



EMP-FIN-003 | Budget Variation Policy

Strategic Context

Strategic Link	Policy Objective
☑ United ☑ Safe & Healthy ☑ Beautiful & Respected ☑ Prosperous & Equitable	The objective of this policy is to establish a clear and consistent governance framework for the consideration and approval of budget variations, ensuring transparency, legislative compliance, and the responsible management of public funds.

Introduction

1. The Shire of Halls Creek is committed to responsible financial management, transparency, and sound governance. The Annual Budget represents Council's formal plan for allocating public resources to deliver services, infrastructure, and strategic priorities for the community.
2. During the financial year, circumstances may arise that require amendments to the adopted Budget. These changes, referred to as budget variations, may result from unforeseen events, operational adjustments, funding opportunities, legislative changes, or revised project scopes.
3. As custodians of public funds, Council has a responsibility to ensure that any variation to the adopted Budget is undertaken in a lawful, transparent, and accountable manner. Budget variations must align with legislative requirements, maintain financial sustainability, and reflect the strategic intent of Council.
4. This policy establishes the governance framework for the consideration and approval of budget variations, ensuring clarity of roles, appropriate authorisation processes, and compliance with the *Local Government Act 1995* and associated regulations.

Purpose

5. The purpose of this policy is to establish a clear and consistent framework for the consideration, approval, and reporting of budget variations to the Shire of Halls Creek's adopted Annual Budget.
6. This policy supports Council's commitment to financial accountability, transparency, and legislative compliance by defining the circumstances in which budget variations may occur and clarifying the roles and responsibilities of Council and the Chief Executive Officer.
7. The Policy ensures that any amendment to the adopted Budget is properly authorised, documented, and aligned with Council's strategic objectives, Long-Term Financial Plan, and financial sustainability principles.
8. Through this framework, Council maintains appropriate oversight of public expenditure while enabling responsible and timely financial adjustments where necessary.



Policy Scope

9. This policy applies to all variations to the Shire of Halls Creek's adopted Annual Budget during a financial year and governs the approval and reporting of such variations in accordance with the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.
10. The Policy applies to Elected Members in their governance role and to the Chief Executive Officer in exercising delegated authority for financial management and administration.
11. This policy covers variations including, but not limited to:
 - a) Reallocation of funds between programs or projects;
 - b) Introduction of new expenditure not previously budgeted;
 - c) Amendments resulting from additional grant funding or external revenue;
 - d) Adjustments required due to unforeseen circumstances or project scope changes; and
 - e) Transfers to or from reserves where permitted by legislation.
12. This policy does not replace legislative requirements and must be read in conjunction with statutory provisions governing budget amendments. Where inconsistencies arise between this policy and applicable legislation, the legislation prevails.

Policy Statement

13. The Shire of Halls Creek is committed to responsible financial stewardship, transparency, and legislative compliance in the management of public funds. Council recognises that the adopted Annual Budget is a key governance document that reflects strategic priorities, service delivery commitments, and community expectations.
14. Budget variations may be required during the financial year to respond to unforeseen circumstances, funding opportunities, operational requirements, or changes in project scope. Any variation to the adopted Budget must be undertaken in a controlled, transparent, and lawful manner.
15. Council affirms that material budget variations will be subject to appropriate authorisation and reporting processes to ensure continued alignment with the Shire's strategic objectives, Long-Term Financial Plan, and financial sustainability principles. Variations must not compromise the integrity of the adopted Budget, financial controls, or statutory obligations.
16. The governance role of Council is to oversee and approve budget variations where required by legislation or policy, while the Chief Executive Officer is responsible for the operational administration of the Budget in accordance with delegated authority and statutory requirements.

Principles Underpinning the Policy

Principle Name	Principle Definition
Financial Stewardship	Council is responsible for the prudent and responsible management of public funds. Budget variations must support sustainable financial management and protect the long-term financial position of the Shire.
Legislative Compliance	All budget variations must comply with the <i>Local Government Act 1995</i> and the <i>Local Government (Financial Management) Regulations 1996</i> , including requirements for authorisation and reporting.
Transparency and Accountability	Budget variations must be clearly documented, justified, and reported to ensure transparency and maintain public confidence in Council's financial governance.



Strategic Alignment	Variations to the Budget must align with Council's adopted Strategic Community Plan, Corporate Business Plan, Long-Term Financial Plan, and service delivery priorities.
Materiality and Proportionality	The level of oversight and approval required for a budget variation should be proportionate to its financial impact, risk profile, and strategic significance.
Governance and Role Clarity	Council establishes the Policy framework and approves variations as required, while the Chief Executive Officer manages the operational administration of the Budget under delegated authority.
Risk Management	Budget variations must consider financial, operational, and reputational risks and be assessed within the Shire's broader risk management framework.
Sustainability and Long-term Planning	Budget amendments must not undermine the Shire's financial sustainability, reserve strategies, or long-term asset management commitments.

Definitions

Term	Meaning
Adopted Budget	The Annual Budget adopted by Council in accordance with the <i>Local Government Act 1995</i> for the relevant financial year.
Budget Variation	An amendment to the Adopted Budget that alters approved expenditure, revenue, reserve transfers, borrowings, or project allocations during the financial year.
Chief Executive Officer (CEO)	The person appointed by Council under section 5.36 of the <i>Local Government Act 1995</i> , responsible for the day-to-day administration and financial management of the Shire.
Council	The Council of the Shire of Halls Creek.
Elected Member	A Councillor or the Shire President elected or appointed to the Council of the Shire of Halls Creek.
Financial Year	The period commencing 1 July and concluding 30 June of the following year.
Material Variation	A budget variation that exceeds thresholds established by legislation, regulation, or Council policy and therefore requires formal Council approval.
Reserve	A cash backed financial reserve established under the <i>Local Government Act 1995</i> for a specified purpose.
Transfer Between Line Items	The reallocation of funds within the Adopted Budget between programs, cost centres, or projects without increasing the overall Budgeted income or expenditure, subject to legislative and delegated authority limits.

Policy Details

17. Legislative Framework

17.1 Budget variations must be undertaken in accordance with the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*. No expenditure may be incurred unless it is included in the Adopted Budget or authorised through a lawful budget variation.

17.2 Where a variation results in expenditure not previously budgeted, Council approval must be obtained unless otherwise permitted under delegated authority and legislative provisions.

18. Categories of Budget Variations

18.1 Budget variations may include, but are not limited to:

- a) Introduction of new expenditure items not previously budgeted;
- b) Increase or decrease in approved expenditure allocations;
- c) Reallocation of funds between programs or projects;
- d) Amendments resulting from additional grant funding or external revenue;
- e) Transfers to or from reserves, where legislatively permitted;
- f) new borrowings or repayment of borrowings;
- g) Adjustments arising from project scope changes, cost escalations, or operational requirements.

19. Approval Requirements

19.1 Budget variations must be authorised in accordance with legislative requirements and the Delegations Register.

19.2 Variations that are considered material, that increase total budgeted expenditure, or that impact borrowings or reserve balances must be presented to Council for consideration and formal resolution.

19.3 Where legislation permits, the Chief Executive Officer may authorise minor reallocations within approved budget allocations, provided such variations:

- a) Do not increase overall net expenditure;
- b) Do not materially alter Council's strategic priorities;
- c) Are reported to Council through financial reporting mechanisms.

20. Reporting and Transparency

20.1 All approved budget variations must be recorded and reflected in the Shire's financial management system.

20.2 Material variations must be reported to Council in a transparent manner, including clear justification for the amendment, funding source identification, and assessment of financial impact.

20.3 Budget monitoring reports presented to Council will reflect any variations made during the financial year to ensure ongoing oversight.



21. Financial Sustainability Considerations

21.1 Before recommending or approving a budget variation, consideration must be given to:

- a) Alignment with the Long-Term Financial Plan;
- b) Impact on reserves and cash flow;
- c) Implications for asset management commitments;
- d) Financial sustainability indicators;
- e) Risk exposure associated with the variation.

21.2 Variations must not compromise the Shire's ability to meet its statutory obligations or long-term financial commitments.

22. Grant Funding and External Revenue

22.1 Where additional grant funding or external revenue is received during the financial year, expenditure may only proceed once an appropriate budget variation has been authorised in accordance with legislative requirements.

23. Annual Budget Review

23.1 Administration will commence an internal review of the Annual Budget in December each year to identify material variances, revised forecasts and required budget adjustments.

23.2 The statutory budget review must be completed between 1 January and the last day of February in accordance with regulation 33A of the Local Government (Financial Management) Regulations 1996.

23.3 The statutory review must be presented to Council by 31 March for consideration by absolute majority. Council's determination must be provided to the Department within 14 days.

24. Continuous Monitoring

24.1 The Chief Executive Officer must ensure ongoing monitoring of budget performance throughout the financial year and bring forward recommendations for variations where necessary to maintain financial integrity and compliance.

Accountability

25. Council is accountable for ensuring that variations to the Adopted Budget are considered, approved, and reported in accordance with the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996*, and this policy. In exercising its governance role, Council must ensure that material budget variations align with the Shire's strategic priorities, financial sustainability principles, and long-term planning commitments.

26. Elected Members are responsible for considering budget variation reports with due diligence and for making decisions that reflect sound financial stewardship and transparency. In doing so, Elected Members must confine their role to strategic oversight and formal decision-making and must not direct operational financial administration outside the established governance framework.

27. The Chief Executive Officer is responsible for the operational administration of the Adopted Budget and for ensuring that any proposed budget variations are lawfully authorised, properly documented, and accurately recorded in the Shire's financial systems. The Chief Executive Officer must also ensure that



variations are reported to Council as required and that financial monitoring processes are maintained throughout the financial year.

28. Relevant officers are responsible for identifying the need for budget variations within their areas of responsibility, providing appropriate justification, assessing financial implications, and ensuring compliance with approved processes and delegations.
29. This shared accountability framework ensures that budget variations are managed in a controlled, transparent, and legally compliant manner, protecting public funds and maintaining community confidence in the Shire's financial governance.

Related Documentation / Legislation

Legislation	Shire of Halls Creek Documentation
a. <i>Local Government Act 1995 (WA)</i> b. <i>Local Government (Financial Management) Regulations 1996 (WA)</i> c. <i>Local Government (Administration) Regulations 1996 (WA)</i> d. <i>Local Government (Audit) Regulations 1996 (WA)</i> e. <i>Local Government (Functions and General) Regulations 1996 (WA)</i> (where relevant to procurement thresholds and financial commitments) f. <i>Financial Management Act 2006 (WA)</i> (where applicable to grant funding and financial accountability requirements)	a. EMP-GOV-001 - Code of Conduct for Council Members, Committee Members and Candidates b. Code of Conduct for Employees c. Delegations Register d. Governance Framework and Risk Management Policy e. Records Management Policy f. Cyber Security and Information Security Policies

Policy Review

30. This policy will be reviewed every two (2) years from the date of endorsement, or earlier in the event of legislative change, audit findings or a resolution of Council.

Document Control

Relevant delegations	Nil		
Risk Evaluation	Moderate		
Council adoption	28 August 2026	Resolution	2026/090
Next review due	August 2028		