Australian Government
Department of Finance

Illustrative Accounting Examples for Annual Appropriations

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Departmental Appropriations (D)

General assumptions:

- full departmental appropriation revenue, excluding DCBs, is recognised at the beginning of the financial year, consistent with Appropriation Acts
- legally valid appropriation
- legislated purpose (that is, legislation supporting a program), supported by a head of Commonwealth power or the Constitution
- no goods and services tax (GST) unless stated otherwise
- account codes used in the illustrative examples reference the Australian Equivalents to International Financial Reporting Standards (AEIFRS) account codes used in the Central Budget Management System (CBMS) chart of accounts, noting that this guide is prepared at a point in time so NCEs should refer to the latest version.

D1 Recognition

Scenario

Appropriation Act (No. 1) appropriates $50M as departmental operating appropriation (excluding DCB) to the NCE. A further $5M in DCB was formally designated as contributions by owners (equity).

Journal entries

01.07.X2	**Debit**	**Credit**
Dr 5233029 Appropriations receivable	$50M	
Cr 1280004 Price of outputs (agreed)		$50M
Recognise departmental operating appropriation		
01.07.X2	**Debit**	**Credit**
Dr 5233030 Appropriations receivable – Contributed Equity	$5M	
Cr 4100003 Contributed Equity – 7209 Injection for Departmental Capital Budget		$5M
Recognise DCB		

CBMS record – Cash Management (CM) module

Budget amounts appropriated under Appropriation Act (No. 1) are made available by Finance in the CBMS CM module on the later of the:

- date the appropriation commences as an Act, and/or

- commencement of the financial period the appropriation relates to.

Financial Statements Disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation $'000	Total Appropriation $'000	Appropriation applied in 20X3 (current and prior years) $'000	Variance[1] $'000
Departmental				
Ordinary annual services	50,000	50,000	-	50,000
Capital Budget[2]	5,000	5,000	-	5,000
Total departmental	**55,000**	**55,000**	**-**	**55,000**

1. The NCE commenced on 15 May 20X3, and had not drawn down any annual departmental appropriation as at 30 June 20X3.
2. Departmental Capital Budgets (DCBs) are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. The total amount of DCB appropriated was $5M, as disclosed in the NCE's 20X2-X3 Portfolio Budget Statements.

Annual Appropriations for 20X2

	Annual Appropriation $'000	Total appropriation $'000	Appropriation applied in 20X2 $'000	Variance $'000
Departmental				
Ordinary annual services	-	-	-	-
Capital Budget	-	-	-	-
Total departmental	-	-	-	-

5.1B: Unspent annual appropriations

	20X3 $'000	20X2 $'000
Departmental		
Appropriation Act (No.1) 20X2-20X3	**55,000**	-
Total departmental	**55,000**	**-**

D2 Quarantines and withheld amounts (PGPA Act section 51)

Scenario

On 1 February, Finance administratively quarantined $30M of the NCE's current year departmental operating appropriation in CBMS. On 6 March, the Finance Minister withheld the following under section 51 of the PGPA Act:

- $5.5M current year (20X2-20X3) departmental operating appropriation
- $3.5M prior year (20X1-20X2) departmental operating appropriation

- $2M current year equity injections.

On 20 June, the Finance Minister reversed the amount previously withheld under PGPA Act section 51 – being $2.5M prior year departmental operating appropriation.

Journal entries

06.03.X3	**Debit**	**Credit**
Dr 1280004 Price outputs (agreed)	$5.5M	
Cr 5233029 Appropriations receivable		$5.5M
Record PGPA Act section 51 amount withheld – current year operating		
06.03.X3	**Debit**	**Credit**
Dr 4100001 Accumulated results – 7592 Cash transfers to the OPA	$3.5M	
Cr 5233029 Appropriations receivable		$3.5M
Record PGPA Act section 51 amount withheld – prior year operating		
06.03.X3	**Debit**	**Credit**
Dr 4100003 Contributed Equity – 7206 Equity injection – appropriation	$2M	
Cr 5233030 Appropriations receivable – Contributed Equity		$2M
Record PGPA Act section 51 amount withheld – current year equity		
20.06.X3	**Debit**	**Credit**
Dr 5233029 Appropriations receivable	$2.5M	
Cr 4100001 Accumulated results – 7592 Cash transfers to the OPA		$2.5M
Record PGPA Act section 51 reversal – prior year operating		

Note: Amounts withheld under PGPA Act section 51 result in loss of control of the appropriation. Prior year operating funds over which an entity relinquishes control are to be accounted for as departmental equity returns, against accumulated results (whereas prior year capital funds should be accounted for as equity returns against contributed equity). By contrast, loss of control over current year operating funds is adjusted against appropriation revenue and appropriations receivable.

Also note that no journal entry is required on 1 February as the $30M quarantine is administrative in nature and does not result in loss of control of the appropriation.

CBMS record – CM module

Withholding of amounts against an appropriation, including reversals of previously withheld amounts, are processed by Finance as “S51 withholding” adjustments in the CBMS CM module – these are processed with the effective date specified in the signed direction. Amounts withheld under section 51 of the PGPA Act continue to be included as legally available appropriation under section 40 of the FRR.

Under sections 43 and 45 of the FRR, in the annual appropriations notes, the entity is to state reasons for amounts of current and prior year annual appropriation being withheld under section 51 of the PGPA Act and/or quarantined for administrative purposes for each appropriation Act that is still legally in force (annual Appropriation Acts remain in force up to three years after commencement) as of 30 June. Amounts withheld or administrative quarantined do not need to be disclosed by each individual direction/item – entities should disclose total net amounts withheld and/or administrative quarantined by Act.

Financial Statements Disclosure

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation[1] $'000	**Total appropriation $'000**	**Appropriation applied in 20X3 (current and prior years) $'000**	**Variance $'000**
Departmental				
Ordinary annual services	35,500	35,500	-	35,500
Other services				
Equity Injections	2,000	2,000	-	2,000
Total departmental	**37,500**	**37,500**	**-**	**37,500**

1. As at 30 June 20X3, $30M of departmental operating was administratively quarantined as a result of a movement of funds request. As at 30 June 20X3, $5.5M of departmental operating and $2M equity injection was withheld under section 51 of the PGPA Act due to a movement of funds decision.

Annual Appropriations for 20X2

	Annual Appropriation $'000	**Total appropriation** $'000	Appropriation applied in 20X2 $'000	Variance $'000
Departmental				
Ordinary annual services	3,500	3,500	-	3,500
Total departmental	3,500	3,500	-	3,500

5.1B: Unspent annual appropriations

	20X3 $'000	20X2 $'000
Departmental		
Appropriation Act (No. 1) 20X2-20X3	35,500	-
Appropriation Act (No. 2) 20X2-20X3	2,000	-
Appropriation Act (No. 1) 20X1-20X2[1]	-	3,500
Total departmental	**37,500**	3,500

1. As at 30 June 20X3, $1M of prior year departmental operating was withheld under section 51 of the PGPA Act due to government decisions.

D3 Adjustments

D3.1 Re-crediting of repayments (PGPA Act section 74)

Scenario

On 5 July, the NCE paid $250 to XYZ for stationery supplies. On 31 July (within the same financial year):

- XYZ advised the NCE that it had overpaid for the stationery
- XYZ refunded $50 to the NCE
- the NCE transferred $50 to the OPA.

Journal entries

05.07.X2	**Debit**	**Credit**
Dr 5220002 Cash at bank	$250	
Cr 5233029 Appropriations receivable		$250
Drawdown from OPA to make the purchase		
Dr 2230098 Other supplier expenses	$250	
Cr 5220002 Cash at bank		$250
Record purchase of stationery supplies		
31.07.X2	**Debit**	**Credit**
Dr 5220002 Cash at bank	$50	
Cr 2230098 Other supplier expenses		$50
Reduce stationery expenses by the amount refunded (see note below)		
Dr 5233029 Appropriations receivable	$50	
Cr 5220002 Cash at bank		$50
*Transfer cash to OPA **		

Note: As the repayment occurred in the same financial year, it is credited against the original account code from which the payment was expensed. Where an amount is paid in error and recovered in a future financial year, it should be recorded as departmental revenue in the year the cash is received.

The repayment is credited to the original appropriation item from which the payment was made. Where repayments are received and the original payments were in a prior year, the repayments should be credited back to the original appropriations, so long as those appropriation Acts are still in force. If they have been repealed, any repayments must be returned to the OPA as administered receipts. For more information on repayments, see RMG-307.

CBMS record – CM module

Process a standard NPP departmental drawdown in the CM module for payment date of 5 July. Include the following naming conventions in the description:

- Description or similar: NCE acronym, Dept, 5 July

- Program: Program X
- Budget Year: 20X3
- Appropriation: Appropriation Act (No. 1) - operating
- Amount: $250

Process a standard receipt in the CM module with effective date being the date of transfer to the OPA. Include the following naming conventions in the description:

- Description or similar: NCE acronym, effective date
- Program: Program X
- Budget Year: 20X3
- Appropriation: Appropriation Act (No. 1) - operating (the original appropriation item the overpayment was made from)
- Receipt Type: Appropriation Repayments
- Amount: $50

Financial statements disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation $	**Adjustments to appropriation[1] $**	**Total appropriation $**	**Appropriation applied in 20X3 (current and prior years) $**	**Variance $**
Departmental					
Ordinary annual services	250	50	300	250	50
Total departmental	**250**	**50**	**300**	**250**	**50**

1. On 31 July 20X2 the NCE retained $50 in repayments under section 74 of the PGPA Act, due to an overpayment to a supplier.

Annual Appropriations for 20X2

	Annual Appropriation $	Adjustments to appropriation $	Total appropriation $	Appropriation applied in 20X2 $	Variance $
Departmental					
Ordinary annual services	-	-	-	-	-
Total departmental	-	-	-	-	-

5.1B: Unspent annual appropriations

	20X3 $	20X2 $
Departmental		
Appropriation Act (No. 1) 20X2-20X3	50	-
Total departmental	**50**	-

D3.2 Retainable receipts - prepayment

Scenario

On 1 July, the NCE sold a 12-month bulletin subscription to XYZ. On the same day, an invoice issued to XYZ for $12,000 with payment due on 31 July.

On the 1 July, XYZ received its first bulletin and on 31 July:

- XYZ made a payment of $12,000 to the NCE
- the NCE transferred funds $12,000 to the OPA.

Journal entries

01.07.X2	**Debit**	**Credit**
Dr 5233002 Goods and services receivable	$12,000	
Cr 3390205 Unearned income		$11,000
Cr 1220008 Rendering of services revenue		$1,000
Invoicing of the subscription plus earning the first month service revenue		
31.07.X2	**Debit**	**Credit**
Dr 5220002 Cash at bank	$12,000	
Cr 5233002 Goods and services receivable		$12,000
Receipt of cash		
Dr 5233029 Appropriations receivable	$12,000	
Cr 5220002 Cash at bank		$12,000
Transfer cash to OPA		
From 1 August (monthly entries)	**Debit**	**Credit**
Dr 3390205 Unearned income	$1,000	
Cr 1220008 Rendering of services revenue		$1,000
Record subsequent service revenue when earned		

CBMS record – CM module

Process a standard receipt in the CM module with effective date being the date of transfer to the OPA. Include the following naming conventions in the description:

- Description or similar: NCE acronym, effective date
- Program: Program X

- Budget Year: 20X3
- Appropriation: most recent Departmental Appropriation
- Receipt Type: Appropriation Receipts (s74)
- Amount: $12,000

*According to section 27(8) of the PGPA Rule, if section 74A of the PGPA Act was not used to increase an appropriation to pay the related GST qualifying amount, entities can retain GST refunds from the ATO under section 27(2A) of the PGPA Rule. Similar to other section 74 Retainable Receipts, entities are to sweep amount to OPA – decrease in cash at bank and increase appropriation receivable.

In the Appropriation note, entities are to include GST refunds from the ATO retained under section 27(2A) of the PGPA Rule in the table and also include a footnote to disclose details of the GST refunds retained (similar to the accounting treatment in **10. Retainable receipts** under Formal additions and reductions - guidance). For more information on section 74 Retainable Receipts, please contact the Special Appropriations Team.

Financial statement disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation $'000	**Adjustment to appropriation[1] $'000**	**Total appropriation $'000**	**Appropriation applied in 20X3 (current and prior years) $'000**	**Variance $'000**
Departmental					
Ordinary annual services	-	12	12	-	12
Total departmental	**-**	**12**	**12**	**-**	**12**

1. On 31 July 20X2, the NCE retained $0.012M under section 74 of the PGPA Act as a result of a subscription prepayment.

Annual Appropriations for 20X2

	Annual Appropriation $'000	Adjustments to appropriation $'000	Total appropriation $'000	Appropriation applied in 20X2 $'000	Variance $'000
Departmental					
Ordinary annual services	-	-	-	-	-
Total departmental	-	-	-	-	-

5.1B: Unspent annual appropriations

	20X3 $'000	20X2 $'000

Departmental		
Appropriation Act (No. 1) 20X2-20X3	12	-
Total departmental	**12**	-

D3.3 Retainable receipts – sale of asset (< 5% total departmental items annual limit)

Scenario

On 1 July, the NCE sold a forklift for $50,000 to XYZ and made a gain on sale of $5,000.

Assume accumulated depreciation for the asset is nil, there were no disposal costs and the NCE is able to retain sale proceeds under section 74 of the PGPA Act (that is, total asset sale proceeds less disposal costs was less than the 5% total departmental items annual limit specified in subsection 27(7) of the PGPA Rule).

The NCE's total departmental items for the year was $1,250,000.

The sale proceeds represent 4% of the NCE's total departmental items.

On 31 July the NCE:

- received payment of $50,000 from XYZ
- transferred $50,000 to the OPA and recognised the amount as a retainable receipt.

Journal entries

01.07.X2	**Debit**	**Credit**
Dr 5233034 Sales of PP&E receivable	$50,000	
Cr 1252004 Proceeds from sale of PP&E – Gain on sale		$50,000
Dr 5312002 – 7124 Disposal of PP&E	$45,000	
Cr 1252006 Carrying value of PP&E		$45,000
Sale of the forklift		
31.07.X2	**Debit**	**Credit**
Dr 5220002 Cash at bank	$50,000	
Cr 5233034 Sales of PP&E receivable		$50,000
Receipt of cash		
Dr 5233029 Appropriations receivable	$50,000	
Cr 5220002 Cash at bank		$50,000
Transfer cash to OPA		

CBMS record – CM module

Process a standard receipt in the CBMS CM module with the effective date being the date of transfer to the OPA. Include the following naming conventions in the description:

- Description or similar: NCE acronym, effective date
- Program: Program X
- Budget Year: 20X3
- Appropriation: most recent Departmental Appropriation
- Receipt Type: Appropriation Receipts (s74)
- Amount: $50,000

Financial statements disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation	**Adjustments to appropriation[1]**	**Total appropriation**	**Appropriation applied in 20X3 (current and prior years)**	**Variance**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Departmental					
Ordinary annual services	-	50	50	-	50
Total departmental	**-**	**50**	**50**	**-**	**50**

1. On 31 July 20X2, the NCE retained $0.050M under section 74 of the PGPA Act due to the sale of a forklift.

Annual Appropriations for 20X2

	Annual Appropriation	Adjustments to appropriation	Total appropriation	Appropriation applied in 20X2	Variance
	$'000	$'000	$'000	$'000	$'000
Departmental					
Ordinary annual services	-	-	-	-	-
Total departmental	-	-	-	-	-

5.1B: Unspent annual appropriations

	20X3	20X2
	$'000	$'000

Departmental		
Appropriation Act (No.1) 20X2-20X3	**50**	-
Total departmental	**50**	-

D3.4 Retainable receipts – sale of asset (> 5% total departmental items annual limit)

Scenario

Same as D3.3, but on 30 June, the NCE had received an additional $1,000 relating to the sale of assets, which exceeded the retainable receipts 5% annual limit by $1,000. The NCE cannot retain the $1,000 under section 74 of the PGPA Act and is required to return the amount to the OPA.

Journal entry – in addition to the entries above with asset sale, cash, etc. adjusted to reflect the receipt of the additional $1,000

30.06.X2 (end of the financial year)	**Debit**	**Credit**
Dr 4100001 Accumulated results – 7592 Cash transfers to OPA	$1,000	
Cr 5220002 Cash at bank		$1,000
Transfer excess receipts to OPA		

CBMS record – CM module

Process a standard receipt in the CM module with effective date being the date of transfer to the OPA. Include the following naming conventions in the description:

- Description or similar: NCE acronym, effective date
- Program: Program X (Administered)
- Budget Year: 20X2
- Appropriation: Nil Appropriation Impact
- Receipt Type: Administered Receipt
- Amount: $1,000

Note: Amounts that are excess to the 5% limit must be transferred to the OPA as administered receipts.

D3.5 Retainable receipts – Departmental GST refunds

Scenario

On 1 July, the NCE received $500,000 in departmental operating appropriation.

On 30 July, the entity made purchases from suppliers for a total of $33,000 (GST-inclusive). The entity drew down $33,000 from the OPA and paid the suppliers on the same day.

On 30 August, the entity provided services with a total value of $11,000 (GST-inclusive). The entity received the payment and transferred $11,000 to the OPA on the same day.

On 30 September, the entity received $2,000 from the Australian Taxation Office (ATO) as a refund of its input tax credit. The amount was then swept to the OPA.

Journal entries

01.07.X3	**Debit**	**Credit**
Dr 5233029 Appropriations receivable	$500,000	
Cr 1280004 Price of outputs (agreed)		$500,000
Recognise departmental operating appropriation		
30.07.X3	**Debit**	**Credit**
Dr 5220002 Cash at bank	$33,000	
Cr 5233029 Appropriations receivable		$33,000
Drawdown the cash from the OPA to make the payment		
Dr 2230098 Other supplier expenses	$30,000	
Dr 5233033 GST receivable	$3,000	
Cr 5220002 Cash at bank		$33,000
Record purchase of goods or services		
30.08.X3	**Debit**	**Credit**
Dr 5220002 Cash at bank	$11,000	
Cr 1220008 Rendering of services revenue		$10,000
Cr 3390033 GST payable		$1,000
Receipt of payment		
Dr 5233029 Appropriations receivable	$11,000	
Cr 5220002 Cash at bank		$11,000
Transfer cash to OPA		
30.09.X3	**Debit**	**Credit**
Dr 5220002 Cash at bank	$2,000	
Dr 3390033 GST payable	$1,000	
Cr 5233033 GST receivable		$3,000
GST refunds from ATO		

Dr 5233029 Appropriations receivable	$2,000	
Cr 5220002 Cash at bank		$2,000
Transfer cash to the OPA		

CBMS record – CM module

Process a standard departmental drawdown in the CM module for payment date of 30 July. Include the following naming conventions in the description:

- Description or similar: NCE acronym, 30 July
- Program: Program X
- Budget Year: 20X3
- Appropriation: Appropriation Act (No. 1) - operating
- Amount: $33,000

Process a standard receipt in the CM module with effective date being the date of transfer to the OPA (30 August). Include the following naming conventions in the description:

- Description or similar: NCE acronym, 30 August
- Program: Program X
- Budget Year: 20X3
- Appropriation: Appropriation Act (No. 1) - operating
- Receipt Type: Appropriation Receipts (s74)
- Amount: $11,000

Process a standard receipt in the CM module with effective date being the date of transfer to the OPA. Include the following naming conventions in the description:

- Description or similar: NCE acronym, effective date
- Program: Program X
- Budget Year: 20X3
- Appropriation: Appropriation Act (No. 1) - operating (the original appropriation item the payment was made from)
- Receipt Type: Appropriation Receipts (s74)
- Amount: $2,000

Financial statements disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation	Adjustment to appropriation[1]	Total appropriation	Appropriation applied in 20X3 (current and prior years)	Variance[2]
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Departmental					
Ordinary annual services	500	13	513	33	480
Total departmental	**500**	**13**	**513**	33	**480**

1. Adjustments to appropriations include PGPA Act section 74 receipts relating to retainable GST amounts.
2. Variance is due to [Disclose reasons for material variance].

5.1B: Unspent annual appropriations

	20X3 $'000	20X2 $'000
Departmental		
Appropriation Act (No. 1) 20X2-20X3	480	-
Total departmental	**480**	-

D4 Formal additions and reductions

D4.1 Machinery of government changes (PGPA Act section 75)

Scenario

On:

- 2 October, an Administrative Arrangements Order transferred two functions from one NCE to another NCE
- 18 October, the two chief financial officers signed a PGPA Act section 75 CFO agreement form (which is not a legal instrument, as distinct from a PGPA Act section 75 determination)
- 1 November, the PGPA Act section 75 determination was registered on the Federal Register of Legislation with:
  - a commencement date of 2 November
  - a determination date of 30 October (the date the determination was signed).

The following appropriations were transferred though the PGPA Act section 75 determination:

- $95.5M departmental operating (current year)
- $3M DCB (current year).

On 30 November, the NCE identified additional appropriation that related to the transferred functions:

- $30M departmental operating (current year – 20X2-20X3)
- $6.5M departmental operating (prior year – 20X1-20X2).

Following a second PGPA Act section 75 agreement between the two NCEs:

- a second PGPA Act section 75 determination transferred the residual appropriation
- on 12 December, the second determination was registered with:
- a commencement date of 15 December
- a determination date of 10 December.

Journal entries – transferring NCE

2.11.X2	**Debit**	**Credit**
Dr 1280004 Price of outputs (agreed)	$95.5M	
Cr 5233029 Appropriations receivable		$95.5M
Record departmental operating (current year) - PGPA Act Section 75		
2.11.X2	**Debit**	**Credit**
Dr 4100003 Contributed Equity – 7209 Injection for Departmental Capital Budget	$3M	
Cr 5233030 Appropriations receivable – Contributed Equity		$3M
Record DCB transferred – PGPA Act section 75		
15.12.X2	**Debit**	**Credit**
Dr 1280004 Price of outputs (agreed)	$30M	
Cr 5233029 Appropriations receivable		$30M
Record departmental operating (current year) – PGPA Act section 75		
15.12.X2	**Debit**	**Credit**
Dr 4100003 Contributed Equity – 7207 Restructuring	$6.5M	
Cr 5233029 Appropriations receivable		$6.5M
Record departmental operating (prior year) – PGPA Act section 75		

Journal entries – gaining NCE

2.11.X2	Debit	Credit
Dr 5233029 Appropriations receivable	$95.5M	
Cr 1280004 Price of outputs (agreed)		$95.5M
Record departmental operating (current year) – PGPA Act section 75		
2.11.X2	**Debit**	**Credit**
Dr 5233030 Appropriations receivable – Contributed Equity	$3M	
Cr 4100003 Contributed Equity – 7209 Injection for Departmental Capital Budget		$3M
Record DCB transferred – PGPA Act section 75		
15.12.X2	**Debit**	**Credit**
Dr 5233029 Appropriations receivable	$30M	
Cr 1280004 Price of outputs (agreed)		$30M
Record departmental operating (current year) – PGPA Act section 75		
15.12.X2	**Debit**	**Credit**
Dr 5233029 Appropriations receivable	$6.5M	
Cr 4100003 Contributed Equity – 7207 Restructuring		$6.5M
Record departmental operating (prior year) – PGPA Act section 75		

CBMS record – CM module

Transferring amounts against an appropriation from one NCE to another, is processed by Finance as a budget adjustment in the CBMS CM module. Budget adjustments processed in CBMS under section 75 of the PGPA Act are applied the day after the signed determination is registered on the Federal Register of Legislation (unless otherwise specified within the determination).

Financial statements disclosure – transferring NCE

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation[1] $'000	Adjustments to appropriation[1] $'000	Total appropriation $'000	Appropriation applied in 20X3 (current and prior years) $'000	Variance $'000
Departmental					
Ordinary annual services	125,500	(125,500)	-	-	-
Capital Budget[2]	3,000	(3,000)	-	-	-
Total departmental	**128,500**	**(128,500)**	**-**	**-**	**-**

1. On 2 October 20X2 an Administrative Arrangements Order transferred two functions from the NCE to another NCE. On 2 November 20X2, $95.5M departmental operating and $3M DCB was transferred in accordance with section 75 of the PGPA Act. On 15 December 20X2, an additional $30M departmental operating was transferred under section 75 of the PGPA Act.
2. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. The total amount of DCB appropriated was $3M, as disclosed in the NCE's 20X2-X3 Portfolio Budget Statements. On 2 November 20X2, this amount was transferred to another NCE under section 75 of the PGPA Act.

Annual Appropriations for 20X2

	Annual Appropriation $'000	Adjustments to appropriation[2] $'000	Total appropriation $'000	Appropriation applied in 20X2 $'000	Variance $'000
Departmental					
Ordinary annual services	6,500	-	6,500	-	6,500
Total departmental	6,500	-	6,500	-	6,500

5.1B: Unspent annual appropriations

Appropriation Act (No. 1) 20X1-20X2

1. On 2 October 20X2 an Administrative Arrangements Order transferred two functions from the NCE to another NCE. On 15 December 20X2, $6.5M prior year departmental operating appropriations was transferred under section 75 of the PGPA Act.

D4.2 Decision of the Cabinet or Prime Minister

Scenario

On 27 February 20X3, the NCE received a letter from the Prime Minister that approved $10.5M in departmental operating for the NCE. The letter stated that the $10.5M was for specific tasks to be undertaken in 20X2-X3. There were no more Appropriation Acts available through which the 20X2-X3 funding could be appropriated.

The NCE is required to cash manage payments required until the next set of Appropriation Acts commence, using appropriate existing appropriations. The related accounting journal entries and appropriation note disclosures relating to the expenditure and drawdowns from the NCE's existing appropriations have not been shown so that the example only shows the impact of the supplementation.

On 1 July 20X3, the NCE was appropriated $10.5M under Appropriation Act (No. 1) 20X3-20X4.

Journal entry – year of approval

27.02.X3	**Debit**	**Credit**
Dr 5250005 Accrued appropriation revenue	$10.5M	
Cr 1280003 Price of outputs (provisional)		$10.5M
Record supplementation approval		

Journal entries – year of appropriation

01.07.X3	**Debit**	**Credit**
Dr 5233029 Appropriations receivable	$10.5M	
Cr 1280004 Price of outputs (agreed)		$10.5M
Recognise departmental operating (formerly approved as supplementation)		
01.07.X3	**Debit**	**Credit**
Dr 1280003 Price of outputs (provisional)	$10.5M	
Cr 5250005 Accrued appropriation revenue		$10.5M
Reduce accrued appropriation revenue		

Note: The full amount appropriated (including supplementation) is required to be recorded against CBMS Account No. 1280004 to enable NCEs to be appropriated and subsequently drawdown from the relevant appropriation.

For the purposes of this guide, the terms below equate to the following CBMS account codes in the illustrative examples:

- Receivable from Government – Account No. 5250005 Accrued appropriation revenue
- Revenue from Government – Account No. 1280003 Price of outputs (provisional)
- Appropriation revenue – Account No. 1280004 Price of outputs (agreed).

CBMS record – CM module

Budget amounts appropriated under Appropriation Act (No. 1) are made available by Finance in the CBMS CM module on the later of the:

- date the appropriation commences as an Act, and/or
- commencement of the financial period the appropriation relates to.

Financial statements disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X4

	Annual Appropriation[1] $'000	**Total appropriation $'000**	**Appropriation applied in 20X4 (current and prior years) $'000**	**Variance $'000**
Departmental				
Ordinary annual services	10,500	10,500	-	10,500
Total departmental	**10,500**	**10,500**	**-**	**10,500**

1. Departmental supplementation of $10.5M was recognised in 20X2-X3 financial year for specific tasks undertaken.

Annual Appropriations for 20X3

	Annual Appropriation $'000	Total appropriation $'000	Appropriation applied in 20X3 $'000	Variance $'000
Departmental				
Ordinary annual services	-	-	-	-
Total departmental	-	-	-	-

5.1B: Unspent annual appropriations

	20X4 $'000	20X3 $'000
Departmental		
Appropriation Act (No. 1) 20X3-20X4	10,500	-
Total departmental	**10,500**	-

D4.3 Workload agreement

Scenario

The NCE received a Cabinet minute (dated 1 July 20X2) requesting that it expand the scope of phase 1 of project X during 20X2-X3 under a workload agreement. It specified that $5M additional departmental operating appropriation would be provided in the next set of Appropriation Bills with respect to the additional work.

On 10 April 20X3, the NCE received $20M through Appropriation Act (No. 3) (includes the $5M for additional output).

Journal entries

01.07.X2	**Debit**	**Credit**
Dr 5250005 Accrued appropriation revenue	$5M	
Cr 1280003 Price of outputs (provisional)		$5M
Record Cabinet approval of funding for additional work		
10.04.X3	**Debit**	**Credit**
Dr 5233029 Appropriations receivable	$20M	
Cr 1280004 Price of outputs (agreed)		$20M
Recognise departmental operating (formerly approved)		
10.04.X3	**Debit**	**Credit**
Dr 1280003 Price of outputs (provisional)	$5M	
Cr 5250005 Accrued appropriation revenue		$5M
Reduce accrued appropriation revenue		

Note: The full amount appropriated (including supplementation) is required to be recorded against CBMS Account No. 1280004 to enable NCEs to be appropriated and subsequently drawdown the from relevant appropriation.

For the purposes of this guide, the terms below equate to the following CBMS account codes in the illustrative examples:

- Receivable from Government – Account No. 5250005 Accrued appropriation revenue
- Revenue from Government – Account No. 1280003 Price of outputs (provisional)
- Appropriation revenue – Account No. 1280004 Price of outputs (agreed).

CBMS record – CM module

Budget amounts appropriated under Appropriation Acts (No. 1 and No. 3) are made available by Finance in the CM module on the later of:

- the date the appropriation commences as an Act, and/or
- the commencement of the financial period the appropriation relates to.

Financial statements disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation $'000	**Total appropriation $'000**	**Appropriation applied in 20X3 (current and prior years) $'000**	**Variance $'000**
Departmental				
Ordinary annual services	20,000	20,000	-	20,000
Total departmental	**20,000**	**20,000**	**-**	**20,000**

Annual Appropriations for 20X2

	Annual Appropriation $'000	Total appropriation $'000	Appropriation applied in 20X2 $'000	Variance $'000
Departmental				
Ordinary annual services	-	-	-	-
Total departmental	-	-	-	-

5.1B: Unspent annual appropriations

	20X3 $'000	20X2 $'000
Departmental		
Appropriation Act (No. 3) 20X2-20X3	20,000	-
Total departmental	**20,000**	**-**

D4.4 Supplementation (Emergency response)

Scenario

The NCE was required to undertake emergency response tasks in 20X2-X3. However, it will not receive the departmental operating appropriation until the following financial year (that is, 20X3-X4).

The NCE received:

- a letter from the Prime Minister (dated 20 January 20X3) stating that the NCE would receive $7M in 20X3-X4 for emergency response tasks to be performed in 20X2-X3
- a Cabinet Minute (dated 30 July 20X3) advising that it would receive an additional $5.5M in 20X3-X4 for emergency response tasks performed in 20X2-X3.

On 1 July 20X3, the NCE was appropriated departmental operating of $100M (including the $7M previously approved in January 20X3) under Appropriation Act (No. 1).

On 4 April 20X4, the NCE was appropriated an additional $25.5M of departmental operating (including the $5.5M previously approved in July 20X3) under Appropriation Act (No. 3).

Journal entries – year of approval ($7M)

20.01.X3	Debit	Credit
Dr 5250005 Accrued appropriation revenue	$7M	
Cr 1280003 Price of outputs (provisional)		$7M
Record formal approval – letter from Prime Minister (Emergency response)		

Journal entries – year of appropriation ($7M)

01.07.X3	Debit	Credit
Dr 5233029 Appropriations receivable	$100M	
Cr 1280004 Price of outputs (agreed)		$100M
Recognise departmental operating (including $7M previously approved)		
01.07.X3	**Debit**	**Credit**
Dr 1280003 Price of outputs (provisional)	$7M	
Cr 5250005 Accrued appropriation revenue		$7M
Reduce accrued appropriation revenue		

Journal entries – year of approval ($5.5M)

30.07.X3	Debit	Credit
Dr 5250005 Accrued appropriation revenue	$5.5M	
Cr 1280003 Price of outputs (provisional)		$5.5M
Record formal approval – Cabinet Minute (Emergency response)		

Journal entries – year of appropriation ($5.5M)

04.04.X4	Debit	Credit
Dr 5233029 Appropriations receivable	$25.5M	
Cr 1280004 Price of outputs (agreed)		$25.5M
Recognise departmental operating (including $5.5M previously approved)		
04.04.X4	**Debit**	**Credit**
Dr 1280003 Price of outputs (provisional)	$5.5M	
Cr 5250005 Accrued appropriation revenue		$5.5M
Reduce accrued appropriation revenue		

Note: The full amount appropriated (including supplementation) is required to be recorded against CBMS Account No. 1280004 to enable NCEs to be appropriated and subsequently drawdown from the relevant appropriation.

For the purposes of this guide, the terms below equate to the following CBMS account codes in the illustrative examples:

- Receivable from Government – Account No. 5250005 Accrued appropriation revenue
- Revenue from Government – Account No. 1280003 Price of outputs (provisional)
- Appropriation revenue – Account No. 1280004 Price of outputs (agreed).

CBMS record – CM module

Budget amounts appropriated under Appropriation Acts (No. 1 and No. 3) are made available by Finance in the CM module on the later of:

- the date the appropriation commences as an Act, and/or
- the commencement of the financial period the appropriation relates to.

Financial statements disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X4

	Annual Appropriation $'000	Total appropriation $'000	Appropriation applied in 20X4 (current and prior years) $'000	Variance $'000
Departmental				
Ordinary annual services[1]	125,500	125,500	-	125,500
Total departmental	**125,500**	**125,500**	**-**	**125,500**

1. The amount appropriated through the Appropriation Acts is different to the revenue from Government shown on the Statement of Comprehensive Income as the department was appropriated $7M in supplementation appropriation in 20X3-X4 that was recognised as revenue in 20X2-X3. The total emergency response funding for emergency response tasks performed in 20X2-X3 amounts to $12.5M.

Annual Appropriations for 20X3

	Annual Appropriation $'000	Total appropriation $'000	Appropriation applied in 20X3 $'000	Variance $'000
Departmental				
Ordinary annual services	-	-	-	-
Total departmental	-	-	-	-

5.1B: Unspent annual appropriations

	20X4 $'000	20X3 $'000
Departmental		
Appropriation Act (No. 1) 20X3-20X4	100,000	-
Appropriation Act (No. 3) 20X3-20X4	25,500	-
Total departmental	**125,500**	**-**

D4.5 Reappropriation – operating and DCB

Scenario

The NCE was appropriated $100M departmental operating on 1 July 20X2 under Appropriation Act (No. 1). On:

- 12 January 20X3, the NCE received policy approval from the Finance Minister to reclassify future expenditure to capital and be reappropriated $5M of the $100M as DCB
- 4 April 20X3, the NCE was reappropriated $5M DCB under Appropriation Act (No. 3)
- 21 April 20X3, a PGPA Act section 51 direction was signed to withhold $5M in departmental operating
- 5 May 20X3, the NCE identified an additional $2.5M of the original $100M in departmental operating was required for capital expenditure (however no reappropriation was possible prior to 30 June 20X3).

Journal entries

01.07.X2	**Debit**	**Credit**
Dr 5233029 Appropriations receivable	$100M	
Cr 1280004 Price of outputs (agreed)		$100M
Recognise departmental operating appropriation		
04.04.X3	**Debit**	**Credit**
Dr 5233030 Appropriations receivable – Contributed Equity	$5M	
Cr 4100003 Contributed Equity – 7209 Injection for Departmental Capital Budget		$5M
Recognise departmental capital budget		
21.04.X3	**Debit**	**Credit**
Dr 1280004 Price of outputs (agreed)	$5M	
Cr 5233029 Appropriations receivable		$5M
Record PGPA Act section 51 amount withheld		

Note: No accounting entry is required on 5 May 20X3 with regard to the $2.5M (as there was no policy approval to reappropriate the funds, and therefore there was no gain or loss of control of appropriation).

CBMS record – CM module

Budget amounts appropriated under Appropriation Act (No. 1) and Appropriation Act (No. 3) are made available by Finance in the CBMS CM module of CBMS on the later of:

- the date the appropriation commences as an Act, and/or
- the commencement of the financial period the appropriation relates to.

Withholding an amount against an appropriation is processed by Finance as a "S51 withholding" adjustment in the CBMS CM module, with the effective date specified in the signed direction.

Financial statement disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation[1] $'000	**Total Appropriation $'000**	**Appropriation applied in 20X3 (current and prior years) $'000**	**Variance $'000**
Departmental				
Ordinary annual services	100,000	100,000	-	100,000
Capital Budget[2]	5,000	5,000	-	5,000
Total departmental	**105,000**	**105,000**	**-**	**105,000**

1. $5M of $100M current year departmental operating was withheld under PGPA Act section 51 (as the NCE required $5M additional equity). As such, $5M operating was withheld, and $5M DCB appropriated under Appropriation Act (No. 3) 20X2-X3.

2. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. The NCE was appropriated $5M DCB as disclosed in their PAES.

Annual Appropriations for 20X2

	Annual Appropriation $'000	Total appropriation $'000	Appropriation applied in 20X2 $'000	Variance $'000
Departmental				
Ordinary annual services	-	-	-	-
Capital Budget	-	-	-	-
Total departmental	-	-	-	-

5.1B: Unspent annual appropriations

	20X3	20X2

	$'000	$'000
Departmental		
Appropriation Act (No. 1) 20X2-20X3	**100,000**	-
Appropriation Act (No. 3) 20X2-20X3	**5,000**	-
Total departmental	**105,000**	-

D5 Lapsing unspent appropriations

Scenario

The NCE was appropriated departmental operating funding on 1 July 20X1 under Appropriation Act (No. 1) 20X1-20X2 (the Act).

The Act contained a clause that automatically repealed any unspent appropriation three years later (that is, 1 July 20X4).

On 30 June 20X4, $10.5M of the appropriation remained unspent.

Journal entry

30.06.20X4	Debit	Credit
Dr 4100001 Accumulated results – 7592 Cash transfers to the OPA	$10.5M	
Cr 5233029 Appropriations receivable		$10.5M
Record lapsing departmental appropriation (adjusting event)		

Note: All lapsing departmental operating appropriations should be treated as departmental equity returns, that is, adjusted against Accumulated results (CBMS account code 4100001). Lapsing departmental capital budgets and equity injections should be adjusted against Contributed equity (CBMS account code 4100003).

CBMS record – CM module

Remaining unspent amounts appropriated under Appropriation Act (No. 1) are reduced by Finance in the CBMS CM module on the date the appropriation is repealed, according to the repeal clause within the Act.

Financial statements disclosure

5.1 Appropriations

5.1B: Unspent annual appropriations

	20X4 $'000	20X3 $'000
Departmental		
Appropriation Act (No. 1) 20X1-20X2[1]	**10,500**	-
Total departmental	**10,500**	-

1. $10.5m unspent appropriation will lapse on 1 July 20X4.

Administered appropriations (A)

General assumptions:

- legally valid appropriation
- legislated purpose (that is, legislation supporting a program), supported by a head of Commonwealth power or the Constitution
- no GST unless stated otherwise
- account codes used in illustrative examples reference the AEIFRS Account Codes used in the Central Budget Management System (CBMS) Chart of Accounts (noting that the guide is prepared at a point in time so Non-Corporate Commonwealth Entities (NCE) should refer to the latest version)
- journals for recoverable GST assume that money for payments of GST are drawn from a section 74A budget in the Cash Management (CM) Module of CBMS that is associated with a 'limited by amount' administered appropriation.

A1 Re-crediting of repayments (PGPA Act section 74)

Scenario

On 1 July 20X2 (current year), the NCE received was appropriated $250 in administered operating appropriations under Appropriation Act (No.1) for the 20x2-x3 financial year.

On 15 July, the NCE paid $250 to XYZ from Appropriation Act (No.1) 20x2 for stationery supplies expenses.

On 31 July, XYZ advised the NCE that it had been overpaid and refunded $50 to the NCE into the NCE's Administered Receipts bank account and where the funds were swept to the OPA.

Journal entries

01.07.X2	**Debit**	**Credit**
Dr 5220002 Cash at bank	$250	
Cr 4100001 Accumulated results – 7593 Administered appropriations from the OPA (agreed)		$250
Drawdown from OPA		
15.07.X2	**Debit**	**Credit**
Dr 2230098 Other supplier expenses	$250	
Cr 5220002 Cash at bank		$250
Record purchase of stationery supplies		

31.07.X2	Debit	Credit
Dr 5220002 Cash at bank	$50	
Cr 2230098 Other supplier expenses		$50
Reduce stationery expenses by the amount refunded		
Dr 4100001 Accumulated results – 7592 Cash transfers to the OPA	$50	
Cr 5220002 Cash at bank		$50
Transfer cash to OPA		

Note that:

This is a repayment during the same year, so it is credited against the item to which the payment was charged. Amounts paid out in error and recovered during future years should be recorded as revenue in the year the cash is received.
The repayment is credited to the original appropriation item from which the payment was made, and in CBMS the receipt type is recorded as "Appropriation Repayments" where it is credited back to the original appropriation. Where repayments are received and the original payments were in a prior year, the repayments should be credited back to the original appropriations, so long as those appropriation Acts are still in force. If they have been repealed, any repayments must be returned to the OPA as administered receipts. For more information on repayments, see RMG-307.
In CBMS, the transfer of cash to the OPA would be made via the movement account in the equity table. NCEs would normally have an equity account in their financial management information system called 'Cash transferred to OPA' or similar.

CBMS record – CM module (drawdown information)

Process a standard NPP administered drawdown in the CBMS CM module for payment date of 1 July. The following information needs to be included in the respective fields:

- Description or similar: NCE acronym, Admin, 1 July
- Program: Program X
- Budget Year: 20XX
- Appropriation: Administered Appropriation (Appropriation Act (No.1) 20x2-x3 – operating)
- Amount: $250

Process a standard receipt in the CM module with the effective date being the date of transfer to the OPA.

CBMS record – CM module (receipt information for repayments made in the same budget year)

The following information needs to be included in the respective fields:

- Description or similar: NCE acronym, effective date
- Program: Program X

- Budget Year: 20XX (current budget year)
- Appropriation: Administered Appropriation (Appropriation Act (No.1) 20x2-x3 operating)
- Receipt Type: Appropriation Repayments
- Amount: $50

Financial Statements Disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation $	Adjustments to appropriation[1] $	Total appropriation $	Appropriation applied in 20X3 (current and prior years) $	Variance $
Administered					
Ordinary annual services					
Administered items	**250**	**50**	**300**	**250**	**50**
Total administered	**250**	**50**	**300**	**250**	**50**

1. On 31 July 20X2 the NCE retained $50 in repayments under section 74 of the PGPA Act, due to an overpayment to a supplier.

Note: No amounts were appropriated in the prior year

5.1B: Unspent annual appropriations

	20X3 $	20X2 $
Administered		
Appropriation Act (No. 1) 20X2-20X3	**50**	-
Total administered	**50**	-

A2 Recoverable GST (PGPA Act section 74A)

Scenario

On:

- 1 July, XYZ invoiced the NCE $110 (GST inclusive) for its advertising expenses for the month.
- 19 July, the NCE paid the invoice. The NCE drew down money from the CM Module ($100 administered appropriation, $10 section 74A appropriation) prior to making the payment.
- 30 September, the NCE:
- received $10 for its input tax credit from the ATO into its administered bank account
- transferred $10 to the OPA as an administered receipt.

Journal entries

1.07.XX	Debit	Credit
Dr 2230002 Supply of Goods and Services	$100	
Dr 5233033 GST receivable	$10	
Cr 3330002 Trade creditors and accruals*		$110
Record advertising expenses		
Dr 6211010 Net GST received	$10	
Cr 6212003 Payments to suppliers*		$10
Cash flow modification		
19.07.XX	**Debit**	**Credit**
Dr 5220002 Cash at bank	$110	
Cr 4100001 Accumulated results – 7593 Administered appropriations from the OPA (agreed)		$100
Cr 4100001 Accumulated results – 7588 Administered GST appropriations		$10
Cash drawdown from OPA (including for GST)		
Dr 3330002 Trade creditors and accruals	$110	
Cr 5220002 Cash at bank		$110
Pay the invoice		
Dr 6212003 Payments to suppliers*	$10	
Cr 6212011 GST payments to suppliers		$10
Cash flow modification		
30.09.XX	**Debit**	**Credit**
Dr 5220002 Cash at bank	$10	
Cr 5233033 GST receivable		$10
Receive cash from ATO		
Dr 4100001 Accumulated results - 7592 Cash transfers to OPA	$10	
Cr 5220002 Cash at bank		$10
Transfer cash for GST received to OPA		

* or any other appropriate code

Note: In CBMS, the transfer of cash to the OPA would be made via the movement account in the equity table.

NCEs would normally have an equity account in their financial management information system called ‘Cash transferred to OPA’ or similar.

CBMS record – CM module

Process a standard NPP administered drawdown in the CBMS CM module for payment date of 31 August. The following information needs to be included in the respective fields:

- Description: NCE acronym, Admin, 19 July
- Program: Program X
- Budget Year: 20XX
- Appropriation: Administered Appropriation
- Amount: $100
- Program: Program X
- Budget Year: 20XX (current budget year)
- Appropriation: s74A GST Increase to Appropriations
- Amount: $10

CBMS record – CM module (input tax receipt information)

Process a standard receipt in the CBMS CM module, with the effective date being the date of transfer to the OPA.

The following information needs to be included in the respective fields:

- Description: NCE acronym, Admin, BAS Refund, 30 Sept
- Program: Program X
- Budget Year: 20XX (current budget year)
- Appropriation: Nil Appropriation Impact
- Receipt Type: Administered Receipt
- Amount: $10

Financial statements disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation $	Adjustments to appropriation $	Total appropriation $	Appropriation applied in 20X3 (current and prior years) $	Variance $
Administered					
Ordinary annual services					
Administered items	**100**	**-**	**100**	**100**	**-**
Total administered	**100**	**-**	**100**	**100**	**-**

Note: No amounts were appropriated in the prior year

5.1B: Unspent annual appropriations

	20X3 $	20X2 $
Administered		
Appropriation Act (No. 1) 20X2-20X3	**-**	-
Total administered	**-**	-

A3 Advance to the Finance Minister

Scenario

The Finance Minister made a determination (under section 10 of Appropriation Act (No.1)) to advance $2M (as administered appropriation) to the NCE for urgent and unforeseen expenditure. On:

- 31 May, the determination commenced
- 1 June, the NCE made a drawdown of $2M to make the urgent payment.

Journal entries

01.06.X3	Debit	Credit
Dr 5220002 Cash at bank	$2M	
Cr 4100001 Accumulated results – 7593 Administered appropriations from the OPA		$2M
Record drawdown from Advance to the Finance Minister		

CBMS record – CM module

An amendment to an amount appropriated under Appropriation Act (No.1) is processed by Finance as a budget adjustment in the CBMS CM module.

Budget adjustments processed in CBMS reflecting an AFM or APO are applied as soon as practicable after the commencement of the determination.

Process a standard NPP administered drawdown in the CBMS CM module for payment date of 1 June. The following naming information needs to be included in the respective fields:

- Description: NCE acronym, Admin, 1 June
- Program: Program X
- Budget Year: 20X3 (current budget year)
- Appropriation: Advance to the Finance Minister (AFM) under - Appropriation Act (No.1)
- Amount: $2M

Financial statements Disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation $'000	Adjustments to appropriation[1] $'000	Total appropriation $'000	Appropriation applied in 20X3 (current and prior years) $'000	Variance $'000
Administered					
Ordinary annual services					
Administered items	-	2,000	2,000	2,000	-
Total administered	-	2,000	2,000	2,000	

1. Adjustments to appropriations for ordinary annual services is due to an Advance to the Finance Minister of $2M for urgent and unforeseen expenditure

Note: No amounts were appropriated in the prior year

5.1B: Unspent annual appropriations

	20X3 $'000	20X2 $'000
Administered		
Appropriation Act (No. 1) 20X2-20X3	-	-
Total administered	-	-

A4 Approved movement of funds between financial years

Scenario

The Government agreed through the budget process to a movement of administered funds from the current year (20X2-X3) to three years in the future (20X5-X6).

On 1 July 20X2, the NCE was appropriated $10M under Appropriation Act (No.1) 20X2-20X3.

On 20 June 20X3, the Finance Minister (or delegate) withheld the following under section 51 of the PGPA Act as a result of the agreed movement of funds:

- $5.5M current year administered appropriation (that is, before the repeal date)

On 1 July 20X5, $5.5M will be reappropriated via an Appropriation Act for the 20X5-X6 financial year.

Journal entries

No accounting entry (as administered appropriations are recognised when drawn down for payment, so there is no equivalent to departmental appropriation revenue/appropriations receivable to be adjusted).

Appropriation note - A footnote disclosure is required for (current year) and additional disclosure by appropriation Act (prior year).

CBMS record – CM module

The cash module will be adjusted for the appropriation in 20X3 when the new Appropriation Acts commence.

Withholding amounts against an appropriation are processed by Finance as "S51 adjustments" in the CBMS CM module on the day the signed direction takes effect. Amounts withheld under section 51 of the PGPA Act continue to be disclosed in the appropriation notes as legally available appropriation under section 40 of the Financial Reporting Rule (FRR).

Financial Statements Disclosure

5.1 Appropriations

5.1A: Annual appropriations

Annual Appropriations for 20X3

	Annual Appropriation[1] $'000	Total appropriation $'000	Appropriation applied in 20X3 (current and prior years) $'000	Variance $'000
Administered				
Ordinary annual services				
Administered items	10,000	10,000	-	10,000
Total administered	**10,000**	**10,000**	**-**	**10,000**

1.On 20 June 20X3, $5.5M of administered appropriation was withheld under section 51 of the PGPA Act due to a movement of funds decision. This will be reappropriated via a future Appropriation Act for 20X5-X6.

5.1B: Unspent annual appropriations

	20X3 $'000	20X2 $'000
Administered		
Appropriation Act (No. 1) 20X2-20X3	**10,000**	-
Appropriation Act (No. 2) 20X2-20X3	**-**	-
Total administered	**10,000**	-

1. On 20 June 20X3, $5.5M of current year administered appropriation was withheld under section 51 of the PGPA Act due a movement of funds decision.

Under sections 43 and 45 of the FRR, as part of the annual appropriations notes, the entity has to state reasons for amounts of current and prior year annual appropriations being withheld under section 51 of the PGPA Act or quarantined for administrative purposes for each appropriation Act that is still legally in force as of 30 June (annual Appropriation Acts remain in force for three years after commencement). Amounts withheld or administrative quarantined do not need to be disclosed by each individual direction/item – entities should disclose total net amounts withheld and/or administrative quarantined by Act.

A5 Payments to corporate Commonwealth entities

Scenario

On 1 July 20X2, the NCE was appropriated the following for payment to a CCE in their portfolio under Appropriation Acts No. 1 and 2:

- $15.5M equity injections for payment to the CCE under Appropriation Act (No. 2)

- $90M operating funding for payment to the CCE (other payments under section 42(d) of the FRR) under Appropriation Act No. 1

On 15 July 20X2, the NCE paid the $15.5M equity injection to the CCE. The $90M of operating funding was paid in three instalments of:

- $30M on 31 July
- $30M on 30 November
- $30M on 31 March.

Generally, portfolio departments are required to pay appropriated amounts to CCEs in full by 30 June of the relevant financial year. This is because the legislation establishing a CCE generally contains a requirement to pay amounts appropriated for its purposes (an 'appropriation payment provision').

CCEs with an appropriation payment provision must be paid the full amount appropriated for the CCE by 30 June of the relevant financial year, or there may be a legislative breach.

Finance also recommends CCEs without an appropriation payment provision are paid the full amount appropriated for the CCE by 30 June of the relevant financial year.

Entities should seek legal advice if they are unsure if a CCE has an appropriation payment provision.

Journal entries

15.07.X2	**Debit**	**Credit**
Dr 5220002 Cash at bank	$15.5M	
Cr 4100003 Contributed Equity – 7229 Administered appropriations for corporate entities		$15.5M
Recognise drawdown of equity injection		
Dr 5240017 Administered investments in portfolio entities	$15.5M	
Cr 5220002 Cash at bank		$15.5M
Recognise payment of equity injection to CCE		
31.07.X2 (with identical entries for 30 November 20X2 and 31 March 20X3)	**Debit**	**Credit**
Dr 5220002 Cash at bank	$30M	
Cr 4100001 Accumulated results – 7599 Administered appropriations for corporate entities		$30M
Recognise drawdown of other payment		
Dr 2331012 Grant payments to Corporate entities	$30M	
Cr 5220002 Cash at bank		$30M
Recognise payment to CCE		

Financial Statements Disclosure

Annual appropriations

	Annual Appropriation	Adjustments to appropriation	Total appropriation	Appropriation applied in 20X3 (current and prior years)	Variance
Administered	$'000	$'000	$'000	$'000	$'000
Ordinary annual services					
Payments to corporate Commonwealth entities	90,000	-	90,000	90,000	-
Other services					
Payments to corporate Commonwealth entities	15,500	-	15,500	15,500	-
Total administered	**105,500**	**-**	**105,500**	**105,500**	**-**