Summary of changes applied to the 2015‑16 Model Report

# Purpose and overview

The purpose of this document is to provide a summary of significant changes to the *2015‑16 Model Report*, since the *2014‑15 Model Report*.

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

The main changes include:

* Illustrations to reflect the amendments in FRD 22G *Standard Disclosures in the Report of Operations*, which require the disclosure of Information and Communication Technology (ICT) expenditure and a reduced disclosure threshold for government advertising expenditure from $150 000 to $100 000.
* Implementation of a PAEC recommendation for departments to disclose completed capital projects with a Total Estimated Investment of $10 million or more for the portfolio.
* Integration of the key initiatives and projects disclosure into the departmental outputs section of the Report of Operations to enhance the performance story.

For a comprehensive list of new or revised requirements, please refer to the source reference column of the Model where New or Revised is noted.

| General changes throughout the *2015‑16 Model Report*  |
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| Subject matter  | Reason | Summary of changes throughout the *2015‑16 Model Report* | Page reference |
| General improvements to the Model | Roll‑over dates | All relevant dates and years within the Model have been updated as part of the roll‑over process from the previous Model. | Whole Model |
| To improve readability | Minor editorial updates/changes to wordings and placements of sentences/paragraphs. | Whole Model |
|  | To update source references | Changes to source references resulting from changes in reporting requirements effective since 1 July 2015, as well as an overall update of the relevant AASB/FRD source referencing. | Whole Model |

| Summary of changes – Introduction  |
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| Subject matter  | Reason | Summary of changes applied to the relevant sections in the Introduction | Page reference |
| Public sector entity terminology | General improvements | A note has been included to clarify the terms ‘department’, ‘public body’ and ‘public sector agency’ as defined under the *Financial Management Act 1994* and Standing Directions. | 1 |
| Standing Directions | General update | A note has been included to advise preparers that the revised Standing Directions will apply from 1 July 2016. | 2 |
| Budget and Financial Management Guidances (BFMGs) | General update | A note has been included to advise preparers that the BFMGs will remain operational until 1 July 2016 and will be replaced by the Financial Reporting Operations Framework, Budget Operations Framework and Performance Management Framework documents. | 2 |
| Diagram 3: Publication coverage and project indicative timelines | Annual update | Annual update. | 4 |

| Summary of changes – Model Report of Operations |
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| Subject matter | Source of change | Summary of changes applied to the relevant sections in the Model Report of Operations | Page reference |
| [Revised] Portfolio performance reporting – Non‑financial section | General improvements | The key initiatives and projects disclosure has been integrated into the departmental outputs section to enhance the performance story. In addition, illustrative examples of presenting performance in a graphical format have been included. | 15‑21 |
| [New] Capital projects/asset investment programs | Recommendation 51, PAEC Report 118 | Departments are required to disclose information on the completed capital projects with a Total Estimated Investment of $10 million or more for the portfolio. | 29‑30 |
| [New] Commentary – Disclosure of grants and transfer payments | General improvements | Guidance has been added to clarify that the disclosure of grants and transfer payments in the event machinery of government changes should reflect the department’s responsibility of output delivery at the end of the financial year. | 32 |
| [Revised] Government advertising expenditure | FRD 22G *Standard Disclosures in the Report of Operations* | The disclosure threshold for government advertising expenditure has been reduced from $150 000 to $100 000 in FRD 22G and the illustration in the Model has been revised accordingly.  | 50 |
| [New] Commentary – consultancy expenditure disclosure | General improvements | Guidance has been added to clarify that the disclosure of consultancy expenditure in the event of machinery of government change should reflect the department’s actual spend over the same period as the financial statements. | 51 |
| [New] Information and Communication Technology (ICT) expenditure | FRD 22G  | The requirements to disclose ICT expenditure have been included in FRD 22G and an illustration has been included in the Model to illustrate the reporting requirements. | 52‑53 |
| [Revised] Attestation for compliance with *Ministerial Standing Direction 4.5.5* | *Standing Direction 4.5.5* and the *Victorian Government Risk Management Framework* | The revised *Standing Direction 4.5.5* requires entities to comply with the *Victorian Government Risk Management Framework*, which nowincorporates the risk management and insurance requirements. The guidance and sample attestation of compliance in the Model have been updated accordingly.  | 68‑69 |

| Summary of changes – Model financial statements |
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| Subject matter  | Source of change | Summary of changes applied to the relevant sections in the Model Financial Statements | Page reference |
| [Revised] Note 1(F) *Changes in accounting policies* | AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements* and AASB 12 *Disclosure of Interests in Other Entities* | The transitional illustrative disclosures on AASB 10, AASB 11 and AASB 12 have been removed because the requirements became operative from the 2014‑15 reporting period. | 108 |
| [New] Commentary – Note 1 *Summary of significant accounting policies* | VAGO recommendation | A sample disclosure has been included for departments that aggregate portfolio entities in their annual report under section 53(1)(b) of the *Financial Management Act 1994*. | 131 |
| [New] Commentary – Note 2 *Departmental (controlled) outputs* | Review of the BFMGs | Additional guidance has been included on the classification between controlled and administered items.  | 142‑143 |
| [Revised] Note 3 *Administered (non‑controlled) items* | General improvements | The illustration has been amended to align the amounts in the balance sheet with the transfer of the outputs described in the illustration. | 151 |
| [New] Commentary – Note 8 *Correction of error* | General improvements | Additional guidance has been included to illustrate restated financial statements. | 162‑165 |
| [Revised] Commentary – Note 13 *Investments accounted for using the equity method* | AASB 11 | The transition requirements have been removed because AASB 11 became operative from the 2014‑15 reporting period. | 182 |
| [New] Note 15 *Non‑financial physical assets classified as held for sale including disposal group and directly associated liabilities* | General improvements | Additional illustrative disclosures have been included on ‘Fair value measurement of non‑financial physical assets held for sale’ to emphasise that fair value information should be disclosed for the comparative period. | 189 |
| [New] Note 17 – *Property, plant, and equipment* | General improvements | Additional illustrative disclosures (Table 17.8 and 17.10) have been included to emphasise that fair value information should be disclosed for the comparative period. As comparative information on significant unobservable inputs should be disclosed, the illustration has been amended to state that Table 17.11 is also relevant to the comparative period. | 200, 203‑204 |
| [Revised] Note 17 – *Property, plant, and equipment* | AASB 2015‑7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not‑for‑Profit Public Sector Entities* | The guidance has been updated to reflect the early adoption of AASB 2015‑7 by the State for the 2014‑15 reporting period. Entities are required to adopt the amending standard for the current reporting period. | 202, 204, 207 |
| [New] Note 18– *Biological assets* | General improvements | A note has been included to emphasise that fair value information should be disclosed for the comparative period. | 212 |
| [New] Note 19– *Investment properties* | General improvements | Additional illustrative disclosures have been included (Table 19.3) to emphasise that fair value information should be disclosed for the comparative period. | 215 |
| [New] Note 31(b) – *Commitments for expenditure* | General improvements | Footnotes and guidance have been added to clarify that:* the minimum lease payments of uncommissioned Public Private Partnerships includes government capital contribution; and
* the total commitments will not equal to the sum of the minimum lease payments and other commitments.
 | 241, 244 |
| [New] Note 40 – *Responsible persons* | General improvements | Information has been included regarding the related party transactions of ministers and the register of members’ interests, which is publicly available from: [www.parliament.vic.gov.au/publications/register‑of‑interests](http://www.parliament.vic.gov.au/publications/register-of-interests).This relates to the related party disclosures required by FRD 21B Disclosures of Responsible Persons, Executive Officers and Other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report. | 301‑302 |
| [New] Note 44 – *Glossary of terms and style conventions* | General improvements | The definitions of ‘administered item’ and ‘controlled item’ have been included. | 309 |

| Summary of changes – Appendices |
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| 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* | General update | The financial statements for the Victorian general government sector have been updated to the latest versions. | 317‑336 |
| [Revised] Appendix 2 – *Practical classification guide between transactions and other economic flows* | General improvements | The table has been updated to reflect that movements in the long service leave provision associated with a change in the bond rates or a change in the estimates applied will be classified as other economic flows included in net result. | 337 |
| [Revised] Appendix 5 – *Summary of new/revised accounting standards effective for current and future reporting periods [as at 1 March 2016]* | General update | The summary table has been updated to reflect the effective and new accounting pronouncements. | 342‑344 |
| [Removed] Appendix 7 – *Changes in accounting policies* | General improvements | The transitional illustrative disclosures on AASB 10, AASB 11 and AASB 12 have been removed because the requirements became operative from the 2014‑15 reporting period. | N/A |
| [Revised] Appendix 7 – *AASB 10 Consolidated Financial Statements checklist – control analysis for Victorian public sector entities* | General update | The previous Appendix 8 *AASB 10 Consolidated Financial Statements checklist – control analysis for Victorian public sector entities* has been re-numbered to Appendix 7 *AASB 10 Consolidated Financial Statements checklist – control analysis for Victorian public sector entities*. | 353 |