

CORPORATE POLICY



Policy Title: **Financial Requests Outside of the Budget Process**
Policy Category: **Financial Control**
Policy No.: FC-002
Department: Corporate Services
Approval Date: February 17, 2007
Revision Date: August 10, 2015
Author: Cassandra Pacey
Attachments:
Related Documents/Legislation:

Key Word(s): Budget

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 requesting one-time and ongoing operating or capital funding that is outside of the budget process.

PURPOSE:

During any given year, requests are made for operating or capital funding outside of the budget process as a result of new information or re-alignment of priorities. It is imperative that the long term impact, the impact beyond the current year, of these requests be understood and addressed prior to funds being expended when possible.

Should acquisitions/spending be contemplated that exceed the approved budget proposed at any time during the year, approval must be requested and obtained (as identified in Table 1) in advance and in order for additional funds to be expended when possible, over and above those originally approved within the budgets. This does not include emergency acquisitions (please see the Purchasing By-Law for Emergency acquisitions).

DEFINITIONS:

Over Budget:

An item that has been budgeted for, but which is anticipated to exceed the approved budget.

Outside of Budget:

An item that has not been budgeted for.

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: July 10, 2015

Corporate Management Team, Review Date July 15, 2015 _____

Capital Item:

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

Operating Item:

The definition of an “operating item” requires judgment and discretion on the part of the Commissioner/Director and could be considered to be a line item, or a program within a division or department level.

Staff:

An individual who is hired to provide services for the City of Waterloo on a regular basis (part-time or full-time capacity) in exchange for compensation and who does not provide these services as part of an independent business.

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:**Identification of Capital Budget Funding Requirements:**

Directors / Commissioners are encouraged to work with

- their staff to monitor capital project in progress in order to identify projects that have unanticipated costs that will cause the project to exceed the approved budget.
- their staff to identify capital projects that are outside the budget process as a result of new information or re-alignment of priorities.

Identification of Operating Budget Funding Requirements:

Directors / Commissioners are responsible for managing their operating budget and working within their division / department’s budget allocation. Salaries, wages, benefits and the related FTE count is approved by Council during the budget process. As a result, these items are included in the divisional / department budgets that Directors / Commissioners are responsible for managing.

If it not possible to remain within budget, Directors / Commissioners are responsible for adhering to the process identified below:

Funding Sources for Capital and Operating Overages*:

Directors / Commissioners are encouraged to work with

- Their respective Financial Analyst and/or Accounting Technician to identify possible funding sources based on the process identified below. Where possible, alternate funding identification and approval is to be obtained prior to financial commitments being made that exceed budget.

Funding Process:

The Department will inform the Director of Financial Planning & Purchasing and the appropriate Financial Analyst/Accounting Technician if a strategy is undertaken that will alter the budget.

1. The Divisional budgets are to be reviewed by the Director of the respective Division or the Commissioner of the respective department to identify sources of funding or expenditures that the overage could be substituted for. For Capital, this would include reviewing related capital projects that have a credit balance. See Credit Balance Policy for detailed information regarding eligibility of project to project transfers.
2. If no acceptable alternative is found at the Divisional level, then the Commissioner shall review the Departmental budget for alternative strategies.
3. If no alternative strategy is found, the Commissioner will contact the Chief Financial Officer or Director of Financial Planning & Purchasing so that Finance may assist in recommending a funding strategy.

***Note:**

Any item funded by Reserve or Reserve Funds must receive Council Approval regardless of dollar amount.

Table 1
Overage Scenarios

1. Capital Budget
 - a. Over Budget – The Item has been budgeted, but is exceeding the approved budget
 - i. Approval Thresholds
 1. ≤ \$10,000 Directors
 2. > \$10,000 and ≤ \$50,000 Commissioners
 3. > \$50,000 and < \$100,000 CMT
 4. ≥ \$100,000 Council
 5. Items that accumulate to ≥ \$100,000 Council
 - b. Outside of Budget – The item has not been budgeted for
 - i. Approval Thresholds
 1. ≤ \$10,000 Directors
 2. > \$10,000 and ≤ \$25,000 Commissioners
 3. > \$25,000 and < \$50,000 CMT
 4. ≥ \$50,000 Council
 5. Items that accumulate to ≥ \$50,000 Council
 6. Item related to the purchase or sale of land (e.g. survey, environmental assessment) ≤ \$100,000 CMT
 7. Items related to the purchase or sale of land (e.g. survey, environmental assessment) ≥ \$100,000 Council
 2. Operating Budget
 - a. Staffing
 - i. New staffing requests are to be approved by Council
 - b. Overages
 - i. Directors are responsible for monitoring their R&E's on a monthly basis and managing their operating budgets accordingly. Areas of concern should be flagged to the GM & Finance.
 - ii. A purchase order (PO) made where budget is exceeded at the divisional level, will require budget confirmation by Finance before the PO can be dispatched.
 - iii. The annual Surplus/(Deficit) process will identify budget overages in excess of \$100,000 by division and report them to Council
 - iv. Approval Thresholds
 1. ≤ \$10,000 Directors
 2. > \$10,000 and ≤ \$50,000 Commissioners
 3. > \$50,000 and < \$100,000 CMT
 4. ≥ \$100,000 Council
 5. Items that accumulate to ≥ \$100,000 Council

COMPLIANCE:

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