

Purpose:

- 1 To ensure the City's contracting processes and standards are consistent, transparent, promote sound financial stewardship, provide a sound system of internal controls, and balance efficiency of operations with risk.
- 2 To reduce and manage legal and other business risk to the City.
- 3 To establish who has the authority to sign a contract on behalf of the City.

Application:

- 4 This Policy applies to all contracts except for the following:
 - (1) employment contracts;
 - (2) non-binding Memoranda of Understanding;
 - (3) purchases made under the City's Corporate Procurement policy without contract document (e.g. by use of a procurement card); and
 - (4) development agreements.

Policy Statement(s):

- 5 The City's name on all contracts must be stated as "City of Red Deer" or "The City of Red Deer." Contracts must not be in the name of any specific department, business unit, or unincorporated entity.
- 6 All contracts must be in writing.
- 7 Third party corporate entities the City engages with must affix the contract with their corporate seal or support by an affidavit of corporate signing authority.
- 8 Under no circumstances shall any single contract be divided into multiple contracts or be reduced in term or scope with the intent or unintended result of altering the commitment level or the positions which have authority to sign the contract.
- 9 Digital copies of all signed contracts are maintained by the City in a centralized contract inventory system.

Contract Manager:

- 10 Contract managers are responsible for managing, monitoring, and ensuring compliance with the contract.
- 11 Contract management is not the same as signing authority or spending authority.

12 The contract manager oversees and is responsible for the negotiation of the contract, performance management by both the City and the third party of the obligations under the contract, reporting on performance, maintaining/obtaining appropriate records in relation to the contract, and transitioning out of the contract upon termination or expiry.

Signing Authority and Spending Authorizations:

13 The Signing Authority Approval Chart assists the contract manager with determining the appropriate signing authority.

Value of the Contract \ Risk Type	Less than \$3,000	\$3,000 to \$9,999	\$10,000 to \$74,999	\$75,000 to \$999,999	\$1,000,000 +
Low	Authorized Employee Countersigning: No	Department Manager Countersigning: No	Department Manager Countersigning: Yes	Department Manager Countersigning: Yes	General Manager Countersigning: Yes
Medium	Department Manager Countersigning: No	Department Manager Countersigning: No	Department Manager Countersigning: Yes	Department Manager Countersigning: Yes	General Manager Countersigning: Yes
High	General Manager Countersigning: Yes	General Manager Countersigning: Yes	General Manager Countersigning: Yes	General Manager Countersigning: Yes	General Manager Countersigning: Yes
Purchase or sale of Land	General Manager Countersigning: Yes	General Manager Countersigning: Yes	General Manager Countersigning: Yes	General Manager Countersigning: Yes	General Manager Countersigning: Yes

14 Contract managers will refer to the Signing Authority Approval Chart and the Risk Matrix (Appendix A) to determine who is authorized to sign the contract on behalf of the City.

15 A signing authority may temporarily sub-delegate their signing authority, in writing, during periods of absence from the City. A sub-delegation must be to a position (or positions), as opposed to an identified person that directly reports to that signing authority or is a lateral signing authority.

(1) The signing authority will remain ultimately responsible for any contract executed by his/her delegate.

- 16 A position that is supervisory to a position that has been delegated signing authority in respect of a contract also has the authority to sign that contract.
- 17 Contracts granting security on municipal assets must be approved by Council before execution, in accordance with the *Municipal Government Act*.
- 18 The City Manager and City Clerk may sign any contract, except in the following circumstances:
 - (1) Where the City Manager or City Clerk's authority to deal with the subject matter of the contract is limited by a bylaw, resolution, or policy; or
 - (2) Where they have a real, perceived, or potential conflict of interest concerning the contract.
- 19 No City employee may sign a contract if he/she is placed in conflict of interest or might be perceived as having received some personal benefit.
- 20 No person may sign a contract on behalf of the City unless:
 - (1) The contract has been reviewed and approved in accordance with this policy and associated procedures; and
 - (2) That person has signing authority in accordance with this policy.
- 21 Processes to initiate payments made by the City to third parties in accordance with the terms of a contract shall take place only when the contract has been signed and is in effect. Only in exceptional circumstances and when authorized by the City Solicitor or appropriate General Manager may payments be made prior to a contract being signed and in effect.
- 22 All amendments, renewals, change orders or extensions to a contract shall be signed by the same level of authority that had the authority to sign the original contract, unless the contract value or the risk is changed such that the contract falls within a different category or level of approval authority. In such case, the appropriate signing authority must sign the amended, renewed, or extended contract (as the case may be).

Definitions:

- 23 Authorized Employee, for the purposes of the Signing Authority Approval Chart, means an employee whose Manager has delegated signing authority in writing to them to sign contracts not exceeding \$3000.00.
- 24 Conflict of Interest means a situation where an individual has a personal interest or a direct or indirect competing interest with the City's activities. This competing interest may result in the individual being in a position to benefit from the situation or the City not being able to achieve a result.
- 25 Contract means a legally enforceable agreement between two or more parties, whether or not it is titled "Contract."

- 26 Contract Manager means the individual City staff member(s) who is responsible for managing contracts.
- 27 Counter-signing refers to non-binding signature added to fully executed contracts by the City Clerk.
- 28 Execute means to sign.
- 29 Signing authority means the position that has or has been delegated to sign a contract on behalf of the City.
- 30 Third Party means the party or parties the City is contracting with.
- 31 Value means the total dollar value (including cash and in-kind commitments) of a contract, aggregated over its term and any contractually contemplated extension/renewal of its term. In the case of leases, “value” means the total rent (base rent plus additional rent) payable over the lease term and any contractually contemplated extension/renewal of the lease.

References/Links:

- 1 5326-CP Contracts – Approval, Signing, Management, & Retention
- 2 5025-CA Legal Services
- 3 5303-CA Corporate Procurement

Scope/Application:

- 1 All City employees must adhere to this policy.

Authority/Responsibility to Implement:

- 1 City Solicitor
- 2 General Managers/department managers are responsible for authorizing staff member(s) within their department to be a contract manager.
- 3 Contract managers and signing authorities are responsible for adhering to this policy.

Inquiries/Contact Person:

- 1 City Solicitor

Policy Monitoring and Evaluation:

I This policy will be reviewed every three years with revisions made as required.

Document History:

Date:	Approved/Reviewed By:	Title:
Approved: January 2, 2019	"Craig Curtis"	City Manager
Revised: October 31, 2019	"Allan Seabrooke"	City Manager
Revised: July 13, 2020	"Allan Seabrooke"	City Manager

Appendix A:

The City of Red Deer: Risk Matrix (Contracts)

Likelihood	High (3)	Greater than 80%	Medium (3)	High (6)	High (9)
	Medium (2)	Between 20% and 80%	Low (2)	Medium (4)	High (6)
	Low (1)	Less than 20% and has not occurred in the past five years	Low (1)	Low (2)	Medium (3)
			Low (1)	Medium (2)	High (3)
			<p>Services delivered/action achieved with:</p> <ul style="list-style-type: none"> ▪ Little/no impact on overall objectives, financial risks are fully managed, low exposure to liability, injuries or incidents are minor, few/no complaints from public. 	<p>Action still achieved or partially achieved, however:</p> <ul style="list-style-type: none"> ▪ City unable to deliver non-core services; ▪ Some consequence for your group, BU or department (Eg: inconsistent monitoring of legal compliance requirements, moderate media coverage, some financial risk, reversible environmental damage, etc.) 	<ul style="list-style-type: none"> ▪ Contract results in city failure/unable to deliver core services or meet objectives; ▪ Significant negative effect on the City (Eg: serious injury, regulatory non-compliance with penalties, actions conflict with Council's strategic direction, significant cost overruns, etc.)
Impact (if Risk Arises)					
*with current controls and risk treatments in place					