

UNBUDGETED EXPENDITURE POLICY

Effective Date: February 20, 2001 Revision Date: _____
Approved By: Council
Approved On: February 20, 2001 Resolution #: 2001-C-072

PURPOSE

1. Pursuant to Section 248 of the Municipal Government Act, a municipality may only make an expenditure that is included in the operating budget, interim operating budget, capital budget, for an emergency, legally required to be paid, or otherwise authorized by the Council.
2. A Councillor that makes an expenditure that is not authorized under section 248 is liable to the municipality for the expenditure or amount spent.
3. The City Of Airdrie recognizes that circumstances arise that result in changes to programs and services planned for the in annual operating budget and capital budgets.
4. A council may by bylaw delegate any of its power, duties or functions under the Municipal Government Act to a council committee, chief administrative officer or a designated officer, unless the Municipal Government Act or bylaw provides otherwise.
5. Advantages of an unbudgeted expenditure policy are as follows:
 - 5.1. Limits a councillor's liability for potentially making expenditures that are not authorized.
 - 5.2. Provides guidelines and proper authorization for Council and Administration to implement budget changes in a responsible, timely manner.

SCOPE

This policy will cover issues dealing with:

1. Budget Administration

2. Compensating expenditures exclusive of the corporate contingency
3. Compensating expenditures using the corporate contingency

4. Non-compensating expenditures

1. Budget Administration

The City of Airdrie prepares an Operating and Capital Budget annually. Council in accordance with Section 242(1) and 245 of the Municipal Government Act formally adopts the budgets.

1.1. Operating Budget

The Operating Budget is intended to provide funding for the day-to-day operations of the City. The Operating Budget is a plan with estimated revenues and expenditures for each Department.

1.2. Capital Budget

The Capital Budget is intended to provide for the major repairs, replacements, upgrades, or new investment in the City's capital assets.

2. COMPENSATING EXPENDITURES EXCLUSIVE OF THE CORPORATE CONTINGENCY

This most often occurs by increasing or decreasing one line-item budget and increasing or decreasing another line-item budget within the same program or activity, or in another program or activity.

2.1. No change to approved budget figures.

- 2.1.1. Each Program Manager is responsible for carrying out the mandate of the Department within its approved Operating and Capital Budgets. Managers have the flexibility to operate within their respective Department's budget with the understanding that individual line items may vary from budget. In these instances, an under expenditure of one line item will be offset by an over expenditure of another line item.

These variances are identified in the quarterly Business Planning and Budget updates to the Finance Department and significant variances are reported to

Finance Committee and Council. No physical change to the budget figure occurs.

2.2. Change to approved budget figures.

2.2.1. A Program Manager may initiate a budget reallocation within his or her respective department for an anticipated over/under revenue or expenditure.

A Program Manager may also initiate request for interdepartmental, interfund or interfunctional adjustments not affecting the “bottom line” of the total budget.

These reallocations require the following approvals:

LIMIT	APPROVAL
Operating expenditures up to \$5,000 per occurrence and no service level change	Finance Director
Operating expenditures over \$5,000 and less than \$50,000 per occurrence with no service level change	Finance Director and City Manager
Operating expenditures over \$50,000 per occurrence or where there is a service level change regardless of the value	Finance Committee and Council
Capital expenditures up to \$10,000 per occurrence and no service level change	City Manager
Capital expenditures over \$10,000 per occurrence	Finance Committee and Council

The changes approved by the Finance Director and City Manager will be reported to Finance Committee on a monthly basis and forwarded to Council in the quarterly Business Planning and Budget updates.

3. COMPENSATING EXPENDITURES USING THE CORPORATE CONTINGENCY

This occurs by increasing one line-item budget and decreasing the corporate contingency.

3.1. Change to approved budget figures.

3.1.1. A Program Manager may initiate a budget reallocation from the corporate contingency for an anticipated over expenditure.

These reallocations require the following approvals:

LIMIT	APPROVAL
Operating expenditures up to \$10,000 per occurrence, no service level changes to a maximum reallocation of 25% of the corporate contingency for all occurrences.	Finance Director and City Manager
Operating expenditures over \$10,000 per occurrence	Finance Committee and Council
Capital expenditures up to \$10,000 per occurrence and no service level change	City Manager
Capital expenditures over \$10,000 per occurrence	Finance Committee and Council

The changes approved by the Finance Director and City manager will be reported to Finance Committee on a monthly basis and forwarded to Council in the quarterly Business Planning and Budget updates.

4. NON-COMPENSATING EXPENDITURES

This normally occurs with a request for an increased expenditure budget with no offsetting decrease in expenditures elsewhere or no increase in revenues and requires a draw from the City's reserves.

Non-compensating expenditures require the approval of Finance Committee and Council.

In all cases of emergency in which there is danger to life, or where property must be protected, the City Manager may approve the expenditure immediately, then report to the appropriate approving authority as outlined above for either compensating or non-compensating expenditures.

Mayor

City Clerk