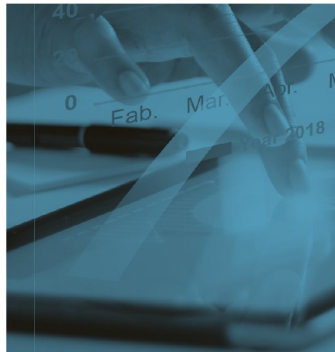


■ FINANCE

AS APPROVED ON DECEMBER 15, 2020



FINANCE

Overview

The Finance department develops financial policy and manages the tax payers' purse for the Town of Aurora. The department works with both internal and external clients to support the Town in its financial goals. Internally, Finance provides strategic financial advice to help the Town achieve its goals in the short and the long-term. Finance also has a governance role to ensure regulatory requirements are met under the Municipal Act, Public Sector Accounting Board standards and the Procurement Bylaw.

Finance organization

The department has three main divisions, each headed by a manager which report to the Director/Treasurer. These divisions are:

Financial Management leads the strategic long-term planning, multi-year operating and capital budget and in-year forecast reporting for the Town. They perform analysis and recommendations in support of the Town's fiscal policy. The team also manage the Town's cash flow and investments to align with the Town's reserve and investment strategies. Other responsibilities include grant management and playing a key supporting role of the Town's capital asset management.

Financial Reporting and Revenues is responsible for financial accounting and external reporting, expenditure management, protecting the Town's assets through development of financial policies, procedures and controls, and billing and collecting of Town's revenue sources (water, taxes, development charges etc.)

Procurement Services manages the process for effective procurement of goods and services, promotes the principle of fair and open competition in the acquisition process, and adherence to Procurement By-law and Trade Treaties

The table on the following page shows the breakdown of the budget for each Finance department division.

Finance operating budget by division

	2020	2021	2022
Budget (\$000's)			
Treasurer's Office	325.5	382.4	399.0
Financial Management	645.0	658.3	671.7
Financial Reporting and Revenues	573.3	639.1	680.3
Procurement Services	517.8	536.9	639.6
Approved Budget	2,061.5	2,216.8	2,390.6
Budget Change		155.3	173.8
2020 Approved Multi-Year Budget		2,160.3	2,334.7
Change to Multi-Year Budget		56.5	55.9
Permanent Full-Time Staffing (FTE):			
Opening Staffing	19.0	20.0	21.0
New	1.0	1.0	1.0
Conversion	-	-	-
Approved Staffing	20.0	21.0	22.0
2020 Approved Multi-Year Budget	20.0	21.0	22.0
Change to Multi-Year Budget	-	-	-

2020 Accomplishments

Finance is focused on modernizing processes and meeting the requirements of changing legislation. In 2020, the department's accomplishments include:

- Library Square procurement contractor prequalification and tender award
- Led the development of the requirements for the Town's financial systems replacement
- Developed the Town's first multi-year budget reaffirmation process
- Modernized the Town's capital planning framework
- Supported the initiatives related to the impact of COVID-19 including additional financial reporting and the tax penalty relief program
- Implemented the option for residents to opt into receiving their water bills via email
- Completed the financial audit virtually
- Ensured the Town's continued legislation compliance with recent Bills 108/138/197 through the development of a new development charge policy for the Town.

2021 to 2022 operating budget

Overview

The operating budget for Finance is approved to increase by \$155,300 in 2021 and \$173,800 in 2022. Most of the increase in each year is to support growth and modernization within the department through the increase of one additional staff member in each year. The rest of the year-over-year increases are to maintain the existing services and are for salaries, benefits and inflation.

Operating financial summary

\$000's	Net Actual Results		2020	2020	Approved Budget	
	2018	2019	Net Fcst*	Budget	2021	2022
Expenditures	2,374.8	2,170.0	2,413.3	2,491.5	2,772.7	3,009.6
Non-Tax Revenues	(254.9)	(457.9)	(298.2)	(430.0)	(555.9)	(619.0)
Net Tax Levy	2,119.9	1,712.1	2,115.1	2,061.5	2,216.8	2,390.6
% Tax Funded	89%	79%	88%	83%	80%	79%
Net Budget Change	\$	(407.8)	403.0	(53.6)	155.3	173.8
	%	(19.2%)	23.5%	(2.5%)	7.5%	7.8%
Approved Outlook	\$				2,160.3	2,334.7
Change to Approved	\$				56.5	55.9

*Net forecast as of August 31, 2020

Changes to the multi-year budget

Changes to the multi-year budget include moving the audit budget from the Corporate Revenues & Expenditures budget to the Finance Department. This revised budget also includes an increase for license fees for tax assessment software which should help offset the impact of future tax losses from assessment appeals. These costs are offset through savings in consulting and a reduction to the in-year tax adjustments within the Corporate Revenues & Expenditures budget. The Finance budget also includes an increase for bank charges in 2021 and then some minor savings in 2022.

Continuing the key priorities of the multi-year budget

Finance plans to continue its planned initiatives that will modernize the finance function and help procurement keep up with the pace of growth.

Procurement needs to keep pace with growth

In Procurement the number of bids (requests for tender and proposal), the complexity of the bids and outside influences including trade treaties drive the workload. As the Town continues to grow, the complexity of the work in procurement is also increasing. The Procurement team is seeking to add a Procurement Analyst to the team in 2022. This role will help the team perform analysis on the current procurements, predict and plan for future procurement needs and help the team ensure that they are effectively procuring the goods and services to support the Town of Aurora.

Finance budget changes

	2021		2022	
	FTE	\$000's	FTE	\$000's
Final 2020 Budget	20	2,061.5		
2020 Post-approval adjustment	-	12.1		
Starting Budget	20	2,073.7	21	2,216.8
Budget Changes per 2020 Budget:				
Base				
Salaries & Benefits including COLA, step increases and other approved staffing actions	-	72.2	-	67.6
Revenue adjustments including lower tax & water certificate revenues	-	13.1	-	13.0
Other operating changes	-	1.3	-	3.0
	-	86.6	-	83.6
Maintaining Service Levels for Growth				
Respond to growth in procurement needs and perform more analytics for an effective procurement process - Procurement Analyst			1	90.9
	-	-	1	90.9
Enhancements and Transformation				
Leverage technology to streamline processes and enable more advanced financial analysis and reporting - Financial System & Policy Advisor	1	111.1	-	-
2 year capital recovery - Financial System & Policy Advisor	-	(111.1)	-	-
	1	-	-	-
2020 Budget Approved Change	1	86.6	1	174.5
Changes to Multi-Year Budget:				
Restatement of audit fees from Corporate Revenues & Expenditures	-	40.9	-	-
Assessment analysis software offset by reduction to tax assessment losses and consulting	-	8.0	-	-
Bank Charges	-	7.6	-	-
Other minor adjustments	-	-	-	(0.7)
	-	56.5	-	(0.7)
Revised Budget Change	1	143.1	1	173.8
Approved Net Budget	21	2,216.8	22	2,390.6
2020 Approved Budget	21	2,160.3	22	2,334.7

Modernizing finance will benefit the Town in the long term

The Finance department budget will modernize the finance function at the Town. The department plans to begin doing more advanced longer-term analysis and implement the systems to enable the department to spend less time on routine tasks and more time on analysis. To do this, Finance obtained Council approval in 2020 for a Senior Financial Management Advisor and have included a Financial Reporting Advisor in the 2021 budget.

Finance will also be continuing to modernize the financial systems of the Town. In 2019, the department began the process of assessing its current needs and what the Town will need in the future. This work continued into 2020. In 2021 Finance is planning to begin work on replacing the financial systems to enable staff to have better access to information by initiating the procurement process. A Financial Reporting Advisor will be key to effectively implementing and maintaining the new financial system. They will have the skills to manage the data in the systems to enable better and more effective reporting and assist with automation of many tasks.

2021 capital budget overview

The Finance department plans to spend \$2.5 million in 2021 on capital projects and \$8.3 million in Capital Budget Authority. This includes \$8.1 for repair and replacement projects and \$185,000 for studies and other. The project for the advanced metering infrastructure remained conditionally approved as part of the budget process. A report back to Council is required before proceeding.

2021 capital budget authority

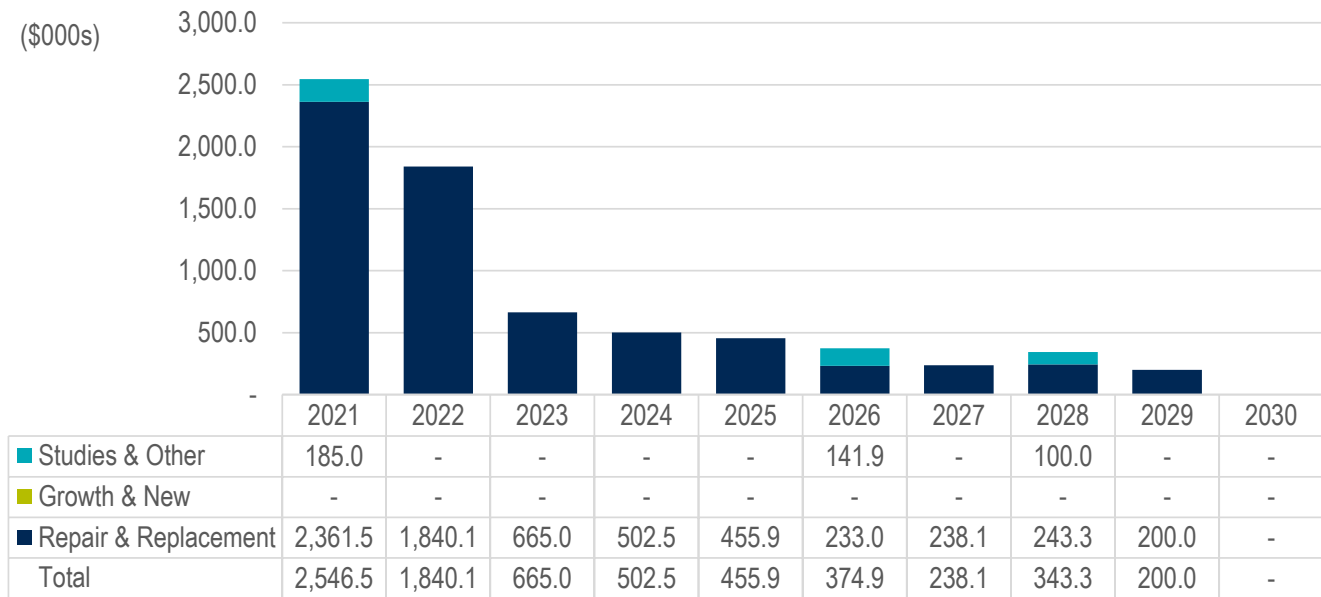
(\$000s)	Previously Approved Budget	2021 Budget		Capital Budget Authority Cash Flow			
		Capital Budget Authority*	Budget Change	Actuals to Dec/19	2020 Forecast	2021	2022+
Repair & Replacement	4,295.8	8,087.3	3,791.5	2,180.7	537.5	2,361.5	3,007.6
Growth & New	-	-	-	-	-	-	-
Studies & Other	100.0	185.0	85.0	-	-	185.0	-
Approved Budget	4,395.8	8,272.3	3,876.5	2,180.7	537.5	2,546.5	3,007.6
Conditionally Approved Project - Requires a report back to Council before proceeding							
43055 - Advanced Metering Infrastructure							

* Includes all active project budgets, adjustments to project budgets and new budget commitments

The 10-year capital plan

Finance's 10-year capital plan includes \$7.2 million in capital projects. The 10-year plan will invest \$6.7 in Repair & Replacement capital which supports good asset management. This represents 94% of the 10-year plan. The plan continues to support the water meter replacement program and the five-year cycle of development charge studies.

10-year capital plan



A detailed listing of the capital projects included in the plan can be found in Tab 18 - Repair & Replacement Capital, Tab - 19 Growth & New Capital and Tab 20 - Studies & Other Capital.

Key capital initiatives in 2021

Finance’s capital plan supports financial systems, water meters and billing infrastructure and procurement modernization. It also includes funding in support of ensuring the Town’s continued compliance with the municipal asset management regulation. The 2021 budget includes the following key projects to support these initiatives:

Financial system replacement

In 2020 the Finance department worked with a consultant to help develop the requirements for a new financial system. In 2021, the department plans to move forward with the procurement of a new system and its implementation. This project is expected to continue through 2023.

Water meter replacement and advanced metering infrastructure

These projects support the replacement of water meters for both commercial and residential customers. The new meters are more accurate and precise in measuring water consumption. The advanced metering infrastructure will automate the collection of water meter reads enabling the Town to provide better customer service and address metering issues proactively.

Procurement modernization

This project supports the modernization of the procurement bylaw, process and templates. It will help the Town’s in the review of it’s processes and recommend changes to the bylaw to ensure the Town can procure goods and services in a fair, competitive and effective manner.

Second generation asset management plan

The next phase of Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure must be in place by July 1, 2021. This phase requires the linear asset (roads & related, and all underground infrastructure) categories include desired levels of service, current service level performance, asset replacement costs, average age and condition, as well as the maintenance plan to maintain the desired levels of service. To fund this project, with Council's approval the Town will seek a grant through the Federation of Canadian Municipalities (FCM).

Finance initiatives

Customer

- Implement automated water metering technology to provide real time access to water usage to recognize water usage issues sooner and provide better customer service

Modernization

- Implement integrated financial systems which will automate the processes within Finance and create capacity within the department to do improved analysis and create better reporting tools
- Continue to review and adapt the procurement process and bylaw to adapt to changing legislation and provide a fair and competitive process for procuring goods and services
- Develop enhanced fiscal strategy policies for the Town to use in the development of budgets and management of funds

People

- Develop a financial management policy and training program to ensure non-financial staff have the tools and the know-how to manage their budgets and financial transactions

Other—Legislated

- Update the Development Charge bylaw in response to recent legislation changes and report on the feasibility of the Town proceeding with a new Community Benefit Charge versus its continuation with more traditional growth cost recovery tools.



Of
Water
Accounts

17,708

49% Percentage
of water meters
with radio read
devices

Number
of water meters
with radio read
devices **8,727**

**125-
200** Tax and water
property
management
changes per
month



Total # of invoices
processed:

11,984

Average rate of return on
Town investments:

3.37%



\$39M
in procurement
contracts awarded
last 12 months



157
procurements
in the last 12
months



1,307 bid takers
in the last 12
months



Leverage technology to streamline processes and enable more advanced financial analysis and reporting
Finance **Space Needs Confirmed**

Enhancement

No

Recommendation

Hire a Finance and Systems Specialist with the necessary skills to provide a big picture approach of the Town's financial processes and reporting.

Rationale/Benefits

Finance is beginning the work to implement integrated financial systems and is seeking to add a Finance and Systems Specialist. The addition of the position will be a key resource in retaining the knowledge through the process of implementing a new financial system. This position in the longer term will assist in the automation of processes and provide capacity within Financial Services for enhanced analytics and reporting.

Specifically they will provide additional value to the Town by:

- Developing dashboards and better reports which will enable more responsive decision making
- Leveraging data to create and summarize the financial health over short, mid and long term by department
- Reviewing, optimizing and automating business processes using financial system tools
- Transforming processes to provide better information to help everyone better serve their customers
- Ensuring clients needs are met in the implementation of new financial systems
- Coordinating all financial system maintenance and report development including recommending best practices for general ledger structure and data structure within the financial system
- Considering customer/client impact as changes in the financial system are implemented
- Developing financial processes and reports which streamline financial reporting
- Ensuring all reporting meets regulatory compliance and supporting the external financial audit and Financial Information Reporting requirements
- Developing and maintaining financial policies as required

This position will be recovered from the capital budget for the implementation of the new integrated financial systems during 2021 and 2022. Once the new systems are implemented, it will then be funded through the operating budget.

Alignment with Council Priorities

This position would support the Town's Modernization Strategic Priority being to develop and enhance processes, leverage technology and engage people to align the work place for success by ensuring business processes support financial accountability, commitment to the digital office and workplace automation, providing easy to use tools for information sharing and developing corporate wide systems to better manage work capacity.

Impact of Not Proceeding

Finance will continue to migrate to new integrated financial systems with the assistance of an external consultant that will be retained as a subject matter expert. Once the migration is complete, the ongoing maintenance will need to be done by the existing team and the enhanced reporting and streamlining of processes will not be possible internally and would require the assistance of external consultants.

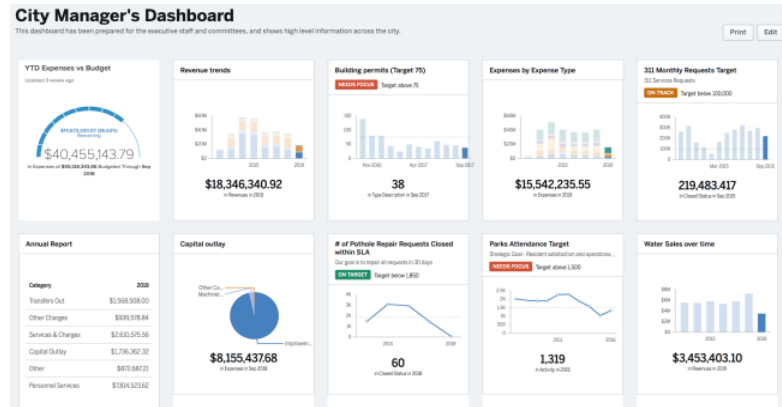
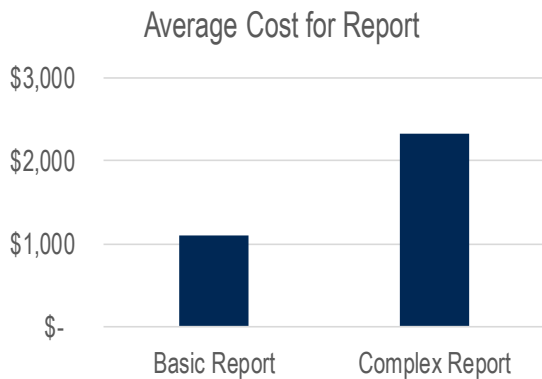
Incremental Operating Budget Impact

	2020	2021	2022
Staffing - # of FTEs	-	1.0	-
Gross Expenditures (\$000s):			
Wages and Benefits	-	107.8	-
Staffing Costs*	-	2.5	-
Offsetting Savings/Efficiencies	-	-	-
Other - Memberships	-	0.8	-
Total Gross Expenditures	-	111.1	-
Non-Tax Revenues (\$000s):			
User Fee/Other Revenues	-	-	-
Water Rate/Building Recovery	-	-	-
Other - Capital Recovery	-	111.1	-
Total Revenue	-	111.1	-
Net Tax Impact	-	-	-

*Includes training, memberships, computer, space accommodation & other equipment

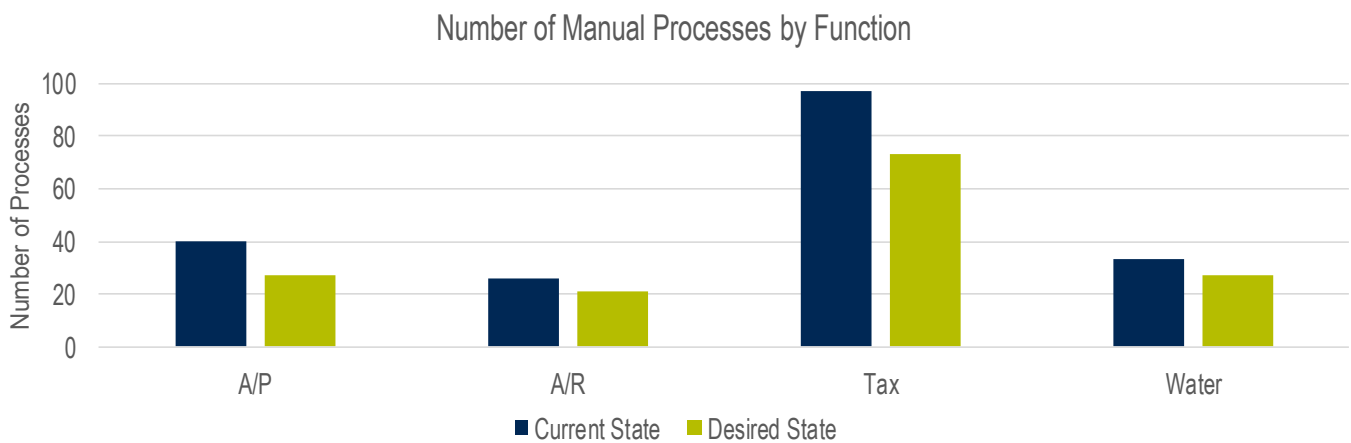
Comparative Analysis / Performance Measure

This position will be key to improving the financial reporting available for Town staff to help manage their business



With this position the Town will not need to pay an outside consultant to develop reports as they will be developed in-house. These expertise will provide much more flexibility in the types of reports available to Town staff to manage their procurement contracts and their budget. Longer-term having these skills in-house will enable Finance to start providing more advanced tools such as dashboards and push notifications to staff on financial matters. Currently Finance pays \$1100+ for a report to be developed and can take up to 6 months to complete. These costs escalate with the complexity of the report being developed. The complexity of reports is driven by how our underlying data is structured. The Finance and Systems Specialist will have the skills to structure the Town's general ledger data in a way which will make reporting simpler. This will provide a wider range of reporting options and management dashboards providing Town staff with better tools to manage their business.

The Finance and Systems Specialist will help Finance automate and streamline processes



Currently there are many manual processes in the Finance department. This position with their hybrid of finance and systems skills will greatly contribute to the continuous improvement of financial processes. Their active involvement in the implementation of a new financial system is a giant first step. There will still be opportunities for improvement to automate more processes and provide more options for online interaction with our clients.



Respond to growth in procurement needs and perform more analytics for an effective procurement process

Finance

Space Needs Confirmed

No

Recommendation

Hire a Procurement Analyst with the necessary skills to assist with the complexity of work that has become the norm for the Procurement Services.

Rationale/Benefits

Procurement Services continues to see a trend of increased high value related projects that are complex and requiring more staff resources to protect the Town from potential risks.

The current structure of the Procurement Services includes four (4) FTE, a Procurement Manager and three (3) Procurement Consultants and one (1) General Office Clerk (Contract). Procurement Services is the lead for all procurements over \$25,000 and conducts the full cycle procurement process. The Town's procurement requirements have evolved and there is a desired need to provide further support and advice to our clients. This stems from the growth in the number of procurements and the complexity of managing these procurements within the boundaries of trade treaties.

Procurement Services does not have the capacity to perform analytics and this position would enable that work. Procurement analytics are important to review the effectiveness of the procurement process and also ensure a fair and competitive process.

The Procurement Analyst will also be able to assist the team from initial client engagement to preparing the on-line procurement documentation and tables, conducting the evaluation to ensure compliance to the award process and issuance of POs, facilitating debriefs and conducting lessons learned.

Both Procurement Services and our Clients, would benefit from the addition of this analyst position as analytics will assist with increasing efficiencies of the Procurement Process.

Alignment with Council Priorities

This position would support the Town's Customer Strategic Priority being to "Deliver exceptional customer service" by developing easier and efficient ways for the public to transact with us (Process improvement, reducing steps, etc.), increasing customer communication to stakeholders including our internal customers (each other) and establishing benchmarks for customer satisfaction and for continuous improvement when it comes to serving our community.

Incremental Operating Budget Impact

	2020	2021	2022
Staffing - # of FTEs	-	-	1.0
Gross Expenditures (\$000s):			
Wages and Benefits	-	-	87.6
Staffing Costs*	-	-	2.5
Offsetting Savings/Efficiencies	-	-	-
Other - Memberships	-	-	0.8
Total Gross Expenditures	-	-	90.9
Non-Tax Revenues (\$000s):			
User Fee/Other Revenues	-	-	-
Water Rate/Building Recovery	-	-	-
Other	-	-	-
Total Revenue	-	-	-
Net Tax Impact	-	-	90.9

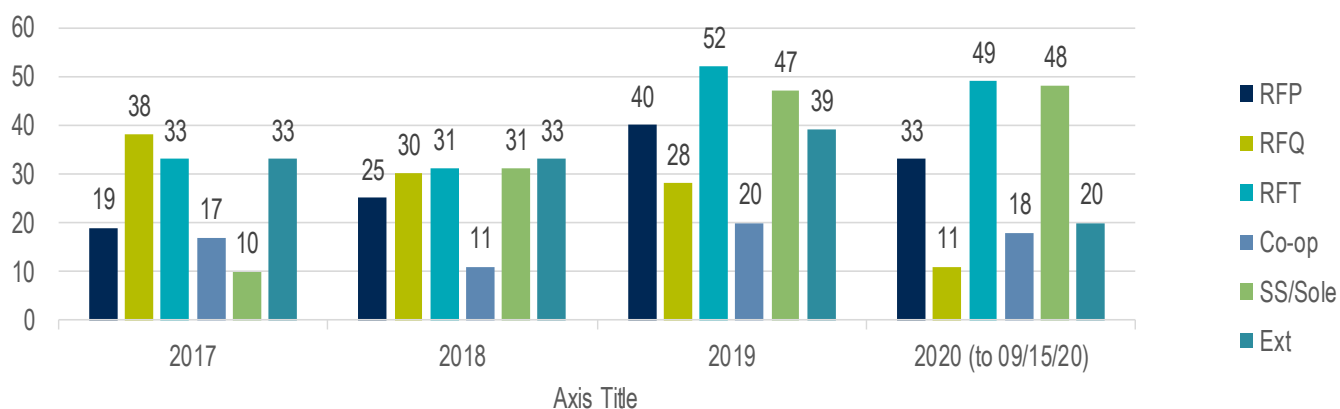
Impact of Not Proceeding

Procurement Services will manage with current staffing resources and will hire available contractors to assist with the level of increased number and complexity of procurement initiatives. The Town would incur potential risk with the contractor not being as well versed in the Town's Procurement By-law, loss of knowledge after the contractor completes the project and inability to foster relationships with clients. The Town will not have the time to perform the analytics to ensure an effective process.

*Includes training, memberships, computer, space accommodation & other equipment

Comparative Analysis / Performance Measure

The Procurement Analyst will help the team manage the growth in the number and complexity of procurements



Our procurement volume is steadily increasing as per the above tables. On a yearly basis, there were a total of 150 procurements for 2017, 161 in 2018 and 226 for 2019 and 179 for 2020 (to 09/15/20). This represents a monthly average of 12.5 in 2017 increasing to 18.8 in 2020 and this trend is expected to continue in 2021 to 2022.

Request For Proposals (RFP) are much more complex and require additional time to complete. The number of RFPs is growing and expected to continue to increase. In the RFP process, Procurement Services works closely with their Clients throughout the development of the RFP documentation, including evaluation criteria, scoring keys, negotiation of the contract prior to award and conducting debriefs after contract award.

Procurement Services is becoming more complex as the process must consider the impact of trade treaties

The following three (3) Trade Agreements are relevant to Municipalities:

1. Canada-European Union Comprehensive Economic and Trade Agreement (CETA)
2. Canadian Free Trade Agreement (CFTA)
3. Trade and Cooperation Agreement Between Ontario and Quebec (OQTC)

Increased number of procurements and duration to assist with compliance with the trade treaties in the following areas:

- Procurements which exceed the thresholds (including possible extension years), must be procured through a competitive 'open' procurement
- Cannot divide a procurement into separate procurements to avoid application of trade treaties
- Less limited tendering opportunities impact more competitive purchases
- Enhanced debriefings and justification for decisions
- Stipulated posting time periods
- Impartiality requirements

Specifications must be set out in terms of performance and functional requirements, rather than design or descriptive characteristics. They must also be based on international standards, if they exist, otherwise, on national regulations, standards or building codes.

Procurement Services must also adapt their process as new trade treaties are ratified to ensure compliance.

Intentional Blank