

Report to Council



Date: December 9, 2019
To: Council
From: City Manager
Subject: Amendments to Financial Plan Transfer Policy No. 261 and Financial Plan Amendment Policy No. 262
Department: Financial Services

Recommendation:

THAT Council Policy No. 261, being Financial Plan Transfer Policy, be amended as outlined in the Report from the Financial Planning Manager, dated December 9, 2019, Amendment to Financial Plan Transfer Policy No. 261;

AND THAT Council Policy No. 262, being Financial Plan Amendment Policy, be amended as outlined in the Report from the Financial Planning Manager, dated December 9, 2019, Amendment to Financial Plan Amendment Policy No. 262.

Purpose:

To amend the Financial Plan Transfer and Financial Plan Amendment Policies with respect to the parameters when Council pre-approval is required during the year and for administrative revisions.

As required by Section 165 of the Community Charter, the City of Kelowna prepares a Financial Plan that is adopted annually, by bylaw, before the annual property tax bylaw is adopted. The planning period for the Financial Plan is 5 years, that period being the year in which the plan is specified to come into force and the following 4 years.

Financial Plan transfers are defined as the movement of budgeted funds within the annual Financial Plan after it has been enacted by Council. Transfers do not result in an increase to the City's annual adopted Financial Plan. Financial Plan amendments are defined as a net change (increase or decrease) to the annual Financial Plan after it has been enacted by Council. Amendments may increase the City's total budget only where funding is by a source other than taxation (i.e. provincial grant, private contribution, etc.).

While it is expected that the City operate within the Council approved annual Financial Plan, changes to the Financial Plan are frequently required after it has been approved by Council. The reasons vary and

can include approved grant funding, emergent events, new Council-directed initiatives and spending required as a result of new legislation or regulations.

Financial Plan Transfer Policy No. 261 and Financial Plan Amendment Policy No. 262 provide the parameters for when Council pre-approval during the year is required prior to completing a Financial Plan Transfer or Financial Plan Amendment, respectively. All transfers and amendments are presented annually, in a Report to Council by Financial Services, in order to amend the Five-Year Financial Plan bylaw. Financial Plan Transfers and Financial Plan Amendments which do not require Council pre-approval are subject to the approval processes set out in the Corporate Financial Policy FIN-031 Financial Plan Transfer Policy and Corporate Financial Policy FIN-032 Financial Plan Amendment Policy. These Corporate policies provide for a high level of internal control, requiring multiple layers of approvals.

The last revision to the Council policies had been conducted in April 2010. Since that time, the magnitude of the City's Financial Plan has increased significantly. As a result, the approval levels as set out in the Council policies were no longer appropriate. Furthermore, the policies required updating to remove references to funds no longer in existence (e.g. Electrical and Natural Gas funds), renamed Departments and other small administrative changes.

Under the revised Financial Plan Amendment Policy, prior Council approval is required for amendments over \$200,000 (as compared to \$50,000 under the previous provisions).

The revised Financial Plan Transfer Policy clarifies the situations whereby prior Council approval is required. In all cases, Financial Plan Transfers must respect the integrity of the approved Financial Plan, unless prior Council approval is received. For further clarity, prior Council approval is required if a transfer involves the cancellation of an approved program or project to meet the needs of an anticipated over-expenditure in another program or project. Furthermore, transfers cannot be used to fund new programs or projects without prior Council consent.

Conclusion:

Financial Plan Transfer Policy No. 261 and Financial Plan Amendment Policy No. 262 set out the parameters for Council pre-approval during the year of changes to the Financial Plan, in order to ensure appropriate oversight and control as well as compliance with the Community Charter.

The amended policies, as set out in Appendix 1 - Financial Plan Transfer Policy No. 261 and Appendix 2 - Financial Plan Amendment Policy No. 262, provide an appropriate level of oversight and control while reducing the number of low value approvals required by Council. Council will continue to be presented with an annual report of all transfers and amendments in order to amend the Five-Year Financial Plan bylaw.

Internal Circulation:

Divisional Director, Infrastructure
Senior Airport & Corporate Services Manager
Infrastructure Administration Manager
Budget Supervisor
Financial Services Supervisor

Financial Analyst, Infrastructure

Considerations applicable to this report:

The Financial Plan Transfer Policy No. 261 and Financial Plan Amendment Policy No. 262 comply with Section 165 of the Community Charter and are in accordance with the guidelines as set out in the City of Kelowna Principles and Strategies for Financial Strength and Stability Report, August 2015.

Legal/Statutory Authority:

Community Charter [SBC 2003] Chapter 26, Part 6 – Financial Management, sections 165 and 173

Existing Policy:

Financial Plan Transfer Policy No. 261

Financial Plan Amendment Policy No.262

Considerations not applicable to this report:

Community

Communications Comments

External Agency/Public Comments

Financial/Budgetary Considerations:

Legal/Statutory Procedural Requirements:

Submitted by: G. King, Financial Planning Manager, Financial Services

Approved for inclusion: Genelle Davidson, CPA, CMA, Divisional Director, Financial Services

Appendices

Appendix 1 – Financial Plan Transfer Policy No. 261

Appendix 2 – Financial Plan Amendment Policy No. 262