

FINANCIAL MANAGEMENT POLICY

Objective ID:	A410749	Authority:	Council
Directorate:	Corporate Services	Responsible Officer:	Manager, Finance
Policy Type:	Discretionary	Version No:	
1 st Adopted by Council	13 January 1997 Minute No.577	Last Adopted by Council:	10 September 2012 Minute No. 1358
Review Period:	Every 3 years	Next Review:	September 2017

1. Purpose

This policy has been developed to provide an over-arching framework to the financial management approach within the City of Greater Dandenong. It ensures that Council complies with the principles of financial prudence as established in the *Local Government Act (1989)* and provides the basis of how the financial viability of this Council will be ensured.

2. Background

Section 136 of the Local Government Act 1989 establishes the following principles of sound financial management:

1. manage the financial risks of Council prudently, having regard to economic circumstances;
2. pursue spending and rating policies that are consistent with a reasonable degree of stability in the level of rates burden;
3. ensure that decisions are made and actions are taken having regard to financial effects on future generations;
4. ensure full, accurate and timely disclosure of financial information relating to the Council.

The risks referred to in point 1 above are noted as being:

- the level of debt;
- the commercial and entrepreneurial activities of Council;
- the management and maintenance of assets;
- the management of current and future liabilities;
- legislative change restricting Councils ability to raise revenue

3. Scope

This policy applies to Council and Staff of the City of Greater Dandenong.

4. References

- Originally adopted by Council on 13 January 1997
- Last endorsed by Council 10 September 2012
- Local Government Act 1989
- Valuation Of Land Act 1960 and Contract
- Victoria Grants Commission Act 1976
- Local Government (Finance and Reporting) Regulations 2014

5. Definitions

N/A

6. Council Policy

Council will:

- annually review and adopt a Long Term Financial Strategy that provides an appropriate financial framework for Councils long term financial sustainability and highlights Council's financial management strategies in respect of capital expenditure, renewal of assets, loan borrowings, level of rate income, fees and charges and reserve funds;
- prepare an Annual Budget for Council consideration in a timely fashion that provides Council with the opportunity to commence the incoming financial year with an agreed budget in place
- continually improve financial management and reporting procedures which accurately inform management and Council of the financial performance and position of the City in a timely manner that provides the opportunity for corrective action where required;
- prepare a Mid-Year Budget Review for Council consideration that highlights all known variances to the adopted Budget;
- ensure budgetary decisions are made in accordance with the Long Term Financial Strategy, the Annual Budget and the Mid-Year Budget Review;
- prepare a rating strategy for Council consideration in line with the biennial valuation cycle or, at minimum, every three years;
- annually benchmark Greater Dandenong's financial performance and outcomes against like Councils and report the same to Council;
- ensure financial transactions comply with Australian Accounting Standards and relevant legislative requirements;
- seek to present its annual financial statements in a manner that is most easily understood by key stakeholders, including residents of this Council

Greater Dandenong Policy

- review Council fees and charges and other income sources at regular intervals to ensure that Council is optimising income along with the principles of national competition policy guidelines and equity in determining levels of charges levied;
- provide a robust internal audit program and a framework that supports an active and dynamic Audit Committee as a key element of strategic financial management;
- manage the liquidity and debt management strategies of Council to maximise earnings and ensure availability of funds to meet the service needs of the community; and
- develop and maintain appropriate financial management policies for the consideration of Council.

7. Related Documents

- Australian Accounting Standards
- Australian Accounting Standards Board authoritative pronouncements
- Council's Long Term Financial Strategy
- Audit Reports and Audit Advisory Committee
- Council Plans, including Annual Plan
- Asset Accounting Policy and Guidelines
- Investment Policy