



Shire of **Ngaanyatjarraku**
ON A JOURNEY

Council Policy

Policy 2.2 – Financial Governance

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Council Policy 2.2 – Financial Governance

Policy Objective

To establish prudent, transparent, accountable and equitable financial management and governance principles to be applied to general financial decision making.

Background

This financial governance policy should be read in conjunction with other financial management policies, which contains the local government’s overarching financial objectives.

Definitions

Intergenerational equity: the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life.

General Principles

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.

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.

Cash Reserves

Cash reserves are to be established and maintained in accordance with policy 2.10 'Cash Reserves'.

Borrowing

Borrowing will be undertaken in accordance with the Shire's borrowing management policy.

Regulatory Role

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

Policy History

Amendments to this Policy

Amendments to this policy require a simple majority decision of Council.

History

Policy adopted: 24 June 2020
Policy reviewed: 28 June 2023

Previous Policy

N/A