



## Expenditure and Budget Management

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**Cross-reference:** FIN-001-027 Tangible Capital Assets Financial Reporting Policy  
 GOV-001-024 Authorization and Verification of Unbudgeted Expenditures Policy  
 FIN-001-010 Financial Reporting Policy  
 FIN-001-016 Donations – Received and Disbursed Policy  
*Municipal Government Act, RSA 2000, c. M-26 s. 248 (MGA)*

### Expenditure Proposals Exceeding Approved Budget

Date of Approval by Council: 03/11/82; 05/08/01      Resolution No: 233/82; 347/2001  
 Lead Role: Chief Commissioner      Replaces: 40-43-001  
 Last Review Date: November 24, 2009      Next Review Date: 11/2012  
 Administrative Responsibility: Financial Service

### Policy Statement

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Any proposed expenditure of funds which exceeds the current year's approved budget must be submitted to Council for approval before the expenditure is made and further each such request must indicate the source of funding for the proposed expenditure.

### Policy Statement

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Strathcona County will exercise good governance in the use of its resources to ensure sound financial stewardship, accountability and transparency. Council approves the Corporate Budget including programs, services and Projects, and their respective scope. The Chief Commissioner manages the Corporate Budget and will ensure any changes to its approved scope receive appropriate approval.

### Purpose

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The purpose of this policy is to ensure compliance with applicable legislation; efficient and responsive delivery of programs and services; proper approval of expenditures incurred by the County; and overall budget management of the approved Corporate Budget.

### Definitions

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Budget Amendment – a formally approved adjustment and a corresponding revision made to the Corporate Budget.

Corporate Budget – the Council approved Strathcona County operating and capital budgets.

Project – includes both operating initiatives and capital projects, with a defined scope and budget, approved by Council or the Chief Commissioner.

Unbudgeted Approval – a Council or Chief Commissioner approved variance from the Corporate Budget that does not require a Budget Amendment.

Unbudgeted Revenues – revenues not included in an approved budget. This does not

include favorable variances from approved revenue sources.

## **Guidelines**

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1. The annual Corporate Budget, consisting of the operating budget and the capital budget, is approved by Council. The Corporate Budget inherently defines the scope of programs, services and Projects delivered by the County.
  - a. The operating budget consists of one year of programs and services, PLUS single year operating Projects, PLUS the current year of planned spending for multi-year operating Projects.
  - b. The capital budget is the planned capital spend for the year and consists of one year of infrastructure lifecycle, rehabilitation and replacement for existing infrastructure to support programs and services, PLUS single-year capital projects, PLUS the current year of planned spending for multi-year capital projects.
  - c. When multi-year Projects and funding are approved in their entirety, a Project may progress ahead of the current year of planned spending. In accordance with accounting requirements, the approved planned spending for subsequent years will be included in future budgets.
2. The Chief Commissioner has the authority to manage within the approved Corporate Budget for operating programs or services provided the activity is within the approved scope. This includes offsetting operating deficits with surpluses from other departments and divisions.
3. At any point outside the annual budget process, Council (or the Chief Commissioner within thresholds) may approve unbudgeted emergent Projects or cost adjustments, as well as the appropriate funding. These will be considered Unbudgeted Approvals unless criteria for a Budget Amendment is met.
4. A Budget Amendment must be completed based on the following criteria:
  - a. An amendment is required for every increase to a Project budget; or
  - b. An amendment is required for legislative or compliance purposes; or
  - c. An amendment is deemed necessary for other considerations.
5. Additional expenses resulting from a change of scope or new Projects, programs or services, not included in the approved Corporate Budget, require the following approval prior to being incurred:
  - a. Chief Commissioner approval for amounts totalling \$75,000<sup>1</sup> or less; and
  - b. Council approval for amounts greater than \$75,000<sup>1</sup>.
6. A substantial change to the scope or expected outcome of an approved Project, program or service without a financial impact requires the following review and approval in advance:
  - a. Chief Commissioner approval for budgets totalling \$75,000<sup>1</sup> or less; and
  - b. Council approval for budgets totalling greater than \$75,000<sup>1</sup>.
7. Unbudgeted Revenues may be accepted and will be reported as a variance from the Corporate Budget. Additional expenses related to additional revenues must be handled

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<sup>1</sup> Approval amounts align with the procurement thresholds set for goods and services outlined in the New West Partnership Trade Agreement for the MASH Sector (Municipalities, School Boards, Health Regions and Publicly-Funded Post-Secondary Institutions).

in accordance with this policy.

8. The Chief Commissioner has the authority to recategorize incurred expenditures and the corresponding funding between operating and capital, based upon the appropriate accounting treatment to comply with Public Sector Accounting Standards and County policies, if the scope of the Projects, programs, or services were previously approved. This does not constitute a Budget Amendment. Variances from the Corporate Budget will be identified for reporting purposes.
9. To maximize the use of third party funding, changes to a capital Project budget can be processed by Administration and funding commitments released due to the use of previously unknown or unavailable third party funding, limited to single purpose grants, donations or other contributions (e.g. Contribution in Aid of Construction, community group donations, developer contributions, etc.). The resulting unused funding must be returned to its original source.
10. When Projects are completed and all expenses have been processed, Administration will release the commitment of any unused funding back to its original source. Costs in excess of the approved budget totalling \$5,000 or less can be funded from department operations with the approval of the department Director.
11. Approvals relating to capital expenditures must be in accordance with the Tangible Capital Assets Financial Reporting Policy (FIN-001-027).
12. Unbudgeted expenditures for an emergency or where such amount is legally required to be paid are not included in this policy and are to be approved in accordance with the Authorization and Verification of Unbudgeted Expenditures Policy (GOV-001-024).
13. Donations are not included in this policy and are to be approved in accordance with the Donations – Received and Disbursed Policy (FIN-001-016).
14. Council will receive regular reporting in accordance with the Financial Reporting Policy (FIN-001-010).

#### **Policy Record**

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**Date of Approval by Council:** 03/11/82; 05/08/01

**Resolution No:** 233/82; 347/2001

**Next Review Date:** To Be Determined

**Policy No:** FIN-001-004

**Last Review Date:** To Be Determined

**Replaces:** 40-00-006

**Administrative Review:** Corporate Finance