



AS APPROVED ON DECEMBER 14, 2021

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's financial goals. Internally, Finance provides strategic financial advice to help the achieve both short and long-term goals. 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. The team performs analysis and makes recommendations that support the Fiscal Strategy. They also manage Aurora's cash flow and investments to align with reserve and investment strategies. Other responsibilities include grant management and playing a key supporting role in 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 collections relating to 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 Bylaw 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

| | 2021 | 2022 |
|--|----------------|----------------|
| Budget (\$000's) | | |
| Treasurer's Office | 384.0 | 394.5 |
| Financial Management | 699.5 | 704.7 |
| Financial Reporting and Revenues | 618.5 | 671.3 |
| Procurement Services | 545.4 | 649.8 |
| Net Budget | 2,247.4 | 2,420.3 |
| Budget Change | | 172.9 |
| 2021 Approved Multi-Year Budget | | 2,421.2 |
| Change to Multi-Year Budget | | (0.9) |
| Permanent Full-Time Staffing (FTE): | | |
| Opening Staffing | | 21.0 |
| New | | 1.0 |
| Conversion | | - |
| Approved Staffing | | 22.0 |
| 2021 Approved Multi-Year Budget | | 22.0 |
| Change to Multi-Year Budget | | - |

2021 Accomplishments

In 2021, the Finance accomplishments include:

- Developed the Council approved long-term Fiscal Strategy and action plan to support the implementation
- Completed the development of the second generation asset management plan including service level measures for many of Aurora's assets
- Updated the Development Charge Study and bylaw to meet changes to recent legislation
- Worked closely with the Project Management Office to streamline capital input and project prioritization
- Improved interim financial reporting by adding an update on planned capital spending.
- Completed the requirements and issued the request for proposal for a new financial system
- Implemented the payroll module of the new human resource information system
- Engaged a consultant to assist in the Procurement Modernization project and revised bylaw
- Worked with staff across departments to improve procurement forms and streamline the extension process
- Provided updates to Finance Advisory Committee and Council with updates the impact to Aurora of emerging legislation for property taxes

2022 operating budget

Overview

The operating budget for Finance is approved to increase by \$172,900 in 2022. The main driver of the increase relates to the addition of one position in procurement to support procurement modernization to provide better analysis, salary and benefit adjustments for existing positions and bank charges for increased merchant fees from receiving credit card transactions.

Operating financial summary

| \$000's | Net Actual Results | | 2021 | 2021 | Budget |
|---------------------|--------------------|----------------|----------------|----------------|----------------|
| | 2019 | 2020 | Net Fcst* | Budget | 2022 |
| Expenditures | 2,170.0 | 2,353.6 | 2,662.3 | 2,799.7 | 2,975.0 |
| Non-Tax Revenues | (457.9) | (364.6) | (565.4) | (552.3) | (554.6) |
| Net Tax Levy | 1,712.1 | 1,989.0 | 2,096.9 | 2,247.4 | 2,420.3 |
| % Tax Funded | 79% | 85% | 79% | 80% | 81% |
| Net Budget Change | \$ | 277.0 | 107.9 | 150.5 | 172.9 |
| | % | 16.2% | 5.4% | 7.2% | 7.7% |
| Approved Outlook | \$ | | | | 2,421.2 |
| Change to Approved | \$ | | | | (0.9) |

*Net forecast as of August 31, 2021

Changes to the multi-year budget

The approved budget is \$900 less than the budget approved last year for 2022. This decrease stems from increases to revenue for tax certificates, a reduction to photocopier charges and other minor savings in various accounts which more than offset the pressures from additional bank charges and salary and benefit adjustments.

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 modernize and keep up with the pace of 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.

In 2021 the procurement modernization project was underway. This project involved updating processes, training, procedures and the bylaw. This project will help procurement refocus on procurements where they can provide value and also in providing better support and advice to the organization.

Finance budget changes

| | 2022 | |
|---|-----------|----------------|
| | FTE | \$000's |
| Starting Budget | 21 | 2,247.4 |
| Budget Changes per 2021 Budget: | | |
| Base | | |
| Salaries & Benefits including COLA, step increases and other approved staffing actions | - | 67.6 |
| Revenue adjustments including tax and water certificate revenues | - | 13.0 |
| Other minor operating changes | - | 2.3 |
| | - | 82.9 |
| Maintaining Service Levels for Growth | | |
| Modernization of procurement including enhanced analytics - Procurement Analyst | 1 | 90.9 |
| | 1 | 90.9 |
| 2021 Budget Approved Change | 1 | 173.8 |
| Changes to Multi-Year Budget: | | |
| Salary & Benefits adjustment for staffing changes and revised benefits rates | - | 23.4 |
| Adjustment to photocopier charges (corporate-wide adjustment) | - | (11.2) |
| Increased revenue for tax certificates and property ownership changes | - | (15.9) |
| Various other minor adjustments | - | (5.2) |
| Bank charges increase for additional merchant fees for increased payments received by credit card | - | 8.0 |
| | - | (0.9) |
| Revised Budget Change | 1 | 172.9 |
| Approved Net Budget | 22 | 2,420.3 |
| 2021 Approved Budget | 22 | 2,421.2 |

The Procurement team is seeking to add a Procurement Analyst to the team in 2022. This role will provide the capacity the team needs to 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 is focusing more on policy development and providing strategic advice

In 2022 Finance will continue to implement the actions identified in the fiscal strategy which includes developing financial policy and analysis to support long-term financial sustainability. The implementation of a new financial system will also enable the department to spend less time on routine tasks and more time on analysis. This will result in improved reporting for internal management and supporting future Council decisions.

2022 capital budget

Overview

Finance plans to spend \$3.5 million in 2022 on capital projects of the total approved \$7.9 million in Capital Budget Authority. This includes \$7.7 million for Rehab and replacement projects and \$185,000 for studies and other. Finance is not seeking any changes to capital budget authority for their projects in 2022.

2022 capital budget authority

| (\$000s) | Previously Approved Budget | 2022 Budget | | Capital Budget Authority Cash Flow | | | |
|------------------------|----------------------------|---------------------------|---------------|------------------------------------|---------------|----------------|----------------|
| | | Capital Budget Authority* | Budget Change | Actuals to Dec/20 | 2021 Forecast | 2022 | 2023+ |
| Rehab & Replacement | 7,686.8 | 7,686.8 | - | 2,634.4 | 454.8 | 3,430.2 | 1,167.5 |
| Growth & New | - | - | - | - | - | - | - |
| Studies & Other | 185.0 | 185.0 | - | - | 159.3 | 25.7 | - |
| Approved Budget | 7,871.8 | 7,871.8 | - | 2,634.4 | 614.0 | 3,455.9 | 1,167.5 |

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

The 10-year capital plan

The 10-year capital plan includes \$6.2 million in capital projects. The 10-year plan will invest \$5.9 million in Rehab & Replacement capital which supports good asset management. This represents 96% of the 10-year plan.

Key capital initiatives in 2022

The capital plan for Finance focuses on the replacement and modernization of existing assets. The 2022 budget includes the following key projects to support these initiatives:

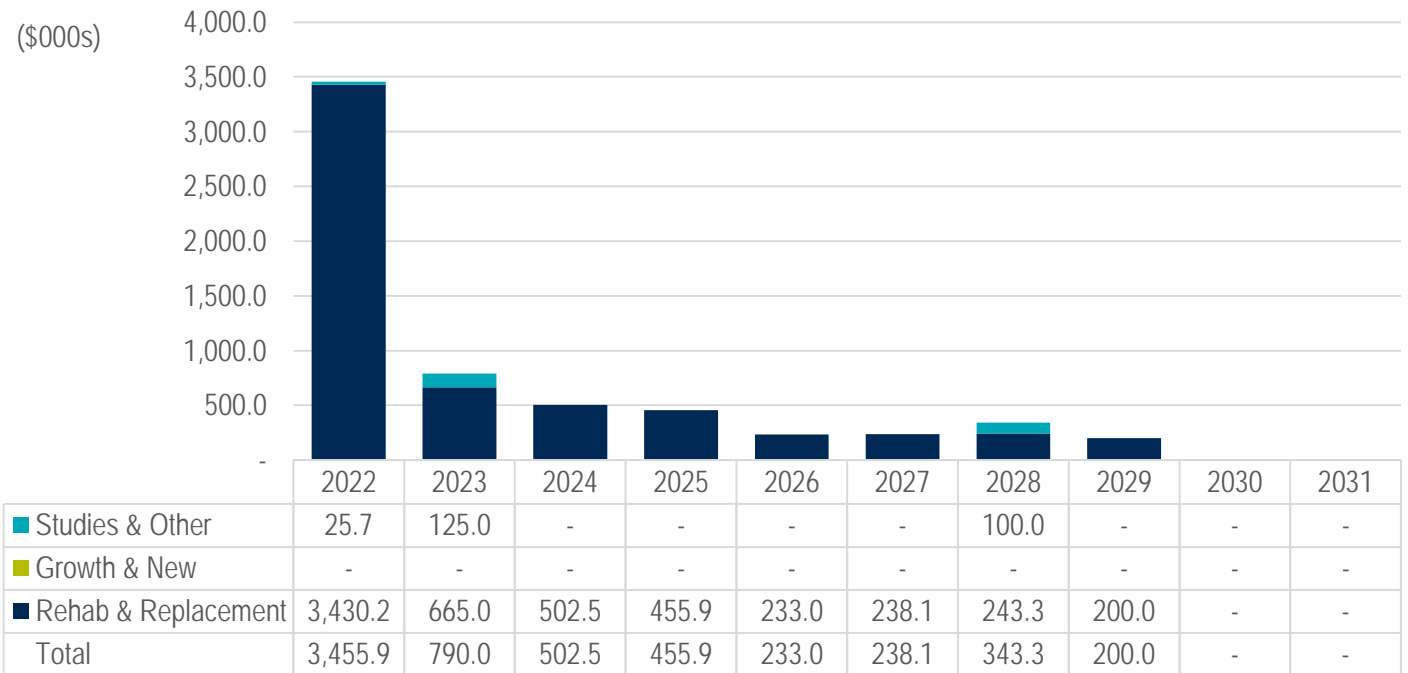
Financial system replacement

In 2021 the Finance department completed the development of the requirements for a new financial system and started the procurement process. The implementation of the financial system is expected to start in 2022 and 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.

10-year capital plan



A detailed listing of the capital projects included in the plan can be found in Tab 17 - Rehab & Replacement Capital, Tab - 18 Growth & New Capital and Tab 19 - Studies & Other Capital.

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
- Continue to expand the uptake of email billing for water accounts

Modernization

- Implement integrated financial systems which will automate processes within Finance and create capacity within the department to do improved analysis and create better reporting tools
- Implement new procurement bylaw and protocols to ensure the procurement process and bylaw adapt to changing legislation and provide a fair and competitive process for procuring goods and services effectively
- Implement the actions identified in the Fiscal Strategy
- Development of a clear development charge administration process
- Ongoing review of procurement forms to streamline processes

People

- Develop a financial management policy and training program that ensures non-financial staff have the tools and the know-how to manage their budgets and financial transactions
- Develop a procurement training program that aligns with the outcome of the procurement modernization project

Other—Legislated

- Continue with the next phases of the second generation asset management plan legislative requirements and operationalize the plan for future asset management budget planning
- Development of a Community Benefit Charge study and bylaw
- Address any Legislative initiatives for property taxes, including the optional small business subclass



of water accounts **17,771**



1,485 water accounts set up for e-billing



Number of water meters with radio read devices **9,745**



189 Tax and water property management changes per month



Total # of invoices processed:

12,307

Average rate of return on Town investments:

2.45%



\$67M
in procurement contracts awarded last 12 months



175
procurements in the last 12 months



825 bid takers
in the last 12 months



Support the modernization of the procurement process at the Town of Aurora
 Finance Space Needs Confirmed

Growth

Yes

Recommendation

Hire a Procurement Analyst to support the procurement team in modernizing the role of procurement to become strategic partners with their clients and roll out the recommendations of the procurement modernization project.

Rationale/Benefits

The procurement modernization project identified several areas for improvement for the procurement process and bylaw. The new Procurement Analyst role will support the team to enable Procurement Services to roll out the actions from the project. These actions include improvements to:

- The bylaw, contract templates, procurement templates, protocols and processes
- Improved training on procurement, roles and responsibilities and contract management
- Expanding the use of different types of procurements including rosters, invitational competitions and negotiated requests for proposals

The Procurement Analyst will support the three Procurement Consultants on 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. This will free up time for the Procurement Consultants to focus on being a strategic partner to their clients, ensure staff across the organization are properly trained on their role in procurement and contract management and perform more analysis on procurement trends including competitiveness of the procurements.

This position will also provide capacity within the team to implement the new financial system, ensure broader knowledge of procurement across the organization and ensure the procurement process is run more effectively and efficiently.

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 and modernization of the procurement function.

Impact of Not Proceeding

Procurement Services will manage with current staffing resources which will continue to delay the timing of completing procurements. It will also slow down the ability to roll out the recommendations of the procurement modernization project. The Town will not have the time to perform the analytics to ensure an effective process.

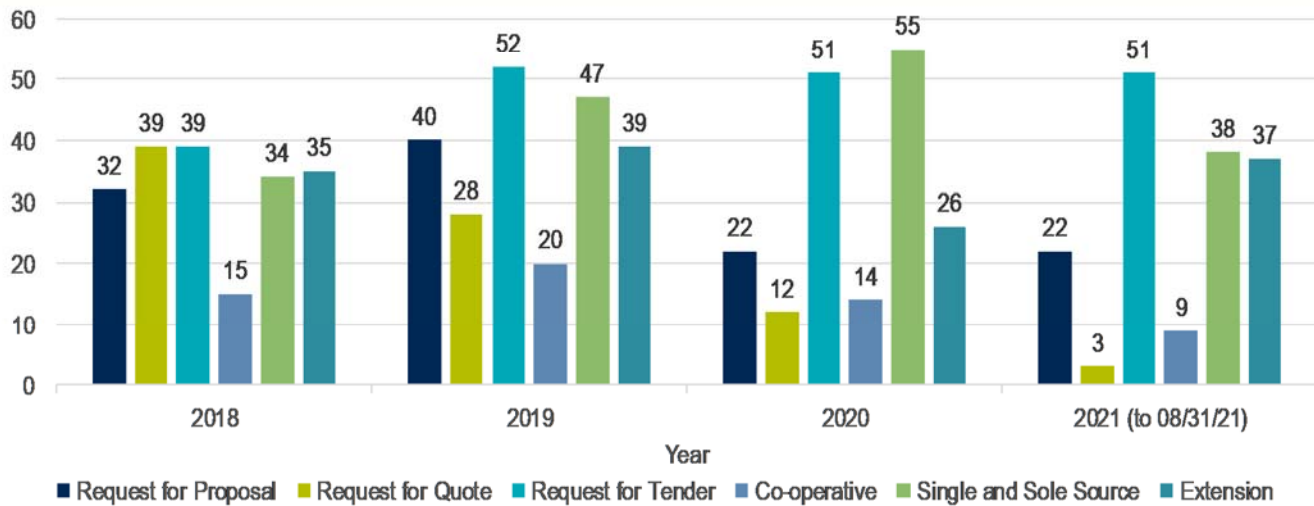
Incremental Operating Budget Impact

| | 2020 | 2021 | 2022 |
|-------------------------------------|------|------|------|
| Staffing - # of FTEs | - | - | 1.0 |
| Gross Expenditures (\$000s): | | | |
| Wages and Benefits | - | - | 91.6 |
| Staffing Costs* | - | - | - |
| Offsetting Savings/Efficiencies | - | - | - |
| Other - Memberships | - | - | - |
| Total Gross Expenditures | - | - | 91.6 |
| Non-Tax Revenues (\$000s): | | | |
| User Fee/Other Revenues | - | - | - |
| Water Rate/Building Recovery | - | - | - |
| Other | - | - | - |
| Total Revenue | - | - | - |
| Net Tax Impact | - | - | 91.6 |

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

Comparative Analysis / Performance Measure

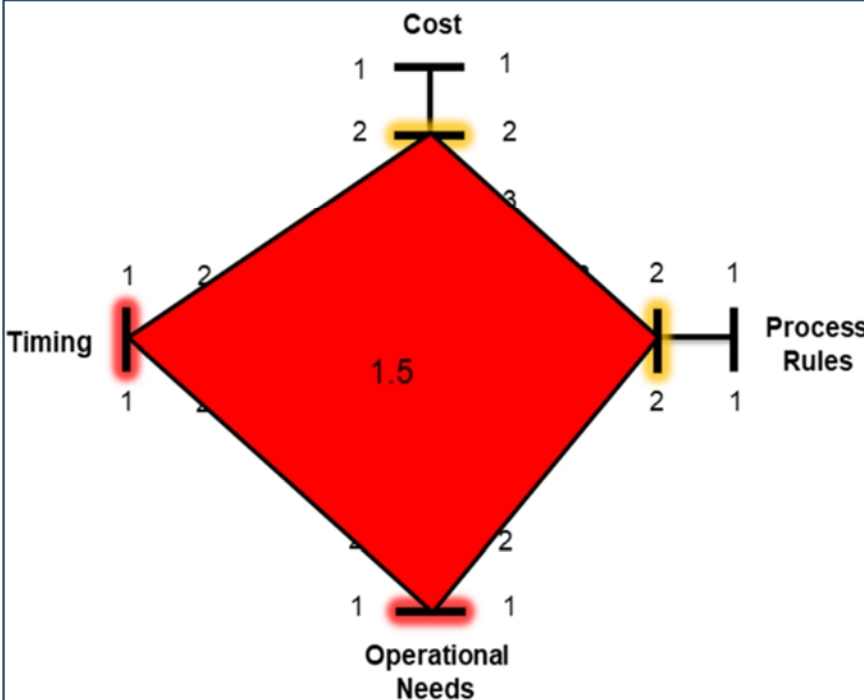
The Procurement Analyst will help the team manage the growth in the number and complexity of procurements



The procurement volume is steadily increasing as per the above tables. On a yearly basis, there were a total of 194 procurements for 2018, 226 for 2019, 180 for 2020 and 160 for 2021 (to 08/31/21). This represents a monthly average of 16.1 in 2018 increasing to 20.0 in 2021 and this trend is expected to continue in 2022 to 2023.

Our procurements are more complex which requires additional time to complete. The number of RFPs is growing and expected to continue to increase as we will be having more PreQualifications as part of the Procurement Modernization project. In these processes, 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.

The Procurement Analyst is critical to implementing the recommendations of the procurement modernization project and improving on the four critical risk areas evaluated in the project



The score of 1.5 out of 4 indicated a misalignment of managing costs, time constraints, operational needs, and process rules. This resulted from a lack of transparent means for tracking expenditure in an easily accessible manner which heightens the potential over-spend on recurring purchases. The process put an inordinate emphasis of procedural compliance, when compared to operational needs and time constraints which produces marginal results and places future operational needs at risk of significant failure. The absence in the overall coordination requirement to better ensure the timely planning and execution of procurement projects. The Procurement Analyst will support the team in implementing the changes in the bylaw, process and protocols through enhanced training and providing a better partnership with clients. This role should help Aurora's procurement function move from a 1.5 to a 3 which is considered well managed.

Intentional Blank