

Carry Forward Projects Policy 2018

Department/Unit: <i>Finance Department</i>	First Implemented: <i>20 November 2018</i> Effective From: <i>20 November 2018</i> Review Date: <i>30 June 2021</i> Version: <i>01</i> Trim Reference: <i>EXXX</i>	Origin: Responsible Officer <i>Finance Manager</i> Authorising Officer: <i>Chief Executive Officer</i>
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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:

- a) Each carry forward is assessed on a case-by-case basis
- b) The ability to carry forward will only apply to projects, both operating and capital
- c) 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)
- d) A prioritisation process may be applied
- e) The Finance team is the coordinating 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 Discretionary 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 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 Revised 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

Discretionary 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 Finance Department is the owner of this policy. Any reviews of this Policy must be made in consultation with the Finance Manager.



REFERENCES / RELATED POLICIES

Local Government Act 1989
Mansfield Shire Council Financial Strategy
Mansfield Shire Council Plan
Mansfield Shire Council Strategic Resource Plan
Mansfield Shire Council Long Term 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 20 November 2018.

REVIEW DATE

This Policy is aligned with the term of the Council Plan and is due to be reviewed by 30 June 2021.

AUTHORISATION TO IMPLEMENT POLICY

Signed: _____

Councillor

Witnessed: _____

Chief Executive Officer

Approval dated: 20 November 2018

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



CARRY FORWARD PROJECTS PROCEDURES

The following procedures are designed to ensure that all decisions relating to this policy are made in a consistent and open manner.

Requirements

Managers need to provide the Senior Accountant with a list of projects to be carried forward by 31 August each year. The information to be provided must include:

1. The description of the project.
2. The project account number
3. Has the project commenced?
4. The value (income or expense) to be carried forward
5. The value of the original external funding, if any, and whether it has been received
6. The source of the external funding (list agency name, reserves or loans)
7. The reason why Council's commitment has not yet been discharged.
8. Phasing of expected income and/or expenditure

When reviewing or including information, please note that carried forward expenditure means that there is still expenditure of that value to be spent in the coming year/s. Equally, carried forward income means that there is still income/grants to be received in the coming year/s.

Please complete the carry over spreadsheet for all carry over projects and send to the Senior Accountant no later than 31 August.

There is no guarantee that any project will be carried forward to the next financial year as a decision to support the carry forward will be required from the Finance Team.

The Finance Manager will include in the next Quarterly Finance Report to council a list of proposed carried forward projects and a list of previously budgeted projects to be abandoned.

The Finance Team will upload approved Carry Forward Projects into MAGIQ as soon as possible after Council endorsement, usually by 30 September.

Consequences

Any projects not properly identified will not be carried forward into the following financial year.

If Council is committed in the current financial year to a project not identified as a carried forward project, a separate report will need to be prepared for Council to consider allocating additional funding for the project.