

Australian Capital Territory

Financial Management Amendment Guidelines 2004 (No 1)

Disallowable Instrument DI 2004-56

EXPLANATORY STATEMENT

Outline

These guidelines are issued in accordance with section 67 of the *Financial Management Act 1996* (the Act). The amendments largely facilitate the preparation of amended budgets, and prescribe financial statements for budget review and for pre-election budget updates, and prescribe departments.

These guidelines amend the Financial Management Guidelines made on 24 July 2002.

Details of the Financial Management Amendment Guidelines 2004 (No 1)

Formal Clauses

Clauses 1, 2 and 3 are formal requirements. They refer to the name of the Guidelines, the commencement date of the Guidelines and declare which guidelines are amended by these guidelines.

Amendment of budgets

Section 19F allows for the amendment of budgets when variations to appropriations have been authorised under sections 14 (1), 15 (1), 15A (1) or (2), 16, 17 (2) or 17A (2) of the Act.

Clause 4 prescribes the way in which a budget for a department may be amended for a financial year under section 19F (5) of the Act. The effect of this clause is to require the Treasurer to sign off on all significant line totals in the financial statements, as opposed to signing off the detailed amendments to every line item.

Section 8B of the financial management guidelines prescribes the way in which a budget for a department may be amended. The prescription of what amendments could be made to a department's budget was moved from the Act by virtue of the *Financial Management Amendment Act 2004* to the financial management guidelines. It is considered that this level of detail should be prescribed in guidelines rather than the Act itself.

Financial statements for budget review and pre-election budget update

Clause 5 inserts section 8C and 8D into the financial management guidelines to specify the financial statements required under sections 20B (3) (a) and 20D (3) (a) of the Act for mid-year budget reviews and for pre-election budget updates respectively.

The financial statements required are:

- a statement of financial performance estimated for the year;
- a statement of financial position planned at the end of the year; and
- a statement of cash flows estimated for the year.

The mid-year budget review requires financial statements for the general government sector only, whereas the pre-election update requires updated financial statements for the Territory, general government sector and public trading enterprises sector.

Annual financial statements of planning and land authority – 2003-2004

Clause 6 inserts section 11A into the financial management guidelines. The effect of this new section is to prescribe that for the purposes of the 2003-04 financial year Planning and Land Authority annual financial statements are to be prepared as if the Authority had been a department for the entire financial year. This allows Planning and Land Authority to report as a single reporting entity for the year.

Period for provision of financial statements to auditor-general

Section 61 of the Act allows for the financial management guidelines to prescribe the timeframe within which the chief executive officer of a Territory authority must forward a copy of the annual financial statements of the authority to the Auditor-General.

Clause 7 reduces, from 38 to 30 days, the timeframe within which a chief executive officer of a Territory authority has to forward a copy of the Authority's annual financial statements to the Auditor-General. This will align the timeframe for the preparation of Territory authority annual financial statements with the timeframe applying to the preparation of the Territory's annual financial statements as required under section 24 of the Act.

Definition of Department

The definition of "department" contained in the Act allows for the financial management guidelines to prescribe part of an administrative unit as an individual department, or to prescribe two administrative units as a single department, for purposes of the Act.

Clause 8 changes the name of the prescribed department, "ACT Housing", to "Housing ACT" and adds the "Emergency Services Authority" to the list of prescribed departments.

Administrative Arrangement Orders (AAOs) created a separate department entitled "Office of the Special Advisor, Council of Australian Governments (COAG) and Inter-Governmental Relations". This became effective on 17 February 2004.

Clause 9 prescribes that the "Office of Special Adviser, Council of Australian Governments and Intergovernmental Relations" and the "Chief Minister's Department" are a single department for all the purposes of the Act. This clause takes effect from 17 February 2004.

End