

Statement of Policy and Procedure			
Department:	Financial Services / Public Works	Policy No.	109
Section:		Issued:	August 16, 2021
Subject:	Project Budget Management Policy	Effective:	August 16, 2021
Council Resolution # and Date:	Council Resolution No. 0324 dated August 16, 2021		
		Replaces:	
Issued by:	Cheryl Tkachuk, Director of Financial Services	Dated:	
Approved by:	Jim Toye, City Manager		

1 POLICY

- 1.01 To define roles, responsibilities and authorizations for project budget management.
- 1.02 To establish process and controls over the contingency for approved projects.

2 PURPOSE

- 2.01 The objective of this policy is to enable the City of Prince Albert (The City) to deliver successful projects on time, on budget and in compliance with policies, legislation and directives of City Council.
- 2.02 Ensure accountable and responsible management of the project budget in a manner that is protective of the budget, including contingency.
- 2.03 Establish a process with approvals to ensure the best return on investment for assets / items.
- 2.04 Ensure contingency is used only for approved projects.
- 2.04 Establish a pooled contingency for projects in order to:
 - a) ensure Administration has an approved contingency to manage projects in a manner that avoids the cost of unnecessary delays; and
 - b) ensure contingency is less obvious during contract approval(s);
 - c) ensure unused contingency is not spent to increase the scope or budget of the project without subsequent Council approval;
- 2.05 Maintain and track spending.
- 2.06 Ensure appropriate reporting of projects.

3 SCOPE

- 3.01 The policy will apply to all City of Prince Albert employees and members of Council.
- 3.02 The policy is applicable to projects approved by Council.
- 3.03 The policy is applicable to projects that require a contingency.
- 3.04 The policy is applicable to all vendors providing goods or services to The City.

4 RESPONSIBILITY

- 4.01 The City Manager, or his/her designate, is responsible to:
 - a) ensure compliance with the policy;
 - b) ensure accurate project budget estimates;
 - c) ensure change order(s) are appropriate for use of the pooled contingency and not to increase the scope of the project;
 - d) approve change orders that require use of the pooled contingency;
 - e) ensure Council approval for change in scope of the project;
 - f) maintain the pooled contingency for approved projects; and
 - g) report to Council regarding the project and contingency used.
- 4.02 The responsible Department Director, or his/her designate, is responsible to:
 - a) provide advice and recommendations to the City Manager and Council regarding approved budgeted projects with appropriate budget contingency;
 - b) ensure compliance with the policy;
 - c) ensure accurate project budget estimates;
 - d) provide change order(s) to the City Manager for authorization for use of the pooled contingency;
 - e) ensure Council approval for change in scope of the project;
 - f) maintain and track spending;
 - g) ensure projects are monitored at significant milestones of the project;

- h) report to Council regarding the project and contingency used; and
 - i) ensure the vendor is held accountable for the best return on goods and services while protecting the approved budget.
- 4.03 The consultant / contractor approved to provide The City with goods and / or services for projects must:
 - a) deliver successful projects on time;
 - b) work with The City to reduce costs where necessary to keep on budget;
 - c) deliver successful projects on budget;
 - d) deliver quality assurance;
 - e) identify potential risks;
 - f) obtain approval prior to additional work being undertaken or acquired;
 - g) obtain approval prior to any increase to the contract value due to additional work being undertaken or acquired; and
 - h) identify if projects are over or under budget.

5 DEFINITIONS

- 5.01 Change order – A written alteration to a Contract directing the vendor to make a change. A term used in the construction industry as a formal request for an amendment to a construction contract. For there to be a valid change order The City and contractor must both agree on all terms. Change orders can be errors, omissions or discovered conditions.
- 5.02 Change in scope – A term used when the scope of the project changes. The City and contractor must both agree on all terms. Change in scope requires Council approval.
- 5.03 Discovered condition – Unforeseen and unknown circumstance to the contractor and The City.
- 5.04 Error – Result of extra cost or delay due to the correction of design or other deficiency.
- 5.05 Omission – Failure to perform an act agreed to, where there is a duty to act or is required by law. Inadvertently leaving out a word, phrase or other language from a contract, deed, judgement or other document.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

6.01 Administration Bylaw No. 1 of 2020

6.02 City Purchasing Policy No. 17.5

7 PROCEDURE

7.01 The Department provides the request to Council for project approval with an estimated percentage for a budget contingency. The approval will reference the contingency amount to the 'pooled contingency'. The approved budget contingency from all projects will then be pooled.

7.02 Pooled Contingency

a) The Department will provide all change orders to the City Manager for authorization and to use the pooled contingency;

b) Upon completion of the project, the portion of the pooled contingency related to the project will be removed from the total of the pooled contingency if not utilized.

7.03 A change in scope of a project must receive Council approval.

7.04 Reporting

a) The City Manager's office and responsible Department provide at the start of construction and for each Executive Committee meeting, the 'Updated Status on Capital Projects' report to Council.

b) The City Manager's office and responsible Department will report annually the balance of the pooled contingency.

c) The City Manager's office and responsible Department will report annually, incamera, the analyses of the pooled contingency amount per project completed and in progress.

d) The responsible Department will report project details to Council upon completion of the project.