

## Carry Forward Projects Policy 2021

Department/Unit	Business and Performance	First Implemented	20 November 2018	Review Date	30 June 2025
Origin	Manager Business and Performance	Reviewed	May 2021	Version	2
Authorising Officer	Chief Executive Officer	Effective From	20 November 2018	TRIM Reference	E698

### PURPOSE/OBJECTIVE

This policy has been developed to provide guidance around when it is appropriate or necessary to carry forward a project from one financial year to the next, and the mechanisms for doing so.

### POLICY STATEMENT

#### What is a Carry Forward Project?

Carry forward refers to an allocation of funds (income or expense) that hasn't been used or received by the end of the financial year, but will be used or received in the next financial year.

Carry forward of projects can be needed because a budget is normally granted for a determined period of time only – one financial year.

Carry forward of projects should be an exception and justified by practical considerations. It is just one of many budget mechanisms used to streamline the transition between two financial years.

#### The Principles on when to Carry Forward

These guiding principles have been used to develop the carry forward system at Council:

Each carry forward is assessed on a case-by-case basis

- The ability to carry forward will only apply to projects, both operating and capital
- There must be available funds at financial year end (ie carry forwards must be cash backed or have external funding committed and confirmed to be received)
- A prioritisation process may be applied
- The Finance team is the co-ordinating business unit

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### What is a Project?

Projects are defined as unique, temporary endeavours.

Temporary means having a definite beginning and end. The end is reached when the project's objectives have been achieved, or if the project is terminated for any reason.

Temporary does not always mean short in nature. A project could be a multi-year endeavour; for example, building a Cultural and Civic Centre, or a Recreation and Aquatic Centre.

Each project creates a unique product, service or result. Certainly, there may be some repetitive elements present in each project, but the output must be unique. For example, road construction projects in the same area with the same design may be similar, but each will have unique attributes, challenges, different contractors, issues etc. that will make them each unique.

### Can it be Carried Forward?

The process of carrying forward funds from one financial year to another (or from one budget to another) is restricted to projects only. Under no circumstances will non-project operational funding be carried forward. This is the trade-off of having access to a recurrent operating source of funding. In essence, funds are only carried forward for activities or projects that are a once-off activity.

The simplest indication of whether an activity can be considered for carrying forward is if:

- There is a specific account number which has been established to capture the information concerning the project
- The project is included in the New Initiative Capital and Projects list approved by Council in a given year

If the activity or funds do not have a unique account number, that is an indication that the funds may not be eligible to be carried forward.

### Assessment of Carry Forward Projects

Any and all carry over projects or activities will be considered from a whole of Council perspective.

Carry forward projects will be limited to:

- Capital and Operating Projects that have commenced; and/or
- Projects for which Council has received funding and is committed (in writing) to completing; and/or
- Projects where there is a legal or contractual commitment in place which needs managing through to completion

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- Any other projects not commenced by the close of the financial year will only be considered if there are sufficient funds available at the end of the year. No work is to commence on these projects until a decision has been made to continue the project. If a project no longer exists in the form originally intended or approved, it will be abandoned and not carried forward.

Regardless of whether a project was agreed to as part of the adopted Budget in a given financial year, should insufficient funds be available at the end of the financial year, an assessment of which projects will be supported and carried forward will be made by the Executive Team. Projects which are proposed to be carried forward and/or abandoned will be reported to Council through the Quarterly Finance Report for consideration and endorsement.

The value of those projects carried forward will be treated as a revision to the budget once the final decision on carry over items occurs (usually in September). The values will be reflected in MAGIQ in the Updated Budget for the current year.

***Unspent non-project operating budgets will not be carried forward into the next financial year.***

## DEFINITIONS

For the purposes of this policy, the following definitions apply:

**MAGIQ** Council's financial reporting and budgeting software system

***New Initiative Capital and Projects List*** The list of projects presented to Council during the annual budget process that are considered discretionary to the ordinary operations of Council. Councillors will adopt (allocate funds to) some of these projects each year and they are then included in the annual budget.

## SCOPE

This policy applies to all Council employees, Councillors, contractors, consultants, volunteers and other authorised personnel of Mansfield Shire Council.

## RESPONSIBILITIES

Overall responsibility for the application of this Policy is held by the Chief Executive Officer.

Managers are responsible for ensuring their staff comply with the principles, practices and any associated procedures of this policy. Management, employees, contractors and volunteers are to be familiar with, and competent in, the application of this Policy, and are accountable for the delivery of this policy within their areas of responsibility.

The Business & Performance Department is the owner of this policy. Any reviews of this Policy must be made in consultation with the Manager Business & Performance.

## REFERENCES / RELATED POLICIES

- *Local Government Act 2020*
- Mansfield Shire Council Financial Strategy
- Mansfield Shire Council Plan
- Mansfield Shire Council Financial Plan
- Mansfield Shire Council Annual Budget
- Mansfield Shire Council Community Initiated Projects Policy
- Mansfield Shire Council Community Matching Fund Guidelines

## IMPLEMENTATION

This Policy is effective from 22 June 2021.

## REVIEW DATE

This Policy is aligned with the term of the Council Plan and is due to be reviewed by 30 June 2025.

## **AUTHORISATION TO IMPLEMENT POLICY**

Signed: \_\_\_\_\_



Councillor

Witnessed: \_\_\_\_\_



Chief Executive Officer

Approval dated: 22 June 2021

**Mansfield Shire Council reserves the right to review, vary or revoke this Policy at any time.**