

P O L I C Y

Policy Name	<i>Budget Framework Policy</i>
Policy/File Number	ED4.12.012
Review Frequency	Every Three Years
Attachments	nil

1. Purpose

The purpose of this policy is to provide a clear direction to guide the Victor Harbor Horse Tram Authority in relation to the preparation, review and reporting of performance against the adopted budget. The intention of the Policy is to provide the framework for the General Manager and Board in regards to the following:

- Responsibilities in regards to preparation and review of annual budgets;
- Content, timing and process to be followed for reporting to the Board on performance against budget;
- The scope and conditions associated with variations to the budget that can be approved by the General Manager

2. Scope

The General Manager is responsible for the preparation and presentation of the Annual Business Plan & Budget, Budget Updates, Budget Review and Budget Reporting to the Board.

The Board is responsible for reviewing and adopting the Annual Business Plan & Budget, Budget Updates, Budget Review, Budget Reporting and ensuring that the required documents are provided to Council.

3. Policy Statement (Summary)

The Victor Harbor Horse Tram Authority is committed to implementing effective processes for the preparation of the annual budget, undertaking budget reviews in line with legislation and containing spending within adopted budgets.

4. Legislation and Compliance

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

5. Definitions

Annual Budget means the Authority's statement of its intended expenditure, revenue and cashflow that give effect to meeting the objectives of its Annual Business Plan.

Annual Business Plan means the Authority's statement of its intended activities and outcomes for the year.

Capital means expenditure or income directly related to the creation, renewal or upgrade of an asset.

Operating means expenditure or income related to the ongoing provision of Authority services including recurring activities, programs, maintenance and depreciation.

General Manager means the General Manager of the Authority and includes a person acting in that position.

6. Policy Content

6.1 Original Budget

The annual budget will be prepared in conjunction with the Annual Business Plan to ensure strong linkages and will be prepared in accordance with relevant legislation including public consultation requirements.

The draft Annual Business Plan and Budget will be presented to Council before 31 March of each year as per the Charter. The budget presented will include a set of the four principal Financial Statements, the Uniform Presentation of Finances and Financial Indicators consistent with the requirement of the Model Financial Statements.

The Authority will adopt the Budget after 31 May and within six (6) weeks of consideration of the draft by Council.

The Authority will provide a copy of the adopted Budget to Council within five (5) business days of adoption by the Authority.

6.2 Budget Updates

A Budget update report is to be prepared and presented to the Board at least twice between 30 September and 31 May. The reports must provide a summary of the financial position and performance of the Authority against the Budget.

The reports will be presented to the Board within thirty days of the conclusion of the first and fourth quarter and copies provided to Council.

The report will provide:

- At summary level – the original budget, revised budget and year to date information.
- The report will provide details and explanations of significant changes to the budget.

Amendments to the Budget that result in a change to either the Net Capital or Net Operating Result will be presented to Council for endorsement.

6.3 Mid-Year Budget Review

A mid-year budget review reflecting budget progress as at 31 December is to be prepared and presented to the Board within thirty days of the conclusion of the second quarter and copies provided to Council.

The review will provide:

- a written report outlining the Original Budget, subsequent Budget Updates, significant changes and impact analysis;
- a detailed listing of capital items and summarised operating items, showing the Original Budget, Revised Current Budget, Actual to Date, Revised Budget and explanations of significant changes; and
- A set of the four principal Financial Statements, Uniform Presentation of Finances note and principal Financial Indicators, consistent with the requirements of the Model Financial Statements.

Amendments to the Budget that result in a change to either the Net Capital or Net Operating Result will be presented to Council for endorsement.

6.4 Report on Financial Results

The Annual Report incorporating audited results of the previous financial year is to be presented to the Authority by 30 September each year.

An analysis report shall accompany the Annual Report and will provide a comparison between Original Budget and actual amounts, with explanation for material variances for each of the following:

- A full set of the four Principal Statements and Uniform Presentation of Finances note, consistent with the requirements of the Model Financial Statements.
- A Financial Indicators Supplementary Report; and
- A Summary Report on the Capital and Operating Activities for the year.

6.5 Approval of Variations outside the scope of the Budget

Council approval must be sought and obtained before commitments are made that would result in financial activity outside net capital or net operating limits.

6.6 Approval of Variations within the scope of the Budget - Delegation

The Authority has exercised the powers contained in Section 44 of the Act delegating the General Manager the power pursuant to Section 36 (1)(c) of the Act, whereby the General Manager: *“has the power to do anything necessary, expedient or incidental to performing or discharging its function or duties or to achieving its objectives”*

The General Manager, in consultation with the Board, may authorise variations in activity that are within the scope of approved limits (i.e. net capital or net operating) providing that variations made do not:

- materially impact the quality, quantity, frequency, range or level of service previously provided for or implicitly intended to the original allocation; and
- materially impact the maintenance and replacement requirements of assets held by the Authority; and

- impact on any explicit proposals the Authority has included in its Annual Business Plan or has otherwise publicly committed to and accommodated in its budget.

Whenever such changes are made, the next Budget Update Report / Review to presented to the Board and subsequently to Council must include the variations and an explanation and rationale for the decision.

7. Risk Management

The Victor Harbor Horse Tram Authority General Manager has the responsibility for ensuring that budget preparation and reviews are conducted in accordance with legislation, Accounting Standards and Authority policies and that expenditure does not exceed adopted budgets at any given time.

8. Implementation/Delegations

The General Manager of the Victor Harbor Horse Tram Authority is provided with the delegated authority to implement this Policy

9. Related Documents

Local Government Act 1999
Local Government (Financial) Regulations 2010
Victor Harbor Horse Tram Authority Charter

10. Availability of Policy

This policy is available on Victor Harbor Horse Tram website at www.horsedrawntram.com.au. It may also be inspected or purchased at the Principal Office of the City of Victor Harbor, 1 Bay Road, Victor Harbor.

Document History

Version	Document	Action	Date
1.0	Approved version	Victor Harbor Horse Tram Authority endorsed VHHTA08	3/12/2018
1.0	Reapproved	Victor Harbor Horse Tram Authority endorsed VHHTA243	8/6/2021