

Objective

The objective of this procedure is to ensure sound budget management principles are maintained within the Department of Treasury and Finance (DTF) and also outline the responsibilities of Branches in relation to budget management.

Scope

This procedure applies to all Branches of the department. However, where cost recovery Branches have a budget set by their Board, a variation to the budget figures supplied by Financial Services is acceptable, where a signed copy of the Board approved budget is supplied. A Budget and Monitoring System (BMS) journal will be submitted by Financial Services to account for any difference between the two.

Procedures

Financial Services is responsible for advising Branches of their budget in June each year (following finalisation of the State Budget and DTF's Agency Statement). The Department's budget is approved each year by the Chief Executive and reconciled to the budget that is published in the Agency Statements plus any subsequent approved adjustments. Once the Chief Executive approves the budget, Branches are officially advised by minute of the following information:

- Branch budget allocation for the upcoming financial year and forward years.
- Requirements to cashflow the upcoming financial year budget.
- Any specific requirements for the upcoming financial year.

Branches are responsible for undertaking the following in response to notification of their budget allocation by the nominated due date:

- Cashflow their budget allocation to cost centres and object codes that allows for appropriate levels of accountability and management.
- Provide a reconciliation of their employee cost budget to a completed salary projection template. Where insufficient budget is held in employee costs, a reclassification from another expense line will be required.
- Provide a monthly profile of Full Time Equivalent employees (FTEs) for the Branch for the upcoming financial year and to cashflow the employee cost budget accordingly. This monthly FTE profile will form the basis of monthly FTE monitoring to the Executive Leadership Group (ELG).

Important matters to be taken into consideration when Branches cashflow their budget include:

- Salaries and wages will be recognised in the general ledger each month based on the number of working days per month rather than on the number of pays processed in the month.
- Branches should cashflow expenditure and revenue items on an accrual basis where expenditure relates to the whole year. Budgets can be aligned to when the payment / receipt is expected to occur where the transaction is one off in nature.

DTF Internal Budgeting procedure

- Where depreciation is included in a branch budget it is to be treated as a tied line and must balance to the budget allocation provided to the branch by Financial Services.
- No line should have a negative budget unless specifically approved by the Director, Financial Services or Under Treasurer.
- Branches must ensure that the cashflow worksheets used to allocate their budget to account lines balances to their total budget before forwarding to Financial Services for processing into the general ledger.
- Final cashflow worksheets are to be approved, and evidenced as such, by the Branch Head prior to submission to Financial Services.

Financial Services will be responsible for conducting financial analysis of each Branch's proposed cashflowed budget to ensure that budgets are reasonably classified and profiled across the months. Once the analysis has been completed, the cashflowed budgets will be loaded into the DTF Masterpiece general ledger system.

It is expected that all Branch cashflowed budgets will be loaded into the general ledger by the end of August ready for the August financial reports.

Variance commentary will be expected from branches from the end of August.

Any significant changes to a Branch's cashflow during the year relating to changes in the budget profile or revenue/expenditure classifications should be discussed with Financial Services and approved by the Director, Financial Services or the Principal Management Accountant, prior to reflecting the change in the general ledger.

Generally, an increase or decrease to Branch budgets during the year will only occur in the following circumstances:

- New initiatives.
- Carryovers.
- Budget adjustments approved by the Chief Executive, Treasurer or Cabinet.

These adjustments will be notified to Branch Heads in a timely manner and reflected in the GL following consultation between the Branch financial contact and the Financial Services account manager.

Once the budgets have been loaded, Financial Services will be responsible for monitoring the Department's internal budget on an ongoing basis via monthly/quarterly reporting in BMS.



DIRECTOR, FINANCIAL SERVICES

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