

F16 Financial Governance Policy

Introduction

This policy is intended to establish financial management and governance principles to be applied to general financial decision making.

Application

This Policy should be read in conjunction with other financial management policies which contain the local government's overarching financial objectives.

The Shire of Toodyay makes decisions in relation to financial matters in a prudent manner considering transparency, accountability and equality to result in good governance.

Policy Intent

The Shire will make decisions in relation to financial management and financial governance that encompass the following principles:

- Management of financial risk prudently, having regard to economic circumstances. Examples of financial risks to be managed prudently include the level of Council debt, commercial activities, community business activities, financial assets and liabilities.
- Implement spending and rating policies to promote stability and predictability.
- Fund physical assets with regard to intergenerational equity.
- Manage and maintain physical assets to achieve the maximum useful life from the initial investment.
- Ensure full, accurate and timely disclosure of financial information, unless commercial in confidence.

1. Operating Results

The Council will structure its budget to achieve an outcome where operating revenue (less capital contributions) is at least sufficient to meet operating expenses. The extent of any operating surplus will be dependent on the resources necessary to manage the renewal of assets (including infrastructure assets and business activity assets) and considering intergenerational equity issues.

2. Cash Reserves

Cash Reserves are to be established and maintained to accumulate funds for the following purposes:

- (a) To offset liabilities in respect of previously earned employee entitlements to the extent they require an outflow of funds not allocated in the annual budget;
- (b) To fund future strategic initiative and the provision of new services and facilities to future residents;
- (c) To fund renewal of existing physical/built assets;
- (d) To smooth funding allocations over future years;
- (e) To buffer against unpredictable events;
- (f) To meeting statutory obligation; and
- (g) Other purposes as determined by the Council from time to time.

3. Borrowing

Borrowing will be undertaken in accordance with Council Policy Borrowing Management.

4. Regulatory Role

Where the Shire operates in a competitive environment while providing a regulatory or statutory role, it will maintain a management structure designed to minimise the potential for conflict between these two roles and encourage transparency to maintain confident in its regulatory independence.

Reference Information

Related Documents	Borrowing Management Policy
Related Legislation	<i>Local Government Act 1995 (WA)</i>

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