



Issue Date: November 10, 2016	Amended Date: November 29, 2018	Responsible Agency: Expenditure Management	Directive No: 302
Chapter: Budgetary Controls			
Directive Title: BUDGET ADJUSTMENTS AND TRANSFERS			

1. POLICY

The Legislative Assembly controls budget adjustments and transfers at the vote and item level, while *s.32.1* of the *Financial Administration Act (FAA)* gives authority to the Financial Management Board (FMB) to transfer funds among activities. Under the Delegation of Authority Regulations, the FMB delegates to Ministers and Deputy Heads the authority to make transfers among activities within the appropriations voted by the Legislative Assembly.

2. DIRECTIVE

Pursuant to the Delegation of Authority Regulations and subject to the following provisions and any restrictions imposed by the FMB from time to time, Ministers and Deputy Heads have the authority to:

- a) make transfers among activity and control object budgets within appropriations under Vote 1, Operations and Maintenance Expenditures; and
- b) make transfers among activity, control object and project budgets within appropriations under Vote 2, Capital Expenditures.

This directive applies to all government departments and to capital appropriations of Nunavut Arctic College.

3. PROVISIONS

- 3.1. Ministers may establish new capital projects through funding transfers, provided that such new projects create no incremental operating costs that cannot be funded from within the department's existing funding levels.

- 3.2. No vote or item that has been approved within an appropriation may be changed without Legislative Assembly approval through a supplementary appropriation act or special warrant.
- 3.3. Budget adjustments or transfers approved through supplementary appropriations are approved when the supplementary appropriation act is approved in the Legislative Assembly. Any action taken prior to approval is a violation of s.27 of the *FAA*.
- 3.4. In accordance with FAM directive 303 Special Warrants, a department has the authority to initiate budget increases on the day the special warrant is approved by the Commissioner of Nunavut.
- 3.5. Each department must ensure all budget adjustments and transfer requests are properly authorized by the Minister or Deputy Head prior to forwarding to the expenditure management division of the Department of Finance (Expenditure Management). All requests must provide full details with respect to description, purpose, dollar value, and activities affected. Cash flow schedules for all adjustments and transfers are to be provided.
- 3.6. All budget adjustments and transfers shall be processed by Expenditure Management, which will review each request for completeness.
- 3.7. All budget adjustments and transfers must be approved and processed prior to any related expenditures being recorded, except in emergencies per s.45 (2) of the *FAA*.
- 3.8. All budget adjustments and transfers for any fiscal year must be submitted by departments before the end of that fiscal year.
- 3.9. Departments may transfer project funding control to regions and to other departments acting as project managers.
- 3.10. Departments acting as project managers for other departments shall provide to those departments and Expenditure Management, when requested, current information on the financial status of projects under their spending authority.
- 3.11. Expenditure Management shall:
 - 3.11.1. monitor budget transfers and adjustments to ensure compliance with this directive;

- 3.11.2. prepare for the Legislative Assembly, pursuant to s.32.1 (2) of the *FAA*, a list of transfers exceeding \$250,000; individual transfers for the same purpose whose cumulative total exceeds \$250,000 must be included;
- 3.11.3. prepare a schedule of the final adjusted budget amounts to be included in the Public Accounts for each fiscal year; and
- 3.11.4. in accordance with s.32.2 (4) of the *FAA*, prepare a report for the Legislative Assembly with details of all cases where expenditures exceeded the activity estimate by more than \$250,000. The information for the report will be provided by the department(s) causing the overage.

4. GUIDELINES

- 4.1. Departmental requests for budget transfers to offset actual expenditures exceeding planned spending are an indication of inadequate budget management practices and should not be approved.
- 4.2. Budget transfers affecting Operations and Maintenance appropriations should represent permanent reallocations that reflect program, priority, organization or policy changes.
- 4.3. Consultation guidelines for capital project budget adjustments
 - 4.3.1. No new capital projects over \$250,000 are to be established until the responsible Minister has consulted in writing with the impacted Member(s) of the Legislative Assembly (MLA(s)). This correspondence shall be copied to all members of the Regular Members' Caucus, the Clerk of the Legislative Assembly, and the Secretary to the FMB. If the impacted MLA(s) and/or other members of the Regular Members' Caucus do not support the proposed project, the responsible Minister shall advise the Chairman of the FMB in writing if he or she intends to proceed with the project. The requirement for consultation shall be waived if a new project is necessary due to an emergency, in which case notice shall be provided. When a department proposes to delete a capital project of significant concern to a community, the Chairman of the FMB, the impacted MLA(s), other members of the Regular Members' Caucus, the Clerk of the Legislative Assembly and the Secretary to FMB must be advised.



- 4.3.2. When a department makes any adjustment to a capital project, which significantly affects the scope (\$100,000 or 20% of the project budget, whichever is greater) or timing (e.g., a year or more delay) of the project, the responsible Minister shall advise the impacted MLA(s), other members of the Regular Members' Caucus, the Clerk of the Legislative Assembly, and the Secretary to FMB. Minor adjustments required to address changes in project budgets need not be reported to MLA(s), but must be reported quarterly as described in provision 4.3.3. of this directive.
- 4.3.3. Each quarter, the Chairman of the FMB shall provide the Regular Members' Caucus with a report, by department, which identifies all capital adjustments made in that quarter. A copy of that report shall be sent to the Clerk of the Legislative Assembly and to the Secretary to FMB.