

Authority: Policy and Finance Committee Report No. 3, Clause No. 3, adopted as amended
by City of Toronto Council on February 29, March 1 and 2, 2000
Enacted by Council: March 2, 2000

CITY OF TORONTO

BY-LAW No. 152-2000

To confer certain authorities and responsibilities with respect to the commitment of funds and the payment of accounts of the City of Toronto and other related matters.

WHEREAS the Council of the City of Toronto enacted By-law No. 7-1998 to confer certain authorities and responsibilities with respect to the appropriation and commitment of funds and the payment of accounts of the City of Toronto and other related matters on an interim basis; and

WHEREAS the organizational structure of the City of Toronto has now been determined and the selection and hiring of senior employees of executive rank for the City of Toronto has been completed and it is now appropriate for the interim Financial Control By-law to be repealed; and

WHEREAS Council has sole authority to allocate funds through its adoption of the interim operating budget, the operating budget and the capital budget for financing approved corporate programs; and

WHEREAS Department Heads have the authority to commit corporate funds for implementing corporate programs subject to the terms of this by-law, any other financial by-law and there being sufficient funds; and

WHEREAS the Chief Financial Officer & Treasurer is, subject to the terms of this by-law, authorized to pay all accounts and other liabilities of the City of Toronto.

NOW THEREFORE the Council of the City of Toronto HEREBY ENACTS as follows:

1. Definitions:

In this by-law:

“Account” means a financial liability of the City arising from a commitment and evidenced by any invoice, pay sheet, receipt or other document indicating payment is due for the goods or services specified in the account;

“Approval of Council” means the funding approval authorized by the adoption of interim or final operating budgets or the capital budget and includes the approval of a project in a capital budget by the council of one of the former municipalities prior to amalgamation;

“Capital Project” means an undertaking in respect of which an expenditure is incurred to acquire, improve and maintain land, buildings, engineering structures, machinery and equipment, including installation of computer software and is the level at which Council approves funding and funds control in the capital budget;

“Chief Administrative Officer” means the Chief Administrative Officer of the City;

“City” means the City of Toronto;

“Commitment” means a contractual obligation for the purchase of goods, services or construction, including the execution of any document evidencing the obligation;

“Contingency Fund” means the monies approved in the operating budget to provide for funding of one time expenditures that were not known or expected at the time the operating budget was approved by Council;

“Council” means the council of the City;

“Department” means an organizational unit of the City headed by a Department Head;

“Department Head” means any of the Commissioners appointed by Council with administrative responsibility for a Department and includes the City Auditor and any person authorized by Council to act in the place of a Commissioner or the City Auditor;

“Director” means a person holding the management divisional position of General Manager, Executive Director or Director within a Department and includes the Fire Chief, Deputy Fire Chief, Medical Officer of Health, Associate Medical Officer of Health, the City Solicitor and the City Clerk;

“Program” means an organizational unit that may encompass one or more related municipal services, usually a division of a Department, that is aimed at one or more target groups and is either mission driven or mandate driven and is the level at which Council approves funding and funds control in the operating budget;

“Purchasing Agent” means the person holding the position of Director of Purchasing and Materials Management in the Finance Department whose responsibility it is to supervise and carry out the procurement function on behalf of the City and includes his or her designate;

“Services” further define a Program identified in the annual operating budget;

“Standing Committee” means a standing committee established under the City’s Procedural By-law, By-law No. 23-1998, as amended, or successor by-law;

“Sub-project” means a level within a Capital Project that a Department Head may wish to use to track expenditures within the Capital Project;

“Treasurer” means the Chief Financial Officer & Treasurer of the City.

2. Sole Authority

Except as otherwise provided in this by-law, Council has the sole authority for approving funding to operating Programs and Capital Projects.

3. Purpose

The budgeting, commitment of funds and payment of accounts of the City shall be carried out in accordance with the provisions of this by-law.

4. Applicability

The provisions of this by-law shall apply to all Departments.

Part I
Budgets

5. Interim Operating Budget

- (a) Council shall, before the adoption of the final operating budget for a year, adopt an interim operating budget;
- (b) Council, in adopting the interim operating budget, shall determine the sums required for every purpose and the sums required for the various categories of purposes for the period from the 1st day of January to the date the operating budget for the next following year is adopted; and
- (c) The interim operating budget shall be approved by Council prior to the 1st day of January of the year in which the operating budget will be adopted.

6. Operating Budget

Council, in adopting the total of all sums required during the year for the operating purposes of the City shall, in accordance with the *Municipal Act*, determine the operating budget required to provide for the sums required for every purpose and the sums required for the various categories of purposes.

7. Capital Budget

Council, in adopting the capital budget, shall determine the sums required for each Capital Project listed in the capital budget and each sum provided therefor shall be a capital account. The Treasurer shall certify that funding for the Capital Projects in the capital budget is within the City's updated debt and financial obligation limit.

8. Spending Authority – Operating Budget

Operating Budget

- (1)
 - (a) The operating budget approved by Council establishes the spending authority for a Program. Department Heads shall ensure that expenditures do not exceed the approved Program budget.
 - (b) Spending or funds control is based on the total gross expenditures approved for a Program. Department Heads must review expenditure levels to address revenue shortfalls. A Department Head may request funds control to be implemented at a lower level than the Program level.
 - (c) Department Heads shall report any anticipated over-expenditure to the Treasurer and the appropriate Standing Committee as soon as such potential over-expenditure is known.
- (2) If a Department Head has committed gross expenditures which exceed the funding available in a Program by an amount not exceeding 2 per cent of the funding for the Program, the Treasurer is authorized to pay such excess, provided that:
 - (a) this by-law is otherwise complied with; and
 - (b) the amount of the excess is available from another departmental Program so that the total expenditures by the Department do not exceed the operating budget approved by Council for the Department.
- (3) If there is no excess available from another departmental Program, any expenditure(s) that would result in a Department exceeding the funding available in a Program by more than 2 per cent requires Council approval prior to a Commitment being made to incur such expenditure(s), except for purchases made in accordance with subsection 11(6).
- (4) The transfer of approved budgets of not more than \$500,000.00 in respect of each reallocation between Programs and/or Services within a Department which do not affect the net operating budget for the Department shall require the approval of the Treasurer and the Chief Administrative Officer. Any such reallocation shall be reported to Council not later than the second regular Council meeting following the reallocation. Reallocation of approved budgets in excess of \$500,000.00 require Council approval.

- (5) (a) The transfer of approved budgets between Programs and/or Services affecting the net operating budget for a Department shall require the approval of Council in addition to the approval of the Treasurer and the Chief Administrative Officer.
- (b) Transfers during the year between non-tax supported services, such as water and wastewater, can be made where it is not contrary to law, only within that Program area and not to other Programs within the Department.

9. Spending Authority – Capital Budget

- (1) (a) The capital budget approved by Council establishes the spending authority for a Capital Project. Department Heads shall ensure that expenditures do not exceed the approved budget(s).
- (b) Department Heads shall report any anticipated over-expenditure to the Treasurer and the appropriate Standing Committee as soon as such potential over-expenditure is known.
- (2) (a) A Department Head is authorized to approve expenditures in excess of the awarded contract price for a Capital Project to a maximum of 10 per cent of the original amount of the awarded contract, provided however that such additional amount shall not exceed \$500,000.00.
- (b) Any amendment to an awarded contract which requires expenditures in excess of 10 per cent or \$500,000.00 of the awarded contract amount requires approval of the appropriate Standing Committee prior to the making of a payment for the expenditure, except for purchases made under subsection 11(6).

- (3) (a) A Department Head is authorized to approve additional expenditures where costs for a Capital Project increase to the extent that they exceed the original funding approval for the Capital Project by the lesser of 10 per cent or \$500,000.00, provided that excess funds are available in another Capital Project to fund the over-expenditure. If costs for a Capital Project exceed the original funding by more than 10 per cent or \$500,000.00 or excess funds are not available in another Capital Project, Council approval must be obtained before any payment can be made to incur the additional cost, except for purchases made under subsection 11(6). If subsection 11(6) applies, the approval of the Chief Administrative Officer is required before any payment may be made for the additional costs and such additional costs shall be reported to Council. If the additional funding is to be provided through the issuance of debentures, the Treasurer shall certify that such funding is within the City's updated debt and financial obligation limit.
- (b) If prior to the enactment of this by-law, the costs of a Capital Project have exceeded the original funding approved for the Capital Project, a report to Council shall be prepared by the Treasurer and the Department Head identifying suggested sources of funding for the over-expenditure. If the additional funding is to be provided through the issuance of debentures, the Treasurer shall certify that such funding is within the City's updated debt and financial obligation limit.
- (4) Except where a Capital Project has been financed through the issuance of debentures, unspent funds in any Capital Project that is completed shall be applied, subject to the approval of the Treasurer, first against other Capital Projects in the Department that may be overspent before any reallocation is requested to fund a new Capital Project within the Department. If there are still excess funds, the Treasurer shall apply such funds to other departmental over-expenditures, then to other Capital Projects. Such reallocations shall be reported to Council.
- (5) Allocations between Sub-projects within a Capital Project and any subsequent reallocations of these funds among other Sub-projects or the addition of Sub-projects may be made by a Department Head provided that such reallocation does not exceed the Approval by Council for the Capital Project.
- (6) Any reallocation of budget between Capital Projects in an amount of less than \$250,000.00 requires approval of the Treasurer. Any reallocation of budget in excess of \$250,000.00 between Capital Projects requires approval of the Treasurer and subsequent Council approval of the reallocation.

- (7) Departments in preparing their annual capital budgets must include in their submissions a cash flow forecast which indicates the entire capital expenditure for each Capital Project including those Capital Projects approved in previous years.
- (8) Any Capital Project approved in a previous year for which a cash flow forecast is not included in a subsequent capital budget shall be considered to be completed and may be closed by the Treasurer after consultation with the Department Head. If additional expenditures are expected to occur as a result of litigation or claims, it may not be appropriate to reflect those expenditures in the capital forecasts. In such cases the Department Head must advise the Treasurer of the possibility of additional costs to the Capital Project.
- (9) The Treasurer, after consultation with the Department Head, shall close any Capital Project that is considered to be complete and shall submit a report to Council on an annual basis detailing all Capital Projects closed during the year.

Part II

Council Approval

10. Approval

No Commitment shall be made, no debt shall be incurred, no expenditure shall be made and no Account shall be paid by or on behalf of the City, except with Council approval, in accordance with the provisions of By-law No. 151-2000 and in accordance with the provisions of this by-law.

Part III

Commitments

11. Spending Authorities

- (1) The Chief Administrative Officer may amend the spending authority of any staff member.
- (2) The Chief Administrative Officer or a Department Head, or his or her designate, may make a Commitment, not exceeding \$500,000.00 Canadian in any one instance, provided that approved purchasing procedures have been followed in accordance with the provisions of By-law No. 151-2000 and funds have been provided in the interim operating budget, operating budget or capital budget. Any such amount shall be inclusive of all taxes and related charges. An amount of up to \$250,000.00 Canadian may be delegated by a Department Head to a Director.
- (3) A Director, or his or her designate, may make a Commitment not exceeding \$100,000.00 Canadian in any one instance, provided that approved purchasing

procedures have been followed in accordance with the provisions of By-law No. 151-2000 and funds have been provided in the operating or capital budgets. Any such amount shall be inclusive of all taxes and related charges.

- (4) A Commitment in excess of \$500,000.00 Canadian requires Bid Committee, Standing Committee or Council approval in accordance with the provisions of By-law No. 151-2000 before expenditures may be made.
- (5) The Chief Administrative Officer or a Department Head may authorize an additional expenditure on a Commitment authorized in accordance with this by-law of up to 10 per cent of the Commitment, subject to the limits set in subsections (2) and (3) above, provided that Council has:
 - (a) provided funds in the operating or capital budget for that purpose, or
 - (b) approved the Project and the funding therefor, and
 - (c) sufficient funds remain in the Project.
- (6) When an event occurs that is determined by the Chief Administrative Officer or a Department Head to be a threat to public health, the maintenance of essential City services, the welfare of persons or of public property, the security of the City's interest or financial liabilities arising from environmental conditions and the occurrence requires the immediate delivery of goods or services and time does not permit the Department Head to allow the Purchasing Agent to acquire such goods and services, the Department Head may make such purchases without the involvement of the Purchasing Agent. The Department Head shall advise the Purchasing Agent and the Chief Administrative Officer of such purchases and report such purchases to Council or the appropriate Standing Committee in accordance with the provisions of By-law No. 151-2000.
- (7) Expenditures in excess of approved funds require Council approval, except as otherwise provided for in this by-law.

12. Petty Cash

- (1) There may be established in a Department petty cash funds in amounts, following policy and procedures, which have been approved by the Treasurer having regard to the operational requirements of the Department.
- (2) The Treasurer is authorized to reimburse a petty cash fund upon delivery of original receipts and such other documentation as the Treasurer may require from time to time.

- (3) Petty cash payments for any individual purchase shall not exceed \$200.00.

13. Deposits with Treasurer

Duly executed copies of all agreements, including all insurance and certificates thereof, all contracts, bonds, letters of credit and other security for the due performance thereof, and all other documents executed by or on behalf of the City shall be delivered to the Treasurer for safekeeping.

Part IV
Treasurer's Authority

14. Authority

Despite any other provision in this by-law, the Treasurer is authorized to pay the following Accounts provided that funds are available in the operating budget or a Capital Project for that purpose:

- (a) all salaries, wages and benefits due to any person in the employ of the City;
- (b) all retiring allowances and mandatory sick pay grants due to any person previously in the employ of the City;
- (c) all accounts for telephones, postage and utilities supplied to the City;
- (d) all accounts for fees and levies payable to the federal, provincial or other municipal government, or to any agency, board or commission thereof;
- (e) all accounts for payments of principal or interest on debentures, loans or overdrafts, including foreign exchange;
- (f) all accounts for payments to the school boards of amounts raised for them by tax levy;
- (g) all accounts for advances to Agencies, Boards and Commissions on account of the operating budget therefor authorized by Council for their purposes;
- (h) all accounts for advance to the Toronto Transit Commission or the school boards on account of capital works, pending the issuance of debentures where all necessary authorizations of such capital works have been received, such advances to be made after receipt of a written request;
- (i) all accounts relating to employee pension deductions and employer pension contributions in respect of the salaries and wages to those persons who are paid

by or employed by the City, and which are payable in respect of any duly authorized registered pension plan on behalf of the respective employee; and

- (j) all accounts for the costs of repairs to City roads certified by the Commissioner of Works and Emergency Services provided that the cost is recoverable from a public utility corporation or a corporation carrying out a public utility function.

Part V
Reserves and Reserve Funds

15. Reserve and Reserve Funds

The administration of reserves and reserve funds is contained in the Reserves and Reserve Funds By-law.

Part VI
Contingency Funds

16. Contingency

- (1) (a) Expenditures from contingency may only be made for one-time non-recurring costs that were not identified at the time the operating budget was approved.
- (b) Contingency Funds shall not be used for over-expenditures by Departments.
- (2) Approval must be obtained from the Treasurer for any use of Contingency Funds for any purpose. The Treasurer shall report to Council requesting approval for such use.

Part VII
Authority for Write Offs

17. Authority

The Treasurer is authorized to write off outstanding amounts owing to the City as uncollectible, provided that any such amount does not exceed \$10,000.00 and is not an amount raised as taxation or deemed to be taxes, except for items added to the tax bills for collection purposes only and not as a result of a tax or assessment appeal. Write offs of amounts owing to the City in excess of \$10,000.00 must be approved by Council except for tax reductions as a result of a successful appeal of assessment or taxes by a taxpayer.

Part VIII

Administration

18. Departmental Signing Authorities

- (1) The Chief Administrative Officer and each Department Head shall formulate and maintain a current schedule specifying the delegation of financial signing authority within their Department, including Commitment and payment authorities and the authority levels for each level of management within the Department.
- (2) The schedule shall be signed by the Chief Administrative Officer or Department Head respectively and a copy of the schedule, and specimen signatures of the relevant officers and staff of the Department, shall be forwarded to the Treasurer at least annually.

Part IX

Title

- 19.** The short title of this by-law is the Financial Control By-law.

Part X

Repeal

- 20.** By-law No. 7-1998, a by-law “To confer certain authorities and responsibilities with respect to the appropriation and commitment of funds and the payment of accounts of the City of Toronto and other related matters on an interim basis” is repealed.

ENACTED AND PASSED this 2nd day of March, A.D. 2000.

CASE OOTES,
Deputy Mayor

NOVINA WONG,
City Clerk

(Corporate Seal)