



BOARD REPORT

REPORT No.: 2022-55
MEETING DATE: SEPTEMBER 15, 2022
SUBJECT: BUDGET POLICY UPDATE

RECOMMENDATION

THAT with respect to Report No. 2022-55 (Corporate Services Division), we, The District of Thunder Bay Social Services Administration Board, approve the revised Budget Policy No. CS-02:83 as presented.

REPORT SUMMARY

To present The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with a revised Budget Policy for approval.

BACKGROUND

In accordance with the District Social Services Administration Boards Act, TBDSSAB apportions, among the member municipalities in the district and territory without municipal organization, the amounts (municipal levy) required to defray the expenditures for social services in each year. This municipal levy is determined through the annual budgeting process.

The Budget is the Board's primary control mechanism. The Budget determines the allocation of resources to programs and services to achieve outcomes, and is, therefore, one of the most important activities undertaken by public sector organizations.

The current Budget Policy No. CS-02:83 was approved by the Board in September of 2012 (Report No. 2012-32 – Procurement of Goods, Services, and Construction Policy, Approval Authority Schedule Policy, Corporate Procurement Card Policy, Investment Policy and Budget Policy) and subsequently updated in 2016 (Report No. 2016-56 – Budget Policy – Update), 2017 (Report No. 2017-57 – Budget Policy – Update), and 2020 (Report No. 2020-41 – Budget Policy Update).

COMMENTS

Administration has reviewed the Budget Policy No. CS-02:83, in accordance with the Board approved policy on policy development CAO-01:7 – Policy Development, Approval and Review Process. The proposed revisions are meant to provide additional clarification and guidance to the budget process. Specific changes include:

1. A definition for Key Performance Indicators (KPIs) has been provided.
2. Outcome-focused programs and services was identified within the 2020 – 2023 Strategic Plan. In alignment with this strategy, Performance Measurement has been identified as a key component of the Budget Policy. Performance measurement and reporting is critical to ensuring alignment of and accountability for achieving TBDSSAB's program outcomes.
3. The Capital Budget section has been revised to support multi-year capital project planning. Multi-year capital projects will still require a budget for each year; however, the full project budget requirements will be identified to the Board upfront and approval in the first year's budget will extend to subsequent years' budgets.
4. The Capital Budget Variance section has been revised to reflect respective changes in authority levels previously approved through the updated Policy CS-01:79 - Approval and Signing Authorization, as well as administrative processes to manage the overall capital budget.
5. The Budget Timeline section has been revised to clarify that in the first budget year in the term of a new Board, a proposed budget will be presented to the Board for deliberation at a separate Board meeting later in January of the first year of the term of a new Board rather than during the Board Orientation. This change will give the Board a greater opportunity to examine the related material prior to engaging in the budget review process.

STRATEGIC PLAN IMPACT

This report relates to the Board's 2020-2023 strategic direction of Financial Stewardship, with a focus on outcome-focused programs and services and ensuring accountability of TBDSSAB resources.

FINANCIAL IMPLICATIONS



There are no direct financial implications related to the approval of this updated Budget Policy.

CONCLUSION

It is concluded that the revisions to the existing Budget Policy should be adopted by the Board.

REFERENCE MATERIALS

Attachment #1 [Budget Policy No. CS-02:83 – Red Lined Version](#)

PREPARED BY:	Keri Greaves, CPA, CMA, Manager, Finance
SIGNATURE	
APPROVED BY	Georgina Daniels, FCPA, FCA, Director - Corporate Services Division
SIGNATURE	
SUBMITTED BY:	William (Bill) Bradica, Chief Administrative Officer

POLICY	CATEGORY/SECTION CORPORATE SERVICES - FINANCE
	SUBJECT BUDGET

AUTHORITY

By-law No. [01-201703-2021](#) (Governance & Procedural)
DSSAB Act, 1999

INTENT OF POLICY

To establish The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) annual Budget process and to designate responsibility for the tasks related to the planning, approval and administration of the annual Budget.

DEFINITIONS

Budget is defined as a plan expressed in financial terms, a basis for controlling performance, an allocation of resources, an entitlement to spend, and a commitment to a financial outcome.

Budget Process is the practice of preparing, submitting and agreeing upon a budget between one organization level and another.

Forecast means a periodic financial statement of the most likely outcome of revenues and expenditures for a specified period of time.

[Key Performance Indicators \(KPIs\) refer to a set of quantifiable measurements used to evaluate the success of an organization towards achieving desired outcomes.](#)

Operating Budget is a forecast of revenues and expenditures based on a plan that has been agreed upon by management and the governing body for the next operating period (typically one year).

Capital Budget is a forecast of expenditures related to the replacement and/or major repair of long-term assets of the organization to be financed from the Capital Reserve Fund.

Responsibility Centre is an organizational unit for which a manager is accountable for the effective utilization of expenditures and revenues to achieve established outcomes.

POLICY

It is the policy of the TBDSSAB to establish an annual Budget which determines the allocation of the Board's financial resources to meet legislative requirements and deliver provincially-mandated programs and services.

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IMPLEMENTATION / BOARD APPROVAL DATE:

July 27, 2017

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STANDARDS OF APPLICATION

1. Statement of Purpose

The Budget policy and related procedures encourage effective planning, analysis and allocation of the Board's limited resources, linking broad organizational goals to the Budget.

2. Principles

Budget Transparency – the full disclosure of all relevant fiscal information in a timely and systematic manner.

Budget Accountability – sound reasoning behind all recommendations or decisions when preparing a budget to ensure the budget is prepared in the most responsible way possible.

Budget Sustainability – meeting the current needs, without compromising the long-term needs of the organization.

3. ResponsibilitiesBoard

The Board must approve policies and procedures to ensure the effective and efficient use of Board resources including planning, budgeting and internal control. Board Members will review, scrutinize and approve the annual Budget and monitor performance against the approved Budget on a periodic basis.

Chief Administrative Officer (CAO)

The CAO ensures the preparation and control of the annual Budget under the jurisdiction of TBDSSAB.

Division Directors

Directors will ensure the cost effectiveness and efficiency of all Budget proposals submitted to TBDSSAB and ensure compliance with the policies and procedures governing planning, budgeting, and financial control.

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Senior Management

Senior Management shall be responsible for determining performance measures and staffing requirements, developing a budget for their responsibility centre(s), and shall be accountable for performance within that responsibility centre(s) during the year.

To ensure compliance with policies and procedures governing planning, budgeting and financial control.

Finance Department

The Finance Department will co-ordinate the development of the budget and will provide assistance and financial guidance throughout the process.

Director, Corporate Services

The Director, Corporate Services shall ensure that appropriate directives detailing process and procedures are issued, and maintained, to implement and carry out the intent of this policy.

4. Performance Measurement

Administration will develop performance measures in order to evaluate the quality and effectiveness of the programs and services that TBDSSAB delivers. Key Performance Indicators (KPIs) will be identified through the budget process and reported to the Board on a quarterly basis, or as identified by the KPI definitions.

4.5. Operating Budget

Administration will prepare an Operating Budget annually, comprised of estimated revenues and expenditures for the forthcoming year, to be approved by the Board. The TBDSSAB Operating Budget determines the annual Municipal levy for that year and serves as the resource allocation process for TBDSSAB programs and services.

Where an Operating Budget project unexpectedly extends into a new Budget year, and the following year's Operating Budget has already been approved by the Board, the CAO may approve the project carry-over. If the project cannot be financed with existing approved sources, the Board must approve additional financing.

The application for any grants not specifically identified in the annual Operating Budget, must be approved by the CAO to ensure consistency with the Board's overall strategic direction.

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Board approval is required prior to application if there is a net cost (i.e., municipal levy impact, Reserve Fund usage), or if the additional operating grant exceeds **\$3450,000**.

If, due to grant application time requirements, a report cannot be presented for Board approval prior to the grant application submission timeline, the CAO can confirm the direction subject to Board approval at the next available Board meeting.

5.6. Capital Budget

Administration will prepare a Capital Budget and Forecast annually comprised of estimated capital project expenditures for the forthcoming year, to be approved by the Board. The annual Capital Budget will be the first year of a ten-year forecast of capital expenditures. Each approved capital project is, in essence, a distinct Capital Budget.

Where a capital project is expected to extend through two (2), or more, Budget years, the Capital Budget expenditure in each year shall be reflected as such. To enable effective long-term planning, the Budget Report will identify the multi-year project and the full budget impact for each year. By approving the amount in the first year, the remainder of the project is deemed to be approved in subsequent years. This will also support an effective and efficient procurement process.

Where a capital project unexpectedly extends into a new Budget year, the CAO may approve the carry-over of the project and related capital reserve fund financing through appropriate justification of the conditions for the carry-over. A report to the Board will be provided identifying the approved projects, with appropriate justification, that will be carried into the subsequent year.

The application for any grants not specifically identified in the annual Capital Budget, must be approved by the CAO to ensure consistency with the Board's overall strategic direction.

Board approval is required prior to application if there is a net cost (i.e., municipal levy impact, Reserve Fund usage), or if the additional capital grant exceeds \$65,000.

If, due to grant application time requirements, a report cannot be presented for Board approval prior to the grant application submission timeline, the CAO can confirm the direction subject to Board approval at the next Board meeting.

6.7. Staff Complement

The CAO approves the staff complement each year, and the required financial resources are reflected in the annual Operating Budget approved by the Board. The

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CAO may approve any in-year changes to the staff complement as long as the financial commitment is within existing Board-approved financial resources.

7.8. Budget Timeline

June Board Meeting

Administration will provide a Budget Schedule to the Board, which will indicate when the Budget will be presented to the Board and certain milestones during the Budget process, no later than the June Board meeting.

November Board Meeting

With the exception of the first Budget year in the term of a new Board, Administration will present the proposed Budget to the Board at a Board meeting in November. The Budget package will be provided to Board members at least two weeks prior to the meeting date to give Board members adequate time to review the documents. Board Members shall use the November meeting to ask questions and provide direction for Administration to make any revisions.

December Board Meeting

With the exception of the first Budget year in the term of a new Board, the Final Budget will be submitted to the Board for approval at the Board meeting in December.

January and February Board Meetings (when applicable)

In the first Budget year in the term of a new Board, the proposed Budget will be presented to the new Board at a special meeting in the fourth week of in January of the Budget year as part of the Board Orientation. The Final Budget will be submitted to the Board for approval at the February Board meeting.

8.9. Status Report

Administration shall prepare a Status Report quarterly which will identify and explain any significant variances to the approved Budget.

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9.10. Variances

Operating Budget Variances

Each Department Manager may utilize under-expenditure in a Budget account line item to offset over-expenditure in other accounts as long as total expenditures do not exceed the overall Department Budget.

Each Division Director may approve over-expenditure in a Department cost centre budget as long as the over-expenditure can be absorbed within the overall Division Budget.

The CAO may approve over-expenditure in a Division Budget as long as the over-expenditure can be absorbed within the overall TBDSSAB Operating Budget. Any over-expenditure that would increase the net municipal levy amount must be approved by the Board.

Capital Budget Variances

The Director, Corporate Services, may approve over-expenditure in an approved capital project, up to 35% \$35,000 of the capital project amount, as long as the expenditure can be absorbed within the overall Capital Budget.

The CAO may approve over-expenditure in an approved capital project, in excess of \$35% of the capital project amount up to \$65,000, as long as the expenditure can be absorbed within the overall Capital Budget.

Any over-expenditure in an approved capital project, that requires additional reserve fund financing in excess of \$65,000 of the Capital Budget, must be approved by the Board. As well, any capital project not included in the approved Capital Budget must be approved by the Board, as well as identifying. ~~In either case~~, a suitable source of financing ~~must be identified~~.

A *Capital Budget Appropriation Project Approval* form must be completed to support any in-year capital project appropriations.

Review

The Policy will be reviewed every five (5) years, or as required.

RELATED POLICIES

CS-01:79 – Approval and Signing Authorization

CS-02:19 – Reserve and Reserve Fund Policy

CS-03:01 – Procurement of Goods, Services and Construction

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RELATED PROCEDURES

- CS-02:83-01 General Budget Process
- CS-02:83-02 Budget Schedule
- CS-02:83-03 Administrative Guidelines
- CS-02:83-04 Expenses Prior to Approval
- CS-02:83-05 Revenue Sources
- CS-02:83-06 Staffing Complement
- CS-02:83-07 Operating Expenses
- CS-02:83-08 Capital Budget Carryover
- CS-02:83-09 Capital Expenses
- CS-02:83-10 In-Year Appropriations
- CS-02:83-11 Status Reporting Budget Changes & Year End Projections
- CS-02:83-12 Recording and Authorizing Journal Entries

FORMS

[N/A Capital Budget Appropriation Form](#)

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