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**SECTION 6**

**BUDGETING AND FINANCIAL MANAGEMENT**

**6.04 APPROPRIATION TRANSFERS**

**AUTHORITY:** *FINANCIAL ADMINISTRATION ACT*

**ADMINISTRATION:** TREASURY BOARD SECRETARIAT

**EFFECTIVE DATE:** JUNE 2024

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## 6.04 APPROPRIATION TRANSFERS

### (1) PURPOSE

The purpose of this policy is to outline Government's appropriation transfer process.

Part I of the *Financial Administration Act* (FAA) states that Treasury Board shall act for Executive Council in relation to matters of financial management, including such things as directing the manner and form in which the appropriation accounts of the Province are to be kept and establishing procedures for the processing and approval of the transfer of funds within or between appropriation accounts.

The transfer process is an important management tool to facilitate day-to-day implementation of programs and forms, an integral part of the overall appropriation system which includes other major components such as budget preparation, budget approval by the Legislature (through *Appropriation Acts*), Special Warrants and forecasting.

Treasury Board has approved the following policy and procedures for the approval and processing of appropriation transfers.

### (2) APPLICATION

The application of this policy is referenced to the schedules of the FAA and applies as follows:

- Schedule "A" - Departments
- Schedule "B" - Crown corporations
- Schedule "C" - Education Authorities
- Schedule "D" - Commissions

except to the extent that their enabling legislation may incorporate alternate requirements, such as Ministerial or Board Authority.

While this policy **does not apply** to the Legislative Assembly or to Reporting Entities subject to alternate legislation, the **spirit and intent** of the policy should serve as a **guideline** for these entities in developing their own policies. Reporting Entities that develop policies differing from Treasury Board policy require approval of Treasury Board.

### (3) DEFINITIONS

In this policy the following definitions apply:

- (a) **"Appropriation Vote" (Vote)** means the total amount appropriated for a Department in accordance with the schedule set out in the *Appropriation Act* for a specific fiscal year.
- (b) **"Department(s)"** means departments, Crown corporations and agencies as set out in the Schedules to the *Financial Administration Act* for which accounts are set up in

Enterprise Financial Information System.

- (c) **“Object Roll-up Level”** refers to account grouping such as administration, salaries, etc.
- (d) **“Revenue Account”** as referred to in this policy means the appropriation code used in Government’s Enterprise Financial Information System to the detail level.
- (e) **“Revenue Adjustments”** include the update of existing revenue accounts as well as the creating of new revenue accounts.
- (f) **“Revenue Adjustment Requests”** means the Revenue Transfer Form designated by Treasury Board for this purpose and prepared by the requesting Department (see Attachment 6.04-II).
- (g) **“Sequestration”** means the transfer of funds into a special account designated by Treasury Board for the purpose of “freezing” funds. Sequestration accounts are designated by Division Code “9800” in the Province’s Enterprise Financial Information System.
- (h) **“Transfer Request”** refers to the Appropriation Transfer form designated by Treasury Board for this purpose and prepared by the requesting Department (see Attachment 6.04-I).

#### (4) POLICY

##### (a) General

- (i) The transfer of funds between accounts within a Department’s Appropriation Vote must be approved by the Deputy Minister or delegated officer up to, and including, an aggregate of \$250,000 per account (at the object roll-up level except for grants which will be at the individual grant account);
- (ii) Transfers of funds in excess of \$250,000 per account (at the object roll-up or grant account level) must be approved by Treasury Board;
- (iii) Transfers between Appropriation Votes are not permitted with the exception of special funding provisions which may be budgeted in the General Government Vote;
- (iv) Payments will not be made from an Appropriation Vote which would result in that Vote being in an overdraft situation;
- (v) Transfers from salary accounts into non-salary accounts are not permitted unless specifically approved by Treasury Board; and

(vi) No charges will be permitted against a sequestration account.

**(b) Sequestration of Funds**

The Executive Director of Fiscal Management has the authority to approve the transfer from operating accounts to sequestration. Circumstances which could require such a transfer of funds are as follows:

- (i) when Departmental reorganization and/or realignment of program responsibility occurs during the fiscal year which changes funding requirements from one Department's budget (Appropriation Vote) to another. Additional funds would be approved by Special Warrant with a similar amount being sequestered in the original Department;
- (ii) when funds are approved "in block" during the budget process with the understanding that program details will follow later,
- (iii) when a budgeted program has been terminated and/or reduced during the fiscal year so as to significantly reduce the funding requirements for that fiscal year; and
- (iv) when a position is abolished, and the salary budget is to be reduced.

**Treasury Board approval is required for transfers out of sequestration accounts.**

**(5) PROCEDURE**

- (a) Sequestration Transfer Requests must be:
  - (i) submitted on the Appropriation Transfer form to the Executive Director of Fiscal Management (see Attachment 6.04-I);
  - (ii) prepared in full by the requesting Department and contain, among other things, a full explanation of and rationale for the change in Appropriations(s). The explanation should include the reason why funds are available for transfer. Relevant supporting documentation should be attached;
  - (iii) totalled for both debits and credits and be in balance;
  - (iv) verified with account balances to ensure there are sufficient funds in the account from which the transfer is being requested;
  - (v) signed by the Deputy Minister or such other employee of the Department authorized by the Deputy Minister; and,

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- (vi) accompanied by a formal Treasury Board submission in situations where the transfer will change the intent or direction of the Department's programming.

When sequestration transfer requests have been approved by Treasury Board Secretariat, the Enterprise Financial Information System will be updated by Treasury Board Secretariat staff to reflect the transfer and a copy of the approved transfer will be returned to the Department for information.

(b) Other Transfers/Budget Updates:

- (i) Transfers between accounts within an Appropriation Vote may be approved by the Deputy Minister or delegated officer up to, and including, an aggregate of \$250,000 per account (at the object roll-up level except for grants which will be at the individual grant account);
- (ii) Departments must ensure that:
  - transfers are in balance;
  - there are sufficient balances in the account(s) from which the funds are being transferred; and,
  - there are no transfers from salary accounts to other object codes as they are not permitted without the prior approval of Treasury Board.

(c) Revenue Accounts - Budget Update:

- (i) Revenue is a critical factor in financial planning/budgeting and operational/program management, and as such, directors and managers are expected to dedicate appropriate resources (effort) to ensure that revenues are well managed.

In order to facilitate revenue management, the Enterprise Financial Information System and other reporting tools should be maintained current and used to the best advantage.

- (ii) Adjustments to increase or decrease revenue budgets to reflect revenue changes resulting from new cost-shared programs, revised revenue forecasts, etc. must be approved by the Deputy Minister or delegated officer.

Notwithstanding the above, revenue increases which relate to Special Warrants and/or Appropriation Transfers which require Treasury Board/Executive Council decisions will be approved, based on these decisions.

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(iii) Revenue adjustment requests shall be prepared by the Department responsible for the revenue account(s) using the Revenue Transfer form set out in Attachment 6.04-II.

(d) Financial Information for Managers

(i) This policy provides Departments with direction regarding the recording of approved transfers in the Enterprise Financial Information System. **Treasury Board recommends that budgets in Enterprise Financial Information System accounts be kept current** to form an integral part of the financial information available to managers.

**(6) INTERPRETATION**

In cases where an interpretation is required, such should be referred to the Secretary to Treasury Board or their delegated officer who will make the interpretation or refer the matter to Treasury Board, if a Treasury Board decision is deemed necessary.