


<b>Policy Title:</b>		<b>Budget Monitoring</b>	
	<b>OFFICE OF THE CHIEF FINANCIAL OFFICER</b>	<b>Category</b>	Finance
		<b>Administrative Policy #</b>	
		<b>Revision #</b>	
		<b>Review Frequency</b>	As Needed – no less frequently than triennially
<b>Administrative Division</b>	Budget	<b>Reviewed By</b>	Chief Financial Officer, Budget Manager
<b>BOWC Approval</b>		<b>Last Reviewed/Update Date</b>	
<b>Implementation Date</b>			

## 1. AUTHORITY

- 1.1. Under the Regional Water Supply System and Sewage Disposal Systems Lease Agreements and the Water and Sewer Services Agreement between the City of Detroit and the Great Lakes Water Authority, the Detroit Water and Sewerage Department ("DWSD") is required to adopt a Budget. This Budget shall be proposed by the Director and approved by the Board of Water Commissioners (BOWC).

## 2. OBJECTIVES

- 2.1. To establish an efficient and effective procedure for budget monitoring for approved and/or amended budgets.

## 3. PURPOSE

- 3.1. To establish effective internal controls to monitor the budget and prevent budget overspending.

## 4. DEFINITIONS

“Budget” shall mean the annual plan of operation for the fiscal year including an estimate of all proposed expenditures and the proposed means of financing proposed expenditures from available revenue.

“Department” or “DWSD” shall mean the Detroit Water and Sewerage Department.

“Division Manager” refers to the individual that oversees an appropriation, including Administration, Operations, Compliance, Finance, Customer Service, and the Stormwater Management Group.

## 5. SCOPE

- 5.1. This policy applies to all activity falling under the budgetary and fiscal control of the DWSD.

## **6. RESPONSIBILITIES**

**6.1. Budget Manager** - The Budget Manager shall be responsible for the following:

6.1.1. Providing timely and accurate monthly, Budget-to-actual reports for all DWSD departments/divisions.

**6.2. Division Manager** - The Division Managers shall be responsible for the following:

6.2.1. Reviewing the monthly, budget-to-actual reports against invoice activity, and document explanations for large variances.

6.2.2. If necessary, perform one of the following steps:

6.2.2.1. Develop a written plan of action for Budget over or under-runs

6.2.2.2. Accelerated/decelerated project spending

6.2.2.3. Initiate a Budget amendment (refer to Budget Amendment policy)

## **7. POLICY**

### **7.1. Periodic Budget Review**

7.1.1. Monthly, the Budget Manager prepares a budget-to-actual report and identifies large variances. Large variances are defined as variances of +/- 2.5% of the overall appropriation, and are considered based on the monthly budget estimates or a prorated portion of the budget through the month in question.

7.1.2. The Budget Manager shall identify large budget variances with relevant budget owners.

7.1.3. Division Managers shall provide explanations for budget variances.

7.1.4. If necessary, Division Managers shall request a budget amendment for consideration. The Division Manager should refer to the Budget Amendment policy.

### **7.2. Reasonable and Necessary Accommodations**

7.2.1. Management may take reasonable and necessary actions to accomplish the intent of this policy.

## **8. PROCEDURE**

**8.1.** The Budget Manager shall perform the following procedures:

8.1.1. Monitoring and evaluating the budget performance of all DWSD departments/divisions, via monthly, budget-to-actual reports.

8.1.2. These reports are then sent to each Division Manager, via e-mail. The reports are also posted on the portal.

**8.2.** The Division Managers shall perform the following procedures:

8.2.1. Monitoring the performance of their division by reviewing the monthly, budget-to-actual reports.

8.2.2. Providing a report of explanations for large variances noted on the monthly budget-to-actual reports.

8.2.3. If necessary, perform one of the following steps:

8.2.3.1. Develop a written plan of action for budget over or under-runs

8.2.3.2. Accelerated/decelerated project spending

8.2.3.3. Initiate a request for a Budget amendment (refer to Budget Amendment policy)