

POLICY

POLICY TITLE: Carry Forward of Surplus Contract Employee Budget

POLICY NUMBER: CORP-2021-XXXX

DATE: XXXX XX, 20XX

Purpose:

The Carry Forward of Surplus Contract Employee Budget Policy establishes a framework for the responsible, responsive and transparent management of the Town's surplus budget funds as they relate to the funding of contract employees.

Policy Details:

The annual operating budget often-times includes one-time funding for contract employees. The one-time funding is intended to fund a temporary contract position for a finite period of time (usually twelve months). The twelve-month employment period does not always align with the budget year of January to December and can fluctuate dependent upon the hiring timeframe and start date of the contract employee. For example, a twelve-month contract could commence April 1 and end on March 31. To avoid the need to budget again for the months which do not align with the calendar year, Finance staff track the dollars that pertain to a future budget year and move them into general surplus at the end of the calendar year so that they can be brought into the following year's budget to ensure continuance of funding and avoid large year over year budget variances. The details of this are referenced in the following section:

An employee is hired for the full term of the approved contract period at the budgeted hourly rate, but the hiring start date does not align with the calendar year

Finance staff will track the cost of the contract on a monthly basis and will prepare the appropriate entries as per procedure: 18.11 Carry forward of contract salary costs. At the end of a calendar year the funds will be held as general surplus, under the category of Carry Forward Contract Labour and will be used in the following budget year in the originating department's operating budget to fund the remaining months of the contract.

There are also two types of scenarios where one-time funding for contract employees can remain unused at the end of the funding period. Firstly, there is the situation where the

contract position does not continue for the full budgeted period of funding, and/or the position is filled for the full contract term but at a lower hourly rate of pay, resulting in savings. Secondly, there are times when corporate and departmental priorities change resulting in the decision not to hire the contract labour as planned.

The following paragraph provides direction for the treatment of the unused funds or savings as they pertain to contract labour:

Surplus funds re: favourable variances in the length of contract, lower than planned hourly rates or changes to hiring plans:

For all situations where the contract position is either not filled, finishes before the approved budget dollars are utilized or results in savings due to favourable labour rates, Finance staff in collaboration with the respective department will create a journal entry to move the surplus budget dollars to general surplus at the end of the budget year, under the category of Surplus Contract Employee Funds. In the following budget year 100% of these surplus contract employee funds are credited back to the operating budget into a Corporate sub-department 0130 (Surplus contract employee funds). Any funds remaining at the end of the budget year are transferred back into general surplus, surplus contract employee funds for use in the following year.

Access to and utilization of surplus contract employee funds:

The credit of surplus contract employee is transferred into the operating budget under a corporate sub department and serves to offset the costs of unbudgeted contract employees.

If at any time during the budget year, the need arises for contractual labour, the requesting department will need to complete a Needs identification and Assessment form (NIA) in the same way they would through the official budget process. The costing for the NIA will be completed by Finance and the completed form will then be sent to the Chief Administrative Officer (CAO) for review. The CAO will review the NIA in conjunction with the year to date operating results and any other corporate NIAs that have been submitted. If the CAO approves a NIA, the requesting department will complete a recruitment record and will follow the Town's recruitment process. Finance staff will track the contractual labour and ensure the funding dollars are matched to the expenses.

Reporting:

The quarterly operating status report will provide details to Council on the use of the corporate surplus contract employee funds.