



Light  
Regional  
Council

## Financial Year End Project Budget Carry-Forward Policy

<b>Reference Number:</b>	Section 1 No. 12
<b>Responsible Department:</b>	Finance Department
<b>Date of Adoption:</b>	11 December 2007
<b>Current Review Date:</b>	27 June 2023
<b>Minute Reference:</b>	OCM-2023/119
<b>Version Number:</b>	Amendment No.6
<b>Applicable Legislation:</b>	<i>Local Government Act 1999</i> <i>Local Government (Financial Management) Regulation 2011</i>
<b>Next Review Date:</b>	February 2025
<b>Review Frequency:</b>	Biennially

### 1. Purposes

This Procedure provides direction for Council staff to follow in carrying forward an **unspent project** budget in any financial year.

### 2. General Principles

- 2.1 Council commits expenditure by an official purchase order (which creates a contractual obligation) or through the execution of a formal contract document. In the case of a formal contract, it is also required (for accounts payable requirements) that the Contract Manager issue an official purchase order in accordance with Council's Procurement Policy and Procedures.
- 2.2 If known at the time of budget preparation of the new year any known expected unspent project budget expenditure should be included in the proposed budget.
- 2.3 Funds can be budgeted across financial years.
- 2.4 The *Local Government Act 1999* requires that Council is not obliged to expend funds raised in a particular financial year.

### 3. Policy Statement for making Financial Year End Unspent Project Budgets

- 3.1 Unspent funding provided in formally approved budget or budget revision documents for Capital Works and Operating Projects may be carried forward in accordance with this Procedure.
- 3.2 Expenditure commitments made by way of official order, contractual or other expenditure obligations which remain substantially, partially or wholly incomplete (i.e. not commenced) at the end of the applicable financial year shall be reviewed to ascertain if required.
- 3.3 When managers become aware that project obligations for 'Capital and Operating Project' expenses as described by other Council policy documents will necessitate a funding requirement over two (2) or more financial years, the manager must advise the Financial Controller of this likelihood and the reasoning.
- 3.4 Unspent Operating expenses budget expenses that are not specifically carried forward are effectively removed from the approved budget

#### Process

- 4.1 Council's Management shall prepare a preliminary schedule of proposed programs and projects for which a 'carry forward' of the funding is being sought from the current financial year's operations going forward, for review by Council at its September ordinary or special

Policy No:	Section 1 No. 12	Date of this Policy:	27 June 2023.	Page 1 of 3
Version:	Amendment No. 6			

meeting in each year. The schedule shall be developed having due regard for clause 3 of this Procedure.

Council staff shall finalise the schedule of carried forward funding and present it to an ordinary or special meeting of Council prior to Council considering its Annual Financial Statements for the previous financial year.

Unspent budget expenditure without an authorised contractual obligation (contract or purchase order) are unable to be committed to the annual financial results in the financial year created without documentary evidence of services/goods delivery.

- 4.2 The schedule shall show the name of the proposed Capital and Operating Project for which the funding carried forward is sought, reasons for not completing the project, the amount of funds needed, and detail of any relationship to past or future annual budget documents.
- 4.3 The Council shall consider the items listed on the schedule as to their appropriateness based on the direction of the Council's key strategy documents.
- 4.4 The Council shall resolve to adopt, amend, or reject the proposed items listed in the schedule of unspent project expenditure, with the funding being formally recognised at the first review of the ensuing financial year's budget document.

#### 4. Continuity of Operations

Timing issues may occur in regard to Council's operations between one financial year and another. This is likely to occur where Council has not adopted its ensuing year's Annual Business Plan and Budget document by 1 July.

The concept of 'continuity of supply' (refer Commonwealth and State Government constitution requirements) does not apply to local government. The South Australian Local Government Act requires that the annual business plan and budget must be adopted by a council **after** 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, **before** 15 August for the financial year.

**History of Procedure Amendment**

1. Original policy adopted at Council meeting 11 December 2007, Minute Reference 10.4.5, Page 2007/398
2. Draft Amendment 1 presented to 21 August 2012 Audit Committee meeting for consideration.
3. Amendment 1 adopted at Council meeting 28 August 2012, Minute Reference 2/AUD9.2.2/2012 Page 2012/210
4. Amendment 2 adopted at Council meeting 26 August 2014, Minute Reference 1 - AUD9.2.1/2014, page 2014/322
5. Amendment 3 adopted at Council meeting 23 August 2016, Minute Reference AUD9.2.4/2016, page 2016/301.
6. Amendment 4 adopted at Council meeting 28 November 2017 Minute Reference 10.4 Audit Committee – AUD9.2.1/2017, page 2017/421
7. Amendment 5 adopted at Council meeting 25 February 2020 Minute Reference AUD9.2.1/2020, Page 2020/23
8. Amendment 6 adopted at Council meeting 27 June 2023 Minute Reference OCM-2023/119.