

Expenditure and Budget Management Policy FIN-001-004

**Presentation to Council
June 9, 2020**

Why update the policy?

- Opportunity to make improvements to enhance understanding and provide clarity across the organization
- Ensure the policy aligns with current legislation and accounting practices
- Overdue for review per County's *Mandatory Review of Bylaws and Policies* policy (GOV-002-021)



Compliance with legislation

Section 248 of the Municipal Government Act states:

- A municipality may only make an expenditure that is:
 - included in a budget or otherwise approved by Council
 - for an emergency
 - legally required to be paid
- Each Council must establish procedures to authorize and verify expenditures not included in a budget

Existing policy

- The current policy is vague and consists of one sentence:

“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.”

Considerations for review

- Administrative review to identify opportunities to enhance clarity and understanding
- Financial review to identify opportunities to address accounting requirements
- Review current Municipal Government Act requirements to ensure alignment
- Consider other municipal practices and third party recommendations

Highlights of proposed policy

- Council approves the County's operating and capital budgets
- Chief Commissioner manages the operating and capital budgets
 - Authority to offset operating deficits with surpluses from other departments and divisions
 - Authority to recategorize expenditures and corresponding funding in the approved budget (between operating and capital)
- Establish approval thresholds for changes in scope and cost:
 - Greater than \$75,000 requires Council approval
 - \$75,000 or less requires Chief Commissioner approval
- Provides criteria for budget amendments

Benefits of proposed policy

- Provides a consistent and standardized understanding of expenditure and budget management that promotes good governance through financial stewardship, accountability and transparency
- Ensures Council is involved in all decision making regarding substantial changes in:
 - Budget - decisions with a financial impact of greater than \$75,000, or
 - Scope - decisions impacting the delivery of programs, services or other commitments to the public
- Enables administration the operational agility to deliver programs and services to residents and the community

Related policy changes

- Tangible Capital Asset Financial Reporting policy (enclosure 3)
 - Guideline 8 Administration and Approvals details have been incorporated into the Expenditure and Budget Management policy
 - Remove this duplication and replace with a cross reference
- Financial Reserves policy (enclosure 5)
 - Increase thresholds from \$50,000 to \$75,000 in guideline 6 to align with the proposed Expenditure and Budget Management policy thresholds

Recommendations

1. THAT policy FIN-001-004 Expenditure and Budget Management, as set out in Enclosure 1 of the Corporate Finance June 9, 2020 report, be approved.
2. THAT policy FIN-001-027 Tangible Capital Asset Finance Reporting, as set out in Enclosure 3 of the Corporate Finance June 9, 2020 report, be approved.
3. THAT policy FIN-001-024 Financial Reserves, as set out in Enclosure 5 of the Corporate Finance June 9, 2020 report, be approved.

Questions?