

<b>Policy title</b>	Fiscal Responsibility
<b>Responsible manager(s)</b>	Chief Financial Officer
<b>Contact officer(s)</b>	Chief Financial Officer
<b>Directorate</b>	General Manager
<b>Approval date</b>	26 July 2022
<b>Outcome area</b>	5. Our engaged community with progressive leadership
<b>Strategy</b>	5.3 Work together to achieve our collective vision
<b>Delivery Program</b>	5.3.1 Provide strong corporate and financial management that is ethical, fair, transparent and accountable
<b>Operational Plan</b>	5.3.1.1 Provide sound and strategic financial management and reporting

### Purpose

To provide guidance and targets for budgeting and financial results.

Eurobodalla Shire Council's policy is designed to ensure that reasonable financial health and sustainability is maintained.

### Policy aims

The policy aims to Guide Financial Responsibility and covers the following areas:

1. Statement of Financial Performance
2. Asset Management Planning
3. Integrated Planning and Reporting
4. Liquidity/Cash
5. Fees and Charges
6. Rates and Charges
7. Reserves
8. Borrowing and Debt Services
9. Annual Financial Statements
10. Revotes
11. Budgetary Control
12. Risk Management

### Policy statement

	<b>Application</b> This policy applies to Eurobodalla Shire Council.
	<b>Legislation</b> Eurobodalla Shire Council will comply with the <i>Local Government Act 1993 (NSW)</i>
<b>1</b>	<b>Statement of Financial Performance</b> a) Council will aim for surpluses in the budgeted and actual overall Statement of Financial Performance. Ideally it will achieve surpluses before revenue for capital purposes. b) Budgeted deficits may occur however will be acceptable if it is compensated by adequate unrestricted cash reserves, previous actual and future budgeted surpluses as part of a long term financial strategy.

	<p>c) Council will aim for a surplus for the Consolidated entity and in each major fund including General (which includes the Environment and Waste funds), Water, and Sewer.</p> <p>d) Council will ensure an adequate level of unrestricted cash reserves are held to fund business operations and contingencies.</p>
<b>2</b>	<p><b>Asset Management Planning</b></p> <p>Long term financial strategies are to be informed and align with robust Asset Management Plans and Strategic Business Plans. These are to be maintained in accordance with best practice requirements and other applicable legislative requirements.</p>
<b>3</b>	<p><b>Integrated Planning and Reporting</b></p> <p>Annually, an Operational Plan including detailed budgets for the following year and a delivery program budget for a four year period will be developed/and or reviewed. These documents will inform the Long Term Financial Plan which covers a minimum 10 year time frame per the Integrated Planning and Reporting framework. This will test long term community aspirations against Financial parameters.</p>
<b>4</b>	<p><b>Liquidity/ Cash</b></p> <p>Council aims to achieve an unrestricted current ratio of 1:5:1 (the Office of Local Government (OLG) benchmark) for the Consolidated entity and in each major fund including General (which includes the Environment and Waste funds), Water, and Sewer.</p>
<b>5</b>	<p><b>Fees and Charges</b></p> <p>All non-statutory fees and charges be generally increased by the greater of the IPART Local Government Cost Index (rate peg) percentage or the relevant CPI. These are comprehensively reviewed annually. Regular review of pricing is to be used to ensure that appropriate cost recoveries are achieved taking into account Community obligations and market factors.</p>
<b>6</b>	<p><b>Rates and Charges</b></p> <p>a) The mix of the rating categories share of the General Rate levy will be reviewed at least in conjunction with each revaluation i.e. every three years.</p> <p>b) The General Rate and associated charges will be increased by the maximum rate pegged percentage fixed annually by IPART.</p> <p>c) The maximum amount of interest per annum on overdue rates and associated charges nominated by the State Government will be adopted.</p> <p>d) Rates outstanding, compared to collectible, will be targeted to be less than 3% and other debtors outstanding levels meet LGMA health check benchmarks.</p>
<b>7</b>	<p><b>Reserves</b></p> <p>Council will restrict funds for external purposes based on OLG, legislative, policy or other prescribed requirements (externally restricted). Council may also resolve to restrict funds for other specific purposes (internally restricted). Reserves will be monitored to ensure that they are utilised for their intended purpose and reserve balances monitored.</p>

<b>8</b>	<p><b>Borrowing and Debt Servicing</b></p> <p>Refer to separate Borrowing Policy (borrowing and debt servicing ratios to be prudent, legal and in accordance with the borrowing policy).</p>
<b>9</b>	<p><b>Annual Financial Statements</b></p> <p>a) Council will prepare Financial Statements annually in accordance with legislative requirements and the Code of Accounting Practice and Financial Reporting (issued by the OLG) and generally accepted Accounting Standards.</p> <p>b) The auditor will be invited to make a public presentation to the Council annually in conjunction with Council's consideration of its annual audited Financial Statements.</p> <p>c) The Council will aim to meet statutory deadlines for financial reporting.</p>
<b>10</b>	<p><b>Revotes</b></p> <p>Revotes be minimised by undertaking achievable programs and furthermore identifying likely non achievement at the December Quarterly Budget Review to enable reconsideration in conjunction with the following Delivery Program (4 years) and Long Term Financial Plan (10 years) and borrowing program.</p>
<b>11</b>	<p><b>Budgetary Control</b></p> <p>Net operating and capital expenditure will remain within overall approved budget.</p>
<b>12</b>	<p><b>Risk Management</b></p> <p>The Council will aim to budget for the mean expected outcome ensuring there are appropriate reserves and contingency to reasonably cover likely risks from the strategy adopted.</p>

## Implementation

Requirements		Responsibility
<b>1</b>	<p><b>Code of Practice</b></p> <p>This policy will be implemented by following Council's Fiscal Responsibility Code of Practice, which specifies in detail the plan, procedures and matters to be considered.</p>	Chief Financial Officer
<b>2</b>	<p><b>Coordination</b></p> <p>Chief Financial Officer will coordinate. General Manager, Chief Financial Officer, Managers and key staff will guide the Council to achieve its targets.</p>	Chief Financial Officer
<b>3</b>	<p><b>Concerns</b></p> <p>Public concerns communicated to Council in relation to this policy will be recorded on Council's records system and handles in accordance with Council's Customer Service or Complaints policy. These records will be used to determine and follow-up actions and analyse the history of reported public concerns.</p>	Council Officers
<b>5</b>	<p><b>Consultation</b></p> <p>Consultation regarding this policy will occur as relevant with key stakeholders and may include legislative bodies, other relevant legislation, industry guidelines, and public comment. Public submissions regarding this policy will be considered during the exhibition period.</p>	As required

## Review

This policy will be reviewed every 4 years. It may also be reviewed and updated as necessary when legislation requires it; or council's functions, structure or activities change; or when technological advances or new systems change the way that Council manages its Fiscal Responsibility.

The policy may be revoked at the expiration of twelve months after the declaration of the poll for the next general NSW local government election, unless Council revokes it sooner.

Reviews of the effectiveness of this policy could include the following:

Performance indicator	Data source(s)
Measurement	Measurements are included in the Annual Financial Statement Ratios and benchmarks, Auditors reports and presentation.
Internal or external review	Audit

## Governance

This policy should be read in conjunction with any related legislation, codes of practice, relevant internal policies, and guidelines.

### *Related legislation and policies*

Name	Link
Related policy or code of practice	<a href="http://www.esc.nsw.gov.au">www.esc.nsw.gov.au</a>
Local Government Act 1993	<a href="http://www.austlii.edu.au/au/legis/nsw/consol_act/lga1993182/">www.austlii.edu.au/au/legis/nsw/consol_act/lga1993182/</a>

### *Related external references*

Name	Link
Office of Local Government	<a href="http://www.olg.nsw.gov.au">www.olg.nsw.gov.au</a>

### *Change history*

Version	Approval date	Approved by	Min No	File No	Change
1	22 Sep 2009	Council	09/291	E09.3418 E05.9513	Policy adopted (G09/99 Council Policy Review)
2	10 Sep 2013	Council	13/272	E13.7095 E05.9513	Updated template, review date, references and links
3	12 Sep 2017	Council	17/291	E16.0297 E05.9513	Reviewed at start of new Council term
4	26 July 2022	Council	22/154	E16.0297 E05.9513	Reviewed and updated at start of new Council term – report GMR22/072

### *Internal use*

Responsible officer	Chief Financial Officer		Approved by	Council
Minute	2/154	Report	GMR22/072	Effective date
File	E16.0297 E05.9513	Review date	April 2022	Pages
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