

# Budget Reporting and Amendment Policy



<b>COUNCIL POLICY – Budget Reporting and Amendment Policy</b>	
Reference Number	714009
Responsible Business Unit	Corporate Services
Responsible Officer	General Manager Corporate Services
Legislation	Local Government Act 1999, Regulation 7, 9 and 10 of the Local Government (Financial Management) and Regulations 2011
Relevant Delegations	Chief Executive Officer
Related Policies Management Guidelines Frameworks	Budget Review Management Guideline
Link to Strategic Plan	5.4 - Transparent
Council resolution	72.2
Date Adopted	11 May 2020
Review Date	September 2019
Previous Revisions	Item 137.1 – 14 August 2017 Item 220.1 – 14 September 2015
<b>POLICY STATEMENT</b>	
This policy provides clear direction to management and staff in relation to amending, and reporting performance against, Council's adopted budget.	
<b>OBJECTIVES</b>	
<p>The intention of the Budget Reporting and Amendment Policy is to provide management with a framework to operate in with regard to the following:</p> <ul style="list-style-type: none"> <li>• The content, timing and process to be followed for reporting to Council on its performance against budget;</li> <li>• The scope and conditions associated with the Chief Executive Officer approving variations in activity (that are within the scope of the approved budget allocations) without obtaining Council approval; and</li> <li>• The process required to be followed as well as general guidelines in relation to the carrying forward of budgeted expenditure associated with projects included in the budget of the previous financial year.</li> </ul>	
<b>SCOPE</b>	
This Policy is applicable to all employees of the Rural City of Murray Bridge who are involved in the Council's budgeting process.	
<b>PRINCIPLES</b>	
Council budgets need to be in line with the Council's strategic management plans (i.e. Community Plan, Strategic Plan, Development Plan, Asset Management Plan and Long Term Financial Plan). The link between the budget and these documents is shown below:	



A Budget Update report is to be prepared and included in the agenda of an Ordinary Meeting of Council at least twice per year (between 30 September and 31 May in the relevant financial year).

A Mid-year Budget Review report is to be prepared and included in the agenda of an Ordinary Meeting of Council between 30 November and 15 March in the relevant financial year. The Mid-year Budget Review report is to be prepared after the annual financial statements for the previous financial year have been completed and audited.

The Budget Update report and Budget Review report will include data presented in a manner consistent with the Model Financial Statements and will highlight at a summary level:

- Prior Year Audited Actuals
- Original full year budget
- Full year revised approved budget
- Proposed full year revised budget

An explanation of any proposed budget variations that have not previously been approved will be included in notes to the report.

The Budget Update report and Budget Review will include as a minimum the following financial statements and reports:

- Attachment 1 – Statement of Comprehensive Income
- Attachment 2 – Balance Sheet
- Attachment 3 – Statement of Changes in Equity
- Attachment 4 – Cash Flow Statements
- Attachment 5 – Uniform Presentation of Finances
- Attachment 6 – Financial Indicators
- Attachment 7 – Key Projects Budget Adjustments

*Charges to this document can only be made by the document owner.*

*Electronic version accessible on Council's website and Council's electronic record system is the controlled version.  
Printed copies are considered uncontrolled – before using a printed copy verify that is the current version.*

- Attachment 8 – Capital Works Budget Adjustments

The Mid-year Budget Review report will include a high level review of Council's Long Term Financial Plan.

Quarterly activity reports are to be prepared and included in the agenda of the Ordinary Meeting of Council in the months of November, February, May and August.

## IMPLEMENTATION

### **Approval of variations outside the scope of the Budget**

Council approval must be sought and obtained before commitments are made that would result in activity outside of the approved budget limits as identified in the Annual Business Plan.

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.

### **Approval of variations within the scope of the Budget**

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

1. In aggregate exceed threshold value limits for that function/activity outlined in the budget;
2. Materially impact on the quality, quantity, frequency, range or level of service previously provided for or implicitly intended in the original allocation; and
3. 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.

### **Guidelines in relation to the carry forward of budget expenditure associated with projects included in the budget for the previous financial year.**

Funding approval for budgeted activity 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.

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 operating 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 as soon as possible 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

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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 should also be identified.