

Financial Management Guidelines 2001

EXPLANATORY STATEMENT

Outline

These guidelines are issued in accordance with section 67 of the *Financial Management Act 1996*. These guidelines replace the *Financial Management Guidelines* made on 10 July 2000 and *Financial Management Guidelines* made on 21 March 2001.

These guidelines update the *Financial Management Guidelines* made on 10 July 2000 and the *Financial Management Guidelines* made on 21 March 2001 with the following changes:

◆ Required Statements -

- Provisions contained in the *Financial Management Amendment Act 2001 (No 3)* allow for the financial management guidelines to specify what financial statements the Territory, departments and Territory authorities are required to prepare under sections 11, 12, 12A, 22, 26, 27, 58 and 59 of the *Financial Management Act 1996*. Previously these requirements were specified in the *Financial Management Act 1996*.
- These guidelines specify the required financial statements. With the exception of additionally requiring a statement of appropriation in respect of Territory and departmental annual financial statements, the financial statements specified in these guidelines represent no change from the reporting requirements previously required by the *Financial Management Act 1996*.

◆ Prescribed Investments -

- These guidelines remove from the list of prescribed investments loans to Territory authorities.

◆ Prescribed Departments -

- These guidelines provide for the removal of ACTION as a prescribed department from 1 January 2002, due to the commencement of the ACTION Authority Act 2001.

This explanatory memorandum does not address the remaining clauses of these guidelines as they have not been amended from those previously appearing in the *Financial Management Guidelines* made on 10 July 2000 and the *Financial Management Guidelines* made on 21 March 2001.

Details of the Financial Management Guidelines 2001

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 that notes in these guidelines are not part of the guidelines.

Interpretation

Clause 4 removes the definition of Territory entity to provide for the removal of loans to Territory authorities as a prescribed investment.

Required Statements – Territory, Departments and Public Trading Enterprises

Clauses 6, 7, 8, 9, 10, 11, 12, and 13 specify what financial statements the Territory, departments, Public Trading Enterprises and Territory authorities are required to produce under sections 11, 12, 12A, 22, 26, 27 58 and 59 of the *Financial Management Act 1996*.

As part of the amendments provided for in the *Financial Management Amendment Act 2001 (No 3)*, the power for specifying what financial statements are required to be produced was moved from the *Financial Management Act 1996* to the Financial Management Guidelines. This allows for more flexibility to reflect possible future changes to the Accounting Standards.

Clause 4 requires the Territory, departments, Public trading enterprises and Territory authorities to produce a statement, or estimated statement in the case of budgets, of financial performance, financial position and cash flow. These requirements are consistent with current Australian Accounting Standards, and with current practices adopted in the ACT. The financial statements required by these guidelines represent

no change from the reporting requirements previously specified under the *Financial Management Act 1996*.

Additionally, clauses 9 and 11 require a statement of appropriation be produced in respect of the Territory's and department's annual reports. This is also consistent with current practices adopted in the ACT.

Prescribed Investments

Clause 15 removes loans to Territory authorities from the list of prescribed investments under paragraph 38 (1) (e) of the *Financial Management Act 1996*.

This clause supports changes made by the *Financial Management Amendment Act 2001 (No 3)* to provide that loans to Territory authorities can only be made where funds have been appropriated.

Definition of Department

Clause 7 provides for removal of ACTION as a prescribed department from the date of commencement of the ACTION Authority Act 2001. ACTION will be covered by the provisions of the *Financial Management Act 1996* that relate to Territory authorities.

