

REPORT
1998 JULY 27

CITY OF BURNABY
EXECUTIVE COMMITTEE OF COUNCIL

HIS WORSHIP, THE MAYOR
AND COUNCILLORS

RE: AMENDED RECAST BUDGET PROCESS

RECOMMENDATION:

1. THAT Council authorize replacement of the Recast Budget with the process detailed in the attached report.

R E P O R T

Council, at the regular Council meeting held on 1998 July 13, received the attached report and referred same to the Executive Committee for review.

The Executive Committee, at its meeting held on 1998 July 23, reviewed the recommended Recast budget replacement process and is satisfied that controls and reporting frequency are sufficient to adequately compensate for the loss of the formal Recast budget process. Accordingly, the Executive Committee submits the above noted recommendation to Council for endorsement.

Respectfully submitted,

Councillor D.R. Corrigan,
CHAIR

Councillor D.G. Evans,
Member

Councillor D.N. Johnston,
Member

CC: -CITY MANAGER
-DIRECTOR FINANCE

TO: CITY MANAGER

1998 July 13

FROM: DIRECTOR FINANCE

SUBJECT: RECAST BUDGET

PURPOSE: To seek Council approval to discontinue the City's recast budget process.

RECOMMENDATION:

1. THAT the Recast Budget be replaced by the process detailed in this report.

REPORT

For more than forty years the City has prepared three budgets each year: a provisional budget, an annual budget and a recast budget. The first two budgets are requirements of the Municipal Act. The third is not. In the past the City has utilized the recast budget to review operational expenditures and revenues incurred to September of each year. Budget amounts were adjusted at the most detailed level in a time intensive and administratively costly "recast" process to ensure the City's budget was as accurate as possible and yearly expenditures did not exceed budgeted amounts.

In 1996 the City began implementing new public sector accounting and audit reporting requirements. As part of this implementation, the annual budget figures were added to the 1997 Financial Report. As the annual budget is now the accepted financial statement yardstick for all municipal governments in Canada, it is appropriate that the City discontinue the process of preparing a recast budget, instead relying on the annual budget to provide the authority for expenditures. The attached survey indicates that this is the current practice of Burnaby's neighbouring municipalities.

At the present time departments are authorized to control expenditures under their authority and to reallocate funds between departmental accounts with the approval of Council through the recast budget process. Elimination of the recast budget would require departmental directors be given the authority to reallocate funds between their accounts while remaining within their overall yearly budget allocation.

**CITY OF BURNABY
RECAST BUDGET SURVEY**

CITY	ANNUAL BUDGET BYLAW AMENDMENT	YEAR END BUDGETARY CONTROL
Vancouver	No Annual Budget Bylaw Amendment. Departments are responsible for operating within established budgets.	Budgets Division undertakes a review of major departmental budgetary issues June 30 and September 30 and reports to Council. Departments have authority to over/under spend accounts and are accountable for their bottom line.
Surrey	No Annual Budget Bylaw Amendment. Departments are accountable for operating within established budgets.	Budgets Division produces monthly reports for control purposes and follows-up on budgetary issues. No changes to Provisional Budget allowed.
Richmond	No Annual Budget Bylaw Amendment. Currently not reporting Annual Budget in published Financial Statements.	Budgets Division distributes budget forecast documents to departments in the Fall. Adjustments made to spending patterns to ensure conformity with Annual Budget.
Coquitlam	No Annual Budget Bylaw Amendment. Global budget system with departments accountable for the bottom-line.	Budgets Division produces quarterly forecast reports and monitors to ensure Annual Budget not exceeded.
New Westminster	Annual Budget Bylaw Amendment prepared by December 31, if major expenditure category <u>over</u> Annual Budget Bylaw.	Budgets Division provides 3rd Quarter budget documents to departments. Only major items/issues are reviewed.
Port Coquitlam	A Budget Bylaw Amendment is prepared each year after production of audited financial statements.	Finance distributes a quarterly forecast report to be completed by departments. The results are monitored by the Director, Finance & City Manager. Any problems/issues which arise in the year are dealt with when the Budget Bylaw Amendment is prepared.

