

CORPORATE POLICY AND PROCEDURE



POLICY	Budget Monitoring Policy
CATEGORY	Finance
AUTHORITY	Council
RELATED POLICES	Budget Policy General Reserve and Reserve Fund Policy Budget Monitoring & Capital Closing Procedure
APPROVED BY	Council
EFFECTIVE DATE	September 11, 2013 by By-Law #19625
REVISION DATE	As required

1. POLICY STATEMENT

It is the policy of the City of Guelph to monitor actual operating and capital activity to ensure adherence to Council approved spending and service levels.

2. PURPOSE OF POLICY

To set guidelines for monitoring operating and capital activity to ensure adherence to Council approved operating budgets, capital budgets and service levels.

3. BUDGET MONITORING PRINCIPLES

3.1 Accountability and Transparency

- As a public sector organization, the City is responsible to the taxpayers of Guelph. As such, Financial information should be presented in a transparent manner and decisions made in the best interests of the taxpayers.

3.2 Delivery of Expected Outcomes

- Financial information should provide a measure that a stated objective(s) has been met. This can mean a project is proceeding along expected timelines, that funds and grants have been used for their stated purpose, and that revenue targets have been met, and any deviation is highlighted and explained.

3.3 Responsibility to the overall City budget

- Departments and project managers should make financial decisions with regard to the overall budget of the city. Financial decisions impact other areas, and it is important to make decisions for the overall benefit of the city.

3.4 Effective use of City funds

- Financial decisions should be made in order to make the best use of available funds. This involves returning surplus funds to reserves, having funds

available to capitalize on opportunities and emerging priorities, and ensuring that money is spent on the greatest identified need.

3.5 Risk Management

- Having responsibility to the overall city budget means identifying and mitigating risks in order to minimize the impact to other departments. Over spending on capital projects can have an impact on capital reserves or operating budgets. Early identification of projects at risk of going over budget is important to mitigate these risks.

3.6 Timeliness

- Financial information must be presented in a timely manner following the period in which it relates in order to facilitate decision making and to mitigate risks.
- Financial information must be monitored regularly and formal reports presented at periodic intervals in order to mitigate risks.

3.7 Relevance

- Financial Information should be presented in only as much detail as necessary in order to facilitate decision making or to understand financial impacts. Information should be reliable, easy to understand, and presented in a consistent manner to enable comparisons

4. ROLES AND RESPONSIBILITIES

The monitoring of a Service Area’s budget is not limited to formal variance reporting, but instead is an ongoing process. Ensuring that spending is within the Council approved budget is the responsibility of the Service Area. **The following roles have budget responsibilities as listed:**

Role	Role Responsibilities
Municipal Council	<ul style="list-style-type: none"> • Ultimate responsibility for City spending. Sets annual budget and service levels for staff to operate under. Any change in budget, service level or use of reserves must be approved by Council.
Chief Administrative Officer (CAO)	<ul style="list-style-type: none"> • To direct, in co-operation with the Chief Financial Officer and the Executive Team, the preparation and presentation of the operating and capital budget. • To exercise financial control over all Corporate operations in conjunction with the Chief Financial Officer, to ensure compliance with the annual estimates of revenue and expenditure approved by Council.
Executive Team (ET)	<ul style="list-style-type: none"> • Monitors financial information for City wide impacts and in consultation with the CAO and CFO approves actions to mitigate unfavorable variances. Each Executive Director has ultimate responsibility of their respective Service Area’s budget.
Direct Report Leadership Team (DRLT)	<ul style="list-style-type: none"> • Overall accountability for the departmental budget. General oversight and monitoring of expenses to ensure adherence to the approved budget. Identification of risk and recommendation of mitigation measures to ET.

Department Managers	<ul style="list-style-type: none"> • Day to day approval of divisional expenditures, identification of risk and communication of issues to GM.
CFO and Finance Staff	<ul style="list-style-type: none"> • CFO - Makes recommendations to Council for in year budget changes and transfer of reserves at year end. • Finance staff provide expertise and guidance to Executive Team and Department Management to assist them in effectively managing their Budget.

5. OPERATING VARIANCE REPORTING

5.1 - Purpose

Once the Annual Budget is produced, actual expenditures are monitored and compared against budget. While some differences are expected, variances should not be considerably above or below budget. Departments are provided with regular financial reports outlining their pro-rated year to date budget which compares to their year to date expenditure in order to monitor their budget.

6. CAPITAL VARIANCE REPORTING

6.1 Purpose

Once a Capital Project is approved it is expected that it will be completed in a timely manner, within the approved budget and scope, and will deliver the expected outcome to the taxpayers.

Project Managers are provided with regular reports on the lifetime to date expenditures of their projects against approved budgets. This information allows them to identify potential financial or timeline related variances that may arise over the life of the project.

7. CONSISTENCY WITH GOVERNANCE FRAMEWORK

This policy was created to be consistent with the City's overall Governance Framework. In particular, the following governance principles have been incorporated to develop the principles contained in this policy:

- Accomplishment and Measurement
- Empowerment and Accountability
- Communication and Transparency