

**Attachment 5: Budget Reporting Policies (CFO006) updated
with proposed revisions**



Policy Title: Budget Reporting Policies

Policy Number: CFO006

Report Number: FCS2006-08

Approved by: Council

Effective Date: 2016 November 1 2006 February 27

Business Unit: Chief Financial Officer's Department

BACKGROUND

The City's policies on reporting of budget variances, adjustments and spending needed to be reviewed clarified and updated in light of changes to The City's organizational structure since 1998, and the multi-year business planning and budgeting process.

- The previous Council-approved policy on budget adjustments and over expenditures (report FB98-44) (now superseded) was:
- the Budget Office can authorize up to the lesser of \$100,000 or 5% of a program
- Commissioners (now City Manager and General Managers) can authorize up to the lesser of \$200,000 or 10% of a program.

In report C2005-04 (Recommended Approach to Multi-Year Budgeting) (reflected in Council Policy CFO004) Council approved that "There would be no corporate unfavourable variance in any year of the multi-year plan".

Also, unfavourable departmental variances in the operating budget must be carried over to the next year, and a plan prepared for Council approval to mitigate the variance.

PURPOSE

- The policies provide criteria specifying
 - limits within which Administration can authorize over expenditures, transfer budgets and change the organization structure
 - requirements to report projected year-end unfavourable variances and emergency expenditures to Council for approval
 - exemption of certain unfavourable budget variances from the requirement to be carried forward to the next year.
- The policies are updated to be consistent with organizational and policy changes implemented since the previous policies were approved and clarify Administration's authority and reporting responsibilities.



POLICY

1. The City Manager and General Managers can authorize net departmental annual over-expenditures up to \$200,000.
2. As part of the annual budget and business plan adjustment process, The City Manager and General Managers can authorize net departmental budget adjustments up to \$200,000.
3. For capital projects approved by Council in the multi-year business plans and budgets, Administration is authorized to make capital budget cash flow timing changes within the following approval limits:
 - a. The Corporate Budget Officer or Corporate Budget Office Manager can authorize cash flow timing changes up to \$100,000 per project per calendar year
 - b. Directors can authorize cash flow timing changes up to \$1 million per project per calendar year
 - c. General Managers can authorize cash flow timing changes up to the greater of \$5 million or 10% of the total capital project amount approved in the multi-year business plans and budgets, up to a maximum of \$15 million per project per calendar year
 - d. The City Manager, Chief Financial Officer and Deputy City Manager together can authorize cash flow timing changes up to the total capital project amount approved in multi-year business plans and budgets
4. Projected year-end unfavourable variances exceeding \$200,000 by department (or program where not contained in a department) that have not been previously approved will be identified for Council's information and brought to Council for approval as part of the Mid-year or Year-end Capital and Operating Budget Revision reports.
5. For situations with minimal corporate budget impacts, the Administration can:
 - a. transfer a segment of the organization (including its related business plan actions and performance measures) between budget programs where the net corporate budget impact is up to \$200,000 and there is no change in the service provided; and
 - b. transfer funds from corporate contingencies to program budgets where the net corporate budget impact is zero, based on finalized cost agreements.

Such transfers will be reported to Council for information as part of the Mid-year or Year-end Capital and Operating Budget Revision reports.

6. Unfavourable budget variances due to significant, unforeseeable, uncontrollable events with impacts that are independent from future years' budgets will be reported to Council annually with funding recommendations, but any related net departmental unfavourable variance will not be carried over to the next year.

7. Following an unbudgeted emergency expenditure as defined in the Municipal Government Act, a report will be presented to Council for approval of the expenditure, as part of the Mid-year or Year-end Capital and Operating Budget Revision reports.

PROCEDURE

Administrative procedures will be prepared to implement the policies.

AMENDMENTS

None

2010 revision-policy number change from FCS008 to CFO006 due to department reorganization