Updated Financial Reporting Operations Framework – effective from 1 July 2017

DTF is pleased to announce the release of an updated Financial Reporting Operations Framework (FROF). The updated FROF is the result of an update of the policy content and consultation with departments.

## What are the key changes from the previous version of the FROF?

Primarily the changes in this updated FROF are:

* the minor update of some of the existing sections;
* the addition of new sections for information and context purposes;
* the addition of sections moved from the old Budget Operations Framework; and
* the modification of a few of the mandatory requirements.

The content largely reflects existing practices and policies. A table which tracks the changes by section and chapter is set out in the next two pages.

## When does the updated FROF apply?

The updated FROF is effective from **1 July 2017**. The current FROF continues to be applicable until 30 June 2017.

## Link to the Standing Directions

Under the [2016 Standing Directions of the Minister for Finance](http://www.dtf.vic.gov.au/Publications/Government-Financial-Management-publications/Standing-Directions-of-the-Minister-for-Finance-2016/Standing-Directions-2016-publications), departments are required to apply the FROF (Direction 4.4).

Departments are subject to the compliance requirements set out in the 2016 Directions in relation to the frameworks. This includes public attestation of compliance in annual reports from 2017-18. See the 2016 Directions for more information, and particularly Direction 5.1.

## Feedback and suggestions

## Departments can ask questions or provide feedback on the updated FROF by contacting financial.frameworks@dtf.vic.gov.au.

## Summary table of the major changes in the updated FROF

| Topic: | Old FROF Section No. | Updated FROF Section No. | Comments |
| --- | --- | --- | --- |
| Monthly reporting requirements | 1.1 | 1.1 | No content changes |
| **Cash management** | n/a | 2 | New introductory section explaining the State’s cash management process |
| **Cash flow forecasting** | 1.2 | 2.1 | Mandatory requirement amended to require authorisation of cash flow forecasts by the CFO (and not their delegate). Some of the guidance material moved to Section 2 introduction. |
| **Cash management and reconciliation** | 1.3 | 2.2 | No content changes |
| **The classification and treatment of controlled and administered items** | 2.1 | 3.1 | No content changes |
| **Materiality and other thresholds** | 2.2 | 3.2 | No content changes |
| **Contributed capital** | 2.3 | 3.3 | No content changes |
| **Accounting for motor vehicle leasing** | 2.4 | 3.4 | Minor editorial changes to update the guidance provided |
| **Accounting for the sale of Departmental assets** | 2.5 | 3.5 | No content changes |
| **Redundancy payments** | n/a | 3.6 | Moved from the old Budget Operations Framework |
| **Superannuation expenses and liabilities** | n/a | 3.7 | Moved from the old Budget Operations Framework |
| **Annual leave** | n/a | 3.8 | Moved from the old Budget Operations Framework. Mandatory requirement updated in relation to transfer of balances in the event of a MOG change |
| **The Victorian Government chart of accounts** | n/a | 4 | New section |
| **Machinery of government** | 3 | 5 | Guidance removed and replaced with a reference to the new *Victorian public sector operating manual on machinery of government changes* |
| **Template for cash and actuals reconciliation in SRIMS** | Attachment 1 | Attachment 1 | No content changes |
| **Vicfleet lease accounting transactions** | Attachment 2 | Attachment 2 | Minor editorial changes to update journal entries guidance |
| **Indicative depreciation rates** | Attachment 3 | n/a | Removed, being considered for inclusion in the Model Report. A copy is available upon request. |
| **Contributed capital scenarios and examples** | Attachment 4 | Attachment 3 | Sample journal entries converted from the embedded spreadsheet into the document for easier access |
| **Sample journal entries for the sale of Departmental assets** | Attachment 5 | Attachment 4 | Insertion of sample journal entries for assets given and received free of charge |