



Accrual Budget & Financial Management

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Note from the Director Budget Management

Since the last edition of this Bulletin, the following milestones have been achieved:

- enhancements to the Budget Management and Financial Reporting System to allow agencies to enter accrual Budget data and view accrual based reports were completed;
- preparation of accrual Budget preparation guidelines with training and assistance to agencies provided;
- the financial management survey was undertaken; and
- a draft of Budget Paper No 1 *Budget Overview* was endorsed by the Treasurer for the 2003-04 Budget.

By 21 February 2003 most data will have been entered to establish an accrual database in BMFRS.

Appreciation is expressed for the effort in establishing the new database. There were a number of process/system issues, which resulted in the implementation not going as smoothly as hoped. In many cases, the people undertaking the accrual budgeting implementation work are also the people responsible for the preparation of Budget submissions and your patience and understanding is appreciated. A special thanks goes to those agencies that had to deal with the departmental restructures as well as the accrual budgeting implementation.

During February, Budget Analysts will be reviewing the data for validity and to identify any data issues before the production of the Budget Papers.

As previously advised, all adjustment information for the Special Deposits and Trust Fund (SDTF) will need to be in BMFRS by 21 March 2003. Final Consolidated Fund appropriations will be provided in early April once Cabinet has approved the Budget.

A draft format of Budget Paper No 2 *Operations of Government Departments* has been prepared. The draft format will be provided to agencies to assist in preparing Budget Chapters. A Budget Paper Guide and details of key Budget dates will be provided closer to Budget preparation time. A briefing on the format of the Budget Papers will be given at the next Financial Management Forum in March 2003.

In relation to staffing, Jeff Reeve has accepted a position at DPIWE and will leave Treasury on 3 March 2003. I would like to thank Jeff for his significant contribution as Project Manager to the development of the Accrual Budgeting Framework and its implementation. Being responsible for financial reform can often be a hard road and we thank him for his efforts in ensuring the changes went through.

In addition, Eleanor Patterson will be leaving on 14 March 2003 to take up a position in Launceston. We thank Eleanor for her contribution to the Project and wish her well in the new position.

Both positions are being permanently filled.

In regard to this Bulletin, a more regular email will be sent to agencies to keep them informed of developments during the implementation stage of the Project. Please email any particular issues not addressed in the Bulletin.

Stephen Gregory
Director, Budget Management

The ABFM Email Bulletin is a publication designed to provide agency budget and finance officers, and those involved with corporate and strategic government planning, with information on the implementation of an accrual Budgeting framework for the Tasmanian General Government Sector.



2003-04 Budget

Treasury is currently in the process of developing the 2003-04 Budget, which will be the first full accrual Budget produced in Tasmania and is the result of a significant effort by both agencies and Treasury over the past few years. The tabling of this Budget will be a significant step, which will provide an ongoing basis for Budget and financial management reform in future years.

Whilst information on the Consolidated Fund will remain in the Budget Papers, it will not be the focus of the Budget presentation. In accordance with the approved Accrual Budgeting Framework, the Budget will be presented on the basis of new accrual based Headline Budget Measures that incorporate all sources of funds.

The process for developing the Budget and the 2003-04 Budget development time-table remain largely unaffected by the introduction of accrual budgeting. Key dates for the 2003-04 Budget are:

- consideration of agency pre-Budget reports by Budget Committee from mid February 2003;
- Budget Committee meetings with agencies in late February, early March 2003;
- Budget Cabinet meets in early April 2003;
- agency Budget chapters for Budget Paper No 2 prepared in mid April 2003; and
- Budget introduced into Parliament on 22 May 2003.

The Budget process will continue to focus on the evaluation of agency initiatives, in particular those funded from the Consolidated Fund.

The Budget, which will be presented in an accrual format, will be considered by Budget Committee and Cabinet prior to being introduced into Parliament in May 2003.

A process has been established in Treasury to review agency accrual Budget information to identify any inconsistencies in the accrual Budget data.

Agencies will need to perform their own checks of accrual data and information relating to funding sources other than the Consolidated Fund (eg SDTF).

New Budget Management guidelines have been drafted and will be released prior to the 2003-04 financial year.

Contact Officers

Ian Pitchford, Assistant Director in BMB, is responsible for:

- implementation of enhancements to business support systems to support the Accrual Budgeting Framework;
- review of Budget classifications for administered and controlled items; and
- development of accrual Budget development and management guidelines.

Matthew Holloway joined the Project Team to replace Ben Daley and has been assigned to assist Ian Pitchford with the BMB implementation.

Debbie Sadler, Assistant Director in GFAB, is responsible for the implementation of:

- revised TFRS mandatory data requirements;
- changes to statutory reporting of the Budget position and amendments to financial management legislation; and
- implementation of an education and training program in financial management.

BMFRS Enhancements

A lot has happened in the last few months.

The accrual enhancements to BMFRS were completed at the beginning of December 2002 after a concentrated period of system specification, design, development and testing.

The approach adopted to develop system specifications included the establishment of an internal working group, to identify system enhancements and to improve the user friendliness of BMFRS. A reference group was established to obtain agency comments during the development process.

A major achievement was modifying BMFRS to accommodate double entry accrual Budget data. In doing so, undoubtedly the major improvement for the user has been the introduction of the grid functionality to the variation entry screen. This has allowed users to enter multi line variations by pasting information in the required format from spreadsheets, replacing a cumbersome single line entry process. The grid screen should prove to be a big time saver, particularly for agency users.

Agencies are currently finalising the loading of accrual information into BMFRS to enable reproduction of the 2002-03 Budget and production of the 2003-04 Budget. The process has been hindered by system and reporting issues, which result from the complexity of BMFRS, particularly in regard to the roll forward of asset balances and processes required to undertake the restructure of a number of agencies.

Currently, Treasury is testing a revised carry forward module and is about to test some system changes required to fix the system and reporting problems experienced during the accrual data load process. A meeting of the BMFRS Reference Group will be held during February to explain these latest changes.

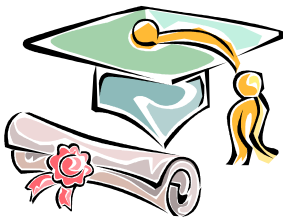
It is planned to implement the new suite of enhancements to BMFRS in early March 2003. The request to agencies for data on carry forwards for the 2003-04 Budget will be issued on 28 March 2003. It is planned to provide agencies with training on the new carry

forward features of BMFRS in the week commencing 24 March 2003.

Once the software for the carry forwards and system changes has been implemented, a major process to be developed is the annual system rollover process to the new Budget year and creation of the new forward estimate year.

The software developer is currently working on software for this process. Testing will be undertaken from March through to May.

The introduction of Accrual Budgeting will require the timing of the annual rollover to be revised. This issue will be explained in detail to agencies at the forthcoming BMFRS Reference Group meeting.



Education Program

In November and December 2002, KPMG, on behalf of Treasury and the inter agency Education and Training Working Group, surveyed inner Budget Heads of Agency, line managers, senior managers, chief finance officers and senior finance staff. The purpose of the survey was to:

- provide the basis for the development of a five year financial management education and training strategy, incorporating accrual budgeting requirements;
- determine the current range of financial management skills within finance units and at the line manager level within agencies;
- obtain information relating to the classification of budget, accounting and finance positions, turnover, vacancies, the recruitment of graduates and practices on the payment of professional and related fees; and

- determine how CFOs and finance managers perceive their roles and responsibilities in relation to financial management and the issues of highest priority for their agencies.

Three separate survey questionnaires were distributed to over 500 participants and 329 completed surveys were returned.

By completing the survey, participants contributed toward a better understanding of financial management roles and responsibilities within agencies and highlighted future financial management priorities and the key issues associated with financial management skills within the inner Budget sector. In particular, the survey highlighted the target groups that need to acquire additional skills and the training and skill development priorities for those groups. This information will be used to develop the education and training strategy and the detailed training programs that will flow from that strategy.

The final survey report will be published in March 2003. All survey participants will receive a copy of the key findings by email.

For further information concerning the survey, or the proposed financial management education and training strategy, please contact Debbie Sadler on 6233 3729 or by Email debbie.sadler@treasury.tas.gov.au.

Chart of Accounts Implementation

With the new TFRS chart of accounts to take effect from 1 July 2003, Treasury is well underway working on the requirements for implementation. Treasury officers have been visiting agencies to review the current chart mapping in general ledgers and assist with chart implementation issues. Work is also progressing to undertake the chart restructure within BMFRS.

Quality and reliability of data is vital to the accrual Budget process, in which accrual information is to be regularly collected, monitored and consolidated.

A simplified Transaction Type code structure is to be implemented (reduced from 600 to 150 codes) to improve the quality of accrual information held within BMFRS. Employee award details for Budget information will be collected with the use of the Transaction Sub-Type Code.

The new chart structure is to be implemented on 1 July 2003. This will allow the revised chart to be incorporated into the 2003-04 financial year for general ledger systems. The 2003-04 Budget is to be prepared on the current chart structure with only minor changes. Budget information will be converted to the new chart structure following Budget day as part of the BMS rollover process.

Treasury will be issuing the final version of the chart together with mapping rules from the old to the new chart structure in February 2003. Treasury is also currently undertaking a review of the TFRS coding in agency general ledgers to improve data quality and assist in the conversion to the new chart of accounts.

For further information concerning the new TFRS chart of accounts, please contact Frances Hall on 62335956 or by Email frances.hall@treasury.tas.gov.au.

Communication

Presentations to key stakeholder groups, including Cabinet, Parliamentarians and senior agency executives, on the changes to the Budget Papers are planned to commence in March 2003.

Template Budget Papers have been prepared and endorsed by the Treasurer.

Agencies will be provided with a copy of the template Budget Paper No 2 in early March 2003.

A Financial Management Forum is planned for March 2003. Agencies will shortly be advised of the date and venue.