

	Cloncurry Shire Council	POLICY NO. COR 1040
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BUDGET POLICY:

1. Purpose

To provide a framework for establishment and administration of Council's budget and to ensure that known variations to the budget are addressed in a timely manner.

2. Scope

This Policy applies to Council's budget activities, including the development, adoption, management and review of the budget.

3. Definitions

<i>Adopted Budget</i>	The original budget adopted for the financial year adopted pursuant to section 169 and section 170(1) and (2) of the Local Government Regulation 2012.
<i>Amended Budget</i>	The revised budget adopted with amendments pursuant to section 169 and section 170(3) and (4) of the Local Government Regulation 2012.
<i>Asset Management Plan</i>	Refers to Council's Asset Management Plans adopted in line with sections 167 and 168 of the Local Government Regulation 2012.
<i>CEO</i>	Chief Executive Officer
<i>Corporate Plan</i>	Council's Corporate Plan, adopted pursuant to section 165-166 of the Local Government Regulation 2012, which outlines Council's strategic direction and states the performance indicators for measuring progress in achieving Council's vision for the future of the local government area.
<i>Council</i>	Cloncurry Shire Council
<i>Long-term Financial Forecast</i>	Refers to Council's 10-year financial forecast as required by section 171 of the Local Government Regulation 2012. This document outlines, for each year of the forecast, the following: - Income and Expenditure of Council - The value of Council's assets, liabilities and equity
<i>The Act</i>	<i>Local Government Act 2009</i>
<i>The Regulation</i>	<i>Local Government Regulation 2012</i>

4. Roles and Responsibilities

The CEO is responsible for ensuring the Policy is understood and adhered to by all employees and Officers of Council and other persons performing work at the direction of Council.

5. Policy

5.1 Budget Cycle

Council's budget cycle is derived from its responsibilities under the *Local Government Act 2009* and the *Local Government Regulation 2012* and is aimed at addressing the need for:

- (a) Effective long-term financial planning.
- (b) Detailed annual budgets supporting Council's Corporate and Operational Plans.
- (c) Reviews to address progress against the annual operating plan.
- (d) Reviews to align the budget with actual results.

5.2 Budget Guidelines

Council uses public funds to provide a wide range of services to the community. It is appropriate that Council adopts guidelines to inform the budgeting activities and decisions that underpin this expenditure. This includes guidelines to:

- (a) Clarify limitations on the release of budgetary information prior to the formal adoption of the budget.
- (b) Ensure that council reports are presented in a fiscally responsible manner.
- (c) Provide guidance in the preparation of budgets and budget reviews.
- (d) Ensure that required amendments to the budget are made in a timely manner.
- (e) Ensure consistency with council's Long Term Financial Forecast including Long Term Asset Management Plans.
- (f) Ensure there is an emphasis for accountability for budget administration and compliance from all council officers and delegates.

5.3 Budgeting and Financial Sustainability

In order to secure and maintain the financial sustainability of Council, the following principles and approaches will be applied to Council's budgeting processes:

- (a) The long-term impacts of projects will be considered including whole of life costs.
- (b) Projects will be considered using a portfolio approach to ensure the relative merits of individual projects are considered comparatively with all projects.
- (c) Grant funding will only be sought and accepted where projects are strategically aligned, and the benefits outweigh the whole of life cost.
- (d) Asset Management Plans and Project Decision Frameworks will be used as core decision making tools.

- (e) Where possible, projects of a similar nature should be grouped to take advantage of economies of scale.
- (f) Where possible, larger projects should be undertaken in a single location, in lieu of small investments in multiple locations in the same budget cycle, to achieve economies of scope.
- (g) The CapEx budget is a "project" budget. Where projects are completed under budget, the funds are to be retained in consolidated revenue to offset against projects that may be over expended. Under or over budget projects are to be reported to council and management on a regular and consistent basis.
- (h) The CapEx budget assumes Council and external co-contributions to capital projects at a point in time. These co-contributions are subject to change throughout the year, most commonly where Council secures additional grant funding toward a project, reducing its own source expenditure on the project. In these situations, Council will review whether these savings are to be retained in consolidated revenue or repurposed.

5.4 Budget Reports

The following principles are to be applied when compiling official council meeting reports:

- (a) Recommendations that are presented to council that have the effect of increasing expenditure or reducing income (if adopted) **MUST** indicate where alternative funding is to be sourced from or identified savings in a clear, measurable and transparent format.
- (b) No report is to include a recommendation that "funds are to be identified at the next review" or that "the project be included in next year's budget" (although the item may be listed for consideration in either the next review or the following year's budget).
 - (i) Note: These two statements have the effect of committing council to works that it may not be able to fund.
 - (ii) Note: where circumstances dictate that a Project must be delivered across financial years, committed funds must be recognised across financial years.
- (c) Only emergent projects / expenditure items should generally be incorporated into budget reviews where these projects are deemed business essential or critical to meet either changing needs of the council or the risk appetite of council in accordance with Council's Risk Management Framework. Note: The overall intention for the budget reviews is to review performance and assess council's financial position and not to bring on ad hoc projects and initiatives.
- (d) Where an item has a financial implication raised in the General Business section at a council meeting, a report is to be presented to a future meeting so that possible funding can be identified before the recommendation is adopted.

5.5 Budget Development

- (a) Throughout the financial year, council considers matters which may result in a referral to future budget considerations. Where this occurs in an open council meeting it becomes a matter of public knowledge. These matters must be consistent with council's Long Term Financial Forecast, when adopted.
- (b) During the lead up to the adoption of the original annual budget for a particular financial year, detailed presentations and working papers are provided to Councillors. The presentations and

working papers may include potential expenditure, pricing and rating considerations and various scenarios on options to be considered before the adoption of the budget. This includes information pertaining to council's commercial and general activities.

- (c) As a matter of policy, all budget working papers including material presented on possible pricing, rating and expenditure is to be treated as 'strictly confidential'.

5.6 Budget Reviews

- (a) Generally, at least one budget review will be completed each financial year in February, noting that some flexibility in the timing of the review may be appropriate.
- (b) It is recognised that (following finalisation of the June financial statements) the actual opening balance may be either more favourable or less favourable than the estimate in the original budget. In the case that it is more favourable, priority will be given to reducing any unfunded depreciation. A very conservative budget approach is to be taken at this early stage of the financial year due to the possibility of not meeting revenue targets or unpredicted / unavoidable expenditures.

5.7 Budget Amendments

There are a number of budget amendments that may be required during the year. The process for handling various types of amendments is as follows:

Type of amendment	Process
Increased / decreased expectation of revenue.	Adjust as part of next budget amendment to show the overall impact on council's adopted budget.
Increase or reduction in the scope of a council approved project (operating or capital).	Prepare report to council for decision / endorsement, outlining if there is any financial/budget impact and adjust at next review if required.
Change in routine/operational item within Directorate. (e.g., additional funds required in one area, but savings available in another).	At CEO discretion, provided it is within the one Directorate. Any amendments to be incorporated as part of the next budget review.
Transfers between Directorates that has nil impact on Council's bottom line.	At CEO discretion, provided there is no material impact on service levels. Council approval required where there will be a material impact on service levels
Incorrect classification of projects as either operational or capital in nature, which is for accounting purposes only and has a nil effect on council's bottom line.	At CEO discretion. Amendments to be incorporated as part of the next budget review.
Information regarding additional grant funding for projects, including associated revenue and expenditure.	Report to Council meeting. Incorporate into next budget review.

6. Review of Policy

This policy will be reviewed when any of the following occur:

1. The related documents are amended or replaced
2. Other circumstances as determined from time to time by a resolution of council.
3. Notwithstanding the above, this policy is to be reviewed annually.

7. References and Related Documents:

Local Government Act 2009

Local Government Regulation 2012

Code of Conduct Governance Policy HRM 1004

Corporate Plan

Operational Plan

Delegations Register

Procurement Policy COR 1003

Corporate Credit Card Policy COR 1025

Adopted by Council Resolution

POLICY VERSION AND REVISION INFORMATION

Version No.	Date Adopted	Review Date
2	21 June 2022	06/2023

Policy Authorised by: Philip Keirle



Title: Chief Executive Officer