Appendix 1 – Calculating annual appropriation transfer amounts

Step 1. Calculate current year departmental appropriation transfer

Calculate thebalance of the current year departmental appropriationat the [date of transfer](#Appendix1Dateoftransfer) by subtracting the expenditure incurred by the transferring entity to the date of transfer from the departmental appropriation provided for the current financial year.

Current year departmental appropriation balance =

| Departmental appropriations provided for current year | **less** | Expenditure incurred by the transferring entity to date of transfer |
| --- | --- | --- |

**Expenditure to date of transfer**

A transferring entity’s financial system may not be capable of accurately measuring the expenditure incurred from 1 July to [the date of transfer](#Appendix1Dateoftransfer). If this is the case, expenses can be used as the starting point for calculating the expenditure to date.

1. For example, if expenditure is not uniform throughout the period the amount may be calculated as follows:

| Total expenses from 1 July to the date of transfer | **less** | Non-cash expenses incurred year to date(such as depreciation, amortisation, make good expenses) | **less** | Expenses recoverable from sales or other arrangements where amounts were retained under section 74 of PGPA Act | **add** | Increases in assets to date of transfer (such as asset or investment additions) | **add** | Reductions in liabilities to the date of transfer |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |

1. If expenditure has been incurred on an even basis, the following alternative method can be used:

$$Departmental appropriation × \left(\frac{Days from 1 July to date of transfer}{\begin{array}{c}365 \end{array}}\right)$$

**Apportioning current year appropriation balances**

Once the balance of the current year departmental appropriation is ascertained, it will be necessary to allocate that amount between the transferring and receiving entities according to their changed functions. The amount attributable to the receiving entity can be estimated, for example, as follows:

Amount attributable to the receiving entity

| Balance of appropriation at date of transfer \* (No. of staff transferred/Total staff of transferring entity) |
| --- |

**Note:** Both entities will need to negotiate and apply an amended or alternate, equitable formula where the staffing ratios in the transferred function vary from the transferring entity’s average, or if the appropriation would be more accurately apportioned if based on capital or supplier rather than labour requirements.

Step 2. Calculate prior year appropriation transfers

The receiving entity may be entitled to unspent prior year appropriations relating to, for example, accrued employee liabilities and unspent asset funding on transferring assets.

These accrued amounts would have been appropriated for the period from 1 July 1999 (the commencement of the accrual financial framework) to 30 June of the year preceding the year of the restructure.

**Expenditure to date of transfer**

Prior year appropriations available for transfer should be calculated by subtracting year to date payments relating to the prior year appropriation to [the date of transfer](#Appendix1Dateoftransfer), from the opening prior year appropriation receivable as at the start of the financial year.

Prior year appropriation balance =

| Prior year appropriation receivable (opening balance) | **less** | Year to date payments relating to prior year appropriation to the date of transfer |
| --- | --- | --- |

**Apportioning prior year appropriation balances**

As discussed at [Step 1](#Appendix1Step1), unless a transferring entity’s systems are capable of accurately apportioning the funds, it will be necessary to estimate that amount. For example, entities could use employee numbers transferred to allocate prior years’ appropriation receivable.

Prior years’ appropriation receivable

| Prior years appropriation balance at date of transfer \* (No. of staff transferred/Total staff of transferring entity) |
| --- |

**Note:** Both entities will need to negotiate and apply an alternate equitable formula where the staffing ratios in the transferred function vary from the transferring entity’s average, or if the appropriation would be more accurately apportioned if based on capital or supplier rather than labour requirements.

Step 3. Calculate total appropriation transfer

Calculate thetotal appropriation transfer by adding the current year appropriation receivable [at [Step 1](#Appendix1Step1)] to the prior year appropriations to be transferred [at [Step](#Appendix1Step3) 2].

Total appropriation transfer =

| Current year appropriations to be transferred [[Step 1](#Appendix1Step1)] | **plus** | Prior year appropriations to be transferred [[Step](#Appendix1Step3) 2] |
| --- | --- | --- |

Please note that any negative balances in the Central Budget Management System (CBMS) appropriation balance report need to be corrected before appropriation balances can be transferred.