



BIG LAKES COUNTY POLICY



TITLE: Financial Control and Procurement	
POLICY NUMBER: ADMIN 06	
LEGAL AUTHORITY: <i>Municipal Government Act, New West Trade Partnership Agreement</i>	
APPROVED BY COUNCIL: December 7, 1994	
EFFECTIVE DATE: December 7, 1994	REVISED DATE: November 14, 2018

Policy Statement

Big Lakes County is accountable to its stakeholders to ensure stewardship of public funds. Financial accountabilities, documented signing authorities and clear procurement processes are required in order to ensure fairness, transparency, competitiveness and impartiality.

Policy

1.0 FINANCIAL ACCOUNTABILITIES

1.1 Council:

Council will establish the financial policies and reporting practices to be followed by the County.

Council at a regular meeting will accept for information the following:

- Complete cheque listings of all payments made to suppliers, employees, councillors, etc. (including any voided cheques).
- Financial Statements consisting of a Statement of Operations which show current month actual, year to date actual, annual budget and variance from budget with explanations for significant variances.

Council will review the annual auditor's report and management letter and ensure that any concerns noted are addressed by administration.



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1.2 Chief Administrative Officer (CAO):

- Is responsible for ensuring that the County's finances are being administered in accordance with all regulations and requirements as set forth in the MGA.
- Is responsible for ensuring that the County is following Council's financial policies and procedures.
- Will review any information needed to ensure that the financial affairs of the County are in order and that the municipality is being managed in an effective and efficient manner.

1.3 The Director of Corporate Services:

- Reports administratively to the CAO.
- Is responsible for carrying out the County's financial functions (treasury and controllership) as defined in the MGA and the Director of Corporate Services' Designated Officer Bylaw (By-Law No 4-95).
- Is responsible for carrying out the County's financial functions in accordance with Council's approved policies and procedures.
- Ensures that any concerns raised by Council, the CAO and the auditors are addressed in an effective and timely manner.
- Prepares financial statements for presentation to Council and monthly financial reports for review by department heads.
- Prepares the year-end financial statements and all working papers prior to the commencement of the annual audit by the Auditor.
- Prepares all financial statements in accordance with generally accepted accounting principles for municipal governments as recommended from time to time by the Canadian Institute of Chartered Accountants. (MGA 276 (1))
- Prepares any financial information returns required by the Minister of Municipal Affairs. (MGA 277; 278).
- Advises employees of all financial practices and policies that must be followed and providing staff training on financial policies and procedures as required.

1.4 Deputy CAO & Department Heads:

- Are responsible for complying with Council's approved financial policies and procedures.
- Review month end financial reports and general ledger reports to ensure that their areas of responsibility are within approved budget limits and that their areas of responsibility are being managed efficiently and effectively.
- In addition the Deputy CAO assumes the responsibilities of the CAO as per listed under Financial Accountabilities Section 1.2 in the CAO's absence.



2.0 EXPENDITURE AUTHORIZATION AND APPROVAL LIMITS

2.1. Authorization and Approval Limits

Council annually undertakes a detailed review of the County's proposed operating and capital budgets and approves those budgets following due deliberation. Once the budgets are approved, all items included shall be deemed to have been approved by Council.

The CAO is accountable for budget control and administration and is therefore appointed by Council as its expenditure officer. The CAO is further authorized to appoint additional expenditure officers or revoke expenditure authority as required. The CAO may at his discretion and in writing appoint an officer to assume his limits during any absence of his position.

The CAO will not initiate any operating expenditures which would exceed a function's budget estimates without first seeking Council approval. Any transfer of funds between budget functions must be approved by Council.

The following expenditures (if not included in the approved operating budget) all require Council approval: all land-related expenditures (including leases, rights-of-way, easements, rights of entry, and land leases).

Any capital project increase greater than 10% of the amount budgeted for a capital project or capital asset must be approved by Council, to a maximum of \$100,000. Capital project budget changes of less than these amounts may be approved by the CAO. It is expected that this budgetary authority will be used in emergency situations, as defined below.

Council and the CAO have further assigned and delegated authority for operating expenditures to Big Lakes County employees (expenditure officers) as set out below:

- The Deputy CAO and Director of Corporate Services, are authorized to initiate budgeted expenditures in an amount equal to that approved in the annual operating and capital budgets.
- Other Directors are authorized to initiate budgeted expenditures in an amount up to \$50,000 and to authorize "as and when" equipment and machinery rental agreements without Council or CAO approval, provided that expenditures are included in Council's approved budget.
- The Agricultural Fieldman, Public Works Manager, Shop Foreman, Utilities Manager, Facilities & Waste Manager, Manager of FCSS, Human Resources



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Manager, Executive Assistant, and the Fire Chief are authorized to initiate budgeted expenditures in an amount up to \$25,000 without Council or CAO approval, provided that expenditures are included in Council's approved budget.

Further, with the exception of the CAO, Deputy CAO, Director of Corporate Services, expenditure officers shall not initiate or approve any expenditures on budgets for which they are not directly accountable.

Expenditure officers' responsibilities include:

- Authorizing a proposed expenditure or disbursement
- Abiding by applicable purchasing and procurement policies and legislation, including NWPTA
- Certifying that the amount of a proposed expenditure or disbursement is fair and just
- Verifying that the goods and services have been received or the work has been performed satisfactorily
- Verifying that a request for payment is supported by adequate documentation

Notwithstanding the above, an employee responding to an emergency situation may, if unable to contact an employee with expenditure authority, authorize any expenditures that are required to address the emergency situation. Any such expenditure shall be reported to the CAO, Director of Corporate Services and/or Director of Public Works as soon as any one can be contacted.

(Note: "Emergency" is defined under "Purchasing Procedures - General Provisions".)

2.4. Pecuniary Interest

Employees with delegated expenditure authorization may not authorize an expenditure or disbursement where the employee or an immediate family member is in a position to benefit from the transaction. For example, an expenditure officer may not authorize expenditure where the employee, the employee's family member or, or a business belonging to the employee or employee's family member will be the payee. For this reason, all of the CAO's expense claims are to be signed by the Reeve or Deputy Reeve. Apart from the CAO no employee will approve an expenditure for a function such as a training course, seminar or conference that he or she is attending.



3.0 CONTRACTS

Written contracts should be used in situations where there is a need to specify in writing the requirements for supply or continuing supply of goods or services, and the need to identify each party's degree of responsibility in the case of damage, default, or loss.

Contracts must be entered upon proper authority in accordance with the levels of spending authority, and contracts and any changes or amendments to contracts should be clear, certain, unambiguous and feasible.

An invitation to tender should be made when a project has been properly approved and generally when the funds have become available. Where the County tenders subject to the availability of funds, contracts should be awarded conditional upon funds becoming available.

Increases in the scope of work and contract amount, and time extensions for completion must be agreed to in a duly executed amending agreement.

All change orders must be approved in writing by the appropriate department head before work proceeds.

The department head should ensure the necessary amount is withheld from payment if defective work is discovered or claims from third parties are filed or creditors on a contract or sub-contract have not been paid, and that the withheld money is applied to make good the defects, claims and defaults.

Progress payments or invoices relating to contracts should be approved only after the person designated in the contract has certified performance of services, or receipt of goods, or confirmed the percentage of work completed.

A release must be obtained from the contractor and the third parties where required to discharge all claims and obligations against the government before payment of the holdback or return of security deposits. Such claims and obligations against the government may include but are not limited to Statement of claim against the owner; WCB Clearance certificate and Statutory Declarations.

All defects must be corrected before the final payment is approved and any deposits are returned.



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4.0 PURCHASING AND PROCUREMENT

4.1 General Provisions

All expenditures must be documented as to the amount and the person initiating the expenditure.

All expenditures must be included in the annual budget or be otherwise authorized by Council; except in the case of an emergency, or where there is a legal requirement to pay.

An emergency is defined as any situation where there is a threat, or potential threat, to public safety or where immediate action is required to protect the municipality's investment in assets and infrastructure.

Any unbudgeted expenditure made in the case of an emergency must be presented by the CAO or appropriate Director at the next regular council meeting for Council's review.

Council may from time to time approve previously unbudgeted expenditures, but must do so by resolution, which will clearly identify where the funds are to be drawn from, whether from another area of the budget or from a reserve established specifically for financing the type of expenditure so required, and that the budget shall be amended accordingly.

4.2 Purchasing Accountabilities

The Chief Administrative Officer is responsible for:

- the overall Procurement process;
- recommending policy changes to County Council;
- delegating authority to develop and implement applicable procedures and processes through the Director of Corporate Services;

The Director of Corporate Services is responsible for:

- reviewing the County's Procurement Policy, procedures and processes, as required;
- approving changes to the County's procurement procedures and processes, as required;
- recommending policy changes to the Chief Administrative Officer;
- ensuring compliance with the County's Procurement Policy, procedures and processes and where required or identified, mediate and resolve.



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Directors and Managers are responsible for:

- ensuring compliance with the County's Procurement Policy, procedures and processes for their areas of responsibility and supervision;
- reviewing and approving all competitive bid solicitations for their areas of responsibility, prior to posting;
- ensuring that a fair and transparent process has been used when calling for, receiving, and evaluating bids;
- recommending contract extensions when applicable;
- delegating purchasing and expenditure approvals for their areas of responsibility, as required
- ensuring all purchases are:
 - included in the current year's budget; or
 - otherwise approved by County Council;

Staff members are responsible for:

- meeting the legal and ethical obligations in the purchase of goods, services & construction works, by using a fair and transparent process when calling for, receiving or evaluating bids and quotations;
- identifying specific needs for goods, services, or construction;
- following this Purchasing and Procurement Policy, as well as associated procedures;
- obtaining the best value for money by meeting specified needs to include quality, health and safety standards, productivity and service life;
- securing expense and contract authorization prior to any purchase commitment, in accordance with County policy;
- providing the specifications and technical information for bid solicitations and quotations in their areas of responsibility;
- preserving the confidentiality of the procurement process in accordance with the Freedom of Information and Protection of Privacy Act, (FOIP).

4.3. Purchase of Goods and Services

All expenditures in excess of \$2,500 must have documented pre-approval from a party with an appropriate level and department of signing authority. If necessary for transparency or if requested by a vendor, purchases must be authorized on a preprinted, prenumbered Purchase Order, or by a duly executed Memorandum of Agreement, signed by the appropriate expenditure officer. Excepted from these requirements are payments for services such as utilities that are automatically billed on a regular basis and day-labour equipment supply, as noted below.



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Purchases, whether approved by documented approval, purchase order or Memorandum of Agreement must not be split or delayed in order to circumvent established signing authority limits.

Expenditures over the amount of \$2,500 will require that three (3) cost quotations be received, recorded, and attached to the documented approval, P.O. or Memorandum of Agreement. (Between \$2,500 and \$5,000 oral quotes are sufficient; over \$ 5,000 will require written quotes). If three quotes are unavailable or are not obtained, the expenditure officer will indicate the reason why this would be the case.

Quotes are not required for authorizing expenditures when a bulk purchasing agreement is in place, when purchasing goods or services from the Provincial Government, when purchasing from the RMA's trading division, or when using government rates for the rental of machinery or equipment.

Where appropriate, vendors will be selected based on a scoring methodology including appropriately weighted factors such as up-front cost, lifecycle cost, historical relationship with the County, vendor's experience, expected product functionality, security, speed to implement, integration with existing systems, or other relevant factors. Where such a scoring methodology is to be used to award a project, it will be included in the RFP or other request document.

Where a contractor, vendor or supplier has initiated legal action against Big Lakes County, the relationship will be managed in accordance with policy ADMIN 19 – Restrictions on Tenders.

Reeve

Chief Administrative Officer

November 15, 2018
Date of Final Signature