

# Cessnock City Council Project Authorisation and Revotes Policy

Date Adopted: **21/06/2023** Revision: **2**

## 1. POLICY OBJECTIVES

- 1.1. Ensure Council expenditure is authorised, complies with legislation and aligns with both the Community Strategic Plan (**CSP**) objectives and Council's adopted Delivery Program.
- 1.2. Ensure that governance controls are implemented to oversee actual income and expenditure compared with budgeted income and expenditure.
- 1.3. Promote early identification of Expenditure Revotes through the use of Council's quarterly budget review process.
- 1.4. Treat Expenditure Revotes as 'Reserve movements' to ensure estimated budget surpluses or deficits are accurately forecast at any point in time.
- 1.5. Limit, where practicable, Expenditure Revotes in any given financial year.
- 1.6. Provide efficient authorisation processes to support the effective delivery of Council's works program.

## 2. POLICY SCOPE

- 2.1. This policy only applies to programs or projects which already have approved budgets and are, or are likely to be, either a work in progress, not commenced, or not commenced but be at least contracted to be carried out or provided at the end of the financial year.
- 2.2. The policy will cover the scope of options reflected in the Regulation:
  - 2.2.1. Clause 211 of the Regulation states:
    - (1) *A council, or a person purporting to act on behalf of a council, must not incur liability for the expenditure of money unless the council at the annual meeting held in accordance with subsection (2) or at a later ordinary meeting –*
      - a. *Has approved the expenditure; and*
      - b. *Has voted the money necessary to meet the expenditure.*
    - (2) *A council must each year hold a meeting for the purpose of approving expenditure and voting money.*
    - (3) *All such approvals and votes lapse at the end of a council's financial year. However, this subsection does not apply to approvals and votes relating to –*
      - a. *Work carried out or started, or contracted to be carried out, for the council,*  
*or*
      - b. *Any service provided, or contracted to be provided, for the council, or*

- c. *Goods or materials provided, or contracted to be provided, for the council, or*
- d. *Facilities provided or started, or contracted to be provided, for the council, before the end of the year concerned, or to the payment of remuneration to members of council's staff.*

### 3. POLICY STATEMENT

- 3.1. The elected Council approve estimated income and expenditure for services and work detailed in Council's CSP. Each year, these estimates are submitted to the elected Council for approval in the form of a 10-year Long Term Financial Plan.
- 3.2. To ensure openness and transparency, the Responsible Accounting Officer submits to the elected Council a Budget Review Statement showing the actual income and expenditure for the year, and amongst other information, any additional votes or transfers that require a Council approval. This review statement is submitted within 2 months of the end of each quarter, except for the June quarter which is discretionary.
- 3.3. Based on the Regulation, expenditure can be divided into the following two categories:
  - 3.3.1. 'Works in Progress' – projects that **have incurred a cost or a commitment** (through the use of Council's Purchase Order system) as at financial year end.
  - 3.3.2. 'Unspent Allocations' – projects that **have not incurred a cost or a commitment** (through the use of Council's Purchase Order system) as at financial year end.
- 3.4. Commitment includes all contractual commitments.

### 4. ELT ENDORSEMENT OF COUNCIL RESERVES FOR ALL ELIGIBLE PROGRAMS OR PROJECTS NOT COMPLETED IN PRIOR FINANCIAL YEAR

- 4.1. The December and March Quarterly Budget Reviews will require Managers to submit to the Chief Financial Officer estimates for Eligible Programs and Projects which will be works in progress, or not commenced but committed at the end of the financial year.
- 4.2. These Expenditure Estimates will be considered in current year budget forecasts and will also be relied upon in establishing Reserves. The Reserves will be categorised by the Finance Unit, following consultation with the respective Manager, as either 'Works in Progress' or 'Unspent Allocations'.
- 4.3. Revote estimates submitted by Managers may be revised (upwards or downwards) at any budget review to reflect changed circumstances.
- 4.4. The ELT must provide authorisation for all proposed changes to programs or projects to be presented for recommendation to Council.
- 4.5. The Council funded component of the total funding requirement for Eligible Programs or Projects will be placed in Reserves at the end of each financial year. All other Reserves associated with the Eligible Programs or Projects are already restricted.
- 4.6. Funds will be transferred to one of two Reserves, either a 'Works in Progress' Reserve or an 'Unspent Allocation' Reserve, depending on the criteria they satisfy (as previously defined).

- 4.7. Once the elected Council has adopted the recommendations of ELT (along with any approved amendments) Council's Reserves will be revised to reflect any program or project exclusions.

## **5. AUTHORISATIONS OF ELIGIBLE PROGRAMS OR PROJECTS THAT ARE A WORKS IN PROGRESS**

- 5.1. All Eligible Programs and Projects which have commenced by the end of the financial year do not require a revote and budgeted funds will not lapse as per clause 211 of the Regulation.
- 5.2. ELT will review all Eligible Programs or Projects that are currently a Work in Progress. ELT may form the view that the programs/projects should not continue.
- 5.3. A report will be presented to the elected Council listing all such Eligible Programs and Projects, including ELT's recommendation(s). The elected Council may decide not to adopt ELT's recommendation(s) as part of the adoption of the report.

## **6. REVOTE OF ELIGIBLE PROGRAMS OR PROJECTS THAT HAVE NOT COMMENCED AND ARE UNCOMMITTED (UNSPENT ALLOCATIONS)**

- 6.1. The vote for all Eligible Programs and Projects which have not commenced and Council has not committed to carry out or provide by the end of the financial year will lapse at the end of that financial year.
- 6.2. These programs and projects cannot commence until a revote of the required budget has been approved by the elected Council.
- 6.3. ELT will provide a report recommending which Eligible Programs or Projects, that have not commenced and are uncommitted, should and should not proceed in the current financial year.
- 6.4. The elected Council may decide not to adopt ELT's recommendation(s) as part of the adoption of the report.

## **7. POLICY PERFORMANCE MEASUREMENT**

- 7.1. Eligible Programs and Projects need to have sufficient budget allocated to ensure there are sufficient approved funds where projects and programs cross into the following financial year's commitments.
- 7.2. Reprioritisation of the Eligible Programs or Projects could occur which may result in the delay or deferral of planned programs or projects. This reprioritisation, where beneficial, should be promoted to achieve better community outcomes.

## **8. ROLES AND RESPONSIBILITIES**

### ***Compliance, monitoring and review***

- 8.1. The General Manager is to comply with the requirements in the Act and Regulation pertaining to Council's financial and accounting practices, and to support the Responsible Accounting Officer:
  - 8.1.1. In establishing and maintaining a system of budgetary control 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; and

8.1.2. Report to the next meeting of the elected Council any instances where the Council’s actual income or expenditure is materially different from the estimated income or expenditure.

**8.2.** As the Responsible Accounting Officer, the Chief Financial Officer is:

8.2.1. responsible for monitoring and implementation of this policy,

8.2.2. to ensure Council complies with the requirements outlined in the Act and Regulation,

8.2.3. to ensure Council’s accounting practices and financial reporting is in accordance with the Australian Accounting Standards and the Local Government Code of Accounting Practice and Financial Reporting.

**8.3.** The Management Accountant is responsible for:

8.3.1. collating financial information for Revotes,

8.3.2. implementing changes to the budget system,

8.3.3. ensuring a consistent approach to this policy’s implementation.

**8.4.** Managers are required to submit expenditure estimates pursuant to clause 4 no later than timetables as advised by the Chief Financial Officer.

**8.5.** Council Officials are required to comply with sound financial and accounting practices when exercising their budgetary authorisations and functions, and in accordance with this policy.

**8.6.** Council Officials must always act within the scope of their delegations, authorisations and financial expenditure limits.

**Reporting**

**8.7.** The Responsible Accounting Officer will present a report by the August Council meeting outlining any revote requests.

**8.8.** Other reporting will occur as per the Quarterly Budget Review Statements.

**Records management**

**8.9.** Staff must maintain all records relevant to administering this policy in accordance with Council’s Records Management Policy.

**9. POLICY DEFINITIONS**

|                                      |   |
|--------------------------------------|---|
| <b>Act</b>                           | means the <i>Local Government Act 1993</i> (NSW).   |
| <b>Council</b>                       | means Cessnock City Council.  |
| <b>Council Officials</b>             | means Council staff, including employees and contractors, Councillors and their delegates.  |
| <b>Expenditure Revotes</b>           | means any nominated project incomplete as at financial year end, that requires funds to be carried forward into the next financial year for the purpose of completing the project.  |
| <b>Eligible Programs or Projects</b> | means programs or projects which are budgeted for in the Operational Plan. Such programs or projects do not have to have commenced but they need to be at least contracted to be carried out or provided or are still in progress (or will be in progress) at the end of financial year. These projects will be limited to: <ul style="list-style-type: none"> <li>• Programs or projects of a capital nature;</li> </ul> |

|                                   |  |
|-----------------------------------|--|
|                                   | <ul style="list-style-type: none"> <li>• Non-recurring operational programs or projects of a specific nature which have commenced or resulted in contractual commitments prior to the end of financial year;</li> <li>• Any project that is 'tied' by a specific purpose grant or contribution (including 'section 7.11 contributions' projects); or</li> <li>• Programs or projects considered essential in advancing the Delivery Plan or Resourcing Strategy.</li> </ul> <p>For clarity, maintenance programs or projects are of a recurring nature and are not deemed eligible for carry over funding unless determined to be so by the ELT.</p> |
| <b>Executive Leadership (ELT)</b> | means the Executive Leadership team constituting the General Manager, Directors and Human Resources (HR) Manager or their delegates.   |
| <b>Regulation</b>                 | <i>means Local Government (General) Regulation 2021 (NSW).</i>   |
| <b>Reserve</b>                    | Means any cash held by council that is restricted by either legislation or council resolution for a particular purpose.  |

## 10. POLICY ADMINISTRATION

|   |   |
|---|---|
| <b>Business Group</b>   | Corporate and Community Services  |
| <b>Responsible Officer</b>  | Chief Financial Officer   |
| <b>Associated Procedure</b>   | N/A   |
| <b>Policy Review Date</b>   | Three years from date of adoption unless legislated otherwise   |
| <b>File Number / Document Number</b>  | DOC2018/009880  |
| <b>Relevant Legislation (reference specific sections)</b>                                 | <ul style="list-style-type: none"> <li>• <a href="#">Local Government Act 1993 (NSW)</a></li> <li>• <a href="#">Local Government (General) Regulation 2005</a></li> </ul>   |
| <b>Relevant desired outcome or objectives as per Council's Delivery Program</b>           | <p>5.3.11 Continue implementation of the Financial Sustainability Initiative Projects</p> <p>5.3.12 Continue to improve financial systems and services to support the organisation</p>  |
| <b>Related Policies / Protocols / Procedures / Documents (reference document numbers)</b> | <ul style="list-style-type: none"> <li>▪ Records Management Policy (DOC2019/038769)</li> <li>▪ Code of Conduct (DOC2018/086716)</li> <li>▪ Procurement Policy (DOC2013/047731)</li> <li>▪ Long Term Financial Plan</li> <li>▪ Community Strategic Plan</li> <li>▪ Delivery Program</li> <li>▪ Operational Plan</li> <li>▪ Australian Accounting Standards</li> <li>▪ The Local Government Code of Accounting Practice and Financial Reporting (Office of Local Government)</li> </ul> |



## 11. POLICY AUTHORISATIONS

| No. | Authorised Function | Authorised Business Unit / Role(s) |
|-----|---------------------|------------------------------------|
|     | NIL                 | NIL                                |

## 12. POLICY HISTORY

| Revision | Date Approved / Authority      | Description Of Changes  |
|----------|--------------------------------|---|
| 1        | 21 February 2018<br>(CC4/2018) | New policy adopted  |
| 2        | 21 June 2023<br>(GMU4/2023)    | Major review with update to Position name, delegations, policy statement, objectives, roles and responsibilities. |

## 13. APPENDICES