



Consolidation of By-law no. 1415 concerning budgetary control and monitoring

amended by By-laws 1415-1, 1415-2, 1415-3, 1415-4 and 1415-5

DÉFINITIONS

“Town”:
Town of Mount Royal

“Council”:
Town of Mount Royal Council

“Fiscal year”:
Period extending from January 1 to December 31 of a year.

“Delegation by-law”:
By-law No. 1402 Concerning the Delegation of Powers to Officers and Employees.

“Person responsible for budget activity”:
Officer or employee of the Town responsible for a budgetary envelope allocated to him, which includes any budgetary envelope under the responsibility of an immediate subordinate.

DIVISION 1 – SCOPE

Section 1.1

This by-law establishes the rules of budgetary control and monitoring that all Town officers and employees concerned shall follow.

Specifically, it establishes the accountability and operating rules required to ensure that any expense to be incurred or expenditure to be made by a Town officer or employee, including the hiring of an employee, is duly authorized after the availability of the necessary funds has been ascertained.

This by-law applies to any allocation of funds chargeable to the financial activities or investment activities of the current fiscal year that Council may be led to adopt by resolution or by-law.

Section 1.2

This by-law also establishes the rules of budgetary monitoring and reporting that the treasurer, any other authorized Town officer and the persons responsible for the Town's budgetary activity shall follow.

Section 1.3

The Town manager is responsible for maintaining this by-law up-to-date. He shall submit to Council for adoption, if applicable, any proposed modification hereof which is necessary to adapt it to new circumstances or a legislated change applicable hereto.

Section 1.4

The Town manager, together with the treasurer, is responsible for seeing to it that adequate internal controls are implemented and maintained in order to ensure that the by-law is applied and complied with by all officers and employees of the Town.

DIVISION 2 – PRINCIPLES OF BUDGETARY CONTROL AND MONITORING

Section 2.1

The funds necessary for the Town's financial and investment activities must be approved by Council before they are allocated for making the related expenditures. This approval of funds shall take the form of an appropriation of funds by one of the following means:

- the adoption by Council of the annual budget or a supplementary budget;
- the adoption by Council of a loan by-law;
- the adoption by Council of a resolution or by-law under which funds are allocated from excess revenues, the accumulated surplus, financial reserves or earmarked funds.

Section 2.2

To be able to be made or incurred, any expenditure must be duly authorized by Council, an officer or a municipal employee authorized in compliance with the delegation by-law in effect, after ascertaining that the necessary funds are available.

Section 2.3

Each person responsible for budget activity may authorize only the expenditures under his authority and may commit only the funds

allocated in his budget, in compliance with the laws, by-laws and policies adopted in this respect.

Section 2.4

Notwithstanding any provision to the contrary, any funds to be allocated to any capital investment projects must be submitted to the Town Council for approval prior to investment, unless the proposed expenditure is for a project with a value, all expenditures combined, of \$25,000 or less.

(2016) by-law 1415-1, s. 1; (2016) by-law 1415-2,
s.1

DIVISION 3 – GENERAL TERMS AND CONDITIONS OF BUDGETARY CONTROL AND MONITORING

Section 3.1

When preparing the budget for a given fiscal year, each person responsible for budget activity shall ensure that the budget for which he is responsible covers the operating expenses for the activities of his department.

Section 3.2

When ascertaining the availability of funds before authorizing an expenditure, the person responsible for budget activity concerned shall rely on the accounting system in use in the Town, namely the Suite Financière Mensys – Comptabilité software. The same applies to the treasurer and Town manager, if applicable, when one or the other must authorize an expenditure or submit an expenditure for authorization to Council in compliance with the delegation by-law in effect.

Section 3.3

A by-law or resolution of Council that authorizes an expenditure shall always be accompanied by a certificate from the treasurer which states that the Town has sufficient funds for the purpose for which the expenditure is planned.

Section 3.4

If ascertaining the availability of funds shows that the available funds are insufficient, the person responsible for budget activity or, if applicable, the treasurer or Town manager shall make a budget transfer.

Section 3.5

Exceptionally, in an emergency situation, that is, a case of force majeure likely to endanger the lives or health of members of the public or result in serious damage to Town equipment, an officer or employee who is not responsible for a budget envelope and is not authorized to make

expenditures under the delegation by-law in effect may make an expenditure or commit funds without authorization. However, he must inform the person responsible for budget activity concerned at the earliest possible moment and remit to him the invoices, receipts and relevant documents.

DIVISION 4 – COMMITMENTS EXTENDING BEYOND THE CURRENT FISCAL YEAR

Section 4.1

Any authorization for initiating expenditures that extend beyond the current fiscal year shall be conditional upon a prior ascertaining of the availability of funds for the portion chargeable in the current fiscal year.

Section 4.2

When preparing the budget for a given fiscal year, each person responsible for budget activity shall ensure that the budget for which he is responsible covers the expenditures initiated in a previous fiscal year for the portion of the expenditures that apply to the fiscal year for which the budget is being prepared.

DIVISION 5 – SPECIAL EXPENSES

Section 5.1

Certain expenses of a special nature may be difficult to control and do not readily lend themselves to precontrol. However, like every other expenditure, they must be subject to postcontrol and budgetary monitoring. These expenses are paid upon receipt of the invoice, supporting documents or legal documents supporting such expenses:

- Power, heating and telecommunication expenses;
- Cash advances to employees;
- Registration fees for instructional courses and conferences;
- Professional dues;
- Expenses stemming from the application of collective agreements or related to working conditions, basic pay and related government remittance payments;
- Commitments relating to employee future benefits;
- Contributions to intermunicipal management boards and other organizations;

- Accounting provisions and allocations;
- Postage;
- Vehicle registration fees;
- Reimbursement of courses offered as part of recreation programs;
- Reimbursement of property taxes, water tarification and immovable transfer duties, when supported by a decision rendered by a jurisdictional authority;
- Expenses related to the repayment of the long-term debt and the charges related to the financing of a long-term debt;
- Fees related to the courses provided by instructors as part of recreation programs;
- Fees paid for professional services in municipal law provided by an attorney and required for ongoing business or regular mandates.
- The amount relating to a claim, including the costs of settling the claim.

(2022) By-law 1415-4, s. 1

Section 5.2

When preparing the budget for each fiscal year, each person responsible for budget activity concerned must ensure that the budget for which he is responsible covers the special expenses. The Town treasurer shall ensure that the funds necessary to cover these special expenses are properly provided for in the budget.

Section 5.3

When an unexpected situation arises, such as the reaching of an out-of-court settlement or the signing of a new collective agreement, the treasurer shall ensure that the required additional funds are provided for. If necessary, the treasurer may make the appropriate budget transfers with the approval of the Town manager or Council, as the case may be.

Section 5.4

Expenditures which are contracted by the Town under a contract awarded or renewed by its mandatory designated for this purpose in an agreement entered into in accordance with section 29.9.1 of the Cities and Towns Act, C.Q.L.R. c. C-19, do not easily lend themselves to budgetary precontrol.

Notwithstanding the preceding paragraph or any other provision, when preparing the budget for each coming fiscal year, any person responsible for budgeting and for making, during the coming fiscal year,

an expenditure under the first paragraph shall ensure that the budget he prepares covers the expenditure. To do so, he shall set aside in the budget an amount equal to the expenditure of the same type that his service or division was required to make during the current fiscal year, increased by fifteen per cent (15%).

Before adopting any budget, the treasurer shall ensure that the credits equivalent to any amount that has been or should have been set aside under the preceding paragraph have been properly provided for in the budget.

Should an amount set aside under the second paragraph prove to be insufficient to cover the expenditure, the person responsible for the budget activity concerned shall request a budget transfer. Should such a transfer not cover the lack of required funds, the treasurer shall make the appropriate transfer from the available accumulated surplus. Should this latter solution also prove insufficient to cover the shortfall in required funds, the provisions of the second paragraph of section 6.1 shall apply, with the necessary changes being made,.

(2018) By-law 1415-3, s. 1

DIVISION 6 – BUDGETARY MONITORING AND REPORTING

Section 6.1

Each quarter, all persons responsible for budget activity must perform monitoring of the budgets for which they are responsible. As soon as they foresee a cost overrun for an expense item, they must inform their hierarchical superior. They must justify or explain in writing any actual or expected budget shortfall, accompanied with a request for a budget transfer, if applicable.

If the budget shortfall cannot be covered by a budget transfer, the Town manager shall notify Council of it and, if appropriate, submit to Council a report proposing solutions for obtaining the additional funds required.

Section 6.2

The treasurer shall prepare, in cooperation with the persons responsible for budget activities, and submit, at a Council meeting, two (2) comparative statements showing the revenues and expenditures of the Town in the form prescribed by section 105.4 of the Cities and Towns Act.

In addition, he shall prepare and table, at a June or July council meeting, an interim report on the operating budget for the period ending May 31.

(2022) By-law 1415-4, s. 2;

The comparative statements for the first six-month period shall be submitted at a regular meeting held in May at the latest. The comparative statements for the second six-month period shall be submitted at a regular meeting held at the last regular meeting held at least four weeks before the meeting at which the budget for the following year is to be adopted.

Section 6.3

To ensure that the Town is in compliance with section 82 and the fifth paragraph of section 477.2 of the *Cities and Towns Act*, the treasurer shall also prepare and periodically submit to Council at a regular meeting a report of the expenditures authorized by all officers and employees in conformance with the delegation by-law currently in effect.

Coming into effect

7. This by-law shall come into effect according to law.