



**EXTRACT of Minutes of the regular meeting of the Council of the Town of Hudson held at the Community Centre on October 1<sup>st</sup>, 2013 during which the following by-law was adopted:**

**BY-LAW N° 634**

**CONCERNING BUDGET CONTROL AND MONITORING POLICY**

**WHEREAS** the notice of motion has been given at the September 3<sup>rd</sup>, 2013 council meeting;

**WHEREAS** the requirements of Article 356 of the *Cities and Towns Act* have been met and the members of council declare having read By-Law N° 634 and waive its reading;

**THEREFORE**, it is **moved** by Councillor Robert Spencer, **seconded** by Councillor Louis Thifault and unanimously resolved that By-Law N° 634 be hereby adopted and that it be decreed as follows:

**ARTICLE 1 - TERMINOLOGY:**

«Town» :	Town of Hudson
«Council » :	Municipal Council of the Town of Hudson
« Director General » :	Chief Officer mandatory for the Town to have and whose role is usually the one of Secretary-Treasurer, under Article 112 of the <i>Cities and Towns Act</i> .
« Secretary -Treasurer » :	Officer mandatory for the Town to have under Article 97 of the <i>Cities and Towns Act</i> .
« Fiscal Year » :	Period between January 1 <sup>st</sup> and December 31 <sup>st</sup> of a year.
«Responsible for budgetary activities» :	Town Official or employee, to whom a global budget has been assigned, which contains budgetary envelopes which are under the responsibility of a direct subordinate.

**ARTICLE 2 - GOALS**

**2.1.**

This policy establishes rules for budget control and monitoring which must be followed by all Town officials and employees.

More specifically, it establishes regulations for responsibility and required operation in order for all expenses to be incurred or made by a civil servant or municipal employee, including an employee allocation duly authorized after verification of the availability of necessary credits.

This policy applies to all credit allocations attributable to financial activities or to current investment activities of the current fiscal year that Council may have to adopt by way of resolution or by-law as well as rules of monitoring and accountability for budgetary accounts that the secretary-treasurer and those responsible for budgetary activities for the Town must follow.

**ARTICLE 3**

Furthermore, this policy establishes the rules concerning delegation of authorisation to spend that Council sets for itself.

**ARTICLE 4 – PRINCIPLES FOR BUDGET CONTROL AND MONITORING**

**Article 4.1.**

Credits necessary for the Town's financial and investment activities must be approved by Council prior to their allocation for related expenditures. This approval of credits takes the form of vote of credit according to one of the following means:

- Adoption by Council of the annual budget or of an additional budget,
- Adoption by Council of a loan by-law,
- Adoption by Council of a resolution or by-law by which credits are allocated from surplus income, accumulated surplus, financial reserves or reserved funds.



Article 4.2.

In order to be granted or allocated, an expense must be duly authorised by Council, an authorised municipal officer or a person responsible for budgetary activities, in accordance with the delegation regulations prescribed in Section 5, after verifying the availability of the necessary appropriations.

Article 4.3.

Any Town official or Town employee is responsible for the implementation and his compliance to this policy when he authorises an expense under his own responsibility, this before it is granted or allocated. He can only authorise expenditures within the scope of his duties and cannot commit the appropriations provided for in his budget, only if for the purposes for which they are assigned.

**ARTICLE 5 – POLICY OF BUDGETARY VARIATION**

Article 5.1.

Council delegates its authorisation power for spending in the following manner:

- a) Anyone responsible for a budgetary activity may authorise expenditures and contract on behalf of the town on the condition of not committing the Town’s credit only if it is for the current year and within the limit of the allocated budget under one’s responsibility. However, the following authorisation is required when the amount of the expenditure or of the contract in question is located within the indicated range

Range (*)		Required Authorisation	
		Generally	In the case of specific expenses or contracts for professional
0 \$	to 500 \$	Responsible for budgetary activity	Director General
501 \$	to 2,500 \$	Secretary Treasurer	Council
2,501 \$	to 5,000 \$	Director General	Council
5,001 \$	or more	Council	Council

(\*) global amount per day.

Article 5.2.

The permitted limit of any budgetary activity in the course of a financial year is set at 3%. The secretary-treasurer must make the appropriate budget transfers in agreement with the director general.

**ARTICLE 6 –STANDARD TERMS FOR BUDGET CONTROL AND MONITORING**

Article 6.1.

Any expenditure authorisation, including those emanating from Council itself must be subject to a certificate issued by the secretary-treasurer confirming the availability of the necessary credits. The secretary-treasurer may issue this certificate at the beginning of the financial year for expenditures provided for in the budget, at the time of its adoption or following its adoption. However, specific certificates must be issued during the financial year for expenditures unforeseen in the initial budget and that necessitate an additional budget or budgetary allocations by the Council

Article 6.2.

Aside from the fact that expenses allocated in the budget were subject to a certificate issued by the secretary-treasurer at the beginning of the financial year, each person responsible of budgetary activities or the secretary-treasurer or the director general as the case may be, must verify the budgetary envelope that is still available before authorising or having authorised by Council expenditures during the fiscal year. To do so, we refer to the Town’s accounting records in force or to the secretary-treasurer himself.

Article 6.3.

Should the assessment of the available allocated budget show a budgetary shortfall exceeding the budgetary variation limit provided at Article 5.2, the person responsible for budgetary activities, or the secretary-treasurer or the director general, as the case may be, must follow the instructions provided at 9.1



Article 6.4.

An official or an employee who is not responsible for a budgetary activity cannot, on his own, authorise any expense whatsoever.

In the case of an emergency situation (security, fire, public and civil security), when a department head must incur an expense without authorisation, he must immediately inform the director general by phone or e-mail and submit relative statements, invoices or receipts to the secretary-treasurer on the next working day.

Article 6.5.

The director general in collaboration with the secretary-treasurer is responsible for ensuring that adequate internal controls be put into place and maintained to ensure that this policy is implemented and respected, this by all Town officials and employees.

**ARTICLE 7 – COMMITMENTS EXTENDING BEYOND THE CURRENT FISCAL YEAR**

Article 7.1.

Any authorisation to commit to an expense which extends beyond the current year must beforehand be verified for available credits in part attributable to the current year.

Article 7.2.

During the preparation of the budget for each fiscal year, the secretary–treasurer must make sure that all necessary credits for expenses previously incurred and to be imputed to financial activities of a fiscal year, be correctly added to the budget.

**ARTICLE 8 – SPECIAL EXPENDITURES**

Article 8.1.

Certain expenditures are of a particular nature, such as:

- a) Invoices for public utility services (electricity, gas, telephone, cable, Internet, mobile radio, etc.);
- b) Invoices for the purchase of fuel, diesel, fuel oil, propane on a municipal credit card;
- c) Salaries as well as the remittance of various salary deductions under the provisions of provincial and federal laws;
- d) Post office and courier fees;
- e) Registration of vehicles;
- f) Petty cash reimbursement (counter);
- g) Travel expenses and reimbursement of various expenses due to employees and Council members in accordance with travel expense reimbursement policies;
- h) Payment of taxes collected in the name of the federal and provincial government;
- i) Maintenance contracts and/or service contracts previously approved by Council resolution or by-law;
- j) Rental of equipment, machinery, buildings or sites;
- k) Fees related to training courses initially budgeted;
- l) Fees arising from inter municipal or service agreements adopted by a Town by-law or resolution;
- m) Payment of cost sharing imposed to the Town by its MRC;

At the time of the budget's preparation each fiscal year, the secretary-treasurer must ensure that all necessary credits for these special expenditures are correctly covered by the budget.

Article 8.2.

Although it is unlikely that the special expenditures under article 8.1 be subject to an inspection, they are, as all other expenditures, subject to follow up regulations or presentations or budgetary accounts at section 9 of this by-law.

Article 8.3.

When an unforeseen situation occurs, such as an out of court agreement or a new collective agreement, the secretary-treasurer must make sure that additional funding is available. If necessary, he may proceed with the appropriate budget allocations, in accordance with the director general, as the case may be.



## **ARTICLE 9 – FOLLOW UP AND PRESENTATION OF BUDGETARY ACCOUNTS**

### Article 9.1.

Anyone responsible for a budgetary activity must regularly do a follow-up of his own budget and immediately give an account to the secretary-treasurer as soon as he foresees a budgetary variation exceeding the limit provided for at Article 5.2. He must justify or explain, in writing, any negative budget variation noticed or projected and, if need be, submit a request for budget transfer.

If the budgetary variation cannot be reduced by budgetary transfer, the Town's secretary-treasurer must inform Council and, if need be, submit a proposal for a supplementary budget for the additional appropriation required, for adoption.

### Article 9.2.

As prescribed in Article 105.4 of the *Cities and Towns Act*, the secretary-treasurer must, during each semester, prepare two comparative statements on the Town's revenues and expenditures and deposit them at a Council meeting.

The comparative statements to be deposited during the first semester must be deposited at the regular Council meeting held in the month of May. Those to be deposited during the second semester must be deposited at the regular meeting held at least four weeks before the meeting of the adoption of the budget for the next financial exercise.

## **ARTICLE 10 – ORGANISATIONS CONTROLLED BY THE TOWN**

### Article 10.1.

In the case of a given organisation included in the Town's accounting scope, under recognized control criteria, Council may decide that its rules apply to this organisation if appropriate and with the necessary adjustments.

In such a case the director general is responsible for ensuring that the agreement or arrangement governing the relationship between the controlled organisation in question and the Town refers to the observance of the principles considered relevant and the applicable and adapted terms.

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**CARRIED**

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*Diane Piacente,  
Mayor*

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*Vincent Maranda,  
Town Clerk*

*Hudson this 1<sup>st</sup> day of October two thousand thirteen*