

Corporate Policies

SECTION: FINANCE		DEPT: Finance	
SUBJECT: Budget Control - Under Review			
POLICY NO. 13.2.0	SUPERCEDES POLICY DATED: June 14, 2001	PAGE: 1 OF 10	
EFFECTIVE DATE: Sept. 16, 2003	APPROVED BY: CW043-2003	APPROVAL DATE: Sept. 15, 2003	

POLICY STATEMENT:

Department heads are accountable to the City Manager and to Council for spending, revenue generating and service delivery performance against their approved budgets; budget management and control is a primary management responsibility.

PURPOSE:

To outline the financial management policies of the City of Brampton related to Current and Capital budget control; to define the roles and responsibilities related to budget control processes; and to outline the principles governing funding decisions outside of the annual budget process.

The principles and practices described are intended to ensure that the Budgets approved by Council and the priorities reflected therein are implemented as intended by Council; that the budget management process allow sufficient flexibility to respond to evolving circumstances while keeping Council informed of factors affecting the status of Budgets; and that resulting changes are subject to approval consistent with legal requirements, Council's responsibility for budgets, and expenditure authority. This policy does not address the annual Budget preparation process.

SCOPE:

This policy applies to Senior Management and to all staff responsible for budget management or spending decisions.

PROCEDURE:

A. BUDGET MANAGEMENT PRINCIPLES

1. Department heads are accountable to the City Manager and to Council for spending, revenue generating and service delivery performance against their approved budgets; budget management and control is a primary management responsibility.

Corporate Policies

SECTION: FINANCE		DEPT: Finance	
SUBJECT: Budget Control			
POLICY NO. 13.2.0	SUPERCEDES POLICY DATED: June 14, 2001	PAGE: 2 OF 10	
EFFECTIVE DATE: Sept. 16, 2003	APPROVED BY: CW043-2003	APPROVAL DATE: Sept. 15, 2003	

The Commissioner of Finance is accountable for ensuring adherence to statutory and policy requirements governing use of funds.

Municipal Act, 2001, Section 286:

(1) A municipality shall appoint a treasurer who is responsible for handling all of the financial affairs of the municipality on behalf of and in the manner directed by the council of the municipality.

2. Departmental service objectives and capital projects are to be carried out within the department's net expenditure approved current and capital budgets. Variances shall be reported to the City Manager, Senior Management Team and to Council.
3. Current and capital budgets are developed in such a manner as to reflect the City's approved strategic plan, corporate and departmental service plans and Council-approved priorities; funding decisions outside of the annual budget cycle will be made in the same context.
4. All decisions involving amendment of approved budgets require approval of Council, following public notice as prescribed by the Municipal Act, 2001 and City of Brampton By-Law 393-2002.

Municipal Act, 2001, Section 291:

(1) Before adopting all or part of a budget under section 289 or 290, or amending such a budget, a municipality shall give public notice of its intention to adopt or amend the budget at a council meeting specified in the notice.

City of Brampton, By-Law 393-2002:

6. Where expenditure estimates approved in the budget have been subject to quotation or tenders quoting an amount greater than the estimated expenditure for that item, the approval process set out under the City's purchasing by-law shall apply, and notice of such amendment to the budget shall be included in the report and the printing of this item on the Council or Committee Agenda, with the notation "Amendment to Budget" shall constitute sufficient notice.

7. New projects that have not been included in the annual budget shall be detailed in a staff report and notice of such amendment to the budget shall be included in the report and

Corporate Policies

SECTION: FINANCE		DEPT: Finance	
SUBJECT: Budget Control			
POLICY NO. 13.2.0	SUPERCEDES POLICY DATED: June 14, 2001	PAGE: 3 OF 10	
EFFECTIVE DATE: Sept. 16, 2003	APPROVED BY: CW043-2003	APPROVAL DATE: Sept. 15, 2003	

the printing of this item on the Council and/or Committee Agenda, with the notation "Amendment to Budget" shall constitute sufficient notice.

5. Long term sustainability of services will be ensured through matching of the occurrence of planned expenditures and funding sources; in other words, non-recurring revenues will not be used to fund recurring expenditures.

B. CURRENT BUDGET MANAGEMENT AND CONTROL

1. Department heads are responsible for providing the budgeted level of service and have the corresponding discretionary spending authority within the approved net expenditure current operating budget, subject to spending limits prescribed by the City's purchasing policy. Council shall be informed on a timely basis of variances between current budgets and actual expenditures, revenues, or service level performance.
2. Finance shall provide to departments monthly status reports on actual performance compared to budget. Three times per year, as of June 30, September 30 and December 31, Finance will provide consolidated and departmental financial reports, to the City Manager and Senior Management Team. The June and September reports will include forecasted results to the end of the year, prepared jointly with the Departments. Department heads shall be responsible for the presentation to Management Team of departmental results and forecasts, variances and issues. These reports and forecasts will highlight material variances and will include recommendations for corrective action where appropriate. Subsequently, Finance will submit summary reports to Council through the Committee of the Whole.
3. At the first indication that expenditure limits are likely to be exceeded, the department head is responsible to report to the Commissioner of Finance and the City Manager the cause of the over-expenditure and potential solutions. Over-expenditures are not to be incurred without prior approval by the Department head, and if the total departmental allocation will be exceeded, by the City Manager. In the event of an emergency situation, the over-expenditure is to be reported at the earliest opportunity. If the total departmental allotment is exceeded, this shall be reported to the next meeting of the appropriate standing committee of Council.
4. Budgets will only be redeployed subject to the following approval limits and subsequent reporting to Council through the vehicle of the financial status reports. Budgets will not be redeployed to compensate for over-expenditures unless the redeployment represents a permanent reallocation in the base budget.

Corporate Policies

SECTION: FINANCE		DEPT: Finance	
SUBJECT: Budget Control			
POLICY NO. 13.2.0	SUPERCEDES POLICY DATED: June 14, 2001	PAGE: 4 OF 10	
EFFECTIVE DATE: Sept. 16, 2003	APPROVED BY: CW043-2003	APPROVAL DATE: Sept. 15, 2003	

Only transfers that are significant and material will be processed. Non-recurring expenditures will usually be dealt with as explained budget variances; transfers will only be effected for such transactions in exceptional circumstances. Where multiple transfers are related to the same event or issue, the total value of all related transfers shall be used for determination of the level of approval required.

Type of transfer

Approval required

Budget transfers with no service level or net expenditure impact:

- a) Under \$50,000 and does not
 - i. affect current contributions to capital, reserve funds or debt repayments, or
 - ii. move budgeted funds between labor and non-labor accounts *
- b) Under \$50,000 and does
 - i. affect current contributions to capital, reserve funds or debt repayments, or
 - ii. move budgeted funds between labor and non-labor accounts *
- c) Over \$50,000 up to \$100,000
- d) Transfers of complement and related labor budgets between departments or within a department

Department head for intra-department transfers, or both department heads involved for transfers between departments

Department head(s) as in a) above and Commissioner of Finance. If the Finance department budget is affected, City Manager approval is required.

Department head(s) and City Manager

Department head(s) and City Manager, consistent with Human Resources policy

All other budget transfers

Standing Committee relevant to the program in question, and Council

** exceptions may be made where for administrative and economic reasons there is a direct substitution between use of temporary staff (on payroll) and contracted services ("staff" not on payroll).*

Corporate Policies

SECTION: FINANCE		DEPT: Finance	
SUBJECT: Budget Control			
POLICY NO. 13.2.0	SUPERCEDES POLICY DATED: June 14, 2001	PAGE: 5 OF 10	
EFFECTIVE DATE: Sept. 16, 2003	APPROVED BY: CW043-2003	APPROVAL DATE: Sept. 15, 2003	

5. Management practice is to use the functionality provided in the financial system to prevent expenditures exceeding approved budget limits. When these control functions prevent issuance of payment to suppliers, Financial Planning will only effect budget overrides or increase insufficient appropriations to allow payment, on receipt of adequate justification and evidence that the over-expenditure can be absorbed within the approved budget and is reflected in the latest year-end forecasts. In the case of increases to appropriations, written documentation adequate to satisfy audit requirements must be supplied.
6. Unanticipated revenues shall not be spent without Council approval except on expenditures that are necessary to generate the additional revenues. At year-end such remaining net revenues shall become part of the Current budget surplus except as approved by the City Manager within his spending approval limits. Unanticipated building permit revenues are subject to specific treatment within the service and regulatory requirements related to that activity.
7. It is the policy of the Corporation, approved by Council, to budget for new staffing on a fully annualized basis. It is recognized that budget approval dates and the recruitment process will cause a portion of new staffing budgets to be unexpended. These unexpended amounts will be transferred to stabilization reserves, and are not available to fund other operating expenditures without City Manager or Council approval as appropriate for the amount.
8. Unexpended budgeted funds will only be protected at year end for use in the following year if all of the following conditions are met:
 - a) the amount was clearly budgeted for the specified transaction,
 - b) the transaction is a capital item funded within the current budget,
 - c) an agreement has been signed or a purchase order issued
 - d) the goods or services have not been received due to unavoidable and exceptional circumstances.

Requests for protection of funds must in all cases be submitted to the Finance Department for review and be approved by the City Manager. All other budgeted expenditures remaining uncommitted at year-end must be re-budgeted if still required in the following year.
9. Any current budget surplus remaining at year-end shall be allocated to rate stabilization reserve funds and infrastructure repair and replacement reserve funds as approved by Council on the recommendation of the Commissioner of Finance and the City Manager.
10. Departments shall not incur any exceptional or new expenditure that materially alters the quality or quantity of service provided until Council approves such changes. All departmental reports to

Corporate Policies

SECTION: FINANCE		DEPT: Finance	
SUBJECT: Budget Control			
POLICY NO. 13.2.0	SUPERCEDES POLICY DATED: June 14, 2001	PAGE: 6 OF 10	
EFFECTIVE DATE: Sept. 16, 2003	APPROVED BY: CW043-2003	APPROVAL DATE: Sept. 15, 2003	

Council seeking authority to alter the quality and quantity of service provided or otherwise likely to affect the financial results of the City shall include a clear statement of financial impact specifying the recommended source of funds and the impact on the current and future years' budgets. Sources of funding proposed by departments require the concurrence of the Commissioner of Finance. The reports shall be approved by the Commissioner of Finance and the City Manager and then shall be directed to the appropriate Standing Committee of Council dealing with the program or service in question. Subsequently, if the matter has a material financial impact, the report will be submitted to the Committee of the Whole. Service level reviews and proposals or other initiatives likely to have a material impact on budget levels must be timed appropriately to lead into the budget process unless exceptional circumstances justify otherwise.

11. Specific responsibilities for Non-Departmental accounts are identified in Appendix 1, and shall be substituted for all references to "Department head" in the preceding section.

C. CAPITAL BUDGET MANAGEMENT AND CONTROL

1. Departments are responsible for the completion of capital projects within approved budget limits. Council shall be informed on a timely basis of material variances between planned and actual capital expenditures.
2. Finance will prepare quarterly capital project status reports for the City Manager and Senior Management Team. The reports will include project progress information supplied by the departments responsible for the projects; department heads shall be responsible for the presentation to Management Team of project issues and outlook. Finance will submit semi-annual summary reports to Council through the Committee of the Whole.
3. Staff shall not commit capital projects to expenditures exceeding approved budget allocations unless approved by Council. Council approval, through the appropriate Standing Committee where applicable, must be obtained for any material change to the nature or extent of an approved project or for any redeployment of capital budgets.

Certain capital programs may, with the agreement of Finance, be budgeted as an annual allocation, with individual projects or locations being determined by staff subsequent to budget approval. These include new vehicles, vehicle replacement, road resurfacing, bridge repairs, indoor and outdoor asset repair programs. In such cases, the responsible department shall provide a summary report to the appropriate Standing Committee identifying the actual works to be undertaken.

Corporate Policies

SECTION: FINANCE		DEPT: Finance	
SUBJECT: Budget Control			
POLICY NO. 13.2.0	SUPERCEDES POLICY DATED: June 14, 2001	PAGE: 7 OF 10	
EFFECTIVE DATE: Sept. 16, 2003	APPROVED BY: CW043-2003	APPROVAL DATE: Sept. 15, 2003	

For other multi-year capital works budgeted on a program basis with component projects identified in the approved budget, such as City Hall renovations, timing may be altered within the multi-year program in response to changing circumstances, with the approval of the City Manager and subject to budgeted annual spending limits. These programs will be so identified in the capital budget submission.

Reallocation within program budgets consisting of major project components requires Council approval following the procedures for Budget Amendments defined by the Municipal Act and City by-law. These include intersection improvements, traffic signalization, new park and indoor facility development.

4. The completion status of capital projects will be assessed and project closeout procedures effected on a timely basis. When projects are completed under budget, excess funds shall be returned to the originating reserve funds for reallocation as determined through the budget process and by corporate priorities, subject to approval by Council.
5. Proposals for new capital projects submitted outside of the annual budget process shall include a statement of financial impact that specifies the proposed source of funds, the implications for the multi-year capital forecast and the impact on future Current budgets. Such proposals require approval by the Commissioner of Finance, the City Manager and Council through the relevant Standing Committee, and shall be approved, when appropriate, as amendments to the current year Capital budget.
6. New capital projects projects submitted outside of the annual budget process and increases to approved project budgets in all cases constitute budget amendments that are subject to the requirements of the Municipal Act, 2001, Section 291 and By-Law 393-2002. Funding sources are subject to approval of Council on recommendation of the Commissioner of Finance and the City Manager.
7. Capital projects undertaken as local improvements shall be administered in accordance with the provisions of Ontario Regulation 119/03.

ACCOUNTABILITY:

All management employees responsible for managing operating or capital budgets are accountable for adherence to this policy.

Corporate Policies

SECTION: FINANCE		DEPT: Finance	
SUBJECT: Budget Control			
POLICY NO. 13.2.0	SUPERCEDES POLICY DATED: June 14, 2001	PAGE: 8 OF 10	
EFFECTIVE DATE: Sept. 16, 2003	APPROVED BY: CW043-2003	APPROVAL DATE: Sept. 15, 2003	

ADMINISTRATION:

Financial Planning Division is responsible for maintaining and updating this policy. The Treasurer is authorized to create, amend and delete procedures necessary for the implementation/administration of this policy.

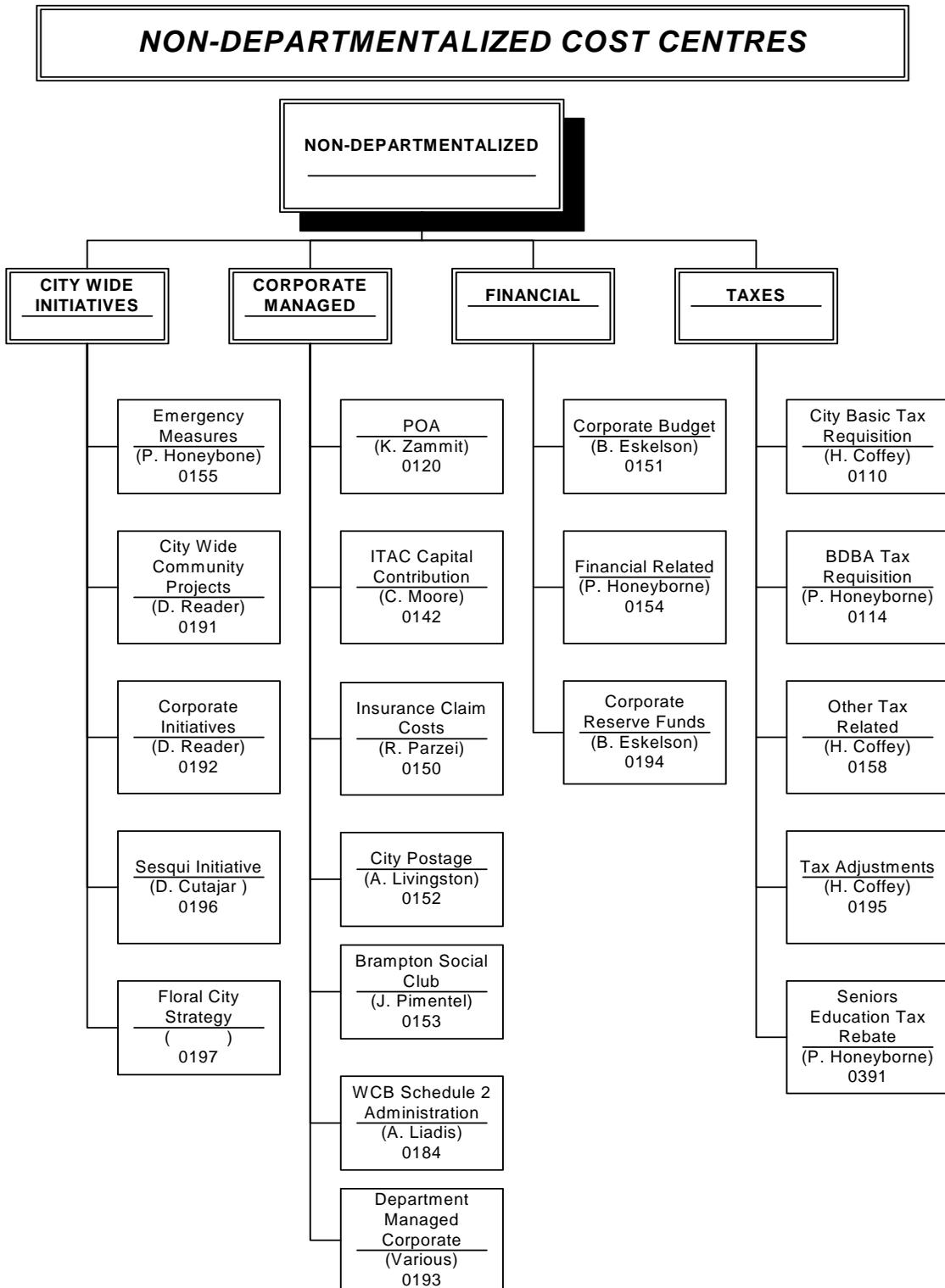
CONTACT:

Financial Planning Division

Corporate Policies

SECTION: FINANCE	DEPT: Finance	
SUBJECT: Budget Control		
POLICY NO. 13.2.0	SUPERCEDES POLICY DATED: June 14, 2001	PAGE: 9 OF 10
EFFECTIVE DATE: Sept. 16, 2003	APPROVED BY: CW043-2003	APPROVAL DATE: Sept. 15, 2003

Appendix 1



Corporate Policies

SECTION: FINANCE		DEPT: Finance	
SUBJECT: Budget Control			
POLICY NO. 13.2.0	SUPERCEDES POLICY DATED: June 14, 2001	PAGE: 10 OF 10	
EFFECTIVE DATE: Sept. 16, 2003	APPROVED BY: CW043-2003	APPROVAL DATE: Sept. 15, 2003	

Appendix 1, cont'd

0193 – Department Managed Corporate – Administration (Various Accounts)		
Account Names	Account Number	Staff
Marketing	200217	D. Cutajar
OG-HR Corporate	200882	M. Lembke
OG- Retirement Costs	200884	D. Tracogna
OG-City Hall Art	200886	D. Tracogna
OG-Rose Club	200887	D. Tracogna
Council Souvenirs	200903	D. Tracogna
Charitable Campaign	200982	D. Cutajar / J. Wright
Downtown DC Waiver	201003	D. Waters
Downtown Façade	201101	D. Waters
Downtown Development	201121	D. Cutajar
Suite Policy – BCSE	201130	D. Cutajar
Lunch/Dinner	201131	D. Cutajar
Minor Charitable	201132	D. Cutajar
Admin Fees From Subdivisions	601280	R. Bino