



COUNCIL POLICY

Budget Reporting & Amendment Policy

Policy Number:	PO142		
Strategic Plan Objective	Corporate Governance and Leadership 2. Organisational Efficiency and Resource Management 2.1 Financially Sustainable Organisation		
Policy Owner:	Corporate & Community Services	File Number:	7.63.1
Responsible Officer:	Director Corporate & Community Services	Minute Reference:	176/2015 (08/07/2015)
Date Adopted:	08/07/2015	Next Review Date:	July 2019

1. POLICY OBJECTIVES

This policy looks to provides clear direction to management and staff in relation to reporting performance against Council's Adopted Budget and amending Council's Adopted Budget where required.

The intention of the Budget Reporting and Amendment Policy is to provide management with a framework within which to operate in regard to the following:

- The Process to be allowed and general guidelines in relation to confirming the accuracy of budget information and the investigation of significant variances;
- The content, timing and process to be followed for reporting to Council on its performance against budget;
- The scope and conditions associated with the Chief Executive Officer approving any increases in budget expenditure or new budget items without obtaining Council approval;
- The process required to be followed as well as general guidelines in relation to the carrying forward of expenditure authority associated with projects included in the budget for the previous year;
- Set delegations for budget "transfers" where reallocation of budget amounts does not change the Council approved budget surplus/deficit or approved capital budget.

2. SCOPE

This policy provides guidance and outlines procedure for all budget managers within Council and highlights reporting requirements for performance against, and periodic amendments to, Council's adopted Budget.

3. DEFINITIONS

Adopted Budget	The Budget position adopted by Council at its July Council meeting each year in accordance with Council's Annual Business Plan.
Revised Budget	Consists of the Adopted Budget adjusted for all approved amendments under this policy.
Budget Review Form	SF189 - Budget Adjustment Request Form
Significant Variance	Variances to budget exceeding 10%

4. POLICY STATEMENT

4.1 Timing and Content of Budget Reporting to Managers

Monthly Budget vs Actual Financial Reports will be prepared and forwarded to Budget Managers immediately following end of month. The reports will highlight, at activity level, budget activity for the year to date, original and revised budget information, and outstanding committed expenditures. Budget managers will be responsible for analysing reports and identifying any variances or discrepancies for adjustment at quarterly reviews.

4.2 Timing and Content of Budget Reporting to Council

A monthly Budget Update (Financial Report) is to be prepared and included in the agenda of the Ordinary Meeting of Council. The report will include details as at the end of the month immediately preceding the date of the meeting. The report will highlight, at summary level, budget activity for the year to date, original and revised budget information, and include the latest revised forecast of expected budget results for the year. Reports for June will not be submitted to the July meeting of Council but will be prepared following completion of the year-end Financial Statements.

4.3 Approval of Variations outside the scope of the Adopted Budget

Council approval must be sought and obtained before commitments are made or events occur that would result in activity outside of the budget limits.

In considering a request for a revision to its budget, Council will consider the impact the approval would have on the achievement of the targets for financial indicators established in Council's original budget. It will also consider the capacity to increase other revenue or reduce other expenditure (either of a corresponding operating or capital nature as appropriate) to offset the variation and the merit of so doing.

4.4 Approval of variations within the scope of the Adopted Budget

Where circumstances so warrant (e.g. for reasons of urgent necessity) the CEO may in consultation with the Principal Member authorise budget variations that are within the scope of approved limits for budget items, providing that variations made do not:

- a) In aggregate exceed threshold value limits for that function/activity outlined in the Budget;
- b) Materially impact on the quality, quantity, frequency, range or level of service previously provided for or implicitly intended in the original allocation; and

- c) Impact on any explicit proposals Council has included in its Annual Business Plan or has otherwise publicly committed to and accommodated in its Budget.

Whenever such changes are made, the following Budget Update must include information from the CEO explaining the rationale for the decision.

4.5 Guidelines in relation to the carry forward of expenditure authority associated with projects included in the Adopted or Revised Budget for the previous financial year.

Funding approval for budgeted activities not completed at the end of any budget year is forfeited unless approval to carry-over the activity and associated budget allocation is granted by Council (including by the CEO under delegated authority as per conditions outlined in 4.3 above).

While there may be one-off exceptions, operating activity budgeted for but not expended in a year generally should not be carried forward to the following year. Identifiable projects that will not commence in the year that they have been budgeted for should be re-evaluated and where warranted included in the budget for the following year at the time of its adoption. Similarly capital projects that have not commenced in one year should be considered against other competing priorities in determining the content of the budget for the following year rather than treated separately as 'carried forwards'.

The scope and funding requirements of capital projects and major operating-type activities that are committed or underway but not completed at the end of one- financial year needs to be reviewed and the projects/activities considered for carrying forward at the August Council meeting in the following financial year.

Any request for carrying forward activity needs to clearly highlight whether the scope of each activity item and its associated funding quantum is proposed to be varied from that previously approved and if so the reasons for same. Any impact on the achievement of the targets for a financial indicator established in Council's original budget for the current year also should be identified.

4.6 Approval of the re-allocation of budget amounts which do not impact the Council Adopted Budget operating surplus/deficit or Adopted capital budget.

During the budget year it will be necessary to re-allocate budget allocations to facilitate dynamic changes to Council's operations. Any changes required should consider the conditions of 4.3 above and should be made only if they do not contravene the requirements of that clause. Such changes then made will be incorporated in the next available Budget Review Report and reflected in the current forecast for the remainder of the financial year.

All such reallocations should be enacted according to delegations (see below) and advised promptly to the Manager Financial Services via an appropriately completed and approved Budget Review Form (attached as Appendix A) for inclusion in the budget review process. No commitments are to be made or events occur in relation to reallocations of budget prior to the relevant approval being obtained.

The following delegations are to be observed for all reallocations meeting the requirements of this clause:

- a) Reallocations of budget not exceeding \$20,000 can be approved by the relevant Director without referral to the CEO or Council.
- b) Reallocations of budget exceeding \$20,000, but not exceeding \$50,000, can be approved by the CEO without referral to Council.
- c) For reallocations exceeding \$50,000 Council approval must be sought and obtained before commitments are made or events occur that would result in activity outside of the above budget limits wherever practical.

Should reallocations result in any change outside the scope of the Budget (i.e. result in changes to the Council Adopted Budget operating surplus/deficit or Adopted capital budget) please revert to procedure 4.2 above.

4.7 Quarterly Budget Review Reporting

Budget Review Reports for quarters ending in September, December and March will be prepared for Council as soon as practical after the end of each quarter and will detail all budget adjustments made under delegation and budget adjustments requiring Council approval. The report will include data presented in the format similar to Figure 1.1 in the LGA's Information Paper 25 – Monitoring Council Budget Performance.

Budget Review reports for the quarter ending in June will be presented to Council as soon as practical after the completion of End of Year Financial Statements.

Significant variances identified in the June Budget Review report will be analysed, and a report explaining these variations will be prepared and forwarded to Council's auditors to accompany the balance date audit Management Representation Letter.

5. COMPLAINTS

Complaints about this policy can be made in writing to the Director Corporate & Community Services. Complaints will be managed in accordance with Council's Complaints Policy PO147.

6. REVIEW

This policy will be reviewed every four (4) years or as deemed necessary in consideration of any changes to legislation and relevant standards, codes and guidelines.

7. TRAINING

Council is committed to supporting employees in complying with this policy. Training needs will be reviewed annually, during individual performance reviews and as necessary in consideration of any changes to legislation and relevant standards, codes and guidelines.

8. RELATED COUNCIL POLICIES AND DOCUMENTS

SF189 Budget Adjustment Request Form
PO147 Complaints Policy

9. REFERENCES AND LEGISLATION

Local Government Act 1999
Local Government (Financial Management) Regulations 2011
LGA Information Paper 25 – Monitoring Council Budget Performance

10. COUNCIL DELEGATION

Details of Delegation:	Chief Executive Officer
Delegate:	Director Corporate & Community Services

11. VERSION HISTORY

Archived Policy Name	Policy Number	Date Adopted	Last Reviewed
Budget Reporting and Amendment Policy	PO142	12/10/2011	12/10/2011