



# Policy #1009

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**Policy Title:** Financial Controls

**Policy No.:** 1009

**Approval:** County Council

**Effective Date:** September 27, 2006

**Amended Date:** January 16, 2008

**Amended Date:** February 22, 2017

**Supersedes Policy No.:** New

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**Policy Statement:** Mountain View County (the County) will establish financial controls.

**Purpose:** The purpose of the policy is for Council to set the overall direction for establishing financial controls.

**Principles:**

1. Council has ultimate accountability to the tax payers for how County funds are expended. This includes authorizing and verifying expenditures.
2. Council's main tools for ensuring that funds are expended appropriately are:
  - a. the annual budget process,
  - b. regular financial reporting of expenditures compared to budget,
  - c. collection of revenue and issuing receipts,
  - d. review and signing of cheques by the Reeve,
  - e. the approval of new, permanent positions,
  - f. delegation of responsibility for financial controls to the Chief Administrative Officer (CAO),
  - g. the audit committee,
  - h. the annual external audit, the annual external audit
  - i. Grant of Authority
  - j. Procurement Requirements of Equipment, Goods and Services
  - k. Procurement Requirements for Construction Contracts
  - l. Disposal of Assets

End of Policy



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Procedure Title: Financial Controls  
Procedure No.: 1009-01  
Approval: CAO  
Effective Date: February 22, 2017  
Supersedes Procedure No.: Policy No. 1009 Appendix A

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## 1. Budget

- 1.1 Capital and Operating budgets will be prepared annually in accordance with Sections 242 – 247 of the Municipal Government Act (MGA), by the CAO or their delegate. Council will provide direction to the CAO and adopt the budget when they are satisfied with the content.
- 1.2 As part of the budget process Council will set the annual tax rates.
- 1.3 Once the operating, interim and/or capital budget is passed by Council the CAO has the authority to authorize the expenditure of funds and payment of accounts according to the approved budget as per Section 248 of the MGA.
- 1.4 Some variances from budget are expected. As long as expenditures remain consistent with the budget as approved by Council, and overall expenditures do not exceed the total budgeted expenditures by more than 1% of municipal tax revenue the CAO has the authority to approve additional expenditures or decrease expenditures. By remaining consistent with the budget its intended that the CAO is able to increase expenditures in areas that are already included in the budget but not add new programs or initiatives. When expenses have increased in one area the CAO should strive to reduce expenditures in other areas by a corresponding amount.
- 1.5 The CAO has the authority to cancel or suspend initiatives that were approved in the budget. If this occurs the CAO will contact the Reeve immediately and will report to Council, at the next regularly scheduled Council meeting, the initiatives involved and the circumstances that led to cancellation or suspension. Once contacted the Reeve may call a special meeting of Council, at their discretion. If an initiative is delayed this should be noted when explaining variances as part of financial reporting.
- 1.6 When there is the need for additional expenditures that are not consistent with this Policy and Procedure or anticipated in the budget, these must be brought to Council to receive approval of the expenditure and to determine the source of funding for the expenditure.
- 1.7 Council must be informed of Contracts with a total value which exceeds \$100,000 and extends beyond 12 months.
- 1.8 The funds for any specific initiatives not completed may be placed in a reserve to be spent within 36 months.

**2. Financial Reporting**

- 2.1 The CAO will ensure accurate records and accounts are kept of the financial affairs of the County as per Section 208(1)(j) of the MGA.
- 2.2 Financial reporting is used primarily to verify County expenditures.
- 2.3 The Policies and Priorities Committee will receive regular financial reports which give information on operating funds, capital funds, reserves and expenditures approved subsequent to the initial budget. Actual results should be compared to budgeted amounts and significant variances highlighted.
- 2.4 Generally reporting will be monthly and at a program level but Council may request any reporting frequency and level of detail that they deem necessary and appropriate.

**3. Revenues and Receipts**

- 3.1 Revenues may be collected in cash, cheque, money order, electronic transfer, debit card, or credit card.
- 3.2 Receipts will be issued where practical and may be either on paper or electronically.

**4. Review of Cheques**

- 4.1 The Reeve and CAO's signatures, or designates signatures, will appear on all general cheques.
- 4.2 Only the CAO's or designates signature is necessary for payroll cheques.
- 4.3 The Reeve or Deputy Reeve and the CAO, or their designate, should conduct a general review of each general cheque run noting payees and amounts. This is not an approval process and it is not expected that they review the back up documentation for each cheque, although back up documentation will be provided if requested. The Reeve or Deputy Reeve and the CAO, or their designate will sign the cheque register confirming the review has occurred.
- 4.4 Signatures for cheques may be hand written, lithographed or reproduced electronically.
- 4.5 The cheque register listing the payees and amounts for each general cheque run should be made available to Council members for examination.
- 4.6 As per section 270 of the MGA only the CAO may authorize the opening or closing of accounts that hold money for the County.
- 4.7 As per Section 208(h) of the MGA Council must approve all County financial institutions. Currently these include the Royal Bank of Canada, Mountain View Credit Union, Alberta Treasury Branch, CIBC Wood Gundy and UBS Global Asset Management (Canada).

5. Approval of Positions

5.1 Any new permanent positions require the approval of Council. The CAO has the authority to restructure existing positions and modify job duties providing new additional permanent positions are not created.

6. Delegation to CAO

6.1 The Bylaw which appoints the CAO delegates responsibility for maintaining financial controls to the CAO. The CAO will establish the necessary and appropriate financial control procedures to support this policy.

7. Audit Committee

7.1 An Audit Committee will be formed as per the Audit Committee Policy #1028.

8. GOA (Grant of Authority)

Schedule "A" will identify by position, the authority to approve expenses and enter into contracts within individual department budgets.

8.1 With the approval of the Chief Administrative Officer and the department Director the Grant of Authority for individual positions may be increased to the next level higher where there is a business need and the increased authority would increase efficiency, while not compromising the integrity of the Council approved budget.

8.2 In accordance with Schedule "A", staff that are issued a Corporate Credit Card will be required to sign the Credit Card Use Agreement as Schedule "C".

9. Procurement Requirements of Equipment, Goods and Services

9.1 Purchases up to \$25,000 may be sole sourced.

9.2 Purchases over \$25,000 up to \$74,999 require a minimum of 3 written quotes, a Request for Proposal, or Tender.

9.3 Purchases over \$74,999 must be posted on the Alberta Purchasing Connection unless the New West Partnership Trade Agreement provides an exception.

9.4 Where Manufacturer Specifications and Warranties need to be maintained purchases over \$25,000 may be sole sourced.

10. Procurement Requirements for Construction Contracts

10.1 Construction Contracts may be awarded up to a contract value of \$199,999. A minimum of 3 competing quotes should be obtained before selecting a Contractor.

10.2 Construction Contracts with a value of \$200,000 and higher must be posted on the Alberta Purchasing Connection unless the New West Partnership Trade Agreement provides an exception.

10.3 All Construction Contracts with a value exceeding \$1,000,000 must use Pre Qualified Contractors in accordance with New West Partnership Trade Agreement Guidelines.

11. Disposal of Assets:

When assets have been replaced or are no longer required for county use they will be disposed of in a manner that maximizes recovery of costs. See Schedule "B" Checklist for Purchasing and Disposing of Equipment/Vehicles.

- 11.1 Assets with a residual value exceeding \$1,000 will be disposed of by public auction. Operational Services will be responsible for determining which public auction firm will provide the best return. Both commission charges and logistics to prepare equipment and deliver to auction location will be taken into account when deciding which auction firm will be selected.
- 11.2 Assets with a residual value of less than \$1000 may be disposed of by sealed bid. Operational services will be responsible for determining the bid process and advertising.
- 11.3 Assets with a residual value of less than \$50 may be disposed of at the discretion of the department Manager or Foreman.

End of Procedure



| Type of Decision:                 | CAO                             | Director Corp. | Other Directors | Assistant Directors | Other <sup>7</sup> | Managers/Foreman | Co-ordinators |
|-----------------------------------|---------------------------------|----------------|-----------------|---------------------|--------------------|------------------|---------------|
| <b>Spending Authority:</b>        |                                 |                |                 |                     |                    |                  |               |
| Operating Expenditure Approval:   | Up to Approved Budget or Motion | 50K            | 500k            | 250k                | 10K                | 5k               | 1k            |
| Capital Expenditures              | Up to Approved Budget or Motion | 50k            | 500k            | 250k                | No                 | No               | No            |
| Create New Positions <sup>1</sup> | Up to Approved Budget or Motion | No             | No              | No                  | No                 | No               | No            |
| Fill Open positions               | Yes                             | Yes            | Yes             | No                  | No                 | No               | No            |
| Travel Expense <sup>2</sup>       | Yes                             | >\$300         | >\$300          | \$300               | No                 | \$300            | No            |
| Transfer of Funds <sup>5</sup>    | Yes                             | Yes            | No              | No                  | No                 | No               | No            |
| <b>Payment Authority:</b>         |                                 |                |                 |                     |                    |                  |               |
| Approval of Cheque Run            | Yes                             | Yes            | No              | No                  | No                 | No               | No            |
| Credit Cards <sup>3</sup>         | 20K                             | 5K             | 5k              | 5K                  | No                 | 5K               | No            |
| Signing of Cheques <sup>4</sup>   | Yes                             | No             | No              | No                  | No                 | No               | No            |
| Transfer of Funds <sup>5</sup>    | Yes                             | No             | Yes             | No                  | No                 | No               | No            |

1. Creating new positions must be approved by Council according to policy 1009 Financial Controls

2. All out of Province travel expenses must be approved by CAO according to policy 2005-056

3. Payment authority is given to all credit card holders based on their approved credit card limits. CAO to approve all granting of credit cards.

4. Signing of cheques is as per policy 1009 Financial Controls

5. Transfer of funds is a transition of moving cash and or investments from one type/account to another. This is to be originated by the Director of Corporative Services or CAO thru a transfer request. Approval of the Transfer request must be someone different than the originator.

6. If someone is acting they will assume the authority of the acting position (see policy 2005-055 Acting Incumbency Pay)

7. This group consists of the following positions: Support Technologist, Parts/Inventory Co-ordinator, and Projects Co-ordinator (Operational Services)

**CHECKLIST FOR  
PURCHASING AND DISPOSING OF EQUIPMENT/VEHICLES**

In order to streamline the process of acquiring and disposing of assets (eg. equipment/vehicles) please review the procedure outlined below. This also includes rentals and trade-ins.

**PURCHASING A NEW PIECE OF EQUIPMENT OR VEHICLE**

**\*\*Only Asset Management Coordinator can issue a unit number\*\***

**\*\*The new asset must be in the current year budget\*\***

| STEP | DESCRIPTION   | REPONSIBILITY                                  |
|------|---|--|
| 1    | Creation/Acceptance of RFP  | OPS Assistant Director                         |
| 2    | Upon Acceptance of RFP - Forward vehicle/equip information (year, make, model, etc.) to Asset Coordinator   | OPS Administrative Support                     |
| 3    | Create unit number in Costing (setup activities) & forward unit # to OPS Fleet Foreman & OPS Administrative Support                                 | Asset Coordinator                              |
| 4    | Create Asset or subs as required in Bellamy with status as "pending"  | Asset Coordinator                              |
| 5    | Create PO & send out Acceptance of RFP. Provide copy to Asset Coordinator   | OPS Administrative Support                     |
| 6    | Receive unit  | OPS Fleet Foreman                              |
| 7    | Obtain proper insurance   | Director Corporate Services /Asset Coordinator |
| 8    | Notify OPS Fleet Foreman insurance is in place  | Director Corporate Services /Asset Coordinator |
| 9    | Obtain Registration (if applicable) and provide copy to Asset Coordinator   | OPS Fleet Foreman                              |
| 10   | Complete 'New Asset Checklist' form & forward, along with attachments to Asset Coordinator  | OPS Fleet Foreman                              |
| 11   | Update Asset 'shell' information, setup up preventative maintenance and inspections. Forward copy of checklist to Finance-Business Analyst          | Asset Coordinator                              |
| 12   | Complete Asset setup (ie. Function distribution, amortization, etc.) including preparation of FA checklist for shared access with Asset Coordinator | Finance - Business Analyst                     |

DISPOSAL OF A PIECE OF EQUIPMENT OR VEHICLE

The Asset Coordinator disposing of the Asset will provide Finance – Business Analyst with:

- Completed Disposal of Asset Checklist (attached)
- Bill of Sale - indicating unit number
- Registration (if applicable)

The Asset Coordinator will:

- Cancel insurance & registration (*or Director Corporate Services*)
- Ensure final inspections on the Asset are completed
- Deactivate future preventative maintenance scheduling
- Update the equipment related listings and OPS Fleet Foreman to forward vehicle maintenance file to Asset Coordinator
- Forward vehicle file with copies of disposal backup to Records Mgmt

Finance will:

- Complete cost allocations, depreciation and reporting required
- Dispose of Asset in Bellamy
- Inactivate Asset in costing



**NEW ASSET CHECKLIST**

**PURCHASE OF VEHICLES AND EQUIPMENT**

- New
- Rental
- Fixed Asset
- Traceable Item

**Unit# :** \_\_\_\_\_

**Asset Details:**

|   |                          |                                   |                          |
|---|--------------------------|-----------------------------------|--------------------------|
| Year:   |                          | Make:                             |                          |
| Model:  |                          | Serial/VIN Number:                |                          |
| Equip Type:<br>(grader, loader, 1 ton, etc)                               |                          | Which Dept. will use this unit:   |                          |
| Fuel Type:<br>(Gas or Diesel)   |                          | Business Unit:                    |                          |
| Permanent Attachments?<br>(Please explain below)                          | <input type="checkbox"/> | Date Received:                    |                          |
| Bill of Sale Attached?  | <input type="checkbox"/> | Registration Attached? (if appl.) | <input type="checkbox"/> |
| Use of Vehicle:   |                          | PO#:                              |                          |
| Additional Comments:<br>(eg. Unit being replaced, unit# of trade in, etc) |                          |                                   |                          |

**INSTRUCTIONS/CHECKLIST**

**Day Unit Received:**

- Complete Asset Details above
- Attach copy of Bill of Sale
- Attach copy of approved PO
- Forward to Asset Coordinator
- Obtain Registration upon notification of insurance (if applicable)
- Forward copy of Registration to Asset Coordinator (if applicable)

**To Be Completed By Finance:**

|                                   |  |  |  |
|-----------------------------------|--|--|--|
| Estimated years of expected life: |  | Residual Value:<br>(how much it will be worth after its useful life) |  |
|-----------------------------------|--|--|--|

|                  |  |
|------------------|--|
| Requested<br>By: |  |
| Signature:       |  |
| Date:            |  |

**DISPOSAL OF ASSET CHECKLIST**

**DISPOSAL OF VEHICLES AND EQUIPMENT**

Owned

Rental

Fixed Asset

Traceable Item

**Asset Details:**

|   |                          |                                   |                          |
|---|--------------------------|-----------------------------------|--------------------------|
| UNIT NUMBER:  |                          | Date Disposed/Sold:               |                          |
| Year:   |                          | Make:                             |                          |
| Model:  |                          | Serial Number:                    |                          |
| Bill of Sale Attached?                              | <input type="checkbox"/> | Registration Attached? (if appl.) | <input type="checkbox"/> |
| Approved disposal on LRP? (If No – provide details) |                          |                                   |                          |
| Attachments sold/disposed of with the unit:         |                          |                                   |                          |
| Additional Comments:                                |                          |                                   |                          |

**INSTRUCTIONS/CHECKLIST**

**Following Receipt of Disposal Proceeds:**

- Complete Asset Details above
- Attach Bill of Sale & Registration (if applicable)
- Forward to Finance – Business Analyst
- Forward document copies in maintenance file to Records Management
- Dispose of Asset in Fixed Assets & Costing

|               |  |
|---------------|--|
| Requested By: |  |
| Signature:    |  |
| Date:         |  |

**DISPOSAL OF ASSET CHECKLIST**

**DISPOSAL OF (Select Appropriate One):**

Building     Engineered Structure     Land     Other  \_\_\_\_\_

Owned

Fixed Asset                   Traceable Item

**Asset Details:**

|   |                          |                                   |                          |
|---|--------------------------|-----------------------------------|--------------------------|
| Name / Description of Asset                         |                          |                                   |                          |
| Date Disposed/Sold:                                 |                          | Is it being Replaced:             |                          |
| Approved disposal on LRP? (If No – provide details) |                          |                                   |                          |
| Bill of Sale Attached?                              | <input type="checkbox"/> | Registration Attached? (if appl.) | <input type="checkbox"/> |
| Attachments sold/disposed of with the Asset:        |                          |                                   |                          |
| Additional Comments:                                |                          |                                   |                          |

**INSTRUCTIONS/CHECKLIST**

**Following Receipt of Disposal Proceeds:**

- Complete Asset Details above
- Attach Bill of Sale & Registration (if applicable)
- Forward to Finance – Business Analyst
- Forward document copies in asset file to Records Management
- Dispose of Asset in Fixed Assets & Costing

|               |  |
|---------------|--|
| Requested By: |  |
| Signature:    |  |
| Date:         |  |



Procedure 1009-01 Schedule C

Date

Via Email:

Cardholder

Dear Holder

Re: Letter of Understanding and Agreement for Use of Credit Card

This letter of Understanding and Agreement is between Mountain View County and\_\_\_\_\_. The following measures shall be adhered to when using the Credit Card:

- The credit card is not intended to replace the normal purchasing process, but to provide an option when the normal purchasing process is impractical (i.e. merchants that would not typically issue an invoice to be paid later).
- The Credit Card is for business use only, personal use is not permitted.
- You agree any accidental personal charges will be reimbursed via payroll deduction
- Please keep all security features of Credit Card secure as you will be personally responsible for misuse of card
- The card will have a limit of \$5,000
- Monthly Statements will be received at the County office; we require receipts to be submitted monthly to support expenditures.
- Please notify the County immediately if you lose the card or discover suspicious use of the Card.

The letter of Understanding and Agreement on use of Mountain View County's Credit Card is agreed to and accepted by:

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Mountain View County

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Holder