

Title: Expenditure and Disbursement Policy

Policy No: 1018

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MUNICIPAL DISTRICT OF GREENVIEW NO. 16

“A Great Place to Live, Work and Play”

Purpose: To establish expenditure control guidelines by identifying processes for the efficient procurement and payment of goods and services for the municipality in support of effective operations based on the following principles:

- Council recognizes the need for the prompt payment of accounts and delegates the authority to disperse funds for all budget-approved operational expenditures to the Chief Administrative Officer and/or designates.
- The Municipal District of Greenview No. 16 (Greenview) is subject to two trade agreements, the New West Partnership Trade Agreement (NWPTA) and the Agreement on Internal Trade (AIT). These two agreement must be adhered to for all expenditures that occur within their respective limits.

The MD of Greenview will not consider purchasing or procuring goods or services from any contractor or supplier who has initiated a litigation process against the Municipality. No consideration will be given for a period of five years from the conclusion of the litigation unless otherwise directed by Council.

DEFINITIONS

Expenditure Officer has the authority to sign contracts, purchase orders and invoices for payment. Typically an expenditure officer will be the Chief Administrative Officer, General Manager, Manager or Assistant Manager responsible for a department, who is accountable for the department’s budget control and administration.

Associated Expenditure Officers are identified by the respective department’s General Manager or Manager. These officers are delegated a limited amount of expenditure on behalf of the responsible department budget manager. The Chief Administrative Officer or any General Manager or Manager providing this delegation to their staff is responsible to provide, in writing, to the Finance and Administration Manager; the name, the expenditure limit for the employee, as well as a copy of the employees’ signature.

Accounting Officer is a member of the finance team, such as the Manager of Finance and Administration, Manager of Financial Reporting, Staff Accountant and General Manager of Corporate Services and any version of these titles.

Capital means items identified in the Capital Budget as approved by Council.

Department's Budget Manager is the manager who is ultimately responsible for the department's budget. The individual who creates and presents the department's proposed budget to Council.

Employee ID is the Employee Self Service ID that has been provided from Human Resources.

Emergencies when the lack of immediate action would jeopardize operations or equipment, disrupt critical public services or involve public or staff safety.

Goods means a manufactured item.

Litigation means the filing of an action in a court of law.

Nepotism the practice among those with power or influence of favouring relatives or friends.

Purchase Cards includes Greenview issued gas or credit cards.

Quote means the price bid obtained in writing or by phone, from a supplier of goods or services, but does not include a tender.

Service means any work or duties performed, including any materials provided.

POLICY

1. The Municipal District of Greenview No. 16 (Greenview) Council recognizes the annually approved operating and capital budgets as their primary expenditure control document and that all expenditure not so authorized must be presented to Council by Administration for approval prior to the expenditure being incurred. Council realizes that they have a responsibility to its ratepayers to maximize the value of the tax revenue when purchasing municipal goods and services and when providing grant funding.
2. The overall responsibility for implementing and monitoring the annual budget rests with the Chief Administrative Officer. The General Manager of Corporate Services has the overall responsibility for budget reporting and to ensure that all expenditures are a legitimate claim against Greenview; are within established authorities; have been either authorized in the annual budget or approved by resolution of Council.

PROCEDURE

1. Responsibilities

1.1. **Expenditure Officers responsibilities include:**

- 1.1.1. Authorizing a proposed expenditure or disbursement.
- 1.1.2. Ensuring that a purchase order is issued for all expenditures over \$1,500.00, other than those specifically identified in Section 7, Subsection 2 of this policy.
- 1.1.3. Abiding by the NWPTA and AIT when conducting tender calls, request for proposals or request for quotes.
- 1.1.4. Certifying that the amount of a proposed expenditure or disbursement is fair and just; and within applicable policies.
- 1.1.5. Initiating a disbursement that is consistent with the purpose for which the money is available.

- 1.1.6. Managing program or service delivery within Greenview Council approved budget allocation.
 - 1.1.7. Verifying that the goods and services have been received or the work has been performed satisfactorily.
 - 1.1.8. Verifying that a request for cheque is supported by adequate documentation.
 - 1.1.9. Verifying the accurate coding of invoices related to their financial budget responsibility.
 - 1.1.10. Verifying that procurement card (credit and gas) procedures are followed.
 - 1.1.11. Verifying all invoices and/or receipts are submitted to Accounts Payables.
 - 1.1.12. Delegate limited expenditure approval to their department's staff, as the department's budget manager sees fit, ensure all related documentation is submitted to Finance.
- 1.2. ***Associated Expenditure Officers responsibilities include:***
- 1.2.1. Staying within the expenditure limit delegated by their manager.
 - 1.2.2. Signing and receiving a copy of every invoice for the items they have purchased on behalf of Greenview.
 - 1.2.3. Ensure invoices are authorized, signed and goods or services are received.
- 1.3. ***Accounting Officers responsibilities include:***
- 1.3.1. Creating and verifying that adequate processes and controls are in place to safeguard against any material accounting misstatement and follow the guidelines outlined within this policy.
 - 1.3.2. Verifying that a proposed expenditure or disbursement has been properly authorized by an expenditure officer.
 - 1.3.3. Verifying that a proposed expenditure or disbursement is for the purpose authorized by the approved municipal budget, and/or it is consistent with the purpose for which the money is available.
 - 1.3.4. Verifying that the expenditure is recorded in the appropriate fiscal and reporting period.
 - 1.3.5. Verifying that the required supporting documentation is readily available.
 - 1.3.6. Verifying that the expenditure is charged to the appropriate general ledger account.
 - 1.3.7. Verifying the proposed expenditure or disbursement does not contravene any applicable policy and other legislative authority.
 - 1.3.8. Arranging pre-authorized payments to be made directly from Greenview's bank account with authorization from the General Manager of Corporate Services.
 - 1.3.9. Arranging direct deposits to be made to Greenview's bank account with the authorization from the General Manager of Corporate Services.
 - 1.3.10. Ensuring that the General Manager of Corporate Services and any applicable staff are made aware of any budget to actual concerns that the accounting officer may become aware of during their daily duties.
 - 1.3.11. Ensuring that the accounting practices are acceptable under the Generally Accepted Accounting Principles.
 - 1.3.12. Preparing monthly department budget to actual reports.
 - 1.3.13. Preparing and presenting to Council the organizational quarterly budget to actual report.

2. General Provisions

- 2.1. Greenview's expenditure officers may make an expenditure that is included in the approved operating and capital budgets or as otherwise approved by resolution of Council.
- 2.2. Council authorizes the Expenditure Officers as defined under Section 1 to commit the municipality for all purchases related to the operation of Greenview's programs and services that have been approved in the annual budget as follows:
 - 2.2.1. Chief Administrative Officer to the maximum budget allocation;
 - 2.2.2. General Managers, Assistant General Managers or delegate or as designated by the Chief Administrative Officer up to \$500,000.00;
 - 2.2.3. Department Managers, Assistant Managers or as designated by the Chief Administrative Officer up to \$200,000.00;
 - 2.2.4. Other staff as delegated in writing by the Expenditure Officers.
- 2.3. Operating Expenditures that exceed the Council approved operating budget by less than \$10,000.00 but still remain within the overall department budget may be approved by the Chief Administrative Officer or designate. If the over expenditure does not remain within the total department budget, the expenditure shall be presented to Council for approval.
- 2.4. Any operational expenditure approved by Council in budget or by resolution may be awarded and/or actioned by Administration, excepting Request for Proposals, which must be awarded by Council.
- 2.5. Any capital expenditure approved by Council in budget or by resolution may be awarded and/or actioned by Administration to a maximum of \$2,000,000.00, excepting Requests for Proposals, which must be awarded by Council.
- 2.6. Any capital expenditures awarded or actioned by Administration will be reported to Council via the monthly manager's reports and will include: Budgeted amount, Company name and values of compliant bids received, the name of the successful bidder, a list of bidders submitting non-compliant bids
- 2.7. Any capital expenditure for equipment or vehicles that exceeds Council's approved budget by less than \$10,000.00 or 10% and will remain within the department's overall capital budget, may be approved by the Chief Administrative Officer.
- 2.8. Staff will not engage in nepotism and will make any conflict of interest (actual or perceived) known to the Chief Administrative Officer. If the staff person in question is the Chief Administrative Officer, they will make any conflict of interest known to Council.
- 2.9. Expenditure officers may not normally authorize an expenditure or disbursement where they are directly involved in the transaction, except in the case of attending training, conferences, travel and accommodations associated with work. The expenditure claim or credit card receipt/invoice should clearly state the reason for the expenditure or claim.
- 2.10. The authority of the expenditure officers shall be limited to specific budgetary allocations and will not be general in nature. All expenditures must be authorized in the detailed annual budget or otherwise approved by resolution of Council.

- 2.11. Expenditure authority may be delegated in the absence of the responsible expenditure officer. The General Manager of Corporate Services and Manager, Finance and Administration must be notified in writing prior to the delegation of the Expenditure authority.
- 2.12. A current listing of approved expenditure or associated expenditure officers, with specimen signature and applicable expenditure authority shall be maintained by the Manager, Finance and Administration and copied to Accounts Payable.
- 2.13. Due to reasons of standardizations, economies of scale, vendor familiarity or required expertise, the following types of expenditures are coordinated on behalf of the organization:
 - 2.13.1. Stationery and office supplies by Administration Office Reception;
 - 2.13.2. Office furnishings by Facility Maintenance;
 - 2.13.3. Office equipment by Information Technology;
 - 2.13.4. All electronic equipment and software purchases for use in conjunction with the municipality's Network Infrastructure must first be reviewed by Information Systems Staff for compatibility and compliance with information Technology Standards employed throughout the organization;
 - 2.13.5. Vehicles (non-emergency) and heavy equipment by the Manager of Operations with input from Fleet and receiving department's manager;
 - 2.13.6. Emergency vehicles by the Manager of Protective Services;
 - 2.13.7. All Greenview insurance.
 - 2.13.8. Requisitions, purchases or contracts may not be divided in order to avoid the requirements of the NWPTA and the AIT spending limits.

3. Marketing and Media Placement

- 3.1. Advertising, signage, print and marketing materials must be approved by the Communications Officer.

4. Emergency Expenditures

- 4.1. Unbudgeted expenditures may be undertaken in the event of an emergency situation where the Expenditure Officer must make purchase decisions efficiently to bring the emergency situation under control.
 - 4.1.1. May be authorized by the Chief Administrative Officer or designates.
 - 4.1.2. All such expenditures shall be reported to Greenview Council at the next available opportunity.
 - 4.1.3. Proper documentation of purchases is required.

5. Contracts

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

- 5.1.1. The expenditure officer must ensure that the necessary holdback percentage is withheld from progress payments where there is a holdback charge to compensate for potential defective work or claims from third parties. Progress payment or invoices related to contracts should be approved only after the person responsible for the contract certifies performance of services or receipt of goods or confirmed the percentage of work completed. Generally this performance certificate is supplied by an engineering firm or project contract manager.
- 5.1.2. A statutory declaration and WCB declaration must be obtained from the contractor and the third parties where required to discharge all claims and obligations against the municipality before payment is made and before any holdback or deposit is released. All defects must be corrected before the final payment is approved and security deposits are returned.

6. Purchase Orders

- 6.1. Purchases over \$1,500.00 must be initiated by either a purchase order or by way of written agreement prior to acquisition.
- 6.2. Purchase orders are not required for the following:
 - 6.2.1. Purchases under \$1,500.00;
 - 6.2.2. Petty cash;
 - 6.2.3. Personal expense claims;
 - 6.2.4. Progress payments (these are covered by signed agreements);
 - 6.2.5. Utility invoices;
 - 6.2.6. Other services such as legal and municipal insurance;
 - 6.2.7. Long-term contracts or service agreements;
 - 6.2.8. Lease agreements;
 - 6.2.9. Credit card purchases.

7. Cheque Requisitions

- 7.1. Are required for all grant expenditures.
- 7.2. Are required for that do not have an invoice such as the School Requisitions, etc., except for personal expense claims, these will be paid based on the personal expense claim and the manager's approval of the claim.

8. Invoice Approval

- 8.1. The Acting Chief Administrative Officer (ACAO) may sign up to the Chief Administrative Officers limit while serving as the designated Acting Chief Administrative Officer. When the Acting Chief Administrative Officer signs in the absence of the Chief Administrative Officer, they should include ACAO after signature to indicate to the Accounts Payables department their authority to sign higher expenditure limits.
- 8.2. To avoid penalty charges the Chief Administrative Officer, Manager, Finance and Administration or General Manager, Corporate Services may approve an invoice related to ongoing operations, such as gas, electric or utility invoices, with a copy being shared with the responsible expenditure officer.

9. Purchasing Methods

- 9.1. Direct purchases from a supplier paid by credit card must comply with the provisions of this policy. Employees who occupy positions with delegated low dollar value purchasing authority may be eligible for purchasing cards upon approval by the Chief Administrative Officer. Every card holder shall be informed of and must agree to the responsibilities and restrictions regarding the use of the purchasing card. Purchasing cards include gas cards and credit cards.
- 9.2. Greenview's expenditure officers may sole source items that are equal to or less than \$10,000.00 if it is beneficial to the organization to do so.
- 9.3. Purchases between \$10,000.00 and \$74,999.99:
 - 9.3.1. Expenditure Officers must attempt to obtain a minimum of three (3) formal written price quotes signed by an authorized agent of the supplier. Quotes must be documented and include the date, name of the supplier and contact person, total cost of quote, and must be signed by the individual requesting the quote. Purchase must be initiated by purchase order or contract. In the event that the vendor provides a unique good, service, or software not readily available on the open market this must be noted in the purchase order or contract.
 - 9.3.2. The use of Day Labour from service providers who have responded to Greenview's advertisement for Day Labour services and are included in Greenview's Day Labour Source Book, are considered to meet this requirement.
- 9.4. Purchases over \$75,000.00:
 - 9.4.1. Expenditure Officers must abide by the NWPTA and AIT (see table in Section 12 (1)) as required for purchases over \$75,000.00 but under NWTPA and AIT thresholds the Expenditure Officer must attempt to obtain a minimum of three (3) formal written price quotes signed by an authorized agent of the supplier. Quotes must be documented and include the date, name of the supplier and contact person, total cost of quote, and must be signed by the individual requesting the quote. A contract must be signed for all purchases over this limit. The signed contract may be a sales agreement for vehicle and equipment purchases. All contracts shall clearly indicate each party's responsibilities, date, duration of contract, and have the supplier's authorized agent's signature as well as the appropriate Greenview signatures.

10. Tendering/ Requests for Proposals

- 10.1. Tenders or Request for Proposals must be issued in compliance with the New West Partnership Trade Agreement (NWPTA), an accord between the Governments of Alberta, British Columbia and Saskatchewan; as well as the Agreement on Internal Trade (AIT, 2015, Annex 502.4) an agreement between all Canadian Governments. Tender or Request for Proposals must be issued using the NWPTA and AIT thresholds unless they fall under the excluded procurements as defined by the agreements.

| Type | NWPTA | AIT |
|--------------|--------------|--------------|
| Goods | \$75,000.00 | \$100,000.00 |
| Services | \$75,000.00 | \$100,000.00 |
| Construction | \$200,000.00 | \$250,000.00 |

10.2. All tender or request for proposal notices must be posted on the Alberta Purchasing Connection Website www.purchasingconnection.ca. Additional means of tendering notices may also be used.

10.3. The lowest bid meeting the tender or request for proposal requirements and/or specifications will normally be accepted. Justification in writing along with recommendation must be submitted if the lowest bidder is not selected. Normally the only acceptable reasons for selecting any but the lowest bidder would be:

- 10.3.1. Low bidder does not meet specifications;
- 10.3.2. Low bidder cannot deliver within the required time;
- 10.3.3. The quality of performance of previous contracts or services may be in question;
- 10.3.4. The acceptance of the low bid would result in higher overall end costs (such as operating or life cycle costs);
- 10.3.5. The ability, capacity, experience and efficiency of the bidder.

11. The opening of tenders or requests for proposal must be completed in a public setting.