



# Insights and Experience on Insights from Implementation of Accrual Accounting in Australia and other countries

Day 1, Session Two.

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iv) Relevancy of Fund Accounting



# The Relevancy of Fund Accounting

- Fund Accounting aims to emphasise accountability and stewardship
- Underlies Australian financial management model
- No conflict with accrual accounting



# The Relevancy of Fund Accounting

- Considerations in Australian context
  - CRF established S.81 of Constitution
  - CRF disclosed in Note to the Commonwealth Financial Statements
  - No conflict with Accrual Accounting
  - Is notional and actual bank account of the Commonwealth
  - Too difficult to change in any case



# The Relevancy of Fund Accounting

- Financial Management and Administration Act S.20, makes provision for funds to be established for specific purposes
- Can be established under other enabling Act
- Financial Management and Administration Act S.20 or 21 provide appropriation authority for expenditure from these funds
- Australia has 181 active special accounts



# The Relevancy of Fund Accounting

- Government actively makes use of these provisions when:
  - Need for increased transparency
  - Joint activities with another government
  - Funds not held on account of the Commonwealth
  - Funds need to be quarantined from budget process, e.g. part of long term national projects



# The Relevancy of Fund Accounting

- **An Example of ongoing use: Future Fund Act 2006**
- Object
  - (1) The main object of this Act is to strengthen the Commonwealth's long-term financial position by establishing the Future Fund.
  - (2) The Future Fund will make provision for unfunded superannuation liabilities that will become payable during a period when an ageing population is likely to place significant pressure on the Commonwealth's finances.



# The Relevancy of Fund Accounting

Are there any questions?