

***FINANCIAL MANAGEMENT ACT***  
**1996**  
**TRAINING 2004**

Accounting Branch  
ACT Dept of Treasury

June 2004

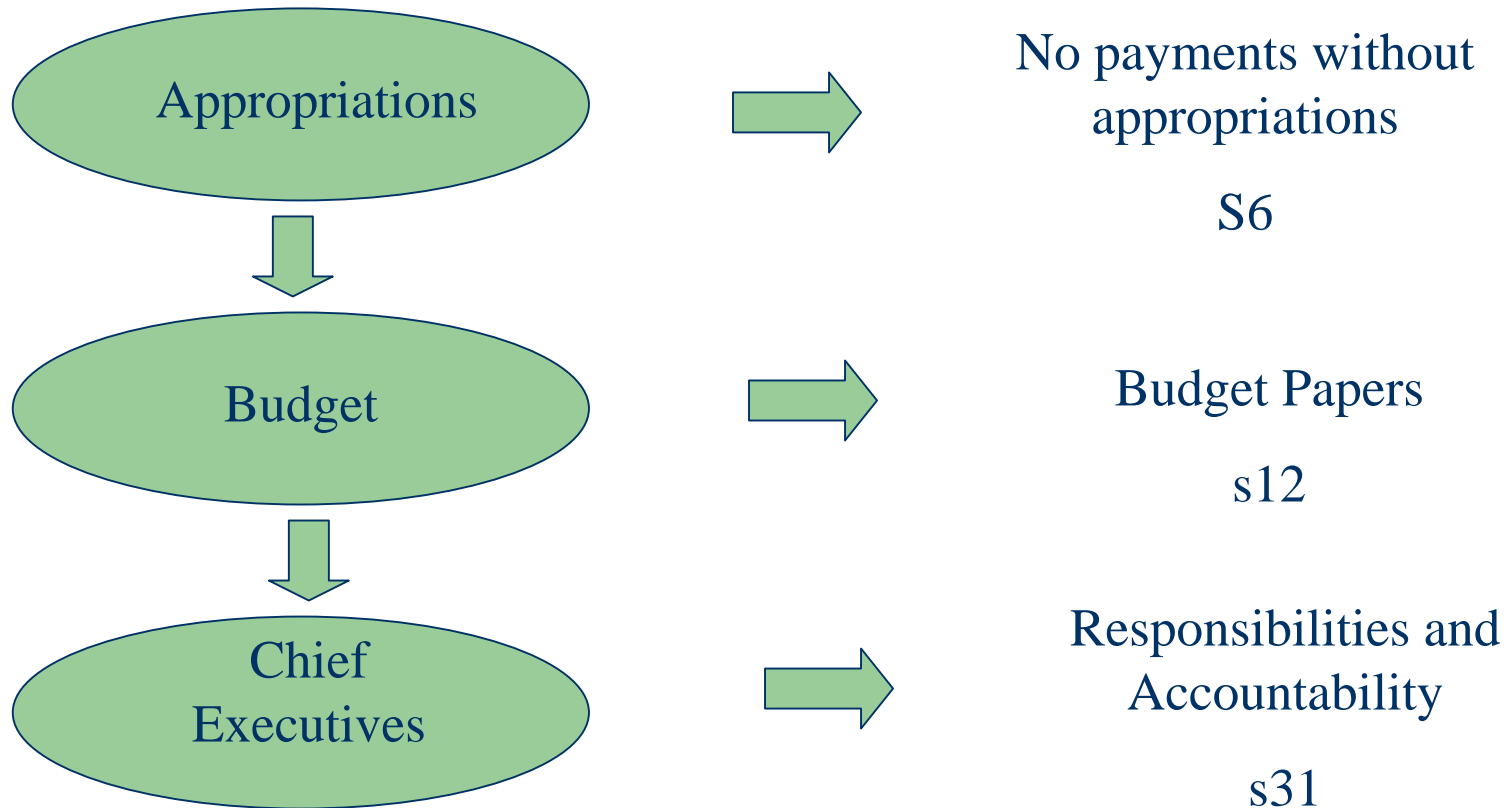


# Session Overview



- Legislative Framework
- Increases to Appropriations
- Variations to Appropriations
- Amendments to Budget Information
- Process
- Questions

# Legislative Framework



# Appropriations

- S6 – Appropriation
  - No payment of public money shall be made otherwise than in accordance with an appropriation

# Budget papers

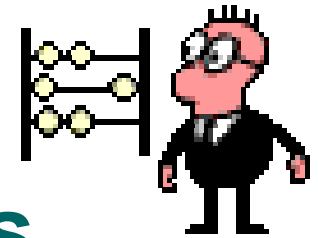
- S12 – Budget papers
  - Financial statements
  - Output classes
  - Identify repayable capital injections and conditions
  - Financial targets

# Chief Executive responsibilities

- S31 – Chief Executive responsibilities
  - Appropriations
  - Financial targets

# Mechanisms for budget flexibility

- Increases to appropriations – s13, s17, s19B, s18
- Variations to appropriations – s14, s15, s16, s15A
- Amendments to budget information – s19C, s19D, s19E, s19F



# Increases to Appropriations

- Supplementary appropriations – s13
- Commonwealth Grants - s17, s19B
- Treasurer's Advance - s18

# Increases to Appropriations – s13 & s13A

- S13 - Supplementary budget papers
  - Supplementary Appropriation Bill
  - Bill must be accompanied by Supplementary Budget Papers – for each affected department
- S13A – Amendment of budget
  - Should include all appropriation variations to date

# Increases to Appropriations – s17

- S17 - Variation of appropriations for Commonwealth grants
  - “(1) This section applies to an appropriation that is declared by the Act by which it is made to be an appropriation to which this section applies.
  - (2) If—
    - ✓ (a) an appropriation to which this section applies is to be funded in whole or in part by a payment made to the Territory by the Commonwealth for a nominated purpose; and”

# Increases to Appropriations – s17 (cont)

- S17 (cont)

- ✓ “(b) an estimate of the level of the funding to be provided to the Territory by the Commonwealth for that purpose is contained in the budget papers presented to the Legislative Assembly in conjunction with the bill for the Act by which the appropriation was made; and”
- ✓ “(c) the level of funding provided to the Territory by the Commonwealth for that purpose for the financial year for which the appropriation was made is greater than the level of funding specified in those budget papers;
- ✓ the Treasurer may, in writing, direct that the appropriation be increased by an amount not exceeding the difference between the level of funding specified in the budget papers and the level of funding provided by the Commonwealth.”

# Increases to Appropriations – s17 (cont)

- S17 (cont)

- “(3) If the Treasurer gives a direction under subsection (2), the Treasurer must present a copy of the direction to the Legislative Assembly within 3 sitting days after it is given.”

# Increases to Appropriations – s17 (cont)

- S17 Instrument
- Statement of Reasons

# Increases to Appropriations – s19B

- S19B - Authorisation of expenditure of certain Commonwealth grants
  - “(1) Notwithstanding section 6, if—
    - ✓ (a) funds have been provided to the Territory by the Commonwealth under an agreement that specifies how the funds may be applied; and
    - ✓ (b) no appropriation has been made in relation to the funds;the Treasurer may, in writing, authorise the expenditure of the funds in accordance with the agreement.”

# Increases to Appropriations – s19B (cont)

- S19B (cont)

- “(2) If the Treasurer gives an authorisation under subsection (1), the Treasurer must present a copy of the authorisation to the Legislative Assembly within 3 sitting days after it is given.”

# Increases to Appropriations – s19B (cont)

- S19B Instrument
- Statement of Reasons

# Increases to Appropriations – s18

- S18 – Treasurer’s advance

- “(1) Expenditure that is—

- ✓ (a) in excess of the amount specifically appropriated for expenditure of that kind; or

- ✓ (b) not provided for by any appropriation;

may be authorised, in writing, by the Treasurer provided that—”

# Increases to Appropriations – s18 (cont)

- S18 (cont)

- ✓ “(c) the need for the expenditure could not reasonably have been foreseen at the time of presentation to the Legislative Assembly of the bill for the first Appropriation Act relating to the financial year in which the expenditure is to happen; and
- ✓ (d) the total expenditure authorised under this subsection in any financial year does not exceed the amount appropriated for that year for this section.”

# Increases to Appropriations – s18 (cont)

- S18 (cont)

- “(4) If the Treasurer has authorised expenditure under subsection (1) during a financial year and expenditure has been incurred under that authorisation during the year, the Treasurer must present the following to the Legislative Assembly as soon as practicable after the end of the year:
  - ✓ (a) a copy of the authorisation;
  - ✓ (b) a statement of the reasons for giving it.”

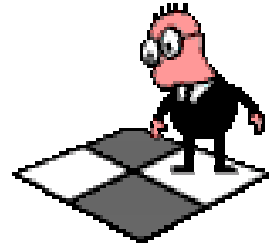
# Increases to Appropriations – s18 (cont)

- Possible amendments to s18
  - Urgent
  - Definition of expenditure – payments, or contract
  - Tabling within 3 sitting days

# Increases to Appropriations - (cont)

- Summary

- S13 - Supplementary budget papers
- S17 - Existing Commonwealth grants
- S19B - New Commonwealth grants
- S18 - Treasurer's advance



# Variations to Appropriations

- Transfer of funds between appropriations – s14
- Transfer of funds within appropriations – s15
- Reclassification between appropriations – s15A
- Transfer of functions – s16

# Variations to Appropriations – s14

- S14 - Transfer of funds between appropriations
  - (1) “..the Executive may, in writing, direct that appropriations made by an Appropriation Act be varied by transfers of funds between the appropriations.
  - (3) A transfer of funds between appropriations under this section shall not cause an appropriation from which funds are transferred to be reduced by more than 3%.”

# Variations to Appropriations – s14 (cont)

- S14 (cont)

- (4) “.. the Treasurer must present the following to the Legislative Assembly within 3 sitting days after the direction is given:
  - (a) a copy of the direction;
  - (b) a statement of the reasons for giving it.
- (5) Subsection (1) does not apply to a superannuation appropriation. ”

# Variations to Appropriations – s14 (cont)

- S14 Instrument
- Statement of Reasons

# Variations to Appropriations – s15

- S15 - Transfer of funds within appropriations
  - “(1) The Executive may, in writing, direct that funds within the same appropriation that are allocated for the provision of different classes of outputs be reallocated in relation to those classes of outputs.”
  - “(2) If a reallocation of funds under subsection (1) involves an amount larger than 3% of the appropriation within which the reallocation is made or \$150 000 (whichever is the larger), the Treasurer must present the following to the Legislative Assembly within 3 sitting days after a direction is given:
    - (a) a copy of the direction;
    - (b) a statement of the reasons for the reallocation.”

# Variations to Appropriations – s15 (cont)

- S15 Instrument
- Statement of Reasons

# Variations to Appropriations - s15A

- S15A – Reclassification of certain appropriation
  - “(1) If an appropriation has been classified by the Act by which it was made as an appropriation for payments to be made by a department on behalf of the Territory, the Treasurer may, if..satisfied that the appropriation should be classified as an appropriation for the provision of outputs by the department, in writing, direct that the classification of the appropriation be changed accordingly.”

# Variations to Appropriations – s15A (cont)

- S15A (cont)

- “(2) If an appropriation has been classified by the Act by which it was made as an appropriation for the provision of outputs by a department, the Treasurer may, if..satisfied that the appropriation should be classified as an appropriation for payments to be made by the department on behalf of the Territory, in writing, direct that the classification of the appropriation be changed accordingly.”

# Variations to Appropriations – s15A (cont)

- S15A (cont)
  - “(3) If the Treasurer gives a direction under subsection (1) or (2), the Treasurer must present a copy of the direction to the Legislative Assembly within 3 sitting days after the direction is given.”

# Variations to Appropriations – s15A (cont)

- S15A Instrument
- Statement of Reasons

# Variations to Appropriations – s16

- S16 - Transfer of functions between departments
  - “(1) If, after the passing of an Appropriation Act for a financial year, the responsibility for a service or function for which an appropriation is made..is transferred from the department for which the appropriation was made to another department, the Treasurer may, in writing, direct that the appropriation shall not lapse but may be issued to, or applied by, that other department, in accordance with the direction, for that service or function.”

# Variations to Appropriations – s16 (cont)

- S16 (cont)

- “(2) If the Treasurer gives a direction under subsection (1), the Treasurer must present a copy of the direction to the Legislative Assembly within 3 sitting days after it is given.”
- “(3) This section does not apply to a superannuation appropriation.”

# Variations to Appropriations – s16

- Associated transfers
  - Transfers of cash (s36)
  - Transfers of bank account (s34A)

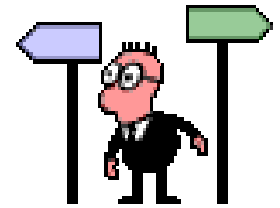
# Variations to Appropriations – s16 (cont)

- S16 Instrument
- Statement of Reasons
- S36 Instrument

# Variations to Appropriations (cont)

- Summary

- S14 - Transfer between appropriations
- S15 - Transfer within appropriations
- S15A - Reclassification of appropriations
- S16 - Transfer functions between departments



# Amendments to Budget Information

- Amendment of conditions of repayable capital injection - S19C
- Amendment of performance criteria – s19D
- Amendment of financial targets – s19E
- Amendment of budgets – s19F

# Amendments to Budget Information – s19C

- S19C - Amendment of conditions of capital injection
  - “(1) If a capital injection is given under conditions set out under section 12 (1) (c) (ii) (Departmental budgets) in a statement included in a proposed budget for a department for a financial year, the Treasurer may, in writing, amend the conditions.
  - (2) An amendment of the conditions of the capital injection must state the Treasurer’s reasons for the amendment.
  - (3) An amendment of conditions of a capital injection is a notifiable instrument.”

# Amendments to Budget Information – s19C (cont)

- S19C Notifiable Instrument
- Statement of Reasons

# Amendments to Budget Information – s19D

- S19D - Amendment of performance criteria
  - “(1) The responsible Minister of a department may, in writing, amend the performance criteria set out under section 12 (1) (b) in a statement included in a proposed budget for the department for a financial year.
  - (2) Without limiting subsection (1), the responsible minister may amend the performance criteria if—
    - ✓ (a) the appropriations for the department for the financial year are varied under section 14 or 17; or”

# Amendments to Budget Information – s19D (cont)

- S19D (cont)

- ✓ “(b) the Executive gives a direction under section 15 (1) in relation to an appropriation made for the department; or
- ✓ (c) funds are transferred to or from the department under section 16; or
- ✓ (d) funds are given to the department under section 18 (Treasurer’s advance); or
- ✓ (e) funds mentioned in section 19B (Authorisation of expenditure of certain Commonwealth grants) are given to the department; or”

# Amendments to Budget Information – s19D (cont)

- S19D (cont)

- ✓ “(f) changes happen in the priorities of the department; or
- ✓ (g) the Minister is satisfied that performance criteria (other than those stated in the budget) should be adopted for the provision of outputs by the department.
- (3) An amendment of performance criteria must be made in such a way that the department’s budget as amended will comply with section 12 (3).
- (4) An amendment of performance criteria is a notifiable instrument.

# Amendments to Budget Information – s19D (cont)

- S19D Notifiable instrument
- Statement of Reasons

# Amendments to Budget Information – s19E

- S19E - Amendment of financial targets
  - “(1) The Treasurer may, in writing, amend the financial targets set out in a statement under section 12 (1) (d) (Departmental budgets) included in a proposed budget for a department for a financial year.
  - (2) An amendment of the financial targets must state the Treasurer’s reasons for making the amendment.
  - (3) An amendment of financial targets is a notifiable instrument.”

# Amendments to Budget Information – s19E (cont)

- S19E Notifiable instrument
- Statement of Reasons

# Amendments to Budget Information – s19F

- S19F - Amendment of budgets

- “(1) If a variation is made in relation to an appropriation for a department for a financial year under section 14 (1), 15 (1), 15A (1) or (2), 16, 17 (2) or 17A (2), the Treasurer must, in writing, amend the budget for the department for the financial year to show the effects of the variation.
- (2) If funds are provided to a department for a financial year under section 18 (1) or section 19B, the Treasurer must, in writing, amend the budget for the department for the financial year to show the effects of the provision of the funds.”

# Amendments to Budget Information – s19F (cont)

- S19F (cont)

- “(3) The budget for a department for a financial year may be amended under this section—
  - ✓ (a) at the time of the variation in relation to the appropriation or the provision of funds; or
  - ✓ (b) at a later time.
- (4) If the Treasurer amends the budget for a department for a financial year under this section, the Treasurer must, within 3 sitting days after the day on which the amendment is made, present to the Legislative Assembly a statement of the amendments made.
- (5) The financial management guidelines may prescribe the way in which a budget for a department may be amended under this section.”

# Amendments to Budget Information – s19F (cont)

- S19F Instrument
- Statement of Reasons

# Amendments to Budget Information (cont)

- Summary
  - S19C - Amend conditions of repayable capital injection
  - S19D - Amend performance criteria
  - S19E - Amend financial targets
  - S19F - Amend budgets

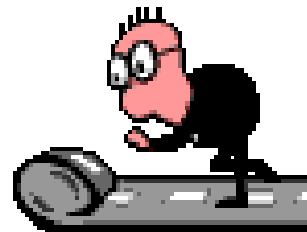
# Summary



- FMA Instruments

- Increase appropriations – s13, s17, s19B, s18
- Variations to appropriations – s14, s15, s16, s15A
- Amend budget information – s19C, s19D, s19E, s19F

# Process



- All increases and variations to appropriations facilitated by FAB.
- With the exception of S19D, all amendments to budget information facilitated by FAB.
- S19D – agencies to prepare and obtain signature of responsible Minister.

**BUT:** need to consult FAB to make sure FMA requirements met.

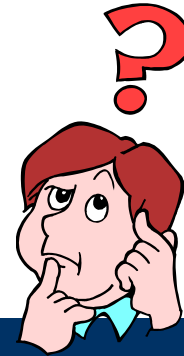
# Process

- Departments to forward to FAB all information needed to prepare:
  - instrument
  - statement of reasons
  - brief to Treasurer
- FAB prepare for signature and organise tabling or notification
- Date of effect – must be before 30 June

# Process

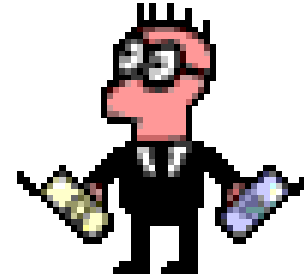
- Combining instruments
  - Particularly s19F
- Consider if other instruments need to be prepared eg s19D, s19E

# Further information



- Legislation register
  - [www.legislation.act.gov.au](http://www.legislation.act.gov.au)
  - *Financial Management Act 1996*
  - Notifiable and disallowable instruments
- Memos
  - DT Memo 2002/25 – s19D and s19E
  - DT Memo 2004/09 – end of year
  - DT Memo 2004/08 – s19F
- Accounting website
  - <http://www.treasury.act.gov.au/accounting/>

# Contact



## Preparing Instruments: FAB contact officer

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# Questions?

