

Summary of changes applied to the 2017-18 Model Report

Contact details:

Accounting Policy	accpol@dtf.vic.gov.au	
Karen Foo	Manager	9651 0827
Lee-Anne Harris	Manager	9651 5523
Etienne Gouws	Director	9651 6222

Purpose and overview

The purpose of this document is to provide a summary of the key changes in the 2017-18 Model Report (the Model) since the publication of the 2016-17 Model.

The changes in the Model incorporate a combination of revisions, enhancements and government endorsed recommendations from the Public Accounts and Estimates Committee (PAEC).

The main changes include:

- Implementation of PAEC recommendations for departments to:
 - Report achievements against key initiatives and projects identified in the 2017-21 corporate plans;
 - Disclose the **original budgeted** financial statements, and explanations of major variances between the actual amounts presented in the financial statements and corresponding **original budget** amounts;
 - Provide an explanation for variances over \$50 million from the budget in cost performance measures; and
 - Provide explanations for changes in practical completion date of capital projects, showing root causes for the changes.
- Inclusion of a third gender category 'self-described' in the reporting on workforce gender reporting and across executive office classifications to reflect the revisions to FRD 15E *Executive officer disclosures in the Report of Operations* and FRD 29C *Workforce data disclosures in the Report of Operations – Public Service Employees*; and
- Update to the office environmental reporting disclosures in the Report of Operations to reflect the current environmental reporting requirements which are also included in FRD 24D *Reporting of office-based environmental data by government entities*.
- Addition of Appendices 11-13 which are checklists to support preparers and assist them with the planning and upcoming implementation of the suite of new accounting standards AASB 9, AASB 15, AASB 16 and AASB 1058.

For details of the **New** and **Revised** reporting requirements in the Model, please refer to the summary of changes tables in this document.

General changes throughout the 2017-18 Model Report

Subject matter	Source of change	Summary of changes throughout the 2017-18 Model Report	Page reference
General improvements to the Model	Roll-forward dates	All relevant dates have been rolled-over in the 2017-18 Model Report as part of the roll-over process from the 2016-17 Model Report.	Whole Model
	Enhanced guidance	Editorial changes and updates to the phrasing and structure of sentences/paragraphs have been made to improve the guidance material throughout the Model.	Whole Model
	To update the source references	The following changes have been made to the source references: <ul style="list-style-type: none"> Changes to the AASB/FRD source references as a result of the update to the relevant AASB/FRD since 1 July 2017. 	Whole Model

Summary of changes – Introduction

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Introduction	Page reference
Diagram 3: Publication coverage and project indicative timelines	Annual update	All relevant dates on the indicative publication timelines have been updated as part of the roll-over process from the previous Model Report	4

Summary of changes – Model Report of Operations

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Model Report of Operations	Page reference
[Revised] Reporting progress towards achieving departmental objectives in the Report of Operations	Recommendation 17, PAEC Report on 2013-14 and 2014-15 Financial and Performance Outcomes	The paragraph has been modified to reflect that the requirement to report against the key initiatives listed in the corporate plan has become compulsory from 2017-18 reporting period onwards.	17-18
[Revised] Performance against output performance measures	Recommendation 11, PAEC Report on the 2015-16 Financial and Performance Outcomes	\$50 million has been included as an additional threshold to require explanations for variances in cost performance measures.	20-23
[Revised] Budget portfolio outcomes	Recommendation 24, PAEC Report on the 2015-16 Financial and Performance Outcomes	Preparers are required to disclose the original budgeted financial statements, and provide explanations of major variances between the actual amounts presented in the financial statements and corresponding original budget amounts.	25
[New] Budget portfolio outcomes	Recommendation 23, PAEC Report on the 2015-16 Financial and Performance Outcomes	Preparers are required to provide explanations for variances in the budget portfolio outcomes section that are greater than 5 per cent or greater than \$50 million increase or decrease from the budget.	26
[New] Capital projects/asset investment programs	Recommendation 19, PAEC Report on 2015-16 Financial and Performance Outcome report	<ul style="list-style-type: none"> • Explanations are required for changes in the practical completion date of capital projects; and • Changes in total investment between practical completion date and financial completion date when there is a material variances that greater than 5% or greater than \$50 million increase or decrease for projects that have been reported in a previous reporting period as practically complete. 	28-29
[Revised] Audit Committee membership and roles	SD 3.2.1.1	The section has been amended to include two additional responsibilities of the audit committee (maintain effective communication with external auditors and consider recommendations from internal and external auditors) which were not specified in 2016-17 Model.	35
[Revised] Incident management	General improvement	An example of an incident management indicator has been illustrated in the section as best practice to comply with the incident management disclosure requirements.	35
[Revised] Reporting towards The Department's performance against OH&S management measures	General improvement	Additional examples of OH&S performance indicators have been included to assist preparers with their disclosures against OH&S reporting requirements as required by FRD 22H <i>Standard disclosures in the Report of Operations</i> .	39
[Revised] Workforce data	FRD 29C <i>Workforce data disclosures in the Report of Operations – Public Service Employees</i>	Table 1 has been revised to recognise gender diverse staff by including 'Self-described' as a gender category to reflect the revisions in FRD 29C.	42
[Revised] Guidance – Workforce data	FRD 29C	The guidance has been amended to reflect the revisions to FRD 29C, which requires the disclosure of senior employee remuneration and the employee gender composition.	43-44

Summary of changes – Model Report of Operations

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Model Report of Operations	Page reference
[Revised] Workforce inclusion policy	FRD 29C	A paragraph has been included to note the limitations of the workforce inclusion policy targets/quotas due to privacy and sensitivity considerations in collecting non-binary gender information from staff.	44
[Revised] Executive officer data	FRD 15E <i>Executive officer disclosures in the Report of Operations</i>	Table 1 and 3 have been revised to reflect the updated requirements of FRD 15E in disclosing the number of Executive Officers (EOs) in departments and portfolio agencies, who identify as 'self-described' in gender category reporting.	45
[Revised] Guidance – Executive officer data	FRD 15E	The guidance section has been updated to report executive officer data in three gender categories, male, female and self-described.	46
[Revised] Local Jobs First – Victorian Industry Participation Policy	General improvements	Editorial changes have been made to the Victorian Industry Participation Policy (VIPP) section. More illustrations have been included to help preparers with the reporting requirements.	47-48
[Revised] Freedom of Information	General improvements	The Freedom of Information section has been amended to provide more clarity on the public rights for access of information held by entities subject to the Act. A disclosure requirement has also been added to require disclosure of statistics and timeliness of freedom of information requests.	52-53
[Revised] Guidance – Compliance with the <i>Building Act 1993</i>	<i>Building Act 1993</i>	Additional guidance have been provided to remind the preparers that Departments are required to comply with the National Construction Code and advise the preparers that any non-compliance should be disclosed in annual report.	54
[Revised] National Competition Policy	National Competition Policy	The section has been amended to remind preparers that they are still required to comply with the State Competitive Neutrality Policy, despite the conclusion of the National Competition Policy.	54
[Revised] Compliance with the <i>Disability Act 2006</i>	<i>Disability Act 2006</i>	Compliance with the <i>Disability Act 2006</i> has been separately illustrated to provide preparers with better clarity on the disclosure requirements.	57
[Revised] Office based environmental impacts	FRD 24D <i>Reporting of office-based environmental data by government entities</i>	Tabular and narrative illustrations have been included in the section to assist preparers in reporting against the additional disclosure requirements introduced by FRD 24D.	59-68
[Revised] Attestation for financial management compliance with Ministerial Standing Directions 5.1.4	Standing Direction (SD) – Instruction 5.1 Clause 2	The illustration has been amended to reflect the update of the SD on the Responsible Body's responsibility for the entities' compliance with the Direction.	70

Summary of changes – Model Report of Operations

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Model Report of Operations	Page reference
[New and revised] Guidance – Attestation for financial management compliance with Ministerial Standing Directions 5.1.4	SD 5.1.2 to 5.1.4	Additional guidance has been included to assist Departments in their attestation of financial management compliance under the SD.	71
[Revised] Compliance with DataVic Access Policy	General improvements	Minor editorial changes have been made on the section. A link to DataVic Access Policy website has been included as a reference.	73

Summary of changes – Model Financial Statements

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Model Financial Statements	Page reference
[Revised] Independent Auditor's Report	Australian Auditing Standards	The Independent Auditor's Report (IAR) has been updated to reflect the new layout of the IAR for compliance with the relevant Australian Auditing Standards.	82
[New] New Accounting Standards	VAGO's recommendation	Preparers are required to consider the likely financial impact of application of the new accounting standards (i.e. AASB 16 <i>Leases</i> , AASB 15 <i>Revenue from Contracts with Customers</i> , AASB 1058 <i>Revenue from Contracts with Customers</i> and AASB 1059 <i>Service Concession Arrangements: Grantors</i>) for disclosure.	87
[Revised] Guidance – Departmental outputs	VAGO's recommendation	A link to the Financial Reporting Operations Framework and Budget Operations Framework on DTF website has been included in the guidance note as a reference to assist the preparers with the classification of controlled and administered items.	118
[Revised] Table 5.1.3 Reconciliation of movements in carrying amount of property, plant and equipment	AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	The Impairment of assets line has been removed from the reconciliation table to reflect the amendments to impairment requirement for specialised assets held by Not-for-Profit entities in AASB 2016-4.	126
[Revised] Update of terminology to be consistent with AASB 2016-4	AASB 2016-4	Valuation disclosures using the depreciated replacement method have been revised to the current replacement cost method to reflect the amendments in AASB 2016-4.	124 and 281

Summary of changes – Appendices

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Appendices	Page reference
[Revised] Appendix 1 – Extracts of Whole of government financial statements and analysis of disclosures	Annual update	The extract of the Whole of Government and General Government financial statements have been updated to reflect the suite of publications for the 2017-18 financial year.	247-259
[New] Appendix 11 – AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i> – assessment checklist	AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i>	Appendix 11 has been added to support preparers and assist them in identifying whether particular transactions are caught within the scope of AASB 15 and AASB 1058 in their preliminary assessment, and to provide guidance on the accounting treatment of the transactions under the new and revised accounting standards.	314-325
[New] Appendix 12 – AASB 9 <i>Financial instruments</i> – assessment checklist	AASB 9 <i>Financial Instruments</i>	Appendix 12 has been added to provide accounting guidance under AASB 9.	326-327
[New] Appendix 13 – AASB 16 <i>Leases</i>	AASB 16 <i>Leases</i>	Appendix 13 comprises of an assessment checklist to support preparers with the new leasing standard in identifying the existence of a lease and accounting guidance under AASB 16.	328-334
[Revised] Appendix 14 – Summary of new/revised accounting standards effective for current and future reporting periods	AASB pronouncements	Appendix 15 has been modified to show the AASB amendments that come into effect in the 2017-18 and future reporting periods.	335-337