



## STAFF REPORT ACTION REQUIRED

### Updates to the Financial Control, Purchasing and Signing Authority By-Laws

<b>Date:</b>	November 16, 2007
<b>To:</b>	Government Management Committee
<b>From:</b>	City Manager Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All Wards
<b>Reference Number:</b>	P:\2007\Internal Services\Treasurer\gm07004Treasurer (AFS# 5195)

#### SUMMARY

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This report requests Council's authority to update the Financial Control By-Law, Purchasing and Signing Authority By-Laws to accommodate the addition of three new accountability officers of Council (Integrity Commissioner, Lobbyist Registrar and Ombudsman), to change the appropriate references from the *Municipal Act* to the *City of Toronto Act* and to change the staff delegated threshold for accounts receivable and taxes receivable write-offs.

Approval of these changes will protect the accountability officers' independence and align the delegation of authority thresholds.

#### RECOMMENDATIONS

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The City Manager and the Deputy City Manager and Chief Financial Officer recommend that:

1. Council approve the amendments to the Financial Control, Purchasing and Signing Authority By-laws substantially in the form of the draft by-law attached as Appendix 1 to this report; and
2. Council direct the appropriate City officials to take the necessary action to give effect thereto.

## **Financial Impact**

There are no financial implications as a result of this report.

## **DECISION HISTORY**

The Financial Control By-law was significantly revised in April, 2005 primarily as a result of changes to the City's organizational structure. City staff initiated this report to address minor subsequent organizational changes.

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050412/pof4rpt/c1040.pdf>

## **ISSUE BACKGROUND**

The Financial Control, Purchasing and Signing Authority By-Laws are the primary vehicles in which Council delegates decision-making power to City staff on transactional matters such as spending commitments, the signing of contracts and administration of the City's financial affairs.

## **COMMENTS**

### **Accountability Officers of Council**

City Council has four Accountability Officers that report directly to Council as opposed to the City Manager. They are:

- Auditor General
- Integrity Commissioner
- Lobbyist Registrar
- Ombudsman

As the Accountability Officers of Council, the delegated authorities for spending commitments and signing of agreements for the purchase of goods and service should be established explicitly in the Financial Control and Signing Authorities by-laws to ensure their independence from the City Manager.

However, in the existing by-laws, only the Auditor General is addressed in this manner. The amendments to the relevant sections of the by-law will enable the other Accountability Officers to make individual spending commitments under their approved budgets of up to \$500,000 (same as the Auditor General) and to sign any resulting agreements for goods and services (same as Division Heads).

Without these changes, the Accountability Officers will continue to rely on City staff to approve their commitment decisions.

## **Accounts Receivable Write-Offs**

Section 71-17 currently provides the Chief Financial Officer authority to write-off accounts receivable amounts owing to the City and outstanding amounts from a failed tax sale if the amount is deemed uncollectible and is not more than \$10,000. This threshold was set in 1998. Since that time a number of delegated thresholds for management have been revised and updated and staff are recommending that delegated authority to management to write off uncollectible accounts be increased to \$50,000.

A survey of other municipalities shows a wide range of delegated authority. Many municipalities have set their threshold at \$10,000, the City of Burlington is \$100,000 and Peel Region has delegated this responsibility to the Treasurer regardless of amount. The Toronto Police Services threshold for write-offs was increased to \$50,000 in 2004.

City staff pursue all available means to collect outstanding accounts including the termination of service, the use of collection agencies, bailiffs and the courts. Staff have also developed a credit and collection protocol that is intended to prevent accounts going into serious arrears. Council has been receiving annual write-off reports since 2004 and the number of accounts presented for approval have been steadily declining and all have been approved. In most cases, the entity owing the City money is in bankruptcy and Council has little choice but to approve the write off.

Staff are also recommending that the authority for the write offs be delegated to the City Treasurer. The City Treasurer has the primary responsibility for the City's annual financial statements and property tax administration and therefore should have the delegated authority to maintain the records in good condition.

## **CONTACT**

Cam Weldon, Treasurer,

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## **SIGNATURE**

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Shirley Hoy  
City Manager

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Joseph P. Pennachetti  
Deputy City Manager and  
Chief Financial Officer

## **ATTACHMENTS**

Appendix 1

Authority: General Government Committee Item ,  
adopted by City of Toronto Council on December 12 and 13, 2007  
Enacted by Council:

## CITY OF TORONTO

### BY-LAW No.

**To amend City of Toronto Municipal Code Chapter 71, Financial Control, Chapter 195, Purchasing, and Chapter 257, Signing Authority to reflect the new positions of Integrity Commissioner, Ombudsman and Lobbyist Registrar, and to update the statutory references within those Municipal Code Chapters.**

WHEREAS City of Toronto Council has created the new positions of Integrity Commissioner, Ombudsman and Lobbyist Registrar and

WHEREAS this necessitates changes to City of Toronto Municipal Code Chapter 71, Financial Control, Chapter 195, Purchasing, and Chapter 257, Signing Authority ; and

WHEREAS City of Toronto Municipal Code Chapter 71, Financial Control, Chapter 195, Purchasing, and Chapter 257, Signing Authority, require updating to reflect the *City of Toronto Act, 2006*;

The Council of the City of Toronto HEREBY ENACTS as follows:

1. City of Toronto Municipal Code Chapter 71, Financial Control, is amended as follows:
  - (1) The definition of “CITY MANAGER” under § 71-1 is amended by deleting the words “section 229 of the *Municipal Act, 2001*” and substituting the words “section 140 of the *City of Toronto Act, 2006*”.
  - (2) The definition of “TREASURER” under § 71-1 is amended by deleting the words “section 286 of the *Municipal Act, 2001*” and substituting the words “section 138 of the *City of Toronto Act, 2006*”.
  - (3) The definition of “DIVISION HEAD” under § 71-1 is amended by deleting B and substituting the following:
    - “B. The Auditor General, the City Clerk, the City Solicitor, the Integrity Commissioner, the Ombudsman, the Lobbyist Registrar and the Medical Officer of Health.”.

(4) § 71-6 is amended by deleting the words “*Municipal Act*” and substituting the words “*City of Toronto Act, 2006*”.

(5) § 71-11 is amended by adding the following:

“F. (1) Despite Subsection C, the City Manager may not delegate commitment authority to the following officials:

- (a) The Auditor General;
- (b) The Integrity Commissioner;
- (c) The Ombudsman; and
- (d) The Lobbyist Registrar.

(2) If the purchasing procedures in Chapter 195, Purchasing, have been followed and cash flow funding has been provided in the interim operating budget, operating budget or capital budget to the satisfaction of the Chief Financial Officer, the following officials may make commitments of not more than \$500,000 in any one instance:

- (a) The Auditor General
- (b) The Integrity Commissioner
- (c) The Ombudsman
- (d) The Lobbyist Registrar

(6) § 71-17 is amended by:

- (a) deleting the words “Chief Financial Officer” wherever they appear, and substituting the words “Treasurer”.
- (b) deleting the number “\$10,000” wherever they appear, and substituting the number “\$50,000”.

**2.** City of Toronto Municipal Code Chapter 195, Purchasing, is amended as follows:

(1) The definition of “CITY MANAGER” under § 195-1 is amended by deleting the words “section 229 of the *Municipal Act, 2001*” and substituting the words “section 140 of the *City of Toronto Act, 2006*”.

(2) The definition of “DIVISION HEAD” under § 195-1 is amended by deleting B and substituting the following”

“B. The Auditor General, the City Clerk, the City Solicitor, the Integrity Commissioner, the Ombudsman, the Lobbyist Registrar and the Medical Officer of Health”.

- (3) The definition of “TREASURER” under § 195-1 is amended by deleting the words “section 286 of the *Municipal Act, 2001*” and substituting the words “section 138 of the *City of Toronto Act, 2006*”.
- (4) § 195-11F is amended by deleting the words “*Municipal Act*” and substituting the words “*City of Toronto Act, 2006*”.

**3.** City of Toronto Municipal Code Chapter 257, Signing Authority, is amended as follows:

- (1) The definition of “CHIEF FINANCIAL OFFICER” under § 257-1 is amended by deleting the words “section 286 of the *Municipal Act, 2001*” and substituting the words “section 138 of the *City of Toronto Act, 2006*”.
- (2) The definition of “HEAD” under § 257-1 is amended by deleting C and substituting the following:

“C. The Auditor General, the City Clerk, the City Solicitor, the Integrity Commissioner, the Ombudsman, the Lobbyist Registrar, and the Medical Officer of Health.”.
- (3) The definition of “TREASURER” under § 195-1 is amended by deleting the words “section 286 of the *Municipal Act, 2001*” and substituting the words “section 138 of the *City of Toronto Act, 2006*”.
- (4) § 257-9 is amended by deleting the words “subsection 436(4) of the *Municipal Act*” and substituting the words “subsection 455(4) of the *City of Toronto Act, 2006*”.

ENACTED AND PASSED this            th day of December, A.D. 2007.

DAVID R. MILLER,  
Mayor

ULLI S. WATKISS  
City Clerk

(Corporate Seal)