



## Chief Executive Financial Instruction No. 1

### Financial Framework, Budgeting, Forecasting and Reporting

#### Document Information

**Audience**

All Staff

**Version**

2019-1

**Effective Date**

13 May 2019

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2 April 2019

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13 May 2019

#### EXECUTIVE SUMMARY

Pursuant to section 49(2) of the *City Renewal Authority and Suburban Land Agency Act 2017 (CRASLA Act)*, the Chief Executive Officer (CEO) of the Suburban Land Agency (the Agency) may sub-delegate the functions delegated to them by the Suburban Land Agency Board (the Board).

The CEO has responsibility for implementing the Statement of Intent (SOI) and ensuring that the Agency's targets are met, managing day-to-day operations and allocating resources within approved budget, and advising the Board about operations and financial performance and any significant events.

The Chief Financial Officer (CFO) is responsible for co-ordinating the development of the Agency's budgets, estimates and revised forecasts, preparing financial reports for projects, and for preparing the Agency's consolidated budget and financial statements in accordance with the Australian Accounting Standards (AASB) and Chief Minister, Treasury and Economic Development Directorate (CMTEDD) requirements and timeframes.

Staff that are allocated budgets are responsible for operating within their budget, ongoing risk assessment of their sales programs and for ensuring that they meet their budgeting, forecasting and reporting responsibilities to the CEO.

All budgeting and forecasting is to be exclusive of Goods and Services Tax (GST), with GST separately identified where required.



## 1. Obligations under this Instruction

### 1.1 Overview

This instruction defines the Agency's policy in relation to its financial framework, budgeting, forecasting and reporting.

It is issued in accordance with the provisions of Parts 2 and Part 3 of the *Financial Management Act 1996* (FMA) and Part 3 of the CRASLA Act.

### 1.2 Compliance

All staff should comply with these instructions. Non-compliance with these instructions may result in the Agency not meeting its reporting or other relevant obligations stipulated in the AASB, FMA or other applicable Government policy.

Non-compliance will be taken as a serious matter and may result in disciplinary action or be reflected in management performance reviews.

## 2. Overview

### 2.1 Purpose

The purpose of this instruction is to provide the Agency's staff with details of:

- the regulatory framework for financial and accounting policies;
- budgeting and forecasting, including the preparation of financial and business forecasts; and
- reporting requirements, including the preparation of monthly, quarterly and annual financial statements.

## 3. Instructions for the Regulatory Framework

### 3.1 Territory Authority

The Agency is a Territory Authority under the FMA and operates under the ACT Government Financial Management Framework. Accounting guidance papers can be found on the CMTEDD Accounting Website.

### 3.2 Board

The Agency has a governing Board that is established under Division 3.2 of the CRASLA Act.

The functions of the Board as stipulated in section 77 of the FMA include:

- setting the Agency's policies and strategies;
- governing the Agency consistently with the Agency's establishing Act and other relevant legislation;
- ensuring, as far as practicable, that the Agency operates in a proper, effective and efficient way; and
- complies with applicable government policies.

In accordance with section 49 of the CRASLA Act, the Board may delegate its functions to the Agency's CEO. The CEO may sub-delegate to a prescribed person, the functions delegated to them by the Board.

As per section 48 of the CRASLA Act, the Agency Board comprises of a chair, deputy chair and at least 3, but no more than 5 expert members. The Minister must, as far as practicable, ensure that particular disciplines and areas of expertise, as prescribed in the CRASLA Act, are represented amongst the appointed Board members.

Under section 50 of the CRASLA Act, the Board must establish an Audit and Risk Committee and may also establish other committees to help the Agency to exercise its functions.



### 3.3 Chief Executive Officer

The functions of the Agency's CEO are set out in section 84 of the FMA and include:

- ensuring, as far as practicable, that the Agency's SOI is implemented effectively and efficiently;
- managing the day-to-day operations of the Agency in accordance with applicable Government policies, Agency policies and legal requirements; and
- regularly advising the Board about the operation and financial performance of the Agency and immediately notifying the Board and responsible Minister of significant events if one arises. Significant events in the context of these instructions are outlined in section 101 of the FMA to be events that are:
  - significant when interpreted in accordance with accounting standards relating to materiality; or
  - a document published by the Agency that identifies it as significant (however described); or
  - a memorandum of understanding or other agreement between the responsible Minister or Treasurer and the Agency identifies it as significant (however described); or
  - prescribed under the financial management guidelines.

### 3.4 Persons Engaged on an Executive Contract

The Agency's Executives are responsible for ensuring that their Group meets its reporting responsibilities, which include:

- maintaining auditable information relevant to their areas of control; and
- the provision of financial, performance and annual report information as requested by internal and external stakeholders in the timeframes requested.

### 3.5 Chief Financial Officer

The CFO is responsible for:

- preparing the financial statements within the required timeframes and in accordance with the requirements of the AAA;
- ensuring amounts included in the financial statements agree with the Agency's accounts and records; and
- ensuring that all amounts reported in the financial statements are verifiable by audit; and explaining relevant material variances of reported amounts from budgeted and previous period amounts.

## 4. Rationale for Policy

The preparation of reliable financial budgets and forecasts, and the monitoring of actual results against plans are key management controls for ensuring the efficient, effective, ethical, economical and sustainable use of resources.

Executives and Managers are responsible for delivering outputs within the budget allocated to them. Their financial decision-making powers are limited to those budgets and their financial delegation.

### 4.1 Accruals Basis

The Agency's Financial Framework is accrual based.

### 4.2 Goods and Services Tax (GST)

All budgeting and forecasting is to be exclusive of GST, with GST separately identified where required.



### 4.3 Timing

Annual financial forecasts are to be prepared in advance for the next financial year (Budget Year) and the subsequent three financial years (Forward Years).

Forecasts for the Budget Year will also need to be provided on a periodic basis to enable accurate monitoring of trends over the period and reporting by the CFO to the Board.

### 4.4 Responsibilities and Accountabilities

The primary responsibilities and accountabilities in relation to internal budgeting and control rest with the following:

#### 4.4.1 Chief Executive Officer

The CEO is responsible for:

- ensuring as far as practicable, that the Agency's revenue targets are met;
- ensuring that the operations of the Agency are conducted within the approved budget and financial targets; and
- the allocation of funds for resources within the Agency.

#### 4.4.2 Executives

In developing budgets, Executives must justify the funding required for resources by reference to the Agency's priorities and strategies as outlined in the SOI. Executives must also indicate what alternate strategies have been considered.

As part of the Agency's annual budget formulation process, Executives should, where applicable, prepare details of their respective Group's proposed land sales and land development programs, which should indicate:

- how the Group complies with the Agency's SOI;
- how and where the Group integrates with other Groups' sales and development programs and its impact on those programs;
- the resources required to achieve the sales and development programs (to deliver the outcomes) and the timeframe; and
- other options for the CEO's consideration.

Executives are responsible for:

- operating within allocated budget limits for their areas of control;
- where applicable, the monthly review of sales programs and risk assessment of achieving revenue targets; and
- monthly review of discretionary expenditure against budget.

#### 4.4.3 Officers

Officers who have managerial responsibility over staff are responsible for the review of salary and wages expenditure reports in the manner and timeframes as stipulated in *Chief Executive Financial Instruction No. 13 – Review of Salary and Wages*, and advise the Finance team of staff movements and changes to the allocation of staff costs to other Groups or projects.

#### 4.4.4 Chief Financial Officer

The CFO is responsible for:

- periodically informing executive management and the Board of the overall financial performance and position against budget and, as appropriate, recommending steps to ensure budgeted targets are met;
- provision of financial project reports at Project Control Group meetings;
- co-ordinating the development of budget estimates, and revised forecasts;
- allocation of budgets to Groups;
- ensuring overall integrity of information in the financial system;



- ensuring the external Budget process is undertaken in accordance with CMTEDD's requirements;
- investigation of significant trends and changes in budget amounts; and
- actioning the recovery of debts owed to the Agency.

After the Board approves the Agency's budget, the CFO is responsible for advising each Executive of the details of their Group budget and associated financial target obligations.

## 5. Instructions for Reporting

### 5.1 Reporting Requirements

The Agency has financial reporting requirements and obligations resulting from the:

- AASB;
- FMA;
- *Annual Reports (Government Agencies) Act 2004* and the Annual Report Directions; and
- Agency's annual SOI.

### 5.2 Monthly Reporting

To enable the whole of Government reporting requirements to be met on a monthly basis, the Agency must ensure the timely provision of financial information to CMTEDD. Information required in respect of the previous calendar month includes:

- Balance Sheet;
- Operating Statement;
- Cash Flow Statement; and
- Variance Analysis.

### 5.3 Annual Reporting

To comply with the FMA and to also enable whole of Government reporting requirements to be met, the Agency will also ensure the following information is provided to the Auditor-General and CMTEDD by the due dates as set by CMTEDD:

- Financial Statements;
- Financial Statement of Performance; and
- Management Discussion and Analysis Report.

The Agency must provide CMTEDD with a full and accurate set of the audited Financial Statements for the preceding financial year in the form requested by CMTEDD and by the requested date.

The Agency will also ensure the consolidation packs relating to its Annual Financial Statements are completed and lodged with CMTEDD by the required due dates. Any changes to consolidation packs arising from audit must be advised by the due date.

### 5.4 Production of Annual Financial Statements

The Agency will produce Annual Financial Statements in accordance with the Annual Report Directions, the annual Model Financial Statements for Directorates and Territory Authorities, the Better Practice Guidelines for Management Discussion and Analysis, and the Guide to the Performance Management Framework located on the CMTEDD Accounting Website, in addition to complying with the AASB.