



City of Kelowna  
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# Council Policy

## Financial Plan Transfer Policy

APPROVED June 7, 1971

RESOLUTION: R375/10/04/26

REPLACING: R1039/08/11/24; R529/05/05/30 ;R392/03/04/28; R1000/00/12/18; R727/1998/09/14; Policy No. 17; R-1971/06/07;

DATE OF LAST REVIEW: April 2010

It is the purpose of this policy to define situations and create a process whereby financial plan transfers can be completed while meeting the City's overall internal control objectives.

Transfers may not result in an increase to the City's annual adopted Financial Plan. Amendments however, may increase the City's total financial plan where funding is by a source other than taxation (i.e. provincial grant, private contribution, etc.) – see Financial Plan Amendment Policy.

As a general rule, over-expenditures will not be permitted. Emergency situations (ie: snow removal, flood control, etc.) are exceptions but must be provided for either through a financial plan transfer, amendment or allocation from a contingency account as soon as the over-expenditure is known or projected to occur.

A formal transfer approval process is intended to communicate the nature and necessity of over-expenditures to the Financial Services Department and persons with ultimate budget responsibility as detailed in Appendices 1 and

This process is also intended to provide a means for a predictable operating result and to ensure that early detection of over-expenditures are managed and year end deficits avoided. The procedures herein make it possible to determine whether surplus funds in specific areas could be re-allocated either to provide for anticipated over-expenditures or to provide for additional projects.

Financial Services will ensure that financial plan transfers, within the limits specified, do not in any way alter operating policies as established by Council in the original financial plan approval. In addition, the transfer of funds must not involve the cancellation of an approved project to meet the needs of an anticipated over-expenditure without prior Council consent.

Note: Financial Plan transfer action will not be required for anticipated over-expenditures of less than \$1,000 where there are sufficient funds available in other accounts within the department. This provision is not to be construed as authority to overspend.

### **B. FINANCIAL PLAN TRANSFER PROCEDURES**

1. Budget may not be transferred between funds. The funds are:
 

General Operating	General Capital
Water Operating	Water Capital
Wastewater Operating*	Wastewater Capital*
Electrical Operating	Electrical Capital
Airport Operating	Natural Gas Legacy Capital
Natural Gas Legacy Operating	

The Director of Financial Services may, in certain circumstances, authorize transfers from operating to the corresponding capital budget (i.e. \* Wastewater Operating to Wastewater Capital), however Item No. 8 below would still apply. Any further exceptions must be authorized by Council.

2. Authority to transfer budget may not be delegated down except where the person delegated to, is acting as the person responsible.
3. Financial Plan transfers are documented using orange BT-1 forms and should bear the signature of the authorizing person or have a copy of the Council approval (resolution) attached.
4. Transfers are entered into the general ledger by the Financial Planning Manager or a designate. The Financial Planning Manager must review and sign all BT forms. Financial Plan transfers in excess of \$25,000 must also be signed by the Director of Financial Services.

5. The following restrictions apply to **operating financial plan transfers**:
  - (a) All operating transfers in excess of \$25,000 must be approved by the appropriate Director.
  - (b) All transfers in excess of \$50,000 must be approved by the City Manager.
6. Authority to transfer budget does not provide independent authority to implement net increases to the department staffing level. All temporary staff member increases must be approved by the City Manager. All permanent staff increases must be approved by Council.
7. Council approval is required to add a new capital project with a total cost greater than \$50,000. A funding source must be identified for all new capital projects.
8. The following restrictions apply to **transfers between capital projects**:
  - (a) All capital budget transfers require approval of the appropriate Director.
  - (b) Transfers up to \$50,000 must be referred to the Director of Financial Services who will determine whether further approvals are required.
  - (c) Transfers that are greater than \$50,000 must be referred to the City Manager who will determine if Council approval is required.
  - (d) Transfers greater than \$75,000 requires a separate report to the City Manager with accompanying details.

**NOTE: PAGES 3 AND 4 OF THIS POLICY ARE APPENDICES**

#### **REASON FOR POLICY**

To define situations and create a process whereby budget transfers can be completed while meeting the City's overall internal control objectives.

#### **LEGISLATIVE AUTHORITY**

Community Charter.

#### **PROCEDURE FOR IMPLEMENTATION**

Administered by the Financial Planning branch of the Financial Services Department, as outlined in the policy.

BUDGET TRANSFER AUTHORITY				
Appendix 1 (pol. #261)				
DEPARTMENT	Transfers from Council Contingency	Transfers from City Mgr Contingency	Transfers Between Departments	Transfers within Department
CITY ADMIN	Council	City Manager	City Manager	City Manager
STRATEGIC INITIATIVES	Council	City Manager	City Manager	Director
CIVIC OPERATIONS (General Fund only)	Council	City Manager	City Manager	Director
UTILITIES (Water, Wastewater, Electrical)	N/A	N/A	N/A	Director
DESIGN & CONSTRUCTION SERVICES	Council	City Manager	City Manager	Director
DEVELOPMENT SERVICES	Council	City Manager	City Manager	Director
REAL ESTATE & BUILDING SERVICES	Council	City Manager	City Manager	Director
RECREATION & CULTURAL SERVICES	Council	City Manager	City Manager	Director
INFRASTRUCTURE PLANNING	Council	City Manager	City Manager	Director
LAND USE MANAGEMENT	Council	City Manager	City Manager	Director
POLICY & PLANNING	Council	City Manager	City Manager	Director
REGIONAL SERVICES	Council	City Manager	City Manager	Director
AIRPORT	N/A	N/A	N/A	Airport Gen Mgr
CORPORATE SERVICES	Council	City Manager	City Manager	Director
COMMUNITY & MEDIA RELATIONS	Council	City Manager	City Manager	Director
FINANCIAL SERVICES	Council	City Manager	City Manager	Director
FIRE DEPARTMENT	Council	City Manager	City Manager	Gen Mgr Corporate Sustain.
HUMAN RESOURCES	Council	City Manager	City Manager	Director
POLICE SERVICES	Council	City Manager	City Manager	City Manager

Additionally:

- 1) All operating budget transfers in excess of \$20,000 must be approved by the appropriate director.
- 2) All operating budget transfers in excess of \$50,000 must be approved by the appropriate director.
- 3) All capital budget transfers must be approved by the appropriate director.



# BUDGET TRANSFER FORM

Department: \_\_\_\_\_

Prepared by: \_\_\_\_\_

Project Name: \_\_\_\_\_

Date (dd/mm/yy): \_\_\_\_\_

Projected Total Cost of Project: \_\_\_\_\_

Approved Budget: \_\_\_\_\_

Budget Transfer Required: 0

BT #	
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**JUSTIFICATION AND REASON FUNDS ARE AVAILABLE**

**TRANSFER REQUEST**

**BUDGET TO:**

Account	Account Description	CostC	Project	Cat 3	WO	Activity	Fund	Location	Amount
<b>Total</b>									0

**BUDGET FROM:**

Account	Account Description	CostC	Project	Cat 3	WO	Activity	Fund	Location	Amount
<b>Balance</b>									
<b>Total</b>									0

**TRANSFER AUTHORIZATION**

	Name (Print)	Signature	Date (dd/mm/yy)
Manager			
Director			
GM			
City Manager			

**APPROVAL (FINANCE ONLY)**

	Name (Print)	Signatures	Date (dd/mm/yy)
Accountant			
Fin Planning Mgr			
Director of Finance			