TREASURER’S INSTRUCTION 3

APPROPRIATION

Reissued: 21 January 2015
Effective: 21 January 2015

Scope

3.1 This instruction applies to all public authorities unless otherwise stated.

Objective

3.2 To require the Chief Executive of each public authority to institute appropriate controls in respect of money appropriated by Parliament for the public purposes of the State.

Interpretation and Definition

3.3 This instruction should be interpreted and applied in accordance with Treasurer’s Instruction 1 Interpretation and Application.

3.4 For the purposes of this instruction “Appropriation of public money” means the allocation of that money for a purpose specified by an Act of Parliament. The appropriation of money does not confer an authority to spend. That authority is given by the Treasurer pursuant to Treasurer’s instructions.

3.5 The appropriation, issue and application of money from the Consolidated Account is governed generally by:

3.5.1 The annual Supply Act, which is an interim authority that authorises the appropriation of money from the Consolidated Account for the purposes referred to in the Appropriation Act for the previous financial year. The Act applies from the commencement of the financial year up to and including the day preceding the day on which the main Appropriation Bill for the year is assented to by the Governor.

3.5.2 The Appropriation Act for the year which replaces the Supply Act and authorises the appropriation of money from the Consolidated Account for the purposes referred to in the First Schedule to the Act;

3.5.3 The Public Finance and Audit Act which provides the framework for operations on the Consolidated Account, Special Deposit Accounts and the Governor’s Appropriation Fund and authorises certain appropriations and expenditure;

3.5.4 The “Special Acts’ which authorise specific appropriations other than those authorised by the above Acts;

3.5.5 The Treasurer’s instructions that set out the administrative arrangements to give effect to the Acts referred to above.
Instruction

3.6 The basic authority for annual appropriations from the Consolidated Account is the *Appropriation Act*. The First Schedule to that Act lists both the purposes of appropriation and the amount allocated to each purpose.

3.7 Each Chief Executive shall ensure that the public authority for which he or she is responsible has in place appropriate internal controls to ensure that money applied from the Consolidated Account does not exceed those amounts listed against the purposes of appropriation shown in the *Appropriation Act*.

3.8 Where the Chief Executive of a public authority believes that amounts specified in the First Schedule to the *Appropriation Act* are insufficient to meet a purpose of appropriation, a request for additional funds or for the transfer of funds between purposes must be forwarded to the Department of Treasury and Finance, having first been endorsed by the responsible Minister.

3.9 The Treasurer may direct that money issued or applied from the Consolidated Account for a purpose specified in the First Schedule to the *Appropriation Act* be credited to a Special Deposit Account established for the purpose and recorded in the name of a public authority.

3.10 Money credited to a Special Deposit Account established in accordance with clause 3.9 will be subject to any conditions that the Treasurer may determine from time to time, but for the purposes of preparing annual financial statements in accordance with Treasurer’s Instruction 19 *Financial Reporting*, that money is deemed to be controlled by the public authority in the name of which the money is recorded.

3.11 The First Schedule to the Appropriation Act may require that money be appropriated to a public authority as a contribution of equity, as a loan or for program funding. For the purposes of this instruction, where money is appropriated in the form of an equity contribution, the Treasurer acquires a financial interest in the net assets of the public authority concerned. Moneys issued or applied from the Consolidated Account pursuant to this instruction are not to be reported by the public authority as revenues in the period in which they are received, but are to be shown separately in the public authority’s statement of financial position, as a contribution of equity by the Government of South Australia.

Monitoring of Expenditure During the Supply Period

3.12 Each year the Government operates under limited appropriation during the supply period that is from 1 July until the Appropriation Bill receives royal assent.

3.13 During this period the following general appropriation controls are to apply:

3.13.1 spending patterns, in aggregate, should be consistent with expenditure levels of the same period for the previous year;

3.13.2 appropriation is limited to the purposes and amounts as shown in the previous year’s schedule to the *Appropriation Act*; and

3.13.3 any variations to the above should be referred to the Department of Treasury and Finance.
For queries contact:
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