

FINANCIAL

Chapter 530 BUDGET CONTROL PROCESS

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Article 1
SHORT TITLE

530.1.1 Citation

This Chapter shall be referred to as the Budget Control Process By-law.

Article 2
INTERPRETATION

530.2.1 Appropriation - defined

“appropriation” means the amount of money approved by Council for a line item as set out in the budget for personnel, other operating expenses and revenue.

530.2.2 Budget - defined

“budget” means the spending program for a fiscal year approved by Council from time to time.

530.2.3 Capital project - defined

“capital project” means any significant expenditure incurred to acquire or improve land, buildings, engineering structures, machinery and equipment used in providing municipal services. It includes vehicles, office furniture and equipment, and normally confers benefit lasting beyond one year and results in the acquisition of, or extends the life of a fixed asset.

530.2.4 Chief Administrative Officer - defined

“Chief Administrative Officer” means the Chief Administrative Officer or designate(s) as approved by Council.

530.2.5 Council - defined

“Council” means Town Council.

530.2.6 Department Head - defined

“Department Head” means the Head of any Town department or staff designated in writing as such to act in the absence of the Department Head.

530.2.7 Department Heads - defined

“Department Heads” means the group composed of all Town Department Heads.

530.2.8 Estimates - defined

“estimates” means the budget proposal for the expenditure and revenue of the Town for one fiscal year and includes the budget proposals for any particular department.

530.2.9 Fiscal year - defined

“fiscal year” means the calendar year.

530.2.10 Program - defined

“program” means the work of a department and each separate departmental function identified in the budget.

530.2.11 Reserve fund - defined

“reserve fund” means funds set aside in a separate account by Council for a specific purpose by by-law, or required to be set aside for specific purposes as set out in a statute, regulation, or by a written agreement between the Town and another party.

530.2.12 Town - defined

“Town” means The Corporation of the Town of Richmond Hill.

530.2.13 Treasurer - defined

“Treasurer” means the Town’s Commissioner of Finance or designate(s).

530.2.14 Variance - defined

“variance” means the difference between an approved capital project or budget appropriation and actual expenditures incurred for that capital project or budget appropriation.

Article 3 BUDGET PRINCIPLES

530.3.1 Set out

The Town’s budget principles are as set out in this Article.

530.3.2 Council jurisdiction - responsibility - implementation

Council’s jurisdiction/responsibility is to implement appropriate Budget and Financial Planning policies for the Town.

530.3.3 Programs - approval - carried out within budget

The Town’s budget principles are used to ensure that all programs approved by Council are carried out within the budget allocated therefor.

530.3.4 Deviations - reported - approved - as required

The Town’s budget principles are used to ensure that any deviation from approved budgets shall be reported to and approved by the Department Head, Chief Administrative Officer or Council as required by this Chapter.

530.3.5 Budget planning - administration - by Department Heads

The Town’s budget principles are used to recognize that budget planning and administration are a primary responsibility of Department Heads.

Article 4
ACCOUNTING PRINCIPLES

530.4.1 Expenditures - charged in fiscal year received

Every expenditure for goods or services shall be charged in the fiscal year in which the goods or services are actually received.

530.4.2 Reserve fund - money appropriated - not expended

A reserve shall be created in respect of any existing legal obligation, which in the opinion of the Treasurer is material, where funds have been appropriated but not expended prior to the end of the fiscal year.

530.4.3 Corporate surplus - funds not expended

Where funds have been appropriated but not spent prior to the end of the fiscal year and no legal obligation to expend said funds has been entered into prior to the end of the fiscal year, said funds shall be included in the general corporate surplus and shall be submitted for Council's consideration with the current budget for the following fiscal year.

Article 5
BUDGET CALENDAR - ESTIMATES

530.5.1 Submitted by Treasurer - to Department Heads - purpose

The Treasurer shall prepare and submit for approval to Department Heads prior to September 1 each year, a budget calendar setting out the timetable according to which department estimates shall be prepared and submitted to the Treasurer.

530.5.2 Approval received - changes - additional approvals

After approval by Department Heads, the budget calendar shall not be changed except with the approval of the Chief Administrative Officer or Council.

530.5.3 Compliance - ensured by Department Head

Every Department Head shall ensure compliance with the budget calendar.

530.5.4 Estimates - detailed instructions - prepared by Treasurer

The Treasurer shall prepare detailed instructions to be followed in the preparation of all estimates.

530.5.5 Estimates - prepared to ensure sufficient resources

All Department Heads shall ensure that estimates are prepared to provide sufficient resources to administer any by-laws or responsibilities assigned to their respective departments.

Article 6
EXPENDITURE PRIOR TO APPROVAL OF CURRENT BUDGET ESTIMATES

530.6.1 Appropriation - similar item - previous year - limitation

No expenditure shall be incurred until the budget for the current fiscal year has been approved by Council unless:

- (a) an appropriation for a similar item existed in the previous year's current budget and the expenditure does not exceed 50% of the amount appropriated in the previous year's current budget; or
- (b) Council approves the expenditure.

530.6.2 Included in estimates for current year

Every expenditure incurred prior to Council's approval of the budget shall be included in the estimates for the year in which it was expended.

Article 7
REALLOCATION OF CURRENT BUDGET FUNDS

530.7.1 Use - to achieve efficient and effective use of resources

Where it is desirable to reallocate funds between detail accounts within the appropriations in order to achieve the most efficient and effective use of resources, said reallocations shall be carried out in accordance with this Article.

530.7.2 Department Head approval - within own department

Department Heads may approve a reallocation of current budget funds between detailed accounts within appropriations within a program within their own department.

530.7.3 Maximum permissible

Department Heads may approve a cumulative reallocation of current budget funds between appropriations between programs within their own department to a maximum of the lesser of \$50,000 or 10% of the appropriation within the program from which the transfer is made.

530.7.4 Chief Administrative Officer - authority

The Chief Administrative Officer may approve cumulative reallocation of current budget funds between appropriations between programs within a department to a maximum of the lesser of \$100,000 or 20% of the appropriations within the program from which the transfer is made.

530.7.5 In excess of maximum - report by Treasurer - to Council

Where it is proposed to reallocate current budget funds in excess of the limits set out in Section 530.7.4, the Treasurer shall prepare a report seeking Council approval for the reallocation.

Article 8**RESERVES - RESERVE FUNDS****530.8.1 Proposals - contained in estimate - presented to Council**

All proposals to establish and maintain either reserves or reserve funds in any year, whether for current or capital purposes shall be contained in the estimates and shall be presented to Council for consideration.

530.8.2 Financing from reserves - Council approval required

No Department Head shall, without the approval of Council propose to finance current or capital expenditures from reserves or reserve funds unless the use of such funds has been authorized by a resolution of Council.

530.8.3 Estimates - greater than fund - prohibited

Estimates shall not commit a reserve fund to an amount greater than the uncommitted cash balance standing to the credit of said reserve fund.

530.8.4 Estimate - greater than reserve - report to Council

Where a reserve fund is committed contrary to Section 530.8.3, no obligation to expend said funds shall be incurred by an Department Head until the availability of the reserve funds has been confirmed by the Treasurer in a report to Council.

530.8.5 Promissory note - loan from other reserve

Where the activities supported by a specific reserve fund require temporary funding from another reserve fund, the Treasurer shall prepare a promissory note setting out the terms and conditions of the loan transaction.

530.8.6 Statement of continuity - by Treasurer - annually

The Treasurer shall prepare and present a report to Council on or before June 30th each year setting out a Statement of Continuity:

- (a) showing the uncommitted balance standing to the credit of every reserve and reserve fund as at the previous December 31st; and
- (b) showing all commitments made against the said balance to the date of the statement.

**Article 9
COMPLEMENT CONTROL**

530.9.1 Department Head - responsibility

The Department Head shall ensure that the permanent staff of the Town does not go beyond the level approved by Council and that every proposal to increase the permanent staff complement is reported to Council.

**Article 10
REPORTING REQUIREMENTS - CURRENT BUDGET**

530.10.1 Fiscal reports - quarterly - by Department Heads

All Department Heads shall submit to the Treasurer within thirty-one days of the end of the second, third and fourth quarters of the fiscal year reports, in accordance with guidelines prepared by the Treasurer, setting out the reasons for any significant variances for all program appropriations in their department and any non-departmental programs assigned to their department by the Chief Administrative Officer.

530.10.2 Reallocation of funds - included in quarterly report

All reports prepared in accordance with Section 530.10.1 shall set out any reallocation of current budget funds approved by the Department Head within the reporting period.

530.10.3 Treasurer - reports to Council - budget variances

The Treasurer shall prepare three reports to Council setting out those budget variances which in his opinion are major in nature, any recommended budget adjustment requiring Council approval and a corporate overview of financial performance during the reporting period.

530.10.4 Reports - to Council - to state financial implications

All reports to Council affecting current budget programs or capital projects shall state the financial implications of recommendations and what budget provisions, if any, have been made to meet said financial implications.

530.10.5 Department Head report - annually - reviewing fees

The responsible Department Head shall annually prepare a report to Council reviewing all rates of fees, charges, rents and other revenues, excluding taxes prior to September 30th of each year.

Article 11
REPORTING REQUIREMENTS - CAPITAL BUDGET

530.11.1 Timetable - by Treasurer - to Department Heads

The Treasurer shall prepare and submit for approval to the Department Heads prior to April 1st each year a timetable for the completion of reviews of capital projects in progress.

530.11.2 Works in progress report - to Treasurer - two annually

Each year all Department Heads shall submit to the Treasurer two reports on works in progress reviewing the status of all active capital projects administered by their department in accordance with the approved schedule.

530.11.3 Report by Treasurer - overview - to Council

Each year the Treasurer shall prepare two reports to Council setting out the results of the departmental review of capital works in progress, any recommended funding adjustments, budget adjustments, project closure, and a summary of corporate performance during the reporting period.

530.11.4 Capital budget report - to state financial implications

All reports to Council affecting capital projects shall state the financial implications of recommendations and what budget provisions if any, have been made to meet said financial implications. By-law 252-95, 5 September, 1995.