

June 23, 2021



Municipal District of Opportunity #17

M.D. Council Financial Policy

Approved Copy – June 23, 2021

Table of Contents

1. Purpose	1
2. Financial Management Framework.....	1
3. Delegation of Financial Framework (Municipal Manager).....	1-2
4. Financial Planning Process	2
5. Reporting	3-3
6. Auditing.....	3
7. Signing Authorities	3
8. Bank Accounts	4
9. Investments	4
10. Expenditure and Purchasing Authority	5
11. Contracts	6-6
12. Municipal Reserves.....	6
13. Damage Claims.....	7
14. Interest on Accounts Receivable.....	7

1. Purpose

- 1.1 The purpose of this M.D. of Opportunity Council (M.D. Council) Policy is to provide general authorities and delegation of financial related policy that supplements the Alberta Municipal Government Act (MGA).
- 1.2 Where an interpretation and/or contradiction occur with policy, the MGA shall determine the outcome of an interpretation.
- 1.3 All previous M.D. Council Financial Policy is hereby repealed and replaced upon the approval date of the M.D. Council Financial Policy.
- 1.4 M.D. Council may alter, amend or imitate revised Policy to reflect changing M.D. and economic circumstances.
- 1.5 M.D. Council adopts the practice of governing the M.D. within sound and prudent financial management practices, Generally Accepted Accounting Procedures (GAAP) and the M.D. Municipal Manager's sound financial and accounting practices and procedures supplementing the Financial Policy.

2. Financial Management Framework

- 2.1 Ultimately, M.D. Council is accountable for the results of the financial outcomes of the M.D. pursuant to the various short and long-term planning operating and capital revenue and expenditure decisions.
- 2.2 M.D. Council determines the framework within which the M.D. financial future revolves around best practices processes that include the following components and tools: Legislation; resident Consultations; Strategic Business Planning; Infrastructure Planning; Human Resource Planning; short and long-term Operating and Capital Budgets; the Mill Rate Bylaw; consistent review of financial reporting; Program and Project Evaluations; and Annual Municipal external Audit.

3. Delegation of Financial Framework (Municipal Manager)

- 3.1 M.D. Council establishes Policy and the responsibility for implementation, performance and reporting to the M.D. Council for the outcomes of Policy is delegated to the M.D. Municipal Manager.
- 3.2 The Municipal Manager may further delegate the responsibilities of the Financial Policy to administration pursuant to the recourses available to the

Municipal Manager and pursuant to the limitations of the M.D. Council Financial Policy.

- 3.3 The Municipal Manager shall ensure the strategic and budgeting processes are followed and reported upon to M.D. Council.
- 3.4 The Municipal Manager shall ensure GAAP are implemented and maintained for M.D. operational compliance.
- 3.5 The Municipal Manager shall ensure month end reviews of financial reports and recommendations for transmittal to regular M.D. Council meeting agenda for receipt and review.
- 3.6 The Municipal Manager shall review year-end financial statements and working papers prior to commencement of the annual audit by the Auditor and preparation of audited financial statements and Government Reports by the Auditor.

4. Financial Planning Process

- 4.1 M.D. Council shall follow a strategic and financial planning process for the review of programs, services and capital projects and the annual development of short and long-term budgets.
- 4.2 M.D. Council will generally carryout the financial planning process as follows:

#	Planning Activities	Month											
		1	2	3	4	5	6	7	8	9	10	11	12
		Start Date											
1	Strategic Plan - Admin. Updates previous plan; new forecasts												
2	Strategic Plan - Council reviews draft plan												
3	Mill Rate Bylaw - Council approves												
4	Strategic Plan - Council conducts public workshops												
5	Strategic Plan - Admin. Presents final plan; Council approval												
6	Budget - Council & Admin. Discuss op. & cap. goals & priorities												
7	Budget & Business Plans - Admin. Prepares draft documents												
8	Budget - Admin. Presents Council 1st draft Op. & Cap. Budget												
9	Budget - Admin. Presents Council 2nd draft Op. & Cap. Budget												
10	Budget - Council conducts public consultation workshops												
11	Budget - Admin. Presents Council 3rd & final Op. & Cap. Budget												
12	Budget - Council approves final document												
13	Repeat Planning Process												

5. Reporting

- 5.1 The Municipal Manager may provide financial reporting from time to time to M.D. Council that is required to inform and ensure M.D. Council is aware of the financial status of the M.D.
- 5.2 The Municipal Manager shall as a minimum, provide the following monthly status reports with explanations for M.D. Council Agenda:
- 5.2.1 Profit and Loss Statement with Budget Comparatives;
 - 5.2.2 Balance Sheet;
 - 5.2.3 Municipal Reserves Statement;
 - 5.2.4 Investment List and Performance Statements;
 - 5.2.5 Capital Projects Statement;
 - 5.2.6 Grants Statement; and
 - 5.2.7 Major changes in overall M.D. financial status.

6. Auditing

- 6.1 Pursuant to the MGA, M.D. Council shall appoint an auditor.
- 6.2 An annual audit shall be performed for the M.D. and the auditor shall annually report the results of the audit to M.D. Council along with recommendations for improvements as required.

7. Signing Authorities

- 7.1 All financial matters and contracts shall be signed by the following:
- 7.2 The Reeve, or Deputy Reeve, and two Councillors appointed by Council; and
- 7.3 The Municipal Manager, or Corporate Services Manager and Executive Assistant.
- 7.4 The Signing Authority for the M.D. of Opportunity No. 17 for CHEQUE SIGNING purposes shall consist as follows:

One administrative staff and one Councillor that are designated as “signing authority”.

8. Bank Accounts

- 8.1 Creation of any bank account requires approval by the M.D. Council upon the recommendation of the Municipal Manager.
- 8.2 Signing authorities shall be in accordance with the M.D. Council Financial Policy.
- 8.3 Primarily, the banking transactions shall occur through one consolidated chequing account that shall act as the central processing of all M.D. revenue and all expenditures.
- 8.4 All monthly surplus cash either shall receive higher interest earnings via the chequing account or invested in investments vehicles authorized by the MGA.
- 8.5 Subsidiary Trust Bank Accounts may be established according to the conditions of a funding agreement.

9. Investments

- 9.1 M.D. investments that are not required for short term and/or operational liquidity shall be made in a conservative manner and only in securities that are of a very low risk.
- 9.2 Securities purchased must be authorized in Section 250 of the Municipal Government Act and rated AA or better by the Dominion Bond Rating Service.
- 9.3 The purchase of any security that may be considered speculative and outside the above requirements is strictly prohibited.

10. Expenditure and Purchasing Authority

- 10.1 M.D. Council authorizes the Municipal Manager expenditure and purchasing authority provided the expenditures have been approved by M.D. Council through the annual operating and capital budgets.
- 10.2 A transfer of funds between budget functions shall be approved by the Municipal Manager prior to any expenditure in excess of a function budget amount is incurred.
- 10.3 M.D. Council's general policy is to obtain goods and services at the lowest possible cost unless there are extenuating circumstances.
- 10.4 The Municipal Manager shall attempt to obtain three tenders or bids for all goods and services or provide notations as for the reasons why multiple tenders could not be obtained.
- 10.5 M.D. Council's policy is one to allow local business and industry acceptable pricing where such prices are within 10% of the lowest evaluated price received, or under special circumstances, purchases may be made locally at other than within the 10% lowest price, based upon service availability and/or other factors.
- 10.6 Where an expenditure or disbursement may create a pecuniary interest by a manager, the transaction must be authorized by a manager independent of and removed from the department involved with the expenditure in accordance with the purchasing authorities granted by M.D. Council.
- 10.7 Release of Security for Tenders shall be on the authorization of the Municipal Manager.

11. Contracts

- 11.1 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 or services, and the need to identify each party's degree of responsibility in the case of damage, default or loss and a minimum of one year warranty.
- 11.2 All contracts and agreements should be made in accordance with standards approved by M.D. Council.
- 11.3 Contracts must be entered upon proper authority in accordance with the levels of spending authority and contracts and changes or amendments thereto should be clear, certain, unambiguous and feasible.
- 11.4 Contract expenditures in excess of the agreed amount must be approved in writing by the manager authorized to do so within the expenditure authorizations.

12. Municipal Reserves

- 12.1 M.D. Council may establish capital and operating Municipal Reserves as M.D. Council may determine from time to time.
- 12.2 Municipal Reserves should be established on basis of a defined purpose and target level to meet the financial obligations required of the Municipal Reserve performance segregated as to operating and capital requirements.
- 12.3 M.D. Council shall annually review the Municipal Reserves in accordance with the Strategic Planning, Infrastructure Plans and annual Operating and Capital Budget processes.
- 12.4 The Municipal Manager shall provide a monthly reporting of Municipal Reserve transactions with explanations to demonstrate the type of transactions and balances remaining in the Municipal Reserve accounts.
- 12.5 Transfers to and from Municipal Reserves shall be authorized by year-end accounting procedures and the M.D. Council approved annual Operating and Capital Budgets.

12.6 Emergency or special circumstances may require a special resolution of M.D. Council to alter the planned and authorized annual transactions.

13. Damage Claims

13.1 The M.D. shall maintain a comprehensive public liability insurance policy.

13.2 Damage claims in excess of the deductible limit of the public liability policies will be turned over to the insurance company for processing.

13.3 Damage claims for the deductible amount or less will be processed by the Municipal Manager in the following manner:

13.4 Claims for which the municipality was clearly at fault shall be approved for payment where the amount claimed appears to be reasonable.

13.5 Where the municipality was clearly at fault but the claim appears to be unreasonable, the Municipal Manager will attempt to negotiate a reasonable settlement or refuse where a settlement cannot be reached.

13.6 Claims for which the municipality is not clearly at fault shall be denied by the Municipal Manager.

13.7 Where the claimant is not satisfied with the Municipal Manager's decision, the claimant may appeal that decision to M.D. Council or legal system.

14. Interest on Accounts Receivable

14.1. Interest at the rate of two (2) percent each month shall be applied on all accounts receivable balances outstanding for more than 90 days.

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APPROVED: June 23, 2021 Motion #0379-2021-17MDC

APPROVED: April 26, 2007 (with amendments)
AMENDED: June 14, 2007 (added Executive Assistant)
AMENDED: October 24, 2007 (signing authority)
AMENDED: November 14, 2007 (Clause 16.16 amended)
AMENDED: January 9, 2008 (Section 13.5.5) 7 "f" Grants for Graduation Celebrations
AMENDED: January 9, 2008 (Section 18 (18.1) added (Interest Rate)
AMENDED: June 11, 2008 (Travel Expenses Section 14 – amendment to 14.2)
AMENDED: July 9, 2008 (Added Clause 16.18 under Section 16)
AMENDED: December 10, 2008 (Remove Grants Section 13 – 13.5.5 & re-number Clauses)
AMENDED: January 7, 2009 (Eligible honorarium & expenses to be claimed)
AMENDED: May 27, 2009 (Clause 15.8 changed to add "workshop & conference sessions")
AMENDED: July 8, 2009 Added Clause 15, 15.2.6 "Reeve Attendance to Events, Meetings"
AMENDED: January 27, 2010 (Amend 10.5, Add last sentence to 15.8 & Add new Clause 15.16)

AMENDED: March 10, 2010 (Amend 13.4, Add sentence)
AMENDED: February 9, 2011 (Amend Section 17.1 from 30 to 90 days)

AMENDED: May 14, 2014 (Amend 15.16, Reword Clause to replace with new sentence).
AMENDED: May 14, 2014 – Motion # 0000-2014-17MDC

AMENDED: June 9, 2021 – Motion # 0354-2021-17MDC