

TOWN OF PINCHER CREEK

Approved by: Council	Date: January 14, 2013	Policy Number: 106-13
Reference: Motion #13-007 Motion #12-611 Motion #06-009	Revision Date/by: January 14, 2013 April 24, 2012 January 9, 2006	
Title: ACCOUNTS PAYABLE/CHEQUE ISSUE/EXPENDITURES		

Policy Statement

The Town of Pincher Creek shall provide guidelines and establish procedures to authorize and verify expenditures and provide for flexible budgets to ensure employees have the authority to change priorities and be accountable for spending.

1. Definitions

- 1.1 Chief Elected Official - is the Mayor or in his absence the Deputy Mayor.
- 1.2 Chief Administrative Officer - is the Chief Administrative Officer appointed under the MGA.
- 1.3 Department Head – the Director of Operations, Director of Community Services, Director of Finance and Human Resources and/or Manager.
- 1.4 Council - elected Council of the Town of Pincher Creek performing the duties of Councillors under MGA.
- 1.5 Authorized Expenditure - are those included in an operating budget, interim operating budget or capital budget or otherwise authorized by the Council, for an emergency or legally required to be paid.
- 1.6 Unbudgeted Expenditure - an expenditure which has not been included in an operating budget, and interim operating budget or capital budget, including, but not restricted to, expenditures for an emergency or one that is legally required to be paid.
- 1.7 Cost Centre - a specific area for which a budget has been created.
- 1.8 Line Item - a specific expenditure detailed in the cost centre budget.
- 1.9 MGA – shall mean the Municipal Government Act RSA 2000, Chapter M26 and amendments thereto.

2. Legislation Background

Section 248(1) of the *Municipal Government Act* states:

- 2.1 A municipality may only make an expenditure that is
 - 2.1.1 included in an operating budget, interim operating budget or capital budget or otherwise authorized by the council.
 - 2.1.2 for an emergency, or
 - 2.1.3 legally required to be paid.
- 2.2 Each council must establish procedures to authorize and verify expenditures that are not included in a budget.

3. Responsibilities

3.1 Chief Elected Official

- 3.1.1 Agreements and cheques and other negotiable instruments must be signed or authorized,
 - a) by the Chief Elected Official or by another person authorized by Council to sign them, and
 - b) by a Chief Administrative Officer if so authorized by Council or Department Head if so authorized by the Chief Administrative Officer.

3.2 Council

- 3.2.1 Councillors are to perform the duties outlined in Section 153 of the *Municipal Government Act*.
- 3.2.2 Council must not exercise a power or function or perform a duty that is by this or another enactment or bylaw specifically assigned to the Chief Administrative Officer or a designated officer.
- 3.2.3 Council may establish by bylaw a position of Chief Administrative Officer or by resolution.
- 3.2.4 Council to approve/disapprove by resolution any expenditure not authorized under Section 248(1) of the *Municipal Government Act*.

3.3 Chief Administrative Officer

- 3.3.1 Insure that all revenues of the Town are collected and controlled and receipts are issued in a manner directed by Council.
- 3.3.2 All monies belonging to or held by the Town is deposited in a bank, credit union, loan corporation, treasury branch or trust corporation designated by Council.
- 3.3.3 The accounts for authorized expenditures referred to in the Municipal Government Act are paid in a timely fashion.
- 3.3.4 Insure the actual revenues and expenditures of the Town compared with the estimates in the operating or capital budgets are reported to Council as often as Council directs.
- 3.3.5 Insure that Council approval is obtained for all expenditures not authorized under the Municipal Government Act before payment is made.
- 3.3.6 The Chief Administrative Officer may delegate any of his/her powers, duties or functions to a designated officer or an employee of the Town.

4. Procedures

- 4.1 Accounts are to be paid bi-weekly to spread out workloads and insure that late payment and interest charges are avoided by having invoices picked up and presented for payment immediately by authorized personnel.
- 4.2 Invoices which are authorized expenditures per section 248(1) of the Municipal Government Act are to be approved and coded for payment by the Directors, Superintendent, Managers and/or Designated Officers within ten (10) days.
- 4.3 The operating budget must include the estimated amount of each of the following expenditures and transfers:
 - 4.3.1 the amount needed to provide for the Council's policies and programs;
 - 4.3.2 the amount needed to pay the debt obligations in respect of borrowings made to acquire, construct, remove or improve capital property;

- 4.3.3 the amount needed to meet the requisitions or other amounts that the Town is required to pay under an enactment;
 - 4.3.4 if necessary, the amount needed to provide for a depreciation or depletion allowance or both, for the Towns' public utilities as defined in the Municipal Government Act;
 - 4.3.5 the amount to be transferred to reserves;
 - 4.3.6 the amount to be transferred to the capital budget;
 - 4.3.7 the amount needed to recover any deficiency as required under the Municipal Government Act.
 - 4.3.8 two signing officers may authorize the purchase of a U.S. draft or instead to cover budgeted authorized expenditure whereby the item is priced in U.S. dollars.
- 4.4 An operating budget must include the estimated amount of each of the following sources of revenue and transfers:
- 4.4.1 property tax;
 - 4.4.2 business tax;
 - 4.4.3 grants;
 - 4.4.4 transfers from the Towns' accumulated surplus funds or reserves;
 - 4.4.5 any other source.
- 4.5 The capital budget adopted by Council must include the estimated amount for the following:
- 4.5.1 the amount needed to acquire, construct, remove or improve capital property;
 - 4.5.2 the anticipated sources and amounts of money to pay the costs referred to in clause (a);
 - 4.5.3 the amount to be transferred from the operating budget.
 - 4.5.4 Reference to other amounts, including further detailed breakdowns of the aforementioned estimated amounts shall be informational only, and shall not be interpreted as part of the operating budget or capital budget.

- 4.6 In the event that an unbudgeted expenditure has not been specifically authorized by Council, Council hereby delegates to the CAO, where the CAO in his or her discretion considers it advisable or necessary to do so, the authority to expend, without prior Council approval, a sum not to exceed Ten Thousand (\$10,000.00) dollars per year for unbudgeted Expenditures.
- 4.7 The CAO shall provide a report to Council regarding the unbudgeted expenditure for verification at a Council meeting following the expenditure.
- 4.8 Any single unbudgeted expenditure in an amount over Ten Thousand Dollars or an unbudgeted expenditure which results in a cumulative total of such expenditures in excess of Ten Thousand Dollars for the fiscal year must have Council authorization prior to expenditure.
- 4.9 The CAO may reallocate budget dollars within the capital budget and the operating budget.
 - 4.9.1 Reallocations in excess of Five Thousand Dollars are to be reported to Council.
- 4.10 The CAO cannot reallocate budget dollars between the capital budget and operating budget.
- 4.11 **Department Heads**
 - 4.11.1 Have the authority to reallocate dollars within their approved department budgets from one cost centre to another provided that both centres are under their area of responsibility, with approval of the CAO.
 - 4.11.2 Any movement of budget dollars shall not affect the overall impact of the yearly budget or reduce service levels approved by Council.
 - 4.11.3 Any reallocations must be given to the Director of Finance and Human Resources in writing.
 - 4.11.4 Shall ensure that capital expenditures items are recorded in inventory, have insurance where applicable and are recorded when disposed and are recorded when disposed of or no longer are functional.

5. End of Policy