Budgetary Pooled Contingency Policy

*This policy template provides the fundamental elements of a budgetary pooled contingency policy. You should customize this policy to fit the needs of your government.*

# Why a Budgetary Pooled Contingency Policy is Important

Every department is subject to the risk of unplanned, unavoidable expenditures during the year. A pooled contingency is a cost-effective way to provide a form of “insurance” against these risks and avoid disruption to important services. This policy describes how we will operate a pooled contingency and the acceptable uses of the contingency.

# The Size of the Contingency

The budget office will set the size of the contingency each year. The size will be based on expectations for the potential of unplanned, unavoidable costs in the normal course doing business during the year.

# Acceptable Uses of the Contingency

The contingency is intended to be used for unplanned, unavoidable expenditures incurred in the ordinary course of doing business. The pooled contingency is not intended to be used for:

* Responding to extreme events like natural disasters or economic downturns. [name of your govt] maintains a reserve that is intended to provide hedge against these kind of extraordinary events.
* Funding new ideas for programs or services that were not approved during the initial budget process. Generally, ideas for new programs or services should go through the regular budget process. There may be some exceptions to this rule, like if a department faces an emergency service need that was not anticipated during the budget.

# Authority to Use the Contingency

Departments may apply to the budget office to use the contingency. The budget office will develop and share processes and standards to apply.