



Town of Whitby Policy

Policy Title:	Operating Budget Monitoring Policy
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Reference:	Council Resolution #259-12 and #298-19
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Approval:	Council
Point of Contact:	Financial Services

Policy Statement

The Corporation of the Town of Whitby (Town) is committed to responsible financial management and respect for taxpayers, and understand the importance of affordability and sustainability. In accordance with the Town of Whitby Planning Framework, decisions made with regards to the operating budget and operating budget monitoring practices are consistent with Council approved goals and Strategic Plans and ensure outcomes support Town services, maintenance of assets, and plans for growth.

This document outlines the purpose, scope, definitions, responsibilities and procedures of the Operating Budget Monitoring Policy.

Purpose

The purpose of the Operating Budget Monitoring Policy is to:

- Set guidelines for reviewing actual revenues and expenditures compared to budget consistent with Council approved goals and Strategic Plans;
- Establish accountability that department managers / directors / commissioners are responsible to the Treasurer, the Chief Administrative Officer (CAO) and Council for developing and monitoring budgets, implementation of strategies to achieve operational efficiencies, value for money and sustainability of financial resources, as well as linkage of budget to strategic goals and to ensure optimal service outcomes are in alignment with business plans;
- Define the responsibilities related to this policy;

- Identify variances from budget as early as possible, to allow decision makers time to consider alternatives to avoid potential budget pressures or understand sources of possible surpluses; and
- Establish budget monitoring reporting guidelines and ensure Council is informed of year-end projection variances and recommend action plans where necessary.

Scope

This policy applies only to the Town of Whitby and shall not be applied to its committees, enterprises and outside boards, commissions and agencies for which Council is required to approve annual budget estimates or levels.

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1. Definitions

- 1.1. Chief Administrative Officer (CAO) – the senior appointed officer responsible for the administrative operations of the Town.
- 1.2. Committee of Council – any Advisory Committee, Quasi-Judicial Committee or other committee as defined within the Town's Procedural By-Law.
- 1.3. Council – elected officials of the Town of Whitby.
- 1.4. Operating Budget – annual financial plan providing for the operations of the municipality for the current year incorporating both estimates of proposed expenditures and revenues; including property taxes to be raised.
- 1.5. Department – organizational unit of the Town of Whitby headed by a Department Head.
- 1.6. Departmental Budget – operating and capital budgets of the department as approved by Council in adopting the estimates.
- 1.7. Treasurer – Commissioner of Financial Services/Treasurer of the Town of Whitby; or delegate.

2. Responsibilities

In accordance with Financial Control Policy (F 280):

- 2.1. Council is responsible for:
 - 2.1.1. Allocating funds for corporate expenditures and projects and for providing corporate programs and objectives through the annual budget process or other resolutions, unless otherwise provided for in this Policy.
 - 2.1.2. Approving the Town's budget on an annual basis and where applicable, multi-year budgets and forecasts.
 - 2.1.3. Council, in adopting the total of all sums required during the year for the operating purposes of the Town shall, in accordance with the *Municipal Act, 2001*, as amended, determine the current budget required to provide for the sums required for every purpose and the sums required for the various categories.
- 2.2. Chief Administrative Officer is responsible for:
 - 2.2.1. Ensuring Council and Corporate priorities are considered and identified through the Town of Whitby Planning Framework.
 - 2.2.2. Ensuring Department annual work plans are established to support the business plan and Council and Corporate priorities.

- 2.2.3. Ensuring financial resources are aligned with the business plan and annual work plans.
- 2.3. The Treasurer is responsible for leading and managing the Town's financial planning function, including the following:
 - 2.3.1. Developing Budget guidelines, tools and framework for annual and/or multi-year budgets and forecasts for Council approval.
 - 2.3.2. Facilitating budget presentations and adoption by Council.
 - 2.3.3. Providing strategic financial and business advice to support department managers to ensure that program plans and key business decisions are based on sound financial analysis and financial results are integrated into the management of program performance and work with departments on financial management matters, including assessing departmental financial plans and forecasts to determine whether:
 - i. Resources are used prudently and in an economical manner based on priorities established by the business plan and annual work plans;
 - ii. Key financial assumptions underlying the plans are reasonable and their multi-year impacts have been assessed;
 - iii. Financial risks and mitigating strategies are identified; and
 - iv. The anticipated financial position of the Department and the Town is reasonable.
 - 2.3.4. Providing tools to forecast and manage financial resources throughout the budget cycle.
 - 2.3.5. Working with staff to assess financial pressures, both on an in-year and multi-year basis, recommending resource management strategies, including opportunities to reallocate funds.
 - 2.3.6. Ensuring that the Town's financial plans, budgets, financial performance and financial position are regularly communicated and integrated into the strategic planning processes.
 - 2.3.7. Advising Council, with recommended actions, on a timely basis if:
 - i. There is a critical financial risk to the Town, including where there is a possibility that a department or the Town overall, may exceed its annual budget; or
 - ii. There are significant financial transactions that involve uncertain or unusual circumstances.

- 2.3.8. Identifying & resolving issues on a timely basis with the CAO & appropriate Department Head if the Department manager does not accept the Treasurer's authority on a significant financial matter.
- 2.4. Department Heads are responsible for:
 - 2.4.1. Developing timely business plans and budgets for their area of responsibility in accordance with the budget guidelines approved by Council and:
 - i. Ensuring that all budget proposals submitted to Council achieve operational efficiencies, value for money and sustainability of financial resources, as well as linkage of budget to strategic goals and to ensure optimal service outcomes are in alignment with the Town of Whitby Business Planning Framework;
 - ii. Ensuring that key financial assumptions and risks underlying plans and decisions are supported and their multi-year impacts have been identified and assessed in conjunction with the Treasurer; and
 - iii. Demonstrates understanding of departmental budgets and manages resources within budgets through regular monitoring and communication to the Treasurer on the status of business plans, budgets, performance and financial position.

3. Procedures

- 3.1. The Treasurer is responsible for maintaining a budgetary monitoring system to ensure adherence to the approved budget and where unable, action plans are identified and reported on a timely basis.
- 3.2. In reviewing actual revenues and expenditures compared to budget it is important to:
 - 3.2.1. Identify variances as one-time occurrences with impacts within the current budget year, or as ongoing occurrences impacting the current as well as future budget years.
 - 3.2.2. Review the relationship to economic and external factors.
 - 3.2.3. Effectively use the financial systems available to support actual revenues and expenditures, identify historical trends, seasonality and volatility, and to support year-end projections.
- 3.3. Revenues
 - 3.3.1. Surplus revenues shall not be spent or committed without Treasurer and CAO approval.

- 3.3.2. At year-end such remaining revenues become part of the Town Surplus and are distributed in accordance with the Disposition of Operating Surplus Policy (F 010).
- 3.3.3. Exceptions include any excess donations/sponsorships/revenues for special events or excess grants received to fund specific multi-year programs. These surplus funds may be permitted to carry over to the next year.
- 3.4. Expenditures
 - 3.4.1. Salaries, Wages & Benefit Accounts
 - i. Savings from salary accounts cannot be spent without Treasurer and CAO approval. For clarification, vacancy, step/rank and benefit savings cannot be redirected without prior approval.
 - 3.4.2. Other Expenditure Accounts

All expenditure other than salaries, wages and benefits type accounts, shall be either:

 - i. Managed within a Department's budget – Reallocations between other expenditure line items that do not affect the net operating budget of a department may be made by a Department Head. Any such reallocation shall be reported as part of the quarterly projection report.
 - ii. Not managed within a Department's budget – Any departmental deficit or any decision that may create a deficit should be identified to the Treasurer and CAO as soon as recognized so an action plan can be developed. These items do not require a permanent transfer of budget amounts; rather they represent a method of reallocation for budget pressures and are reported in the quarterly year-end projections.
- 3.5. Budget Monitoring Reports
 - 3.5.1. On a quarterly basis, the Treasurer and finance staff will prepare summary reports based on department input that compare projected financial performance to budget.
 - 3.5.2. This method of reporting will allow management and Council to take corrective action if projected results vary significantly from budgeted expenditures.
 - 3.5.3. Provide a year-end operating variance report with details of the disposition of any operating surplus in accordance with the Disposition of Operating Surplus Policy (F 010).

4. Related Documents

- 4.1. Disposition of Operating Surplus Policy F 010
- 4.2. Operating Budget Process Policy F 140

This Policy is hereby approved by Council Resolution #298-19 on this 28th day of October, 2019.