



## Carry Forward Projects Policy

Department/Unit	Business and Finance	First Implemented	November 2018	Review Date	February 2029
Origin	Financial Controller	Reviewed	April 2025	Version	3
Authorising Officer	Endorsement by Council	Effective From	21 May 2025	Records Reference	E34

### 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 as outlined below:

- 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.

## 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
- ▶ 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 Management Team. Projects which are proposed to be carried forward and/or abandoned will be reported to Council 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 Council's finance system in the Updated Budget for the current year.

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

## Definitions

Term	Definition
Finance System	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 the carrying forward of capital project budget allocations into the following financial year or future year's budget. This policy does not apply to operating budgets.

## Responsibilities

Council	<ul style="list-style-type: none"> <li>▶ Adopt carry forward projects as part of Annual Budget and Quarterly Forecast Review process.</li> </ul>
Chief Executive Officer	<ul style="list-style-type: none"> <li>▶ Recommend projects to be carried forward based on financial ability and municipal need.</li> <li>▶ Overall responsibility for the application of this Policy</li> </ul>
Department Managers	<ul style="list-style-type: none"> <li>▶ Identify and advise Finance of projects proposed to carry forward into next financial year. Proposals to carry forward projects must meet the criteria stated in this policy and include justification for the proposal.</li> </ul>

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

## References / Related Policies

- ▶ *Local Government Act 2020*
- ▶ Mansfield Shire Council Financial Strategy
- ▶ Mansfield Shire Council Plan
- ▶ Mansfield Shire Council Financial Plan 2021-31
- ▶ Mansfield Shire Council Budget
- ▶ Mansfield Shire Council Community Initiated Projects Policy

## Gender Impact Assessment

The Carry Forward Projects Policy has considered the Gender Equality Act 2020 in its preparation but is not relevant to its content. The Policy has been assessed as not requiring a Gender Impact Assessment (GIA) as it is purely administrative in its nature and does not have the potential to influence broader social norms and gender roles.

## Implementation

This Policy is effective from 21 May 2025.

## Review Date

This Policy is to be reviewed by February 2029.

## Authorisation to Implement Policy

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



Councillor

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



Chief Executive Officer

Approval dated: 21 May 2025

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