



Effective Date: 04/03/2023

BUDGET CONTROL POLICY

I. Objective

The intent of this policy is to ensure that North Whitehall Township (hereinafter, the “Township”) has in place internal mechanisms to control spending within the confines of a publicly approved budget allocation. The Township specifically wants to avoid eventualities that would lead to a budget, or line-item thereof, over-spending its annual allocation, without first having received approval from the Board of Supervisors (hereinafter, the “Board”) to increase it.

The policy aspires to the following precepts:

1. That an expenditure line-item cannot exceed 100% of its allocation within a given budget year, unless:
 - a. An administrative transfer from another account has been approved in accordance with Section IV of this policy, or
 - b. A supplemental appropriation from the fund balance has been approved by the administration and the Board.
2. With certain exceptions, that a threshold for the transfer of already allocated funds should be established which allows lower dollar value transfers between expense accounts to occur by internal operation only, and not by official action.
3. That essential expenditure accounts, such as wages, payroll taxes, judgments, insurance, and debt service be subject to controls, but not impeded from being drawn upon for non-discretionary expenditures exceeding 100% of their allotment.
4. That robust internal cooperation and communication occurs between the various stakeholders, department heads, elected and appointed officials, and staff.

II. Legislative Authority

Section 3202(a) of the Second Class Township Code (hereinafter, “the Code”) requires the Board to annually prepare a proposed budget for each fund, and that such budget “shall reflect as nearly as possible the estimated revenues and expenses of the township for the year for which the budget is prepared.” Subsection (f) further stipulates that “[n]o moneys shall be paid out of the township treasury except upon appropriation made according to law.”

Section 3202(f) also states that “[t]he board of supervisors may by resolution transfer unencumbered moneys from one township account to another, but no moneys may be transferred from the fund allocated for the payment of debts or from any fund raised by a special tax levy or assessment for a particular purpose.”



In accordance with Section 3202(f), on April 04, 2023, the Board adopted Resolution No. 04-03-2023D which approved all administrative transfer of funds from one account to another, provided that such transfers are equal to or less than \$3,500.00.

III. Budget Controls

- A. The Director of Finance and/or their designees are hereby directed to place circuit breakers on expenditure accounts that prohibits Accounts Payable to pay a balance which would exceed 100% of its budget allocation.
- B. Provided that this shall not be the case for any expense account involved in processing payroll, Federal, State or local tax obligations, judgments or settlements, principal and interest on debt service or any obligation to a secured creditor, minimum municipal obligations to a pension fund, retirement fund, or 457(b) fund, workmen's compensation insurance or settlements, property and casualty insurance, health insurance premiums, prescription coverage, dental or vision insurance premiums.
- C. In the event that an account listed in subsection (B) of this section exceeds its annual allocation by 1% or greater during the budget year, the Director of Finance shall introduce an ordinance or resolution to transfer funds to these accounts to cover their overages by December 31st of the same budget year.
- D. In the event that an expenditure account line-item is likely to exceed, or has obligated itself beyond 100% of its budget allocation, the Department Head or their designee shall immediately employ one of the following remedies in order to achieve a continuum of Township services:
 - 1. Submit a budget transfer request form to the Director of Finance or designee indicating the "To" account number, which requires additional funding, the "From" account, from which funds will be transferred, the amount to be transferred, the starting and ending balances of each account pursuant to the transfer, and a rationale for the transfer in complete sentences.
 - 2. Submit a request for a supplemental appropriation from the unencumbered cash balance of the fund which hosts the expense account. In the case of this subsection, the request shall be submitted by the Department Head or designee in memo form. Such memo must be initialed by the Director of Finance and the Township Manager before it can be introduced onto the Board's agenda for approval.
- E. The Department Head submitting a budget transfer request shall be required to find excess funds within their own departmental budget, unless an exception is granted by the agreement of the Director of Finance, the Township Manager, and any other affected Department Head.



- F. The Director of Finance is hereby directed to publish a budget variance report on a monthly basis, or as frequently as directed by the Board, which itemizes all revenue and expense accounts, their original and adjusted budgets, the year to date expenditures, and the percentage spent. The report shall be submitted to the Board, the Township Manager, all Department Heads, and all staff or stakeholders who request it. The report shall be available on the Township's website.
- G. No transfers shall be made within the first three (3) months of the budget year, in accordance with the Code.

IV. Minimum Threshold for Transfer Approval

- A. The Board recognizes that transfers between two already appropriated accounts within the same fund does not actually increase the overall budget, but, nevertheless, realigns the policy goals of the budget.
- B. In accordance with Resolution 04-03-23D, which establishes this policy, when the Board annually approves a budget, it shall be deemed that it authorizes transfers within the budget equal to or less than \$3,500.00 between expenditure accounts in the same fund, provided that the accounts are not in the nature of those listed in Section III(B) above and provided that the aggregate amount of all transfers of less than \$3,500.00 within a given budget year does not exceed \$35,000.00, in which case all transfers causing the aggregate transfer amount to exceed \$35,000.00 shall be approved by the Board.
- C. Such transfers as are automatically approved in subsection (B) of this section may be made without resolution or motion by the Board in order to facilitate the efficient operations of the Township and to maintain goodwill between the Township and its vendors and creditors.
- D. Regardless of the amount, transfers between funds, from one capital project to another, or supplemental appropriations from the unencumbered fund balance must be approved by resolution of the Board.

V. Incrementalism Prohibited

Neither the Township Manager, the Director of Finance, Department Head, nor employee of the Township, shall attempt to avoid Board approval of a transfer by breaking a total transfer greater than \$3,500.00 up into two transfers of lesser dollar amounts.



VI. Procedures for Fostering a Culture of Communication and Cooperation With Respect to the Budget Process.

In order to ensure the intent behind this policy is realized, the following internal policies are required with respect to responsibly monitoring and accessing the Township's budget:

1. All stakeholders must routinely monitor the variance report and the status of their budget line-items, and proactively plan for budget transfer needs.
2. All stakeholders will diligently adhere to the Township's procurement policy for competitive bidding and for obtaining quotes to forecast operational expenditures.
3. Accounts Payable ("AP") shall scan and distribute all invoices received during the previous week on Monday morning, and email to all relevant stakeholders.
4. AP will retain all originals.
5. By close of business Thursday, the Department Heads, or designee, will review each invoice and indicate in writing the account number from which the invoice should be expensed, and sign each invoice certifying its accuracy.
6. Disputes as to the appropriateness of the expenditure account with respect to the activity for which the Township was invoiced shall be resolved by the Township Manager, the Director of Finance, and the Department Head which generated the obligation.