


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

## 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 ensure that consistent and accurate procedures are followed when budget amendments are necessary.

## 3. PURPOSE

- 3.1. To accommodate when business needs justify budget amendments as well as establish internal controls around adopting budget amendments.

## 4. DEFINITIONS

“Adoption” shall mean approval by the BOWC.

“Amended Budget” shall mean the Budget as amended for the current Fiscal Year.

“BOWC” shall mean the Board of Water Commissioners of the Detroit Water and Sewerage Department.

“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.

“Cross-Appropriations” refers to the need for Budgeted funds within one appropriation to be ‘moved’ via a Budget Amendment to another appropriation. Appropriations are defined

as the following within the Budget process: Administration, Operations, Compliance, Finance, Customer Service, Stormwater Management Group, Indirect Expenses.

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

“Director” refers to the Director of 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.

“Fiscal Year” means the fiscal year of the City of Detroit or as otherwise modified by BOWC resolution.

“Proposed Budget Amendment” shall mean the proposed budget amendment as requested by the Division Managers, submitted for approval by the CFO and BOWC, where applicable.

## **5. SCOPE**

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

## **6. RESPONSIBILITIES**

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

- 6.1.1. Acting as the first level of review for the Budget Amendment requests of each division.

- 6.2. **Chief Financial Officer (“CFO”)** - The Chief Financial Officer (“CFO”), or designee, shall be responsible for the following:

- 6.2.1. Serving as the primary officer in the Finance Department responsible for preparation of Budget Amendments.
- 6.2.2. Facilitating the development of Budget Amendments that are consistent with the strategic goals outlined by the Director, and financial needs of the Department.
- 6.2.3. Ensuring that Budget Amendments are submitted to the Director, if necessary, in a timely manner.

- 6.3. **Director** - The Director shall be responsible for the following:

- 6.3.1. Providing Division Managers with a list of strategic goals and planned projects for the upcoming Fiscal Year to facilitate an effective Budgeting process.
- 6.3.2. Supplying the BOWC with information the BOWC requires for proper consideration of the proposed Budget Amendment.
- 6.3.3. Presenting the Proposed Budget Amendment to the BOWC.

6.4. **BOWC** - The BOWC shall be responsible for the following:

6.4.1. Voting on approval of a Budget Amendment.

## **7. POLICY**

### **7.1. Budget Amendments**

7.1.1. If the variance can be resolved within an appropriation level, a Budget Amendment is not required.

7.1.2. Budget Amendments should be created when:

7.1.2.1. Division Managers do not identify a solution within the appropriation; and

7.1.2.2. A material Cross-Appropriation budget adjustment is required. A material adjustment is defined as an adjustment of +/-10% of the approved Budget within the appropriation.

### **7.2. Proposed Budget Amendment**

7.2.1. For Cross-Appropriation budget adjustments, the Director shall present the Proposed Budget Amendment to the BOWC for approval at a meeting preceding the start of the subsequent quarter.

### **7.3. Reasonable and Necessary Accommodations**

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

## **8. PROCEDURES**

### **8.1. Request for Information**

8.1.1. The Budget Manager provides to all Division Managers the current budget-to-actual report monthly.

8.1.2. All Division Managers are to review the monthly budget-to-actual report, noting any necessary adjustments within the policy criteria.

8.1.3. When necessary adjustments have been determined, Division Manager shall provide to the Budget Manager their Budget Amendment request for the period.

### **8.2. Review and Approval by Finance Department**

8.2.1. The Budget Manager shall review the Budget Amendment request received from each Division Manager and will provide feedback for their consideration.

8.2.2. Once the Budget Manager reviews the Proposed Budget Amendment, it shall be submitted to the CFO for review.

8.2.2.1. Budget Amendment requests that do not require transfers between appropriations shall be submitted to the City of Detroit Budget Department, once approved by the CFO.

- 8.2.2.2. Budget adjustments that do require transfers between appropriations shall be submitted to the Director, after review by the CFO.

### **8.3. Review and Approval by Director**

- 8.3.1. When Cross-Appropriation budget adjustments are necessary, Director approval is obtained as follows:
  - 8.3.1.1. Once the Proposed Budget Amendment has been reviewed for the Department by the CFO, it shall be submitted to the Director for review and acceptance.
  - 8.3.1.2. When the Director accepts the Proposed Budget Amendment, it is sent to the BOWC for approval.

### **8.4. BOWC Approval**

- 8.4.1. When Cross-Appropriation budget adjustments are necessary, BOWC approval is obtained as follows:
  - 8.4.1.1. Once the Director accepts the Budget Amendment, it shall be presented to the Finance Committee of the BOWC for their recommendation to the BOWC at their next meeting.
  - 8.4.1.2. When the Proposed Budget Amendment is approved, then it is considered an Amended Budget.

### **8.5. Submission to the City of Detroit**

- 8.5.1. The CFO submits the Amended Budget to the City of Detroit Office of the Chief Financial Officer for upload into the financial system.
- 8.5.2. The CFO submits the Amended Budget to GLWA in accordance with the terms of the Lease Documents.
- 8.5.3. The Amended Budget is uploaded into the financial system.