Policy Directive: compliance is mandatory

Appropriation and Funding Arrangement Policy Directive

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Summary
The Appropriation and Funding Arrangement Policy Directive prescribes how appropriations will be managed at SA Health.
Additionally, this policy directive will support SA Health with the adequate management of its cash flows to meet the approved cash expenditure requirements as documented in the Department of Treasury and Finance’s (DTF) Cash Alignment Policy.

Keywords
Appropriation, Cash, Funds, Inter-business Transaction, Deposit Account, Policy Directive, Finance, Overdrawn,

Policy history
Is this a new policy? Y
Does this policy amend or update an existing policy? N
Does this policy replace an existing policy? N

Applies to
All SA Health Portfolio

Staff impact
All Staff

EPAS compatible
N/A

Registered with Divisional Policy
Yes

Contact Officer

Policy doc reference no.
D0386

Version control and change history

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Appropriation and Funding Arrangement Policy Directive

Version V1.0
Portfolio Executive Approved
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1. Objective

This policy directive prescribes how appropriations will be managed at SA Health.

This policy directive will support SA Health with the adequate management of its cash flows to meet the approved cash expenditure requirements as documented in the Department of Treasury and Finance’s (DTF) Cash Alignment Policy.

2. Scope

This policy directive is applicable to SA Health finance staff and Shared Services SA (SSSA) staff involved in transfers to and from the SA Health bank accounts.

3. Principles

The following principles must be followed:

> Under no circumstances shall a deposit account or special deposit account be overdrawn.

> Monitoring of cash balances in deposit accounts and special deposit accounts must occur regularly so that accounts are not carrying large cash surplus balances.

> Transfer of amounts owing to business units and the Department for Health and Ageing (the department) must be performed in a timely manner.

> All reconciliations in regard to appropriations and inter-business clearing accounts will be performed in a timely manner.

4. Detail

Appropriations will ensure that SA Health has adequate cash to meet approved cash expenditure requirements while discouraging the accumulation of large cash balances.

The department receives appropriation funds from the DTF in accordance with the Cash Alignment Policy and Appropriations Act 2012.

Additionally, the Local Health Networks (LHNs) receive appropriation money from the Commonwealth Government under the National Health Reform Agreement (NHRA).

4.1. Appropriation Responsibilities

DTF will provide the department with appropriations in accordance with DTF’s Cash Alignment Policy to ensure adequate cash is available to meet expenditure requirements.

Appropriations must be scheduled to ensure surplus cash balances do not occur during the year, as per DTF’s Cash Alignment Policy, with expenditure to be managed within the limits established through the budget process.
Appropriation advances must be approved by an SA Health employee with the appropriate delegated authority. All reconciliations in regard to appropriations will be performed in a timely manner, and by a person with the appropriate authority.

At no time should any bank account be overdrawn.

4.2. Inter-business Clearing Account
The inter-business clearing accounts for the business units will be monitored and reconciled on a monthly basis. Inter-business transactions will be settled via a journal to the respective recurrent funding accounts as necessary, and any amounts owing to business units and the department will be transferred to the respective inter-business settlement accounts in a timely manner.

5. Roles and Responsibilities

5.1. DTF Reporting team, Corporate Finance Services
The DTF Reporting team is responsible for:
> monitoring and analysing bank accounts on a daily basis.

5.2. Corporate Support, Corporate Finance Services
The Corporate Support team are responsible for:
> processing the journals relating to appropriation funds; and
> reconciling inter-business clearing accounts and journaling amounts between business units and the department’s recurrent funding accounts.

6. Reporting

N/A

7. EPAS

N/A

8. Exemptions

N/A

9. National Safety and Quality Health Service Standards

N/A
10. Risk

Failure to comply with this policy directive will result in non-compliance with Treasurer’s Instructions 2, 3 and 6, the DTF Cash Alignment Policy and the Appropriation Act 2012. Failure to comply with this policy directive may also increase the risk of inappropriate management of cash, leading to adverse commentary from audit.

11. Evaluation

Compliance with this document will occur when deposit accounts and special deposit accounts are not overdrawn and are not holding large cash surplus balances.

12. Definitions

In the context of this document:

- **business units** is the collective term for the Local Health Networks and SA Ambulance Service.
- **Local Health Networks** is the collective term for Central Adelaide Local Health Network (CALHN), Northern Adelaide Local Health Network (NALHN), Southern Adelaide Local Health Network (SALHN), Women’s and Children’s Health Network (WCHN) and Country Health SA Local Health Network (CHSALHN).
- **SA Health** is the corporate identity used for the Department for Health and Ageing, all Local Health Networks and SA Ambulance Service.

13. Associated Policy Directives / Policy Guidelines

- **Inter-business Transfer Policy Directive**
- **Cash Management Policy Directive**

14. References, Resources and Related Documents

- **Daily Cash Monitoring of Cash Balances Procedure**
- **Treasurer’s Instruction 2 Financial Management**
- **Treasurer’s Instruction 3 Appropriation**
- **Treasurer’s Instruction 6 Deposit Accounts and Banking**