

# **AC2016-0769 Tangible Capital Assets Update**

Chief Financial Officer's Report  
to Audit Committee  
October 20, 2016



## Focus of Today's Discussion

### Tangible Capital Assets:

- I. What happened in the past;
- II. How Administration is improving the current process;
- III. What has been accomplished to date; and
- IV. What work remains to be completed.

## The City's Case for Change

### 2007:

Public Sector Accounting Standards Board approved recommendation to require reporting of Tangible Capital Assets (TCA).

### 2009:

The City implemented TCA accounting standards.

- Resulted in the most **substantial** accounting **change** in **100 years**.

### 2009 – 2014:

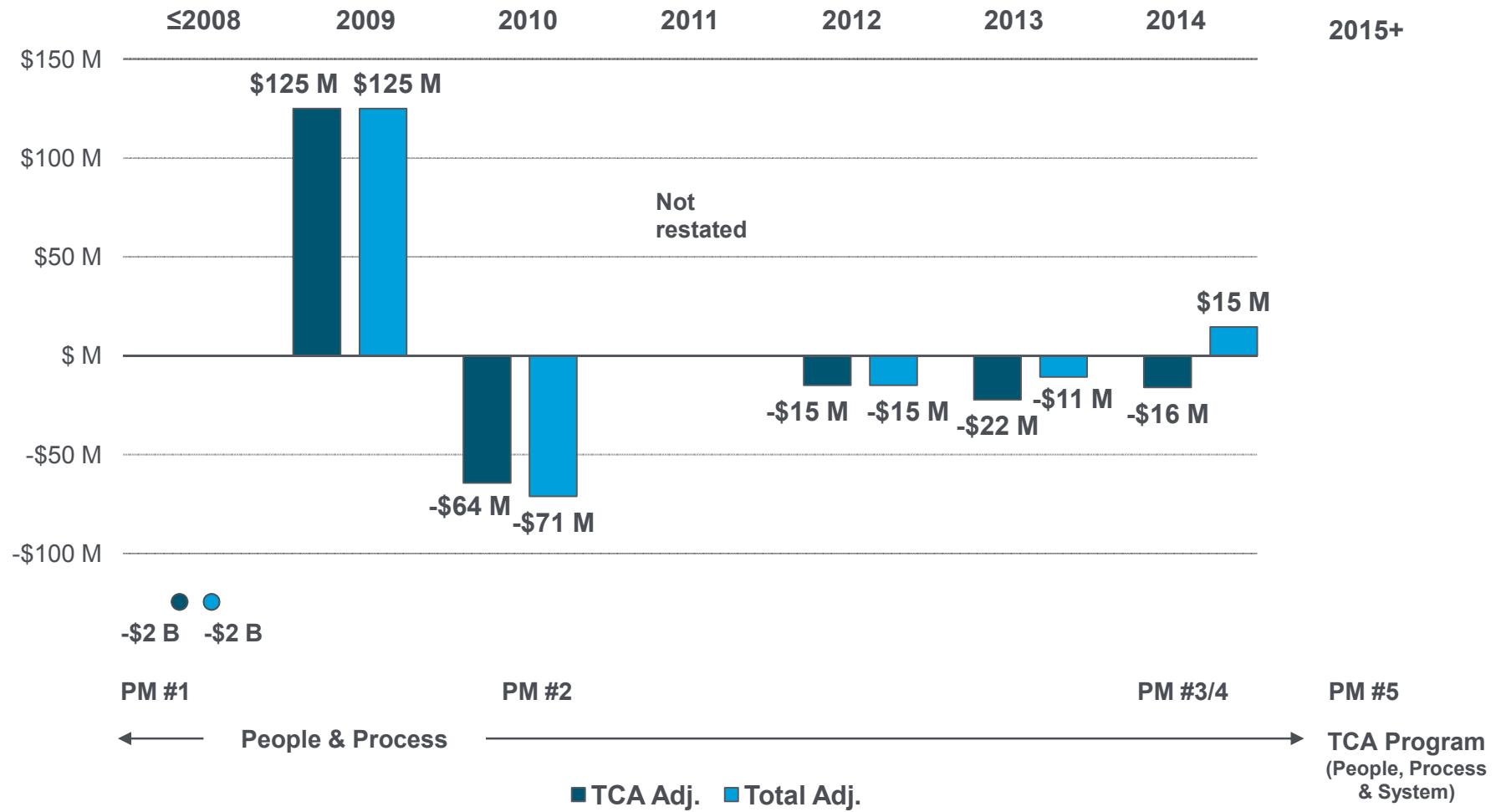
Administration identified challenges resulting from reporting TCA:

- Alignment of financing reporting requirements with asset management practices;
- Inconsistent use of TCA reporting process;
- Restricted ability to track TCA costs in computing environment; and
- Correction of financial statements resulting from TCA errors.

**Conclusion:** TCA reporting process **needed to be improved**.

## Overview of Past Financial Restatements

Summary of Years that Were Restated



## Strategy to Achieve Success

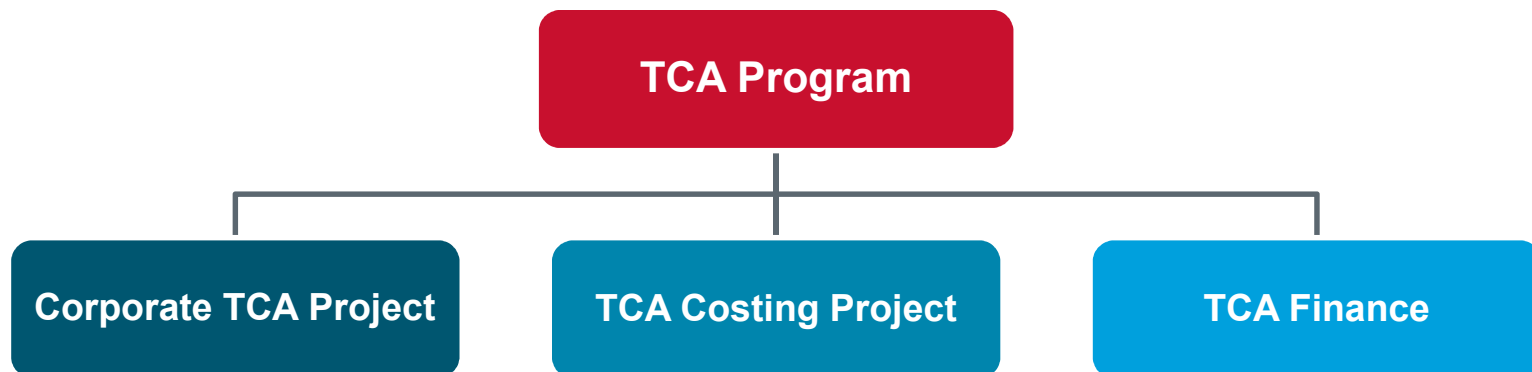
### 2015 – Present:

Administration formed the TCA Program to **address root causes** for:

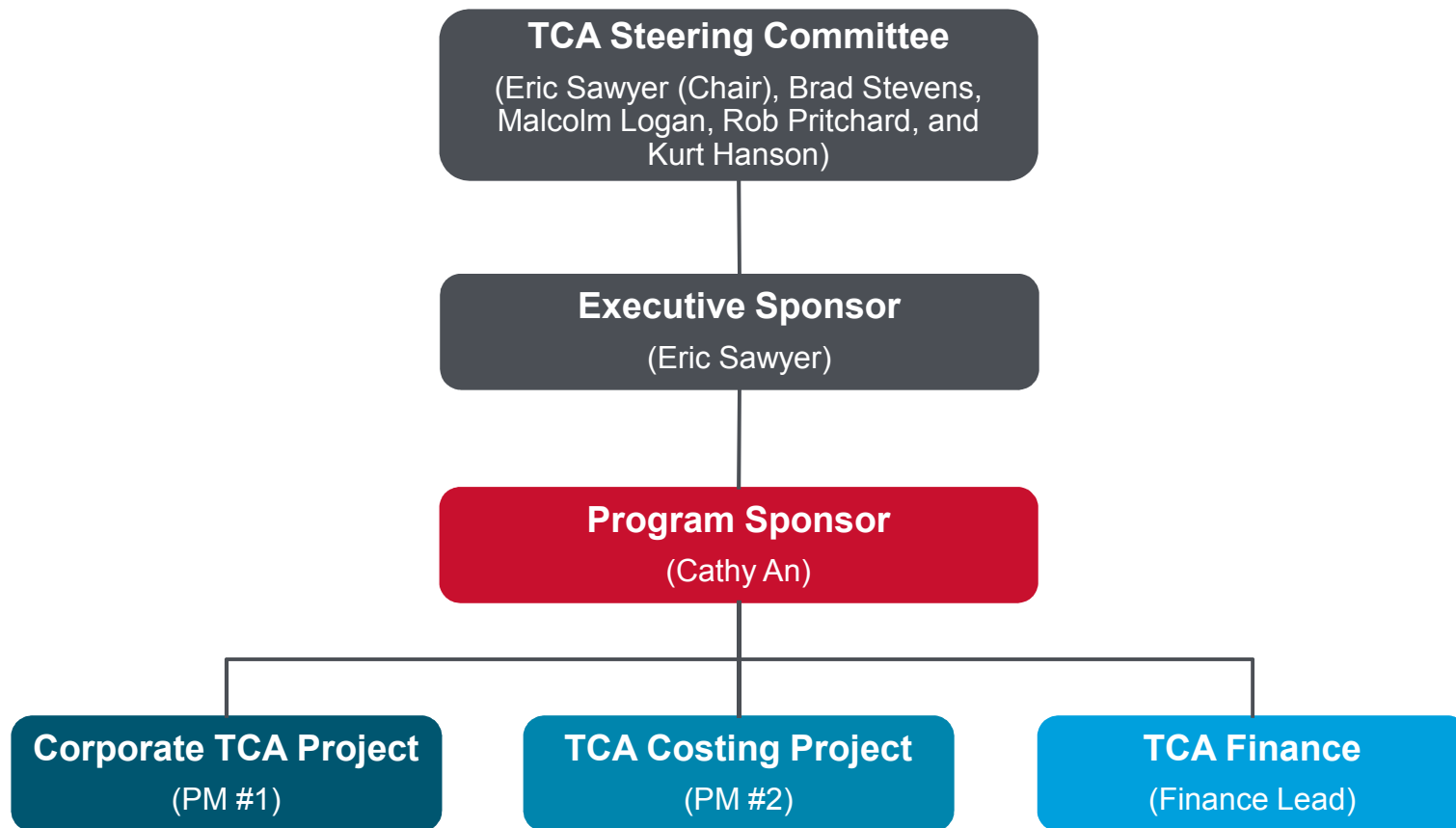
- TCA errors; and
- Management Letter Points.

### Future:

Success = **Compliant**, **simplified** and **consistent** TCA reporting across The City.



## Governance Structure for TCA Program



## Overview of Management Letter Points

To be addressed  
by: Corporate  
TCA Project and  
TCA Finance

**Process**



**People**

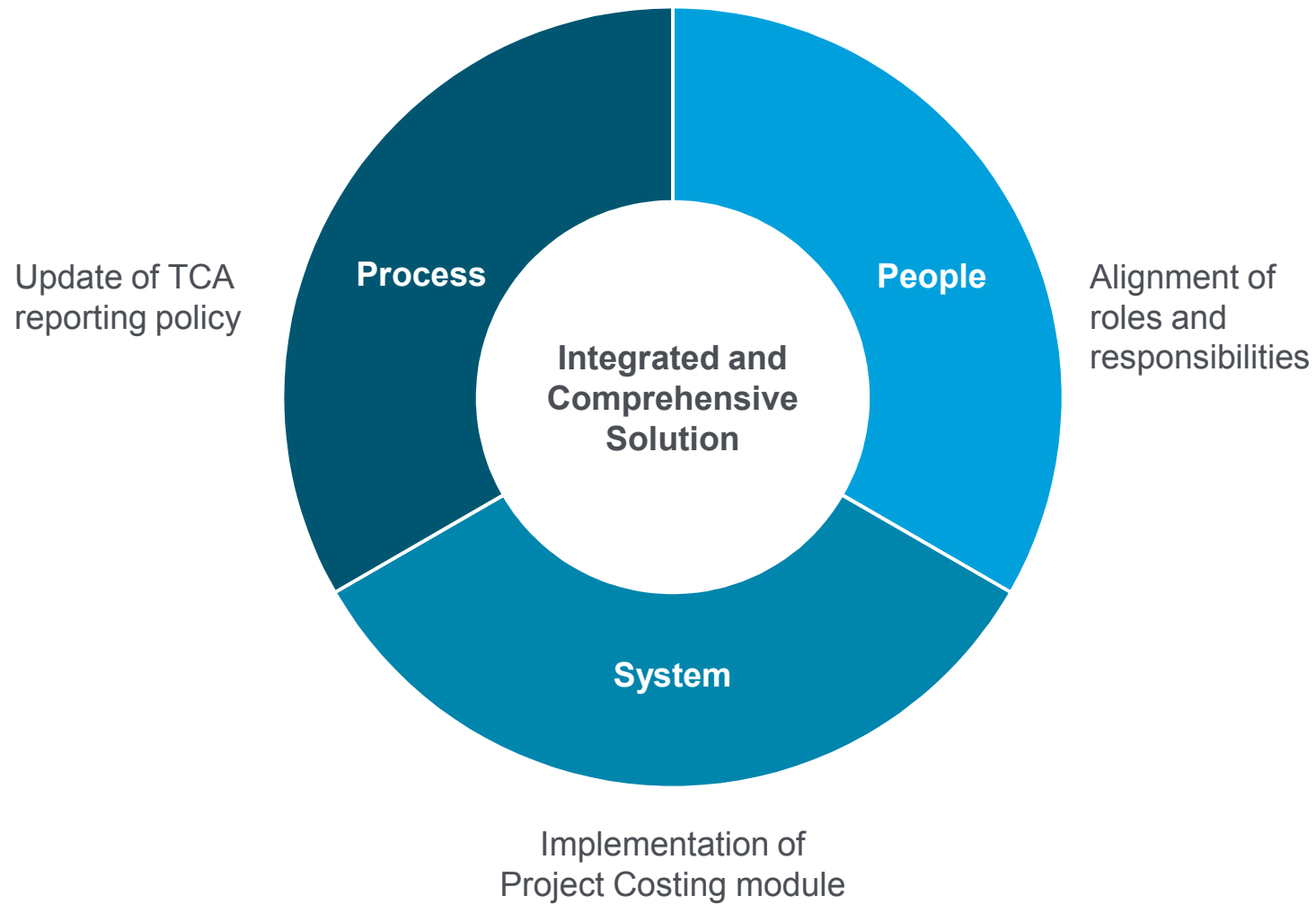
- Inappropriate cost classification (i.e. TCA / expense)
- Untimely review, documentation, and training
- Untimely disposal, capitalization, tracking of project costs, and transfers

To be addressed  
by: TCA Costing  
Project and TCA  
Finance

**System**

- Use of complex and manual files
- Lack of invoice costing system

## Direction of the TCA Program





## Summary of Corporate TCA Project's Progress

2015	2016	2016
		
Machinery & Equipment	Buildings	Engineered Structures
2017	2017	2017
		
Land	Land Improvements	Vehicles

## Updates on Other Financial Reporting Projects

### **I. Contaminated Sites (PSAS 3260) Project:**

- i. Number of sites assessed
  - Assessment to be completed by Dec. 2016
- ii. Published Administration Policy for accounting discussion (ALT2016-0540)

### **II. Major Contracts Project:**

- i. Contracts under review:
  - Public-private partnership (P3) agreement for composting facility: accounting analysis completed
  - P3 agreement for transit facility to be reviewed
- ii. Established communication channel to identify and discuss major contracts