



# Treasurer's Instructions

July 2025



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# Foreword

## Introduction

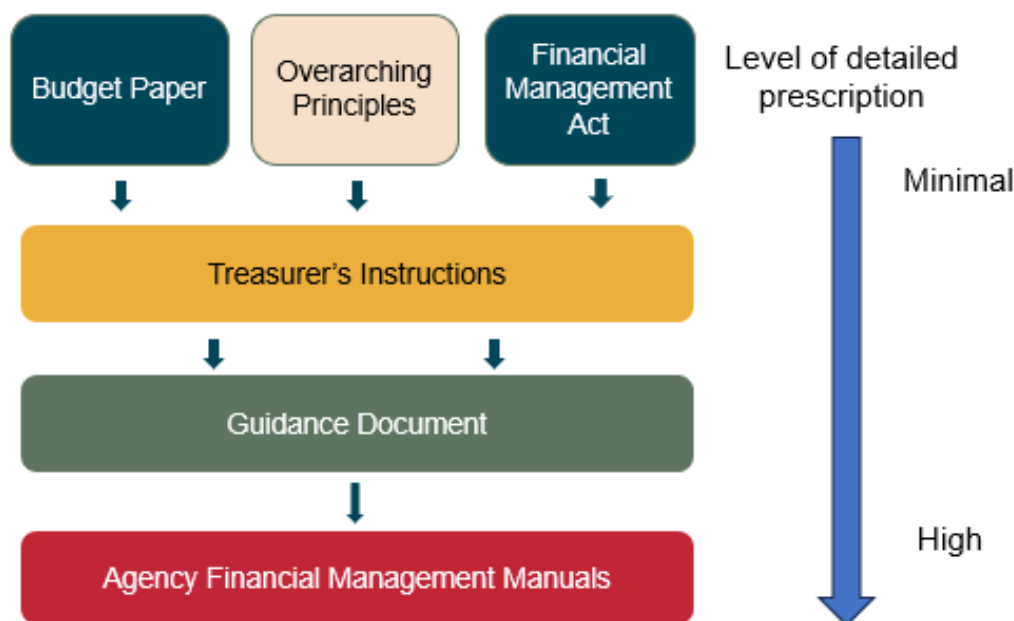
Section 78 of the *Financial Management Act* (the Act) provides that the Treasurer may issue instructions with respect to matters of financial administration. The 'Treasurer's instructions' have the force of law and therefore must be observed by all agencies to which they apply. It should be noted that [Treasurer's instruction 1 \*Foundation\* – Requirement 2 \*Exemptions\*](#) empowers the Treasurer to grant exemptions from the requirements of Treasurer's instructions where he/she considers it warranted.

The Treasurer's instructions adopt a principles-based approach guided by [five overarching principles](#), emphasising agency accountability in demonstrating understanding and compliance through financial management manuals and annual reporting. Ten foundational Treasurer's instructions have been developed based on these principles.

The Treasurer's instructions prescribe requirements at a minimum level on such matters as accounting for revenue, expenditure and property, the standards of reporting and such other matters necessary to achieve the objects and purposes of the Act. They contain sufficient flexibility to be applied to agencies of all sizes and scope, from centrally funded departments to those statutory authorities that operate in a commercial environment.

## Western Australia Financial Management Framework

The financial management framework in Western Australia operates within a four-tier system, as illustrated below:



- **Financial Management Act** – the *Financial Management Act 2006* sets out the legislative obligations with which agencies must comply.
- **Budget Paper** – this specifically refers to Chapter 1 of Budget Paper No. 2, which provides high-level legal obligations with limited prescription.
- **Overarching Principles** – supported by legislation, these principles guide agencies in understanding and fulfilling their obligations.
- **Treasurer's Instructions** – establish minimum requirements for legal compliance with moderate prescription.
- **Guidance Document** – detailed, topic-specific policies with limited prescription assist agencies in meeting their financial, operational and regulatory obligations.
- **Agency Financial Management Manuals** – contain detailed, highly prescriptive policies at the agency level.

## Presentation

Treasurer's instructions ensure consistent financial management practices across agencies. They have been streamlined from 63 to 10 foundational Treasurer's instructions and one transitional Treasurer's instruction, organised into three key components:

- **Requirements (mandatory)**

This section outlines the mandatory requirements that agencies must comply with. It serves as a comprehensive guide for financial processes and accountability, ensuring that all agencies meet the minimum standards necessary for sound financial management. The requirements are designed to be clear, concise, and actionable, facilitating straightforward implementation and adherence.

- **Terms and Definitions (mandatory)**

Clear terminology is essential for effective communication and understanding. This section provides precise definitions for key terms used within the requirements, promoting uniform interpretation across all agencies. By standardising the language used, it reduces ambiguity and ensures that all agencies have a common understanding of the requirements.

- **Scope and Application (mandatory)**

Understanding the scope and applicability of these mandatory requirements is critical for agencies to determine their obligations accurately. This section clarifies which agencies fall under the purview of each instruction, clearly outlining the applicable boundaries. Moreover, it includes the last review date, the effective date, and the mapping to the retired Treasurer's instructions in the consequences of application.

## Implementation

Treasurer's instruction 4 *Risk Management and Internal Control* – Requirement 1 *Financial Management Manuals* mandates accountable authorities, Chief Finance Officer and senior management to ensure the agency has a fit for purpose Financial Management Manual. The financial management manual is the key document within an organisation that serves to promote sound practices, procedures, and policies in matters of financial management and assists in ensuring that they are adopted and followed.

To facilitate understanding, and compliance with, the requirements of the Treasurer's instructions they are supported, where appropriate, with the Financial Management Manual Guide and the Treasurer's Guidance Handbook.

- **Financial Management Manual Guide (non-mandatory)** – This guide assists agencies in developing key financial framework policies and procedures. It serves as a foundational document, guiding financial stewardship at all levels of management within the sector. By empowering government agencies, the guide helps uphold the highest standards of financial responsibility and transparency.

- **Treasurer's Guidance Handbook (non-mandatory)** – A comprehensive handbook designed to support agencies in understanding and applying the Treasurer's instructions. The handbook is broken down into 13 chapters, aligning with the 11 new Treasurer's instructions and offering additional guidance on Payroll, Registers, and Treasury Forms and Templates. It also includes case studies to provide practical insights and FAQs to address common questions and potential issues that agencies may encounter.

In implementing procedures and practices to achieve compliance with the requirements of the Treasurer's instructions, accountable authorities should also be mindful of their responsibilities under section 53 of the Act. These include responsibility for efficiency and economy of operations and the development and maintenance of an effective internal audit function. Similarly, section 57 of the Act charges the chief finance officer with responsibility for the keeping of such accounting and information systems as will allow confirmation that all agency revenues and expenditures have been brought to account and for the day to day supervision of the accounting functions and the proper operation of the accounting systems of the agency.

In achieving compliance, procedures and practices must contribute to and be supported by an effective system of internal control that should have regard to the agency's risk management strategies. Internal controls promote efficiency by reducing the incidence of fraud, inefficiency and waste and help ensure the reliability of financial statements and compliance with written law and Government and organisational policies.

# Overarching Principles

## 1. Accountability and Transparency

The accountable authority, CFO and senior management demonstrate accountability and actively promote, integrity and impartiality, high standards of public administration, continuous improvement in performance, and sound financial management policies, principles, and practices.

- 1.1 Agencies are accountable to Ministers, Parliament and the community for prudent financial management, effective operations, promoting government goals and good governance practices.
- 1.2 The agency's management should have clear oversight and accountability and clearly defined responsibilities.
- 1.3 The agency's Annual Report should support accountability and transparency by disclosing the activities, performance and compliance levels of the agency which is central to good corporate governance.

## 2. Sound Financial Governance

Established financial processes, procedures and controls that support an effective system of internal control and good governance. Complies with Statutory reporting requirements, that supports accountability and transparency.

- 2.1 The accountable authority, CFO and senior management must ensure there is an effective system of internal control over the financial and related operations of the agency.
- 2.2 The accountable authority, CFO and senior management must ensure the agency has a fit for purpose Financial Management Manual, Delegation Schedule, and financial and administrative procedures which take into account legislation and other mandatory requirements, that are well defined, kept up-to date and readily accessible to staff.
- 2.3 The accountable authority shall ensure that the agency has an effective internal audit function that provides an independent, objective, risk-based review of an agency's performance and reports to an internal audit committee that is independently chaired.

## 3. Financial Sustainability

Promote and maintain the effective and efficient use of resources and public sector monies. Agencies should act prudently to maximise the efficient use of their limited resources and discourage unethical decision-making that does not align with stakeholders' interest.

- 3.1 Accountable authorities are to ensure approved budget is in place that will cover the required good or service cost for the life of the agreement, before committing Government.
- 3.2 Agencies should ensure responsible management of government procurement includes risk assessments, planning, evaluation, contract management, reporting, and publishing.
- 3.3 Accountable authorities are to ensure that their agency operates within the approved expense limit (total cost of services).
- 3.4 Money appropriated or otherwise approved for a certain purpose can only be used for that purpose – e.g. money held in a Special Purpose Account cannot be used to fund the general operations of an agency.
- 3.5 The accountable authority shall ensure the full cost is accurately determined for each service the agency provide to ensure that the level at which tariffs, fees and charges are set is consistent with the cost recovery policy and does not exceed the full cost of providing the services, unless it is authorised by statute and approved by Government.

## 4. Risk Management

Established risk management policies, procedures and systems that identify, assess, control and mitigate risks. The risk management framework should include an oversight function that assesses the level of risk relative to the agency's risk appetite, including reporting and escalating relevant information to management.

- 4.1 Risk management should be integrated in the governance framework and be part of the strategic and operational planning process.
- 4.2 Agencies should have a risk management system or process that captures and tracks risks, controls, treatments and 'risk owners' accountable for managing risks, in a risk register.
- 4.3 Agencies should include fraud risk management into the Risk Management Program to minimise the likelihood and consequences of fraud events.

## 5. Internal Control

Established control environment that includes participation of management and oversight committees to ensure internal controls are abided by, as well as how employee responsibilities are assigned and managed.

- 5.1 The accountable authority is to ensure management participate in the oversight of internal controls to ensure they are abided by, as well as how employee responsibilities are assigned and managed.

- 5.2 The accountable authority, CFO and senior management are to ensure there is appropriate segregation of responsibilities to promote multiple points of review for transactions and custody of public property.
- 5.3 An agency shall ensure that public property and other property controlled by the agency is recorded and appropriate measures are taken to protect property.
- 5.4 All expenditures must comply with all relevant policies, rules, and regulations.
- 5.5 The accountable authority must ensure the proper collection, protection and bringing to account all money and, where appropriate, the investment of 'other money' in authorised investments.

# TI 1 Foundation

## Requirements

### 1. Treasurer's Instructions

- 1.1 The accountable authority must ensure that every officer has ready access to any written direction or determination issued by the Treasurer and any approved exemptions to the Treasurer's instructions applicable to the agency.
- 1.2 The Treasurer may delegate to an officer of the Treasury any power or duty of the Treasurer under the Treasurer's instructions.

### 2. Exemptions

- 2.1 The Treasurer may in writing exempt an agency, or a class of agencies, from the provisions of the Treasurer's instructions, whether unconditionally or on specified conditions and either wholly or to such an extent as is specified or otherwise determined.
- 2.2 The accountable authority must ensure a register of exemptions granted by the Treasurer is established and maintained and is available for inspection by the Auditor General.
- 2.3 If there is a new requirement that is the same, or substantially the same, as the old requirement then, on and after 1 July 2024, any exemption granted to an agency, or a class of agencies, by the Treasurer in relation to the old requirement is taken to have effect for the new requirement.

### 3. Interpretation

- 3.1 In the Treasurer's instructions, unless the contrary intention appears:
  - (i) **'Appointment'** means the designation of a person, either by name or by position, to perform a function or, to be or do any other thing.
  - (ii) **'The Act'** means the *Financial Management Act 2006*.
  - (iii) **'Notes'** means the notes to the financial statements which accompany the financial statements and are prepared in accordance with standards issued by the Australian Accounting Standards Board.
  - (iv) **'Regulations'** means the *Financial Management Regulations 2024*.

## Terms and Definitions

|                                  |  |
|----------------------------------|--|
| Old Requirement                  | A requirement issued under Revoked Treasurer's Instructions.   |
| New Requirement                  | A requirement issued under New Treasurer's Instructions.   |
| Revoked Treasurer's Instructions | The Treasurer's instructions issued by the Treasurer under section 78 of the Act as in effect immediately before 1 July 2024.  |
| New Treasurer's Instructions     | <p>The following Treasurer's instructions issued by the Treasurer under section 78 of the Act as in effect on 1 July 2024:</p> <ul style="list-style-type: none"> <li>(i) Treasurer's instruction 1 <i>Foundation</i>;</li> <li>(ii) Treasurer's instruction 2 <i>Accountability</i>;</li> <li>(iii) Treasurer's instruction 3 <i>Financial Sustainability</i>;</li> <li>(iv) Treasurer's instruction 4 <i>Risk Management and Internal Control</i>;</li> <li>(v) Treasurer's instruction 5 <i>Expenditure and Payments</i>;</li> <li>(vi) Treasurer's instruction 6 <i>Income and Receipts</i>;</li> <li>(vii) Treasurer's instruction 7 <i>Special Purpose Accounts</i>;</li> <li>(viii) Treasurer's instruction 8 <i>Financial Accounting and Reporting</i>;</li> <li>(ix) Treasurer's instruction 9 <i>Financial Statements</i>; and</li> <li>(x) Treasurer's instruction 10 <i>Internal Audit</i>.</li> </ul> |

## Scope and Application

|                             |   |
|-----------------------------|---|
| Scope                       | This Treasurer's instruction applies to all FMA agencies.   |
| Issue date                  | 28 June 2024  |
| Effective date              | This Treasurer's instruction comes into effect for an agency at the start of the first financial year that commences on or after 1 July 2024.   |
| Consequences of application | <p>Upon the effective date, this instruction replaces:</p> <ul style="list-style-type: none"> <li>• Treasurer's instruction 102 <i>Interpretation</i>;</li> <li>• Treasurer's instruction 103 <i>Treasurer's Instruction</i>; and</li> <li>• Treasurer's instruction 104 <i>Exemptions</i></li> </ul> |
| Last reviewed               | 17 June 2025  |

# TI 2 Accountability

## Requirements

### 1. Accountability and Transparency

1.1 Agencies are accountable to Ministers, Parliament and the community for:

- (i) Prudent financial management: Agencies must handle financial resources responsibly to ensure efficiency and effectiveness;
- (ii) Effective operations: Agencies are expected to efficiently carry out their functions and achieve objectives;
- (iii) Promoting government goals: Agencies play a role in advancing broader government objectives and policies; and
- (iv) Good governance practices: Adherence to principles of good governance, including transparency, accountability, and fairness.

1.2 Agencies are to articulate and define the financial responsibilities and accountability of management in a clear and precise manner.

1.3 The agency's Annual Report must support accountability and transparency by disclosing:

- (i) Activities: Detailing actions and initiatives undertaken during the reporting period;
- (ii) Performance: Assessing how well the agency has achieved its goals and objectives; and
- (iii) Compliance levels: Addressing the extent to which the agency has complied with relevant laws, regulations, and internal policies.

### 2. Chief Finance Officer

2.1 The agency under section 57 of the Act must ensure:

- (i) the Chief Finance Officer of the agency has direct access to the accountable authority of that agency; and
- (ii) the incumbent Chief Finance Officer is suitably qualified.

## Terms and Definitions

|  |  |
|--|--|
| <b>Incumbent Chief Finance Officer</b> | The substantive occupant or the occupant acting beyond a period of three months in the position of the Chief Finance Officer.  |
| <b>Suitably Qualified</b>              | For the purposes of this instruction, 'suitably qualified' means: <ul style="list-style-type: none"> <li>(i) current membership of CPA Australia as a CPA; or</li> <li>(ii) current membership of Chartered Accountants Australia and New Zealand as a Chartered Accountant; or</li> <li>(iii) current membership of the Institute of Public Accountants as a Member of the Institute of Public Accountants; and</li> <li>(iv) possess relevant experience, skills and knowledge as determined by the accountable authority appropriate for the size, complexity, and type of agency after taking into account the responsibilities of a chief finance officer under section 57(2).</li> </ul> |

## Scope and Application

|                             |   |
|-----------------------------|---|
| Scope                       | This Treasurer's instruction applies to all FMA agencies.   |
| Issue date                  | 28 June 2024  |
| Effective date              | This Treasurer's instruction comes into effect for an agency at the start of the first financial year that commences on or after 1 July 2024.                     |
| Consequences of application | Upon the effective date, this instruction replaces: <ul style="list-style-type: none"> <li>• Treasurer's instruction 824 <i>Chief Finance Officers</i></li> </ul> |
| Last reviewed               | 17 June 2025  |

# TI 3 Financial Sustainability

## Requirements

### 1. Financial Sustainability

- 1.1 Before committing public money, agencies must establish an approved budget that sufficiently covers the cost of the required goods or services for the duration of the agreement.
- 1.2 Agencies are to ensure responsible management of government procurement, including risk assessments, strategic planning, evaluation, contract management, reporting and publishing.
- 1.3 The accountable authority, Chief Finance Officer and senior management are responsible for ensuring that their agency operates within the approved expense limit, encompassing the total cost of services.
- 1.4 Money appropriated or otherwise approved for a certain purpose can only be used for that purpose – e.g. money held in a Special Purpose Account cannot be used to fund the general operations for an agency.

### 2. Resource Agreements

- 2.1 For the purposes of section 42(2)(a) of the Act, a draft resource agreement must be in the form of the relevant template outlined in Treasurer's Guidance 13 Treasury Forms and Templates:
  - (i) Template 1 – for use by agencies with one portfolio Minister;
  - (ii) Template 2 – for use by agencies with multiple portfolio Ministers;
  - (iii) Template 3 – for use by agencies who do not require Minister's agreement under section 43(2) of the Act; and
  - (iv) Template 4 – for use by agencies who have no relationship to Government Goals.
- 2.2 For the purposes of section 61(2) of the Act, agencies must use Template 5 outlined in Treasurer's Guidance 13 Treasury Forms and Templates to report on the extent to which an agency achieved any targets described in the resource agreement.

### 3. Guarantees and Indemnities

3.1 A surety is to be granted by the Treasurer with Cabinet's prior approval.

3.2 An agency must:

- (i) establish and maintain a register for all statutory guarantees and indemnities granted by the agency;
- (ii) maintain documented criteria, procedures, and guidelines for the assessment (including risk analysis), evaluation, approval, granting and monitoring of guarantees and indemnities; and
- (iii) implement and maintain adequate controls to ensure the safe custody of documents relating to Requirement 3.2(ii).

3.3 The Under Treasurer must maintain a register for sureties.

### 4. Borrowings

4.1 For the purposes of establishing an approved borrowing limit, the accountable authority must submit to the Under Treasurer:

- (i) proposals for borrowing over the budget and out years for approval during the annual Budget and Mid-Year Review processes; and
- (ii) proposals for borrowing in excess of the limit approved in accordance with Requirement 4.1(i) for approval by the Treasurer, after approval by their responsible Minister.

### 5. Key Performance Indicators

5.1 The accountable authority must disclose in an annual report, for a reporting period:

- (i) the relevant outcomes;
- (ii) the services;
- (iii) the relationship between goals, if applicable, the outcomes and the services;
- (iv) the key performance indicators for each outcome being:
  - a. key effectiveness indicators for each outcome, and
  - b. key efficiency indicators for each service; or
  - c. only when the preparation of key efficiency indicators is demonstrably impracticable, key cost effectiveness indicators for each outcome.
- (v) a comparison of actual results against budget targets for the key performance indicators, together with explanatory narratives providing reasons for and details of any material variations between actual results and budget targets.

5.2 Changes that discontinue, add to or modify outcomes, services and/or key performance indicators for a reporting period are subject to the following rules:

- (i) the changes must be approved by a prior approval on or before the end of the reporting period; and
- (ii) the changes require disclosure and explanation in the annual report.

## **6. Certification of Key Performance Indicators**

6.1 Key performance indicators must be accompanied by a statement of certification declaring whether, in the opinion of the accountable authority, the key performance indicators:

- (i) are based on proper records;
- (ii) are relevant and appropriate for assisting users to assess the performance of the agency; and
- (iii) fairly represent the performance of the agency and, where applicable, its subsidiaries and related bodies for the financial year.

6.2 The certification required by Requirement 6.1 of this instruction must be signed and dated by the accountable authority with the proviso that where the accountable authority is:

- (i) an individual, the statement must be signed by that individual; or
- (ii) a body, the statement must be signed by two members of that body, following a resolution of that body providing for the inclusion of the key performance indicators in the annual report.

6.3 Where an agency has been abolished, the certification required by Requirement 6.1 of this instruction must be signed and dated by the reporting officer.

## **7. Explanatory Statement**

7.1 This requirement applies to the accountable authorities of:

- (i) each general government sector agency preparing Annual Estimates; and
- (ii) public non-financial corporations that are included in the Consolidated Account Expenditure Estimates.

7.2 Notes to the financial statements of agencies must include a comparison of actual results with original budgeted financial statements and prior period actual comparatives, and explanatory narrative providing:

- (i) reasons for and details of any major variance for each controlled line item between actual and estimate; and
- (ii) reasons for and details of any major variance for each controlled line item between actual and prior period actual.

7.3 Notes to the financial statements of departments must include a comparison of actual results with original budgeted financial statements and prior period actual

comparatives, and explanatory narrative providing:

- (i) reasons for and details of any major variance for each administered income and expenses line item between actual and estimate; and
- (ii) reasons for and details of any major variance for each administered incomes and expense line item between actual and prior period actual.

## Terms and Definitions

|                                   |  |
|-----------------------------------|--|
| <b>Annual Estimates</b>           | The original budget for the relevant financial year and can be: <ul style="list-style-type: none"> <li>(i) estimates published in the budget papers; or</li> <li>(ii) estimates published in accordance with Treasurer's Guidance 9 Financial Statements; or</li> <li>(iii) estimates published in the statement of corporate intent (or business/operational plan) of a statutory authority.</li> </ul>   |
| <b>Borrowings</b>                 | For the purpose of Requirement 4, 'borrowings' excludes: <ul style="list-style-type: none"> <li>(i) lease liabilities recognised in accordance with Australian Accounting Standard AASB 16 <i>Leases</i>; and</li> <li>(ii) service concession financial liabilities recognised in accordance with Australian Accounting Standard AASB 1059 <i>Service Concession Arrangements: Grantors</i>.</li> </ul>   |
| <b>Government Goal</b>            | An expression of high-level policies and/or priorities that support the government's vision. Outcomes contribute to these goals.   |
| <b>Guarantee or Indemnity</b>     | Means: <ul style="list-style-type: none"> <li>(i) a statutory guarantee or indemnity; or</li> <li>(ii) a surety</li> </ul> which exposes the grantor to a potential liability but does not include: <ul style="list-style-type: none"> <li>(a) an indemnity granted as part of, and incidental to, an agreement, transaction or arrangement between the grantor and the recipient or beneficiary of the indemnity, the principal purpose of which is to perform the grantor's function; and</li> <li>(b) an indemnity granted to a person in the performance of their duties for the State.</li> </ul> |
| <b>Key Performance Indicators</b> | Provides an overview of the critical or material aspects of outcome achievement and service delivery. Key performance indicators can be: <ul style="list-style-type: none"> <li>(i) Key Effectiveness Indicator; and</li> <li>(ii) Key Efficiency Indicator; or</li> <li>(iii) Key Cost Effectiveness Indicator.</li> </ul>  |

|   |   |
|---|---|
| <b>Key Effectiveness Indicator</b>      | <p>To provide information on the extent of, or progress in a reporting period towards, achievement of</p> <ul style="list-style-type: none"> <li>(i) an agency level government desired outcome through the delivery of services; or</li> <li>(ii) for universities listed in Schedule 1 of the Act, an approved strategic outcome/objective through the delivery of services.</li> </ul>   |
| <b>Key Efficiency Indicator</b>         | <p>To relate a service to the level of resource inputs required to deliver the service.</p>   |
| <b>Key Cost Effectiveness Indicator</b> | <p>To relate achievement of</p> <ul style="list-style-type: none"> <li>(i) an agency level government desired outcome to the level of resource inputs required to achieve the outcome; or</li> <li>(ii) for universities listed in Schedule 1 of the Act, an approved strategic outcome/objective to the level of resource inputs required to achieve the outcome/objective.</li> </ul>   |
| <b>Major Variance</b>                   | <p>A variance, when compared with the estimate or prior period actual for a line item:</p> <ul style="list-style-type: none"> <li>(i) where qualitative evidence indicates omission of narrative disclosure could potentially mislead readers of the financial statements; or</li> <li>(ii) where narrative disclosure is required under a written law; or</li> <li>(iii) greater than 10% and greater than a dollar aggregate of; <ul style="list-style-type: none"> <li>a. 1% of Total Cost of Services, when comparing variances of income and expense line items. Variances relating to changes in asset revaluation surplus are excluded from the definition of major variance for disclosure purposes; or</li> <li>b. 1% of Total Cost of Services, when comparing variances of cash flow line items not substantially explained elsewhere in other narrative disclosures; or</li> <li>c. 1% of Total Assets, when comparing variances of asset, liability and equity line items. Variances relating to cash assets, receivables, payables, contributed equity, accumulated surplus and asset revaluation surplus are excluded from the definition of major variance for disclosure purposes.</li> </ul> <p>The dollar aggregate calculated from Total Cost of Services and Total Assets is to be based on the estimate or the prior period actual, as appropriate.</p> </li> <li>(iv) for a department's administered income and expenses line item, greater than 10% and greater than a dollar aggregate of 1% of Total Administered Income. The dollar aggregate calculated from Total Administered Income is to be based on the estimate or the prior period actual, as appropriate.</li> </ul> |

|   |  |
|---|--|
| <b>Outcome</b>                          | The effect, impact, result on or consequence for the community, environment or target clients of government services/a university's services.  |
| <b>Outcomes</b>                         | <p>Generally, outcomes are expressed as:</p> <ul style="list-style-type: none"> <li>(i) agency level government desired outcomes, which refer to the outcomes that are pitched at a level more relevant to an agency and are required to link to government goals. They are intended to bring about behavioral changes or satisfy community or client needs; or</li> <li>(ii) for universities listed in Schedule 1 of the Act, strategic outcomes/objectives approved by the university's governing body.</li> </ul>  |
| <b>Prior Approval</b>                   | <p>Includes:</p> <ul style="list-style-type: none"> <li>(i) approval of the Under Treasurer; or</li> <li>(ii) approval of the university's governing body for universities listed in Schedule 1 of the Act.</li> </ul>   |
| <b>Senior Management</b>                | Includes executives at the executive level or above.   |
| <b>Services</b>                         | <p>Include:</p> <ul style="list-style-type: none"> <li>(i) agencies services, denoting the supply of an activity or good to external users by an agency to achieve the agency level government desired outcome. These services can be classified as outputs, programs or policy advice; or</li> <li>(ii) for universities listed in Schedule 1 of the Act, universities services, indicating the supply of an activity or good to external users by a university to achieve the strategic outcome/objective. These services can be classified as outputs or programs.</li> </ul> |
| <b>Statutory Guarantee or Indemnity</b> | A guarantee or indemnity granted or arising under the authority of a written law.  |
| <b>Surety</b>                           | A guarantee or indemnity which is not a statutory guarantee or indemnity and granted under the Crown's prerogative.  |

## Scope and Application

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|                             |  |
|-----------------------------|--|
| Scope                       | <p>This Treasurer's instruction applies to all FMA agencies.</p> <p>Requirement 4 of this Instruction applies to all accountable authorities except the accountable authorities of universities listed in Schedule 1 of the Act.</p>   |
| Issue date                  | 28 June 2024   |
| Effective date              | This Treasurer's instruction comes into effect for an agency at the start of the first financial year that commences on or after 1 July 2024.  |
| Consequences of application | <p>Upon the effective date, this instruction replaces:</p> <ul style="list-style-type: none"> <li>• Treasurer's instruction – 808 <i>Resource Agreements</i>;</li> <li>• Treasurer's instruction – 821 <i>Guarantees and Indemnities</i>;</li> <li>• Treasurer's instruction – 822 <i>Borrowings</i>;</li> <li>• Treasurer's instruction – 904 <i>Key Performance Indicators</i>;</li> <li>• Treasurer's instruction – 904U <i>Key Performance Indicators for Universities</i>;</li> <li>• Treasurer's instruction – 905 <i>Certification of Key Performance Indicators</i>; and</li> <li>• Treasurer's instruction – 945 <i>Explanatory Statement</i>.</li> </ul> |
| Last reviewed               | 17 June 2025   |

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# TI 4 Risk Management and Internal Control

## Requirements

### 1. Financial Management Manuals

- 1.1 The accountable authority, Chief Finance Officer and senior management must ensure the agency has a fit for purpose Financial Management Manual, Delegation Schedule, and financial and administrative procedures which take into account legislation and other mandatory requirements, that are well defined, kept up-to-date and readily accessible to staff.
- 1.2 The accountable authority must annually certify the Financial Management Manual to the Under Treasurer, utilising Template 9 (Certification of Financial Management Manual) as outlined in Treasurer's Guidance 13 Treasury Forms and Templates.

### 2. Risk Management

- 2.1 The accountable authority must ensure that:
  - (i) they take ultimate responsibility for the agency's risk management, including managing the strategic and operational risks of the agency in accordance with the risk management framework;
  - (ii) suitable risk management policies and procedures are developed and maintained, consistent with [AS ISO 31000:2018](#);
  - (iii) risk management policies and procedures are periodically assessed and updated to ensure that they are suitable for managing risks inherent in the operations of the agency;
  - (iv) a risk management system or process is in place that captures and tracks risks, controls, treatments and 'risk owners' accountable for managing risks, in a risk register; and
  - (v) fraud risk management policies and procedures are developed and maintained to ensure the likelihood and consequences of fraud events are minimised.

### 3. Internal Control

- 3.1 The accountable authority, Chief Finance Officer, and senior management are to ensure an effective internal control system is established and maintained for the agency's financial and related operations.
- 3.2 The accountable authority is responsible for ensuring that management actively oversees internal controls, ensuring compliance and effective assignment and management of employee responsibilities.

#### **4. Insurance**

- 4.1 Agencies must participate in RiskCover unless specifically exempted by the Treasurer.

#### **5. Managing Foreign Exchange Risk**

- 5.1 Before committing to any agreement or arrangement valued at A\$50,000 (the threshold) or more and which carries a foreign exchange risk, the accountable authority must:

- (i) obtain appropriate advice relating to the foreign exchange risk from the Western Australian Treasury Corporation; and
- (ii) enter into an appropriate risk management strategy to manage the foreign exchange risk;

except where any written law applicable to the agency permits otherwise.

#### **6. Custody of Public Property and Other Property**

- 6.1 The accountable authority must ensure that public property and other property controlled by the agency is recorded and appropriate measures are taken to protect property.
- 6.2 Public property and other property must be checked against the particulars recorded in the property register or records of property at such times as the accountable authority determines, with a complete check being undertaken at least once every three financial years (stocktake).

#### **7. Records of Public Property and Other Property**

- 7.1 The accountable authority must ensure that registers are established and maintained for public property and other property controlled by the agency with a value of \$5,000 or more.
- 7.2 The accountable authority must ensure that adequate records are maintained for public property and other property controlled by the agency with a value of less than \$5,000.

## Terms and Definitions

|  |   |
|--|---|
| <b>Certify (the Financial Management Manual)</b> | <p>Process through which the accountable authority provides an official statement or confirmation that the manual is in accordance with established standards, regulations, and legal requirements.</p> <p>Certifying a financial management manual involves a thorough review to ensure that the manual reflects current financial practices, complies with applicable laws and regulations, and accurately represents the agency's financial management policies and procedures. This process will be conducted periodically, at a minimum annually, to confirm that the manual remains relevant and aligned with any changes in legislation, standards, or agency practices.</p> <p>The certification of a financial management manual is a formal affirmation by the accountable authority that the manual is a reliable and authoritative source of guidance for financial management within the agency. It serves to demonstrate the agency's commitment to sound financial practices and adherence to regulatory requirements.</p> |
| <b>Risk Management</b>                           | Refers to the coordinated activities to direct and control an agency with regards to risk.  |
| <b>Risk Management Framework</b>                 | Refers to the set of components for integrating, designing, implementing, evaluating, and improving risk management throughout an agency.   |

## Scope and Application

|                             |  |
|-----------------------------|--|
| Scope                       | This Treasurer's instruction applies to all FMA agencies.  |
| Issue date                  | 28 June 2024   |
| Effective date              | This Treasurer's instruction comes into effect for an agency at the start of the first financial year that commences on or after 1 July 2024.  |
| Consequences of application | <p>Upon the effective date, this instruction replaces:</p> <ul style="list-style-type: none"> <li>• Treasurer's instruction – 406 <i>Custody of Public Property and Other Property</i>;</li> <li>• Treasurer's instruction – 410 <i>Records of Public Property and Other Property</i>;</li> <li>• Treasurer's instruction – 701 <i>Financial Management Manuals</i>;</li> <li>• Treasurer's instruction – 812 <i>Insurance</i>;</li> <li>• Treasurer's instruction – 825 <i>Risk Management</i>; and</li> <li>• Treasurer's instruction – 826 <i>Managing Foreign Exchange Risk</i></li> </ul> |
| Last reviewed               | 17 June 2025   |

# TI 5 Expenditure and Payments

## Requirements

### 1. Authorisation of Payments

- 1.1 The accountable authority, Chief Finance Officer and senior management are to ensure there is appropriate segregation of responsibilities to promote multiple points of review for transactions and payments.
- 1.2 The purpose of this requirement is to ensure the accountable authority has appropriate controls in place to enforce the segregation of duties in relation to the payment authorisation process, so that no single officer controls all aspects of this process including:
  - (i) ensuring the appointment is made, in writing, of one or more officers as a certifying officer, and, if required, an incurring officer; and
  - (ii) ensure that a register of appointments of certifying and incurring officers is established and maintained.
- 1.3 The accountable authority must ensure there is adequate segregation of duties in the procurement processes of the agency. This includes only allowing officers to perform one of the following functions in relation to a payment or transfer:
  - (i) ordering;
  - (ii) receiving;
  - (iii) incurring;
  - (iv) certifying.
- 1.4 The accountable authority and Internal Audit Committee of an agency, can make alternative arrangements where Requirement 1.3 cannot be complied with. Provided these arrangements do not allow the same officer to perform the functions of incurring and certifying.
- 1.5 Before authorising a payment or transfer, a certifying officer must be satisfied that:
  - (i) The payment has been properly authorised in accordance with the delegation arrangement in place within the agency;
  - (ii) Funds are available to make the payment that meet the requirements of the assigned purpose;
  - (iii) There is a valid claim;
  - (iv) The creditor's name, address and any other relevant identifying information are correctly recorded;
  - (v) Goods have been supplied and services have been performed, except where payment in advance is required;

- (vi) Where a payment is not in relation to a good or service, the payment has been approved in accordance with relevant agency policies and procedures;
  - (vii) Payment or transfer charges, calculations, account to be charged, rates of charges and classification are correct; and
  - (viii) A discount for early payment has been considered, if applicable.
- 1.6 The ordering officer is responsible for raising a purchase order or commercial document equivalent, through the agency's approved purchase order process and system. Purchase orders must be created and approved prior to the acquisition of goods and/or services.
- 1.7 The accountable authority and Internal Audit Committee of an agency can determine suitable exemption arrangements where Requirement 1.6 cannot be complied with. Common agency exemption arrangements can be found in the Treasurer's Guidance Chapter 5.
- 1.8 No payment or transfer must be made from a bank account or charged to a special purpose account unless the payment or transfer has been authorised by a certifying officer, except in cases where payments are made by direct debit from an agency's bank account for payments of a recurring nature or for payments to the Western Australian Treasury Corporation.
- For the purposes of Requirement 1.8, the term 'payments' does not include payments by credit cards or for salary and wages.

## 2. Credit Cards

- 2.1 The accountable authority may arrange for a Western Australian Government Purchasing Card (a 'credit card') to be issued to a person in line with business needs. A person to whom a credit card is issued is a 'cardholder' for the agency.
- 2.2 A credit card is not to be used for a personal purpose.
- 2.3 The accountable authority must approve a credit card policy for the agency.
- 2.4 The accountable authority must ensure that each cardholder is aware of their obligations under this instruction and the agency's credit card policy.
- 2.5 The accountable authority must ensure that records showing each expenditure item on a credit card are regularly reviewed by someone other than the cardholder (a 'reviewer'), in order to monitor compliance with Requirement 2.2. If a reviewer is of an opinion that a credit card has been used for a personal purpose, the reviewer must give a written notice of that opinion, and his or her reasons for that opinion, to the cardholder and the cardholder's notifiable authority.
- 2.6 A cardholder must, within five working days after becoming aware that he or she used a credit card for a personal purpose –
- (i) give a written notice of the use of the credit card for a personal purpose to the Chief Finance Officer of the agency and to the notifiable authority; and
  - (ii) pay the agency the amount of the expenditure incurred for a personal purpose (the 'personal use expenditure'); or

- (iii) if disagreeing with a reviewer's opinion under Requirement 2.5, give the cardholder's notifiable authority a written notice of his or her reasons for disagreeing with the opinion.

2.7 An agency must disclose any personal use expenditure in its annual report as specified in Treasurer's instruction 8 *Financial Accounting and Reporting* – Requirement 3 *Agency Annual Reports*.

### 3. Timely Payment of Accounts

3.1 Agencies are to adhere to the payment terms in this requirement for invoices, even where the contract allows for a longer term:

- (i) All payments must be made within 30 calendar days of the receipt of an invoice, or within 30 calendar days of the provision of goods or services (whichever is later).
- (ii) All payments under \$1 million for goods or services must be made within 20 calendar days of the receipt of an invoice, or within 20 calendar days of the provision of goods or services (whichever is later).
- (iii) All payments under \$1 million for works or construction must be made within 20 calendar days of the receipt of a correctly rendered invoice.
- (iv) Payments for invoices at \$1 million or above for works or construction will be governed by the contract's requirements.

## Terms and Definitions

|                         |   |
|-------------------------|---|
| <b>Assigned Purpose</b> | Refers to the specific intention or designated use for which funds have been allocated, appropriated or approved. E.g. money held in a Special Purpose Account cannot be used to fund the general operations for an agency as outlined in Treasurer's instruction 3 <i>Financial Sustainability</i> – Requirement 1.4 <i>Financial Sustainability</i> . |
| <b>Certifying</b>       | An authorised officer will review evidence of the transaction, check account balances, and certify the invoice for payment.   |
| <b>Claim</b>            | Refers to a creditor's invoice, contract, agreement, or any other document evidencing the supply of goods or services. In the case of grants, the 'claim' may be evidenced by a letter or other appropriate document.   |
| <b>Incurring</b>        | An authorised officer will check the purchase order, receiving report and tax invoice for any difference. This review should be documented before the officer incurs the transaction. In some instances, Incurring is fully performed by the 3-way matching process within the agency's IT system and thus not required to be done by an officer.       |

|  |  |
|--|--|
| <b>Notifiable Authority<br/>(cardholder of an agency<br/>that is a department or a<br/>sub-department)</b> | <p>Means:</p> <ul style="list-style-type: none"> <li>(i) the accountable authority of the agency, except in a case to which subparagraphs (ii), (iii), (iv), (v) or (vi) applies;</li> <li>(ii) if the cardholder is the accountable authority of the agency and has an employing authority under the <i>Public Sector Management Act 1994</i>, the cardholder's employing authority;</li> <li>(iii) if the agency is the Legislative Assembly, the Clerk of the Legislative Assembly;</li> <li>(iv) if the agency is the Legislative Council, the Clerk of the Legislative Council;</li> <li>(v) if the cardholder is the accountable authority of the agency and none of subparagraphs (ii), (iii), (iv) and (vi) applies, the Minister responsible for the agency or, if there is no responsible Minister, the Treasurer; and</li> <li>(vi) if the cardholder is the Clerk of the Legislative Assembly or the Legislative Council, the respective presiding officer.</li> </ul> |
| <b>Notifiable Authority<br/>(cardholder of an agency<br/>that is a statutory<br/>authority)</b>            | <p>Means:</p> <ul style="list-style-type: none"> <li>(i) except in a case to which subparagraph (ii) applies, the accountable authority of the agency;</li> <li>(ii) the Minister responsible for the agency if –</li> <li>(iii) the cardholder is the accountable authority of the agency; or</li> <li>(iv) the cardholder is a member, whether or not ex officio and whether described as a member, commissioner or otherwise, of the accountable authority of the agency; or</li> <li>(v) the accountable authority of the agency comprises a number of persons, one of whom is the cardholder.</li> </ul>  |
| <b>Ordering</b>  | <p>Goods or services are generally ordered by an authorised officer raising a purchase order, after seeking quotations or completion of a tender process (where necessary) and receiving the required level of delegated approval.</p>   |
| <b>Payments</b>  | <p>For the purposes of Requirement 3 <i>Timely Payment of Accounts</i> the following payments are excluded:</p> <ul style="list-style-type: none"> <li>(i) international purchases;</li> <li>(ii) purchases of real properties;</li> <li>(iii) purchases where payment in advance is required;</li> <li>(iv) transactions where the funding source is an administered appropriation;</li> <li>(v) non-procurement arrangements, such as grants; and</li> <li>(vi) direct debit arrangements with a supplier, where the payment terms are at the discretion of the supplier and the supplier's systems.</li> </ul>  |
| <b>Personal Purpose</b>  | <p>A purpose that is not directly related to performing functions for the agency.</p>  |

|                                 |   |
|---------------------------------|---|
| <b>Personal Use Expenditure</b> | Expenditure on goods or services for a purpose that is not directly related to performing functions for the agency. |
| <b>Receiving</b>                | Goods or services ordered are generally received by an authorised officer, with evidence retained of the receipt.   |

## Scope and Application

|                             |  |
|-----------------------------|--|
| Scope                       | This Treasurer's instruction applies to all FMA agencies.  |
| Issue date                  | 28 June 2024   |
| Effective date              | This Treasurer's instruction comes into effect for an agency at the start of the first financial year that commences on or after 1 July 2024.  |
| Consequences of application | <p>Upon the effective date, this instruction replaces:</p> <ul style="list-style-type: none"> <li>• Treasurer's instruction – 304 <i>Authorisation of Payments</i>;</li> <li>• Treasurer's instruction – 310 <i>Payments and Returned Payments</i>;</li> <li>• Treasurer's instruction – 321 <i>Credit Cards</i>; and</li> <li>• Treasurer's instruction – 323 <i>Timely Payment of Accounts</i>.</li> </ul> |
| Last reviewed               | 17 June 2025   |

# TI 6 Income and Receipts

## Requirements

### 1. Collection Agents

1.1 The accountable authority may:

- (i) appoint a person as a collection agent; and
- (ii) enter into a written arrangement for the collection agent to deduct relevant fees and costs from money collected prior to banking or remitting that money to the agency.

1.2 Where money collected on behalf of an agency is to be credited to the Consolidated Account:

- (i) the agency must first obtain the Under Treasurer's written approval before entering into an arrangement contemplated in Requirement 1.1(ii); and
- (ii) the agency must deposit the full amount collected (including the amount that would be deducted for the collection agent's fees and costs) into the Government of Western Australia Bank Account – Main Account with the shortfall to be paid from an appropriate expenditure item or account.

### 2. Banking of Money

2.1 The Chief Finance Officer must ensure any money, received by an officer is deposited to the bank account on a daily basis or other basis in accordance with Requirement 2.3(ii).

2.2 Where money, is received by a person who is not an officer as defined in section 3 of the Act, that money must be banked in the same manner as required in Requirement 2.1 unless there is an agreement with the relevant accountable authority that such money may be banked in a bank account other than one specified in Requirement 2.1.

2.3 Where money received is deposited to the Government of Western Australia Bank Account – Main Account, the Chief Finance Officer must ensure:

- (i) Policies and procedures are in place to ensure all money is reconciled, amounts deducted and daily remittance advices are provided to Treasury (if deposited to the Government of Western Australia Bank Account – Main Account);
- (ii) All money received must be banked on a daily basis unless the accountable authority has policies and procedures in place to:
  - a. approve a period less frequent, due to it not being practicable to bank daily and adequate security exists; and
  - b. approve a longer extended period of time during which the money remains unbanked provided the money is adequately secured and the

amount is not exceeding \$1,000, where special circumstances exist for not banking money such as uneconomical cost of travel or interrupting services to the public.

- (iii) Separate records are maintained for each bank account.

### 3. Tariffs, Fees and Charges

3.1 The accountable authority must ensure the full cost is accurately determined for each service the agency provides, ensuring all tariffs, fees and charges align with the agency's cost recovery policy and do not exceed the full cost, except:

- (i) when authorised by a statute; and
- (ii) approved by Cabinet.

3.2 The accountable authority must ensure a review of the agency's tariffs, fees and charges is concluded by 31 December each year.

3.3 The accountable authority must ensure a register of tariffs, fees and charges is established and maintained.

## Terms and Definitions

|                     |  |
|---------------------|--|
| <b>Bank Account</b> | Public Bank Account, or a bank account maintained in accordance with section 13 of the Act that does not form part of the Public Bank Account, or a bank account established in accordance with any other written law. |
| <b>Money</b>        | Any public money, statutory authority money or other money, other than cash advances.  |

## Scope and Application

|                             |  |
|-----------------------------|--|
| Scope                       | This Treasurer's instruction applies to all FMA agencies.<br>Requirement 3 of this instruction applies to accountable authorities of not-for-profit agencies.  |
| Issue date                  | 28 June 2024   |
| Effective date              | This Treasurer's instruction comes into effect for an agency at the start of the first financial year that commences on or after 1 July 2024.  |
| Consequences of application | Upon the effective date, this instruction replaces: <ul style="list-style-type: none"> <li>• Treasurer's instruction – 202 <i>Collection Agents</i>;</li> <li>• Treasurer's instruction – 206 <i>Banking of Money</i>; and</li> <li>• Treasurer's instruction – 810 <i>Tariffs, Fees and Charges</i>.</li> </ul> |
| Last reviewed               | 17 June 2025   |

# TI 7 Special Purpose Accounts

## Requirements

### 1. Special Purpose Statements and Trust Statements

- 1.1 The special purpose statement or trust statement must detail, at a minimum, the information outlined in Template 6 (Special Purpose Statement) and Template 7 (Trust Statement) as described in Treasurer’s Guidance 13 Treasury Forms and Templates.
- 1.2 The accountable authority must ensure that an annual review of the approved special purpose statement or trust statement is conducted.
- 1.3 The accountable authority must ensure a copy of the approved special purpose statement or trust statement is published in the annual report for the financial year it is approved or amended.
- 1.4 The accountable authority must ensure a comprehensive register of special purpose accounts is established, maintained and reviewed annually. Review must include determining accounts that need to be closed, as required, due to fulfilling its intended purpose.

## Scope and Application

|                             |   |
|-----------------------------|---|
| Scope                       | This Treasurer’s instruction applies to all FMA agencies.   |
| Issue date                  | 28 June 2024  |
| Effective date              | This Treasurer’s instruction comes into effect for an agency at the start of the first financial year that commences on or after 1 July 2024.   |
| Consequences of application | Upon the effective date, this instruction replaces: <ul style="list-style-type: none"><li>• Treasurer’s instruction – 802 <i>Special Purpose Statements and Trust Statements</i>.</li></ul> |
| Last reviewed               | 17 June 2025  |

# TI 8 Financial Accounting and Reporting

## Requirements

### 1. Requirements of Accounting Systems

- 1.1 All accountable authorities must ensure that the agency has access to a financial management information system that properly records all transactions of the agency and facilitates the preparation of general purpose financial statements for the agency at such intervals as may be required.
- 1.2 Where appropriate, all accountable authorities must ensure that the agency has access to a system to record and report performance information as required by the Treasurer's instruction 3 *Financial Sustainability* – Requirement 5 *Key Performance Indicators*.

### 2. Statement of Compliance

- 2.1 The annual report must include a Statement of Compliance, addressed to the responsible Minister for the agency or, if there is no responsible Minister, the Parliament, comprising:
  - (i) a statement in the terms outlined in the Model Annual Reports; and
  - (ii) where applicable, a statement acknowledging the incorporation within the annual report of any special reporting requirements imposed upon the accountable authority by any other written law.
- 2.2 The Statement of Compliance must be signed and dated by the accountable authority, as appropriate, with the proviso that where the accountable authority is:
  - (i) an individual, the Statement of Compliance must be signed by that individual; or
  - (ii) a body, the Statement of Compliance must be signed by two members of the body following a resolution of that body:
    - a. adopting the annual report; and
    - b. providing for transmission of the annual report to the Minister.

### 3. Agency Annual Reports

#### Disclosures and Legal Compliance

This section of an annual report must include the following:

- 3.1 Any written ministerial directions relevant to the setting of desired outcomes or operational objectives, the achievement of desired outcomes or operational objectives, investment activities, and financing activities.

3.2 'Other Legal Requirements' that must disclose for the agency and any subsidiary and related bodies:

- (i) all act of grace payments made by the agency during a reporting period;
- (ii) personal use expenditure disclosures as required by Treasurer's instruction 5 *Expenditure and Payments* – Requirement 2.7:
  - a. the number of instances the Western Australian Government Purchasing Cards have been used for personal purposes;
  - b. the aggregate amount of personal use expenditure for the reporting period;
  - c. the aggregate amount of personal use expenditure settled by a due date;
  - d. the aggregate amount of personal use expenditure settled after the due date;
  - e. the aggregate amount of personal use expenditure remaining unpaid at the end of the reporting period; and
  - f. the number of referrals for disciplinary action instigated by the notifiable authority during the reporting period.
- (iii) information required by legislations other than the Act, *Financial Management Regulations 2024* and the Treasurer's instructions.

## 4. Leases

### Lessees

- 4.1 Agencies may apply the low value exemption (up to \$5,000) and/or short-term lease exemption criteria per Australian Accounting Standard AASB 16 *Leases*, except where the lease is acquired from a wholly-owned public sector entity.
- 4.2 All right-of-use assets, including concessionary leases, are to be measured at cost, except for investment property right-of-use assets which are to be measured in accordance with AASB 140 *Investment Property*.
- 4.3 Agencies must disclose in the notes to the financial statements, the 'cost' of providing non-monetary benefits to employees (e.g. Government Regional Officer Housing rental cost) on a gross basis.

'Cost' is the interest and depreciation expense amount for the associated lease. This treatment is for those leases that fall under AASB 16 *Leases* and are included on the statement of financial position.

### Lessors

- 4.4 Agencies must not account for a lease arrangement with one or more additional lease components or non-lease components as a single lease.

## 5. Related Party Disclosures

- 5.1 The accountable authority must ensure that senior officers of that agency

complete the Data Collection Form that is included in Treasurer's Guidance 13 Treasury Forms and Templates:

- (i) at the end of the reporting period; and
- (ii) as changes occur during the year that impact senior officers of the agency such as machinery of government change, resignation or acting arrangements.

## **6. Related and Affiliated Bodies**

### **Related Bodies**

6.1 Where an agency had a related body at the end of a reporting period or at any time during a reporting period, there must be disclosed by way of note to the financial statements for each related body or, subject to materiality, each class of related bodies:

- (i) the identity of the related body or class of related bodies; and
- (ii) the nature and, where practicable, the amount or value of financial assistance provided to each related body or class of related bodies during the reporting period:
  - a. by the agency; and
  - b. where practicable, by any other bodies.

6.2 Where a related body received or expended money, controlled assets or incurred liabilities independent from the agency during a reporting period, those receipts and expenditures and assets and liabilities must be included within the agency's financial statements as if they were receipts and expenditures and assets and liabilities of the agency.

Where receipts and expenditures and assets and liabilities of a related body are included within an agency's financial statements in accordance with this requirement, such adjustments must be made as are necessary to eliminate transactions between the agency and its related body.

### **Affiliated Bodies**

6.3 Where an agency had a government affiliated body at the end of a reporting period or at any time during a reporting period, there must be disclosed by way of note to the financial statements for each government affiliated body or, subject to materiality, each class of government affiliated bodies:

- (i) the identity of the government affiliated body or class of government affiliated bodies; and
- (ii) the nature and, where practicable, the amount or value of financial assistance provided by the agency during the reporting period.

## 7. Revaluation of Non-Current Physical Assets

7.1 Assets subject to the following Australian Accounting Standards are excluded from the scope of this requirement:

- (i) AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*;
- (ii) AASB 16 *Leases*;
- (iii) AASB 102 *Inventories*; and
- (iv) AASB 141 *Agriculture*.

7.2 Subsequent to initial recognition, agencies must measure land and buildings at fair value as defined in AASB 13 *Fair Value Measurement* in preparing financial statements.

## 8. Contributions by Owners Made to Wholly-Owned Public Sector Entities

8.1 Except for non-reciprocal transfers that occur as a consequence of a restructure of administrative arrangements, for the purposes of Interpretation 1038 *Contributions by Owners Made to Wholly-owned Public Sector Entities*, the following classes of non-reciprocal transfers are designated as 'contributions by owners':

- (i) capital appropriations, except where the appropriation is repayable;
- (ii) non-discretionary transfers of net assets from wholly-owned public sector entities to agencies;
- (iii) non-discretionary assumptions of liabilities or net liabilities by wholly-owned public sector entities from agencies;
- (iv) assumptions of liabilities or net liabilities by the government from agencies and the transfer of net assets from the government to agencies; and
- (v) capital expenditure authorised under section 27(1) of the Act.

8.2 A non-reciprocal transfer of assets or net assets from an agency to the government must be accounted for by the transferor agency as a distribution to owners.

8.3 Except for non-reciprocal transfers that occur as a consequence of a restructure of administrative arrangements, subject to materiality, all contributions by owners and all distributions to owners must be recognised in the financial statements at fair value by both the transferee and transferor.

## Terms and Definitions

|  |  |
|--|--|
| <b>Concessionary leases</b>                | Leases that are significantly below-market terms and conditions, or peppercorn leases.   |
| <b>Financial assistance</b>                | Assistance provided:<br>(i) directly, in the form of cash grants or payment of accounts on behalf of another body; and<br>(ii) indirectly, in the form of staff, accommodation, support services or any other form of non-cash assistance.   |
| <b>Government affiliated body</b>          | An affiliated body which is not a non-government affiliated body.  |
| <b>Non-government affiliated body</b>      | A non-government organisation established for purposes not related to the implementation of government policy.   |
| <b>Senior officer</b>                      | Any person who is concerned with or takes part in the management of the agency or any subsidiary or related body of the agency and includes the accountable authority of a department or members of the accountable authority of a statutory authority but excludes any person acting in such a position for a limited period. |
| <b>Wholly-owned public sector entities</b> | All entities consolidated in the Annual Report on State Finances.  |

## Scope and Application

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|                             |  |
|-----------------------------|--|
| Scope                       | <p>This Treasurer's instruction applies to all FMA agencies.</p> <p>Requirement 4 of this instruction applies to accountable authorities of not-for-profit agencies.</p>   |
| Issue date                  | 28 June 2024   |
| Effective date              | This Treasurer's instruction comes into effect for an agency at the start of the first financial year that commences on or after 1 July 2024.  |
| Consequences of application | <p>Upon the effective date, this instruction replaces:</p> <ul style="list-style-type: none"> <li>• Treasurer's instruction – 823 <i>Requirements of Accounting Systems</i>;</li> <li>• Treasurer's instruction – 902 <i>Statement of Compliance</i>;</li> <li>• Treasurer's instruction – 903 <i>Agency Annual Reports</i>;</li> <li>• Treasurer's instruction – 916 <i>Leases</i>;</li> <li>• Treasurer's instruction – 924 <i>Related Party Disclosures</i>;</li> <li>• Treasurer's instruction – 951 <i>Related and Affiliated Bodies</i>;</li> <li>• Treasurer's instruction – 954 <i>Revaluation of Non-Current Physical Assets</i>; and</li> <li>• Treasurer's instruction – 955 <i>Contributions by Owners Made to Wholly Owned Public Sector Entities</i>.</li> </ul> |
| Last Reviewed               | 17 June 2025   |

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# TI 9 Financial Statements

## Requirements

### 1. General Information in Financial Statements

- 1.1 There must be disclosed by way of note to the financial statements:
- (i) the number of senior officers of departments and statutory authorities (other than senior officers reported as members of the accountable authority of statutory authorities) whose total compensation for the reporting period, falls within each band of income of \$50,000; and
  - (ii) the number of members of the accountable authority (if applicable) of statutory authorities, whose total compensation for the reporting period, falls within each band of income of \$10,000.
- 1.2 The following information, where applicable, must be disclosed in the notes to the financial statements:
- (i) revenue and debts (including administered revenue and debts due to the State), and public property written off during the reporting period under section 48 of the Act or under other written laws. In addition, where such amounts are written off under section 48 of the Act, separate identification is required of the amounts written off under the authority of:
    - a. the accountable authority;
    - b. the Minister; and
    - c. the Treasurer;
  - (ii) losses of or deficiencies in public money, statutory authority money and other money through theft, default or otherwise, together with details of:
    - a. recovery of losses; and
    - b. losses written off;
  - (iii) forgiveness (or waiver) of debts by the agency during the reporting period; and
  - (iv) gift of public property by the agency during the reporting period.

## 2. Certification of Financial Statements

- 2.1 Financial statements must be accompanied by a statement of certification in the following terms:

"The accompanying financial statements of the [name of the agency and, where consolidated financial statements are prepared, the words 'and the accompanying consolidated financial statements'] have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the [period as specified] ended [date] and the financial position as at [date].

At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate."

- 2.2 The certification required by Requirement 2.1 of this instruction must be signed and dated by the Chief Finance Officer and the accountable authority with the proviso that where the accountable authority is:

- (i) an individual, the statement must be signed by that individual; or
- (ii) a body, the statement must be signed by two members of that body following a resolution of that body:
  - a. adopting the financial statements, and
  - b. providing for the inclusion of the financial statements in the annual report.

- 2.3 Where an agency has been abolished, the certification required by Requirement 2.1 of this instruction must be signed and dated by the reporting officer.

## 3. Annual Estimates

- 3.1 The accountable authority must prepare draft annual estimates in the following manner:

- (i) where no other written law applies to the annual estimates, the accountable authorities are required to comply with Treasurer's Guidance 3 Financial Sustainability – Chapter 6.3 Explanatory Statements for Non-GGS Agencies, and must prepare draft annual estimates in the form approved by the Minister; or
- (ii) where no other written law applies to the annual estimates, the accountable authorities are required to comply with Treasurer's instruction 3 *Financial Sustainability – Requirement 7 Explanatory Statement*, and must prepare draft annual estimates comprising:
  - (a) Statement of Comprehensive Income;
  - (b) Statement of Financial Position; and
  - (c) Statement of Cash Flows.

- 3.2 The accountable authority must make the approved annual estimates available to the public in the following manner:
- (i) where the agency has a website, the accountable authority must publish the annual estimates on the website; or
  - (ii) where the agency does not have a website, the accountable authority must include the annual estimates in the agency annual report of the preceding financial year.

#### **4. Application of Australian Accounting Standards and Other Pronouncements**

- 4.1 Apart from Gold Corporation, all agencies are not-for-profit entities as defined in Australian Accounting Standards.
- 4.2 Australian Accounting Standards and Interpretations, that have been issued but are not yet effective, must not be applied to earlier reporting periods, unless specified by this requirement.
- 4.3 The application of the following Australian Accounting Standards is modified:
- 4.3.1 *AASB 8 Operating Segments* — where the accountable authority of a statutory authority considers that it would provide more relevant information, for-profit statutory authorities may use services as defined in Treasurer's instruction 3 *Financial Sustainability*, or a collection of related services, as separate operating segments for the purposes of compliance with that Standard;
  - 4.3.2 *AASB 9 Financial Instruments* – loss allowance for trade receivables, contract assets and lease receivables is to be measured at an amount equal to lifetime expected credit losses;
  - 4.3.3 *AASB 9 Financial Instruments* – the election under paragraph 7.2.21 to continue to apply the hedge accounting requirements in *AASB 139 Financial Instruments: Recognition and Measurement* is disallowed;
  - 4.3.4 *AASB 10 Consolidated Financial Statements* – the election under paragraph Aus4.1 that provides for a parent to be exempted from presenting consolidated financial statements where certain conditions are met is disallowed;
  - 4.3.5 *AASB 107 Statement of Cash Flows* – the direct method is to be used in reporting cash flows from operating activities; and
    - (i) the statement of cash flows must be structured to disclose, where applicable:
      - a. cash flows from operating activities;
      - b. cash flows from investing activities;
      - c. cash flows from financing activities;
      - d. cash flows from/to State Government; and

(ii) in the statement of cash flows:

- a. recurrent and capital appropriations, funds received from other public sector entities;
- b. money received from other State funds not in the nature of a financing activity cash flow;
- c. payments of income tax equivalents as defined in this instruction; and
- d. payments of dividends;

must be disclosed as cash flows from/to State Government;

- 4.3.6 AASB 112 *Income Taxes* – an explanation of the relationship between tax expense (income) and accounting profit must be in the form of a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed;
- 4.3.7 AASB 119 *Employee Benefits* – where an agency has more than one defined benefit plan, disclosures must be made separately for each plan;
- 4.3.8 AASB 127 *Separate Financial Statements* – the elections under paragraph 8 of AASB 127 to present separate financial statements as the agency's only financial statements are disallowed;
- 4.3.9 AASB 1053 *Application of Tiers of Australian Accounting Standards* – Tier 1 agencies are those listed in Schedule 1 of this instruction. Tier 2 agencies are all other agencies; and
- 4.3.10 Materiality — the concept of materiality as defined in AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* must not be considered or applied by agencies in matters relating to legal compliance, except where specified.
- 4.4 Apart from the Commissioner of Main Roads, all Tier 1 not-for-profit statutory authorities must additionally disclose income and expenditures for each service, or a collection of related services. Income and expenditures for each service must be consistent with the Statement of Comprehensive Income categorisation, and services consistent with the definition in Treasurer's instruction 3 *Financial Sustainability*.
- 4.5 The Commissioner of Main Roads must additionally disclose income and expenditures for each service, or a collection of related services. Income and expenditures for each service must be consistent with the Statement of Comprehensive Income categorisation, and services consistent with the definition in Treasurer's instruction 3 *Financial Sustainability*. For the purposes of compliance with this requirement, 'expenditure' means expense plus capital expenditure on road infrastructure less depreciation on road infrastructure.
- 4.6 The asset capitalisation threshold for agencies is set at \$5,000 for the recognition of assets under AASB 116 *Property, Plant and Equipment*, and, at a minimum of \$5,000 for the recognition of intangible assets under AASB 138 *Intangible Assets*.

## 5. Statements of Comprehensive Income

- 5.1 An accountable authority of a department must prepare the cost of service format Statement of Comprehensive Income.
- 5.2 An accountable authority of a statutory authority must prepare either:
  - (i) the commercial format Statement of Comprehensive Income where the statutory authority is wholly or largely engaged in business or trading or providing goods or services with the intention of recovering all or a significant proportion of its operating costs independent of State parliamentary appropriation; or
  - (ii) the cost of service format Statement of Comprehensive Income; as determined to be appropriate by the accountable authority of the statutory authority, by having regard to the relevant guidance on reporting formats provided in the Treasurer's Guidance 9 Financial Statements.

## 6. Statements of Financial Position

- 6.1 The Statement of Financial Position must be prepared in accordance with AASB 101 *Presentation of Financial Statements* and should be read in conjunction with the Model Annual Reports.
- 6.2 The following requirements apply where applicable:
  - (i) Valuation of land and buildings applied in accordance with AASB 116 *Property, Plant and Equipment* paragraph 31 must be performed by a professionally qualified valuer and the name of the valuer(s) must be disclosed in addition to the requirements of paragraph 77 of that standard;
  - (ii) For each section 10(a), (e) and (f) special purpose account, there must be disclosed:
    - a. the purpose of the special purpose account;
    - b. the balance of the special purpose account at the beginning of the reporting period;
    - c. total receipts;
    - d. total payments;
    - e. the balance of the special purpose account at the end of the reporting period; and
  - (iii) Agencies must disclose the information specified in Requirement 6.2(ii) for each section 16(1)(b), (c) and (d) special purpose account.

## 7. Application of Tiered Reporting – Simplified Disclosures

- 7.1 The accountable authority must apply Australian Accounting Standard AASB 1053 *Application of Tiers of Australian Accounting Standards* as follows:
- (i) Tier 1 agencies are those listed in Schedule 1 of this instruction; and
  - (ii) Tier 2 agencies are those other than Tier 1 agencies.
- 7.2 Tier 2 agencies that apply Australian Accounting Standards that are specific to the industry in which they significantly operate in or are significantly exposed to must comply with all reporting requirements in those standards (refer to Schedule 2 of this instruction).

## Schedules

### Schedule 1 – Tier 1 Agencies

|  |   |
|--|---|
| Biodiversity, Conservation and Attractions | Local Government, Sport and Cultural Industries |
| Child and Adolescent Health Service Board  | Lotteries Commission                            |
| Commissioner of Main Roads                 | Mental Health Commission                        |
| Communities                                | North Metropolitan Health Service Board         |
| Disability Services Commission             | Police Service                                  |
| East Metropolitan Health Service Board     | Primary Industries and Regional Development     |
| Education                                  | Public Transport Authority                      |
| Finance                                    | Racing and Wagering WA                          |
| Fire and Emergency Services                | South Metropolitan Health Service Board         |
| Gold Corporation                           | Training and Workforce Development              |
| Health                                     | Transport                                       |
| Housing Authority                          | WA Country Health Service Board                 |
| Insurance Commission of WA                 | WA Sports Centre Trust                          |
| Justice                                    | WA Treasury Corporation                         |

### Schedule 2 – Tier 2 Agencies to apply certain Tier 1 requirements

For the purposes of Requirement 7.2 of this instruction, Tier 2 agencies must apply Tier 1 reporting requirements for the following Australian Accounting Standards:

- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 140 *Investment Property*;
- AASB 141 *Agriculture*; and
- AASB 1059 *Service Concession Arrangements: Grantors*.

## Terms and Definitions

|                              |  |
|------------------------------|--|
| <b>Dividends</b>             | Distributions of the whole or part of operating surpluses or profits to the Consolidated Account.  |
| <b>Income Tax Equivalent</b> | The amount required to be accounted for by a statutory authority obliged to make such a payment to the State Government as if it was a private sector entity subject to the Commonwealth income tax legislation. |
| <b>Note</b>                  | A note included in the notes to the financial statements.  |

## Scope and Application

|                             |  |
|-----------------------------|--|
| Scope                       | <p>This Treasurer's instruction applies to all FMA agencies.</p> <p>Requirement 3, 4 and 5 of this instruction apply to all accountable authorities except the accountable authorities of universities that are listed in Schedule 1 of the Act.</p> <p>Requirement 6 of this instruction applies to accountable authorities of not-for-profit agencies.</p>   |
| Issue date                  | 28 June 2024   |
| Effective date              | This Treasurer's instruction comes into effect for an agency at the start of the first financial year that commences on or after 1 July 2024.  |
| Consequences of application | <p>Upon the effective date, this instruction replaces:</p> <ul style="list-style-type: none"> <li>• Treasurer's instruction – 947 <i>Certification of Financial Statements</i>;</li> <li>• Treasurer's instruction – 952 <i>General Information in Financial Statements</i>;</li> <li>• Treasurer's instruction – 953 <i>Annual Estimates</i>;</li> <li>• Treasurer's instruction – 1101 <i>Application of Australian Accounting Standards and Other Pronouncements</i>;</li> <li>• Treasurer's instruction – 1102 <i>Statements of Comprehensive Income</i>;</li> <li>• Treasurer's instruction – 1103 <i>Statements of Financial Position</i>; and</li> <li>• Treasurer's instruction – 1107 <i>Application of Tiered Reporting-Simplified Disclosures</i>.</li> </ul> |
| Last Reviewed               | 17 June 2025   |

# TI 10 Internal Audit

## Requirements

### 1. Internal Audit

- 1.1 The accountable authority must ensure that the agency has an internal audit function charter that defines its purpose, authority and responsibility, and establishes the internal audit activity's position within the organisation. The internal audit charter authorises the internal audit function's access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of internal audit activities.
- 1.2 The internal audit function of an agency must have independent status within the agency. The officer in charge of the internal audit function (chief audit executive) must:
  - (i) functionally report to the Internal Audit Committee of the agency;
  - (ii) be suitably qualified;
  - (iii) have no executive or managerial powers, authorities, functions or duties, except those relating to the management of the internal audit function;
  - (iv) not be involved in the agency's daily operational business and administrative activities; and
  - (v) not be responsible for the detailed development or implementation of new or changed systems.
- 1.3 The Internal Audit Committee endorses the internal audit function charter, and it must be approved by the accountable authority.
- 1.4 When the internal audit function is performed by an entity that is not within the Public Service, the accountable authority must ensure regular rotation of the entity performing the internal audit function. The maximum term for engaging the entity to perform the internal audit function must not exceed a total of five years.
- 1.5 The accountable authority must ensure that the agency has an Internal Audit Committee which is independently chaired by a suitably qualified person who is not employed within the agency.
- 1.6 The Internal Audit Committee of an agency must be responsible to the agency's accountable authority.

- 1.7 The accountable authority must ensure that the agency has an internal audit committee charter which includes:
- (i) defining the independence, accountability, role, responsibilities and reporting arrangements for the committee; and
  - (ii) outlines the Internal Audit Committee's responsibilities for overseeing governance, risk management, internal controls and compliance.
- 1.8 The Internal Audit Committee endorses the internal audit committee charter, and it must be approved by the accountable authority.

## 2. Conduct of Audits and Consultancy

- 2.1 Agencies must ensure that the internal audit function complies with the most recent auditing standards issued by the Institute of Internal Auditors (IIA Standards), except where they are inconsistent with legislation and Treasurer's instructions.
- 2.2 The accountable authority must ensure that the internal audit charter includes requirements for planning and timely reporting on the performance of the internal audit function.
- 2.3 In exercising its functions, internal audit must have access to all public money, other money, statutory authority money, public property and other property, in addition to the accounts, information, documentation and records of the agency. Every officer and employee of the agency must provide internal audit with requested information, advice, explanation, and necessary audit assistance on a timely basis.

## Terms and Definitions

### Suitably Qualified

For the purposes of this instruction, 'suitably qualified' means:

- (i) current membership of CPA Australia as a CPA; or
- (ii) current membership of Chartered Accountants Australia and New Zealand as a Chartered Accountant; or
- (iii) current membership of the Institute of Public Accountants as a Member of the Institute of Public Accountants; or
- (iv) current membership of the IIA as a Professional Member; or
- (v) relevant experience, skills and knowledge to perform the roles, as determined by the accountable authority appropriate for the size, complexity and type of agency.

## Scope and Application

|                             |   |
|-----------------------------|---|
| Scope                       | This Treasurer’s instruction applies to all FMA agencies.   |
| Issue date                  | 28 June 2024  |
| Effective date              | This Treasurer’s instruction comes into effect for an agency at the start of the first financial year that commences on or after 1 July 2024.   |
| Consequences of application | Upon the effective date, this instruction replaces: <ul style="list-style-type: none"><li>• Treasurer’s instruction – 1201 <i>Internal Audit</i>; and</li><li>• Treasurer’s instruction – 1202 <i>Conduct of Audit and Consultancy</i>.</li></ul> |
| Last reviewed               | 17 June 2025  |

# TI 11 Transition

## Requirements

### 1. Transition

1.1 If the accountable authority of an agency is required to prepare an annual report for the 2024 financial year after the end of the 2024 financial year under section 61(1) of the Act, then:

(i) the Revoked Treasurer's Instructions continue to have effect, on and after 1 July 2024, as if they were set out in full in these Treasurer's instructions; and

(ii) the New Treasurer's Instructions do not have effect;

for the purposes of preparing and certifying the agency's annual report for the 2024 financial year.

## Terms and Definitions

|   |   |
|---|---|
| <b>2024 Financial Year</b>              | <p>In relation to an agency, the financial year:</p> <ul style="list-style-type: none"> <li>(i) commencing on 1 July 2023 and ending on 30 June 2024; or</li> <li>(ii) commencing on 1 August 2023 and ending on 31 July 2024; or</li> <li>(iii) commencing on 1 January 2024 and ending on 31 December 2024;</li> </ul> <p>as applicable to that agency.</p>   |
| <b>Revoked Treasurer's Instructions</b> | <p>The Treasurer's instructions issued by the Treasurer under section 78 of the Act as in effect immediately before 1 July 2024.</p>  |
| <b>New Treasurer's Instructions</b>     | <p>The following Treasurer's instructions issued by the Treasurer under section 78 of the Act in June 2024 as in effect on 1 July 2024:</p> <ul style="list-style-type: none"> <li>(i) TI 1 <i>Foundation</i>;</li> <li>(ii) TI 2 <i>Accountability</i>;</li> <li>(iii) TI 3 <i>Financial Sustainability</i>;</li> <li>(iv) TI 4 <i>Risk Management and Internal Control</i>;</li> <li>(v) TI 5 <i>Expenditure and Payments</i>;</li> <li>(vi) TI 6 <i>Income and Receipts</i>;</li> <li>(vii) TI 7 <i>Special Purpose Accounts</i>;</li> <li>(viii) TI 8 <i>Financial Accounting and Reporting</i>;</li> <li>(ix) TI 9 <i>Financial Statements</i>; and</li> <li>(x) TI 10 <i>Internal Audit</i>.</li> </ul> |

## Scope and Application

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|                |   |
|----------------|---|
| Scope          | This Treasurer’s instruction applies to all FMA agencies for the 2024 financial year. |
| Issue date     | 28 June 2024  |
| Effective date | 1 July 2024   |

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