

## The 2018 Risk Management Questionnaire

### Overview

AMO monitors and manages risks associated with the administration of the federal Gas Tax Fund in accordance with its *Federal Gas Tax Risk Management Framework* and *Federal Gas Tax Risk Management Policy*. Your responses to this questionnaire help AMO assess risks and develop capacity-building programs.

The questionnaire consists of a series of questions regarding your municipality's financial policies and standard operating procedures (SOPs). Your responses are not used to allocate funding – but you will be asked to provide a written policy or SOP if you answer “yes” to a question and your municipality is selected for an audit.

Sample policies and SOPs can be found on the [Community](#) page.

### Definitions

A **policy** contains guiding principles and rules to meet organizational objectives. It contains at a minimum a purpose statement, scope, definitions and policy statement.

An **SOP** describes a series of steps to be followed as a consistent and repetitive approach to accomplish an end result. It is developed to support the effective implementation of policies.

### Q1. Does your municipality have a policy for the financial management of tangible capital assets?

A tangible capital asset policy describes how your municipality accounts for tangible capital assets – i.e., how your municipality defines, categorizes, and values assets, distinguishes between betterments and maintenance, handles capitalization and amortization, etc.

See the Canadian Institute of Chartered Accountants' [Guide to Accounting for and Reporting Tangible Capital Assets](#) for guidance on developing or improving your municipality's policy.

Disclaimer: This questionnaire has been developed for municipal reporting requirements of the federal Gas Tax Agreement in Ontario. For more information, please contact AMO's Gas Tax team at [gastax@amo.on.ca](mailto:gastax@amo.on.ca).

**Q2. Does your municipality have a long-term financial plan (including revenue, expenditures and capital requirements)?**

Long-term financial planning combines financial forecasting with strategizing. Financial forecasting is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables. Long-term financial planning is the process of aligning financial capacity with long-term service objectives. It uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability in light of the government's service objectives and financial challenges.

**Q3. Does your municipality have an SOP for review of capital and operating accounts?**

An SOP for the review of capital and operating accounts may establish a timeline for the review process, describe procedures to ensure that financial transactions are correctly classified and accounted for, and assign roles and responsibilities for the completion of the review.

**Q4. Does your municipality have a capital budget policy?**

A capital budget policy establishes guidelines for the development and funding of capital projects. The policy may identify principles (e.g., affordability and sustainability), strategies (e.g., for community engagement), and guiding documents (e.g., the Official Plan) to be referenced when making budgeting decisions, assign roles and responsibilities to Council and municipal staff, and set out additional guidelines (e.g., thresholds for the inclusion of projects in the capital budget).

**Q5. Does your municipality have a tendering and/or procurement policy?**

A procurement policy promotes ethical, legal, efficient, effective, accountable, and transparent sourcing strategies with respect to the procurement of goods, services or construction. Municipalities are required to adopt and maintain a policy with respect to the procurement of goods and services under s. 270 (1) of the [Municipal Act, 2001, S.O. 2001, c. 25](#).

**Q6. Does your municipality have an investment policy?**

Municipalities investing in securities prescribed under [O. Reg. 438/97](#) in accordance with s. 418 of the [Municipal Act, 2001, S.O. 2001, c. 25](#) are required to adopt a statement of the municipality's investment policies and goals that considers:

- The municipality's risk tolerance and the preservation of its capital;
- The municipality's need for a diversified portfolio of investments; and
- Obtaining legal advice and financial advice with respect to the proposed investments.

An investment policy includes this statement and establishes a set of guiding principles that address the legislative and regulatory requirements described above.

See LAS's [Building Your Municipal Investment Policy](#) and AMO's [sample investment policy](#) for guidance on developing or improving your municipality's policy.

**Q7. Does your municipality have a policy for reserves and reserve fund financial management (including segregated accounts)?**

A policy for the financial management of reserves and reserve funds may provide guidelines and direction for the establishment of reserves, transfer of reserves, system of accounting for reserves and approvals for use of reserves.

**Q8. Does your municipality have an SOP for tracking federal Gas Tax agreement compliance?**

An SOP to ensure compliance with the [Municipal Funding Agreement](#) may specify processes to ensure that federal Gas Tax funds are used solely for eligible expenditures on eligible projects and procedures to monitor project and asset management outcomes for reporting to AMO.

**Q9. Does your municipality have an asset management policy?**

An asset management policy provides the framework to plan, design, construct, acquire, operate, maintain, renew, replace and dispose tangible capital assets in a way that preserves sound stewardship of public resources. The policy outlines the principles for developing an asset management plan that identifies priority infrastructure investments based on a consistent and coordinated approach to asset management in alignment with the strategic plan.

**Q10. Does your municipality have a debt management policy?**

A debt management policy has written guidelines, allowances, and restrictions that guide the debt issuance practices of municipalities, including the issuance process, management of a debt portfolio, and adherence to various laws and regulations. A debt management policy should improve the quality of decisions, articulate policy goals, provide guidelines for the structure of debt issuance, and demonstrate a commitment to long-term capital and financial planning. In Ontario, the amount of debt that can be authorized by a municipality is restricted by the provincial Annual Repayment Limit. Councils may not approve financial obligations that will, in total, exceed 25% of a municipality's own-source revenues.