

FILE NO: PSC2009-02488

TITLE: BUDGET CONTROL AND AUTHORISATION POLICY

POLICY OWNER: FINANCIAL SERVICES SECTION MANAGER

PURPOSE:

To ensure that all Council expenditure is legally authorised and that effective systems of budgetary control are in place to monitor and report on actual income and expenditure compared with budgeted income and expenditure.

CONTEXT/BACKGROUND:

On 20 September 2011, Council adopted a Budget Control and Authorisation Policy, Minute No. 349. Council is committed to ensuring the allocation of its resources is responsible and appropriate.

SCOPE:

- 1) The elected Council is responsible for the allocation of Council's resources for the benefit of the area (*section 232 Local Government Act 1993 (NSW) (Local Government Act)*).
- 2) Council cannot delegate its authority to vote money for expenditure on works, services and facilities (*section 377 Local Government Act*).
- 3) The Council is responsible to regularly review and monitor its financial performance (*section 232 Local Government Act*).
- 4) The General Manager is responsible for the efficient and effective allocation of resources and ensuring appropriate policies and delegations of authority (*section 335 Local Government Act*).
- 5) Responsible budget officers are responsible for carrying out activities within their area of responsibility in accordance with their delegations from the General Manager.

DEFINITIONS:

Budget	An estimate of income and expenditure for a set period of time.
Unexpended Votes	Financial resources not spent.
Budget Reviews	A quarterly review of budget allocations submitted for Council endorsement.
Responsible Accounting	A staff member designated by the General Manager in



Officer accordance with the Local Government Act to take charge of Accounting and Finance requirements of the organisation.

POLICY STATEMENT:

General

- 1) Each year, Council will approve estimated income and expenditure for works and services as detailed in the Community Strategic Plan. The estimates will be submitted to Council in the form of a 10-year Long Term Financial Plan. For the purposes of the *Local Government (General) Regulation 2005* (NSW) Local Government Act (General) Regulation, Council will be deemed to have approved the budget at section level.
- 2) No employees shall incur a liability unless Council has approved such expenditure and they must have the necessary authority delegated to incur a liability on behalf of Council.
- 3) As the Responsible Accounting Officer, the Financial Services Section Manager is to ensure:
 - That appropriate budgeting and accounting systems (including internal control systems) are established and maintained;
 - That a system of budgetary control is established and maintained that will enable Council's actual income and expenditure to be monitored each month and to be compared with the estimate of Council's income and expenditure. If any instance arises, where the actual income or expenditure of the Council is materially different from its estimated income or expenditure, the General Manager must report the instance to the next meeting of Council.

Voting and authorising new expenditure

- 1) The voting and authorising of additional expenditure not included in the original budget is the statutory responsibility of Council and cannot be delegated to the General Manager or any other person. This requirement is valid irrespective of whether new items of expenditure are offset by additional income not included in the original estimates.
- 2) Council authority for such new items is to be obtained by either:
 - Including details in a Quarterly Budget review; or
 - In a separate report to Council.
- 3) To ensure that all decisions by Council have taken into account the overall impact on the budget and Council priorities:
 - Reports are to include recommendations from the relevant section manager, of the impact on the current or future budgets;

- The funding/budget implications will be referred to a Council meeting as part of the Quarterly Budget Review Statement, with a recommendation from the Executive Leadership team based on a corporate assessment of overall budget implications and priorities.

Transferring Votes

- 1) The General Manager has delegated authority to approve the transfer of votes, within the same group, up to a maximum of \$10,000. Such transfers and the reasons for the transfers are to be included in the next Quarterly Budget Review Statement.
- 2) The transfer of votes between groups must be submitted to Council for approval.
- 3) The transfer of votes within groups for amounts in excess of \$10,000 or between operational and capital must be submitted to Council for approval.

Budget Reviews

- 1) The General Manager will prepare and submit to Council a Quarterly Budget Review Statement within two months of the end of each quarter, except for the June quarter which is discretionary.
- 2) The Quarterly Budget Review Statement will show the actual income and expenditure at the end of the quarter and a revised estimate of income and expenditure for the year.
- 3) The Quarterly Budget Review Statement will itemise any additional votes or transfers that require Council approval.
- 4) The Quarterly Budget Review Statement must include a report as to whether the General Manager believes that the Statement indicates if Council's financial position is satisfactory or unsatisfactory and recommendations for remedial action if necessary.
- 5) The Quarterly Budget Review Statement must include a report that provides sufficient information to alert Council to any issues or potential problems that may impact its ability to achieve stated financial targets.
- 6) The Quarterly Budget Review Statement must include a report that provides sufficient information to inform Council as to whether Council's Capital Works program is on track to deliver the projects outlined in its Asset Management Plan.

Unexpended Votes (Revotes)

- 1) All approvals and votes lapse at the end of the financial year or whenever Council's term of office ends. However, this does not apply to approvals and votes relating to:
 - Work carried out, work in progress or contracted to be carried out;
 - Any service provided, or contracted to be provided;
 - Goods and materials provided, or contracted to be provided;
 - Facilities provided, or contracted to be provided before the term of office of the Council ends.

- 2) The General Manager will be responsible to determine if the criteria in 1) above will apply and to authorise the carrying forward of a vote into the next financial year. The General Manager will submit a report to Council detailing these carried forward votes.

- 3) Once an approval or vote has lapsed, it can only be reinstated by a resolution of the Council. In the case of a newly elected Council, a report will be submitted to the first meeting of Council recommending the approval and voting of expenditure to enable the day-to-day operations of Council to continue. In the case of votes unexpended at the end of the financial year, a report is to be submitted to Council itemising the lapsed votes that in the opinion of the General Manager, should be revoted for the next period.

POLICY RESPONSIBILITIES:

- 1) Financial Services Section Manager.

RELATED DOCUMENTS:

- 1) Local Government Act.
- 2) Local Government Act (General) Regulation.

CONTROLLED DOCUMENT INFORMATION:

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RM8 container No	PSC2009-02488	RM8 record No	17/209919
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VERSION HISTORY:

Version	Date	Author	Details	Minute No.
1.0	21/07/98	Financial Services Section Manager	Policy adopted.	336
2.0	20/09/11	Financial Services Section Manager	Amended policy adopted.	349
3.0	25/03/14	Financial Services Section Manager	Amended policy adopted.	62
4.0	16/12/15	Financial Services Section Manager	This policy has been reviewed and formatted into the new template. Included a definition of Responsible Accounting Officer.	
5.0	09/02/16	Financial Services Section Manager	Amended policy adopted.	017
6.0	12/12/17	Financial Services Section Manager	Updated RM8 reference from 15/244602 to 17/209919.	318