FP028 – Materiality Variances

1. Intention

To set the material variance reporting level between budget and actual figures within relation to monthly financial reporting requirements set out in the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*.

2. Scope

This policy applies to elected members and employees of the Shire of Waroona.

3. Statement

For the purpose of preparing monthly financial statements and when dealing with Council's Balance Sheet, Operating Statement & Statement of Cash Flows, the materiality factor for highlighting variances (budget to actual) shall be 10% with a minimum of $30,000.

The Shire of Waroona acknowledges that this policy shall be used as a guide only and that materiality is a matter of professional judgement influenced by characteristics of Council and the perceptions of use of the financial reports.

4. Legislative and Strategic Context

The *Local Government Act 1995* and the associated subsidiary legalisation provide the broad framework within which this policy operates.

5. Review

This policy is to be reviewed triennially.

6. Associated Documents

Nil.

Division	Finance			
Policy Number	FP028			
Contact Officer	Chief Executive Officer			
Related Legislation	Local Government Act 1995 Local Government (Financial Management) Regulations 1996			
Related Shire Documents	Nil			
Risk Rating	Low	**Review Frequency**	Triennially	**Next Review**	June 2027
Date Adopted	26/06/2007			OCM07/106

Amendments		
Date	**Details of Amendment**	**Reference**
26/10/2010	Updated as part of major review.	OCM10/10/163

25/10/2016	Updated as part of major review.	OCM16/10/115
18/12/2018	Updated as part of major review.	OCM18/12/126
22/06/2021	Updated as part of major review and reformatted.	OCM21/06/071
09/08/2022	Updated materiality factor for highlighting variances, clause 3.	OCM22/08/101
25/06/2024	Reviewed without amendment	OCM24/06/090
Previous Policies		
FIN021 – Materiality Variances 3.23 – Materiality Variances		