Policy

POL.COR.15.03
Inter-Functional Transfer Policy

Policy Type: Corporate Policy (Approved by Council)
Date Approved: November 30, 2015
Department: Financial Services
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By-Law No.: N/A

Policy Statement

The Inter-Functional Transfer Policy will provide the framework and formulas required for calculating and charging any User-fee funded Departments for the services provided to them by the Taxation funded Departments.

Purpose

This policy will outline which services are to be charged back to the applicable User-fee funded Departments, as well as how the annual cost is calculated. This policy will also clearly outline what services are charged out, how these services are charged out and why they are being charged out to the User-fee funded Departments.

Application

This policy applies to all Town officials and employees with respect to the annual Approved Budget.

Definitions

Approved Budget means the annual budget for the given year that has been approved by Council.

Council means the Council of The Corporation of The Town of The Blue Mountains.

Director means a person holding a management position of Director within a department and includes the Treasurer, and Chief Administrative Officer (CAO), and any other title approved by Human Resources as a staff position equivalent to that of a Director.
**Manager** means a person holding a management position of Manager within a department and includes the Project Manager, Clerk, and any other title approved by Human Resources as a staff position equivalent to that of a Manager.

**Taxation Funded Division** means any division that is funded using taxation collected through property taxes; this includes Finance, Council and Human Resources.

**Town** means The Corporation of The Town of The Blue Mountains.

**Treasurer** means the Council appointed Treasurer of The Corporation of the Town of The Blue Mountains.

**User-Fee funded Division** means any divisions that are 100% funded through self-generated revenue; this includes Water, Wastewater, Harbour, and Building Inspection.

**Procedures**

**Actual versus Budget Inter-Functional Transfers**

The Town has two different types of inter-functional transfers; actual and budget. Actual Inter-functional transfers refer to services provided that can be easily and accurately valued, such as grass cutting at the Harbour. For example, the Parks Department keeps track of the hours used for cutting at the Harbour and the staff and vehicle costs are then charged back to the Harbour. By doing this two things are accomplished; first, the Town gets an accurate view of what the Harbour costs to operate, and the users that benefit from the Harbour are funding these costs rather than having all of the Town’s ratepayers fund these costs. These types of Inter-functional transfers will continue to be budgeted based on the previous years’ actual costs as well as other budgeting factors.

The second type of Inter-functional transfer is the budget transfer; this type of transfer is based on budget percentages as the costs cannot be easily and accurately valued; for example, there is no accurate way to budget the time Council spends discussing a Water Department Staff Report. The remainder of this policy will go into detail about how this type of transfer will be calculated.

**User-Fee funded Divisions**

The Town currently has four divisions that are 100% user-fee supported, which will be responsible for funding the Inter-functional transfers as outlined in this Policy. The four User-fee funded Divisions include Water, Wastewater, Harbour, and Building Inspection. These divisions benefit from services provided by Taxation funded Divisions within the corporation. The charge out percentage used for these divisions will be their portion of the corporate wide Salaries and Benefit budget; for example, Building Inspection is 2.84% of the Salaries and Benefits budget and therefore will be charged 2.84% of the budgets as outlined below.
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**Taxation funded Divisions**

The Taxation funded Divisions will charge out their services to the User-Fee funded Divisions, which will lower the amount of taxation and increase the amount of user-fees that will need to be collected for the annual budget. All of the Divisions listed below will be charged out in the same manner. The Inter-Functional Transfer will only use the Salaries and Benefits costs in the annual budget for the calculation of the budget Inter-Functional Transfers; the reason for this being that Salaries and Benefits are a constant and easily valued amount. When a User-Fee funded Division receives services from a Taxation funded Division, it is Staff time that they are receiving. The list below outlines the Taxation funded Divisions that will have a portion of their Salaries and Benefits charged to the User-Fee funded Divisions.

**Council** – this division gives the overall direction and approvals for all services provided by the Town to the ratepayers. Council debates resolutions that are presented in Staff Reports, deputations from the public, and provides overall direction and authorization to all divisions within the Town.

**Clerks** – this division creates the Council and Committee of the Whole Agendas and Minutes for all meetings where direction is given from Council to the divisions within the Town. This division is the communication conduit between the governing Council body and all of the divisions.

**Human Resources** – this division maintains all employee records, processes bi-weekly payroll, and is responsible for all interaction between the Town and the employees. These services are provided to all divisions within the Town.

**Finance** – this division creates the annual operating and capital budgets as well as the financial statements for all divisions within the Town. Finance also aids in the writing and justification of Staff Reports for both Council and the public. Finance is also used to write specific financial statements and reports in accordance with upper government legislation.

**Information Technology** – this division purchases, supports, and maintains all information technology infrastructure including software and hardware and provides this service to all divisions within the Town.

**Town Hall Loan** – all of the User-Fee divisions have at least one office located in Town Hall. Using the same percentage as above, a portion of the Town Hall Loan will be charged out to the User-Fee funded Divisions as their portion of the loan.

**Town Hall Maintenance** – this division will be charged out using the same percentage as above, but the entire division will be charged out, rather than just the Salaries and Benefits. These expenses, which include utility and annual maintenance costs, will be charged to the User-Fee funded Divisions similar to a rent payment, as the User-Fee funded divisions benefit from these expenses in the form of office space.
Infrastructure and Public Works Administration Division – this division is only charged out to the Water and Wastewater Divisions, as Infrastructure and Public Works acts as their supervising division. The Director of Infrastructure and Public Works (which includes water and wastewater) is charged to the Engineering Division and therefore, his salaries and benefits need to be charged out.

Exclusions

There are no exclusions to this policy and any deviations must be approved by Council.

References and Related Policies

N/A

Consequences of Non-Compliance

N/A

Review Cycle

This policy will be reviewed once per term of Council.