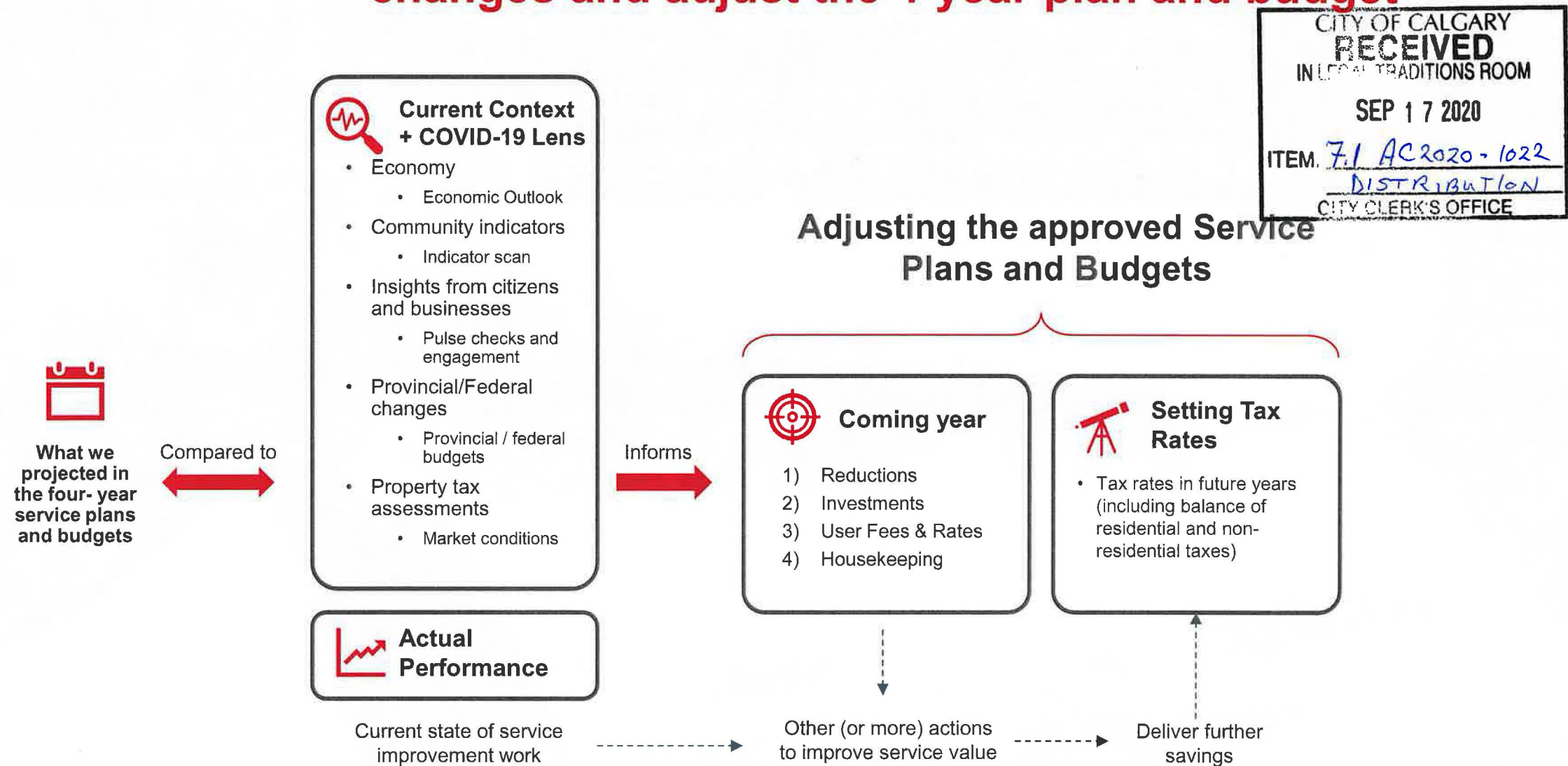


# **Strategic Outlook for Finance – Budgeting and Risk AC2020-1022**

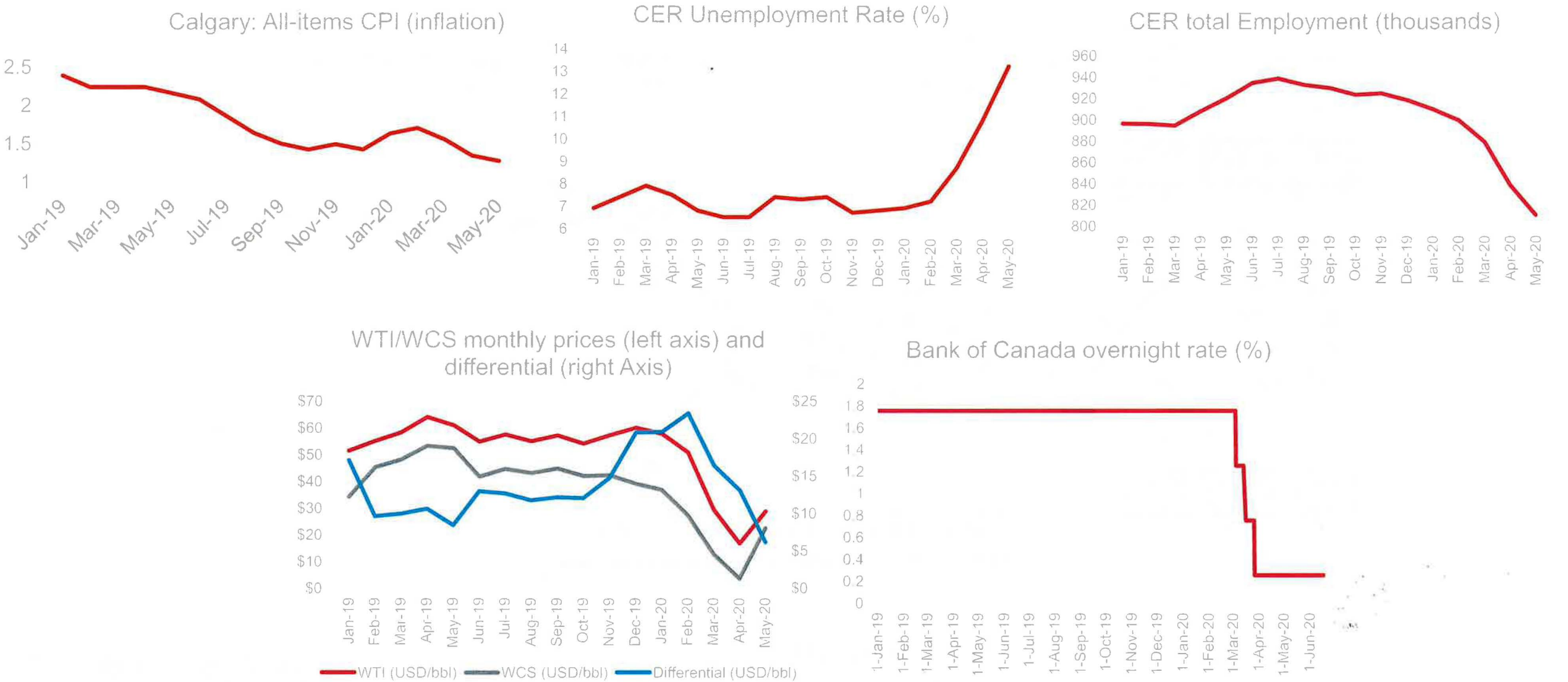
Audit Committee 2020 September 17



# Mid-Cycle Adjustments – an opportunity to respond to external changes and adjust the 4-year plan and budget



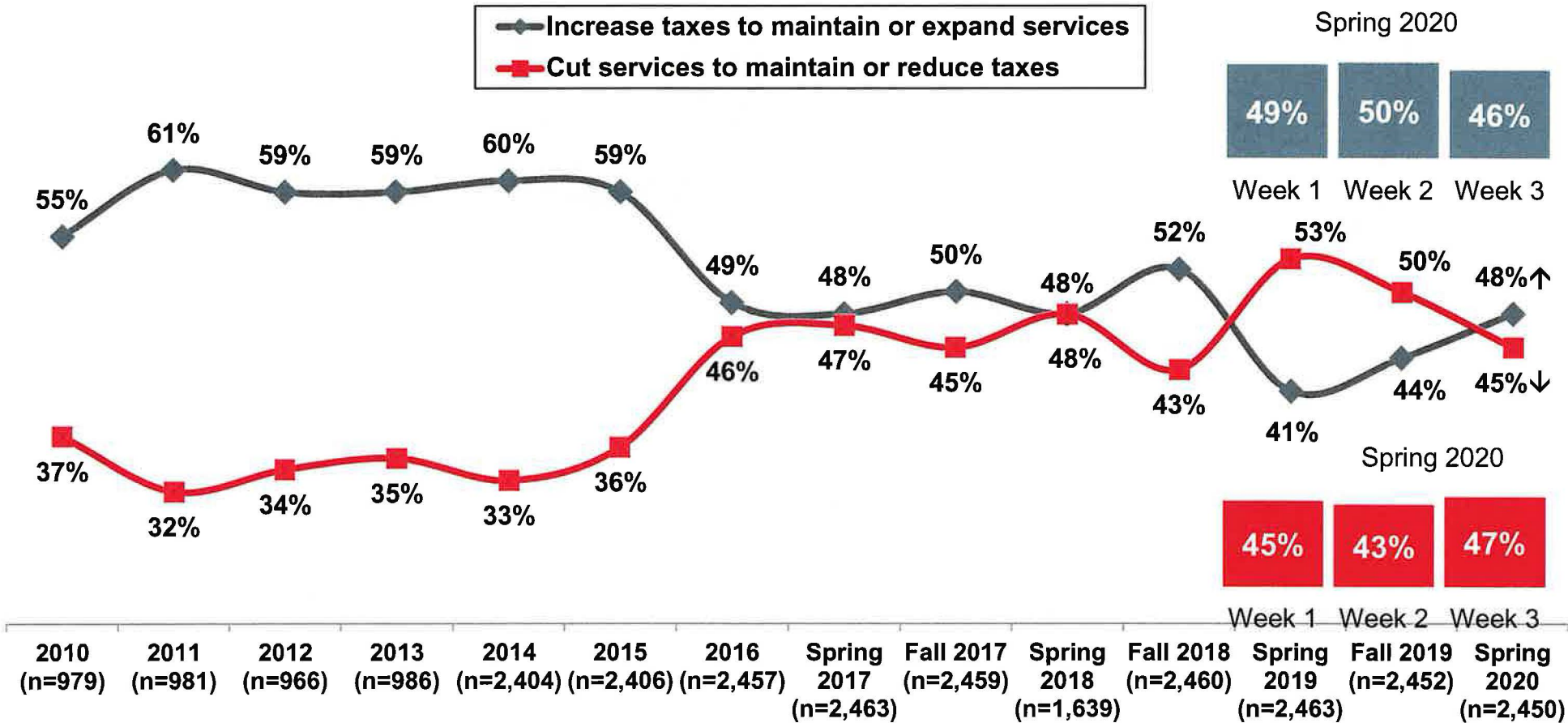
# Community Indicators – adjustments are needed



Source: The City of Calgary Corporate Economics



# Citizen's perception on balancing between service delivery and taxation

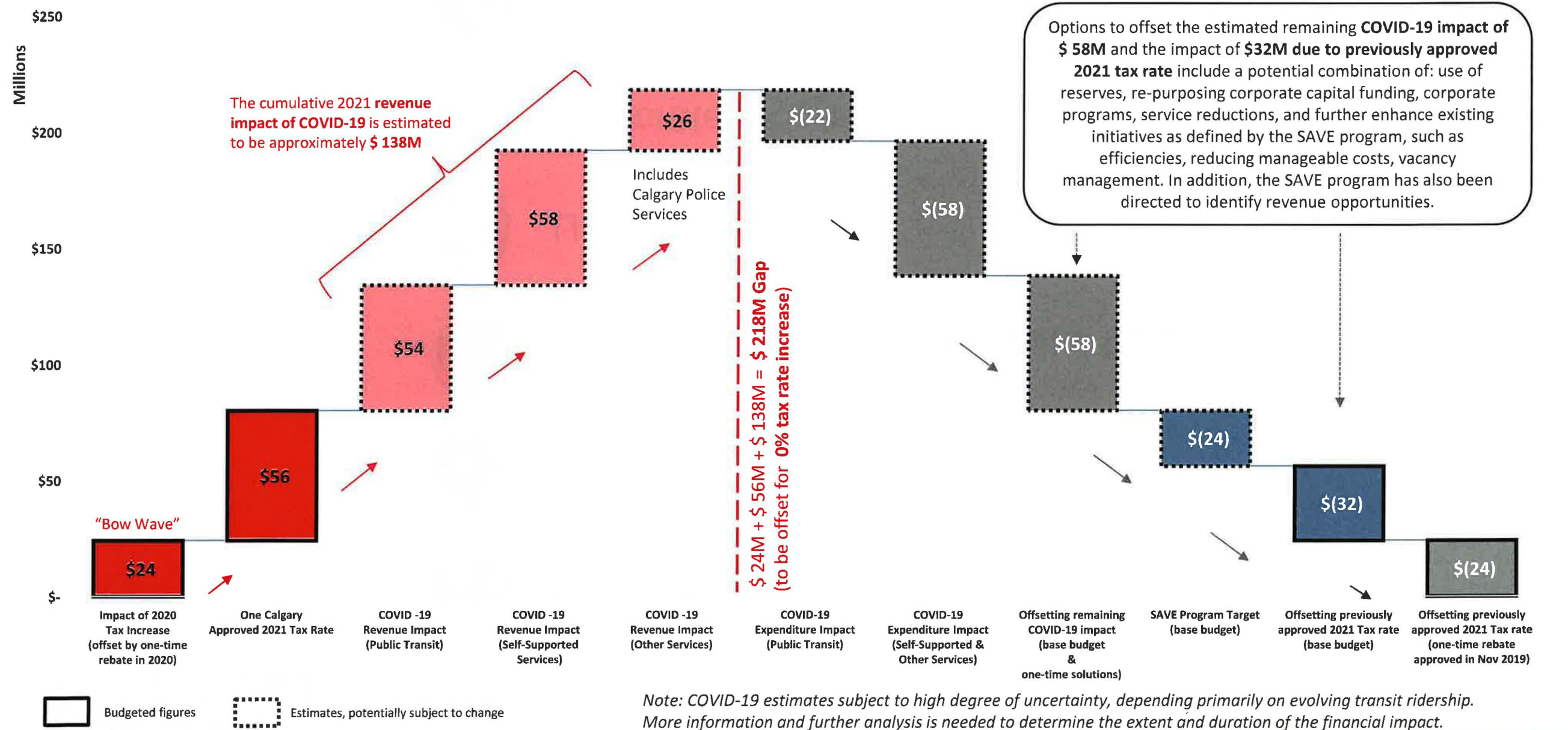


Municipal property taxes are the primary way to pay for services and programs provided by The City of Calgary. Due to the increased cost of maintaining current service levels and infrastructure, The City must balance taxation and service delivery levels. To deal with this situation, which of the following four options would you most like The City to pursue?

Base: Valid Respondents Source: 2020 Spring Pulse Survey

↑Statistically higher than prior wave  
 ↓Statistically lower than prior wave

# 2021 Total operating budget gap to 0%



## Tactics to narrow the gap



SAVE Program



\$24 Million in one time funding



Re-purposing corporate capital funding



Use of reserves



Corporate programs

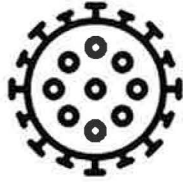


Service reductions





## COVID-19 is creating a high degree of uncertainty



Length of pandemic



Size of financial gap in 2020 and 2021



Ability to make up the gap



Impacts on service levels

## Key messages

- Multi-year service plans and budgets foundation going forward
- The COVID-19 pandemic has created significant changes and a great degree of uncertainty in external environment since the 2021 - 2022 service plans and budgets were approved in November 2018
- Council direction is needed for Administration to prepare adjustments to 2021 service plans and budgets.
- The City is proposing to limit the strain on Calgarians and avoid a tax increase in 2021



On 2020 July 20 Council directed Administration to recommend adjustments to the 2021 service plans & budgets based on a 0% tax rate increase in 2021.



OBJECTIVES				
Improve our reputation	Reduce the cost of government	Strengthen employee engagement	Increase our capacity	
STRATEGIES				
Provide organizational focus and good governance	Protect financial sustainability and optimize investment	Inspire a proud and engaged workforce	Build strong relationships through collaboration and communication	Be innovative, tech savvy and future-focused



## Finance

### City Treasurer Introduction

- Started with The City June 1<sup>st</sup>
- Previously Associate VP Finance at University of Calgary – nine years
- Experience at AHS and Calgary Health Region – 10 years
- Worked at TransAlta – six years
- CPA CA Designation
- Experience in process improvement and automation
- Married with three adult children and our two vocal dogs
- Enjoy spending time outdoors



# Our Common Purpose

## Making life better every day

4 Cs

**CHARACTER**  
we behave the right way

**COMPETENCE**  
we do the right things the right way

**COMMITMENT**  
we are dedicated to the greater public good

**COLLABORATION**  
we work together for a common purpose

### Finance Business Unit Service Statement

Working together to build a financially healthy and sustainable City to make life better for citizens.

### Results

Finance Business Unit will work in four diverse roles to achieve outcomes: steward, operator, strategist, and catalyst.

#### Steward

Protect and preserve assets

- Ensure compliance with PSAS, MGA, PCI, and other regulations; and
- Diligent review of Principle risks, Control Environment Report, implement Auditor recommendations

#### Operator

Create balance

- Ensure enabling services are executed without interruptions including AP, AR, financial record keeping, cashier services; and
- Build a comprehensive finance IT plan to seek process improvement

#### Strategist

Provide leadership

- Proactively bring issues to the ALT table through the CFO to manage Corporate risks and support Strategic Direction and Council priorities; and
- Support long-term corporate investments/initiative such as One Calgary and SAVE.

#### Catalyst

Stimulate behavior

- Lead initiatives such as the Major long-term unfunded projects, debt and liquidity monitoring to recommend decisions for ALT, and effectively manage Corporate Programs to support the financial health of the City



# Finance

## Future Change and Evolution

### Steward

**Protect and preserve assets**

- Compliance with regulatory requirements
- Enhance key financial controls

### Operator

**Create balance**

- Transaction efficiency and processes
- Increase the value and speed of financial reporting

### Strategist

**Provide leadership**

- Support on City wide initiatives
- Enhancement of corporate processes and systems

### Catalyst

**Stimulate behavior**

- Reporting of projected debt capacity and utilization of Corporate programs to better position The City into the future

## Finance

# Role in Principle Corporate Risk Management

### **Financial Risk: Managing finances while exposure increases**

- Financial impacts to The City from the on-going economic slowdown and COVID.
- Continued and sustained pressure on this risk could hinder The City from achieving its objectives.

### **There are three overall responses to this risk:**

1. Accept additional financial risk to lessen impacts on citizens by delaying or reducing expenditures and hiring and/or using reserves and corporate liquidity to offer relief.
2. Increased reporting to Council to closely monitor the situation and develop a framework for economic recovery including:
  - Implementation of the Financial Task Force Recommendations
  - Continued work with the Economic Resilience Task Force
  - Update of the Long-Range Financial Plan
3. Focus on closing the financial gap (short and long term)
  - COVID impacts in 2020 and 2021
  - Potential for longer term impacts increasing the gap into the future



## **Finance**

### **Role in Principle Corporate Risk Management**

#### **Managing this Risk:**

- Embed Financial staff within the City operations to gain a stronger understanding of the area and the environment
- Finance monitors and reports on the following items:
  - Monthly review of year to date financial position to current year budget
  - Monitors projection for year end forecast based on changing environment
  - Continuously monitors impacts to The City's cashflow position and makes recommendations for any required adjustments based on changing assumptions and current conditions

## Finance

### Role in the SAVE program

ACTIVITY	DESCRIPTION
Budget process modernization	Modernize budget processes and guidelines for increased transparency and consistency
Discretionary expenditure optimization	Examine cost reduction related to discretionary expenditure activities
Duplicate and fragmented functions	Perform an organization structure review to optimize workforce planning
Financial reserves optimization	Review The City's reserves for potential optimization
Process automation – Accounts Receivable and Accounts Payable	Streamline processes through existing improvements or automation
Tax Advisory temporary workforce	Explore alternate approaches to seasonal staffing in Tax Advisory Services
Revenue collection and enforcement	Centralize and maximize revenue billings and collections across The City



## **Finance**

### **Long Term Strategic Focus**

**Long term focus for Finance is based on the following themes:**

- Long-term vision and financial strategy including the Long-Range Financial Plan
- Goals of long-term sustainability while managing short-term volatility
- Efficiency and value of financial processes
- Consistency of processes across The City
- Timeliness of transactional processing and financial reporting
- Staff development and line of sight to goals and deliverables

# Questions