



# Other Audit Observations

# 16 ADDITIONAL APPROPRIATIONS

## BACKGROUND

- 16.1** Every year the Estimates, representing the government's spending plans, are presented to the House of Assembly for review and approval. The review and debate by the House of government's annual Estimates culminates in the approval of spending authority limits (i.e., appropriations), and has a long and well-established tradition in the parliamentary process. The Estimates are summarized in the Appropriations Act which, when passed by the House, provides the spending and borrowing authority for the coming year.
- 16.2** The Provincial Finance Act provides Executive Council with the authority to approve adjustments to these spending plans in the form of additional appropriations. The Provincial Finance Act also permits Executive Council to approve special warrants when an expenditure, which was not provided for in the original Estimates, is urgently and immediately required.
- 16.3** Exhibit 16.1 on page 244 includes extracts from the Provincial Finance Act relating to additional appropriations and special warrants.
- 16.4** Section 9(2)(e) of the Provincial Finance Act requires that the Public Accounts include a summary listing of any additional appropriations or special warrants authorized for the fiscal year. Under Section 9A(1)(c) of the Auditor General Act, we are required to call attention to every case in which an appropriation was exceeded and every case in which a special warrant was made pursuant to the provisions of the Provincial Finance Act.

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## PRINCIPAL FINDINGS

### Additional Appropriations

- 16.5** Page A17 of the March 31, 2003 Public Accounts Volume 1 identified additional appropriations required for the year ended March 31, 2003 of \$69,591,000. This additional spending authority is yet to be approved by Order in Council (OIC). Under Section 28(3) of the Provincial Finance Act as amended May 30, 2002, OIC approval now needs to be obtained "no later than ninety days after tabling of the Public Accounts."
- 16.6** Additional appropriations totaling \$205,019,000 for fiscal year 2002 were approved by OIC #2003-25 in January 2003 (see Exhibit 16.2, page 245).

- 16.7** The timing of the OIC approvals impairs the effective control by and accountability to the House of Assembly for expenditures in excess of original spending authority limits.

### Special Warrants

- 16.8** There were no special warrants for the 2002-03 fiscal year.

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### CONCLUDING REMARKS

- 16.9** Current legislation and administrative practices impair the effectiveness of the House of Assembly's control over changes to spending authority for public funds. The practice of putting in place after-the-fact approval for additional spending authority does not constitute or support *effective control* by the House.
- 16.10** Recent statutory changes establishing a deadline for obtaining additional appropriations have resolved an administrative challenge of government regarding compliance. However, parliamentary control of and accountability for government's spending are at risk of being further impaired because the statutory provisions do not require approval prior to spending.
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**Extracts From the Provincial Finance Act****Additional appropriations**

28 (1) Where the amount provided in an appropriation is insufficient to carry out the purpose for which the appropriation was made, the principal officer having responsibility for the service shall make a report of that fact to the Minister and shall, in such report, estimate the supplemental sum required to carry out the service.

(2) Upon receipt of a report pursuant to subsection (1), the Minister may make a report to the Governor in Council showing the need for the additional appropriation and the Governor in Council may order that such supplemental sum as is deemed necessary be appropriated accordingly.

(3) Commencing with the fiscal year 2001-02, an order under subsection (2) shall be made no later than ninety days after the tabling of the Public Accounts following the end of the fiscal year for which the appropriation that is supplemented was made.

(4) The Minister shall, within fifteen days of the making of an order pursuant to subsection (2), table the order in the House of Assembly if the House is then sitting or, if it is not then sitting, with the Clerk of the Assembly.

**Special Warrant**

29(1) When it appears that an expenditure which was not provided for by the Legislature is urgently and immediately required for the public good, the head of the department concerned shall make a report of that fact to the Minister of Finance and shall in such report estimate the amount of the proposed expenditure.

(2) Upon receipt of such report, the Minister may make a report to the Governor in Council that the said expenditure is urgently and immediately required for the public good, and that there is no legislative provision therefore, and the Governor in Council may thereupon order a special warrant to be prepared to be signed by the Lieutenant Governor for the issue of the amount estimated to be required, and may order the amount to be charged to Capital Account or to Current Account, or partly in one way and partly in the other.

(3) A special warrant pursuant to the provisions of this Section shall not be made when the Legislature is in session unless the House of Assembly has not sat for any of the five days immediately preceding the issue of the special warrant.

## Additional Appropriations Approved

Exhibit 16.2

Department	2002	2003
Department of Agriculture and Fisheries	\$ 3,070,000	\$ 2,167,000
Department of Community Services	11,820,000	19,311,000
Office of Economic Development	14,592,000	-
Department of Education	15,939,000	1,472,000
Assistance to Universities	500,000	5,030,000
Department of Health	18,715,000	15,770,000
Emergency Measures Organization of Nova Scotia	1,460,000	1,950,000
Government Contributions to Benefit Plans	1,203,000	-
Nova Scotia Petroleum Directorate	1,440,000	729,000
Nova Scotia Sport and Recreation Commission	1,128,000	-
Department of Service Nova Scotia and Municipal Relations	-	4,235,000
Department of Tourism and Culture	1,488,000	1,048,000
Department of Transportation and Public Works	-	14,215,000
Restructuring	19,941,000	-
Debt Service Costs	24,350,000	-
Capital Purchase Requirements	61,513,000	-
Sinking Fund Instalments and Serial Retirements	<u>27,860,000</u>	<u>3,664,000</u>
	<u>\$ 205,019,000</u>	<u>\$ 69,591,000</u>