

General Policy

Burke Shire Council

Budget Policy



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1. SCOPE

This policy applies to council's corporate budgeting activities including the annual budget and any subsequent reviews.

2. PURPOSE OF POLICY

This policy provides a framework for the administration of council's budget and establishes guidelines to ensure that variations to the budget are addressed in a timely manner. The policy applies to both the operational budget and the capital works budget as adopted by council annually.

3. COMMENCEMENT OF POLICY

This Policy applies from the 1st July of each financial year to 30 June.

4. DEFINITIONS

To assist in interpretation the following definitions shall apply:

Adopted Budget	shall mean the original budget for Burke Shire Council for the financial year including any amendments to the budget adopted by the council under section 170 of the Regulation
Corporate Plan	shall mean a document that outlines the local government's objectives and the nature and scope of the activities proposed to be carried out
Council	shall mean Burke Shire Council
Long Term Financial Forecast	<p>shall mean a document that:</p> <ul style="list-style-type: none">contains a forecast of income and expenditure and the value of assets, liabilities and equity for each year during the period of the forecast in accordance with section 169(2)(a) of the Local Government Regulationincludes a statement of financial position, a statement of cash flow, a statement of income and expenditure and a statement of changes in equity for each year during the period of the forecast in accordance with section 169(1) of the Local Government Regulationstates the relevant measures of financial sustainability for the period of the forecast section 169(5) of the Local Government Regulationcovers a period of at least ten (10) years and is reviewed annually.
The Act	shall mean Local Government Act 2009
The Regulation	shall mean Local Government Regulation 2012

5. POLICY

5.1 Guidelines

Council provides a wide range of services, many of them significant, to all parts of the community. It is important that guidelines are established to assist in providing financial rigor to these activities. This includes guidelines to:

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

5.2 Budget Cycle

Burke Shire Council budget cycle is aimed at addressing the need for:

- long term financial planning
- detailed annual budgets supporting council's operating plans and revenue decisions
- reviews to address progress against the annual operating plan
- reviews to align the budget with actual results

The overarching policy framework is illustrated as follows:



5.3 Council 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. This applies to both Operating and Capital expenditure.
- (a) 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).

Note: These two statements have the effect of committing council to works that it may not be able to fund.

- (b) 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 the Burke Shire Council Risk Enterprise Management Framework.

Consultation with the , Executive Management Team will be required in order for such projects to be considered for inclusion to the annual council budget.

Note: The overall intention for the budget reviews is to review performance and assess council’s financial position.

- (c) Where an item that has a financial implication is 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.
- (d) The budget is a "project" budget. Where projects are completed under budget, the funds are to be retained in consolidated revenue for those 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.

5.4 Annual Budget Consideration

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.

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 Councilors. 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.

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’.

5.5 Budget Reviews

It is recognised that (following finalisation of the June financial statements) the actual opening balance may be either more favorable or less favorable than the estimate in the original budget. In the case that it is more favorable, priority will be given to reducing any unfunded depreciation (capital renewals and replacements). 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.

5.6 Amendments to the Budget

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 at next review if it has an 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 adjusted at next review if required.
Change in routine/operational item. (e.g. additional funds required in one project area, but savings available in another).	At CEO discretion, provided it is within the one Program area.
Transfers between Programs.	Council approval required prior to work commencing. Ideally done at a quarterly review. However, if urgent, this can be handled as a separate report or as part of the Monthly Strategic Financial Report.
Incorrect classification of projects as either operational or capital nature or incorrect allocation of Operational Plan, which is for accounting purposes only and has a nil effect on council's bottom line.	At the Finance and Technology Manager's discretion.
Information regarding additional grant funded projects and associated revenue and expenditure.	To be included in Monthly Strategic Financial Report.

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

Notwithstanding the above, this policy is to be reviewed annually in line with the adoption of the annual budget.