

**R.M. of ELLICE – ARCHIE**  
**BY-LAW# 04-2015**  
**FINANCIAL REPORTING AND CONTROL**

It is the purpose of this by-law, known as the “Financial Reporting and Control” by-law to detail the processes used to control expenditures. (per ss. 169(1) of The Municipal Act)

Council sets its spending plans in the budget each year. It is up to the municipal staff to ensure that these plans are followed, and that if problems arise they are reported in sufficient time to permit appropriate action to be made. To allow staff to take responsibility for spending, two things are necessary – an adequate financial accounting system, and clear direction. This policy is intended to provide that clear direction.

**1. CONTROL**

The first level of control over spending is the budget, either the interim operating budget, the operating budget, or the capital budget. No spending can take place outside of the budget without authorization by By-law or Resolution of Council.

(a) Council prior authorization is not necessary for:

- (i) Wages;
- (ii) Purchases authorized directly by legislation;
- (iii) Indemnities and expenses, Council and staff;
- (iv) Recurring expenses (i.e. Hydro, MTS);
- (v) Automatic expenses – bank charges, lease payments, interest, service charges, insurance and benefits charges;
- (vi) Contract payments;
- (vii) Vehicle fuel;
- (viii) Cost-sharing agreements (i.e. Green Team).

(b) Any expenditure over \$2000.00, regardless of which account it is from, requires the CAO to obtain Council approval.

(c) All expenditures paid by cheque or RM Mastercard issued to the CAO and assistant CAO. All cheques are signed by the Reeve or Deputy Reeve and the CAO or assistant CAO.

(d) Invoices are to be reviewed and initialed and approved as follows:

- (i) Designated officers confirm invoiced item has been received in good order and that the price is appropriate;
- (ii) The CAO and Reeve or Deputy Reeve initial all payment vouchers for every invoice;
- (iii) Council passes a resolution approving invoices for payment.

(e) Monthly List of Accounts for Approval, a list of cheques for preceding month, is presented to Council for post facto approval. This allows some running audit by Council and a chance for all members to have questions addressed.

(f) There are exceptions to paragraph (e). Pay cheques, indemnity cheques, cheques for personal expenses, cheques for recurring expenditures, and cheques whose later issue would otherwise cause a penalty to be paid, may be issued upon signature by the appropriate signers. It is expected that problems with these cheques, if any, will be noted when the applicable *List of Accounts for Approval* is scrutinized, and that corrective action can be taken in areas if necessary.

(g) Appropriate internal controls and internal audit are the responsibility of the CAO.

(h) An external auditor will be engaged at year end to audit the year-end results, and at any other time required by Council.

**2. STAFF AUTHORITY AND RESPONSIBILITY**

Clear definitions of staff authority and responsibility are also a necessary control feature.

(a) **Responsibility.** The table below shows which designated officer is responsible for which accounts. This responsibility includes ensuring that money is spent in accordance with established policies, and that it is spent intelligently. It also includes checking the periodic financial reports to confirm balances remaining in the account. Nothing in this

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policy takes away the responsibility of the Chief Administrative Officer to supervise all financial matters within the Municipality.

| ACCOUNT                   | DESIGNATED OFFICER | REMARKS                        |
|---------------------------|--------------------|--------------------------------|
| 510-100-100 ~ 510-900-930 | CAO                | General Government Services    |
| 520-400-110 ~ 520-900-110 | Fire Chief         | Protective Services            |
| 520-100-100 ~ 520-900-110 | CAO                | Protective Services            |
| 530-100-110 ~ 530-900-300 | CAO & Foreman      | Transportation Services        |
| 540-100-100 ~ 540-600-199 | CAO & Foreman      | Environmental Health Services  |
| 550-100-190 ~ 550-400-110 | CAO                | Public Health and Welfare      |
| 560-100-100 ~ 560-900-150 | CAO                | Planning and Zoning            |
| 570-200-120 ~ 570-500-200 | CAO                | Economic Development Services  |
| 580-200-100 ~ 580-600-399 | CAO                | Recreation and Health Services |
| 590-500-500 ~ 590-990-997 | CAO                | Fiscal Services and Transfers  |
| 760-300-120 ~ 870-400-140 | CAO & Foreman      | Utility Operating Accounts     |

(b) *Spending Authority.* In general terms, once the budget sets an amount for an expenditure account, the responsible officer is authorized to spend that money. For example, if Council budgets \$1000 to maintain a public works vehicle, then the Public Works Foreman is authorized to spend that money as required to maintain that vehicle. There are exceptions to this authority as listed in part 2 (c).

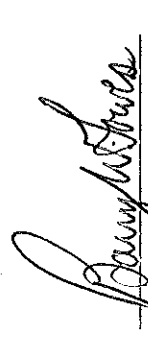
(c) *Exceptions to Spending Authority:*


- (i) **Contracts.** No contract will be entered into without the authority of Council.
- (ii) **Unbudgeted Spending.** No unbudgeted spending will be permitted without a Resolution of Council.

(d) *Reports.* The Chief Administrative Officer will cause all reports to be generated for Council to review and approve. They include:

- (i) List of Accounts for Approval (cheques written)
- (ii) Budgetary Control report

DONE AND PASSED as a by-law of The Rural Municipality of Ellice - Archie at St. Lazare in the Province of Manitoba this 24<sup>th</sup> day of March, 2015.

  
 Barry Lopes, Reeve

  
 Trisha Coleman, CAO

Read a first time this 10<sup>th</sup> day of March, 2015.  
 Read a second time this 24<sup>th</sup> day of March, 2015.  
 Read a third time this 24<sup>th</sup> day of March, 2015.