

Municipal Financial Management:

Key Take-Aways and Considerations for CAOs

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- CAOs provide information to council on policies, **finance**, legislative requirements, plans and more. In particular, the CAO informs council about the operations and affairs of the municipality, ensures accurate records of assets and liabilities are maintained, ensures statements and reports are provided to the Minister and ensures municipal funds are disbursed appropriately.
- Council has overall accountability for the financial position of the municipality, but they rely on the CAO to provide them with the information required to ensure resources are protected, and finances are responsibly managed.
- Council achieves fiscal management by ensuring financial controls are in place, developing a financial plan, monitoring the financial position and reporting on the municipality's financial position each year.
- Part 6 of the *MGA* deals with Financial Matters, including financial operations, raising revenue, debt restrictions, financial statements, and the auditor. The *Financial Plan Regulations* provide detail on what is to be included in the Financial Plan.
- The Financial Plan includes an operating budget, a capital budget and a 5-year expenditure program with an asset management plan.
- A public meeting to present the Financial Plan to residents of the municipality must be held at least two weeks before the Financial Plan is adopted.
- Council must adopt its Financial Plan by March 31 each year.

- Section 164 of the *MGA* permits Council to borrow for capital expenditures. Borrowing must be authorized by bylaw, and a municipality's capital debt (including debt of controlled corporations) cannot exceed 10% of the current assessed value of all real property in the municipality.
- Year-end financial statements are the most important tool for reporting on the municipality's financial position and ensuring accountability and transparency to residents.
- The Municipal Financial Information Return (MFIR) is a requirement of all municipalities. Municipal Affairs use the MFIR to generate municipal statistical reports and meet reporting requirements of Statistics Canada for national reporting.
- Section 172 of the *MGA* outlines requirements and restrictions on the appointment of an auditor for municipalities. Access to records, documents and other items from the financial reporting system must be provided to the auditor by the CAO or other municipal employees.
- Information required for the auditor includes a financial overview, trial balance, cash-related information, accounts receivable, accounts payable and accruals, prepaid expenses, capital assets, deferred revenue, long-term debt, contractual obligations, revenue and expenses, bylaws, annual budgets, personnel policy and lease agreements.
- Municipal processes for procurement of goods and services must comply with relevant Trade Agreements (Atlantic Procurement Agreement, Canadian Free Trade Agreement, and Canada-European Comprehensive Economic Trade Agreement) and standards of practice. These standards ensure equal access and opportunities, competitive selection processes, and a fair and transparent process for procuring goods and services. **Please refer to the PowerPoint PDF for further information about procurement.**