

Budget Management

Objective

The intent of the Budget Management Policy is to provide clear direction in relation to establishment and amendment of the Councils adopted budget.

Relevant Legislation (summarised)

Local Government Act 1995:

Section 6.2 (1)

The Council is required to prepare and adopt, by Absolute Majority, an annual budget for its municipal fund by 31st August each year.

Section 6.8 (1) and (2)

The Council cannot incur expenditure from its municipal fund for a purpose for which no expenditure estimate is included in the annual budget (known as an 'additional purpose') except where the expenditure —

- (a) is incurred in a financial year before the adoption of the annual budget by the local government;
- (b) is authorised in advance by resolution by Absolute Majority; or
- (c) is authorised in advance by the mayor or president in an emergency.

Where expenditure has been incurred;

- (a) under S 6.8 (1)(a) it is required to be included in the annual budget for that financial year; and
- (b) under S 6.8 (1)(c), it is to be reported to the next ordinary meeting of the council

Local Government (Financial Management) Regulations 1996:

Regulation 33A

A formal review of the annual budget is to be presented and adopted by Council, by Absolute Majority, between 1st January and 31st March each year.

Policy

Proposed expenditure for an additional purpose

Excepting in the circumstances stated in S 6.8 (1) (a) and (c), where expenditure for an additional purpose is proposed this will be determined by the Council as required by S 6.8 (1) (b) of the Act. Where possible this will be presented via a report to FPOL Committee but in cases of urgency additional purpose consideration reports may be presented to Council directly without need for Committee consideration.

Where expenditure for an additional purpose is authorised by the Council, the decision will amend the budget by creating a new budget account number to accommodate that proposed expenditure, and by transferring the required funds from one or more existing accounts to the new account.

The standard resolution to achieve this is as follows;

That Council approve the budget variation to the Adopted Budget for 20??/20?? by;

- (a) Creating a new Account No xxxxxx.xxxx (insert account details) with a budget amount of \$XXXXX*
- (b) Increase / Decrease Account No xxxxxx.xxxx (insert account details) by \$xxxxx (from \$XXXXX to \$XXXXX)*

Proposed expenditure for a purpose identified within the budget for which there are insufficient funds allocated.

In addition to any other delegation to incur expenditure already granted to the CEO, and subject to any limitation to that delegation that already exists is legislation or policy, the CEO is delegated authority to incur expenditure for a purpose identified within the budget for which there are insufficient funds allocated, where;

- (a) The proposed expenditure is a maximum of 5% or \$50,000 (whichever is the lesser) above the budgeted amount, and
- (b) There are sufficient funds equivalent to the value proposed to be spent allocated to other budget line items within the overall budget, and which, in the opinion of the CEO, are not expected to be spent during that financial year.

Where the criteria above are not met, the proposed expenditure will be presented to Council for an absolute majority decision as if it were for an additional purpose.

Quarantining of budget accounts

At the time of adoption, amendment or budget review, of the annual budget, the Council, or the CEO at any time, may determine that certain accounts in the budget may be quarantined. This means that a restriction is placed on any expenditure, or expenditure above a certain prescribed amount, from that account without the further of the approval Council or the CEO.

Monthly budget amendment reports, occasional budget amendment reports and annual budget review

Every month a report will be presented to the Council (via FPOL) to adopt make budget amendments to reflect any expenditure above the budget amount agreed by the CEO during the previous month, and to adjust other accounts to accommodate the value of those.

On an as needs basis, occasional budget amendment reports such as those considering an additional purpose, or grant acceptance or release of quarantined funds will be presented to Council (via FPOL unless urgently needed).

As required by the Regulations, the annual budget review will be considered between January and March each year.

The purpose of the annual budget review is to consider amendments to the budget to;

- (a) Review allocations to budget accounts in accordance with revised revenue or expenditure estimates,
- (b) Consider and determine any transfers to or from reserves if necessary,
- (c) Consider new projects that were not anticipated at the time of adopting the budget.

Any determination by the Chief Executive Officer to Quarantine a budget item is to be reported to Council in this monthly report.

Carried Forward Budget

Unspent funds from a budget year will only be carried forward to the new budget year where;

- i. a project is already commenced or committed and works remain incomplete at 30 June; or
- ii. a project or activity has unspent grant funds at 30 June.

Carried forward project estimates will be presented and adopted by Council with the Adopted Budget. A report will be presented to Council (via FPOL) to make budget amendments to carried forward budget to reflect the final position at the end of financial year.

Review information and related documentation

Reviewing officer:	Finance Manager
Policy adopted:	27 June 2018 FPOL1806-11
Policy amended:	
Legislation:	As above
Delegations:	NA
Related documents:	NA
Next review date:	1 June 2020