Council Policy

Policy Title:	**Budget Spend Authorization and Delegation**
Policy Number:	**CP2025-03**
Report Number:	**FCS2006-08**
Adopted by/Date:	**Council/2006 February 27**
Effective Date:	**2025 January 1**
Last Amended:	**2025 June 3**
Policy Owner:	**Corporate Planning & Financial Services**

1. POLICY STATEMENT

1.1 The City of Calgary will use the procedures outlined in this policy to delegate authority to Administration to make spending adjustments to Council approved budgets.

2. PURPOSE

2.1 The purpose of this policy is to establish clear limits for Administration to make budget and spending adjustments to Council approved budgets. Any changes beyond the limits set forth in this Council policy will require Council approval.

2.2 This Council policy specifies requirements for Administration to report to Council on adjustments made to approved budgets and spending.

2.3 This Council policy supports the following goals:

a) Improving the ability of Administration to respond to budgetary issues quickly and effectively;

b) Appropriately informing Council of Budget Adjustments and spending that is outside of previously approved budgets; and

c) Clearly reflecting the difference in budget reporting requirements and processes between The City's Operating Budget and Capital Budget.

3. DEFINITIONS

3.1 In this Council policy:

a) **"Administration"** means the Chief Administrative Officer or an employee accountable to the Chief Administrative Officer;

b) **"Administration Policy"** means any City Administration policy that sets forth procedures for Administration to adjust the approved budget;

c) **"Base"** means ongoing operating Revenues, Recoveries and Expenditures that recur annually in budgets without additional approval, and which support ongoing Service Delivery;

d) **"Budget Adjustment(s)"** means any changes to a budget after it has been approved by Council;

e) **"Budget Cycle"** means a four-year cycle for which budgets are regularly approved by Council;

f) **“Budget Transfer(s)”** means any transfer(s) of an amount initially recorded within one budget line item to a different budget line item that does not impact the City’s total budget;

g) **“Capital Budget”** means the aggregate budget for The City’s approved capital Expenditures for all approved years, including the current year portion for those relating to all approved multi-year capital project budgets;

h) **“City”** or **“The City”** means The City of Calgary;

i) **“Corporately Managed Fund”** means the money approved in the Net Operating Budget or Capital Budget, managed corporately to fund ongoing Expenditures that were unknown or unexpected at the time the Net Operating Budget was approved by Council;

j) **“Declared Emergency”** refers to when Council declares a state of local emergency for the City of Calgary that may include uncontrollable or unforeseeable events which have not been accounted for in the Budget Cycle;

k) **“Department”** means a subset of The City that is dedicated to developing and implementing a distinct service or set of responsibilities and is led by a Department Head;

l) **“Department Head”** means any General Manager, Chief, Commission or Board that oversees a Department;

m) **“Expenditure(s)”** means payment for goods and services for short-term costs including, but not limited to contract and general services; salaries, wages and benefits; and materials and equipment. Expenditures tend to be associated with costs required to earn Revenue, with a direct impact on the current period net income;

n) **“Funding Source”** means a source of funding for The City, including, but not limited to, provincial and federal grants, contributions from capital reserves, developer contributions and other funding sources;

o) **“MGA”** means the *Municipal Government Act, RSA 2000, c. M-26*, as amended from time to time;

p) **“Multi-year”** means all years for which Council has approved a budget or plan;

q) **“Net Operating Budget”** means budgeted Expenditures less Revenues and internal Recoveries. The City’s total net budget is zero, representing no budgeted surplus or deficit;

r) **“One-Time Budget”** means a non-recurring operating Revenue, Recovery or Expenditure;

s) **“Operating Budget”** means items of Revenue, Recoveries and Expenditures pertaining to The City’s ongoing day-to-day operations, which budget is generally exhausted within one year;

t) **"Recovery"** or **"Recoveries"** means charges between internal Departments within The City of Calgary;

u) **"Revenue(s)"** means the income generated from a variety of external sources including, but not limited to, property taxes, the sale of goods and services, and fines and penalties;

v) **"Relinquishment"** refers to surrendering any unspent portion of an allocated Capital Budget;

w) **"Service Delivery"** means the expected function or output of a Department, as approved by Council;

x) **"Unfavourable Variance"** means those Expenditures of a Department that cannot be offset by Revenue, and which need to instead be offset by using corporate funds;

y) **"User Fee(s)"** means any payment(s) charged in exchange for a good or service provided by The City; and

z) **"Water, Waste and Recycling Self-Supported Services"** represents programs that are primarily funded through Revenues or Recoveries resulting from its own operations, including water, wastewater, stormwater, and waste and recycling services.

4. APPLICABILITY

4.1 This Council policy applies to members of Council and to City Administration.

4.2 This Council policy does not apply to partners, subsidiaries or other organizations that are not a part of The City, even when they participate in the business planning and budgeting process.

5. LEGISLATIVE AUTHORITY

5.1 Pursuant to *section 248(1) of the MGA*, a municipality may only make an Expenditure that is:

a) included in an operating budget, interim operating budget or capital budget [*see also MGA s. 248.1(2)*] or otherwise authorized by Council;

b) for an emergency; or

c) legally required to be paid.

5.2 Pursuant to *section 248(2) of the MGA*, each Council must establish procedures to authorize and verify Expenditures that are not included in a budget.

5.3 Pursuant to *section 254 of the MGA*, no municipality may acquire, remove or start the construction or improvement of a capital property that is to be financed in whole or in part through a borrowing unless the borrowing bylaw that authorizes the borrowing is passed.

5.4 This policy should be read in conjunction with the *Debt policy*, as amended from time to time, which sets forth procedures on debt issuance.

5.5 Changes to a Department base Net Operating Budget that are to be funded through User Fees must be in compliance with the terms set out in *User Fee policy*, as amended from time to time.

5.6 This Council policy operates in conjunction with any Administration policy that outlines the procedures and reporting requirements for any adjustments made to budgets or spending under this policy.

6. PROCEDURE

6.1 Council shall approve the Operating Budget and Capital Budget by Department. The criteria, limitations and thresholds within which Administration can authorize Expenditures and Budget Adjustments that deviate from these approved budgets are outlined in this section.

6.2 Operating Budget

6.2.1 Council shall approve the base Net Operating Budget by fiscal year at the Department level.

6.2.2 Any increases to the annual base Net Operating Budget at the Department level will require Council approval, with the exception that Administration may approve the following:

a) Budget Transfers between Departments during a reorganization provided there is no change to The City's base Net Operating Budget or the expected Service Delivery;

b) Budget Transfers within Water, Waste and Recycling Self-Supported Services that fall under separate Departments, if there is no impact to the overall Net Operating Budget or to User Fee revenues; and

c) Budget Transfers from the Corporately Managed Fund to a Department.

6.2.3 Council shall approve operating One-Time Budgets at the Department level as a multi-year total for significant one-time projects. Council approval is required to carry forward any unused operating One-Time Budget beyond four years.

6.2.4 Administration has authorization to make net annual over-expenditures of up to $5,000,000 per Department for Expenditures that are incurred due to unforeseen circumstances, provided funding is available.

6.3 Capital Budget

6.3.1 Council shall approve the Capital Budget as a multi-year total at the Department level.

6.3.2 Any increases to the total Capital Budget at the Department level will require Council approval, with the exception that Administration may approve the following:

a) Budget Transfers between Departments during a reorganization provided there is no change to The City's total Capital Budget or the expected Service Delivery;

b) Budget Transfers within Water, Waste and Recycling Self-Supported Services that fall under separate Departments, if there is no impact to the total Capital Budget or to User Fee revenues; and

c) Budget Transfers from the Corporately Managed Fund to a Department.

6.3.3 Administration may authorize the Relinquishment and reprioritization of Capital Budget funds provided that doing so will not significantly impact the Service Delivery of the relinquishing Department.

6.3.4 Administration has the authority to realign capital Funding Sources between Departments and/or years of the Council approved budget to optimize Funding Sources across the total City Capital Budget.

6.4 Projected Year-End Unfavourable Variances

6.4.1 Administration is required to report projected total City Unfavourable Variances to Council annually, along with proposed mitigation strategies as outlined in the *Multi-Year Business Planning and Budgeting* policy for The City of Calgary.

6.5 Declared Emergencies

6.5.1 Administration has the ability to authorize spending outside of the previously approved Operating Budget and Capital Budget in the event of a Declared Emergency.

6.5.2 Administration must report a preliminary schedule for reporting budget impacts back to Council within one month of a Declared Emergency.

6.6 Reporting

6.6.1 Administration is required to provide Council with a summary of Budget Adjustments approved by Administration annually.

7. AMENDMENTS

Date of Council Decision	Report/By-Law	Description
2025 June 3	C2025-0501	Name changed from “Budget Reporting Policies”. Council policy amended to revise budget spend authorization and delegation. Change effective: 2025 January 1
2019 April 29	PFC2019-0401	Council policy amended to align with Service Plans and Budgets, revise approval thresholds, and create separate sections on operating and capital budgets.
2016 September 26	PFC2016-0713	Council policy amended to reflect new levels of approval for capital budget cash flow timing changes.

8. REVIEW

Date of Policy Owner’s Review	Description