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## **BUDGET PLANNING POLICY**

**SWA Policy No:** 01  
**Drafted:** January 2007  
**Adopted:**  
**Amended:**  
**Version:** 01

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### **Introduction**

The Board of South West Arts Inc is responsible for overseeing the budget of the organization and for ensuring that the organization operates within a responsible, sustainable financial framework.

In line with the responsibility, the Board of South West Arts Inc conducts a budget planning process each year as part of its annual business planning.

### **Purpose**

This policy is designed to set out the process for compiling, monitoring and reviewing South West Arts Inc annual budget.

### **Policy**

The Board of South West Arts Inc conducts a budget planning process each year as part of its annual business planning.

South West Arts Inc receives most of its operating funds through:

- NSW Ministry
- Australia Council
- Local Government

The organization operates under a budget that must be flexible in responding to unforeseen events, including possible reductions in cash flow. The annual operating budget must therefore be regularly monitored and reviewed.

## **Responsibility**

The Board of South West Arts Inc has ultimate responsibility for overseeing the budget of the organization and for ensuring that the organisation operates within a responsible, sustainable financial framework.

It is the responsibility of the Executive Officer and Finance and Administration Officer to prepare all budgets and review budgets in consultation with the Executive Committee.

The Executive Committee consists of:

- The Board Chair
- The Board Vice-Chair
- The Board Secretary/Treasurer

## **Procedure**

### **Preparation of the Budget**

1. In October each year, the Executive Officer and Financial and Administration Officer start preparing the budget estimates as part of the Business Plan for the financial year. The process includes:
  - Considering operational costs;
  - Setting payroll costs; and
  - Estimating income
2. The initial budget estimates are based on the current expenditure projections to end of year plus Consumer Price Increments for salaries or relevant wage increases, revisions to awards/contracts and a 10 per cent increase on operating expenses such as power, telephones etc. Details of how cost increases will be absorbed or lead to increases in service charges (e.g. local government contributions) will be provided.
3. The Executive Officer will present the draft budget for discussion at an Executive Committee meeting. The Executive Committee may accept the estimates as presented or may request variations, within the context of the Business Plan. A detailed report denoting reasons for decisions should be attached to the draft budget for discussion.
4. The Executive Officer and Financial and Administration Officer will then revise the draft and present the amended draft budget at the next available Board meeting, usually in October but no later than the end of November. Once adopted by the Board, this becomes the official operating budget for South West Arts Inc for the following financial year, and all Board members and employees must work within the financial limits stated or implied by this document.

## **Monitoring and Reviewing the Budget**

1. The Financial and Administration Officer is responsible for monitoring the organisation's expenditure, reviewing the actual and budgeted expenditures and reporting on the progress of such expenditure.
2. Financial reports will be prepared each quarter showing the year-to-date expenditure and its variation from the budget estimates, and indicating any increases or decreases in funding. A detailed commentary should be attached to Board reports detailing reasons for variations and recommendations for corrective action should that be required. The Financial and Administration Officer will indicate what effect any variations will have on the budget projections and provide this information to the Executive Officer and the Board. The Financial Administrator will also report on any other financial matters that may be related to the Business Plan.
3. Once adopted by the Board, the Amended Budget will become the new operating budget for the remainder of that financial year.