

## FY18-19 Timetable for Agency Asset Valuations

**This Circular outlines the recommended timetable for asset valuations undertaken by NSW public sector entities, including Statutory State Owned Corporations, for financial years ending on or after 30 June 2019.**

### Summary:

This Treasury Circular outlines the recommended timetable for asset valuations undertaken by NSW public sector entities for financial years ending on or after 30 June 2019.

Due to the long lead time required to prepare for external valuations of non-current physical assets some milestone dates may have already passed on issuance of this timetable. NSW Treasury anticipates that Agencies have already commenced planning for asset valuations and should still be able to meet the mandatory due dates. This timetable should also assist in providing an indication of procedures for future years.

### Scope:

This timetable is applicable to:

- Assets requiring comprehensive valuations measured in accordance with AASB 13 *Fair Value Measurement* and TPP 14-01 *Valuation of Physical Non-Current Assets at Fair Value*
- Assets not currently recorded in financial statements as they do not meet the reliably measurable criteria

Note: It is expected that the fair value of peppercorn lease assets will not be in scope for the FY19/20 budget as the Australian Accounting Standards Board (AASB) propose to issue transitional relief options when AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* become effective. Therefore, Treasury will not require these assets to be externally valued during FY18-19.

Agencies are advised to engage regularly with Treasury and the Audit Office throughout the valuations process in respect of assets that are considered by management to be of a material and/or complex nature.

### FY18-19 Timetable for Agency Asset Valuations:

**Bolded** sections denote mandatory deliverables and due dates that are expected to be met by Agencies.

Date	Task
Sep	Determine scope (nature, condition, location and number) of assets requiring comprehensive valuations in accordance with TPP 14-01 <i>Valuation of Physical Non-Current Assets at Fair Value</i> for FY2018/19.
Oct	Commence procurement of an appropriately qualified and experienced valuer. Where applicable, send out 'Request for Quote' (RFQ) detailing management's proposed scope, methodologies, assumptions and sources of evidence.

Nov	Where applicable review RFQs and select an appropriate valuer. Provide any further written instructions to selected valuer as determined by management.
Nov	Where appropriate, management to engage with Treasury, Audit Office* and other relevant internal functions, e.g. internal audit and risk, to discuss/confirm management's proposed scope of asset valuations, valuation methodologies, assumptions and acceptable sources of evidence. Ensure alignment with internal policies and practices.
Nov	Confirm appointment of valuer through signed engagement letter. Ensure that engagement letter correctly outlines agreed scope, methodologies, assumptions, expectations and evidence sources.
Nov/Dec	Valuer commences valuations.
Nov/Dec	Continuous engagement with the valuer to incorporate feedback from Audit Office and internal functions into valuations.
<b>Jan</b>	<b>Submit to Audit Office listing of assets that are currently not recorded in the financial statements, and position paper with rationale i.e. not reliably measurable or a proposal to value in the current year.</b>
Feb	Draft valuation report(s) received from valuer.
Feb	Management review of draft valuation report(s)
Feb	Where appropriate, for certain significant or complex assets, management share draft valuation report(s) along with management comments to Treasury and/ or the Audit Office.
Feb/Mar	Final valuation report(s) received from valuer.
<b>Early April (Date specified in early close guidelines – expected around 8<sup>th</sup> working day)</b>	<b>Submit final valuation report with management's review report to Audit Office*.</b>  <b>Valuations to be finalised and in PRIME system in accordance with Early Close Guidelines (to be released in due course)</b>
July	Consider if any indicators suggest roll forward procedures need to be performed for the asset valuations from date of valuation to 30 June. Management to consider if further engagement with valuer is required to confirm that there are no material valuation changes as at 30 June. Note: Treasury expect this would be the exception rather than the rule.

\*For selected agencies, the Audit Office will include outcomes relating to revaluations in its reporting on Early Close Procedures. Agencies will need to agree the timing and format of feedback with the Audit Office consistent with the timetable for the preparation of final financial statements. The Audit Office has indicated it will provide feedback to selected agencies by 31 May 2019.

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