

CORPORATION OF THE CITY OF BROCKVILLE

By-Law Number 073-2007

A By-Law to provide the budgetary control policies, practices and procedures by the City of Brockville, known as the "Budgetary Control By-Law"

WHEREAS the Council of the Corporation of the City of Brockville enacted By-Law 105-92 to establish procedures for the monitoring and control of the budget and purchasing regulations and policies for all City operations; and

WHEREAS the Council of the Corporation of the City of Brockville deemed it necessary to establish a separate by-law for the purchasing policies, practices, and procedures of goods and services in order to adopt policies with respect to purchasing of goods and services as established within the *Municipal Act, 2001*, c. 25; and

WHEREAS the Council of the Corporation of the City of Brockville deems it necessary to review and amend the by-law for the monitoring and control of the budget; and

NOW THEREFORE the Council of the Corporation of the City of Brockville enacts as follows:

1. In this by-law;

Definitions

- 1.1 **"Activity"** means a particular occurrence or event or ongoing action. It is usually a separate single element or project. An activity may exist alone or with many other activities of a program.
- 1.2 **"Approved Current Budget"** means the budget for the current fiscal year as approved by Council.
- 1.3 **"Authorized Limit"** means a Department's approved current budget for expenditure and revenue as has been adopted and authorized by Council in its' annual Tax Rate By-Law and over expenditures within the limits as are prescribed, adopted and authorized by this by-law.
- 1.4 **"Budgetary Control"** means the monitoring and measuring of actual expenditures and revenue to ensure that such expenditures and revenue are within the approved budgets as authorized by Council in accordance with the *Municipal Act*.

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- 1.5 **“Approved Capital Budget”** means the budget for the current year for a program of capital expenditures in the Capital Fund as adopted and approved by Council.
- 1.6 **“Capital Expenditure”** means any expenditure from the current fund, capital fund or reserve fund used to acquire or improve land, buildings, structures, machinery and equipment which normally confers a benefit lasting more than one year.
- 1.7 **“City”** means the:
- Municipal Corporation of the City of Brockville
 - Agencies, Commissions, Boards and Committees of the Corporation of the City of Brockville such as the Museum Board, Cemetery Board, Committee of Adjustment, Airport Commission, Heritage Brockville and the D.B.I.A.
 - Any other Board, Agency, Commission and Committee that the Corporation of the City of Brockville may add from time to time
- 1.8 **“City Manager”** means the City Manager of the City of Brockville.
- 1.9 **“Contract”** means any business agreement, excluding a collective labour agreement, fully entered into between the Corporation of the City of Brockville and any legally competent party or parties, having legal objects and for valuable consideration. The agreement can be written or oral and includes rentals and leases.
- 1.10 **“Corporation”** means the Corporation of the City of Brockville.
- 1.11 **“Council”** means the Council of the Corporation of the City of Brockville
- 1.12 **“Department”** means the City adopted description of a group of activities or functions as is depicted on the City’s Organization Chart.
- 1.13 **“Division”** means a unit of Activity or services contained within a Department. A Division is used where the activity may be sufficiently distinct within a Department from other general activities. A Division must be in accordance with the City’s Organization Chart.
- 1.14 **“Function”** means the special duties or actions required to fulfil the obligations of an office, occupation role or group of activities.
- 1.15 **“Goods and Services”** means all supplies, materials, equipment or labour, however supplied, excluding professional services and a collective labour agreement.

1.16 **“Normal Operating Expenditure”** means an expenditure of a constant recurring nature, or operational maintenance type nature, whereby the value of the goods and services are consumed or provided within the current year.

1.17 **“Object”** means the classification of expenditure – salaries, wages and employee benefits; long term debt charges - interest; materials; contracted services; rent and financial expenses; external transfers; long term debt charges - principal; transfers to own funds; and inter functional transfers.

1.18 **“Over Expenditure”** means an amount spent in excess of an approved budget.

1.18.1 Over expenditures are required to be authorized and reported on according to the following:

- (i) That the intent of the accounts are not changed;
- (ii) That the Division is not over spent by more than 1%
- (iii) That the Function of the Department which contains the Division is within the approved current budget;
- (iv) That the departmental accounts collectively are within the approved current budget for the Department.

1.18.2 In addition, an over expenditure may be authorized by the specific approval of Council provided that the City wide accounts collectively shall be within the total approved budget for the City.

1.19 **“Pre-Budget Expenditures”** mean those expenditures of a normal operating nature that are contained within the Current Budget that is presently being built but as yet has not been adopted.

As the budget has not yet been adopted, care must be taken prior to spending in case the items or amount may be reduced or eliminated.

1.20 **“Program”** means a major organized activity which may be contained within a Department or Division. Programs usually are of such nature that they may have several activities contained within them.

1.21 **“Provincial Classification”** means a unit of Function that is a required classification of services prescribed by the Provincial government.

1.22 **“Sub-Activity”** means a sub component part of an activity. This occurs when a more detailed breakdown is required for accounting, subsidy or reporting purposes.

1.23 **“Treasurer”** means the City of Brockville’s Chief Financial Officer.

1.24 **“Variance”** means the difference between the expenditure and revenue contained in the approved individual budgets and actual expenditure and revenue.

2. **Current Budget**

2.1 Pre-budget expenditures should be restricted to the following items in accordance with the City Manager’s authorized limits and the other budgetary control guidelines of this by-law:

2.1.1 Items of a fixed nature, or that have been previously committed by Council; and

2.1.2 Normal operating expenditures required to maintain business until the budget is approved.

2.2 Where a Department Head or designate overspends a Program in accordance with the provisions of Normal Operating Expenditures (clause 1.16 of this By-Law), the over-expenditure which exceeds \$1,000 shall be reported in writing to the City Manager and the Treasurer not later than five (5) working days following the production of the next following financial statement.

2.3 Expenditures that are not contained in the approved budget shall require the prior approval of Council.

2.4 Within five (5) working days of receipt of the financial reports each Department Head shall provide the City Manager and the Treasurer with a variance analysis report. The Treasurer shall prepare a summary report for the Finance & Administration Committee, or where the Finance & Administration Committee is inactive, for Council, indicating the projected effects any variances may have.

Over-expenditures, as determined by clause 2.2 of this By-Law, shall be reported to the Finance & Administration Committee, or where the Finance & Administration Committee is inactive, to Council, within the summary variance analysis report.

2.5 Specific over expenditures may be allowed if authorized:

2.5.1 in accordance with Schedule “A”;

2.5.2 by Council’s specific approval.

2.6 There is an understood and overriding criterion that either:

2.6.1 Each Department shall keep gross expenditures within the approved current budget for their own department; or

2.6.2 More importantly, the total of all accounts city-wide including Boards and Commissions shall be within the approved net expenditures of the current budget as adopted by Council.

3. **Capital Budget**

3.1 A Project Manager or designate shall not exceed the authorized limit for capital expenditures of a capital project as established by Council in the approved Capital budget.

3.2 Should additional expenditures be required, the following approvals are to be obtained and conditions met:

3.2.1 That a written request for the additional expenditure shall be submitted by the appropriate Department Head to both the City Manager and the Treasurer.

The written request must indicate why the additional expenditures are required and how the additional expenditures are to be financed. Financing sources shall be in accordance with Schedule "B".

3.2.2 That the amount of the additional expenditure shall not exceed ten percent (10%) of the approved capital cost of the project.

3.2.3 That the approval of the City Manager shall be obtained for the requested additional expenditure

3.3 Where a proposed capital budget project has not been included in the "approved capital budget", defined more particularly in clause 1.5 of this By-Law, and is to be considered as an addition to the said "approved capital budget", a separate report prepared by the Project Manager shall be submitted to Council. Approval of the proposed undertaking by Council shall be sufficient authorization to add the project to the list of capital projects as contained in the "approved capital budget".

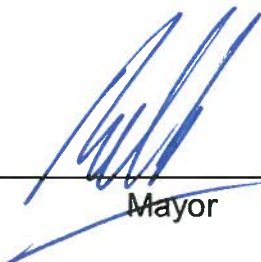
4. Ongoing contracts shall be reviewed at least every three (3) years by the Department receiving the goods and services which are the subject of the contract.

5. Where a definition of term(s) or language is required and is not contained herein, the meaning assigned will be that as defined in the "*Interpretation Act*".

6. The provisions of this By-Law pertain to all City services including water, wastewater and any other service which the Corporation of the City of Brockville may add from time to time
7. The provisions of this By-Law shall be binding upon the Boards, Agencies and Committees of the City, more particularly described as part of the City in clause 1.7 of this By-Law.
8. If any section, clause or provision of this By-Law is for any reason declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of the By-Law as a whole or part thereof other than the section, clause or provisions of this By-Law shall remain in force and effect until repealed or amended, notwithstanding that one or more provisions shall have been declared invalid.
9. All Schedules to this By-Law shall form part of this By-Law.
10. The budgetary control portion of By-Law 105-92 shall be rescinded upon passing of this by-law.
11. This By-Law shall come into effect upon passing.

Given under the Seal of the
Corporation of the City of Brockville

And passed this day of



Mayor



Clerk

Schedule "A" to By-Law No. 073-2007

Summary Description of Spending Limits for Current Budget Items

An over expenditure of an account or group of accounts is permitted under the following conditions:

- (i) the intent of the account is not changed; and
- (ii) the Department's budget as a whole is not over spent; and
- (iii) the total City expenditures are within budgets; or
- (iv) specific authorization of Council has been obtained.

The budgetary spending limits as shown in Schedule "A" to By-Law No. 073-2007 are as follows:

Account Structure Level	If budgeted expenditures are \$100,000 or less	If budgeted expenditures total more than \$100,000
Program	Over expenditures can be incurred not to exceed 10% of its budgeted expenditures provided that: <ul style="list-style-type: none"> i. Division is not overspent by more than 1% of budget expenditures; and ii. That the total function is within budget 	Over expenditures can be incurred not to exceed 2% of its budgeted expenditures provided that: <ul style="list-style-type: none"> i. Division is not overspent by more than 1% of budget expenditures; and ii. That the total function is within budget

Chart of Account Structure and Budgetary Spending Limits

FUNCTION					PROGRAM / ACTIVITY					OBJECT				
Fund	Department	Division	Program	Activity	Sub-Activity									
G	0	0	0	0	-	0	0	0	0	-	0	0	0	0

If the total budget to the program level is under \$100,000, the over expenditure limit is 10%

If the total budget to the program level is \$100,000 or greater then the over expenditure limit is 2%.

These over expenditure limits apply providing that

- (a) the division level is not overspent by 1%; and**
- (b) the total function is within "budget".**

Schedule "B" to By-Law No. 073-2007

Financing Sources for Capital Budget Additional Expenditures

Project Class	Initial Source for Additional Funds	Authorization Required	Other Sources	Authorization Required
Managed Reserve Funds	Surplus from projects within same class; Delay or cancel other projects within same class	City Manager with Report to Council	Managed Replace Reserve Funds;	Council
Minor Capital	Surplus from projects within same class; Delay or cancel other projects within same class	City Manager with Report to Council	Capital Fiscal Management Reserve; Fiscal Policy	Council Council
Water / Wastewater	Surplus from projects within same class; Delay or cancel other projects within same class	City Manager with Report to Council	Water / Wastewater Funds	Council
All other Capital Projects	Surplus from projects within same class; Delay or cancel other projects within same class	City Manager with Report to Council	Capital Fiscal Management Reserve; Fiscal Policy	Council Council

Schedule "C" to By-Law No. 073-2007

Summary of Reporting Requirements

Current Budget

Written report to the City Manager and Treasurer within 5 days of monthly financial statement by Department Head for any actual program level over expenditures which exceed \$1,000.

A variance report shall be forwarded within 5 days of monthly financial statements to the City Manager and Treasurer by the Department Head. The report shall include actual over expenditures to date as well as those anticipated.

A summary city-wide variance report shall be prepared by the Treasurer for the Finance & Administration Committee, or where the Finance & Administration Committee is inactive, to Council.

Frequency of variance reports shall be determined by City Policy in conjunction with the *Municipal Act*.

Capital Budget

Project Manager or designate **shall not exceed** the authorized limit for capital expenditures of capital project as established in the approved Capital Budget.

A written request must be made to the City Manager and Treasurer by the Department Head for projects requiring additional expenditures prior to awarding a project or the issuance of a change order, whichever is first. The report shall include why the additional expenditures are required and how the additional expenditures are to be financed.

Depending upon the source of the additional funds approval may be granted by the City Manager and/or Council. (see Schedule "B") If Council's approval is required, the Department Head shall prepare a report for the appropriate standing committee, or where the standing committee is inactive, to Council.