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Date: September 28, 2021

Time: 9:30 am

Place: Held Virtually via Microsoft Teams

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- 1. Call to Order**
- 2. Land Acknowledgement Statement**
- 3. Declarations of Interest**
- 4. Adoption of Minutes of Previous Meeting(s)**

4.1. Minutes of meeting held August 4, 2021

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- 5. Presentations**

5.1 Verbal Update – Catherine Carr, Manager of Internal Audit

- 6. Delegations**

6.1 none

- 7. Communications – Receive for Information**

7.1 Investment compliance memo dated August 25, 2021

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7.2 Memo from Director of Financial Services dated September 10, 2021, PSAB Update

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8. Items for Direction

8.1. Report IAS-003-21, Financial Update to June 30, 2021

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Recommendations:

1. That Report IAS-003-21 be received for information

9. Other Business

9.1. Report FSD-036-21, Purchasing By-law

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This item was referred back to Committee from Council on July 5, 2021 for reconsideration.

10. Adjournment

Clarington **Audit Committee** **Minutes**

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Date: August 4, 2021

Time: 9:00 AM

Place: Held Virtually via Microsoft Teams

Present: Mayor Foster, Councillor Hooper, Councillor Neal (9:24 AM)

Staff Present: Andy Allison, Trevor Pinn, Catherine Carr, Heather Lynch, Michelle Pick

Guests: Trina Connell and Matthew Haire from BDO Canada LLP, Councillor Zwart (as an observer)

1. Call to Order

Councillor Hooper called the meeting to order at 9:05 AM and chaired the meeting until 9:24 AM when Councillor Neal assumed the chair.

2. Land Acknowledgement Statement

Councillor Hooper recited the Land Acknowledgement Statement.

3. Declarations of Interest

- 3.1 Councillor Hooper declared a direct interest in 7.2 of Communications – Receive for Information and 8.1 (3) of Items for Direction.

4. Adoption of Minutes of Previous Meeting(s)

Resolution #AAC-013-21

Moved and seconded by Mayor Foster

That the minutes from the Audit and Accountability Committee held June 29, 2021 be approved, with two administrative amendments (time to read: 9:00 am, and to correct the spelling of Andy Allison's name).

Carried

5. Presentations

- 5.1 Representatives from BDO Canada LLP presented the 2020 audit findings.

6. Delegations

- 6.1 None

7. Communications – Receive for Information

Resolution #AAC-014-21

Moved by Councillor Hooper

Seconded by Mayor Foster

That the final letters for 7.1 the Municipality of Clarington, 7.3 Newcastle BIA and 7.4 Orono BIA, be received for information and the included representation letters be signed by CAO and Director of Financial Services/Treasurer.

Carried

Resolution #AAC-015-21

Moved by Mayor Foster

Seconded by Councillor Neal

That final letter for 7.2 Historical Downtown Bowmanville BIA be received for information and the included representation letters be signed by CAO and Director of Financial Services/Treasurer.

Carried

Resolution #AAC-016-21

Moved by Mayor Foster

Seconded by Councillor Hooper

That the memo to the Audit and Accountability Committee from the Director of Financial Services/Treasurer be received for information.

Carried

8. Items for Direction

8.1 Report FSD-033-21, 2020 Financial Statements

Resolution #AAC-017-21

Moved by Mayor Foster

Seconded by Councillor Neal

3. That the Financial Statements for the Board of Management for Historic Downtown Bowmanville Business Improvement Area for the year ending December 31, 2020 be approved.

Carried

Resolution #AAC-017-21

Moved by Mayor Foster

Seconded by Councillor Hooper

1. That Report FSD-033-21 be received;
2. That the Consolidated Financial Statements for the Municipality of Clarington for the year ending December 31, 2020 be approved;
4. That the Financial Statements for the Board of Management for the Newcastle Central Business District Improvement Area for the year ending December 31, 2020;
5. That the Financial Statements for the Board of Management for the Orono Central Business District Improvement for the year ending December 31, 2020;
6. That the Financial Statements for the Municipality of Clarington Trusts for the year ending December 31, 2020 be approved; and
7. That, Staff prepare the Annual Financial Report for the year ending December 31, 2020 for public consumption with information substantively as discussed in Report FSD-033-12 and that it be placed on the Municipality's website.

Carried

9. Other Business

9.1 Resolution #AAC-018-21

Moved by Mayor Foster

Seconded by Councillor Hooper

That the Members of Council be requested to appoint an alternate to the audit and accountability committee.

Carried

Recommendation to Council #1

That Council appoint an alternate to the audit and accountability committee.

10. Adjournment

Resolution #AAC-019-21

Moved by Councillor Hooper

Seconded by Mayor Foster

That the meeting adjourn at 10:19 AM.

Carried

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To: Audit and Accountability Committee
Andrew Allison, Chief Administrative Officer
Trevor Pinn, Director of Financial Services / Treasurer

From: Catherine Carr, Internal Audit Manager

Date: August 25, 2021

Re: Municipal Investment Compliance at June 30, 2021 - Updated

This Investment Compliance memo is to provide an update as at June 30, 2021 on the compliance of the Municipality's investments with the approved Investment Policy. There were some investments made in June that were not included in original memo of July 30. This is an updated memo with the corrected numbers. The applicable Investment Policy was approved by Council July 3, 2018. If not compliant, the Municipality would be required to prepare a workout plan to dispose of non-compliant investments as well as resolve any other issues that have been identified. However, an updated Investment Policy was accepted at the Audit and Accountability Committee (AAC) meeting of June 29, 2021 and approved by Council on July 5, 2021. The limits that were changed are noted in the applicable sections as a reference.

This memo is provided to the members of the AAC when prepared for each quarter. This committee provides the appropriate review of the document as outlined in the terms of reference. A copy of the memo will be on the next regular AAC agenda (in this case, September 10, 2020). If required, a response from the Director of Financial Services will be included on the agenda as well.

The current calculations include the Reserve Fund bank account but do not include the General Fund bank account. The General Fund TD bank account is used for the ongoing operations and are considered as "required immediately" and therefore are not eligible for investing. As the Reserve Bank account is not used for ongoing operations and is available for investing, it is included in these investment compliance calculations. The omission of the General Fund bank account would result in the calculated totals being a lower percentage than actual. If the Municipality is compliant without this bank account, then it will be compliant if it was to be included.

The following information is shown for the Municipality's total investments as the restrictions identified in the policy are based on the total investments, not individual funds. Note that the Perpetual Care Trust Funds for cemetery maintenance are not included. Perpetual care and maintenance trust funds are regulated by Funeral, Burial and Cremation Act, 2002.

Investments by Institution

The Municipality's policy has the following restrictions, among others, to ensure that credit risk is mitigated through avoiding a concentration of investments with any given institution:

- ONE Fund portfolios are restricted to 15 per cent for each type (The ONE HISA account is excluded as it is a cash account)
- Financial institution (including bonds, GICs) is restricted to 20 per cent for each institution; note that this is increased to 25 per cent as of July 5, 2021
- Municipal bonds are restricted to 10 per cent per municipality
- Provincial bonds are restricted to 20 per cent for each province
- Corporate debt is restricted to 5 per cent for each corporation.

TABLE 1 INVESTMENTS BY INSTITUTION

	Total Funds	% of Total	Minimum Range	Maximum Range
TD Bank - Savings	24,522,277	22.3%	0%	100%
ONE - HISA	\$ 4,032	0.0%	0%	100%
ONE - Equity	2,588,679	2.4%	0%	15%
ONE - Bond	4,354,126	4.0%	0%	15%
RBC	10,374,041	9.4%	0%	20%
RBC - HISA	65,580	0.1%	0%	100%
National Bank	8,805,845	8.0%	0%	20%
BNS	16,929,891	15.4%	0%	20%
BMO	18,959,520	17.3%	0%	20%
HSBC	3,358,884	3.1%	0%	20%
TD Bank	4,841,449	4.4%	0%	20%
Prov BC	2,388,950	2.2%	0%	20%
City of Toronto	4,778,046	4.3%	0%	10%
Prov Alberta	2,384,585	2.2%	0%	20%
Prov Quebec	2,499,732	2.3%	0%	20%
Ontario Hydro	2,499,594	2.3%	0%	5%
Regional Municipality of York	498,525	0.5%	0%	10%
	<u>\$ 109,853,756</u>	<u>100.0%</u>		

There are other restrictions identified in the policy; however, we do not currently have any investments to which they apply.

The Municipality was compliant with all restrictions on investment with individual institutions. It should be noted that, per the policy, cash accounts (ONE HISA and TD Bank Savings) are

not to be included when determining the amount to be invested with an institution. For this reason, the two accounts are listed separately in the table above.

Term of Investment

The Municipality's policy has adopted ranges for term length to ensure liquidity and to minimize interest rate risk. Note that investments greater than 10 years up to a maximum of 20 years have the additional requirement that they must be specifically tied to an expected cash flow.

TABLE 2 TERM OF INVESTMENT

	Total Funds	% of Total	Minimum Range	Maximum Range
90 Days	\$ 31,531,264	28.7%	20%	100%
90 Days to 1 Year	11,997,986	10.9%	30%	100%
1 to 5 Years	24,630,531	22.4%	0%	85%
5 to 10 Years	35,671,025	32.5%	0%	50%
10 to 20 Years	6,022,950	5.5%	0%	30%
	<u>\$ 109,853,756</u>	<u>100.0%</u>		

The Municipality was compliant with the stated term length restrictions. The TD Reserve Bank account bank account is 75 per cent of the under 90 days investment total. Bank accounts including the ONE HISA are immediately accessible and thereby highly liquid.

The investments in the 10 to 20 year terms are bank bonds and provincial bonds which are considered to have good liquidity. There are uses for these long-term investments, but the specifics have not been clearly identified. By percentages, the 10 to 20 year term investments are split as follows: non development charge 47.2 per cent, development charge 16.6 per cent, and strategic capital 36.2 per cent. The link between long term investments and expected cash flows must be documented as required by the policy.

Type of Investment

To ensure that the Municipality has a diversified investment portfolio the following restrictions are in place:

- Cash is unrestricted and includes the High Interest Savings Account as well as other bank accounts held at chartered banks
- Federal debt is unrestricted
- Provincial debt is allowed to a maximum of 80 per cent in aggregate
- Municipal debt is allowed to a maximum of 35 per cent in aggregate

Investment Compliance June 30, 2021

- Financial institution investments are allowed to a maximum of 60 per cent in aggregate and includes bonds, GICs and other eligible investments; note that this is increased to 80 per cent as of July 5, 2021
- Corporate debt is allowed, subject to rating restrictions, to maximum of 10 per cent in aggregate
- ONE Investment pools (not including HISA) are allowed to a maximum of 25 per cent in aggregate.

TABLE 3 TYPE OF INVESTMENT

	Total Funds	% of Total	Minimum Range	Maximum Range
HISA	\$ 24,580,949	22.4%	0%	100%
Federal Debt	-	0.0%	0%	100%
Provincial Debt	7,273,267	6.6%	0%	80%
Municipal Debt	5,276,571	4.8%	0%	35%
Financial Institutions	63,280,570	57.6%	0%	60%
Corporate Debt (non-financial)	2,499,594	2.3%	0%	10%
ONE Investment Pools	6,942,805	6.3%	0%	25%
	<u>\$ 109,853,756</u>	<u>100.0%</u>		

As of June 30, 2021, the Municipality was compliant with the restrictions for the investment types as defined in the Municipal Investment Policy. The corporate debt is an Ontario Hydro bond held in the non-development charges reserve funds.

Overall, the Municipality is compliant with the Investment Policy as of June 30, 2021. If the newly approved Investment Policy of July 5, 2021 is applied, the Municipality remains in compliance. The one exception is the lack of documentation of the link for investments with maturities 10 to 20 years to a specific future cash flow. It is likely there are several future projects that could be linked to these longer term investments.

If you have any questions, please let me know.

Catherine Carr

Name: Catherine Carr
Job Title: Internal Audit Manager
Financial Services / CAO

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To: Members of the Audit and Accountability Committee

From: Trevor Pinn, CPA, CA – Director of Financial Services/Treasurer

Date: September 10, 2021

File No.:

Re: Upcoming changes to Public Sector Accounting Standards

This memo is a technical update on financial reporting standard changes. Financial policies are within the Terms of Reference for the Audit and Accountability Committee; this memo is for informational use.

The Municipality of Clarington is required to follow Public Sector Accounting Standards (PSAS) as approved by the Public Sector Accounting Board (PSAB). The PSAB is responsible for developing standards for public sector entities (including public sector not-for-profit organizations) and contributing to the development of international public sector accounting standards. PSAB is independent of CPA Canada, however CPA Canada publishes the accounting handbooks which includes PSAS.

From time-to-time PSAB will introduce new or significantly amended changes to PSAS which must be adopted by those organizations that follow PSAS. Typically, the effective dates are for years starting on or after April 1 of a year; this corresponds with the fiscal year of most public sector organizations/governments in Canada.

This memo is to provide information to the Members of the Audit and Accountability Committee, about the upcoming financial reporting changes which will impact the financial statements.

The following table summarizes the changes over the next few years

PSAB Change	Impact	Year to be adopted
PS 1201 Financial Statement Presentation	Changes to the presentation of financial information including new statements	When PS 2601 and PS 3450 are adopted
PS 2601 Foreign Currency Translation	Brings standard for foreign currency translation in line with other accounting standards	2023 (April 1, 2022 or when PS 1201 and PS 3450 are adopted)
PS 3041 Portfolio Investments	Updates recognition and presentation for investments	When PS 1201, PS 2601 and PS 3450 are adopted
PS 3450 Financial Instruments	Brings standards in place in other frameworks for recognition, presentation, and disclosure of financial instruments	2023 (April 1, 2022 or when PS 1201 and PS 2601 are adopted)
PS 3280 Asset Retirement Obligations	Recognition, disclosure, and presentation standards for liabilities upon the retirement of an asset	2023 (April 1, 2022 or earlier if desired)
PS 3400, Revenue	Clarifies recognition criteria for revenues where there isn't already guidance	2024 (April 1, 2023 or earlier)
PSG-8 Purchased Intangibles	Provides guidance on the measurement and recognition of purchased intangible assets	2024 (April 1, 2023 or earlier)

Fiscal Year 2023

The following pronouncements are effective for years beginning on or after April 1, 2022, making them applicable to the Municipality's 2023 fiscal year. Early adoption of these standards is permitted; however, the Financial Statement Presentation, Foreign Currency Translation, Portfolio Investments and Financial Instrument sections must all be adopted together.

Financial Statement Presentation, PS 1201

This standard was initially approved in 2011 and has been delayed several times. The significant changes include the creation of a new Statement of Remeasurement Gains and Losses which will be used to present the impacts of financial instruments and other fair value changes.

The Statement of Financial Position must report net debt and the accumulated surplus/deficit. Liabilities and financial assets are reported in this statement, with the difference being the net debt (assets). Non-financial assets are shown below the net debt indicator, with the net assets as the bottom line. The layout for this statement is changed in PS 1202.

The Statement of Operations reports revenues, other than remeasurement gains, of the accounting period based on the significant types of revenue. Expenses, other than remeasurement expenses, are shown by function or major program. The difference between the revenues and expenses represents the operating surplus/deficit for the year. The accumulated surplus/deficit at the beginning of the year is then reconciled to determine the ending accumulated surplus as shown on the Statement of Financial Position.

The Statement of Remeasurement Gains and Losses will report the accumulated remeasurement gains and losses at the beginning of the period, identifying the gains and losses during the period (separately including those that arose during the period and those that were reclassified from the Statement of Operations), any other comprehensive income that arose from Government Business Enterprises (e.g. Elexicon), and the accumulated remeasurement gains and losses at the end of the period. This statement is then removed as part of the adoption of PS 1202.

The Statement of Changes in Net Debt reports the extent to which expenditures of the accounting period are met by the revenue recognized in operations for the period. The statement will also show, if any, the change in debt due to remeasurement gains and losses, acquisition of tangible capital assets and other allowable changes.

The Statement of Cash Flows shows how a government generated and used cash and cash equivalents during the year. There are no significant changes in this statement. There is clarification that the four areas of the statement include operating, capital, investing and financing activities.

As this section adds an additional statement and changes some presentation standards that are then amended with the adoption a year or two later by PS 1202, Staff are leaning towards early adopting, if allowed, PS 1202 to provide usable and predictable financial reporting. It is felt that significant changes a short period of time could result in user fatigue or confusion on the meaning of the results of the financial statements.

Foreign Currency Translation, PS 2601

This new standard is a result of the new Financial Instruments section and changes to Financial Statement Presentation (resulting in the new PS 1201).

The new standard eliminates the deferral of gains and losses arising on the translation of long-term monetary assets and liabilities; and requires gains and losses, on the translation of foreign denominated balances that have yet to be settled to be reported as remeasurement gains and losses.

This standard excludes remeasurement gains and losses from the statement of operations and will include it in PS 1201 under the Statement of Remeasurement Gains and Losses. The use of Hedge Accounting is no longer supported for financial statement reporting and presentation.

The Municipality does not typically hold long-term foreign currency assets and liabilities, it is not anticipated that this will result in significant changes outside of presentation and disclosure changes.

Portfolio Investments, PS 3041

Approved in June 2011, this section was created as a result of the adoption of the Financial Instruments standard. This standard removes the distinction between temporary and portfolio investments. When temporary investments are not cash equivalents, as defined in Financial Statement Presentation standards, they are accounted for as portfolio investments. For the Municipality, investments maturing greater than 90 days would be considered portfolio investments.

The second change is that the section no longer excludes pooled investment funds from its scope. For the Municipality this would bring the investments held through the ONE Investment Inc into this standard. These pooled investments would then be subject to disclosure, presentation, and measurement standards in PS 3450 as well as PS 3041. Pooled investments which investments may be treated as equity investments as we have an interest in the distributed income and residual interest.

Portfolio investments are investments in organizations that do not form part of the government reporting entity, are not investments in government business enterprises or loans receivable. They are initially recognized at amortized cost.

Portfolio investments will be separately reported on the statement of financial position with income separately reported on the statement of operations.

Financial Instruments, PS 3450

Approved in March 2011, this section has been deferred multiple times, it is currently required to be adopted April 1, 2022 which would therefore be applicable to the Municipality's 2023 fiscal year.

This standard sets out how to account for and report all types of financial instruments, including derivatives. Financial instruments include primary instruments (receivables, payables, equity instruments) and derivative financial instruments (financial options, futures, forwards, interest rate swaps and currency swaps).

Major changes include the use of fair value for investments, historically most investments were at cost unless they were impaired. Derivatives and portfolio investments in equity instruments that are quoted in an active market should be included in the fair value category of financial instruments.

Changes in fair value will be included in the Statement of Remeasurement Gains and Losses, or equivalent. There will also be increased disclosure and presentation of financial risks (credit, liquidity, market and other) and management of them, use of derivatives, determination of fair value.

Asset Retirement Obligations, PS 3280

This is a new accounting standard which will deal specifically with asset retirement obligations. An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset. The tangible capital assets which are included in this section are controlled by the public sector, in productive use, or no longer in productive use and will include leased tangible capital assets.

The scope of this section does not include contaminated sites (PS 3260), routine replacement, improper use, unexpected events, alternative uses, or waste and by-products. For the Municipality, the common occurrence will be as a result of solid waste landfill closure and post closure liabilities (currently part of PS 3270), or asbestos in our tangible capital assets. Any asset that we own, where there will be a cost to retire/demolish/restore the asset after its use could have a liability and a cost associated with it.

An asset retirement obligation is recognized when the following is true:

- There is a legal obligation to incur retirement costs
- The past transaction giving rise to the liability has occurred
- It is expected future economic benefits will be given up; and
- A reasonable estimate of the amount can be made

This standard will have a significant impact on the financial position of the Municipality as well as added presentation and disclosure information. It is anticipated that there will be liabilities added to the Statement of Financial Position related to AROs for buildings and potentially road work.

Fiscal Year 2024

These pronouncements are effective for years beginning on or after April 1, 2023 which make them applicable to the Municipality's 2024 fiscal year. Early adoption is permitted, in the case of PSG-8 early adoption is encouraged.

Revenue, PS 3400

Public sector entities receive many types of revenue, including some that are unique to the public sector (fines, penalties, taxes). Prior to PS 3400 being issued there was no overarching standard to address the common types of revenue in the public sector. Most policies for recognition have been based on first principles within Section PS 1150 Generally Accepted Accounting Principles and Financial Statement Concepts PS 1000.

This new standard establishes reporting and accounting standards for revenue and does not replace existing standards that provide guidance on recognition such as Tax Revenue PS 3510 or Government Transfers PS 3410 which are already existing. Revenue from investments or financial instruments are covered in the corresponding sections.

This is a principle-based standard due to the variety of revenue streams that public-sector entities may have. The section defines exchange transactions (where there is a good or service provided for consideration), performance obligation (an enforceable promise to provide a specific good or service), transaction price (the amount of consideration the public sector entity expects to receive for the exchange) and non-exchange transaction (a transaction or event where there is no direct transfer of good or service to the payor).

If there is a performance obligation on the part of the Municipality the revenue will be recognized when (or as) the obligation is met. For example, if there is an annual pass to a fitness centre the revenue will be recognized during the year.

If there are no performance obligations (for example a parking fine), the revenue is recognized when the entity has the authority to claim or retain the economic resource (money or receivable) and the event occurred. This is the current process.

The standard provides examples

- Performance Obligation Satisfied Over a Period of Time
 - a park pass, continuing education course, wireless spectrum license
- Performance obligation at a specific point in time
 - Driver's license
- Multiple performance obligations
 - Sale of a tangible capital asset with servicing
 - Building permit
- Hybrid transactions
 - Admission fee and donation
- Variable consideration

- Advertising
- Early delivery bonus

Staff will be using these examples and reviewing our current recognition practices to ensure that we are compliant. At this time, we do not anticipate significant changes as a result of this accounting standard.

Purchased Intangibles, PSG-8

The following is a public sector guideline, it is not a standard. Guidelines are considered Generally Accepted Accounting Practices (GAAP) and the Municipality will consider these guidelines when looking at accounting treatment.

Purchased intangibles are non-monetary economic resources without physical substance acquired through an arm's length exchange transaction. For PSAB purposes, software is accounted for through Tangible Capital Assets PS3150 while those acquired as part of a public private partnership arrangement are accounted for in accordance with Public Private Partnerships PS 3160. Purchase premiums on the acquisition of a government organization are accounted for under Investments in Government Business Enterprises (PS 3070) or Additional Areas of Consolidation PS 2510.

Purchased intangibles are recognized as assets in financial statements provided, they meet the asset definition and general recognition criteria in Financial Statement Concepts PS1000 (in accounting speak, PS1000 is "first principles" if it doesn't meet the basic definition of an asset or liability in that section then it isn't an asset or liability).

Purchased intangibles will be treated as a non-financial asset, similar to the current treatment of software in TCA.

These guidelines already form the basis for many of the decisions that Staff make, and early adoption is reasonable. It is not expected to impact the financial statements or other financial decisions that we are making. Software is likely the biggest implication for us, with the movement to cloud-based software the costs are likely to be expensed in the future as there is no ownership of the software and the costs are more subscription based.

Exposure Drafts

Exposure Drafts are proposals by PSAB for new standards or guidelines as well as revisions (both major and minor) to existing standards. The following is taken from the FRAS Canada website.

Employee Benefits, PS 3251 (Open for Comment)

This exposure draft was released in July 2021 and will be open for comment until November 25, 2021.

The current standards on retirement benefits, post-employment benefits, compensated absences, and termination benefits, were developed over 20 years ago. These standards are no longer reflective of the current accounting world or the evolution of pension plans over that period of time.

This exposure draft focuses on deferral provisions and discount rate guidance. A multi-phase strategy has been adopted by PSAB with regards to developing new standards for employee benefits. The International Public Sector Accounting Standard (IPSAS) 39 will be a starting point for the development of the new Canadian standard.

Financial Statement Presentation, PS 1202

This is an exposure draft which will replace the existing standard PS 1201, which has yet to be adopted by the Municipality. The “existing standard” PS 1201 will be adopted no later than the 2023 fiscal year, the proposed PS 1202 will be adopted (as currently proposed) for the Municipality’s 2025 fiscal year.

The proposed reporting model would include the following:

- Statement of Financial Position
- Statement of Net Financial Assets or Net Financial Liabilities (New)
- Statement of Operations
- Statement of Changes in Net Assets or Net Liabilities (New)
- Statement of Cash Flow
- Accompanying notes and schedules

The Statement of Remeasurement Gains and Losses which will be introduced in PS 1201, it is currently not a required statement, is proposed to be removed under PS 1202. The Statement of Net Debt has been removed however the information may be included on the Statement of Net Financial Assets or Net Financial Liabilities.

The new reporting model is expected to allow the financial position of the entity to be better understandable, as it only comprises assets and liabilities. This new model does not include deferred inflows and outflows or two bottom lines which are included in the PS 1201 standard.

Staff are considering early adoption of this standard rather than adoption of PS 1201 as it does not make sense to show users of the financial statements three different models of presentation in a four-year period. It is a lot of work for staff to revise the statements and ensure proper linkages to our accounting system for a two-year benefit.

Conceptual Framework for Financial Reporting in the Public Sector

As a standard setter, PSAB routinely looks at its conceptual framework to determine if it is still relevant and meeting the needs of stakeholders. Work on the conceptual framework has been underway since 2011. The proposed conceptual framework includes 10 chapters and is the foundation for how PSAB will create new or revised standards in the future. This framework touches on areas of accounting which cannot be properly articulated in a short memo, if members of committee are interested, I would be willing to meet individually, or present at a future meeting, on the topic.

Consequential Amendments Arising from the Proposed Conceptual Framework

This is a separate exposure draft where PSAB proposes consequential amendments to other sections of the CPA Canada Public Sector Accounting (PSA) Handbook resulting from the new Conceptual Framework.

Consequential Amendments Arising from the Financial Statement Presentation Standard (Proposed PS 1202)

This is a separate exposure draft where PSAB proposes consequential amendments to other sections of the CPA Canada Public Sector Accounting (PSA) Handbook resulting from the new PS 1202 adoption. Changes include housekeeping amendments based on new terminology.

Public Private Partnerships (Proposed PS 3160)

There are a wide variety of practices used in Canada for accounting for public private partnerships. This project looks to enhance the consistency and comparability of information reported in financial statements for infrastructure acquired through public private partnership procurement methods.

This exposure draft, if approved, would apply starting in 2023 (April 1, 2022 or later). The main features are as follows:

- P3 infrastructure is procured by the public sector entity using a private sector partner that is obligated to design, build, acquire or better; finance; and operate and/or maintain the infrastructure
- P3 infrastructure is recognized as an asset when the public sector entity acquires control of the infrastructure. A liability is recognized when the P3 recognizes an asset.

The liability may be a financial liability, a performance obligation, or a combination of both

- An infrastructure asset acquired in an exchange transaction is recorded at its cost, which should be the fair market value at the initial measurement date, the liability is also measured at the cost of the infrastructure asset
- Subsequent measurement of the asset is based on the asset cost amortized in a rational and systematic manner over the useful life of the asset
- Subsequent measurement of the financial liability would reflect the P3's payment to settle the liability as well as the finance charges being passed on to the public sector entity through the P3 agreement
- For subsequent measurement of the performance obligations, the revenues should be recognized, and the liability reduced in accordance with the substance of the P3 agreement

An operating and maintenance contract is not included in the above scope. These would continue to be expensed over the life of the service contract in accordance with the definitions of expenses and liabilities.

The Municipality would be impacted by this standard on the creation of any infrastructure, for example a community centre, where the private sector designs, builds, acquires, or betters new or existing **infrastructure**.

Narrow Scope Amendments

Foreign Exchange Narrow Scope Amendments

Narrow-scope amendments are being proposed to allow all public sector entities to make an accounting policy election to recognize exchange gains and losses, including the gain or loss component of changes in fair value, directly in the statement of operations. The proposed election would be available for any financial asset or financial liability arising from a foreign currency transaction.

Financial Instruments Presentation Narrow Scope Amendments

The proposals clarify that the remeasurement impact of derivatives may be presented separately on the statement of change in net debt. Other minor presentation amendments have also been included.

Financial Instruments Narrow Scope Amendments

The proposed revision to the treatment of debt buybacks will affect how the annual surplus/deficit is calculated. This is because transactions that previously would have been considered extinguishments will no longer be treated as such. This will also affect the presentation of assets and liabilities on the balance sheet. It will not affect net debt.

Purchased Intangibles Narrow Scope Amendments

This draft proposes to remove the exclusion in the conceptual framework prohibiting the recognition of purchased intangibles in the financial statements. The proposal is limited to intangibles purchased through an exchange transaction. Removing the recognition prohibition would address an imbalance, mainly for Indigenous governments, where debt financing for an intangible asset is recognized on the Statement of Financial Position (balance sheet) but the related asset is not. The proposal may have implications for other public sector entities that purchase intangibles.

Conclusion

Staff are monitoring the changes in accounting standards and taking proactive steps to comment as standards change to provide feedback to PSAB on the impacts these proposed changes will have. Staff will be looking to early adopt, as appropriate, these standards. Until the new PS 1202 is approved, the standards to be adopted in 2023 which would require the adoption of PS 1201 will not be early adopted. Staff feel that it makes the most sense to avoid the adoption of PS 1201 and move directly to PS 1202 as it would create the least impact on users of the statement as well as the preparers of the statement.

If there are any questions to the above, please let me know.



Trevor Pinn, CPA, CA
Director of Financial Services/Treasurer
Financial Services Department

cc: Andrew Allison - CAO
Michelle Pick, CPA, CGA – Accounting Services Manager/Deputy Treasurer
Erika Watson, CAMP – Asset Management and Development Financing Manager
Catherine Carr – Internal Audit Manager

Staff Report

If this information is required in an alternate accessible format, please contact the Accessibility Coordinator at 905-623-3379 ext. 2131.

Report To:	Audit and Accountability Committee	
Date of Meeting:	September 28, 2021	Report Number: IAS-003-21
Submitted By:	Trevor Pinn, Director of Financial Services	
Reviewed By:	Andrew C. Allison, CAO	By-law Number:
File Number:	[If applicable, enter File Number]	Resolution#:
Report Subject:	Financial Update as at June 30, 2021	

Recommendation:

1. That Report IAS-003-21 be received for information.

Report Overview

The COVID-19 pandemic has had a lasting impact on the Municipality of Clarington. It has changed the way in which we provide services (a strong movement towards online services), work, and live. The Municipality's most significant financial impact has been the reduction of services in Community Services. This continued to affect revenues in the first two quarters of 2021 as the second (December to February) and third lock-downs (April to July) impacted our ability to provide services and have facilities opened.

The attached report provides information on the variances by service area with anecdotal commentary where appropriate.

1. Background

- 1.1 The Budget Policy outlines a requirement for the Treasurer to report to Council on a quarterly basis each year starting with the second quarter. This report fulfills that reporting requirement.
- 1.2 To improve the usefulness of the information, and consistency of format with the annual budget, the quarterly report is attached to this report as Attachment 1. Each department is broken down by sub-department with the expenses grouped together like the requirements for financial reporting and the annual budget.
- 1.3 Where there are key variances, these have been identified and are expanded upon for Committee's, and the public's, information.
- 1.4 This report is solely for operating expenses. Finance will be reporting separately on the capital budget. The capital budget will be reported on semi-annually, once in the fall which captures the "construction season" to September 30, and once in the spring which summarizes the prior year's activities.

2. Impact of COVID-19

- 2.1 Where appropriate, the impact of COVID-19 has been identified and discussed in Attachment 1.
- 2.2 Overall, the greatest impact from COVID-19 has been on our Community Services Department. Public health measures and Provincial orders have resulted in disruptions to programming and facility services. The Municipality mitigated these disruptions through staffing reductions in the affected areas.
- 2.3 The Municipality took steps to provide financial support to taxpayers through flexible payment arrangements for taxes, deferral programs and financial support to

**Municipality of Clarington
Report IAS-003-21**

businesses (CIP). There does not appear to be a significant impairment in our tax receivable and we have not received requests for assistance outside of the normal levels of request.

- 2.4 The Municipality has been diligent in applying for, and has been successful, grants offered by various organizations for both capital and operating funds. Staff continue to seek out and apply for grant opportunities for the benefit of our community and its residents.

3. Concurrence

Not Applicable.

4. Conclusion

It is respectfully recommended that the report be received for information.

Staff Contact: Trevor Pinn, Director of Financial Services/Treasurer, 905-623-3379 ext.2602 or tpinn@clarington.net.

Attachments:

Attachment 1 – Financial Update for the Period Ending June 30, 2021

Interested Parties:

There are no interested parties to be notified of Council's decision.

Financial Update as at June 30, 2021



Financial Update for the period ending June 30, 2021

(unaudited)

This report provides an update on the Municipality of Clarington's financial activity through the first and second quarter of 2021. In previous iterations of this report, the financial activity has been presented to compare year to date actuals from the first prior year and current budget to actual analysis. In 2021, year-to-year comparison do not provide any relevant information as there have been significant department reorganizations and impactful COVID-19 effects. This report will continue to provide a financial overview of budget variances as of June 30, 2021, focusing on the variances to the current year's budget. Essential non-financial functions of the Municipality, such as service level achievements or deficits within the reported quarter, a review of COVID-19 impacts and department initiatives will also be identified.

COVID-19 Implications

COVID-19 continued to impact business operations in the first and second quarters of 2021. Facilities remained closed and programs/events were cancelled with the Province-wide lockdown, operating restrictions and tiered reopening programs.

Three reports have been provided in 2021 to Council regarding impact and mitigation plans for COVID-19 and the steps taken to provide financial support to the community. These include:

- 2021 COVID-19 Property Tax Deferral Program- [FSD-003-21](#)
- 2021 COVID Support for Hall Board- [FSD-023-21](#)
- Proposed Amendment to the COVID-19 Community Improvement Plan (CIP)- [PDS-034-21](#)

The Province of Ontario and the Government of Canada have opened more funding opportunities for Municipalities to mitigate COVID-19 expenses and pressures. These programs include application-based capital grants as well as formula-

based operating grants. The Municipality continues to seek out grant opportunities to mitigate financial impacts to the Municipality as well as provide increased services to our residents

Taxes Receivable/Collected

The first-quarter tax revenue (Taxes Billed) totalled \$47,846,754, which is on trend with prior years. The second quarter saw \$90,302,069 in tax revenue (Taxes Billed). We would normally see this amount for the second quarter, with the instalments rolled out on time in 2021. Per Council's direction, the June 2020 instalment of the final tax bill was moved to July 2020 to provide COVID-19 relief to our taxpayers. This tax relief initiative was not reinstated in 2021; however, there were other payment options made available to taxpayers to address COVID-19 financial pressures. Some of which included changes to the pre-authorized payment(PAP) program and creating a Tax Deferral Program. This new program provided qualifying taxpayers with a 60-day extension on the interim tax due dates to assist with cash flow issues resulting from the second wave of COVID-19.

The taxes receivable at the end of the second quarter are trending back to normal for this time of the year at \$14,889,441. The Municipality has a commercial installment date in August and an installment date for all taxpayers in September.

Grants

Through Elexicon and Save-ON-Energy's Retrofit program, Clarington received incentive funds for three retrofit projects. Under the program, incentives can be acquired for a variety of energy-efficient measures available in three areas: Lighting, HVAC, and Manufacturing and other equipment. Clarington submitted applications and was approved for lifecycle replacement of air-cooled chiller at MAC, MAC variable frequency drives for energy conservation and lifecycle replacement of electrical controls at Newcastle Memorial Arena.

A grant for \$7,000 was received from the Department of Canadian Heritage to support Canada Day Events. This year, Clarington collaborated with the Region of Durham and all eight municipalities to provide COVID-19 safe Canada Day

celebrations. Some of the events planned included a 3-part virtual show airing on Rogers with a family-specific segment, local musicians and local demonstrations, celebration kits- pancake breakfast, mural mosaic and drivable scavenger hunt, among others. To recognize and pay respect to the victims, survivors and families of those impacted by the discovery of the graves of First Nations children at residential schools, the Region released a statement to cancel the virtual show. Clarington refocused our celebration events with a social media takeover by Mississaugas of Scugog Island First Nation. The supplies for pancake breakfast kits and mural mosaic were repurposed for a separate activity to occur later in the year. The mural tiles, when released to the community, are picked up in a kit which includes the pancake breakfast supplies. Our Tourism division also used some of the pancake kits as a part of their summer "Tourism Pop-Up's," while some were donated to the Clarington East Food Bank.

Another installment for the Federation of Canadian Municipalities (FCM) grant was received to support Clarington's participation in the Municipalities for Climate Innovation Program (MCIP). The MCIP supports municipalities in developing a response to climate change that protects residents, the environment and the economy. Funds received from the program are subsidizing the Climate Change Response Coordinator position, working with the Interdepartmental Climate Change Working Group to develop the Clarington Climate Action Plan and other climate initiatives in the Municipality.

The Tourism Industry Association of Ontario (TIAO) provided grant funding to the Municipality for local tourism marketing efforts during the first quarter of 2021 to support COVID-19 recovery. As outlined in the report to Council CSD-004-21, the Tourism team started collaborating with Customer Services and Facility Services to create Tourism displays within all of Clarington's recreation facilities. These have been designed and are being installed as an initiative through FedDev Ontario grant. These new displays will provide the visitors to our recreation facilities information on local and regional tourism attractions.

In August 2020, the Province of Ontario announced funding for the Safe Restart Program. The Municipality was allocated \$903,000 for this program in the first quarter of 2021. Funding under this program provides support for expense and revenue pressures associated with the COVID-19 pandemic. Further funds were made available to Ontario Municipalities

in March 2021, under the 2021 Provincial COVID-19 Recovery Funding for Municipalities program. These funds will help municipalities address their 2021 COVID-19 related operating impacts. Clarington will receive two equal instalments with the first instalment received in the second quarter of 2021 in the amount of \$866,858. The second installment will be received in the fourth quarter of 2021. These funds will be used to address, for example, shortfalls in revenue from the prolonged closure of facilities, added cost of cleaning and personal protective equipment, financial support of local organizations, including hall boards and arena boards.

To increase the accessibility to the Municipality's trails and park network, Community Services applied for the Ministry of Seniors and Accessibility – Inclusive Community Grant Program. The Municipality was successful in its application for \$51,716.05 to provide accessible charging stations for mobility devices throughout the community. These infrastructure improvements will allow all residents the ability to visit parks, trails and open spaces which are vital for stress relief, mental and physical health and socializing safely through the restrictions related to COVID-19. Charging stations will be installed at these locations:

- Tooley's Mill Park (Courtice) – connection to Farewell Creek Trail
- Guildwood Park (Bowmanville) – connection to Soper Creek Trail
- Port Darlington East Beach Park (Bowmanville)
- Orono Park (Orono)
- Orono Town Hall (exterior) (Orono)
- Bond Head Parkette (Newcastle)
- Samuel Wilmot Trail (Cobbledick entrance) (Newcastle)

The initial payment of the Audit and Accountability Funds was received from The Ministry of Municipal Affairs and Housing in the second quarter. Clarington was 1 of 34 municipalities to apply and receive these funds. A customer service review will be performed in 2021 with these funds.

During the second quarter of 2021, Clarington received a grant from The Solicitor General and the Fire Safety Grant Program. These funds will be used to purchase electronic training equipment for each fire station to allow for remote training opportunities and reduce the potential risk of spreading COVID-19.

Development Charges Collected

Residential and non-residential development charges collected as of June 30, 2021, were \$6,979,100.

As of June 30, 2021, residential municipal development charges collected were \$6,625,171 compared to \$4,599,750 in 2020. The 2020 Development Charges Background Study forecasted that the Municipality would be collecting approximately 1,135 units in total for 2021, or about 567 units at the end of the second quarter. Development charges have been collected for 370 units as at June 30, 2021. The development charges collected are significantly higher compared to 2020. Staff attribute this increase to the type of residential units. This year has seen the issuance of more single and semi-detached units which have a higher DC fee.

At the end of the second quarter our website was updated to include a Growth Trends Review as at year end 2020. This report highlights emerging development-related issues and trends within the Municipality of Clarington. Building permit activity and other related data are indicators of housing and employment activity within Clarington. This report can be found using our website <https://www.clarington.net/en/do-business/Growth-Trends-Review.asp>

Municipality of Clarington - Municipal Development Charges January 1 to June 30, 2021

RESIDENTIAL	2021		2020	
	Municipal Development Charges Paid	Number of Units	Municipal Development Charges Paid	Number of Units
Single/Semi-Detached				
-New construction	\$ 3,360,727	162	\$ 2,322,094	129
-Additions	-	-	-	-
Townhouse	3,264,444	208	2,277,656	166
Apartment	-	-	-	-
TOTAL:	\$ 6,625,171	370	\$ 4,599,750	295

Change in DC paid from prior year: 44.0%
 Change in DC units from prior year: 25.4%

NON-RESIDENTIAL	2021	2020
	Municipal Development Charges Paid	Municipal Development Charges Paid
Commercial		
-New construction	\$ 353,929	\$ 4,128
-Additions	-	-
Industrial		
-New construction	-	334,484
-Additions	-	-
Agricultural	-	-
Government	-	-
Institutional	-	-
TOTAL:	\$ 353,929	\$ 338,612

Change in DC paid from prior year: 4.5%

Municipal Development Charge Incentives

In the 2015 Development Charges By-law 2015-035, there were several incentives to encourage development in Clarington. These incentives mainly relate to multi-residential, commercial and industrial development. Since July 2015, there has been a total of \$1,555,277 in development charge incentives given to 15 properties. The split is approximately 37% and 63% between residential and non-residential properties, respectively. Note that discretionary incentives are required to be covered by the Municipality's tax base. The 2020 Development Charges Study, passed in 2021, removed specific incentives that were considered not widely used or no longer required due to legislative changes. There have been no new incentives given in 2021 as of June 30, 2021.

Property & Incentive Type	2015	2016	2017	2018	2019- 2021	Total	Percentage of Total
Mid-Rise Residential	\$ -	\$ 413,822	\$ -	\$ -	\$-	\$ 413,822	
Revitalization, Mixed Use			157,840			157,840	
Residential	-	413,822	157,840	-	-	571,662	37%
Medical Exemption	110,671					110,671	
Revitalization, Small Business	3,636	938	974			5,548	
Existing Industrial Development		22,983				22,983	
Conversion Residential to Commercial		15,985				15,985	
New Industrial Development			102,718	652,823		755,541	
Revitalization, Mixed Use			72,886			72,886	
Non-Residential	114,307	39,906	176,578	652,823	-	983,614	63%
Total	\$ 114,307	\$ 453,728	\$ 334,418	\$ 652,823	-	\$1,555,277	100%

Staffing Updates

There was 624 staff (not including those on leave) as of June 30, 2021. Prior to COVID-19, there were 809 employees including Mayor and Council (7), temporary staff, volunteer firefighters and employees on leave (this does not include Library or Museum). As a result of COVID-19, 102 part-time staff (including crossing guards) were placed on an Infectious Disease Emergency Leave (IDEL) as our facilities and schools were closed through the first and second quarters. There were four retirements from January to June 2021.

Municipal Operating Revenues and Expenses

Overview - Financial Results

This financial update report focuses on overall (unaudited) budget variances for the period ending June 30, 2021. The reporting has expanded to show budget to actual variances by sub-department. The department summaries indicate the status of the Municipality's operating accounts compared to the approved budget as of June 30, 2021.

Many of the operations of the Municipality are impacted by seasonal trends such as ice rentals and winter control. The timing of other activities can fluctuate from year to year, such as legal and planning revenues. To best capture the trends, the budget is allocated monthly based on the prior year's actual monthly distribution. In cases where there is no previous history, the monthly allocation is divided equally over the twelve months.

Due to timing differences, variations from quarter-to-quarter and year-to-year exist. Therefore, this statement cannot be used in isolation, nor can it be easily extrapolated to predict the whole year's activities.

Each department is responsible for its budget. To assist management, monthly trial balances are sent by the Financial Services Department to each department for regular review.

The Summary of Operating Revenues and Expenditures compares the Municipality's budget to actual transactions as of June 30, 2021, reflecting financial activity through the first and second quarters of 2021. The tables below reflect the Municipality's operating budget only and exclude the year-to-date financial activities of the library, museum and BIA's.

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
Unassigned	\$ (9,769)	\$ 0	\$ 0	
Non-Departmental Accounts	(66,280,373)	(70,000,671)	(79,044,602)	16.1%
Mayor and Council	341,780	415,018	810,336	57.8%
Office of the CAO	950,744	1,035,749	1,755,525	45.8%
Legislative Services	1,765,931	2,776,840	4,985,589	64.6%
Financial Services	3,240,127	5,016,730	7,325,502	55.8%
Emergency and Fire Services	6,413,420	7,022,866	13,524,026	52.6%
Public Works	14,987,319	17,236,924	27,448,416	45.4%
Community Services	8,275,632	8,229,215	13,914,614	40.5%
Planning and Development Services	1,237,533	3,260,520	4,474,072	72.3%
Levies	(34,167,085)	(63,058,164)	0	0.0%
BIAs	213,439	213,439	0	0.0%
Libraries/Museums	3,914,674	1,537,361	3,671,599	-6.6%
Culture	216,099	212,466	219,366	1.5%
External Agencies	803,557	915,557	915,557	12.2%
Total Municipality of Clarington	\$ (58,094,683)	\$ (85,186,150)	\$ 0	

Revenue and Expense Categories

Revenues and expenses are categorized based on their purpose and similarities.

Revenues

Levies

Estimated taxation, supplementary taxation, and payments-in-lieu of taxation received. These funds are collected on behalf of the Region of Durham, the Province of Ontario or a school board and are remitted to the specific agency.

Provincial Grants and Subsidies

Grants received from the Province of Ontario for specific functions such as the Ontario Community Infrastructure Fund or specific grant projects.

Federal Grants and Subsidies

Grants received from the Government of Canada for specific functions such as the Federal Gas Tax Fund or specific grant projects.

User Fees

Fees for services include facility rentals, cemetery fees, application for planning and building permits, and recreational programming.

Licensing and Lease Revenue

Licensing fees such as taxi licensing and lease revenues for the long-term lease of municipal facilities and property.

Investment Income

All investment income earned by the Municipality through its investment holdings, bank account balances and investment in Elexicon.

Contributions from Reserves

Contributions from reserves and reserve funds for specific purposes, as identified within the budget. This is an internal source of funding and may be originally sourced from taxation, grants or user fees.

Other Revenues

Any revenue that is not otherwise categorized.

Expenses

Salaries and Benefits

Compensation for all employees such as salaries, wages, benefits, overtime, allowances and statutory benefits.

Materials

Includes items such as office supplies, salt and sand, gravel, insurance costs, phone costs and other general expenses.

Rent and Financial Costs

Bank charges, debit and credit card charges, cost of rental equipment and facility rentals for the Municipality.

Purchase/Contracted Services

Items that are outsourced, such as professional services, winter clearing and IT software as a service.

Debt Repayment

Interest on debt repayments to external parties

Grants and Transfer Payments

Grants provided to community groups, external boards and agencies and levies from other organizations.

Contributions to Reserves and Reserve Funds

Contributions from the general fund for the Municipality's reserves and reserve fund

Mayor and Council

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
100 Mayor				
Expenditures				
Salaries, Wages & Benefits	\$ 120,000	\$ 125,927	\$ 249,108	51.8%
Materials & Supplies	5,226	34,112	59,341	91.2%
105 Council				
Expenditures				
Salaries, Wages & Benefits	203,728	216,052	430,517	52.7%
Materials & Supplies	381	5,675	9,070	95.8%
106 Ward Council				
Expenditures				
Materials & Supplies	7,136	20,300	38,300	81.4%
107 Regional Council				
Expenditures				
Materials & Supplies	5,309	12,952	24,000	77.9%
Total Mayor & Council	\$ 341,780	\$ 415,018	\$ 810,336	57.8%

Highlights

There were no items of interest to highlight for the period ending June 30, 2021 for the Mayor and Council departments.

Administration

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
000 Unassigned				
Expenditures				
Materials & Supplies	\$ 374,367	\$ 377,418	\$ 377,418	0.8%
130 Admin				
Expenditures				
Salaries, Wages & Benefits	228,310	287,871	562,256	59.4%
Materials & Supplies	7,737	15,608	56,425	86.3%
Contracted Services	458	375	30,000	98.5%
170 Communication				
Revenue				
User Charges	0	(15,000)	(15,000)	100%
Expenditures				
Salaries, Wages & Benefits	262,735	296,643	584,601	55.1%
Materials & Supplies	38,621	40,411	104,400	63.0%
Contracted Services	27,257	38,438	55,425	50.8%
385 Environmental				
Revenue				
User Charges	(44,603)	(45,156)	(83,500)	46.6%
Expenditures				
Materials & Supplies	4,286	3,500	3,500	-22.5%
Contracted Services	51,576	35,641	80,000	35.5%
Total Administrator's Office	\$ 950,744	\$ 1,035,749	\$ 1,755,525	45.8%

Highlights

Communication

The Communication division is working on the website refresh. The new website will be launching in mid to late September 2021.

There is no budget for Communications Wages Temp PT but there was a need to create a position for the P/T screening staff. This position currently falls under the Office of the CAO. Although this position was not budgeted, we will be able to use funds from COVID-19 Safe Restart Grant as it was a direct cost related to responding to COVID-19 public health measures.

Environmental

Materials and Supplies are over budget by \$786 (22.5%), this is due to advertising which is not recoverable by Canadian Nuclear Laboratories (CNL).

Legislative Services

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
130 Admin				
Revenue				
User Charges	\$ (69,344)	\$ (65,572)	\$ (122,800)	43.5%
Expenditures				
Salaries, Wages & Benefits	422,176	511,366	1,008,646	58.1%
Materials & Supplies	30,723	41,549	86,010	64.3%
Contracted Services	4,035	5,010	10,800	62.6%
Transfers from RES / RF / CAP Fund	73,500	68,548	73,500	0.0%
160 HR/Payroll				
Expenditures				
Salaries, Wages & Benefits	358,695	846,763	1,437,829	75.1%
Materials & Supplies	2,669	7,896	12,600	78.8%
Contracted Services	12,906	27,987	82,000	84.3%
Rents/Financial Expenses	43,809	78,345	140,000	68.7%
165 Health & Safety				
Expenditures				
Materials & Supplies	13,655	10,953	23,075	40.8%
Contracted Services	0	12,000	12,000	100.0%
Transfers from RES / RF / CAP Fund	2,500	2,500	2,500	0.0%
190 Animal Services				
Revenue				
User Charges	(34,374)	(42,424)	(87,800)	60.8%
Expenditures				
Salaries, Wages & Benefits	187,689	225,935	447,579	58.1%

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
Materials & Supplies	21,097	32,476	67,925	68.9%
Contracted Services	31,134	26,025	59,000	47.2%
Transfers from RES / RF / CAP Fund	10,000	6,565	10,000	0.0%
191 Municipal Law Enforcement				
Revenue				
User Charges	(14,656)	(23,381)	(28,000)	47.7%
Fines/Penalties on Interest	(3,676)	(11,577)	(25,000)	85.3%
Expenditures				
Salaries, Wages & Benefits	420,841	449,910	885,842	52.5%
Materials & Supplies	4,441	8,705	21,000	78.9%
Contracted Services	17,280	34,706	54,100	68.1%
192 Parking Enforcement				
Revenue				
User Charges	0	(30,707)	(80,000)	100.0%
Fines/Penalties on Interest	45	(78,663)	(250,000)	100.0%
Expenditures				
Salaries, Wages & Benefits	195,439	207,873	416,963	53.1%
Materials & Supplies	3,705	9,454	24,840	85.1%
Contracted Services	8,546	4,617	10,000	14.5%
Rents/Financial Expenses	3,519	3,336	10,000	64.8%
Transfers from RES / RF / CAP Fund	330,000	109,090	330,000	0.0%
193 Election				
Expenditures				
Contracted Services	3,943	4,000	4,000	1.4%
Transfers from RES / RF / CAP Fund	125,000	125,000	125,000	0.0%

194 Legislative Services				
Revenue				
User Charges	(66,689)	(26,790)	(58,000)	-15.0%
Expenditures				
Salaries, Wages & Benefits	193,748	186,955	365,730	47.0%
Materials & Supplies	10,798	22,055	37,800	71.4%
Contracted Services	0	43,476	75,000	100.0%
230 Grants				
Revenue				
Grants	(13,571)	(527)	(22,000)	38.3%
250 Contributions				
Revenue				
Transfer between Funds	(461,803)	(461,803)	(461,803)	0.0%
326 Cemetery				
Revenue				
User Charges	(110,120)	(72,808)	(208,100)	47.08%
Expenditures				
Materials & Supplies	0	1,800	1,800	100.00%
388 Fleet				
Expenditures				
Materials & Supplies	8,271	16,194	31,750	73.9%
Total Legislative Services	\$ 1,765,931	\$ 2,315,037	\$ 4,523,786	64.6%

Highlights

Clerk's (Administration)

In the first quarter, with the Provincial restrictions put in place, our process changed to offer services (ceremonies and licenses) to Clarington residents only to avoid travel between regions. During the second quarter lockdown, booking ceremonies ended. With easing of restrictions from the April lockdown, marriage ceremonies are picking up now and ceremony proceedings have opened back up to all Durham Region residents.

With COVID-19 mitigation efforts in effect, many events, contracts and programs were cancelled. Refunds for Bingo License Fee, reduced spending on travel and delays on contract fulfillment were seen through the first and second quarters of 2021.

With the upcoming transition to SharePoint, the funds from the Records Retention account to upgrade Laserfiche will be reallocated. Staff anticipates there being some funds used for scanning between now and the end of 2021.

Health and Safety

Professional Fees for workplace and audiometric testing have been postponed due to COVID-19. It has been rescheduled for the fall of 2021.

COVID-19 has impacted the training opportunities for Health and Safety (i.e. annual training day, refreshers and certifications). As the COVID-19 restrictions lessen, this will hopefully change in the remainder of 2021.

Miscellaneous Operating Supply account is slightly over budget for additional COVID-19 supplies including masks, protective eyewear, etc. These additional costs are able to be covered by the Provincial Safe Restart and COVID-19 Recovery grants, the allocation of these funds will be determined at year-end once the complete financial picture of the impact of COVID-19 is available.

Health and Safety books were required to be provided to all members of the Health and Safety committee plus those in supervisory positions. This is the reason the Books and Periodicals account is slightly over budget, each year funds are carried over to smooth the expense of these legislated books.

Human Resources

Consulting and Professional Fees had certain expenditures put on hold due to COVID-19. As the COVID-19 restrictions lessen, this will hopefully change in the remainder of 2021.

Animal Services

Cleaning Supplies expenses are higher than we have seen in the past due to large price increases of cleaning products. Similarly, with the increase of cleaners required from two days to five days a week, the Janitorial Control expenses are nearing the budget limit. There were also several invoices for 2020 received late and paid in 2021.

Legislative Services

The Planning Department is processing more developments which has created more agreements and thus the revenues flowing through the Plan Agreement Fee account have increased.

Parking Enforcement

Parking enforcement ticket and meter revenues were collected in the amount of \$101,912 and \$40,272 respectively. The accounting entry will be done to be reallocate the revenues to the General Fund accounts from the appropriate Reserve Fund in the third quarter of 2021.

Cemetery

We are continuing to see higher than budgeted revenues in Bond Head Cemetery. This is due to sales of a new columbarium installed three years ago. Staff also attribute the increase to a population increase in the area, and people are purchasing graves near their hometown.

Financial Services and Unclassified Administration

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
000 Unassigned				
Revenue				
Fines/Penalties on Interest	\$ 6,982	\$ (6,374)	\$ (15,000)	146.5%
130 Admin				
Revenue				
User Charges	(71,398)	(63,157)	(200,000)	64.3%
Fines/Penalties on Interest	(747,327)	(700,002)	(1,400,000)	46.6%
140 Internal Audit				
Expenditures				
Salaries, Wages & Benefits	77,076	79,424	154,743	50.2%
Materials & Supplies	0	150	300	100.0%
162 IT				
Expenditures				
Salaries, Wages & Benefits	688,043	762,548	1,497,831	54.1%
Materials & Supplies	4,843	3,600	8,200	40.9%
Contracted Services	4,293	3,610	15,000	71.4%
Transfers from RES / RF / CAP Fund	300,600	300,600	300,600	0.0%
Reclass: CF (NON-TCA) to GF	497,472	427,850	600,000	17.1%
210 Finance Admin				
Expenditures				
Salaries, Wages & Benefits	1,418,665	1,561,793	3,082,732	54.0%
Materials & Supplies	54,825	47,806	101,190	45.8%
Contracted Services	45,018	31,145	54,000	16.6%

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
211 Unclassified Admin				
Revenue				
User Charges	(616)	0	0	0.0%
Expenditures				
Materials & Supplies	190,247	496,762	705,306	73.0%
Contracted Services	72,619	1,068,891	1,285,600	94.4%
Rents/Financial Expenses	101,601	72,084	205,000	50.4%
Transfers from RES / RF / CAP Fund	930,000	930,000	930,000	0.0%
250 Contributions				
Revenue				
Transfer between Funds	(332,816)	(332,816)	(332,816)	0.0%
Total Financial Services & Unclassified Admin	\$ 3,240,127	\$ 4,683,914	\$ 6,992,686	55.8%

Highlights

Unassigned

The Fines/Penalties on Interest section of the Unassigned sub-department is sitting with a debit balance at the end of the second quarter. The biggest contributor to this is the reversal of a 2020 duplicate invoice and the related reversal of the finance charges applied in error. This is a one-time occurrence and has now been rectified.

IT

During the first half of the year, the Municipality converted existing phone jacks to data jacks. This conversion will allow the Municipality to accommodate additional staff in existing work spaces. The Planning and Development Services Department, IT division and part of Fire Station 1 have been converted to allow for these additional staff.

Emergency and Fire Services

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
130 Admin				
Revenue				
User Charges	\$ (259,245)	\$ (66,976)	\$ (115,000)	-125.4%
Expenditures				
Salaries, Wages & Benefits	452,945	496,279	958,880	52.8%
Materials & Supplies	85,701	112,650	234,050	63.4%
External Transfers to Others	7,750	1,200	10,000	22.5%
Transfers from RES / RF / CAP Fund	637,500	637,500	637,500	0.0%
280 Fire Prevention				
Revenue				
User Charges	(8,977)	(40,590)	(44,500)	79.8%
Expenditures				
Salaries, Wages & Benefits	374,851	408,482	796,825	53.0%
Materials & Supplies	1,904	3,250	45,000	95.8%
Contracted Services	0	1,000	1,000	100.0%
281 Fire Suppression				
Expenditures				
Salaries, Wages & Benefits	4,163,352	4,419,895	8,634,223	51.8%
Materials & Supplies	33,864	21,744	90,000	62.4%
Contracted Services	25,380	22,867	80,000	68.3%
282 Fire Training/Technical Support				
Expenditures				
Salaries, Wages & Benefits	132,377	187,433	364,141	63.6%
Materials & Supplies	547	2,283	6,500	91.6%

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
283 Fire Communication				
Expenditures				
Contracted Services	296,010	290,985	623,000	52.5%
284 Fire Mechanical				
Expenditures				
Materials & Supplies	32,388	54,845	115,000	71.8%
285 All Stations - P/T Admin				
Expenditures				
Salaries, Wages & Benefits	346,934	442,083	865,215	59.9%
Materials & Supplies	16,059	24,549	46,700	65.6%
Contracted Services	4,684	1,234	6,500	27.9%
286 Municipal Emergency Measures				
Revenue				
User Charges	0	(10,000)	(10,000)	100.0%
Expenditures				
Materials & Supplies	1,092	17,591	26,950	95.9%
Contracted Services	0	5,000	5,000	100.0%
287 Mechanical Technical Support				
Expenditures				
Salaries, Wages & Benefits	68,304	75,413	147,042	53.5%
Total Emergency and Fire Services	\$ 6,413,420	\$ 7,108,717	\$ 13,524,026	52.6%

Highlights

Administration

User charges include an invoice to OPG for the 2021 annual payment as per the Memorandum of Understanding with the Municipality of Clarington and OPG.

There was a vacancy in the Administration sub-department with a retirement which would account for some of the lower than expected Salaries, Wages & Benefits expenses for this time of the year.

Fire Training/Technical Support

There was a vacancy in the Fire Training sub-department with a retirement which would account for some of the lower than expected Salaries, Wages & Benefits expenses for this time of the year.

Fire Prevention

The cancellation of the Junior Firefighter Program, as a result of COVID-19, will result in unspent student wages in 2021. The Municipality is anticipating being able to run the program in 2022, in accordance with public health guidelines in place at that time.

Public Works

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
000 Unassigned				
Revenue				
User Charges	\$ (34,010)	\$ (166,315)	\$ (209,300)	83.8%
Expenditures				
Salaries, Wages & Benefits	1,464	1,681	3,000	51.2%
Materials & Supplies	47,930	21,865	90,834	47.2%
Contracted Services	1,400	180	1,000	-40.0%
130 Admin				
Revenue				
User Charges	(165,015)	(151,225)	(310,800)	46.9%
Expenditures				
Salaries, Wages & Benefits	2,487,360	2,700,810	5,286,990	53.0%
Materials & Supplies	36,949	50,153	109,050	66.1%
Contracted Services	9,546	225,719	226,000	95.8%
Debt Services (Principle and Interest paid)	481,928	546,623	546,623	11.8%
Transfers from RES / RF / CAP Fund	5,723,536	5,723,536	5,723,536	0.0%
250 Contributions				
Revenue				
Transfer between Funds	(495,000)	(495,000)	(495,000)	0.0%
324 Street Lighting				
Revenue				
User Charges	(3,319)	(921)	(15,000)	77.9%
Expenditures				
Materials & Supplies	240,798	335,251	700,000	65.6%

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
Contracted Services	102,456	119,434	280,000	63.4%
Debt Services (Principle and Interest paid)	(21,214)	0	219,670	109.7%
Transfers from RES / RF / CAP Fund	100,000	100,000	100,000	0.0%
325 Parks				
Expenditures				
Salaries, Wages & Benefits	602,718	603,708	1,193,058	49.5%
Materials & Supplies	271,791	152,021	569,600	52.3%
Contracted Services	187,675	441,919	1,489,760	87.4%
Rents/Financial Expenses	16,404	3,018	48,000	65.8%
Transfers from RES / RF / CAP Fund	1,157,900	1,157,900	1,157,900	0.0%
326 Cemetery				
Revenue				
User Charges	(74,296)	(62,035)	(143,000)	48.0%
Expenditures				
Salaries, Wages & Benefits	93,118	170,312	339,392	72.6%
Materials & Supplies	62,223	42,844	98,700	37.0%
Transfers from RES / RF / CAP Fund	55,000	55,000	55,000	0.0%
327 Parking Lots				
Expenditures				
Debt Services (Principle and Interest paid)	(14,273)	0	0	0.0%
330 Roads & Structures				
Expenditures				
Contracted Services	0	0	12,000	100.0%
334 Safe Roads				
Expenditures				
Materials & Supplies	1,640	5,755	18,500	91.1%

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
Contracted Services	17,014	488	50,000	66.0%
350 Waste Collection				
Revenue				
User Charges	(48)	(21,654)	(22,500)	99.8%
Expenditures				
Materials & Supplies	0	22,500	22,500	100.0%
351 Recycling Collection				
Revenue				
User Charges	(15)	(1,500)	(1,500)	99.0%
Expenditures				
Materials & Supplies	0	1,500	1,500	100.0%
380 Road Maintenance				
Revenue				
User Charges	(225)	(13,238)	(19,500)	98.8%
Expenditures				
Salaries, Wages & Benefits	225,333	221,214	624,000	63.9%
Materials & Supplies	260,235	273,673	942,775	72.4%
Contracted Services	197,696	324,079	915,200	78.4%
381 Hardtop Maintenance				
Expenditures				
Salaries, Wages & Benefits	200,952	240,315	463,000	56.6%
Materials & Supplies	105,904	101,062	520,500	79.7%
Contracted Services	(270)	0	160,000	100.2%
382 Isetop Maintenance				
Expenditures				
Salaries, Wages & Benefits	37,845	32,608	59,500	36.4%

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
Materials & Supplies	92,359	84,092	341,000	72.9%
383 Winter Control				
Revenue				
User Charges	(5,352)	(1,773)	(20,000)	73.2%
Expenditures				
Salaries, Wages & Benefits	495,516	633,194	958,600	48.3%
Materials & Supplies	1,071,905	1,323,418	2,072,500	48.3%
384 Safety Devices				
Expenditures				
Salaries, Wages & Benefits	102,097	116,814	228,000	55.2%
Materials & Supplies	118,047	203,344	397,500	70.3%
Contracted Services	8,102	0	50,000	83.8%
386 Storm Water Management				
Expenditures				
Salaries, Wages & Benefits	365	10,832	20,000	98.2%
Materials & Supplies	51	2,584	13,000	99.6%
Contracted Services	0	10,000	92,000	100.0%
387 Regional Roads				
Expenditures				
Salaries, Wages & Benefits	3,444	7,134	9,000	61.7%
Materials & Supplies	16,223	25,825	35,000	53.6%
388 Fleet				
Revenue				
User Charges	(740,399)	0	0	0.0%
Expenditures				
Salaries, Wages & Benefits	320,471	437,585	751,228	57.3%

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
Materials & Supplies	500,360	40,595	109,600	-356.5%
Transfers from RES / RF / CAP Fund	1,085,000	1,085,000	1,085,000	0.0%
Total Public Works	\$ 14,987,319	\$ 17,236,924	\$ 27,448,416	45.40%

Highlights

Unassigned

Although the Unassigned Contracted Services looks to be over budget by \$400 (40%), the budget for this is an estimate and depends on accident related recoveries every year. This is an expense that is fully recoverable.

Administration

Low revenues have experienced across all sub-departments; however, decreases in Sport Fields revenue and Region Waste revenue- as we are not selling blue boxes or bag tags- are impacted by COVID-19 restrictions. Cemetery revenue is market driven and cannot be anticipated. Entrance Culvert revenue will increase in the third quarter as it is a seasonal operation (this work cannot be performed in the cold weather as the ground is frozen.)

Street Lighting

The Street Lighting Debt Services account is reconciled differently than the other Debt accounts as this is an internal loan from our Reserve Fund, not a Debenture repayment.

Fleet

The Fleet Miscellaneous Operating Supply account is rolled up into the materials and supplies category making it look like it is over budget however fleet revenues offset this account's expenses.

Community Services

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
130 Admin				
Revenue				
User Charges	\$ (2,324)	\$ (21,500)	\$ (21,500)	89.2%
Expenditures				
Salaries, Wages & Benefits	451,803	474,238	928,606	51.3%
Materials & Supplies	13,338	29,483	62,325	78.6%
Transfers from RES / RF / CAP Fund	1,273,700	1,273,700	1,273,700	0.0%
420 Recreation Services Admin				
Revenue				
User Charges	0	(1,040)	(1,230)	100.0%
Expenditures				
Salaries, Wages & Benefits	454,906	509,257	993,041	54.2%
Materials & Supplies	2,143	8,973	19,400	89.0%
421 Facilities				
Revenue				
User Charges	(138,524)	(1,093,011)	(1,969,479)	93.0%
Expenditures				
Salaries, Wages & Benefits	1,656,119	2,191,944	4,342,760	61.9%
Materials & Supplies	993,362	1,489,960	3,152,495	68.5%
Contracted Services	133,168	182,541	317,107	58.0%
Debt Services (Principle and Interest paid)	1,478,516	1,476,439	1,514,261	2.4%
Transfers from RES / RF / CAP Fund	1,144,050	1,144,050	1,144,050	0.0%
423 Concessions				
Revenue				

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
User Charges	0	(34,005)	(34,990)	100.0%
424 Aquatic Programs				
Revenue				
User Charges	(99,173)	(611,661)	(776,373)	87.2%
Expenditures				
Salaries, Wages & Benefits	36,218	361,378	705,749	94.9%
Materials & Supplies	1,713	27,538	53,889	96.8%
425 Fitness Programs				
Revenue				
User Charges	(31,321)	(407,497)	(436,454)	92.8%
Expenditures				
Salaries, Wages & Benefits	28,978	155,159	305,547	90.5%
Materials & Supplies	1,566	9,263	27,850	94.4%
426 Recreation Programs				
Revenue				
User Charges	(2,237)	(199,787)	(309,085)	99.3%
Expenditures				
Salaries, Wages & Benefits	8,673	144,552	284,029	96.9%
Materials & Supplies	1,897	12,766	37,580	95.0%
Contracted Services	0	23,500	23,500	100.0%
Rents/Financial Expenses	0	1,000	1,000	100.0%
427 Community Development				
Revenue				
User Charges	(71,350)	(98,410)	(164,650)	56.7%
Expenditures				
Salaries, Wages & Benefits	3,411	38,186	76,209	95.5%

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
Materials & Supplies	66,467	74,838	182,330	63.5%
Contracted Services	5,597	18,445	43,000	87.0%
428 55+ Active Adults				
Revenue				
User Charges	(6,304)	(96,021)	(122,347)	94.8%
Expenditures				
Salaries, Wages & Benefits	10,716	51,111	102,242	89.5%
Materials & Supplies	693	10,796	12,600	94.5%
Contracted Services	0	5,500	5,500	100.0%
Rents/Financial Expenses	0	0	0	0
429 Customer Service				
Revenue				
User Charges	(377)	(13,643)	(16,500)	97.7%
Expenditures				
Salaries, Wages & Benefits	247,711	464,495	921,464	73.1%
Materials & Supplies	1,465	67,355	93,146	98.4%
440 Libraries				
Expenditures				
Materials & Supplies	856	1,601	4,100	79.1%
Contracted Services	2,697	2,877	6,915	61.0%
Debt Services (Principle and Interest paid)	75,230	75,206	78,466	4.1%
450 Client Services				
Expenditures				
Salaries, Wages & Benefits	252,884	298,547	585,699	56.8%
Materials & Supplies	4,658	12,672	17,650	73.6%
451 Tourism				

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
Expenditures				
Salaries, Wages & Benefits	113,897	119,680	235,262	51.6%
Materials & Supplies	33,303	17,743	66,500	49.9%
Contracted Services	9,065	0	24,250	62.6%
460 Museum				
Expenditures				
Materials & Supplies	4,598	9,705	18,700	75.4%
Contracted Services	6,924	792	7,300	5.2%
473 Community Grant Program				
Expenditures				
External Transfers to Others	32,500	20,500	64,000	49.2%
480 Municipal Sponsorships				
Expenditures				
External Transfers to Others	74,420	0	35,000	-112.6%
Total Community Services	\$ 8,275,632	\$ 8,229,215	\$ 13,914,614	40.5%

Highlights

Administration and Recreation Administration

Revenues across all sub-departments are extremely low, with the Provincial lockdown in place for most of the first and second quarters of 2021. The pandemic has also impacted the expenses for Salaries, Wages & Benefits (PT), Materials & Supplies and Contracted Services. There are noticeable decreases in expenses for each of these areas.

Facilities

Facility rentals in all areas are tracking well below budget expectations for the first and second quarters of 2021. The lockdown of all non-essential businesses saw the closure of municipal facilities. Although Rickard Recreation Complex (RRC) remained open for mass vaccination and COVID-19 testing clinics, the multi-purpose revenue remained at \$0 with their use of the hall space. Staff anticipate this trend to continue to end of the year with the testing clinics remaining open.

With the loss of revenue due to the Provincial Lockdown, expense mitigation measures were implemented where possible in all Part-Time wage accounts, utilities, operating supplies and waste disposal. There was significant reduction in Full-Time overtime and internal redeployment of FT staff. These efforts sought to complete outstanding project work and to reduce the costs of contracting for this work.

Although most revenues are down, Community Care Durham lease revenue is tracking on budget through the first and second quarters. As we move into the third quarter, staff expect to see ice rental revenues increase as the Province moves to reopen non-essential businesses and programs.

Aquatics

Below budget trends continue in aquatic lessons and public swim revenue. Significant expense mitigation measures were undertaken which effected part time wages for lifeguards and instructors as well as expenses for program supplies.

As the Province begins to reopen in the third quarter, public swims and swimming lessons revenue will increase from July onward until the end of the year. Pool rental revenue expected to resume in September with the return of the Clarington Swim Club.

Approximately \$75,000 was received in 2021 from an insurance claim for the damage and lost revenues caused when a vehicle entered the Courtice Community Complex pool in January 2019.

Fitness

Gym membership and fitness class revenues are well below budget in the first and second quarters of 2021. Expense mitigation steps were undertaken to result in lower year to date costs in PT Wages and Program Supplies accounts. Staff are hopeful that this area's revenues will increase from the third quarter to the end of the year.

Recreation

Recreation program revenue and public skating revenues are, as all Community Services revenue, coming in well below the year-to-date budget. Expense mitigation in PT Program Wages and Program Supplies accounts.

Community Development

The Virtual Mayor's Love of Art Gala revenue slightly exceeded budget expectations. Unfortunately, all in-person Canada Day and Sport Hall of Fame events were cancelled in 2021.

55+ Active Adults

Program and Aquafit revenue for 55+ Active Adults is well below the year-to-date budget. There was expense mitigation set in place in PT Program Wages and Program Supplies accounts. Staff have no plans for special events in the near future. As Provincial reopening continues, Program and Aquafit revenues will increase in the following quarters.

Customer Service

Merchandise sales were not possible with the facility closures resulting in no revenues to date.

Tourism

To date, significant savings have been realized in printing costs.

Municipal Sponsorships

External Transfers to Others looks to be over budget however, there are unbudgeted sponsorships approved by Council after the budget was approved. As some of the recipient organizations are consolidated as part of our financial statements, it is critical for year-end reconciliation that these sponsorships remain easily identifiable.

Planning and Development Services

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
000 Unassigned				
Expenditures				
Salaries, Wages & Benefits	\$ 916	\$ 2,108	\$ 4,221	78.3%
Materials & Supplies	4,762	225,750	234,750	98.0%
Transfers from RES / RF / CAP Fund	640,375	640,375	640,375	0.0%
130 Admin				
Revenue				
User Charges	(619,121)	(451,904)	(1,114,991)	44.5%
Expenditures				
Salaries, Wages & Benefits	1,524,070	1,849,190	3,632,851	58.0%
Materials & Supplies	45,339	63,198	109,550	58.6%
Contracted Services	29,422	900,805	946,000	96.9%
Transfers from RES / RF / CAP Fund	12,500	12,500	12,500	0.0%
250 Contributions				
Revenue				
Transfer between Funds	(1,000)	(1,000)	(1,000)	0.0%
321 Building Inspection				
Revenue				
User Charges	(1,308,299)	(897,150)	(1,769,500)	26.1%
Fines/Penalties on Interest	0	(500)	(500)	100.0%
Expenditures				
Salaries, Wages & Benefits	588,942	630,227	1,249,151	52.9%
Materials & Supplies	10,376	41,250	101,215	89.7%
Contracted Services	55,769	16,721	199,000	72.0%

Description	2021 YTD Actuals	2021 YTD Budget	2021 Final Budget	2021 Total Unexpended %
Transfers from RES / RF / CAP Fund	227,950	227,950	227,950	0.0%
385 Environmental				
Revenue				
User Charges	(585)	0	0	
Expenditures				
Contracted Services	0	0	0	
430 Smallboards				
Expenditures				
Materials & Supplies	(100)	0	1,500	106.7%
502 Development Review				
Revenue				
User Charges	(60,493)	0	0	
Expenditures				
Materials & Supplies	2,151	0	0	
Contracted Services	84,559	0	0	
Total Planning and Development Services	\$ 1,237,533	\$ 3,260,520	\$ 4,474,072	72.3%

Highlights

Administration

Admin User Charges such as compliance letters and subdivision application fees are trending higher revenues at this time of the year than expected. There is no specific reason for the increase as these are based on market trends. However, Staff have noted that with the shift to this very active housing market, there have been more compliance letters to verify

that there are no outstanding work orders (etc.) on purchased properties. There have been a few new subdivision applications this year, but these are unpredictable and fluctuate by the developer or their schedule of submission.

Building Inspection

The Building Permit revenue is trending higher at this time of the year than expected. Although this revenue is also market dictated, Staff are assuming that many people are building and renovating due to COVID-19 while staying home. This increase in building permits for renovations have been seen in many GTA municipalities.

Environmental

Revenue received from the lease of Graham Creek Barrier is found in this sub-department.

Looking forward to the 3rd Quarter

COVID-19 Mitigations and Changes to Restrictions

COVID-19 mitigation efforts continue through the third quarter of 2021. However, there is a movement towards reopening and lessening restrictions. There will be reflections of this in the expense and revenue accounts.

Continuous Improvement/Key Performance Indicators

As this report is constantly evolving and improving, we hope the third-quarter report will include upcoming continuous improvements within the Municipality and focus on key performance financial indicators that will be used to benchmark existing service levels.

Staff Report

If this information is required in an alternate accessible format, please contact the Accessibility Coordinator at 905-623-3379 ext. 2131.

Report To:	Audit and Accountability Committee		
Date of Meeting:	June 29, 2021	Report Number:	FSD-036-21
Submitted By:	Trevor Pinn, Director of Financial Services/Treasurer		
Reviewed By:	Andrew C. Allison, CAO	Resolution#:	
File Number:	[If applicable, enter File Number]	By-law Number:	
Report Subject:	Purchasing By-law Review 2021		

Recommendations:

1. That Report FSD-036-21 be received;
2. That the updated By-law attached to this Report (Attachment 1) be passed; and
3. That all interested parties listed in Report FSD-036-21 and any delegations be advised of Council's decision.

Report Overview

To request authorization from Council to update the Purchasing By-law No. 2015-022.

1. Background

- 1.1 At its meeting held on, [March 9, 2015](#) General passed resolution #GPA-191-15 adopting the revised Purchasing By-law designed to meet departmental requirements and operational needs while ensuring effective controls. As a requirement of the Purchasing By-law, the Purchasing Manager is required to undertake a comprehensive review of the Purchasing By-law every five years. The proposed updated By-law (Attachment 1) repeals the existing [By-law 2015-022](#).
- 1.2 The Purchasing By-law outlines the authority for the procurement of goods and services, including the following:
 - The authority and duties of the Purchasing Manager
 - The process for bid solicitation and awarding of contracts
 - The conditions under which goods and services can be sourced without a competitive process
 - Purchasing limits and delegation of authority
 - Compliance
 - Pricing/cost

2. Review Process

- 2.1 The Director of Financial Services/Treasurer and Staff from the Purchasing Services Division established a working team to review and discuss revisions to the Purchasing By-law to address operational improvements. Several meetings were held to review and discuss the various sections of the Purchasing By-law. While some of the changes are substantive, many of the changes are administrative.
- 2.2 The changes being proposed will allow Purchasing Staff to focus on higher dollar value purchases, shorten the lead time for the procurement of goods and promote efficiencies.

A summary of proposed revisions to the new Purchasing By-law are shown below:

By-law Provisions

1. Definition

- Include a definition for Single Source purchase
- Include a definition for Sole Source purchase

2. Bid Types and Limits

a) Informal Request for Quotation

- Increase the authority to make acquisitions from between \$5,000 - \$25,000 to between \$5,000 - \$50,000

b) Formal Request for Quotation

- Increase the authority to make acquisitions from between \$25,000 - \$100,000 to between \$50,000 - \$100,000

c) Bonds and Deposits

- Reword to delete any reference to cash and envelope and to include accepting e-Bond.

d) Bid Procedure

- Delete any reference to hard copy submission and replace with “electronic process”

e) Bid Opening

- Delete any reference to hard copy submission and public opening and replaced with “Unless otherwise stated, all Bids shall be opened by the Purchasing Manager and results posted publicly on the Municipality’s website”.

f) Approval Limits and Reporting

- Change CAO’s approval limit from \$250,000 to \$500,000
- Change the limit for award of contract for goods and services requiring Committee’s approval from \$250,000 to \$500,000

- Department Head may hire a consultant directly if the cost is below \$25,000, down from \$30,000, in line with the treatment for other purchases
- CAO will approve hiring of consultants between \$25,000 to \$50,000
- Change the limit for award of contract for consulting and professional services requiring Committee's approval from \$30,000 to \$50,000.

3. General Purchasing Policies

a) Fair Wage Policy

- Deleted

b) Lobbying

- Included a new section on lobbying as follows:

All prospective bidders are prohibited from lobbying any member of Council, staff and consultants, appointed member and any staff of any Board during the period commencing at the time of issuing a bid solicitation and ending at the time of the award of the contract. The Municipality may reject any bid by a supplier that engages in such lobbying, without further consideration, and may terminate that supplier's right to continue in the bid solicitation process.

4. Schedule A

- Delete Engineering Services and Engineering Consulting Services from Schedule from Schedule A.

5. Other Changes

- Other changes made are administrative in nature.

6. Future changes

- The Purchasing Services Division and the Energy and Climate Change Response Co-Ordinator are working together on a green procurement policy. A separate report will be sent to Council once the policy has been finalised.

3. Concurrence

Departments Heads have been consulted during the review process and the report has been reviewed by the Director of Municipal Services/Municipal Solicitor who concurs with the recommendation.

4. Conclusion

- 4.1 Overall, the general consensus is that the By-law facilitates efficient procurement processes and effectively meets the operating requirements of the Municipality's operating Departments while ensuring appropriate controls and accountability measures.
- 4.2 It is respectfully recommended that the By-law attached to this report as attachment #1 be passed.

Staff Contact: David Ferguson, Purchasing Manager, 905-623-3379 Ext 2209 or
dferguson@clarington.net

Attachment:

Attachment 1 – Proposed updated Purchasing By-law.

Interested Parties:

There are no interested parties to be notified of Council's decision.

Purchasing By-Law 2021-xxx

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If this by-law is required in an alternate accessible format, please contact the Accessibility Coordinator at 905-623-3379 ext. 2131.

THE CORPORATION OF THE MUNICIPALITY OF CLARINGTON

BY-LAW NUMBER 2021-xxx

being a by-law to provide policies and procedures
for the procurement of goods and services.

WHEREAS pursuant to section 270 of the *Municipal Act, 2001*, the Corporation is required to establish and maintain policies with respect to its procurement of goods and services; and

WHEREAS the Corporation wishes to procure goods and services in the most efficient and cost effective manner possible; and

WHEREAS the Corporation is committed to ensuring that its procurement policies and procedures are fair, open and transparent.

NOW THEREFORE the Corporation of the Municipality of Clarington hereby enacts as follows:

Part 1 – Interpretation

Definitions

1. In this by-law,

“Acquisition” means the purchase of a Good and/or Service for use on a permanent or temporary basis;

“Bid” means a Proposal, Quotation or Tender;

“Bidder” is a Person who responds to a Bid Solicitation;

“Bid Solicitation” means a request by the Corporation for Bids for the provision of Goods and/or Services through an RFP, RFQ or RFT;

“CAO” means the Chief Administrative Officer of the Corporation or a designate;

“Clerk” means the Municipal Clerk of the Corporation or a designate;

“Committee” means the General Government Committee of Council;

“Consulting and Professional Services” means services provided by architects, engineers, designers, environmental consultants, surveyors, management and financial consultants, bankers, auditors, brokers, soil consultants, real estate appraisers, Ontario land surveyors, web designers or any other consultant or professional, but does not include any consulting and professional services referred to in Schedule “A”;

“Corporation” means The Corporation of the Municipality of Clarington;

“Cost” means the actual cost of an Acquisition excluding taxes;

“Contract” means an agreement between two or more Persons one of whom is the Corporation;

“Council” means the Council of the Corporation;

“Department” means a Department of the Corporation identified on the annual organization charts and reflected in the prevailing budget;

“Department Head” means the Director of one of the Departments or a designate;

“Disqualified Bidder” means a Bidder that has provided unsatisfactory Goods and/or Services to the Corporation and consequently had a Contract terminated or been notified by the Purchasing Manager that they are not eligible to submit a Bid;

“Expression of Interest” or “EOI” means general market research used prior to a Bid Solicitation to determine if there is an interest in a proposed Acquisition;

“Goods and/or Services” means any goods and/or services required by the Corporation other than goods and/or services listed in Schedule “A”;

“Local Board” means a local board (as that term is defined in the *Municipal Act, 2001*) of the Corporation;

“Person” includes an individual, association, firm, partnership, corporation, union, trust, organization, trustee or agent, and their heirs, executors, administrators, successors and assigns;

“Proposal” means an offer from a Bidder made in response to an RFP;

“Purchase Order” means a Contract or a written acceptance of a Proposal, issued on forms prescribed by the Purchasing Manager;

“Purchasing Manager” means the Purchasing Manager of the Corporation or a designate;

“Quotation” means an offer from a Bidder made in response to an RFQ;

“Request for Proposal” or “RFP” is a form of Bid Solicitation in which the Corporation invites one or more potential suppliers to submit proposals with respect to the supply of particular Goods and/or Services, which the Purchasing Manager in consultation with the Department Head, determines may be dependent upon non-price factors and may require negotiations between a Bidder and the Corporation before a Contract is made between them;

“Request for Quotation” or “RFQ” is a form of Bid Solicitation in which the Corporation requests either informal quotations or formal quotations;

“Request for Tender” or “RFT” is a form of Bid Solicitation in which the Corporation publishes the specifications, terms, conditions and details concerning a proposed Contract, and invites or advertises prospective Bidders to submit Tenders;

“Responsive and Responsible Bidder” is a Person responding to a Bid Solicitation who complies with its provisions and who can reasonably be expected to provide satisfactory performance of a proposed Contract based on reputation, references, performance on previous contracts, and proof of sufficient financial and other resources;

“Single Source Purchase” means a non-competitive purchase where there are other suppliers of the product or service available, however, for reasons such as emergency, proprietary, matching existing equipment, health and safety concerns, time constraints, etc., the purchase is sourced to a specific vendor.

“Sole Source Purchase” means a non-competitive purchase where there is only one supplier of the product or services and as a result a competitive quotation process is not possible.

“Tender” means an offer received from a Bidder in response to an RFT;

“Treasurer” means the Director of Financial Services/Treasurer of the Corporation or a designate; and

“Weighted Evaluation Criteria” means criteria that are taken into account when evaluating Proposals including qualitative, technical and pricing considerations.

Word Usage

2. This by-law shall be read with all changes in gender or number as the context may require.
3. A grammatical variation of a defined word or expression has a corresponding meaning.

Severability

4. Should any section or part of this by-law be held by a Court of competent jurisdiction to be invalid, the remainder of this by-law shall not be affected.

References

5. In this by-law, reference to any Act, By-law or Policy is reference to that Act, By-law or Policy as it is amended or re-enacted from time to time.
6. Schedule "A" (Exempt Good and/or Services) is attached to and forms part of this by-law.
7. All references to dollar figures are Canadian dollars.
8. Unless otherwise specified, reference in this by-law to a clause, section or Schedule is to a clause, section or Schedule in this by-law.

Application

9. This by-law shall not apply to the acquisition of any interests in real property. Such matters shall be governed by By-Law 2011-011 and subsequent by-law.
10. This by-law shall not apply to the Acquisition of any Goods and/or Services listed in Schedule "A".

Part 2 – Authority**Purchasing Manager Authority**

11. The Purchasing Manager shall have the authority to act as agent of the Corporation for the purpose of acquiring all Goods and/or Services required by the Corporation.
12. The Purchasing Manager shall determine the method of Acquisition having regard to the nature, importance or urgency associated with the purchase requisition, subject to the general trade practice, market conditions and the provisions of this by-law.

Approval Authority

13. No employee of the Corporation shall have the authority to make or approve an Acquisition or award a Contract for any Good and/or Service unless funds for such Acquisition have been allocated in a budget approved by Council. If a recommended Bid is in excess of an approved budget limit but within the approval limits of this by-law, the Treasurer, after consultation with the Department Head, must approve the source of additional funding.

14. Contracts shall not be split so as to circumvent the established method of purchase or the approval limits imposed by this by-law unless, in the opinion of the Purchasing Manager, after consultation with the Department Head, if it is deemed advantageous to acquire components of a major project through separate Contracts.

Signing Authority

15. Authority to make or approve an Acquisition or award a Contract for any Good and/or Service includes the power to sign all documents necessary to effect the Acquisition. Where a Department Head or the CAO has the authority to sign a Contract, the Purchasing Manager may sign on their behalf.

Part 3 – Bid Types and Limits

Purchases up to \$5,000

16. Goods and/or Services not exceeding a Cost of \$5,000, (excluding computers, software, computer accessories and cell phones) do not require the submission of a Purchase Order (unless one is required by the vendor) and may be purchased by individual Departments as required at the lowest available Cost. However, if a term order or another form of Contract is established, then the Department must purchase from the Contract vendor. Computers, software, computer accessories and cell phones must be ordered in coordination with the IT Division using a Purchase Order.

Informal Request for Quotation (\$5,001 - \$50,000)

17. The Purchasing Manager shall have the authority to make Acquisitions for which the Cost is between \$5,001 up to a maximum of \$50,000 at the lowest available Cost, provided a minimum of three Quotations have been received where they are reasonably required and possible to obtain.

Formal Request for Quotation (\$50,001 - \$100,000)

18. The Purchasing Manager shall have the authority to make Acquisitions for which the Cost is between \$50,001 up to a maximum of \$100,000 at the lowest available Cost, provided where they are reasonably required and possible to obtain, at least three formal Quotations have been received and the lowest Responsive and Responsible Bid received is acceptable.

Acquisitions over \$100,000

19. Subject to sections 20, 21 and 23, Acquisitions that are anticipated to have a Cost in excess of \$100,000 shall be made through an RFT.

Routine Purchases

20. Where, in the opinion of the Purchasing Manager in consultation with the Department Head, a proposed Acquisition is of a routine and repetitive nature, the Purchasing Manager may obtain written Bids from suppliers and a Contract may be awarded.

Negotiations / Single / Sole Source Purchases

21. In place of a Bid Solicitation, Goods and/or Services may be purchased through negotiation, Single or Sole source purchases where, in the opinion of the Purchasing Manager in consultation with the Department Head,
- (a) the sources of supply are restricted to the extent that there is no effective price competition;
 - (b) the purchase involves Goods and/or Services,
 - (i) that are in short supply due to market conditions;
 - (ii) for which there is no reasonable substitute or competitive product; or
 - (iii) for which compatibility with an existing product/services is the overriding consideration;
 - (c) the purchase involves specialized preassembled goods;
 - (d) the Bid from the lowest Responsive and Responsible Bidder substantially exceeds the estimated Cost;
 - (e) no Bid from a Responsive and Responsible Bidder is received and it is impractical to issue another Bid Solicitation;
 - (f) the extension or reinstatement of an existing Contract would prove most cost-effective or beneficial to the Corporation;
 - (g) the terms and conditions of a Proposal provide for negotiation with the selected Bidder; or
 - (h) Council has specifically authorized an Acquisition through negotiation.
22. In the case of a Contract for a construction project, negotiations shall be conducted in accordance with the Canadian Construction Documents Committee (C.C.D.C.) Document 23 published by the Canadian Construction Association where expressly required by the provisions of an RFT.

Requests for Proposal

23. Irrespective of the anticipated Cost, where the Purchasing Manager in consultation with the Department Head determines that a proposed Acquisition involves unique or complicated circumstances, the Acquisition may be made through the use of an RFP.

24. (1) In this section, "Two Envelope Method" means a procurement process in which,
 - (a) a Bid is submitted in two separate envelopes, the first of which contains technical and qualitative information and the second of which contains price information; and
 - (b) Weighted Evaluation Criteria are applied and the second envelope is opened only if the first envelope shows the Bidder to be qualified.
- (2) The Purchasing Manager, in consultation with the Department Head, may use an RFP process that utilizes a Two Envelope Method.
25. RFPs may be called by public advertisement or invitation to specific Bidders.
26. All RFPs shall be submitted in the prescribed manner and delivered to the Purchasing Manager.
27. It is the Corporation's general policy to select the Proposal that best meets the requirements of the RFP based on Weighted Evaluation Criteria.

Product Demonstrations and Information

28. No requests for prices or demonstrations for approved projects or programs above \$5,000 shall be made without prior consultation with the Purchasing Manager.
29. Requests on behalf of the Corporation may be made by Department Heads for informal non-binding product and technical information, catalogues and price lists. Each Department Head shall provide the Purchasing Manager with such data, specification details and information relating to a proposed Acquisition, including the Corporation's approved budget prices. The Purchasing Manager shall obtain all binding or estimated prices provided by potential Bidders.

Bid Pre-Qualification

30. (1) In this section, "Pre-qualification" means a procedure whereby a prospective Bidder satisfies the Corporation that it is capable of supplying a particular Good and/or Service as a condition of being allowed to submit a Bid.
- (2) If, in the opinion of the Purchasing Manager, Pre-qualification is required, the Contract, if awarded at all, must be awarded to the lowest Responsive and Responsible Bidder who has been pre-qualified.

Bonds and Deposits

31. All Bid deposits required as part of any Bid Solicitation shall be provided by certified cheque, bank draft or money order made payable to "The Corporation of the Municipality of Clarington". Bid bonds, including electronic bond, shall be issued by a licensed surety company authorized to carry on business in Ontario, and shall be

in an amount and in a form satisfactory to the Corporation. Bid deposits shall be submitted in accordance with the following schedule, unless otherwise specified in the Bid Solicitation:

<u>Total Amount of Bid</u>	<u>Minimum Bid Deposit Required</u>
Up to \$20,000.00	\$1,000.00
Up to \$50,000.00	\$2,000.00
Up to \$100,000.00	\$5,000.00
Up to \$250,000.00	\$10,000.00
Up to \$500,000.00	\$25,000.00
Up to \$1,000,000.00	\$50,000.00
Up to \$2,000,000.00	\$100,000.00
Over \$2,000,000.0	\$200,000.00

32. When the deposit of a performance bond and/or labour and material payment bond is a requirement of a Bid Solicitation, such bonds shall be,
 - (a) in the amounts specified in the Bid documents;
 - (b) issued by a licensed surety company authorized to carry on business in Ontario;
 - (c) in a form approved by the Corporation; and
 - (d) delivered by the Bidder to the Purchasing Manager prior to execution of the Contract.

33. Following the award of a Contract, all deposits that are in the form of certified cheques or money orders, except for the deposits supplied by the successful and next to successful Bidders in the case of a Contract award, shall be returned to the unsuccessful Bidders. Retained Bid deposits shall be held until the Contract is executed by the Corporation, unless otherwise determined by the Purchasing Manager.

34. Following the cancellation of a Bid Solicitation, all deposits shall be returned to the Bidders.

35. If a successful Bidder fails to enter into a Contract, the Bid deposit shall be forfeited to the Corporation. If a Bid bond is deposited, it may be called by the Treasurer and the amount of money thereby obtained shall be forfeited to the Corporation.

Initial Bid Procedures

36. If required, Bid Solicitations shall be advertised in the method deemed most appropriate by the Purchasing Manager which may include, but shall not be limited to periodicals, newspapers and/or websites.

37. All closing times shall be established by the Purchasing Manager.
38. The Purchasing Manager shall make the bid document available to all prospective Bidders through an electronic process.
39. Where a fee is required for Bid documents, prospective bidders shall be required to pay for the bid document in the manner stipulated in the call document”

List of Registered Bidders

40. Contact information of all prospective Bidders who have obtained or who have requested the material set out in Section 38 shall be recorded in order to facilitate distribution of addenda when necessary to change or cancel a Bid under call.

Changes to Bids under Call

41. Interpretations of, or qualifications or changes to, a Bid Solicitation shall be made in the form of a written addendum. Addenda shall be necessary to revise, delete, substitute or add to a Bid under call. The Purchasing Manager shall approve the issuance of any addendum or the cancellation of a Bid Solicitation.
42. A copy of each addendum or a notice of posting of each addendum shall be forwarded to registered Bidders by electronic means and posted on the Corporation’s website.
43. Where an addendum is released after the receipt of one or more Bids which, in the opinion of the Purchasing Manager, may affect a Bid, all Bids received prior to the Bid closing may be withdrawn.
44. The Purchasing Manager in consultation with the Department Head may cancel a Bid Solicitation either before or after Bids are opened. The procedure for the notification to Bidders set out in section 42 shall apply to a notice of cancellation. If a Bid is cancelled prior to opening, all Bids received after cancellation shall be rejected.

Formal Bid Submissions

45. The Purchasing Manager shall,
 - (a) record time and date of all Bids received, in an appropriate manner;
 - (b) refuse to accept any Bid from a Disqualified Bidder;
 - (c) record all accepted Bids;
 - (d) maintain safe control of all accepted bids until needed;

- (e) refuse to accept any Bid that is not received in accordance with the terms and conditions of the bid document, prior to the closing time established for that Bid. Reasons for nonacceptance shall be communicated to the Bidder.

Withdrawal of Bids

- 46. A Bid can only be withdrawn prior to the close of Bids, as stipulated in the bid documents. Requests to withdraw received following the close of Bids shall not be accepted.

Bid Opening

- 47. Unless otherwise stated, all Bids shall be opened by the Purchasing Manager and results posted publicly on the Municipality's website
- 48. All Bids shall be checked to determine that each Bidder has submitted one Bid only. Should more than one Bid be submitted, and no withdrawal notice has been received, the Bid with the latest time stamp shown shall be deemed to have superseded the earlier Bid and the Bidder shall be bound by the contents of the more recent Bid. If surety bonds are required to be submitted with the Bid at the time of closing, and the Bidder has included the required surety bonds with the first bid, the surety bonds may be deemed applicable to the Bid submitted with the second bid received.
- 49. Any Bid that does not appear on initial examination by the Purchasing Manager to satisfy the requirements of this by-law shall be deemed an "Improper Bid", but shall nonetheless be subject to further examination to determine whether it should be rejected pursuant to sections 51, 52 and 53.

Verification of Bids

- 50. Every Bid submitted shall be checked by the Purchasing Manager who shall ensure that,
 - (a) it complies with the Bid Solicitation requirements;
 - (b) unit prices have been correctly extended;
 - (c) extensions have been correctly totalled; and
 - (d) applicable taxes have been calculated correctly.
- 51. Any extension errors, addition errors or incorrect tax calculations may be corrected provided that the Purchasing Manager is satisfied that it is a bona fide error, and not a price revision.

Rejection of Bids

52. After Bid opening, the Purchasing Manager shall reject any Bid from a Bidder who did not attend a mandatory pre-Bid meeting.
53. After Bid opening, the Purchasing Manager may accept or waive a minor and inconsequential irregularity, or where reasonable to do so, the Purchasing Manager may, as a condition of Bid acceptance, request a Bidder to correct a minor and inconsequential irregularity with no change in Bid price. The determination of what is, or is not, a minor and inconsequential irregularity, the determination of whether to accept, waive, or require correction of an irregularity, and the final determination of the validity of a Bid, shall be at the Purchasing Manager's sole discretion. Without limiting the generality of the foregoing, the Purchasing Manager may reject a Bid if it,
 - (a) is not submitted on the correct Bid form;
 - (b) is not submitted in the manner specified in the bid document or is illegible or unclear;
 - (c) does not provide all entries for all unit prices referred to in the Bid Solicitation (unless otherwise specified in the Bid Solicitation) or is otherwise incomplete in any material respect;
 - (d) includes any restrictive or conditional statement that alters the form or intent of the Bid;
 - (e) is not signed by the Bidder with an authorized signature;
 - (f) does not contain or acknowledge addenda;
 - (g) is not accompanied by bonding documents or bid deposits or contains an improper or insufficient Bid deposit, where required;
 - (h) contains an error that cannot be corrected in accordance with section 51;
 - (i) is unbalanced, meaning it contains lump sum or unit bid items that do not reflect reasonable actual costs plus a reasonable proportionate share of the Bidder's anticipated profit, overhead costs, and other indirect costs;
 - (j) is from a Bidder or a subcontractor of a Bidder that has an outstanding legal action against the Corporation, or the Corporation has an outstanding legal action against the Bidder or a subcontractor of the Bidder including arbitration or any association or union issues;
 - (k) is from a Bidder that owes money to the Corporation including outstanding property taxes; or

- (l) is from a Bidder that is not in compliance with any of the Corporation's policies or regulatory by-laws including, but not limited to the Property Standards By-law.
54. Following the opening and recording of Bids, the record of Bids (including rejected Bids) shall be closed in the manner approved by the Purchasing Manager.

Bid Cancellation

55. The Purchasing Manager, in consultation with the Municipal Solicitor and the applicable Department Head, shall have the authority to cancel a Bid Solicitation either before or after the call has closed if,
- (a) a substantial change in the scope of work or specifications is required;
 - (b) the Goods and/or Services requested no longer meet the Department's requirements;
 - (c) the integrity of the procurement process has been compromised; or
 - (d) the lowest Responsive and Responsible Bid exceeds the approved funding limit.

Absolute Right

56. The Corporation shall have absolute discretion in the awarding of Contracts and retains the right to reject any or all Bids.

Local Preference

57. (1) In this section,
- (a) "Local Bid" means a Bid submitted by a Bidder who operates a business within the Municipality of Clarington; and
 - (b) "Regional Bid" means a Bid submitted by a Bidder who operates a business within the Regional Municipality of Durham.
- (2) If, in the opinion of the Purchasing Manager, a competitive market exists and two or more Bids are received which are identical in Cost, provided quality, service and delivery terms are similar, then priority of acceptance shall be first to a Local Bid, if any, and second to a Regional Bid, if any.
- (3) Ontario's *Discriminatory Business Practices Act*, R.S.O. 1990, c.D.12 has been established to prevent discrimination in Ontario on the grounds of race, creed, colour, nationality, ancestry, place of origin, sex, or geographical location of persons employed in or engaging in business. Accordingly, other than as noted in subsection (2), preference to a Local Bid or a Regional Bid shall not be given.

Approval Limits and Reporting (Excluding Consulting and Professional Services)

58. The Purchasing Manager shall submit to the Department Head an analysis listing all Quotations and Proposals received with a recommendation for the Department Head's approval if the Cost of the Goods and/or Services does not exceed \$100,000.
59. After consulting with the Department Head, the Purchasing Manager shall prepare a report to the CAO for approval if the Cost of the Goods and/or Services does not exceed \$500,000.
60. The Purchasing Manager shall prepare a recommendation report to Committee if the Cost of the Goods and/or Services exceeds \$500,000.

Council Recess Procedures

61. (1) Notwithstanding section 60, where a matter which would have otherwise been submitted to Committee requires approval during any of Council's recesses, including elections, the CAO shall be authorized to award the Contract if the Treasurer is of the opinion that the price is reasonably reflective of the approved budget allocation and/or is part of the normal operating responsibility of the Department.
 - (2) The Purchasing Manager shall report all Contracts awarded under subsection (1) to Committee as soon as possible after the conclusion of the recess.
 - (3) Council shall not vary any action or decision of the Contract awards made in accordance with this section.

Consulting and Professional Services (Excluding Schedule "A" Exemptions)

62. Where it is estimated that the Cost of Consulting and Professional Services will be less than or equal to \$25,000, the Department may obtain the services directly without issuing a Bid Solicitation.
63. Where it is estimated that the Cost of Consulting and Professional Services will be more than \$25,000, the Purchasing Manager shall issue a Bid Solicitation in compliance with this By-Law and prepare a report to the CAO for approval.
64. Where it is estimated that the Cost of Consulting and Professional Services will be more than \$50,000, the Purchasing Manager shall issue a bid solicitation, in consultation with the Department Head and, shall submit a report to Committee providing a recommendation for award.
65. An external consultant who has entered into a Contract for consulting services for a particular phase of a project, may be deemed to have a conflict of interest and be disqualified from submitting a Bid on a later phase of consulting services for the same project. Any issue as to whether there is a conflict of interest shall be

determined by the Purchasing Manager in consultation with the Department Head. This section shall not apply where a consultant has been requested to provide a budget estimate or general review and estimate for a potential Acquisition.

66. Any consultant authorized to issue a Bid Solicitation on behalf of the Corporation shall comply with this by-law.

Co-Operative Purchasing

67. (1) In this section, "Co-operative Purchasing" means the participation of the Corporation with one or more public agencies, school boards, vendors of record (Provincial), hospitals or other public agencies in a Bid Solicitation.
- (2) Co-operative Purchasing shall be utilized when advantageous and practical. In the event of any conflict, the purchasing by-law and procurement practices of the municipality, school board, hospital or other public agency issuing the co-operative Bid shall take precedence over the provisions of this by-law.

Emergency Purchases

68. (1) In this section, "Emergency" means a situation or the threat of an impending situation which, in the opinion of the CAO or a Department Head, requires an immediate Acquisition to prevent serious delays, damage to a basic service, risk to health and safety, financial loss or to maintain or restore a basic service provided by the Corporation.
- (2) Emergency Acquisitions shall be made by the Purchasing Manager. In the absence of the Purchasing Manager, Emergency Acquisitions may be made by a Department Head.
- (3) All Emergency Acquisitions shall be confirmed through a Purchase Order and shall be reported to Committee through a report prepared jointly by the Department Head and the Purchasing Manager if the Cost exceeds \$500,000 or an approved budget limit.

Part 4 – General Purchasing Policies

Default By Successful Bidder

69. If a successful Bidder fails to execute the Contract or fails to meet any of the requirements of the Contract within the prescribed time, the Contract may be awarded to the next lowest Bidder or cancelled.
70. If a successful Bidder defaults on an awarded Contract, the Purchasing Manager is authorized to take remedial action including termination of the Contract and all necessary steps to ensure completion of the project or continued service/supply. The Purchasing Manager, after consultation with the Department Head, may

declare that any Bidder who has defaulted on a Contract is ineligible to submit a Bid on any future Contract even if the awarded Contract is not terminated.

71. Should the Purchasing Manager determine that termination of the awarded Contract is the appropriate action in accordance with section 70, whoever awarded the Contract (Council, CAO or Department Head) shall be advised of the termination in writing.

Conflict of Interest

72. The participation of members of Council and employees of the Corporation in the procurement process shall be governed by, in the case of members of Council, the Council Code of Conduct and the *Municipal Conflict of Interest Act*, R.S.O. 1990, c.M.50 as amended and, in the case of employees, by the Code of Ethics Policy E-1.
73. No employee or Council member shall benefit directly or indirectly from affiliation with the Municipality or show any favouritism to any Person in the procurement of any Goods and/or Services.
74. No Person shall offer incentives to any employee of the Corporation or member of Council.
75. (1) In this section, "Personal Purchase" means a purchase of Goods and/or Services requested by an elected official, an appointed official or by any other employee of the Corporation that is not required for the purposes of the Corporation or a Local Board.

(2) No Personal Purchases shall be made by the Corporation for any Member of Council, member of a Local Board, or employees of the Corporation.,

Access and Disclosure

76. No Corporation employee or any member of Council shall have access to or disclose any details regarding Bids except as permitted by this by-law and the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.M.56 as amended.
77. In the case of a Bid submitted in response to an RFP, only the total Bid amount for the successful responsive and responsible Bid shall be provided and only upon written request of any Person after completion of negotiations and award of the Contract.

Records Retention and Destruction

78. Bid documents and related material shall be retained in accordance with the Municipality's Records Retention Schedule, as amended.

Complaints and Inquiries

79. All Bidder or potential Bidder complaints or inquiries, whether addressed to an elected official, the CAO, a Department Head or any member of staff shall be referred to Purchasing Services.

Lobbying

80. All prospective bidders are prohibited from lobbying any member of Council, Municipal staff and consultants, appointed member and any staff of any Board during the period commencing at the time of issuing a bid solicitation and ending at the time of the award of the contract. The Municipality may reject any bid by a Supplier that engages in such lobbying, without further consideration, and may terminate that Supplier's right to continue in the bid solicitation process

Insurance

81. The Treasurer and the Municipal Solicitor shall review, as necessary, Contracts that include provisions relating to liability and insurance.

Purchasing Cards

82. (1) In this section, "Purchasing Card" means a credit card issued by the Purchasing Manager in accordance with the Purchasing Card Policy.
- (2) Purchasing Cards may be used for all purchases as defined in the Purchasing Card Policy where the Goods and/or Services do not fall under the requirements of this by-law. Purchasing Cards are issued on an as needed basis upon approval of the Purchasing Manager and at the request of the Department Head. The Purchasing Manager shall be responsible for the program outlined in the Corporation's Purchasing Card Policy.

Disposal of Goods

83. The disposal of surplus or obsolete goods of the Corporation shall be the responsibility of the Purchasing Manager. At least once each calendar year, Department Heads shall provide the Purchasing Manager with a list of such goods. The Purchasing Manager may periodically circulate a list of surplus or obsolete goods to all Departments and Local Boards.
84. The Purchasing Manager, in consultation with the appropriate Department Head, shall determine the appropriate method of disposal including sale, RFT, RFP, auction, or gratuitous transfer.
85. The priority of the disposal shall be in this order: another department within the municipality, trade in on a replacement purchase, local board, other municipality, school board, charity or not for profit organization, public at large.

Over Expenditures

86. Subsequent to a Contract award, the approval of any over expenditure shall be in accordance with the Corporation's Capital Project Over Expenditure Policy (G5) or subsequently adopted policy for financial controls.

Sustainability

87. In order to contribute to waste reduction and to increase the development and awareness of environmentally sound purchasing, Acquisitions shall ensure that, wherever reasonably possible, specifications shall provide for expanded use of durable products, reusable products and products (including those used in services) that contain the maximum level of post-consumer waste and/or recyclable content, without significantly affecting the intended use of the product or service. It is recognized that analysis of Cost is required in order to ensure that the products are made available at competitive prices.

Accessibility for Ontarians with Disabilities Act, 2005 (AODA)

88. When procuring Goods and/or Services, the Corporation shall incorporate accessibility design criteria and features, except where it is not practicable to do so. Where applicable, procurement documents shall specify the desired accessibility criteria to be met and provide guidelines for the evaluation of the proposals respecting those criteria.

Part 5 – General Provisions**By-Law Review**

89. The Purchasing Manager in consultation with appropriate staff shall conduct a detailed review of this by-law no less frequently than every five years.

Repeal

90. By-Law #2015-022 is hereby repealed.

Effective Date

91. This By-law shall take effect on the date that it is passed by Council.

By-law passed on the day of June 2021.

THE CORPORATION OF THE MUNICIPALITY OF CLARINGTON

PER: _____

Adrian Foster, Mayor

PER: _____

June Gallagher, Municipal Clerk

Schedule “A”**EXEMPT GOOD AND SERVICES**

1. Petty Cash Items
2. Training and Education
 - a. Conferences
 - b. Courses
 - c. Conventions
 - d. Magazines
 - e. Memberships
 - f. Periodicals
 - g. Seminars
 - h. Staff Development
 - i. Staff Workshops
 - j. Staff Reports
 - k. Subscriptions
 - l. Trainers (includes workshop & seminars)
3. Refundable Employee Expenses
 - a. Advances
 - b. Meal Allowances
 - c. Miscellaneous – Non – Travel
 - d. Travel Expenses
 - e. Entertainment Expenses
4. Employer's General Expenses
 - a. Payroll Deduction Remittances
 - b. Medicals
 - c. Licenses (Vehicles, Software, Communications, etc.)
 - d. Debenture Payments
 - e. Insurance
 - f. Grants and Agencies
 - g. Damage Claims
 - h. Petty Cash Replenishment
 - i. Land & Building Lease Payments made by Municipality
 - j. Tax Remittances
 - k. Sinking Fund Payments
 - l. Newspaper Advertising and Public Notices
 - m. Day Camp or other similar Admission Fees
 - n. Software or equipment maintenance agreements
5. Certain Professional and other Services
 - a. Committee Fees
 - b. Counselling Services

- c. Laboratory Services
 - d. Nursing Services
 - e. Physician Fees
 - f. Temporary Help
 - g. Banking Services
 - h. Legal Services
 - i. Newspaper, radio, TV advertising
 - j. Policing
 - k. Red Cross Supplies
 - l. Web Design Usage Fee & penalties
 - m. Payroll fees
 - n. Employee Assistance programs
6. Utilities (including hedging agreements in accordance with the Hedging Policy as may be amended from time to time)
 - a. Postage
 - b. Water
 - c. Hydro
 - d. Gas (including hedging agreements)
 - e. Telephones – excluding cellular
 - f. Telecommunications infrastructure
 7. Canadian National and Canadian Pacific Railways
 8. Provincial and/or Federal Government Agencies or Crown Corporations
 9. Regional Municipality of Durham or other municipalities located within the Regional Municipality of Durham Goods and/or Services
 10. Election related technology and equipment, and any consulting and support services directly related to such technology and equipment.