

Title: EXPENDITURE AND DISBURSEMENT POLICY

Policy No: 1018

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Purpose: To establish expenditure control guidelines by identifying processes for the efficient procurement and payment of goods and services for Greenview 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 expenditures to the CAO and designates to the levels authorized under Procedure Section 2.
- Greenview is subject to two trade agreements, the New West Partnership Trade Agreement (NWPTA) and the Agreement on Canadian Free Trade Agreement (CFTA). These two agreements must be adhered to for all expenditures that occur within their respective limits.

Greenview will not consider purchasing or procuring goods or services from any contractor or supplier that is involved in litigation against Greenview. No consideration will be given for a period of five years from the conclusion of the litigation unless otherwise directed by Council.

DEFINITIONS

ACAO means the Assistant Chief Administrative Officer.

Administration means Greenview’s Chief Administrative Officer and employees of Greenview

Associated Expenditure Officers means the individuals that 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 CFO, or Manager providing this delegation to their staff is responsible to provide, in writing, to the Finance and Administration Manager; the name of the employee, the expenditure limit, and a copy of the employees’ signature.

Accounting Officer means an individual that is a member of the finance team, such as the Manager of Finance and Administration, Manager of Financial Reporting, Staff Accountant and CFO and any version of these titles.

Capital Budget means the annual Greenview capital budget as approved by Council.

Capital Expenditure means the purchase of an item identified in the Capital Budget.

CFTA means the Canadian Free Trade Agreement and any amendments thereto.

CAO means the person appointed as the Chief Administrative Officer of Greenview in accordance with the *Municipal Government Act*.

CFO means the Chief Financial Officer for Greenview.

Council means council for the Municipal District of Greenview No. 16.

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

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

Expenditure Officer means the individual that 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.

Generally Accepted Accounting Principles means a common set of accepted accounting principles, standards, and procedures that organizations (public and private) and their accountants follow when they compile their financial statements. GAAP improves the clarity of the communication of financial information.

Goods means a manufactured item.

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

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

NWPTA means the New West Partnership Trade Agreement and any amendments thereto.

Operating Budget means the annual Greenview operating budget as approved by Council.

Purchase Card means a Greenview issued gas or credit card.

Quote means the price bid obtained in writing 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. Greenview Council hereby establishes a policy for consistent, fair, and transparent purchasing practices while ensuring efficient allocation of available resources in accordance with the *Municipal Government Act*, the NWPTA, and the CFTA. Council realizes that they have a responsibility to its ratepayers to maximize the value of the tax revenue when purchasing Greenview goods and services.
2. The overall responsibility for implementing and monitoring the annual budget rests with the CAO. The CFO has the overall responsibility for budget reporting and to ensure that all

expenditures are a legitimate claim against Greenview, are within established authorities, and 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 within the financial limits established in this policy.
- 1.1.2. Abiding by the NWPTA and CFTA when conducting tender calls, request for proposals or request for Quotes.
- 1.1.3. Certifying that the amount of a proposed expenditure or disbursement is fair and just; and within applicable policies.
- 1.1.4. Initiating a disbursement that is consistent with the purpose for which the money is available.
- 1.1.5. Managing program or service delivery within Council approved budget allocation.
- 1.1.6. Verifying that the goods and services have been received or the work has been performed satisfactorily.
- 1.1.7. Verifying that a request for cheque is supported by adequate documentation.
- 1.1.8. Verifying the accurate coding of invoices related to their financial budget responsibility.
- 1.1.9. Verifying that purchase card (credit and gas) procedures are followed.
- 1.1.10. Verifying all invoices and/or receipts are submitted to Accounts Payables.
- 1.1.11. Delegating limited expenditure approval to their department's staff, as the Department's Budget Manager sees fit, and ensuring that all related documentation is submitted to Finance.

1.2. *Associated Expenditure Officers responsibilities include:*

- 1.2.1. Authorizing expenditures or disbursements 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. Ensuring 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 following 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 budget, and 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 complete and readily available.

- 1.3.6. Verifying that the expenditure is charged to the appropriate general ledger account.
- 1.3.7. Verifying that the proposed expenditure or disbursement does not contravene any applicable policy or other legislative authority.
- 1.3.8. Arranging pre-authorized payments to be made directly from Greenview's bank account with authorization from the CFO.
- 1.3.9. Arranging direct deposits to be made to Greenview's bank account with the authorization from the CFO.
- 1.3.10. Ensuring that the CFO 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. All expenditures shall be included in the current year's budget or be approved by a resolution of Council.
- 2.2. Greenview's Expenditure Officers may make an expenditure that is included in the approved operating and capital budgets up to the financial limits established in this policy or as otherwise approved by resolution of Council.
- 2.3. A resolution of Council is required for all unbudgeted expenses and all unbudgeted capital expenditures over \$200,000.
- 2.4. Expenditure Officers are authorized to commit Greenview for all purchases that have been approved in the annual budget as follows:
 - 2.4.1. CAO up to the maximum budget allocation for operational expenses;
 - 2.4.2. ACAO, General Managers, CFO, up to \$500,000;
 - 2.4.3. Department Managers up to \$50,000;
 - 2.4.4. Assistant Managers up to \$10,000;
 - 2.4.5. Executive Assistants-up to \$5,000;
 - 2.4.6. All other designated staff up to \$1,000.
 - 2.4.7. Other staff as delegated in writing by the Expenditure Officers.
- 2.5. 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 CAO or designate. If the over expenditure does not remain within the total department budget, the expenditure shall be presented to Council for approval.
- 2.6. 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 CAO provided that such capital expenditure does not exceed the financial approval limits in this policy.

- 2.7. Any operational expenditure approved by Council by resolution may be awarded and/or actioned by Administration, excepting Request for Proposals, which must be awarded by Council.
- 2.8. Any capital expenditure approved by Council in budget or by resolution may be awarded and/or actioned by Administration to a maximum of \$200,000.00, excepting Requests for Proposals, which must be awarded by Council. Purchases greater than \$200,000 on a capital expenditure that is not part of a tendered project must be approved by resolution of Council.
- 2.9. 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.
- 2.10. Staff will not engage in nepotism and will make any conflict of interest (actual or perceived) known to the CAO. If the staff person in question is the CAO, they will make any conflict of interest known to Council.
- 2.11. Expenditure Officers shall not 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.
- 2.12. Expenditure authority may be delegated in the absence of the responsible Expenditure Officer. The CFO and Manager of Finance and Administration must be notified in writing prior to the delegation of the Expenditure authority.
- 2.13. A current listing of approved Expenditure Officers or associated Expenditure Officers, with specimen signature and applicable expenditure authority shall be maintained by the Manager of Finance and Administration and copied to Accounts Payable.
- 2.14. Due to reasons of standardizations, economies of scale, vendor familiarity or required expertise, the following types of expenditures are coordinated by the manager or department as identified below:
 - 2.14.1. Stationery and office supplies by Administration Office Reception;
 - 2.14.2. Office furnishings by Facility Maintenance;
 - 2.14.3. Office equipment by Information Technology;
 - 2.14.4. All electronic equipment and software purchases for use in conjunction with Greenview's Network Infrastructure must first be reviewed by Information Systems Staff for compatibility and compliance with information Technology Standards employed throughout the organization;
 - 2.14.5. Vehicles (non-emergency) and heavy equipment by the Manager of Operations with input from the Fleet Coordinator and the receiving department's manager;
 - 2.14.6. Emergency vehicles by the Manager of Protective Services and Sergeant, Enforcement Services;
 - 2.14.7. All Greenview insurance by Corporate Services.
- 2.15. Reacquisitions, purchases, expenditures or contracts may not be divided in order to avoid the financial limits of this policy or the limits established in the NWPTA or the CFTA.

3. Marketing and Media Placement

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

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. Emergency expenditures may be authorized by the CAO 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 all emergency expenditures is required.

5. Contracts

- 5.1. 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 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 Greenview 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. Cheque Requisitions

- 6.1. Cheque requisitions are required for:
 - 6.1.1. All grant expenditures; and
 - 6.1.2. All expenditures where an invoice is not available 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.

7. Expenditure Approval

- 7.1. The ACAO may approve expenditures up to the CAO limit while serving as the designated Acting CAO. When the Acting CAO signs in the absence of the CAO, they shall include ACAO after signature to indicate to the Accounts Payables department their authority to sign higher expenditure limits.

- 7.2. To avoid penalty charges the CAO, Manager of Finance and Administration or the CFO 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.

8. Purchasing Methods

- 8.1. 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 in accordance with section 1.1.12 of this policy may be eligible for a purchase card upon approval by the CAO. Every card holder shall be informed of and must agree to the responsibilities and restrictions regarding the use of the purchase card.
- 8.2. 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.
- 8.3. Purchases between \$10,000.00 and \$74,999.99:
 - 8.3.1. Expenditure Officers must attempt to obtain a minimum of three Quotes. 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 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 contract.
 - 8.3.2. 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.
- 8.4. Purchases over \$75,000.00:
 - 8.4.1. Expenditure Officers must abide by the NWPTA for purchases over \$75,000.00 both the NWPTA and CFTA for purchases over \$100,000.00 (see table in Section 9.1). A written contract must be signed for all purchases over this limit. The written contract may be a sales agreement for vehicle and equipment purchases. All written contracts shall clearly indicate each party's responsibilities, date, duration of contract, and have the supplier's authorized agent's signature, and the appropriate Greenview signatures.

9. Tendering/ Requests for Proposals

- 9.1. Tenders or Request for Proposals must be issued in compliance with the NWTa and CFTA in accordance with the financial thresholds established in those agreements, unless such purchase is an excluded procurement as defined by the agreements.

Type	NWPTA	CFTA
Goods	\$75,000.00	\$100,000.00
Services	\$75,000.00	\$100,000.00
Construction	\$200,000.00	\$250,000.00

- 9.2. 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.
- 9.3. Greenview will use a weighted criteria to evaluate tender submissions over the NWPTA thresholds. 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 bidder that is not the lowest bidder would be:
 - 9.3.1. Low bidder does not meet specifications;
 - 9.3.2. Low bidder cannot deliver within the required time;
 - 9.3.3. The quality of performance of previous contracts or services may be in question;
 - 9.3.4. The acceptance of the low bid would result in higher overall end costs (such as operating or life cycle costs);
 - 9.3.5. The ability, capacity, experience and efficiency of the bidder.
10. The opening of tenders or requests for proposal must be completed in the advertised public setting.