



ADMINISTRATIVE PROCEDURE

<u>SUBJECT:</u> BUDGET TRANSFERS	Number <u>X-9</u>	<u>Effective Date:</u> Issued: 02/16/93 Revised: 11/02/04 Revised: 05/22/06 Revised: 11/24/08 Revised: 07/06/15	<u>Page 1 of 4</u>
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PURPOSE

To establish procedures for budget transfers within a departmental budget, between departments, between or within projects, between operating and capital, or from the General Manager's contingency funds.

POLICY

Every department/division is responsible for managing within its operating and capital budgets at the object code level. Managers are required to ensure there is sufficient funding to cover planned expenditures. The following procedure will be followed when budget transfers are required to allow staff to respond to circumstances not anticipated when the budget was adopted. All requests for budget transfers shall be made in accordance with the provisions of this administrative procedure.

PROCEDURE

1. **GENERAL PRINCIPLES**

- a. A Budget Change Request Form (Exhibit A) must be completed to initiate any budget transfer and must be processed prior to incurring charges, except under emergency procurement conditions.
 - b. Department budgets should be monitored monthly to ensure that projected year-end expenditures do not exceed any line item budget. Budget Change Request Forms should be processed whenever total year-end expenditures are projected to exceed the line item budget. (The only exception is when the overage equates to less than \$1,000.)
- 1) Certain line items are consolidated when presented to the Board of Directors for approval. Budgets for these object code combinations should be considered in total. For example, the combined budget for computer software (7308) and hardware

- (7309) should be compared against expenditures for both line items. A full listing of the approved code combinations is provided in Exhibit B.
- c. Budget transfers between projects should have the same source of funds (e.g. rates funded, grant funded, debt funded, or other outside funded).
 - 1) Any requested exception must be identified and explained, including the Financial Plan impacts, in the justification area of the Budget Change Request Form (or in a justification memo).
 - d. Requested transfers should be within a budget category when feasible.
 - e. The Budget Change Request Form must include justification of why the additional budget is needed and why the funds are no longer required in the offsetting account. If the justification cannot be sufficiently explained on the Budget Change Request Form, a transmittal memo must be submitted.
 - f. Transfers to or from labor budgets can only be approved by the Board of Directors, with labor-related expenses managed at the total District-wide category level.
 - g. All budget transfer requests must be signed by Department/Division Head responsible for the account(s). Transfers between departments/divisions require the signature of both managers.
 - h. All Budget Change Request Forms must be reviewed and approved by the Director of Finance.
 - i. Transfers exceeding the delegated authority for a Department/Division Head must then be forwarded to the Assistant General Manager and/or the General Manager for approval.
 - j. Approved Budget Change Request Forms will be sent to the Rate and Finance Analyst for processing. An email confirmation will be sent to the Department Administrative Analyst once the budget change has been updated in the financial system.

2. DEPARTMENT DIRECTOR APPROVAL OF BUDGET TRANSFERS

- a. The following budget transfers can be made with approval of the appropriate Department Director:
 - 1) Transfers of up to \$30,000 within the Department Director's department/division budgets, excluding labor accounts.
 - 2) Transfers of up to \$30,000 from General Manager's contingency budget for unplanned, irregular, emergency work, excluding labor accounts.

3. ASSISTANT GENERAL MANAGER APPROVAL OF BUDGET TRANSFERS

a. The following budget transfers can be made with approval of the appropriate Assistant General Manager:

- 1) Transfers of up to \$50,000 within the Assistant General Manager's department/division budget(s), excluding labor accounts.
- 2) Transfers of up to \$50,000 from the General Manager's contingency budget for unplanned, irregular, emergency work, excluding labor accounts.

4. GENERAL MANAGER APPROVAL OF BUDGET TRANSFERS

a. The following budget transfers can be made with approval of the General Manager:

- 1) Transfers of up to \$100,000 within or between departmental operating budgets, excluding labor accounts.
- 2) Transfers between non-labor capital funds of up to the amount of the District's adopted capital budget, excluding labor accounts.
- 3) Transfers of up to \$100,000 from the General Manager's contingency funds.

5. BOARD APPROVAL OF BUDGET TRANSFERS

a. The following budget transfers can only be made with prior approval of the Board of Directors:

- 1) Transfers that increase or decrease a department's capital or operating labor budget.
- 2) Transfers of operating budgets greater than \$100,000.

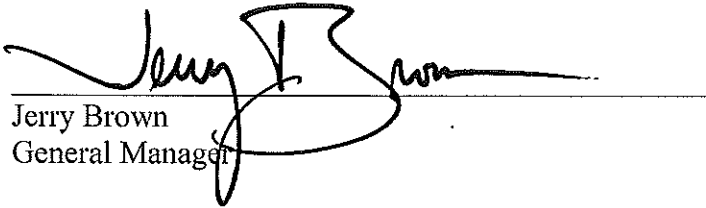
b. Before any Agenda Docket requiring Board authorization of a budget transfer can be drafted, all internal approvals for the budget transfer shall be secured, including the approval of the General Manager.

- 1) The budget transfer request must identify the source of funds and the transfer line items before being routed for approval.
- 2) After the agenda item has been approved by the Board of Directors, a copy of the Agenda Docket must be attached to the approved Budget Change Request Form before the document is submitted to the Rate and Financial Analyst.

RESPONSIBILITY

It is the responsibility of each Department Head/Division Manager to ascertain compliance with this Administrative Procedure.

Approved:



Jerry Brown
General Manager

Attachments: Exhibit A – Budget Change Request Form
Exhibit B – Budget Line Item Management

DC/CC:dmg