



Inter Office Memo

DEPARTMENT OF
PERSONNEL SERVICES

ITEM 6

DATE: March 16, 2015

TO: Deferred Compensation Management Council

FROM: Paul Nerland, Personnel Services Manager

SUBJECT: Deferred Compensation Plan Budget Policy

Background

At a previous Deferred Compensation Management Council meeting, your Council directed staff to prepare a policy for the Deferred Compensation Plan administrative expense budget. Specifically, your Council directed staff to create a process whereby your Council must approve an increase in a budget line-item appropriation in excess of ten percent (10%) of the original appropriation.

Issue

Staff has drafted a Deferred Compensation Plan Budget Policy (Attachment "A") which delineates the authority of the Council to establish and amend an administrative expense budget, and the responsibilities of staff with regard to the preparation and amendment of said budget. Staff would like to highlight some important items from the policy:

- The budget policy states that if a line-item appropriation is increased by less than ten percent (10%) of the original appropriation, staff will transfer funds from the Contingency appropriation and report the overage to your Council in the fiscal year-end budget report.
- Regarding line-item appropriation increases exceeding ten percent (10%), staff will request approval as an item on a Deferred Compensation Management Council meeting agenda. If approved, staff will transfer funds from the Contingency appropriation.

Recommended Action

Staff is recommending that the Council approve the attached Deferred Compensation Plan Budget Policy, either as submitted or with amendments.



County of Fresno 457(b) Deferred Compensation Plan Policy

Deferred Compensation Plan Budget Policy

1. Administrative Responsibility

Pursuant to Section 9.5 of the County of Fresno 457(b) Deferred Compensation Plan Document, the reasonable expenses incident to the operation of the Deferred Compensation Plan, which are not paid by the County of Fresno, shall be paid by Deferred Compensation Plan participants. In addition, pursuant to Section 11.1 of the Deferred Compensation Plan Document, the Deferred Compensation Management Council (Council) may adopt rules and procedures for the administration of the Deferred Compensation Plan consistent with the authority delegated to the Council from the Board of Supervisors and consistent with the terms of the Deferred Compensation Plan Document. Therefore, the Council has established this Deferred Compensation Plan Budget Policy for providing oversight of the administrative expenses of the Deferred Compensation Plan.

2. Budget Preparation

The Secretary of the Council or their designee shall prepare a recommended budget for presentation to the Council prior to July 1 of the fiscal year.

3. Budgetary Control

Appropriations within the annual budget are approved by the Council at the budget line-item level. The Plan's annual budget has expenses appropriated into budget line-items to assist in financial planning and analysis of expenses.

4. Budget Transfer Procedure

In the event that a budget line-item appropriation needs to be increased, funds will be transferred from the Contingency appropriation to cover the increased appropriation.

- a. Line-item appropriation increase by less than ten percent (10%) – The Secretary or their designee may approve the transfer of funds from the Contingency appropriation to a different budget line-item if the amount transferred is less than ten percent (10%) of the receiving line-item's current fiscal year budget. The Secretary or their designee will report such transfers to the Council in the fiscal year-end budget report.
- b. Line-item appropriations increased by more than ten percent (10%) – The Council must approve any line-item appropriation increase in excess of ten percent 10% of said line-item's current fiscal year appropriation.
 - i. A request for transfer from the Contingency appropriation to a different budget line-item shall be initiated by the Secretary or their designee as an agenda item at a Council meeting. The agenda item shall include the specific amount transferred from the Contingency appropriation to each budget line-item.
 - ii. The agenda item will explain and justify why the transfer is necessary (e.g., why the requirement was not anticipated at budget time; and why the request should not be deferred until the next fiscal year).
 - iii. Upon approval of the budget transfer, the Secretary or their designee will maintain a copy of the agenda item, as well as update the budget for the fiscal year end budget report.