

TREASURER'S DIRECTIONS

PART 4 - BUDGET MANAGEMENT

Section 1 - Budget Management

Authorities: *Financial Management Act*

Section

3. Interpretation
5. Consolidated Revenue Account
6. Operating Accounts
13. Duties of Accountable Officers
18. Use of Treasurer's Advance
19. Increase or replenishment of Treasurer's Advance
20. Transfer of Allocations between Activities
21. Allocation transferred with transfer of Activity
22. Transfer of Allocation between financial years
23. Varied Allocation for certain receipts

Financial Management Regulations

8. Transfer of Allocation between Activities

Defined Terms - *Refer to Part 1 Section 2*

- Accountable Officer
- Activity
- Agency
- Allocation
- Budget
- category of cost
- expenditure
- forward estimates
- Government Business Division
- Operating Account
- Treasurer's Advance

OVERVIEW

The *Financial Management Act* provides for an annual *Appropriation Act* to be passed by the Legislative Assembly, determining the Territory's Budget for a given financial year. The Act also provides a framework within which that Budget may be varied. While the *Financial Management Act* provides for Parliamentary control at the Activity level, further administrative controls are required below this level. In order to assist government in developing budgetary policies and frameworks forward estimates are developed by Northern Territory Treasury.

STATEMENT OF INTENT

4.1.1 This Section provides a framework and minimum control requirements relating to flexibility in the development and management of Allocations to Activities whilst retaining Parliament's authority over the Budget.

REQUIREMENTS FOR ACCOUNTING AND PROPERTY MANUALS –Refer Part 3 Section 1

4.1.2 Accountable Officers are responsible for incorporating in their Agency's accounting and property manual, procedures and appropriate controls relating to:

- development of estimated budgetary requirements for Activities;
- monitoring expenditure to ensure Allocations are not exceeded, and receipts to ensure Territory revenue is maximised;
- preparation and monitoring of cash flows; and
- development and submission of proposals for variations to Allocations and to categories of cost within Activities.

BUDGET INFORMATION

4.1.3 Accountable Officers are responsible for ensuring that appropriate information is provided to Northern Territory Treasury in response to Treasury Circulars dealing with development and management of the Budget and forward estimates.

EXPENDITURE WITHIN ALLOCATION

4.1.4 Accountable Officers may approve expenditure from an Operating Account within an Allocation and shall not allow expenditure to exceed Allocation under any circumstances, notwithstanding that there may be a sufficient balance in an Operating Account to meet such excess expenditure.

USE OF TREASURER'S ADVANCE

- 4.1.5 Submissions for supplementation of an Allocation by use of Treasurer's Advance shall be endorsed by the relevant Minister and confirm that all other options, such as transfer of savings from other areas and resetting of priorities, have been exhausted.
- 4.1.6 Accountable Officers are responsible for identifying and reporting to Northern Territory Treasury circumstances where supplementation of an Allocation by use of Treasurer's Advance is no longer required, to enable the excess supplementary Allocation to be written back.

TRANSFER OF ALLOCATIONS BETWEEN ACTIVITIES

- 4.1.7 Submissions to transfer excess Allocations under section 20(1)(a) or 20(1)(b) of the Act shall be endorsed by the relevant Minister and submitted to Northern Territory Treasury.
- 4.1.8 In order to determine the level of approval required for a transfer under section 20 of the Act, the value of a transfer shall be the sum of all variations comprising that proposed adjustment.

TRANSFER OF ALLOCATION WITH TRANSFER OF ACTIVITY

- 4.1.9 The appropriate portion of any Allocation to be transferred as a result of a redistribution of government business amongst Agencies shall be resolved by the Agencies concerned and submitted to Northern Territory Treasury for the Treasurer's approval.

TRANSFER OF ALLOCATION BETWEEN FINANCIAL YEARS

- 4.1.10 Forward estimates constitute proposed budgets for future financial years and serve as a base for transfers under section 20 of the Act.
- 4.1.11 Submissions to apply a portion of the subsequent year's Allocation (or forward estimate) to the current financial year, in accordance with section 22(1) of the Act, shall be endorsed by the relevant Minister and submitted to Northern Territory Treasury.
- 4.1.12 Submissions to apply a portion of the current year's Allocation to the subsequent financial year, in accordance with section 22(2) of the Act, shall be endorsed by the relevant Minister and submitted to Northern Territory Treasury. Requests to carry over any Allocation in this manner should relate to specific expenditure initiatives and not fortuitous savings, ensuring that externally funded initiatives are separately identified.
- 4.1.13 Accountable Officers shall ensure that submissions to carry Allocations over to a subsequent year are submitted to Northern Territory Treasury by the end of the financial year.

- 4.1.14 The Treasurer may, from time to time, specify conditions which must be met for submissions under section 22 of the Act.

VARIED ALLOCATION FOR CERTAIN RECEIPTS

- 4.1.15 Submissions for a determination by the Treasurer allowing for the variation of Allocations to be directly tied to variations in related receipts, in accordance with section 23 of the Act, shall be endorsed by the relevant Minister and submitted to Northern Territory Treasury.
- 4.1.16 A determination by the Treasurer under section 23 of the Act may be accompanied by specific terms and conditions.

REPORTING OF VARIATIONS

- 4.1.17 Variations to Allocations during a financial year shall be reported in accordance with the requirements of Part 2 Section 5 of these Directions.

ADJUSTMENTS WITHIN ACTIVITIES

- 4.1.18 Ministerial approval is required for adjustments between categories of cost within an Activity.
- 4.1.19 Any intended adjustments within an Activity which will significantly change an Agency's distribution of Allocation by category of cost shall be notified to the Treasurer.