



Report

Subject: Financial Management By-law

Department: Corporate Services

Division: Finance

Report #: CPS-2025-045

Meeting Date: 2025-05-12

Recommendations

That report CPS-2025-045, Financial Management By-law, be received; and

That the Corporation of the Town of Orangeville adopt a by-law to provide for the Financial Management of the Town of Orangeville.

Overview

The Municipal Act specifies a number of responsibilities that fall to the Treasurer of a municipality. To efficiently and effectively fulfill these responsibilities, many municipalities implement some form of financial management by-law. The by-law is meant to provide guidance to the organization for how certain aspects of managing the financial affairs of the organization can be undertaken, providing some delegated authority to the Treasurer where appropriate.

The Financial Management By-law being proposed for the Town of Orangeville covers:

- how and when financial reporting of variances to budget will occur for both the operating and capital budget;
- interpretation of budget approval for multi-year capital projects;
- under which circumstances the organization can proceed with contracts for services in the operating budget or awards for capital projects, should costs exceed budget approval;
- clearly define when Council approval is required should the budget be exceeded; and,
- provide some discretion to the Treasurer in the funding of capital works to promote long term financial sustainability.

Background

Section 286(1) of the Municipal Act, 2001 outlines a number of responsibilities for the Treasurer and Deputy Treasurer of a municipality:

“Treasurer

286 (1) A municipality shall appoint a treasurer who is responsible for handling all of the financial affairs of the municipality on behalf of and in the manner directed by the council of the municipality, including,

- (a) collecting money payable to the municipality and issuing receipts for those payments;
- (b) depositing all money received on behalf of the municipality in a financial institution designated by the municipality;
- (c) paying all debts of the municipality and other expenditures authorized by the municipality;
- (d) maintaining accurate records and accounts of the financial affairs of the municipality;
- (e) providing the council with such information with respect to the financial affairs of the municipality as it requires or requests;
- (f) ensuring investments of the municipality are made in compliance with the regulations made under section 418, if applicable; and
- (g) complying with any requirements applicable to the treasurer under section 418.1. 2001, c. 25, s. 286 (1); 2017, c. 10, Sched. 1, s. 35.

Deputy treasurers

(2) The municipality may appoint deputy treasurers who shall have all the powers and duties of the treasurer under this and any other Act. 2001, c. 25, s. 286 (2).”

Currently the Town has a number of policies that provide guidance to staff on how to conduct several key financial functions for the Town. These include:

1. Procurement Policy
2. Reserve and Reserve Fund Policy
3. Accounts Receivable for Non-tax Revenue Policy
4. Disposal of Surplus Asset Policy
5. Disposition of Capital Surpluses and Capital Deficits
6. Financial Assistance Policy
7. Investment Policy
8. Land Sale and Purchase Policy
9. Payment of Financial Obligations Policy (Electronic Funds Transfer)
10. Tangible Capital Assets Policy

Analysis/Current Situation

Given the Town's current policy framework, there is a notable 'gap' with respect to "handling all financial affairs of the municipality on behalf of and **in the manner directed by the council** of a municipality" <emphasis added>.

In order to enable a Treasurer to fulfill their responsibilities in a transparent, effective and efficient manner, many municipalities delegate some control over operating and capital budget administration to the Treasurer of the organization, prescribing under what circumstances the Treasurer would need to report unfavourable budget variances and when a budget amendment approved by Council would be required.

Through this delegation of authority, the Treasurer would manage capital funding sources corporately across multiple projects. For example, if there are savings in one project, the capacity could be used for other projects which have similar funding sources and which would otherwise exceed budget, within the limits prescribed in the by-law. The result would be shorter project delays due to the timing of council reports and less staff time spent writing reports. Variances will continue to be reported to Council through quarterly periodic financial reporting.

The specified limits that the Treasurer may approve for additional capital funding are as follows:

- For Council approved capital projects with a total project budget of \$1 million or less, approved amounts are not to exceed the greater of 10% of the total project value or \$50,000;
- For Council approved projects greater than \$1 million, approved amounts are not to exceed the lesser of 10% or \$250,000.

The Financial Management by-law proposed by staff also facilitates the budgeting of capital works according to when the budget is anticipated to be spent rather than requiring that the total expenditure be approved in the year in which the project is initiated. This prevents the commitment of funding well ahead of when it will be needed and allows the organization to optimize its funding sources.

For the operating budget, the Treasurer will manage the budget on a corporate level, monitoring departmental deficits and surpluses that may arise and report variances to the CAO and Council through periodic financial reports. For significant variances, the CAO, in collaboration with the Senior Leadership Team and the Treasurer, will provide recommendations to adjust service levels during the year in order to stay within the overall operating budget.

Corporate Implications

While this report will not generate direct implications, the Financial Management By-law will streamline the control of budget administration and provide direction to staff for financial reporting frequency and requirements.

Conclusion

Should this by-law be approved, staff will reflect changes in the 2026-2035 capital program and will adjust current variance reporting practices accordingly.

Strategic Alignment**Strategic Plan**

Strategic Goal: Corporate Capacity

Objective: Due Diligence – Confirm applicable governance and policy regimes

Notice Provisions

Not Applicable.

Respectfully submitted,

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Attachment(s): 1. Financial Management By-law