their business model for managing financial assets has changed as a result of natural disasters.

Additional disclosures may be required in respect of changes to how an Agency manages changes in risk exposures. For example:

- Increased credit risk, due to counterparties encountering financial difficulty, may prompt management to introduce new credit limits to manage credit risk.
- The current environment may increase exposure to liquidity risk and require changes to how an Agency manages settlement of its financial liabilities.

Agencies may have new types of financial instruments as a result of Government's response to natural disasters . For example, new financial guarantee contracts.

Agencies will need to include disclosures where a contingent liability has changed to a liability.

Substantial modifications to the terms and conditions of a financial liability require derecognition of this original financial liability and a new financial liability to be recognised at fair value. This new financial liability will be measured using a revised discount rate. This will result in a gain or loss recognised in the profit or loss and may significantly change the carrying value of that liability. Disclosure of such circumstances and assumptions would be required.

iv. Fair value of property, plant and equipment (PPE)

The guidance in this section is written for property, plant and equipment (PPE), but the same principles apply to valuations of other non-current physical assets, such as investment properties. The guidance applies to every financial year but is particularly relevant in the current environment.

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In the current environment there is the potential for volatility and declines in the market conditions, that underly assumptions in valuations of non-current physical assets. There is also likely to be increased uncertainty in respect of valuation assumptions and, in some instances, less available data. Agencies will need to disclose information about changes in the reliability of assumptions, and significant changes in assumptions.

Other assumptions that may change significantly include:

- discount rates
- adjustments for risk
- market data.

Agencies should be alert for information that arises after 30 June, that could provide evidence fair values have changed materially from current carrying values.

- If such information relates to conditions that existed at 30 June, this will likely be an adjusting post-balance date event
- If such information relates to conditions that arose after 30 June, this will likely be a non-adjusting post-balance date event. There are disclosure requirements for material non-adjusting events.

Valuation reports should include sufficient evidence to support the approach and professional judgements of the valuer. For example, published data sources data, valuer adjustments for unobservable inputs, uncertainties associated with assumptions. In particular, if the current environment means a valuer uses different evidence; assumptions move; or changes the valuation approach, detailed evidence will be needed for audit.

v. PPE not subject to cyclical formal comprehensive valuation

There are additional risks associated with PPE that is 'out-of-cycle' for the 3 or 5 years requirements in [TPP21-09 Valuation of Physical Non-Current Assets at Fair Value](#) (TPP21-09). Unexpected market volatility may mean agencies need to switch from their existing plans. For example, if a management assessment at Early Close indicated no revaluation is necessary, but conditions change by 30 June.

Management assessments of whether a revaluation is necessary should be performed at Early Close and updated at 30 June. These should then be monitored until just before sign-off of agency and TSSA financial statements. If updated management assessments indicate a revaluation is required, action will be needed immediately to perform a management valuation or a formal valuation.

vi. Impairments

Natural disasters may in some instances result in impairment through damage, obsolescence, loss of demand or service potential. Additional disclosures may be necessary to explain why assets were impaired or not impaired. Agencies should consider *AASB 136 Impairment of Asset* (AASB 136) in the current environment.

vii. Provisions and other liabilities

When applying AASB 137, Agencies should review the assumptions and estimates (including relevant discount rates) used in estimating provisions. Agencies must also carefully assess liabilities and recoveries arising under insurance type arrangements.

viii. Inventories

Inventories, other than those held for distribution, may have lower net realisable values (NRVs) if impacted by natural disasters. Where NRV is lower than the inventory carrying value, an adjustment to NRV is required.

Inventories held for distribution may experience a loss of service potential as a result of natural disasters. Agencies will be required to disclose significant judgments applied in determining whether there has been a loss of service potential (e.g. the basis on which any loss of service potential is assessed, such as current replacement cost or functional and technical obsolescence).

Disclosure of assumptions and the basis for estimates, in measuring the loss of service potential, will be required.

ix. Expected Credit Losses (ECL)

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Credit risk may increase where counterparties are impacted by natural disasters. Some Agencies will have changed terms and conditions with counterparties. For example, offering deferred payment terms to counterparties.

The use of historical data to estimate future expected collections, will need to be reassessed. Historical data is likely to be far less reliable in the current economic environment. Where historical data is used, adjustments for the future are likely to change significantly.

Disclosures regarding increased uncertainty over the collection of receivables may be appropriate. Agencies will need to disclose sources of estimation uncertainty and any changes to the methodology and assumptions for determining impairment of receivables. For example, changes in the ECL that result from moving from the 12-month ECL basis to the Lifetime ECL basis.

x. Post Balance Date Events

If a natural disaster occurs after the reporting period, it may be a relevant event under AASB 110 which requires disclosure.

xi. Going Concern

If any Agencies have their continued existence put into material doubt, as a result of natural disaster, this should be disclosed and in extreme cases, the financials restated to recoverable values. This assessment should take into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The assessment needs to be made at the date the Agency's financial report is issued.

xii. Key Challenges

Disclosures will be unique to the individual circumstances of your Agency – the nature and extent of the information provided will vary according to the nature of the assumption and other circumstances.

Disclosure around estimation uncertainty is sometimes described as 'an art not a science' and it is important to prepare disclosures to provide sufficient information to allow the users to understand how these assumptions and judgments were formed and why.

It will be important to look ahead and consider disclosures before year end, as this will assist in identifying areas where assumptions/estimates may have significantly changed from previous financial years or are subject to significant uncertainty. This will allow time to challenge and gather further information.

Appendix O: Accounting and Disclosure of the Effects of Climate Change

In preparing financial statements, agencies should consider climate related matters, if the effect of climate risk is material. When preparing financial statements, agencies should consider:

- what amounts presented in the financial statements could reasonably be impacted by climate-related risks
- whether users could reasonably expect that climate-related risks, could affect disclosures reported in the financial statements and have indicated the importance of such information to their decision making, and
- the impact of climate-related risks and other emerging risks on key assumptions made in preparing the financial statements, that are material, and what disclosures should be made in respect of those assumptions.

Please refer to the [*Guidance on how to reflect the effects of climate-related matters in financial statements*](#) which can be found on the Treasury website.

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Appendix P: CFO Letter of Certification for FY2023-24

Due date by (mandatory): 13 September 2024

Email to: agencyinfo@treasury.nsw.gov.au

In accordance with [TPP17-06 *Certifying the effectiveness of internal controls over financial information \(TPP 17-06\)*](#), CFOs of all agencies listed in the NSW Government Budget papers as material entities (other than State Owned Corporations) must provide the Agency Head with an annual Letter of Certification as to the effectiveness of the system of internal control over the agency's financial information.

The requirement for Chief Financial Officers (CFOs) to submit an annual Letter of Certification was introduced in 2010 as part of a series of initiatives designed to provide greater assurance as to the quality of financial information and reporting, both within agencies and as consolidated in the Total State Sector Accounts. The annual certification must be provided by the CFO to the Agency Head with a copy to NSW Treasury.

The CFO Letter of Certification is required to be submitted to NSW Treasury on or before 13 September 2024 for the 2023-2024 financial year.

Further NSW Treasury guidance on CFO Letter of Certification can be found at [TPP17-06](#). The Policy and Guidelines Paper also provides examples of checklists and templates to assist in the preparation of the CFO Letter of Certification.

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