



# Checklist for managing machinery of government (MoG) changes

## Introduction to checklist

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Machinery of government (MoG) changes occur when the Premier alters the government's administrative arrangements. This is achieved through an Administrative Arrangements Order, which is made by Governor-in-Council.

An Administrative Arrangements Order identifies the responsibilities of ministers and their portfolios, including the Acts they administer and the departments, agencies and office holders responsible for them.

MoG changes usually result in the transfer of specific functions and legislative responsibilities from one department to another. This also involves the transfer of assets and liabilities between departments. MoG changes may include:

- the abolition of existing departments with all responsibilities transferred to other departments
- the creation of new departments
- changes to the functions, outputs or resources within existing departments.

As this process can also affect other government entities, for example, statutory bodies and controlled entities, the generic term 'agencies' will be used throughout the remainder of this document.

Given the wide-ranging impact of MoG changes, affected agencies should consider all aspects of change including governance, delegations, financial systems and corporate policies and conduct a formal, planned approach. This will help them to identify, manage and monitor the associated risks at both an operational and strategic level.

The Queensland Audit Office (QAO) developed the following *Checklist for managing machinery of government changes* to provide an overview of the main areas of change faced by agencies in implementing MoG changes.

**This checklist provides guidance on some of the most common and important issues that arise during MoG changes. It is a guide only and does not address every possible issue resulting from MoG changes. They will be different in every agency.**

This is a starting point. How you apply the checklist will depend on the particular circumstances of the MoG changes affecting your agency.

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# General governance and organisational issues

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## Change management

### ❑ **Decide who will drive the changes**

Identify clear lines of responsibility for driving the required changes, and involve senior executives where appropriate.

### ❑ **Agree on the changes required**

Make sure that the transferring and receiving agencies agree on the nature and scope of the changes required. This will include agreeing on the date of the transfer and we strongly recommend this occur at a month end.

### ❑ **Communicate the changes**

Make sure that everyone who is affected by the changes understands what is required.

### ❑ **Appoint a project team**

Set up a project team early in the transition phase to coordinate all aspects of reorganisation. Ensure:

- members of the project team have the right mix of skills and experience, including project management
- the project team, as a matter of urgency, identifies and assesses key issues, risks, expected impacts and necessary resources
- there is clear direction from and reporting to the senior executive
- the project team, with guidance from the senior executive, identifies which values and cultures are to be reinforced in the new organisation.

### ❑ **Develop a transition plan**

Develop a transition plan which not only addresses change issues, but also business as usual issues. Ensure it includes:

- mitigation strategies for the key identified risks
- steps for reviewing progress against plans and reporting to the senior executive on a regular basis
- procedures for dealing with variations to plans.

### ❑ **Seek expert assistance if necessary**

Decide whether you need consultants or contractors to assist in managing the process.

### ❑ **Develop a communication strategy**

Design your communication strategy early, and ensure it includes:

- communication with central agencies and external audit
- notifying clients about relevant changes to operations
- keeping staff informed of the process.

### ❑ **Consider external committees**

If the agency is represented on external committees, identify any adjustments required and inform those committees of impending changes.



## Corporate policies and plans

- **Review policies**  
Review and update policies to ensure they are relevant, appropriate and maintain accountability.
- **Review standards**  
Review corporate standards in finance, human resources and administration.
- **Review plans**  
Review and update strategic plans, asset plans, information and communication technology plans and operational plans where appropriate.
- **Review performance measures**  
Review and update performance measures where appropriate.

## Delegations

- **Review, check and update delegations**  
Ensure you:
  - review instruments of delegation and, where appropriate, update them to ensure there is timely decision-making and continuity of operations
  - confirm that delegations conform to the Administrative Arrangements Order and the new structure, and are consistent across the agency
  - review relevant legislation and adjust references in instruments of delegation, where necessary.

## Governance

- **Consider the organisational impact of revised ministerial responsibilities**  
Assess whether organisational changes are required to reflect revised ministerial responsibilities under the Administrative Arrangements Order.
- **Assess the structural compatibility of merging and transferred areas**  
Determine whether the jobs, staff numbers and pay levels are comparable and what needs to be done about any incompatibilities.
- **Review accountability arrangements**  
Focus on:
  - the continuing relevance of core/strategic committees (for example, audit, finance, information technology and risk management)
  - the composition, skills and terms of reference of core committees
  - internal management reporting requirements
  - organisational, compliance and policy frameworks
  - the performance reporting framework.
- **Communicate expectations to stakeholders**  
Clearly communicate expectations to all relevant parties and stakeholders in a timely manner.
- **Address outstanding issues in audit reports and external reviews**  
Follow-up on issues raised in previous audit reports and external reviews before reorganisation.
- **Identify significant issues from key committees**  
Ensure all significant and ongoing issues raised at key committees of the previous agencies are identified and carried forward.



## Legal

### □ Address all legal matters

Review existing obligations from contracts, leases and litigation.

- Get confirmation from Crown Law about pending matters.
- Identify opportunities for review and renegotiation of terms and contracts.
- Transfer contracts for outgoing functions.

## Records

### □ Manage the handover of records

In doing so:

- decide which records need to be transferred
- ensure agreements are in place between agencies for the transfer and maintenance of records
- develop and implement an effective handover process
- review the status of, and responsibility for, completion of Right to Information requests
- consider any requirements or guidance issued by Queensland State Archives
- ensure information privacy requirements are complied with.

## Staff changes

### □ Consider and address the impact on staff

- Deal with possible negative effects on morale with the loss of key staff and corporate knowledge and with the merging of different organisational cultures.
- Provide counselling services for staff where necessary.
- Communicate with staff on secondment or long-term leave.

### □ Attend to payroll, salary packaging, leave, and superannuation issues

- Arrange transfers between payroll systems.
- Review salary packaging arrangements.
- Advise the relevant Superannuation Fund of the personnel who are being transferred.
- Reconcile recreation leave, long service leave and superannuation records.

### □ Manage staff-related records and equipment

- Arrange for the transfer of staff records.
- Return or issue security passes and access cards.
- Arrange for the return of equipment where necessary (for example, laptop computers).

### □ Address relocations, secondments and contracts

- Arrange for staff relocation or secondments.
- Wind down temporary contract arrangements if these skills are no longer required.

## Stationery, signage and uniforms

### □ Assess all stationery, signage and uniforms

Decide what can still be used and what needs to be replaced.



# Financial management issues

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## Budget implications

### □ Address all budget implications

- Transfer budgets between agencies in accordance with Governor-in-Council approval under s.79 of the *Financial Accountability Act 2009* (FA Act).
- Review issues surrounding equity injection/withdrawal.
- Review recoverable funding arrangements.
- Consider the budget implications of the changes implemented.
- Undertake a 'gap analysis' to determine the differences between the previous and new budgeting processes.

## Chart of accounts

### □ Review and align the chart of accounts

- Review and align with new organisational structure.
- Review and align financial reporting requirements.

## Financial and other systems

### □ Make decisions about key systems

- Consider arrangements to ensure financial, human resources and other systems are operative from day one or workable interim arrangements are put in place.
- Decide which systems to use.
- Realign key systems for new organisational structure and operating arrangements. Merge computerised financial databases.
- Consider how to interface various systems.
- Where systems are incompatible, set up a working party to identify and resolve the issues.
- Consider issues with data conversion and staff training.
- Transfer ownership, licences and staff.
- Review internal controls to ensure they are continuing to operate effectively and efficiently.
- Perform reconciliations of all subsidiary systems at the time of the split (before and after transfer) and of all relevant account balances.
- Remove system access for personnel leaving the organisation and arrange access for new personnel.
- Update business directories.
- Review contractual arrangements.
- Update internet and intranet sites.



## Financial policies and procedures

### □ Reach agreement on policies and procedures

- Consider the need for short-term operating procedures to deal with administrative matters until the new arrangements are in place.
- Review and update policies and procedures, instructions and manuals to ensure they are relevant and appropriate and maintain accountability.
- Agree on policies and procedures to be adopted for transferred areas. Ensure these align with policies and procedures adopted by other areas of the agency.

### □ Address staffing responsibilities related to policies and procedures

- Communicate policy and procedural changes to staff.
- Adopt appropriate measures to ensure staff comply with new or revised policies and procedures.
- Review the roles and responsibilities of staff within the finance division.
- Clarify responsibility for processing of transactions straddling the handover date to ensure all valid transactions are processed accurately and on a timely basis.

### □ Address financial policy and reporting compliance issues

- Ensure that all accounting policies are reviewed for compliance with prescribed requirements.
- Assess the impact on financial reporting by the relevant agencies including compliance with:
  - s.80 of the FA Act—Financial reporting—when redistribution of public business of the agency takes effect for financial reporting purposes
  - s.44 of the *Financial and Performance Management Standard 2009* (FPMS), which contains the financial reporting provisions for newly formed departments and statutory bodies
  - s.47 and s.48 of the FPMS, which identify financial reporting requirements for abolished departments and statutory bodies
  - s.52 of the FPMS, which contains the annual reporting provisions for newly formed departments and statutory bodies
  - s.53 of the FPMS, which contains annual reporting provisions for abolished departments and statutory bodies
  - Financial Reporting Requirements (FRR) issued by Queensland Treasury FRR 2F—Machinery of Government Changes FRR 4F—Equity, Contributions by Owners and Distributions to Owners.

## GST issues

### □ Make necessary changes and review responsibilities for GST-related matters

- Consider any necessary changes to existing grouping arrangements. Apply the criteria used during the implementation phase to assess the implications of those changes.
- Liaise with Queensland Treasury to notify the Australian Taxation Office of changes to grouping, new registrations, deregistration and other administrative changes, for example, registering a new Australian Business Number if required.
- Review responsibility for preparation of Business Activity Statements and appointment of input tax credits.



## Management reporting

- **Ensure that effective management reporting continues**
  - Review current management reporting requirements, identify new requirements and determine options going forward.
  - Consider the need to produce an interim report to management.
  - Ensure that all new accountable officers, management and committee members are informed about the agency's major activities and provided with all relevant financial information (for example, budgets, financial position and financial performance) and audit issues.

## Shared service arrangements

- **Identify and resolve any issues related to shared service arrangements**
  - Consider the impact of the MoG changes on shared services arrangements, including any impacts on the shared service provider.
  - If necessary, renegotiate Service Level Agreements (SLA).
  - Consider controls in place to ensure compliance with the SLA including implications for breach of agreements.
  - Consider any changes to the information needs of agencies within the shared service environment.
  - Keep all stakeholders (including staff) informed of any new reporting requirements, responsibilities and protocols.
  - Review controls over the processing of transactions, data and maintenance and access to files and records.

## Split of assets, liabilities, revenue and expenses

- **Formally agree split of balances**

Do this as soon as practicable after the MOG change is announced and:

  - ensure account balances to be transferred are confirmed and formal sign-off between agencies (relevant accountable officers to sign) takes place
  - where agreement cannot be reached by agencies, ensure the issue is escalated to the appropriate minister(s) for determination
  - perform a physical stocktake with representatives of all affected agencies
  - revalue assets in accordance with the requirements of the FRRs issued by Queensland Treasury
  - re-brand assets during stocktake
  - ensure capital work in progress is correctly calculated
  - maintain detailed records
  - implement effective handover procedures.

## Split of funds

- **Officially split funds**
  - Ensure accruals are correctly calculated.
  - Confirm the final split of funds and ensure there is an official sign-off between entities.
  - Ensure an effective handover.



## Audit issues

### □ Record, identify and review audit issues

- Keep a register of audit issues raised by the QAO and internal audit.
- Identify recent matters reported to parliament or proposed to be reported to parliament by QAO.
- If prior year financial statements received a modified auditor's opinion, review the issues giving rise to the opinion and identify measures to be adopted to address the issues.

### □ Follow up outstanding matters

Follow up any outstanding matters referred to the QAO, the Crime and Corruption Commission (CCC), the Ombudsman or internal audit for review or investigation.

### □ Raise potential concerns with the QAO

Raise potential concerns or issues associated with the MoG changes with QAO auditors as soon as practicable, and maintain regular communication.





## Disclaimer

This publication is a guide only and the topics covered by this document do not address the full range of change impacts arising from MoG changes.

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