

CORPORATE POLICY



Policy Title: **Credit Balances**
Policy Category: **Financial Control**
Policy No.: FC-015
Department: Corporate Services
Approval Date: February 17, 2007
Revision Date: May 12, 2014
Author: Cassandra Pacey
Attachments:
Related Documents/Legislation:
Key Word(s): Budget, Capital

POLICY STATEMENT:

The Council for the City of Waterloo is committed to demonstrating financial leadership and sustainability. This policy assists in formalizing a defined and transparent process for returning capital funding to the source.

PURPOSE:

The purpose of this policy is to define the process that will be undertaken to return credit balances within capital projects to their funding source.

DEFINITIONS:

Over Budget:

An item that has been budgeted for however is anticipated to exceed the approved budget.

Outside of Budget:

An item that has not been budgeted for.

Related Project:

A project that is similar in nature to the donor project. Typically, the projects are in the same Division as the donor project. Examples include but are not limited to project transfers between road reconstruction projects or project transfers between facility roofing projects.

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: April 23, 2014

Corporate Management Team, Review Date April 16, 2014

Capital item:

A “capital item” is a project. In the case where a number of projects are grouped together (e.g. Roads Rehabilitation Program), a “capital item” is considered to be the individual projects within the larger project.

SCOPE:

This policy applies to all members of the City’s organization including members of Council, full, part-time and contract staff.

POLICY COMMUNICATION:

Council will receive this policy for approval. If approved, the policy will be posted on the city’s intranet. Staff will be advised of the policy via distribution to the Operational Leadership Team and Corporate Management Team.

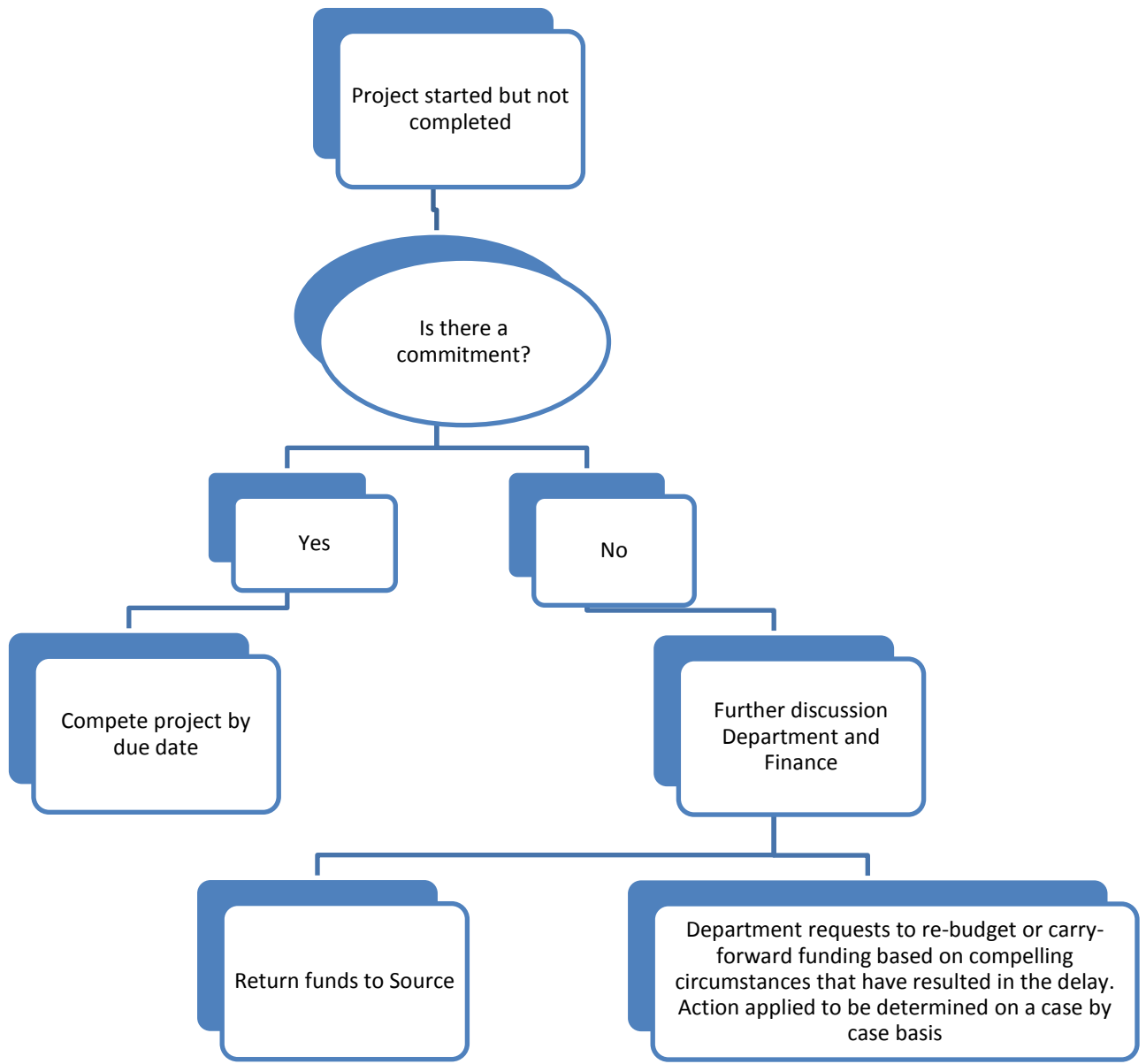
POLICY:

1. Projects with a credit balance two years after receiving funding must return the funding to the source unless there is commitment to incur expenses by way of a purchase order, contract, or registered agreement.
2. Projects that receive annual funding are expected to carry over only one year’s balance into the following fiscal year. For the purposes of this policy, the two years begins when the project is approved by Council or the date of approval of the capital budget (if a project does not require Council approval).

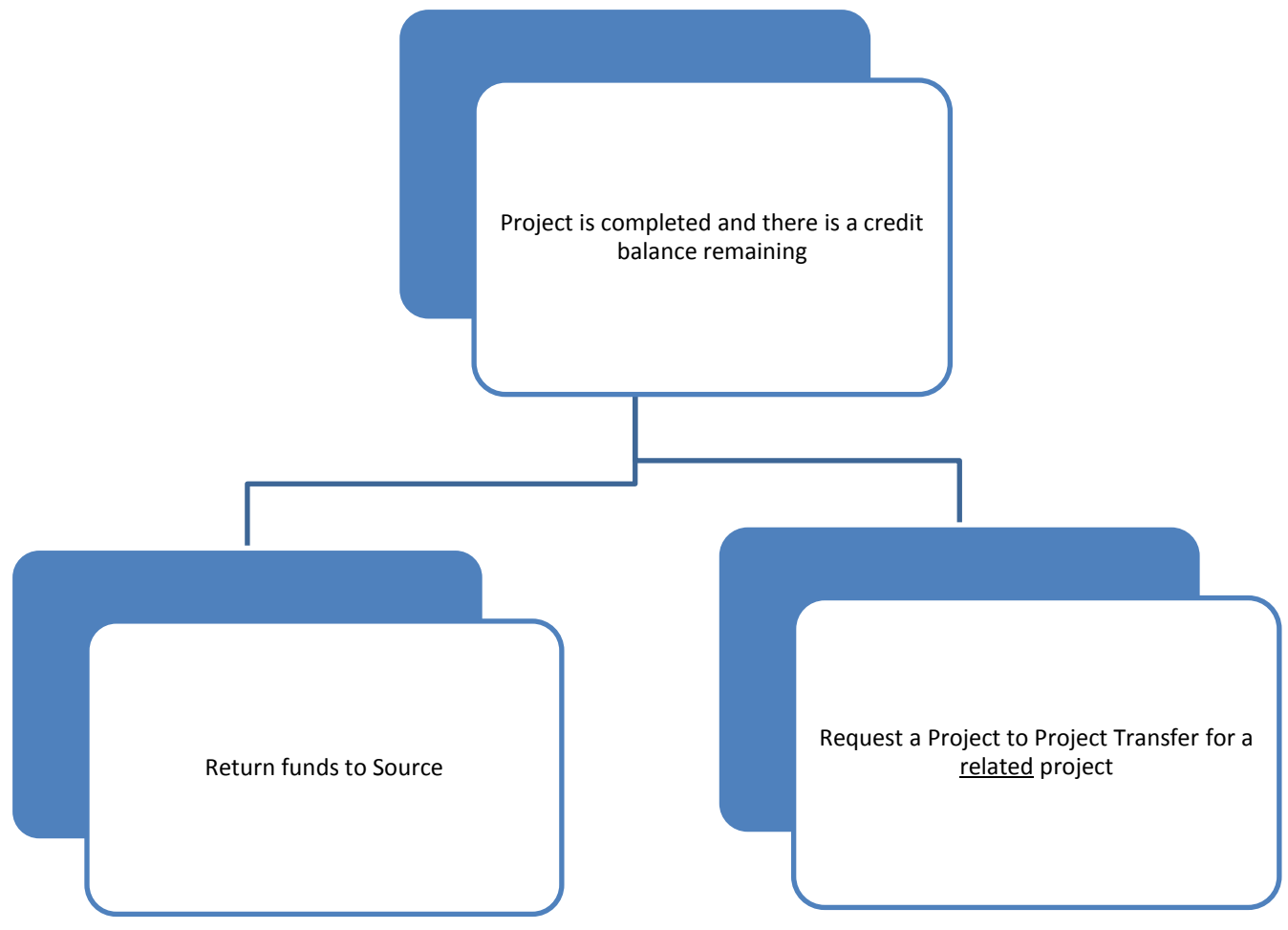
Scenario 1: Project has not been started

If the project has not been started within the two year period, the funds are to be returned to the source. Finance will review projects in this position with the respective department to determine if negotiations are being undertaken to establish firm commitments or if other factors warrant a specific delay.

Scenario 2: Project is underway



Scenario 3: Project completed



If the project has been completed, excess funding should be returned to the source. A project is restricted from “transferring” its funding to another project, unless a specific ‘project to project transfer’ to a related project where approval is received as follows:

Budget Scenario	Approval Thresholds
The Capital project has been budgeted, but is exceeding the approved budget (Over Budget).	<ul style="list-style-type: none"> • ≤ \$10,000 Directors • > \$10,000 and ≤ \$50,000 Commissioners • > \$50,000 and < \$100,000 CMT • ≥ \$100,000 Council
The Capital project has not been budgeted for (Outside of Budget).	<ul style="list-style-type: none"> • ≤ \$10,000 Directors • > \$10,000 and ≤ \$25,000 Commissioners • > \$25,000 and < \$50,000 CMT • ≥ \$50,000 Council

Upon completion of a project to project transfer, the donor project will be closed.

Use this policy in conjunction with the “Financial Requests Outside of the Budget Process” Policy when addressing a request for funding outside of the budget cycle.

Projects will be reviewed for Credit Balances during the year-end review of capital projects.

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.