

TREASURER'S DIRECTIONS

PART 1 - INTRODUCTION AND PRELIMINARY

Section 1 - Introduction

Authorities: *Financial Management Act*

Section

3. Interpretation
4. Public Account
6. Operating Accounts
7. Accountable Officer's Trust Accounts
38. Treasurer's Directions
41. Regulations

Defined Terms - *Refer to Part 1 Section 2*

- Accountable Officer
- Accountable Officer's Trust Account
- Agency
- Allocation
- Consolidated Revenue Account
- Government Business Division
- Operating Account
- public money
- trust money

OVERVIEW

The Northern Territory Public Sector is structured on the provisions of the *Northern Territory Self Government Act*, enacted by the Commonwealth Parliament in 1978. Following from this Act, the Administrative Arrangements Order issued by the Chief Minister establishes Ministerial responsibilities and Agencies of the Territory. Agency financial and personnel responsibilities are governed by the *Financial Management Act* and/or the *Public Sector Employment and Management Act*. The *Financial Management Act* is the responsibility of the Treasurer and is supported by Financial Management Regulations and Treasurer's Directions.

STATEMENT OF INTENT

1.1.1 This Section provides an introduction to the concepts of financial management embodied in the *Financial Management Act*, Financial Management Regulations and Treasurer's Directions and serves as a guide in the interpretation of these Directions.

REQUIREMENTS FOR ACCOUNTING AND PROPERTY MANUALS - Refer Part 3 Section 1

1.1.2 Accountable Officers are responsible for incorporating in their Agency's accounting and property manual, explanation and information relating to:

- legislation (and provisions) relevant to the financial management of the Agency;
- structure of the Public Account, Operating Accounts and Accountable Officer's Trust Accounts as is relevant to the Agency (refer Appendix B);
- the financial organisation of the Agency (eg organisation charts and delegations); and
- purpose and scope of the manual.

FINANCIAL MANAGEMENT ACT

1.1.3 The *Financial Management Act* provides the legislative basis for the financial management of Agencies (refer Appendix A) and effectively:

- (a) regulates the relationship between the Legislative Assembly and the Executive of Government (Cabinet, Treasurer and Ministers) in defining powers and responsibilities in relation to financial matters;
- (b) provides the basis against which the Territory's and Agencies' financial management must be conducted in order to service the Executive of Government in the discharge of its powers and responsibilities;
- (c) establishes the high level accounting structures for receipting, recording and reporting of public money;
- (d) establishes clear and definite accountability requirements for the Territory, Agencies and Government Business Divisions;
- (e) provides mechanisms for the application of public money to Activities of the Territory in the form of Allocations in an *Appropriation Act* approved by the Legislative Assembly;

- (f) sets out the basis on which money can be invested, borrowed or loaned, and the situations in which guarantees, indemnities, write offs, waivers, gifts and ex gratia payments may be made by the Territory; and
- (g) provides for supplementary Regulations and Treasurer's Directions, and requires the issue of Agency accounting and property manuals to further develop the financial management framework for the Territory.

THE PUBLIC ACCOUNT

- 1.1.4 Section 4 of the Act requires the Treasurer to establish and keep a Public Account of the receipts and expenditure of the Territory, comprising the Consolidated Revenue Account and Operating Accounts. All public money is accounted for in the Public Account.
- 1.1.5 Operating Accounts are established by section 6 of the Act for all Agencies and Government Business Divisions.
- 1.1.6 Territory and Agency receipts of public money are required to be credited to either the Consolidated Revenue Account or an Operating Account as appropriate. (*Refer Part 2 Section 1 of these Directions*). An Operating Account, depending on its nature, may also receive transfers from the Consolidated Revenue Account, however, the Treasurer has the authority to direct that excess balances in an Agency Operating Account be transferred to the Consolidated Revenue Account.
- 1.1.7 Expenditure, being the payment of public money, may only be incurred from an Operating Account with the authority of an Allocation; no expenditure is possible from the Consolidated Revenue Account.

ACCOUNTABLE OFFICER'S TRUST ACCOUNTS

- 1.1.8 Section 7 of the Act provides for the establishment of Accountable Officer's Trust Accounts where an Agency receives and holds trust money. (*Refer Instrument establishing Accountable Officer's Trust Accounts*)
- 1.1.9 Unlike expenditure, payments from Accountable Officer's Trust Accounts are not supported by an Allocation, and may only be made within the terms of the trust relationship. (*Refer Part 2 Section 2 of these Directions*)

FINANCIAL MANAGEMENT REGULATIONS

- 1.1.10 The Act is supplemented by Financial Management Regulations made under section 41, addressing the recovery of money and value of property from employees, including the recovery of overpayments of salary.

TREASURER'S DIRECTIONS

- 1.1.11 In addition to regulations, section 38 of the Act provides for the Treasurer to make directions to Accountable Officers relating to the financial management of the Territory and Agencies. These Directions expand the concepts of the Act providing the framework for Agency financial management and are binding on all employees unless a specific exemption is given.

APPLICATION

- 1.1.12 The Act, Financial Management Regulations and the Treasurer's Directions apply to all Agencies of the Territory.
- 1.1.13 Accountable Officers of Agencies are appointed by and under the Act for the purposes of application and accountability.

FINANCIAL LEGISLATION PACKAGE

- 1.1.14 Accountable Officers shall ensure that employees have access to current copies of the Act, Financial Management Regulations and Treasurer's Directions, and are made aware of the relevance and importance of this legislation with regard to the performance of their duties (diagrammatic representations of the financial management legislative structure and accounting framework are provided at Appendix A and B).

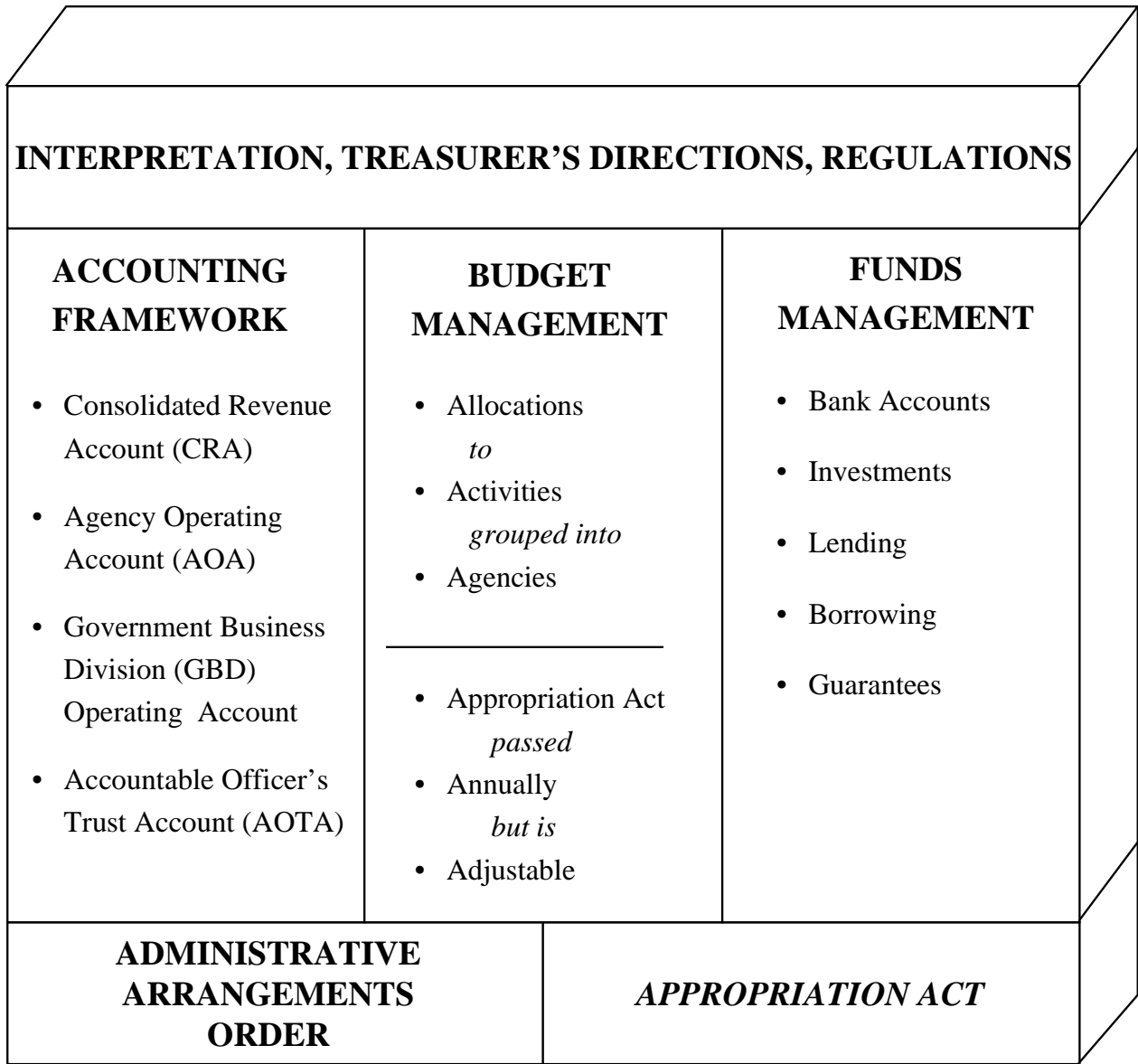
MAINTENANCE OF FINANCIAL MANAGEMENT LEGISLATION

- 1.1.15 As the Minister responsible for financial and economic matters in the Territory, the Treasurer is also responsible for the Territory's financial legislation. The maintenance, application and review of this legislation is performed, on behalf of the Treasurer, by Northern Territory Treasury.
- 1.1.16 The Territory's financial management legislation framework is undergoing constant development and review. Accountable Officers are responsible for ensuring that any perceived deficiencies in the Act, Regulations or these Directions are formally notified to Northern Territory Treasury, and that all amendments to the Act, Regulations or Directions are incorporated into copies of the legislation held by employees of their Agencies.

TREASURY CIRCULARS

- 1.1.17 Accountable Officers are responsible for ensuring compliance with Treasury Circulars.

FINANCIAL MANAGEMENT LEGISLATIVE STRUCTURE



FINANCIAL MANAGEMENT ACCOUNTING FRAMEWORK

