

Quarterly Budget Review Statement

for

NSW Local Government



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NSW Department of Premier and Cabinet

December 2010

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ISBN 1 920766 91 x

Produced by the Division of Local Government



Premier & Cabinet
Division of Local Government

www.dlg.nsw.gov.au

Table of Contents

1. INTRODUCTION	4
2. OVERVIEW	4
3. BUDGETARY FRAMEWORK.....	6
4. QUARTERLY BUDGET REVIEW STATEMENT (QBRS).....	8
4.1 RESPONSIBLE ACCOUNTING OFFICER'S STATEMENT	10
4.2 REPORTING ON BUDGET VARIANCES / RECOMMENDED CHANGES.....	10
4.3 INCOME & EXPENSES BUDGET REVIEW STATEMENT	11
4.4 CAPITAL BUDGET REVIEW STATEMENT.....	12
4.5 CASH AND INVESTMENTS BUDGET REVIEW STATEMENT.....	12
4.6 KEY PERFORMANCE INDICATOR (KPI) BUDGET REVIEW STATEMENT	13
4.7 BUDGET REVIEW CONTRACTS AND OTHER EXPENSES.....	13
5. ADDITIONAL INFORMATION	14
6. QBRS TEMPLATES	15
APPENDIX 1 – REPORT BY RESPONSIBLE ACCOUNTING OFFICER	15
APPENDIX 2 –INCOME AND EXPENSES BUDGET REVIEW STATEMENT.....	16
APPENDIX 3 – CAPITAL BUDGET REVIEW STATEMENT	18
APPENDIX 4 –CASH AND INVESTMENTS BUDGET REVIEW STATEMENT	19
APPENDIX 5 – BUDGET REVIEW KEY PERFORMANCE INDICATORS STATEMENT	21
APPENDIX 6 – BUDGET REVIEW CONTRACTS AND OTHER EXPENSES	22

1. Introduction

A new planning and reporting framework for NSW Local Government has been introduced with a greater focus on sustainability. The new Integrated Planning and Reporting (IP&R) framework is being implemented over a period of three years.

The IP&R framework requires councils to undertake appropriate community consultation to agree to a strategic approach, manage their assets more effectively and work towards a more financially sustainable future. It is therefore important that financial information made available to councillors is sufficient for them to make informed decisions on matters likely to impact council's financial position and to meet its obligations under the management plan / operational plan.

In reviewing councils' quarterly budget review reports, the Division of Local Government (the Division) has noted that the format and content of budget review statements varies significantly from one council to the next.

A quarterly budget review should act as a barometer of council's financial health during the year. It needs to adequately disclose council's overall financial position, provide sufficient information to enable informed decision making while ensuring transparency in decision making. It is also a means by which councillors can ensure that council remains on track to meet its objectives, targets and outcomes as set out in its management plan / operational plan.

The Division has developed a set of minimum requirements and sample templates that will assist councils in meeting their obligations as set out in legislation. The templates will facilitate progress reporting against the original and revised annual budgets at the end of a quarter. They will also provide explanations for major variations that result in recommendations for budget changes and enable the responsible accounting officer (RAO) to indicate if council will be in a satisfactory financial position at the end of the financial year, given the changes to the original budgeted position.

Collectively, these documents will be known as the quarterly budget review statement (QBRS) and will be reported to council in accordance with the relevant legislation at the end of each quarter. The QBRS requirements contained in this document are minimum requirements and councils may incorporate them into an existing reporting format.

The minimum requirements for the QBRS will be included in the *Code of Accounting Practice and Financial Reporting* (the Code) and form part of the legislative framework in accordance with clause 203(3) of the Regulations.

2. Overview

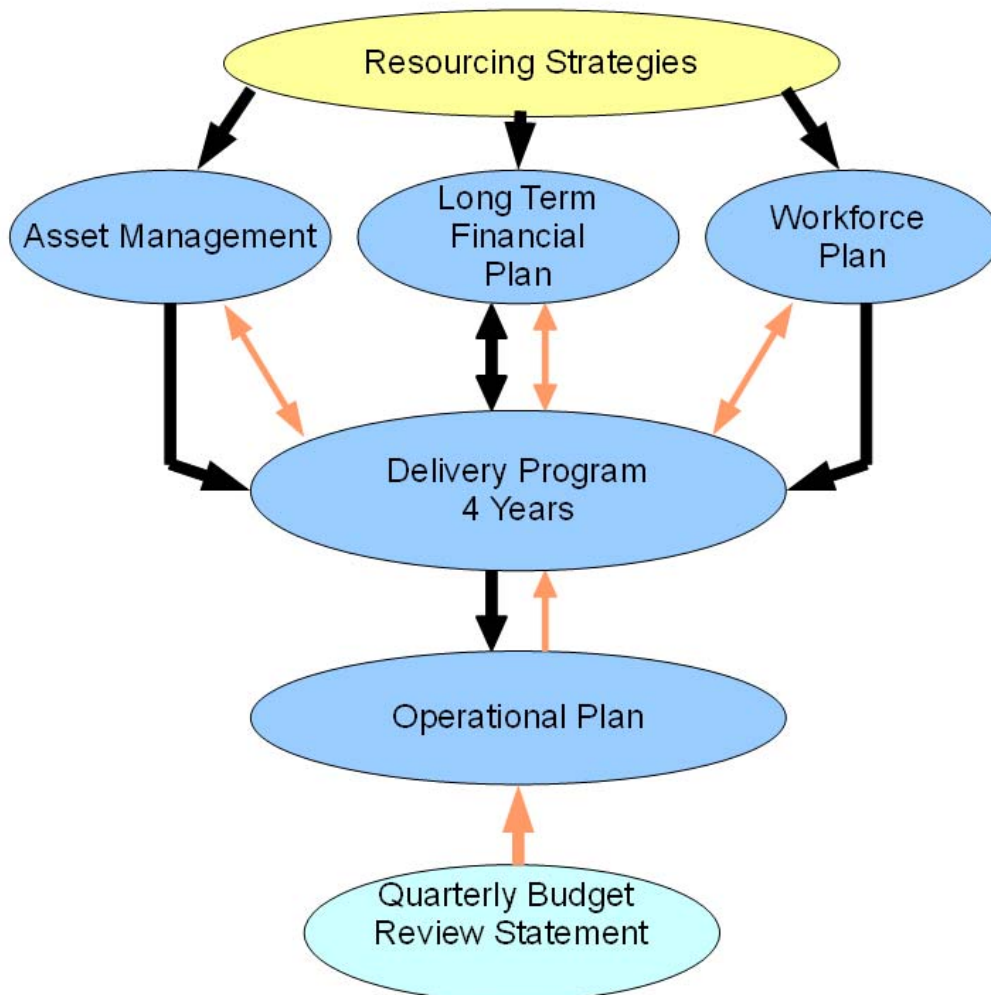
Clause 203(1) of the *Local Government (General) Regulation 2005* (the Regulations) requires a council's responsible accounting officer to prepare and submit a quarterly budget review statement to the governing body of council. The quarterly budget review statement must show, by reference to the estimated income and expenditure that is set out in the management plan or operational plan adopted by council for the relevant year, a revised estimate of income and expenditure for that year.

It also requires the budget review statement to include a report by the responsible accounting officer as to whether or not they consider the statement indicates council to be in a satisfactory financial position (with regard to its original budget) and if not, to include recommendations for remedial action.

Legislative requirements together with the implementation of a formal reporting mechanism will ensure that councils have a robust and transparent budget reporting framework.

Council's management plan or operational plan sets out the achievements, goals and revenue policy, including estimates of income and expenditure. The quarterly budget review statement (QBRS) will play an important role in monitoring council's progress against the plan and the ongoing management of council's annual budget.

The following diagram shows the relationship of the QBRS to the operational plan within the integrated planning and reporting framework.



Key:

→ black arrows – IP&R relationships

→ orange arrows – QBRS relationships

Diagram 1 – Integrated Planning & Reporting Framework showing relationship with QBRS

The development of a standard set of budget review statements will assist each council in meeting its charter with regard to its finances and related responsibilities in respect of its management plan / operational plan.

It is expected that council's quarterly budget review statement will:

- provide fair and reasonable information to councillors and the community in respect to the budget;
- report on the impacts of any recommended changes with respect to the management plan / operational plan, including potential impacts on goals, objectives and strategies contained in the plan and the delivery program; and,
- indicate how council is tracking against its original budget as set out in its management plan / operational plan.

The benefits to councillors include:

- a consistent approach to budget review;
- an overall understanding of the projected year end results and reasons for any major variances against the original plan; and,
- an ability to make decisions regarding budget changes in full knowledge of any implications on the management plan / operational plan, council's expected financial position as well as any possible impact on the delivery program.

While the QBRS forms part of the initiative to improve reporting through integration, all councils are subject to these requirements regardless of where they are in respect to implementing IP&R.

3. Budgetary framework

With the introduction of IP&R, changes have been made to the *Local Government Act 1993* (the Act) and the *Local Government (General) Regulation 2005* (the Regulations). The *Local Government Amendment (Planning and Reporting) Act 2009* includes transition arrangements in Schedule 8 (Part 31) for the staged implementation. The Act and Regulations, prior to the enactment of the 2009 Amendment Bill¹ and Amendment Regulation² will remain in force for councils until they are implementing IP&R in accordance with the transitional arrangements.

The transitional arrangements in Schedule 8(95) of the amended Act state that councils must comply with the new strategic planning provisions. That is, they must endorse a community strategic plan and adopt a resourcing strategy, delivery program and first operational plan in accordance with the following timetable:

- Group 1 – by 30 June 2010
- Group 2 – by 30 June 2011

¹ Local Government Amendment (Planning and Reporting) Bill 2009

² Local Government (General) Amendment (Planning and Reporting) Regulation 2009 under the Local Government Act 1993

- Group 3 – by 30 June 2012

The legislative framework which incorporates aspects of budgeting and reporting requirements for councils is set out in Table 1.

To address the varying requirements and legislation that are dependent on the transitional arrangements, the table shows each requirement along with the related legislative reference for councils implementing IP&R as well as those that are yet to implement the IP&R framework.

Section references e.g. S402, refers to a section in the *Local Government Act 1993* while clause references e.g. Cl 203 refers to a clause within the *Local Government (General) Regulation 2005*.

Table 1 - Legislative Framework

Legislative Requirements	Reference Legislation prior to 2009 amending Legislation*	Reference 2009 Amended Legislation**
Community Strategic Plan Resourcing Strategy Delivery Program Operational Plan IP&R guidelines	n/a	S402 S403 S404 S405 S406
Council to prepare: <ul style="list-style-type: none"> ○ Draft management plan or ○ Community strategic plan (over 10 years and integrated with asset management and long term financial plans.) 	S402 – S403 n/a	n/a S402
Council to adopt an operational plan prior to beginning of the financial year. Operational plan to include: Statement of council's revenue policy and details as stated in the Regulations (detailed estimate of council's income and expenditure).	n/a n/a	S405 Cl 201(1)(a)
Specific information with respect <ul style="list-style-type: none"> ○ council's revenue policy, ○ detailed estimate of council's income and expenditure (among other things). 	S404(1) in draft management plan	Cl 201(1) in operational plan Cl 201(1)(a)

Legislative Requirements	Reference Legislation prior to 2009 amending Legislation*	Reference 2009 Amended Legislation**
<p>Prepare detailed annual budget on an accrual basis in accordance with the Code.</p> <ul style="list-style-type: none"> ○ Income statement ○ Note 2a ○ Capital Budget <p>These budgets are to be presented to the council prior to commencement of a new financial year (1 July).</p> <p>At the end of the financial year the income and expenditure budget result must be compared to the actual result reported in Council's financial statements with variances reported to council at the meeting at which the financial reports are considered.</p>	Code of Accounting Practice and Financial Reporting	
<p>Responsible accounting officer to:</p> <ul style="list-style-type: none"> ○ establish and maintain a system of budgetary control 	CI 202(a)	
<p>Monthly, responsible accounting officer to:</p> <ul style="list-style-type: none"> ○ monitor and compare actual income and expenditure with the estimate of council's income and expenditure ○ report any material variances to council at its next meeting 	CI 202(a)&(b)	
<p>Quarterly, not later than 2 months after the end of each quarter:</p> <p>Responsible accounting officer to submit to council a budget review statement which includes:</p> <ul style="list-style-type: none"> ○ the revised estimate of expenditure and revenue for the year by reference to the original estimates set out in the management plan / operational plan, ○ a report to council re view of financial position having regard to original estimates. If unsatisfactory, recommended remedial action. ○ any information required by the Code (i.e. the new quarterly budget review reporting requirements – QBRS documents). 	<p style="text-align: center;">CI 203(1)</p> <p style="text-align: center;">(management plan)</p> <p style="text-align: center;">CI 203(2)</p> <p style="text-align: center;">CI 203(3)</p>	<p style="text-align: center;">(except June quarter)</p> <p style="text-align: center;">CI 203(1)</p> <p style="text-align: center;">(operational plan)</p> <p style="text-align: center;">CI 203(2)</p> <p style="text-align: center;">CI 203(3)</p>

Notes:

* Legislation in force until council implements IP&R in accordance with transitional arrangements (Schedule 8 – Part 31(95) of the amended Act).

** Legislation in force for councils when implementing IP&R in accordance with transitional arrangements.

4. Quarterly Budget Review Statement (QBRS)

The QBRS presents a summary of council's financial position at the end of each quarter. It is the mechanism whereby councillors and the community are informed of council's progress against the management plan / operational plan (original budget) and the last revised budget along with recommended changes and reasons for major variances.

The QBRS is composed of, but not limited to, the following budget review (BR) components:

- Statement by the responsible accounting officer on council's financial position at the end of the year based on the information in the QBRS;

- Budget Review Income and Expenses Statement in one of the following formats:
 - Consolidated
 - by fund (e.g. General Fund; Water Fund; Sewer Fund)
 - by function, activity, program etc to align with the management plan / operational plan;
- Budget Review Capital Budget;
- Budget Review Cash and Investments position;
- Budget Review Key Performance Indicators; and,
- Budget Review Contracts and Other Expenses

The QBRS will show the revised estimated income and expenditure for the year against the original estimate of annual income and expenditure as shown in the management plan / operational plan and will include recommendations by council officers regarding changes to the revised budget to give a projected year end result.

The inclusion of the original budget in the QBRS statements will enable councillors and the community to see how council is tracking against the original plan. It is also a requirement of clause 203(1) of the Regulations. The QBRS should provide sufficient information to alert councillors to any issues or potential problems that may impact its ability to achieve stated financial targets, agreed strategies, objectives and outcomes that are set out in the management plan / operational plan and delivery program and to maintain its targeted financial position.

Sample templates for each of the documents making up the QBRS are included in the appendices at the end of this document. The template documents contain the minimum reporting requirements however, it is recognised that council will have its own reporting style. Provided that the minimum requirements for reporting are met, council may choose to present the information as part of its existing report. For example, where council currently prepares a document to report on variances and recommended budget changes, the statements may be incorporated into that report or attached as appendices to support the detail in the existing report. In the latter case the variance reporting would not be included on each statement and therefore it would be necessary to cross reference the detail to the relevant statement.

The minimum requirements are shown in the templates by way of black type (normal font) while sample data is shown in grey italics.

Recommended changes are changes to the last approved budget being either the original budget in the first quarter review or the last revised budget. In the QBRS reports, the recommended changes are added to the last revised budget to reflect the 'projected year end result'. For recommended changes to be included in the budget they must be considered and adopted by council.

In accordance with council's charter at section 8 of the Act, councillors need to have regard for the long term and cumulative effects of its decisions, so it is therefore important to understand the impacts of any significant changes that are proposed, including anything that will impact council's ability to achieve its

objectives and targets outlined in the management plan / operational plan or delivery program.

4.1 Responsible Accounting Officer's Statement

The Regulations require that a budget review statement must include or be accompanied by a report as to whether or not the responsible accounting officer (RAO) believes that the QBRs indicates that council's financial position is satisfactory, having regard to the original estimate of income and expenditure. If council's financial position is considered by the responsible accounting officer to be unsatisfactory, then recommendations for remedial action must be included.

The adopted management plan / operational plan incorporates council's adopted budget. It assumes particular objectives, strategies and targets, including its intended financial position, by the end of the financial year. The purpose of the RAO considering council's financial position with regard to the original estimate of income and expenditure (original budget) is to assess whether or not council's projected year end result as at the end of each quarter has any likely impact on council's estimated financial position as determined in its management plan / operational plan. The RAO is therefore making a professional judgement based on the impact of proposed or approved changes to the original annual budget on council's budgeted financial position.

In accordance with the Regulations, the RAO statement (refer Appendix 1) may be incorporated into one of the other documents forming the QBRs. If council chooses to incorporate the statement into its review report rather than present it as a separate statement, then it must be clearly visible on the document and include the responsible accounting officer's signature and the date on which the statement was made.

4.2 Reporting on budget variances / recommended changes

Over the period of the budget year, council has an opportunity to review and approve variances to the original budget. These variances are generally recommended as part of council's quarterly budget review process.

Any change to the budget must be approved by council and councillors need to be aware that by resolving to accept the QBRs, they are approving the changes as proposed. It is therefore important that councillors understand the impact of any recommended changes and take into account the cumulative impact of quarterly budget revisions. To determine the impact of these cumulative revisions on the original budget, the statements will include all approved changes to the budget in previous quarters.

Variance reporting will provide sufficient information to give an understanding of the reasons for recommended changes to the budget and any flow on effect that the change might have on council's ability to meet its objectives, commitments and strategies outlined in the management plan / operational plan. Any potential impacts on council's delivery program will also be identified.

Within each of the statements forming the QBRs, reasons for recommended changes (variances) to the budget for substantial or major variances are required. However explanations may be cross referenced between statements to avoid duplication. Council should determine the parameters for what constitutes a 'substantial' or 'major' variation as it would not be feasible to explain all variations.

Any recommended change to the budget that is considered to be 'major' should also include confirmation that the budget variation will not impact council's financial strategies as well as detail any anticipated impacts on council's management and strategic plans, financial position and objectives. This includes any potential impact on the delivery program which includes plans, projects, activities and funding allocations to meet the community's long-term goals.

In many cases, the recommended changes to the budget will be movements of funds across the functions or activities of council and will not impact the 'bottom line'. Where variations to the budget result in a change to the overall budget, an explanation must be given as to the reason for this and the impact on council's targeted financial position.

4.3 Income & Expenses Budget Review Statement

Under the Regulations councils are required to prepare a budget review statement that "*shows, by reference to the estimate of income and expenditure set out in the management plan (or operational plan) that council has adopted for the relevant year*", a revised estimate of income and expenditure. The income and expenses statement(s) reported in the QBRs will therefore cover all estimated income and expenses detailed in council's management plan / operational plan, remembering that the original budget was developed on an accrual basis.

The income & expenses statement should therefore be presented in a format that best represents the estimated income and expenditure included in its management plan / operational plan thus enabling councillors and the community to readily relate the information to the plan. For this reason, the QBRs guidelines do not prescribe the level of reporting, but provide examples of different reporting levels. Income and expenses budget review statements will include the following minimum requirements:

- Original budget (as per management plan / operational plan)
- Revised budget (last council approved budget)
- Approved changes to the budget in previous quarters
- Projected year end result
- Actual YTD data (including accruals e.g. depreciation)
- Recommended changes (variations between the revised budget and projected year end result)
- Explanation for material variations between the revised budget and projected year end result and likely impacts of the variation / recommended change (refer 4.2 above)
- Total Income (original, revised and projected year end result)
- Total Expenses (original, revised and projected year end result)
- Net Operating Result from continuing operations (original, revised and projected year end result)
- Net Operating Result before capital items (original, revised and projected year end result)

- A full explanation of any variance between the original budget and projected year end result for net operating results (before and after capital items).

Council may include any other additional information it considers appropriate.

Appendix 2 refers.

4.4 Capital Budget Review Statement

A capital budget sets out council's intention with regards to capital works programs and includes planned purchase and disposal of council land, facilities and major equipment. The budget should identify those capital items for purchase or disposal and planned capital works. The budget should also include capital funding sources.

The capital budget review statement should inform the reader as to whether council's capital works program is on track to deliver the projects outlined in its management plan / operational plan. Where council currently receives detailed reports on capital projects and capital works, the Capital Budget Review statement may be a high level, summary report.

The statement will align with the level of reporting used in the Income and Expenses Budget Review statement. For example, where council has developed its income and expenses statement by fund, the Capital Budget Review statement must be developed at the fund level also.

Where recommended changes to the budget relate to the deferral of capital works programs to another year, an explanation for the deferral and revised implementation information should be included in the report. It should also include impacts of the deferral along with a recommendation for reallocation or carry over of the funds.

Any proposed changes that have a substantial impact on planned capital works, reserves or purchases and sales of capital assets during the current financial year are to be notified to council in this report.

As a means of keeping councillors up to date with asset works, purchases and sales, the report should include information on recent asset purchases and disposals and their impact on the budget.

Appendix 3 refers.

4.5 Cash and Investments Budget Review Statement

This statement will show the original budgeted cash and investment position, the revised position and the projected year end position. It will also show the anticipated year end available cash position.

Council may include more specific detail such as transfers to and from reserves and planned transfers in reserves in order to provide additional information for councillors.

Councils are required to include a statement regarding the cash position and reconciliation with cash reserves and investments. It will also include a statement regarding the last bank reconciliation undertaken, and any outstanding reconciliation(s).

Appendix 4 refers.

4.6 Key Performance Indicator (KPI) Budget Review Statement

In developing its management plan / operational plan council will have identified a number of key performance indicators to enable it to monitor its performance against the plan. Council's long term financial plan should also include methods of monitoring financial performance, including measures to assess its long-term financial sustainability.

Council's achievements against its KPIs in the management plan / operational plan should be reported in the quarterly reports to council. The measures or KPIs may extend beyond financial indicators and while councillors and the community should be given an indication of how council is progressing against these measures in respect to achieving its objectives, outcomes, etc, the minimum requirement for QBRS is a report on the key financial indicators, including council's long term financial sustainability.

If council did not identify specific key performance measures in its management plan, it will need to establish a suite of performance measures based on the plan and report on these each quarter in the QBRS.

As councils may already have a set format for reporting against KPIs, the format of this statement has not been specified in these guidelines.

4.7 Budget Review Contracts and Other Expenses

Councillors are currently made aware of tenders of \$150,000 or more in accordance with legislation. However councillors should be made aware of other material contracts entered into by council and details of other expenses that are of particular interest. To this end a contract listing and details of legal fees and consultancy expenses are included in the QBRS.

Part A of the report will list contracts (other than employment contracts and contracts entered into from Council's "preferred contracts list") that:

- were entered into during the quarter under review but have not been fully performed or completed; and,
- have a value equal to or more than
 - \$50,000 or,
 - 1% of council's estimated income from continuing operations,whichever is the lesser.

The listing will include:

- Contractor name
- Purpose of the contract
- Amount of consideration
- Commencement date of the contract
- Duration of the contract
- Whether or not the contract was included in the budget

Part B of the report will show expenditure to date for:

- Consultancies
- External legal fees.

For the purposes of this report, a consultancy is defined as a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision-making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

The template for the contract listing and other expenses is at Appendix 6.

5. Additional information

It is stressed that these template documents contain the minimum reporting requirements for quarterly reporting. It is expected that the templates will form part of a suite of reports to councillors.

Any explanations provided as part of these reports should be in plain English and in a style that is understandable by readers of non-financial reports. It is essential that the narrative is clear to assist informed decision making.

There will be occasions when councillors require additional information to form a view, make a decision or fully understand a situation. Council's policies and legislation set out councillors' entitlement to information and the means by which that information should be obtained.

Examples of additional information that may be asked for include:

- Details of specific works and services affected by budget variations
- Transfers to and from financial reserves such as S94 contributions
- Information about sale or acquisition of plant and equipment
- Percentage of rates and annual charges outstanding
- How Council is tracking to meet its obligations under the Delivery Program / Community Strategic Plan
- The amount of money in the bank
- Progress on specific capital projects (to completion and against budget)

Council staff need to ensure that councillors are aware of the correct processes regarding requests for additional information and that requested information is provided in a timely fashion.

6. QBRS templates

Appendix 1 – Report by Responsible Accounting Officer

The RAO is required to indicate whether or not they believe that the QBRS shows that the financial position of council will be satisfactory at year end. Consideration having been given to the impact of changes to the original budget and the target financial position detailed in the management plan / operational plan.

If the RAO believes that the “Projected year end result” may result in a deterioration of council’s original budgeted financial position that is considered to be unsatisfactory, then recommendations for remedial action are required to be made.

The following statement is the minimum requirement and should be supplemented by more information as appropriate.

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005.

It is my opinion that the Quarterly Budget Review Statement for ABC Council for the quarter ended xx/xx/xx indicates that Council’s projected financial position at 30/6/XX will be *satisfactory / unsatisfactory* at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

In the case of an unsatisfactory financial position:

The responsible accounting officer is to state recommendations for remedial action here.

Signed: _____ date: ___/___/___

Name

Responsible Accounting Officer, ABC Council

Appendix 2 –Income and Expenses Budget Review Statement

Council may determine the most appropriate level of reporting however any statement must include the minimum requirements outlined at 4.3 above.

SAMPLE A - consolidated or by fund

ABC Council

Budget review for the quarter ended - XX XXXXXXX 20XX

Income & Expenses (e.g. consolidated or by fund)

	ORIGINAL		Approved Changes		REVISSED	Recommended	PROJECTED	
	Budget	Sept	Dec	Budget		changes	year end	
	20xx/xx	Review	Review	Budget	for Council	result	ACTUAL	
	(000's)	(000's)	(000's)	(000's)	(000's)	Resolution	20xx/xx	YTD
						(000's)	(000's)	(000's)

Income (examples include:)

- Rates and Annual Charges
- User Charges and Fees
- Interest and Investment Revenue
- Other Revenues
- Grants & Contributions - Operating
- Grants and Contributions - Capital
- Contributions (S94)
- Net gain from the disposal of assets
- Share of interests in joint ventures

Total Income from continuing operations

Expenses (examples include:)

- Employee costs
- Borrowing Costs
- Materials & Contracts
- Depreciation
- Legal Costs
- Consultants
- Other Expenses
- Interest and Investment Losses
- Net Loss from Disposal of Assets
- Share of interests in joint ventures

Total Expenses from continuing operations

Net Operating Result from continuing operations

Net Operating Result before capital items

Notes:

ORIGINAL Budget +/- approved budget changes in previous quarters = REVISED Budget
 REVISED Budget +/- recommended changes this quarter = PROJECTED year end result

Recommended changes to revised budget

Include:

- an explanation for recommended changes and any impact on Council's original management / operational plan, delivery program or LTFP.
- any impacts of YTD expenditure on recommended changes to the budget

NOTES: (1) Explanations are to be in plain English and in a style easily understood by readers of non-financial information.

This narrative is important in understanding why budget changes are necessary.

(2) Council has the option of reporting Legal and Consultant fees separately or including them in 'Other Expenses'.

This document forms part of ABC Council's Quarterly Budget Review Statement for the quarter ended xx/xx/xx and should be read in conjunction with other documents in the QBRs.

ABC Council

Budget review for the quarter ended - XX XXXXXXXXXXXX 20XX

Income & Expenses (e.g. by Function / Activity/ Program)

	ORIGINAL		Approved Changes		Recommended changes	PROJECTED	ACTUAL
	Budget	Sept	Dec	REVISED	for Council	year end	
	20xx/xx	Review	Review	Budget	Resolution	result	
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	YTD (000's)

Income (examples include:)

- Administration
- Public Order & Safety
- Community Services & Education
- Housing & Community Amenities
- Water Supplies
- Sewer Services
- Manufacturing and Construction
- Transport and Communication
- Economic Affairs

Total Income

Expenses (examples include:)

- Administration
- Public Order & Safety
- Community Services & Education
- Housing & Community Amenities
- Water Supplies
- Sewer Services
- Manufacturing and Construction
- Transport and Communication
- Economic Affairs

Total Expenses

Notes:

ORIGINAL Budget +/- approved budget changes in previous quarters = REVISED Budget
 REVISED Budget +/- recommended changes this quarter = PROJECTED year end result

Recommended changes to revised budget

Include:

- an explanation for recommended changes and any impact on Council's original management plan / operational plan, delivery program or LTFFP.
- any impacts of YTD expenditure on recommended changes to the budget

NOTE: Explanations are to be in plain English and in a style easily understood by readers of non-financial information. This narrative is important in understanding why budget changes are necessary.

Appendix 3 – Capital Budget Review Statement

ABC Council

Budget review for the quarter ended - XX XXXXXXXXXX 20XX

Capital Budget *(at same level of reporting as for Income & Expenses Statement)*

	ORIGINAL Budget 20xx/xx (000's)	Approved Changes		REVISED Budget (000's)	Recommended	PROJECTED	ACTUAL YTD (000's)
		Sept Review (000's)	Dec Review (000's)		changes	year end	
					for Council Resolution (000's)	result 20xx/xx (000's)	

Capital Funding *(examples include:)*

Rates and other untied funding

Capital Grants & Contributions

Internal Restrictions

- renewals
- new assets

External Restrictions

- infrastructure levy

Other Capital Funding Sources e.g.

- loans

Income from sale of assets

- plant and equipment
- land and buildings

Total Capital Funding

Capital Expenditure *(examples include:)*

New Assets

- Plant and Equipment
- Land and Buildings

Renewals (Replacement)

- Plant and Equipment
- Land and Buildings
- Roads, Bridges, Footpaths

Loan Repayments (principal)

Total Capital Expenditure

Where **Total Capital Funding** and **Total Capital Expenditure** figures do not match, an explanation is to be given. Carry over funding from the previous year should be identified and any proposed carry over to next financial year explained.

Notes:

ORIGINAL Budget +/- approved budget changes in previous quarters = REVISED Budget

REVISED Budget +/- recommended changes this quarter = PROJECTED year end result

Recommended changes to revised budget

Include:

- an explanation for recommended changes and any impact on Council's original management / operational plan, delivery program or LTFP.

- any impacts of YTD expenditure on recommended changes to the budget

NOTE: Explanations are to be in plain English and in a style easily understood by readers of non-financial information. This narrative is important in understanding why budget changes are necessary.

This document forms part of ABC Council's Quarterly Budget Review Statement for the quarter ended xx/xx/xx and should be read in conjunction with other documents in the QBRs.

Appendix 4 –Cash and Investments Budget Review Statement

ABC Council

Budget review for the quarter ended - XX XXXXXXXXXX 20XX

Cash & Investments

	ORIGINAL	Approved Changes		REVISED	Recommended changes for Council Resolution	PROJECTED	
		Budget	Sept			Dec	year end result
	20xx/xx	Review	Review	Budget	Resolution	20xx/xx	YTD
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)

Unrestricted

Externally restricted

(examples include:)

- RTA Contributions*
- Developer contributions*
- Domestic waste management*
- Special Rates*
- Unexpended loans*
- Special purpose grants*

Total Externally restricted

Internally restricted

(examples include:)

- Employee Leave entitlements*
- Replacement of Plant and Vehicles*
- Tip improvements*
- Occupational Health and Safety*
- Superannuation*
- Asset renewals*

Total Internally restricted

Total Restricted

Total cash and investments

Available cash

Notes:

The **available cash** position excludes restricted funds. External restrictions are funds that must be spent for a specific purpose and cannot be used by council for general operations. Internal restrictions are funds that council has determined will be used for a specific future purpose.

ORIGINAL Budget +/- approved budget changes in previous quarters = REVISED Budget
 REVISED Budget +/- recommended changes this quarter = PROJECTED year end result

NOTE: Explanations are to be in plain English and in a style easily understood by readers of non-financial information. This narrative is important in understanding why budget changes are necessary.

Cash & Investments Budget Review Statement (cont)

Comment on cash and investments position

Include an explanation for any impact on Council's original management / operational plan or delivery program.

Recommended changes to revised budget

Include:

- an explanation for recommended changes and any impact on Council's original management plan / operational plan, delivery program or LTFP.
 - any impacts of YTD expenditure on recommended changes to the budget
-
-

Statements:

Investments

RAO to state whether or not restricted funds are invested in accordance with council's investment policies. If not, an explanation is to be given.

State the extent to which restricted funds have been invested by providing a reconciliation of the total restricted funds to the current Monthly Investment Report.

Cash

RAO to make a statement regarding the reconciliation of cash with the bank statement and include the date to which the last bank reconciliation has been done.

Reconciliation

The YTD total Cash and Investments is to be reconciled with funds invested and cash at bank.

This document forms part of ABC Council's Quarterly Budget Review Statement for the quarter ended xx/xx/xx and should be read in conjunction with other documents in the QBRS.

Appendix 5 – Budget Review Key Performance Indicators Statement

In this statement, council will identify key financial performance measures and provide commentary on its achievements to date.

The format of this statement is optional for councils but must give sufficient information to councillors and the community on its progress against the financial indicators (as a minimum) included in the management plan / operational plan.

If the management plan does not include key financial indicators, council should develop a suite of financial indicators against which to report to give an indication of its current financial position and long term financial sustainability.

Appendix 6 – Budget Review Contracts and Other Expenses

PART A - Contracts Listing

ABC Council

Budget review for the quarter ended - XX XXXXXXXXXXXX 20XX

Contracts

Contractor	Contract detail & purpose	Contract value	Commencement date	Duration of contract	Budgeted (Y/N)

Notes

1. Minimum reporting level is 1% of estimated income from continuing operations or \$50,000 whichever is the lesser.
2. Contracts to be listed are those entered into during the quarter and have yet to be fully performed, excluding contractors that are on Council's Preferred supplier list'.
3. Contracts for employment are not required to be included.
4. Where a contract for services etc was not included in the budget, an explanation is to be given (or reference made to an explanation in another Budget Review Statement).

This document forms part of ABC Council's Quarterly Budget Review Statement for the quarter ended xx/xx/xx and should be read in conjunction with other documents in the QBRs.

PART B - Consultancy and Legal expenses

ABC Council

Budget review for the quarter ended - XX XXXXXXXXXX 20XX

Consultancy and Legal expenses

Expense	Expenditure YTD \$	Budgeted (Y/N)
Consultancies	_____	_____
Legal Fees	_____	_____

Definition of consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision-making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

NOTE:

Where any expenses for Consultancy or Legal fees (including Code of Conduct expenses) have not been budgeted for, an explanation is to be given. Report on external expenses only (not internal expenses).

This document forms part of ABC Council's Quarterly Budget Review Statement for the quarter ended xx/xx/xx and should be read in conjunction with other documents in the QBRs.