



Town of Whitby Policy

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Introduction

The Town of Whitby has the responsibility to its taxpayers, ratepayers and constituents to be good stewards of public monies and property. In our efforts to serve the public as Town officials or employees, this Financial Control Policy reflects industry best practices and proven internal control practices to safeguard the Town's assets by managing its financial affairs with prudence, integrity and compliance with legislation.

This Policy provides an internal control framework that aligns with the recommendations developed by the Committee of Sponsoring Organizations (COSO) which has been the standard of internal control for all entities. Internal controls are required in order to provide sufficient direction to Staff and develop processes and procedures in order to assure the Town's objectives will be achieved.

The Corporation is committed to meeting the Town's objectives by establishing a system of financial internal controls which consists of policies, procedures, and financial systems that provide for financial transaction processing as well as financial reporting for control, planning and decision-making purposes. These policies, procedures and financial systems support many areas such as the determination and collection of revenues, control of expenditures, safeguarding of assets, and management of liabilities and risks. Financial controls provide guidance on the authorization of transactions and activities, appropriate segregation of duties, adequate documents and records and adequate safeguards over access to and use of financial assets and records.

Policy Statement

The objective of this Policy is as follows:

- Financial resources of the Town of Whitby are well managed in the delivery of programs and services and safeguarded through balanced controls that enable flexibility and manage risk.

The expected results of this Policy are as follows:

- Governance and oversight over financial management are effective;
- Internal controls over financial management are effective;
- Financial information supports decision making and accountability to its citizens;
- Standardized and efficient financial management practices are in place and followed by all Staff of the Town; and
- Those with financial responsibilities are trained and performance monitored on an ongoing basis to ensure that they have the tools and mechanisms in place to fulfill their duties and fiduciary responsibilities.

The Town of Whitby will conduct its financial operations within the following guiding principles:

1. Follow and comply with Corporate policies, by-laws, Provincial and Federal Legislation and Regulations.
2. Financial reporting in accordance with generally accepted accounting principles (GAAP) as established by the Public Sector Accounting Board (PSAB).
3. Establish and maintain a system of internal controls, policies and procedures to ensure the integrity and reliability of financial information.
4. Establish clearly defined roles, responsibilities and accountabilities for all Town Staff to ensure that assets are safeguarded, financial assets are maximized and liabilities are minimized.
5. Ensure the financial sustainability of the Town of Whitby through effective financial and risk management practices.

Purpose

The purpose of this Policy is to ensure that a risk-based system of internal control over financial management activities and practices is established, monitored and maintained to ensure effective stewardship of Town resources is exercised by all Staff.

This Policy is intended to supplement other policies for specific purposes and should be read in conjunction with those policies.

In any cases where this Policy conflicts with another specific policy, this Policy takes precedence over other Corporate policies.

Scope

This Policy applies to all operations of the Town of Whitby including any Agencies, Boards and Commissions unless other policies are already established by these entities and have been approved by the Treasurer. It applies to the Library to the extent that it does not conflict with the role of the Board or Chief Executive Officer under the *Public Libraries Act*.

Authority

Under Section 224 of the Municipal Act, Council's role is to:

- “(a) to represent the public and to consider the well-being and interests of the municipality;*
- (b) to develop and evaluate the policies and programs of the municipality;*
- (c) to determine which services the municipality provides;*
- (d) to ensure that **administrative policies, practices and procedures and controllership policies, practices and procedures are in place** to implement the decisions of Council;*
- (d.1) to ensure the **accountability** and transparency of the operations of the municipality, including the activities of the senior management of the municipality;*
- (e) to **maintain the financial integrity** of the municipality”*

This Policy shall be administered by the Financial Services Department and the Treasurer shall have the authority to interpret any provisions in this Policy necessary for the good and efficient conduct and business of the Town of Whitby. Any changes to policy shall be approved by Council.

In all cases the Municipal Act, 2001, as amended, any Regulations passed there under and any other Provincial or Federal Legislation or Regulations and professional accounting principles shall prevail as it may pertain to the duties and responsibilities of the Treasurer and any financial matters.

All Employees are responsible to ensure that Council decisions are implemented as set by Council and meet the provisions of the *Municipal Freedom of Information and Protection of Privacy Act, RSO 1990, c.M.56*, as it relates to the storage and disclosure of client personal information and the preparation, handling, and storage of records, forms and reports are adhered to.

1. Definitions:

Approval of Council - funding approval authorized by the adoption of the final operating and capital budgets or the adoption of specific recommendations/resolutions.

Assets – Non-financial assets include inventory, supplies, land, buildings, equipment and vehicles and financial assets include cash, investments and accounts receivable.

Capital Budget - annual plan that sets forth each project or other capital expenditure to be undertaken by the Town and specifies the full resources necessary to finance the projected expenditures.

Capital Expenditure - expenditure of a pre-determined dollar limit defined by the Treasurer and which has a useful life extending beyond the current year.

Chief Administrative Officer (CAO) - the senior appointed officer responsible for the administrative operations of the Town.

Town – The Town of Whitby

Committee of Council - any Advisory Committee, Quasi-Judicial Committee or other committee as defined within the Town's Procedural By-Law.

Commitment - contractual obligation for the purchase of goods, services or construction, including the execution of any document evidencing the obligation.

Council - elected officials of the Town of Whitby.

Operating Budget - annual financial plan providing for the operations of the municipality for the current year incorporating both estimates of proposed expenditures and revenues; including property taxes to be raised.

Department - organizational unit of the Town of Whitby headed by a Department Head.

Departmental Budget - operating and capital budgets of the department as approved by Council in adopting the estimates.

Expense Authority – Staff with the ability to authorize/approve the processing of expense payments.

Generally accepted accounting principle (GAAP) refers to the standards as set by the Public Sector Accounting Board of the Chartered Professional Accountants Association which are accounting standards that are applicable to municipalities in Canada;

Grants - payments made to individuals or organizations, which are approved by Council for a purpose related to the well-being of the community or its citizens.

Inventory - materials or items used or consumed in the provision of Town's services.

Member - Member of Council.

Petty Cash Fund - sum of money to be maintained and used for miscellaneous payment of money for the purchase of goods or services not exceeding a specified amount.

Purchasing Card - credit card that is used to purchase goods and/or services. The use of the card is restricted to selected merchant types and may be subject to spending or and/or transaction limits.

Project - an undertaking, work, or initiative included in the capital budget.

Real Property - lands, buildings, tenements or any interest, estate or right or easement affecting it.

Treasurer - Commissioner of Financial Services/Treasurer of the Town of Whitby; or delegate.

2. Responsibilities:

2.1. Council is responsible for:

2.1.1. Approving this Policy and any updates from time to time.

2.2. Chief Administrative Officer is responsible for:

2.2.1. Establishing Town-wide governance and oversight to ensure that:

2.2.1.1. Senior departmental managers:

- i. Are aware of their financial management responsibilities;
- ii. Have the necessary knowledge to carry them out; and
- iii. Monitor financial management performance within their areas of responsibility.

2.3. The CAO and the Commissioner of Financial Services/Treasurer is responsible for the following:

2.3.1.

Establishing, monitoring and maintaining a risk-based system of internal control over financial management to provide reasonable assurance that:

- i. Public resources are used prudently and in an economical manner;
- ii. Financial management processes are effective and efficient; and
- iii. Relevant legislation, regulations and financial management policy instruments are being complied with.
- iv. Develop and review amendments to this Policy for the consideration of Council.
- v. Approve procedures as prepared by the finance managers and Department Heads to implement the provisions of this Policy.

2.4. The Commissioner of Financial Services/Treasurer is responsible for the following:

2.4.1. Establishing, monitoring and maintaining a risk-based system of internal control over financial transactions and reporting, to provide reasonable assurance, at a minimum, that:

- i. Records are maintained that support and represent fairly all financial transactions;
- ii. Recording of financial transactions allows for the preparation of internal and external financial information, reports and statements in compliance with GAAP as set by the PSAB of Chartered Professional Accountants;
- iii. Expenditures made are in accordance with delegated authorities, and unauthorized transactions that could have a material effect on the financial results are prevented or detected in a timely manner;
- iv. Revenues are recognized and collected in a timely manner; and
- v. Financial resources are safeguarded against material loss due to waste, abuse, mismanagement, errors, fraud, omissions and other irregularities.

- 2.4.2. Ensuring that prompt corrective action is taken when internal control weaknesses and material unmitigated risks are identified, including the risk of fraud.
- 2.4.3. Investigating and acting when significant issues regarding policy compliance arise, and ensuring that appropriate remedial action is taken to address such issues.
- 2.4.4. Ensuring that the CAO is advised, on a timely basis when there are difficulties in complying with this Policy.
- 2.4.5. Advising Council on a timely basis when there are issues that pose a critical financial risk to the Town, including the possibility that the Town may exceed its budget.
- 2.4.6. Provide final interpretations in regard to the understanding and application of this Policy.
- 2.4.7. Provide oversight and advice regarding financial controls and the Financial Control Policy.

2.5. Department/Division Heads/Managers/Supervisors are responsible for the following:

- 2.5.1. Establishing governance and oversight to ensure that individuals responsible for financial management in their area of responsibility:
 - i. Awareness of their financial management responsibilities and having the necessary training to carry them out;
 - ii. Ensuring practices and processes are in place in accordance with the Financial Control Policy and supplementary procedures;
 - iii. Exercising their delegated authorities in accordance with this Policy; and
 - iv. Monitoring the financial management performance in their respective areas.
- 2.5.2. Seeking the advice and support of the Commissioner of Financial Services/Treasurer for matters related to financial management, including the following:
 - i. Ensuring the application of financial controls;
 - ii. Developing cost estimates and evaluating financial risks where applicable;
 - iii. Considering key program decisions with significant financial management implications;
 - iv. Integrating financial and program results to support the management of program performance; and
 - v. Notifying the Commissioner of Financial Services/Treasurer when they anticipate being unable to comply with this Policy or that there are financial control concerns that need to be addressed in their area to ensure that objectives are met.

2.6. Finance Managers are responsible for:

- 2.6.1. Preparing and maintaining administrative procedures required to implement the provisions of this Policy.
- 2.6.2. Presenting such administrative procedures to the Commissioner of Financial Services/Treasurer for approval.
- 2.6.3. Providing training to departmental Staff with financial management responsibilities.
- 2.6.4. Monitoring financial controls in their area of responsibility and providing advice to Staff on the application of this Policy.
- 2.6.5. Promptly addressing financial control issues that arise and immediately advising the Commissioner of Financial Services/Treasurer of any control weaknesses that could impact the Town's ability to meet its objectives and/or represent financial risk to the Town.

3. Budget Development and Control

3.1. Council is responsible for the following:

- 3.1.1. Allocating funds for corporate expenditures and projects and for approving corporate programs and objectives through the annual budget process or other resolutions, unless otherwise provided for in this Policy.
- 3.1.2. Approving the Town's budget on an annual basis and where applicable, multi-year budgets.
- 3.1.3. Council, in adopting the total of all sums required during the year for the operating purposes of the Town shall, in accordance with the *Municipal Act, 2001*, as amended, determine the current budget required to provide for the sums required for every purpose and the sums required for the various categories.
- 3.1.4. Council, in adopting the capital budget, shall determine the sums required for each capital project included in the capital budget and each sum provided therefore shall be a capital account.

3.2. Chief Administrative Officer is responsible for:

- 3.2.1. Ensuring Council and Corporate priorities are identified.
- 3.2.2. Ensuring Department priorities are established to support Council and Corporate priorities.
- 3.2.3. Ensuring Financial resources are aligned with departmental and corporate priorities.

3.3. The Commissioner of Financial Services/Treasurer is responsible for leading and managing the Town's financial planning function, including the following:

- 3.3.1. Developing Budget Guidelines, tools and framework for annual and multi-year budgets for Council approval.
- 3.3.2. Facilitating budget presentations and adoption by Council
- 3.3.3. Providing strategic financial and business advice to support departmental managers to ensure that program plans and key business decisions are based on sound financial analysis and financial results are integrated into the management of program performance and work with departments on financial management matters, including assessing departmental financial plans and forecasts to determine whether:
 - i. Resources are used prudently and in an economical manner based on priorities established by the CAO & applicable departments.
 - ii. Key financial assumptions underlying the plans are reasonable and their multi-year impacts have been assessed;
 - iii. Financial risks and mitigating strategies are identified; and
 - iv. The anticipated financial position of the department and the Town is reasonable.
- 3.3.4. Providing tools to forecast and manage financial resources throughout the budget cycle.
- 3.3.5. Working with Departments to assess financial pressures, both on an in-year and multi-year basis, and recommending resource management strategies, including opportunities to reallocate funds.
- 3.3.6. Ensuring that the Town's financial plans, budgets, financial performance and financial position are regularly communicated and integrated into strategic planning processes.
- 3.3.7. Advising Council, with recommended actions, on a timely basis if:
 - i. There is a critical financial risk to the Town, including where there is a possibility that a department or the Town overall, may exceed its annual budget; or
 - ii. There are significant financial transactions that involve uncertain or unusual circumstances.
- 3.3.8. Identifying & resolving issues on a timely basis with the CAO & appropriate Department Head if the department manager does not accept the Treasurer's advice on a significant financial matter.
- 3.3.9. Closing capital project accounts, after consultation with the appropriate Department Head, when the project is considered to be complete and may, subject to the provisions of the Municipal Act, 2001, as amended, transfer surplus funds back to their original reserve.

3.3.10. Budget variances must meet the reporting requirements in the Operating Budget Monitoring Policy (F 180) and Capital Budget Monitoring Policy (F 170).

3.3.11. Reviewing the establishment of new Reserve or Reserve Funds before they are approved through Council by-law or as part of the budget process.

3.4. Department Heads are responsible for:

3.4.1. Developing timely business plans and budgets for their area of responsibility in accordance with the budget guidelines approved by Council and ensuring that:

- i. Financial resources are aligned to support their program priorities;
- ii. Key financial assumptions underlying plans and decisions are supported and their multi-year impacts have been identified and assessed in conjunction with the Treasurer;
- iii. Financial risks and mitigating strategies are identified in conjunction with Treasurer; and
- iv. Regularly monitoring and communicating to the Commissioner of Financial Services/Treasurer the status of their business plans, budgets, performance and financial position.

3.4.2. Departments shall be allowed to incur, before the adoption of the current budget for the year, interim spending for the sums required in that year for the period from the 1st day of January to the date the estimates for that year are adopted, operating costs up to an amount of 50% of the prior year's budget.

3.4.3. Prior to the approval of the annual budgets, expenditures for capital assets and projects shall be approved by the appropriate Department Head, the Treasurer, the Chief Administrative Officer and Council prior to committing or expending funds for the purchase or undertaking. These pre-budget approvals may be subject to the provisions for Emergency Purchases provided for in the Purchasing By-law and Policy.

4. Expense Management

The Town's Expense Management Framework includes the following:

1. Signing authority is clearly assigned, properly approved and regularly updated;
2. Clearly communicating responsibilities and duties of expense authorities;

3. Ensuring that appropriate officers with delegated expense authority are held accountable for exercising that authority; and
4. Ensuring that an appropriate financial control framework is maintained which permits a balance of risks, costs and efficiencies.

4.1. Council is responsible for the following:

- 4.1.1. Approving the current and capital budgets which set the approved total gross expenditures for each program under its control on an annual and/or multi-year basis.
- 4.1.2. Approving any aggregate changes to programs and budgets as required.

4.2. The Commissioner of Financial Services/Treasurer is responsible for:

- 4.2.1. Designing an effective expense management framework for the control and spending of public money.
- 4.2.2. Ensuring the use of bank accounts, advances, charge cards and other expenditure instruments is appropriate and controlled
- 4.2.3. Ensuring expense administration is open, proper and accountable.

4.3. Department heads are responsible for:

- 4.3.1. Addressing expenditure variances.
- 4.3.2. Ensuring unforeseen revenues are not to be expended or committed without the approval of the Commissioner of Financial Services/Treasurer.
- 4.3.3. Reporting any anticipated significant over-expenditure or revenue shortfall to the Treasurer and CAO as soon as such is known.

4.4. The Chief Administrative Officer, together with the Treasurer, may amend the spending authority of any department provided that it will not result in a Town wide budget adjustment.

4.5. Delegation of Authority

- 4.5.1. Council may approve delegated authorities based upon the Purchasing By-law which cannot be re-delegated. A person formally acting in a position may exercise the authority delegated to that position.
- 4.5.2. Delegation instruments must be properly documented and maintained, including electronic authorizations.
- 4.5.3. The authority, responsibility, and accountability inherent in the delegation must be clearly communicated to the incumbent of a position charged with expense authority.

- 4.5.4. Where a delegated expense authority is revoked, suspended or modified, it must be reported promptly to the reporting manager.
- 4.5.5. Expense authority must be granted in relation to a position's organizational responsibility or duties, and can be restricted as to financial limit or expense item or type of commitment. Supporting documentation must identify the nature of goods and services purchased.
- 4.5.6. Expense authority amendments must only be made on positions not individuals. When personnel changes, all cards, signatures must be changed and new delegations must be signed.
- 4.5.7. Expense authority and dollar limits should be consistent with the roles and responsibilities prescribed in the Purchasing Policy F 080.

4.6. Expenditure Authorization

- 4.6.1. Expenditure authorization must ensure that there is sufficient segregation of duties in financial transactions, both manual and in electronic systems. In particular:
 - i. The expense authority must be separate from the receiver of the goods or services. These must be separate individuals and exercise their duties independently;
 - ii. The expense authority and receiver must be Town employees and not contractors or volunteers. Any exception to this Policy (i.e., for an extraordinary operational requirement) must be approved by the Commissioner of Financial Services/Treasurer; and
 - iii. Employees are not permitted to bind the Town as a corporation unless specifically delegated to do so. Any such binding must be executed in accordance with the Signing Authority By-Law.

4.6.2. Treasurer's Authority for Expense Authorization and Payments

Notwithstanding any other provision in this Policy or any other policy or by-law, the Treasurer is authorized to pay the following, provided that funds are available in the budgets as approved by Council:

- i. All salaries, wages and benefits due to any person in the employment of the Town;
- ii. All retiring allowances and any past retirement benefits due to any person previously in the employment of the Town;
- iii. All amounts due for goods and services supplied to the Town;
- iv. All taxes, fees and levies payable to the federal, provincial or other municipal government, or to any other agency board;
- v. All payments of principal or interest on debentures, loans or overdrafts, including foreign exchange;

- vi. All amounts due to the Region and School Boards of amounts raised for them by the Tax levy;
- vii. All advances to Agencies and Boards on account of the current budget as authorized by Council for their purposes;
- viii. All employee and employer pension contributions in respect of salaries and wages, which are payable in respect of any duly registered pension plan on behalf of the respective employee; and
- ix. All grants to any person or body as provided for in the current budget without passing a by-law.

4.7. Cheque and Electronic Funds Transfer (EFT) Clearing

Cheque and EFT Management is a key area of control for the Town. For cheque and EFT production, the timely and systematic monitoring of cheque clearing and efficient administration of stop payments below reduce the risk of financial loss due to fraud or error:

- i. Bank reconciliation will be undertaken on a monthly basis as a minimum.
- ii. Duties will be segregated to ensure that Staff who process accounts payable in any manner do not undertake the bank reconciliation and/or cheque/EFT clearing process.
- iii. Replacement cheque or EFT payments should only be issued if:
 - a) the stop payment is confirmed or EFT has been reversed;
 - b) the original payment transaction is voided in the Corporate Financial System;
 - c) Void transaction has been completed and verified by Treasury.

4.8. Corporate Credit Cards

Corporate credit cards are issued to senior Staff where the nature of their job requires such use. The issuance of corporate credit cards requires CAO and Treasurer approval.

4.8.1. Authorization & Terms of Use

- 4.8.1.1. All senior Staff issued a corporate credit card must adhere to Corporate Credit Card procedure F 080-001.
- 4.8.1.2. Employees are required to sign an Employee Acknowledgement of Responsibilities and Obligations prior to using a corporate credit card.
- 4.8.1.3. Purchasing cards are subject to a separate policy/procedure.
- 4.8.1.4. Only a Town of Whitby issued charge card may be used to incur expenses in the name of the Town. Exemptions to this Policy require Treasurer approval.

- 4.8.1.5. Departments that receive unsolicited charge cards must destroy them immediately.
- 4.8.1.6. Treasury must maintain a record of all cards and reconcile, and at least annually, review card activity and recall those cards that are no longer needed.

4.8.2. Transaction and Monthly Limit

- 4.8.2.1. Transaction and monthly limits should be set annually based on actual requirements and must be within the budget allocation of the expense authority to whose budget the expenditures will be charged. Transaction and monthly limits above \$8,000 require the additional approval of the Treasurer.

4.9. Purchasing Card

The purchasing card is used widely and the primary instrument for making small dollar value purchases for government. The general administration and control of the Purchasing Card Program is a responsibility administered through the Treasurer and the purchasing card coordinator/alternate. The Treasurer may further restrict the use of the purchasing card to meet their operational requirements.

4.9.1. Authorization & Terms of Use

- 4.9.1.1. All Staff issued a purchasing card must adhere to the Town's Purchasing Card Procedure.
- 4.9.1.2. Purchasing cards are issued under the general provisions of expense authority delegation. Transactions require prior approval (in writing/email).
- 4.9.1.3. The purchasing card is only used by the individual whose name appears on the face of the card in for their duration of employment with the Town of Whitby.
- 4.9.1.4. Cardholders must have completed and signed the Purchasing Card Acknowledgment of Terms of Use and Consent before cards are issued for use.
- 4.9.1.5. The purchasing card is only to be used for approved Town purchases and should not be used for cash advances or for expenditures where other Town-approved charge cards are more appropriate

4.9.2. Transaction and Monthly Limit

- 4.9.2.1. Transaction and monthly limits should be set annually based on actual requirements and must be within the budget allocation of the expense authority to whose budget the expenditures will be charged.

Transaction and monthly limits above \$10,000 require the additional approval of the Treasurer.

4.9.3. Employee Advances and Expense Reimbursements

- 4.9.3.1. Fair reimbursement for reasonable permitted expenses incurred while undertaking Town business shall be reimbursed in accordance with an approved Employee Expense Procedures.
- 4.9.3.2. Employees may be advanced funds for Town purposes when the nature and approximate amount of the expense(s) has been approved beforehand.
- 4.9.3.3. Employees may be reimbursed for travel and other business related expenses subject to the required approvals and within the limits of the approved current budget.

5. Commitments

- 5.1. Obligations entered into on behalf of the government need to be approved, recorded and controlled to ensure that sufficient funds are reserved, and that appropriations are not over expended.
- 5.2. Departments must maintain an effective system of commitment control for disbursements.
- 5.3. Commitments must only be authorized by those with delegated expense authority within the approved budget policies.
- 5.4. Periodic reviews of outstanding commitments to ensure they reflect their current status.
- 5.5. All commitments shall be duly authorized based upon the delegation of authority and reflected as an encumbrance against the budget(s) provided that it is included in the budget and does not require that debt be issued or lease made by the Town.

6. Contracts and Agreements

- 6.1. Contracts or agreements shall be executed in accordance with the Signing Authority By-law, and may be amended or repealed and replaced from time to time.
- 6.2. The execution of a document pursuant to the Signing Authority By-law shall be subject to compliance with any policies adopted by Council from time to time with respect to the transaction or activity to which the document relates, and to any administrative procedures established by the Chief Administrative Officer.
- 6.3. No contract shall be entered into nor any expenditure or debt incurred involving an amount exceeding that provided in the budget without the prior approval of the Treasurer and the Council, except as otherwise provided herein.
- 6.4. No Committee of Council has the authority to commit the Town or to approve or expend funds, unless approved through the annual budget.

7. Successive Agreements/Contracts

- 7.1. The Treasurer is authorized to pay for goods and services deemed essential to the ongoing operations of the Town for any period from the expiry of an agreement or contract until a new agreement or contract is executed.

8. Notification to the Treasurer

- 8.1. The Treasurer shall be notified of all agreements and contracts containing financial terms or conditions, and all the original documents of insurance and certificates thereof, bonds, letters of credit and other securities for the due performance thereof, executed by or on behalf of the Town shall be delivered to the Treasurer.

9. Temporary Financing

- 9.1. Capital projects temporarily financed by a specific loan from an external or internal source shall be charged the actual cost of that loan.

10. Bank Accounts and Investments

- 10.1. The Treasurer is authorized to execute banking resolutions and account agreements with a Canadian bank as required in accordance with the Signing Authority By-law.
- 10.2. All monetary receipts and disbursements, other than petty cash, must be made through the Town's bank account.
- 10.3. The Treasurer must keep the number of bank accounts they require to a minimum in relation to operating requirements; and
- 10.4. The authority to sign cheques on Town bank accounts must be set by by-law and updated promptly when head of Council/delegate and/or the Treasurer/delegate changes.
- 10.5. Proper controls must be in place for accessing Town bank account information.
- 10.6. Bank reconciliations must be undertaken on a monthly basis, at a minimum and completed prior to the end of the following month. Reconciliations must be assigned to a Staff member that does not process or accept payments from customers or to vendors.
- 10.7. The Treasurer is authorized to invest the surplus funds of the municipality at the maximum rate of return, at minimal risk, in compliance with current Legislative requirements and the Town's Investment Policy (F 100).

11. Petty Cash and Change Floats

- 11.1. The Treasurer has the authority to establish petty cash funds and change floats for operational requirements in amounts and in locations the Treasurer deems appropriate.
- 11.2. The Treasurer is authorized to reimburse a petty cash fund upon delivery of original receipts and such other documentation as the Treasurer may require.
- 11.3. Petty cash funds and change floats shall only be used for Town business and there shall be no personal use of the monies.
- 11.4. Petty cash funds must be reconciled on a monthly basis at a minimum in the accordance with the Petty Cash procedures as set by the Treasurer.

12. Revenue Management

12.1. Revenues and receivables must be managed to:

- i. Ensure alignment of consistent revenue and receivables management across Town;
- ii. Use cost-effective tools and techniques to maximize the collection of amounts owing to the Town;
- iii. Minimize the value of receivables recommended for write-off by: ensuring that revenue from all sources is identified, claimed, classified, recorded, collected, safeguarded and reported in a timely and effective manner;
- iv. Ensure that receipts of money are accurate, complete, accounted for and controlled to prevent or detect error, fraud or omission;
- v. Ensure that public facing payment services are managed in compliance with Payment Card Industry Data Security Standards;
- vi. Ensure that proper administrative and control processes are established for revenue bank accounts, including authorization, review and reconciliation;
- vii. Ensure prompt and vigorous collection to minimize amounts owing to Town;
- viii. Provide fair and impartial treatment to debtors and clear and regular communication on amounts owing;
- ix. Charge interest on overdue receivables in accordance with acceptable accounts receivable procedures;
- x. Ensure that uncollectible receivables are written-off under the proper authority, and only after all appropriate collection action has been taken;
- xi. Ensure that debts or obligations owing to the Town which are extinguished or remitted by enactment are recorded and removed from the books.

12.2. The Commissioner of Financial Services/Treasurer is responsible for:

- 12.2.1. Maintaining accurate records and accounts of the financial affairs of the Town.
- 12.2.2. Collection and receipt of all revenue and any monies owing, and for depositing such funds in a financial institution. All monies collected must be adequately safeguarded and promptly deposited into a Town bank account.
- 12.2.3. Authorizing to extensions on payment terms and conditions on any amounts due the Town and outstanding where it is deemed necessary by the Treasurer in order to collect such amounts.

12.3. Revenue Recognition

- 12.3.1. Revenue must be classified and recorded at the earliest point at which goods or services or rights under an agreement or by enactment are provided, or when fines or penalties are imposed and when taxes, fees, royalties or other sums imposed or authorized to be imposed under an enactment are assessed (owed or earned).
- 12.3.2. Revenue from the sale of goods or rights provided for under an agreement or by enactment must be recorded when government has transferred the significant risks and rewards of ownership to the buyer.

12.4. Recording of Receivables

- 12.4.1. All amounts determined to be due to the Town must be promptly recorded as a receivable by the Town.
- 12.4.2. All receivables must be recorded and maintained until payment is received or the recorded amount is written-off or forgiven (for example, extinguished or remitted) by the Treasurer.
- 12.4.3. An adequate provision for doubtful accounts may be established. When all appropriate efforts fail to collect a receivable and it has been approved for write-off, remission, or extinguishment, the related provision for doubtful accounts should be reduced. The Treasurer has the sole authority to write off accounts as per this Policy.

12.5. Control and Subsidiary Accounts

- 12.5.1. The Town must establish control accounts, where applicable, to ensure the completeness and accuracy of individual accounts.
- 12.5.2. A Town's receivable control account must include all receivables. Separate control accounts must be maintained for advances, deposits, deferred revenues. Each control account must

consist of total amounts due, less total amounts received, and any authorized adjustments.

- 12.5.3. The Town must maintain subsidiary accounts for individual debtors in a manner that discloses, at a given point in time, the aggregate amount owed by each debtor as well as individual amounts making up the aggregate amount.
- 12.5.4. Monthly, the Town must reconcile subsidiary accounts with the control account for each account receivable and advances, deposits and deferred revenues.

12.6. Cash Handling

- 12.6.1. All public monies received must be deposited promptly to the credit of the Town in a Town approved financial institution as described in Section 10.
- 12.6.2. The Town must account for and secure post-dated cheques until their payment date and deposit them promptly at that time.
- 12.6.3. The Town must issue a receipt for any cash remittances at the time a remittance takes place. Payment may be made by cash, cheque, credit cards or electronically.
- 12.6.4. Cash should not be sent through inter-office mail.
- 12.6.5. Cheques and other negotiable instruments must be endorsed "For Deposit Only to the Town of Whitby" immediately upon receipt, except for remittances where conditions for payment have not yet been met (for example, security deposits).
- 12.6.6. Departments and Treasury must provide adequate facilities for the safekeeping of public money at all times, for example from the time received until it is deposited at a financial institution.
- 12.6.7. Deposits must be made daily except where the Treasurer has determined this is not practicable or cost-effective and has made a record of that determination.
- 12.6.8. All Staff handling cash must follow the Town's Cash Handling Procedure.

12.7. Write Offs

- 12.7.1. The Treasurer is authorized to write-off outstanding amounts owing to the Town, deemed as uncollectible, provided that such amount shall not exceed \$10,000 and is not an amount raised as taxation or deemed to be taxes. Uncollectable amounts owing to the Town in excess of \$10,000 shall only be written off with Council's approval.
- 12.7.2. In extenuating circumstances, the Treasurer or designate may authorize the cancellation of any or all penalties and interest on taxes.
- 12.7.3. The Treasurer has the authority to write off small balances up to \$15 for outstanding taxes for property tax roll maintenance.

12.8. Acceptance of Electronic and Credit Card Payments

- 12.8.1. The Town will provide electronic payment instruments for consumer convenience and consistency when accepting public money.
- 12.8.2. The Town may engage third party payment providers in order to allow additional payment options.

13. Grant and Subsidy Applications

- 13.1. Applications for grants or subsidies provided by an organization, such as the Provincial and Federal Governments, shall be in accordance with the Grant Submissions Policy F 270.

14. Donations

- 14.1. Any donations received by the Town shall be recorded as revenue in the fund to which the expenditure relates. If none exists, the donation is to be recorded in general revenue of the Town.
- 14.2. All donations provided to the Town of Whitby are to be forwarded to the Treasurer for credit to the Town's accounts.
- 14.3. Receipt for donation will not be prepared unless specifically requested by the donor and must be issued by the Treasurer
- 14.4. Donations in kind are not acceptable without prior approval of the Treasurer.

15. Insurance

- 15.1. The Treasurer has the authority to undertake the Risk Management Program and for the purchase of all appropriate insurance coverages, adjusting claims, and related services for the Town, the Library and any other Boards.
- 15.2. The Treasurer has authority in establishing types of insurance coverages and minimum insurance requirements for all contracts/permits/agreements etc. and is required to approve any exceptions thereof.

16. Real Property

- 16.1. All real property surplus to the requirements of the Town shall be disposed of in accordance with the policies adopted by Council from time to time.
- 16.2. All net proceeds from the sale of real property or any other assets of the Town shall be credited to the Town Property Reserve Fund, unless otherwise approved by Council.
- 16.3. All lease agreements must be reviewed and approved by the Commissioner of Financial Services/Treasurer, originating department(s) and Legal services.

17. Fixed Assets

- 17.1. It is every employees and elected officials duty to ensure that Town's fixed assets shall be safeguarded to the extent practical to prevent loss or theft.
- 17.2. The Town's fixed assets shall be recorded by the Treasurer and the records updated for acquisitions and disposition in accordance with the Town's Tangible Capital Asset procedures and existing regulation. The accuracy of these records should be verified annually.

18. Inventories

- 18.1. Town inventories shall be physically secured to prevent loss or theft.
- 18.2. The Last in First Out inventory method is not permitted.
- 18.3. Accurate records shall be maintained of all Town inventories, which include recording transfers in and out of inventory where practical. The accuracy of these records should be verified annually.

19. Administrative Procedures

- 19.1. This Policy shall be reviewed by the Treasurer every five years; however, approved amendments can be made at any time.
- 19.2. This Financial Control Policy is an overarching policy that shall be read in conjunction with all approved policies with financial implications, including the policies listed below, their related procedures and any policies/procedures developed subsequently.
 1. Purchasing Policy F 080
 2. Operating Budget Process Policy F140
 3. Operating Budget Monitoring Policy F 180
 4. Disposition of Operating Surplus Policy F 010
 5. Capital Budget Development Process Policy F 150
 6. Capital Budget Monitoring Policy F 170
 7. Contingency Reserves Policy F 020
 8. Long Term Finance Reserve Fund F 030
 9. Maintenance Reserve Policy F 040

10. Growth Reserve Fund Policy F 050
11. Winter Control Reserve Policy F 060
12. Insurance Reserve Fund Policy F 160
13. Grant Submission Policy F 270
14. Investment Policy F 100
15. Claims Handling Policy F 110

This Policy is hereby approved by Council Resolution #537-17 on this 20th day of November, 2017.