1. **Purpose**

The purpose of this Policy is to establish a direction for Council staff to follow in committing unspent funds in any financial year.

2. **General Principles**

2.1 Council may commit funds by way of an official purchase order or through the execution of a contractual obligation. In the case of a contractual obligation, it is also preferable that the Contract Manager issue an official purchase order in accordance with Council’s Procurement Policy and Procedures.

2.2 Funds can be committed across financial years.

2.3 The Local Government Act 1999 dictates that Council is not obliged to expend funds raised in a particular financial year.

3. **Policy Statement for making Financial Year End Commitments**

3.1 Funding provided in formally approved budget or budget revision documents for Capital Works and Operating Projects shall be committed in accordance with this Policy.

3.2 Funding commitments made by way of official order, contractual or other expenditure obligations which remain substantially, partially or wholly uncompleted (i.e. not commenced) at the end of the applicable financial year shall be reviewed for currency.

3.3 When departmental managers become aware that commitments for ‘Capital and Operating Project’ expenses as described by other Council policy documents will necessitate a financial commitment crossing over two financial years, the departmental manager must advise the Finance Manager (or delegate) of this likelihood and the reasoning thereto.

3.4 Unspent Recurrent expenses and Operating Project expenses that are not specifically carried forward by commitment are lost in a budgetary sense and are incorporated into the annual Operating Surplus/ (Deficit) on operations.

4. **Process**

4.1 Council’s Management and Administration shall prepare a preliminary schedule of proposed programs and projects for which a commitment of funding is being sought from the current financial year’s operations going forward, for review by Council at its September ordinary or special meeting in each year. The schedule shall be developed having due regard for clause 3.0 of this Policy.
Council staff shall finalise the schedule of commitments of 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’s operations.

4.2 The schedule shall show the name of the proposed Capital and Operating Project for which committed funding 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 commitments, with funding being formally recognised at the first review of the ensuing financial year’s budget document.

5. **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.

To ensure the continuation of supply, that is the ability of Council staff to carry on with the day to day operations of the Council prior to the adoption of the annual budget in each financial year, a recommendation to that effect shall be placed before the Council for consideration at the Council’s June ordinary or special meeting in each year.

**History of Policy Amendment**

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
5. Amendment 3 adopted at Council meeting 23 August 2016, Minute Reference AUD9.2.4/2016, page 2016/301