

Department of Planning, Housing and Infrastructure

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Consultation Guide - Quarterly Budget Review Statement Guidelines

for Local Government

March 2025





Acknowledgement of Country

The Department of Planning, Housing and Infrastructure acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land, and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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Purpose of consultation guide

Councils manage significant finances on behalf of their communities and play a pivotal role in making sure public money is directed to the assets and services most at need.

The people of NSW rightly expect their elected officials to have effective oversight and be in control of the financial performance of their council. It is clear that a robust performance monitoring framework needs to be in place to ensure transparency, build trust and minimise risk.

The draft Quarterly Budget Review Statement Guidelines for Local Government (the draft Guidelines) have been revised to ensure council staff report clearly and consistently to their councillors and communities. The draft Guidelines outline the purpose and value of effective financial reporting, highlight roles and responsibilities, and establish standardised Quarterly Budget Review Statement (QBRs) reporting templates.

It is intended that the final Guidelines will be issued under section 203(3) of the Local Government (General) Regulation 2021 (the Regulation). This means that it will be mandatory that all NSW councils comply with the draft Guidelines including the standardised QBRs reporting to be presented to councillors, the community and to the Office of Local Government (OLG).

The OLG has developed this consultation guide to encourage discussion and generate feedback from the local government sector and key stakeholders about the draft Guidelines.

OLG intends to assess submissions, finalise and release the new QBRs Guidelines in mid-2025. It is anticipated that councils would commence reporting the 1st quarter QBRs under the new Guidelines by no later than 30 November 2025.

How to provide feedback

Feedback is welcome from councils, individual councillors, council staff and key industry stakeholders.

Feedback can be provided in written form or can be provided via the online form available [here](#).

Feedback is due by **5pm 18 April 2025**.

Written feedback can be provided via:

Email: olg@olg.nsw.gov.au

Post: Locked Bag 3015 NOWRA NSW 2541.

Submissions should be clearly labelled ‘**Draft Quarterly Budget Review Statement – Consultation Feedback**’.

To ensure submissions offer maximum value in assisting the development of the final Guidelines, responses should be framed to offer constructive responses to the draft Guidelines and to the considerations framed in the dialogue boxes in each section of the consultation guide.

All input received through this consultation process may be made publicly available. Please let us know in your submission if you do not want your name and personal details published.

As part of the consultation process, we may need to share your information with people outside OLG, including other public authorities and government agencies. We may also use your email to send you notifications about further feedback opportunities or the outcome of the consultation.

There may also be circumstances when OLG is required by law to release information (for example, in accordance with the requirements of the Government Information (Public Access) Act 2009). There is a privacy policy located on OLG’s website that explains how some data is automatically collected (such as your internet protocol (IP) address) whenever you visit OLG’s website. The link to that policy is <https://www.olg.nsw.gov.au/about-us/privacy-policy/>.

Effective oversight

The QBRS must include clear, relevant and meaningful information. The QBRS should provide councillors and the community with a clear picture of how council is performing and facilitate good decisions that enable council to operate efficiently by measuring progress against goals and objectives.

The draft Guidelines introduce a new requirement for each council to report their QBRS with a covering financial overview and then to report at consolidated, general, water, sewer AND waste fund level (where applicable to councils). Councils are encouraged to include supporting narrative or commentary. The draft Guidelines also require councils to provide a summary of developer contributions.

OLG has also developed a one page ‘How to read your Quarterly Financial Overview’ guide to assist users read and understand the figures presented in the QBRS. The one page resource can be re-badged and used by councils.

The OLG, Local Government NSW and Local Government Professionals Australia (NSW) provide a range of support and resources to assist councillors to acquire and maintain the financial literacy they need to effectively perform their role.

OLG’s “Hit the Ground Running” webinars and OLG’s “Accounting and Financial Reporting” webinars are available at any time on the OLG website via the Council Portal and provide councillors with advice about the financial information they should be given. The OLG’s Council Portal also provides a range of general and technical accounting advice for general managers and council staff.

Feedback considerations:

- Does the revised process proposed in the draft Guidelines enable effective oversight and strengthen transparency? If no, outline the reasons why?
- Would you like additional training or capability development for councillors and council staff to apply the QBRS guidelines? If yes, what recommendations do you suggest?

Transparency

QBRS reporting is an important part of a transparent and accountable local government. It enables expectations to be set, monitored and communicated. It acknowledges that each council has its own unique environment and circumstances, and specific transactions and events.

Section 203 (2)(a) of the Regulation requires the Responsible Accounting Officer (RAO) to accompany the QBRS with a report as to whether the financial position of council is ‘satisfactory’ having regard to the original estimate of income and expenditure. This raises the question about the appropriate role of the RAO, and what assurances should the RAO be required to provide when presenting the QBRS to a council meeting.

Section 203(2)(b) of the Regulation also requires the ROA to report based on the income and expenditure of the council. The Regulation does not reference other considerations such as cash, reserves, assets and liabilities.

Feedback considerations:

- What is the role of the RAO in your council and what assurance should the RAO provide when signing the QBRS?
- Should the reference in the Regulation at 203 (2)(b) to ‘estimate of income and expenditure’ be extended? If so, should cash, reserves, assets, liabilities or other considerations be included?
- What, if any, changes to the Regulation would be beneficial to strengthen the QBRS process?

Timeliness

QBRS reporting enables councillors and the community to regularly assess progress and measure the council's financial health. It enables variances to be understood and addressed throughout the year and facilitates timely corrective actions as required. It also enables spending commitments to be managed now and into the future.

Section 203(1) of the Regulation exempts councils from providing a QBRS after the end of the June quarter. Audited council financial statements are not due to be lodged until 31 October each year. Regardless, financial statements are backwards looking and are not designed for decision making purposes. Councils are also, for various reasons, increasingly seeking extensions for the lodgement of their audited financial statements, which could lead to a gap in the provision of timely financial information to councillors and the community.

The draft Guidelines make it clear that financial reporting information should be provided to councillors on at least a monthly basis and that council staff should not wait for the QBRS to present and discuss financial information with the councillors.

Feedback considerations:

- Do you think a 4th quarter QBRS process should be implemented to improve effective oversight and the timeliness of year-round reporting to councillors? Please provide reasons for your response.
- Alternatively, should an end of year summary report be implemented? Please provide reasons for your response.
- What financial reporting information do you provide to your councillors on a monthly basis?

Builds trust

Accurate, reliable and openly available financial information builds trust and engagement. The QBRS process enables councillors and the community to regularly assess councils progress against its intended goals and objectives.

To build transparency, accountability and community trust, council staff need to ensure the QBRS can be easily located on council's website.

The draft Guidelines establish a new process requiring all NSW councils to provide the OLG with a full copy of each of the QBRS documents mandated in the draft Guidelines and a copy of the relevant resolution.

The draft Guidelines also establish a new process for all NSW councils to provide OLG with an electronic QBRS data return, on a quarterly basis. OLG will issue an electronic data template, aligned to the templates in the draft Guidelines, for this purpose.

For many years, councils have been provided OLG with an annual Financial Data Returns (FDR) which is used to compile the annual Time Series Data and to populate the [YourCouncil](#), enabling councils, councillors, the community and the OLG to view and compare the performance of councils. This requirement is put in place through the release of an OLG Circular and the OLG Calendar of Compliance.

The draft Guidelines, issued under section 203 (3) of the Regulation, have been used to mandate the requirement for councils to provide Financial Data Returns (FDR) to OLG by 31 October each year.

OLG will use the annual and quarterly financial reporting data to monitor compliance, undertake performance reviews and risk assessments, and if required undertake any necessary regulatory enforcement.

In time, and to ensure the community has readily available and comparable data, OLG intends to publish council QBRS information on the [YourCouncil](#) website.

OLG intends to release the final QBRS Guidelines in mid-2025 and anticipates that councils would commence reporting the 1st quarter QBRS under the final Guidelines by no later than 30 November 2025.

Feedback considerations:

- Is a mid-2025 release of the final Guidelines and the November commencement date feasible? If not, why not?
- Should councils ensure the QBRS and other publicly available financial reports are available as stand-alone documents on council websites, in addition to through council business papers? If not, why not?

Minimises risk

Regular and transparent reporting, including the QBRS, minimises risk by facilitating financial decisions that are responsible and sustainable and that proactively identifies risks. The QBRS also assists councils to better manage unexpected developments and financial shocks.

The draft Guidelines introduce a new requirement for each council to report their QBRS with a narrative, a covering financial overview and then report at consolidated, general, water, sewer

AND waste fund level (where applicable to councils). This shift to report the various council funds will ensure that councillors, council staff and communities have a clear picture of not only how their council is operating at a holistic level, but also how each fund is operating on its own merit.

The draft Guidelines also require councils to provide a summary of developer contribution income and balances.

Currently, the draft Guidelines do not include a 'key performance indicator statement'. OLG is in the process of reviewing the performance ratios and will separately consult with the sector about any proposed changes. The draft Guidelines have also removed the requirement to provide a 'budget review of contracts and other expenses' summary.

It is intended that the standardised templates improve consistency, transparency and outcomes for NSW councils. Councils are encouraged to add additional narrative, commentary and supplementary information, however each council in NSW must use, and not adjust, the standardised templates in the draft Guidelines.

Feedback considerations:

- What impediments, if any, would you have to provide accurate and timely reporting at a fund level on a quarterly basis? If so, how could these be overcome?
- Do the standardised templates include the right information to understand how council is tracking against its intended plan and to make decisions, including any necessary budget adjustments? If no, what information should be reported in a QBRS?
- Should additional financial information be reported in the state-wide standardised QBRS templates? If so, what additional information should be mandated?

Going forward

OLG is seeking information and feedback from the local government sector and key stakeholders to better understand council financial processes, challenges and best practice examples.

OLG is also interested to hear of any opportunities or areas where OLG could provide further advice and guidance to strengthen council financial reporting, transparency and accountability.

Feedback considerations:

- What analysis do you do at the end of the financial year to inform the development of the next year's budget?
- What additional support or resources would assist local councils to improve the quality, availability and consistency of the financial information they provide to their councillors and community?

Conclusion

The feedback considerations in this guide are intended to generate discussion and help councillors, council staff and key stakeholder provide feedback on the draft Guidelines to the OLG.

Feedback, in written form or via the online form, is due by **5pm 18 April 2025**.

We look forward to your comments on the draft Guidelines.