



Funding and Appropriations

- In an accrual system, a key issue for Governments is whether to fund / appropriate annually on the basis of full accrual expenses (Income/Operating Statement) or on a cash needs only basis (Cash Flow)



Funding and Appropriations

1. Full Accrual expenses

- All expenses, including longer term staff costs and depreciation are funded
- Rationale – the full cost of delivering products and services is funded
- Issues – what rules apply to utilising these funds, should depreciation funding be reserved for future asset replacement
- What happens if the funding is not reserved by agencies, but, they need an asset replaced



Funding and Appropriations

2. Cash needs only

- Funds are provided to meet immediate and short term expenses only
- Accruing expenses not funded until payment is required
- Cash – is kept centrally until needed
- Provides Governments with more options

Australia's current accrual budget framework appropriates funds annually on a full accrual basis...

This arrangement is now being reviewed