

FINANCE COMMISSION RE- ORGANIZATION AND RECRUITMENT PROCESS

Recommendation

The Commissioner of Finance & City Treasurer recommends:

1. That the Capital & Asset Management function be transferred under the Director of Budgeting & Financial Planning on a permanent basis; and
2. That the proposed realigning of job responsibilities in “Chart 1- Proposed Position Changes” be approved; and
3. That the position title for the Director of Reserves & Investments be amended to Director of Development Finance & Investments and the job description be appropriately revised; and
4. That Council identify Members of Council who will participate in the selection process for the Director of Development Finance & Investments and the Director of Purchasing.

Contribution to Sustainability

Not applicable

Economic Impact

There is no economic impact associated with this report. The proposed re-organization is within the existing Finance Commission budget and complement.

Communications Plan

The Finance Commission re-organization will be communicated internally to the staff in the Finance Commission and across the City departments.

Purpose

The purpose of this report is to seek Council approval of a re-organization of the Finance Commission, while maintaining the approved Commission complement and to initiate the recruitment process for two director positions in the Finance Commission.

Executive Summary

As a result of the retirement of the Director of Reserves & Investments in 2011, an opportunity arose to realign the Capital and Operating Budget functions in the Finance Commission, as well as to refocus the job responsibilities of the vacant Director position. In addition, the Director of Purchasing recently announced his intention to retire, therefore there is a need to initiate a recruitment process for both the vacant Director of Reserves & Investment position, and the Director of Purchasing.

The proposed re-organization in the Finance Commission is summarized as follows:

1. Phase 1 – Transfer the Capital & Asset Management functions from the Director of Reserves & Investments to the Director of Budgeting & Financial Planning.
2. Phase 2
 - a. Amend the title and job description for the Director of Reserves & Investments to Director of Development Finance & Investments, and to initiate the recruitment of the Director of Development Finance & Investments
 - b. Amend the structure and job descriptions of the Budgeting and Financial Planning Department
 - c. Initiate the recruitment process for the Director of Purchasing

Background Analysis and Options

1 - Phase 1

In the second quarter of 2011, the Director of Reserves & Investments retired. As a result of the vacancy, and in order to manage the preparation of the 2012 Operating and Capital budget process, the reporting relationship of the following areas in the Finance Commission changed on an interim basis, pending any potential impact of the City Manager's Corporate re-organization and the completion and approval of the 2012 budget:

- Capital Budgets
- Development Charges
- Investments
- Letters of Credit/Securities

The following reorganization has been in effect on an interim basis since last July and has been successful in aligning resources with department processes and evolving needs, resulting in more efficient operations and better client servicing, as well as improved co-ordination of operating and capital budgets during the 2012 budget process. Further details and justification are provided below:

Capital & Asset Management

This section reported to the Director of Reserves & Investments and is responsible for the implementation, development, and coordination of the capital budget process, grant funding, as well as capital accounting responsibilities including the annual calculations involved with the reporting of capital asset historical cost, associated depreciation expenses and the capture of new capital asset costs (constructed and conveyed) on the City's annual financial statements.

Opportunity: The Director of Reserves & Investments retired on July 31, 2011, which presented an opportunity to transfer the Capital & Asset Management function to the Director of Budgets & Financial Planning.

The interim reorganization created synergies and better coordination and integration between capital budgeting, operating budgeting and long range financial planning processes and combined these activities under the leadership of the Director of Budgeting and Financial Planning.

Recommendation:

- That the Capital and Asset Management function be transferred under the Director of Budgeting & Financial Planning on a permanent basis.

2 - Phase 2

a) Director of Reserves & Investments

This position (vacant as a result of a retirement) currently reports to the Commissioner of Finance & City Treasurer and was responsible for Capital Budgets, Reserves, Investments and the Development Charge process and revenues and letters of credit/securities.

Opportunity: As a result of the transfer of the Capital and Asset Management functions to the Director of Budgets & Financial Planning, the opportunity now exists to amend the Director of Reserves & Investments position to a Director of Development Finance & Investments. The opportunity is to emphasize the investment aspect of the position through the development of an investment strategy, including long range cash flow, a strategy regarding long term financing and a more active bond investment strategy, including bond trading as well as holding to maturity. The investment analyst position, which is currently vacant, would report directly to the Director position to provide support to the evolving investment strategy. The Director position would continue to be responsible, (through the Capital Revenue Analyst) for the City's development charge by-law administration, letters of security and other securities, as well as financial aspects of development agreements and development charge credit/deferral agreements.

Recommendation:

- That the position title for the Director of Reserves & Investments be amended to Director of Development Finance & Investments and the job description be appropriately revised
- That Council identify Members of Council who will participate in the selection process for the Director of Development Finance & Investments

b) Budget and Financial Planning Department

As noted under Phase 1, the Capital and Asset Management Section of the previous Reserves and Investments Department merged with the Budgeting and Financial Planning Department in July 2011. This action was necessary in order to co-ordinate Capital and Operating planning activities for the 2012 budget process. This transition was successful in delivering multi-year operating and capital budgets.

It has been over six months since the transition occurred, which has allowed time to assess opportunities to better align the newly merged department's organizational structure. The main opportunity resides in streamlining and resourcing the capital and reserves planning activity, which can be accomplished by realigning job responsibilities and redeploying long-range financial planning staff.

The Budgeting and Financial Planning Department is organized such that budget analysts are assigned responsibility for Commission portfolios, working with the departments in a specific commission to provide financial assistance and functional guidance with operating budget activities, financial analysis, reporting requirements, etc. The intent is to mirror this structure to create department specialists within capital, who will be responsible for a broader range of associated department portfolio activity, such as capital and reserve planning and forecasting, expense monitoring, PSAB and year-end activities, policy development, etc. This evolution will complement the staffing structure on the operating side, which has been met with very positive results.

The Capital & Asset Management Section

This section is currently responsible for a number of processes including, but not limited to capital accounting, capital budgeting, reserve management, grant processing, reporting and year-end responsibilities including tangible capital asset reporting, etc. Currently, there is a Senior Analyst, Asset Management position dedicated to the tangible capital asset process (change proposed for this position), the Grants Specialist dedicated to the grant process, the Capital Finance Accountant and Capital Clerk who are responsible for the accounting function, and a Manager who oversees these processes in addition to capital, reserve, and debenture annual planning, etc. The planning and policy component of this area is under resourced, which has historically prevented further development of policies and recommendations. This situation will only be exacerbated with the emerging requirements of four year capital budgets, multi-year reserve continuity planning, reserve adequacy and reallocation, development of a capital reserve policy, control policy, etc.

Long-Range Financial Planning

Focused on understanding tax rate implications, a small team comprised of the Manager of Financial Planning and the Financial Planning & Forecasting Analyst was assembled in the budgeting and financial planning department to develop integrated capital and operating forecasting models and associated policies. The largest component of this work involves forecasting future municipal infrastructure, gathering asset replacement values and life cycles, and forecasting reserve balances. Not only did these efforts greatly assist the City in addressing the City's financial challenges, it also provided a foundation for the Manager of Capital & Asset Management to successfully implement PSAB tangible capital asset requirements. It was also instrumental in moving the City towards multi-year budgeting.

The interim merger of the Capital and Asset Management Section with the Budgeting and Financial Planning Department has created opportunities to further integrate and streamline processes. With four year operating budgets underway and operating portfolios established, the focus of the financial planning group has migrated towards capital renewal, long-term reserve planning and policy efforts. Integrating these positions within the capital and reserve section process will address the gaps previously mentioned, remove any redundant efforts, and leverage natural synergies. Proceeding with this change will balance resources and focus both areas on multi-year planning, policy development, and move towards a more integrated budget process.

Through this evolution long-range financial planning will be transitioned into portfolio activities, and multi-year budgets, long-term forecasts and policy efforts will be now become the responsibility of the Operating and Capital sections. Furthermore as a result of the recent interim merger, these sections are now working together to achieve common goals and present integrated financial plans. It is also anticipated both sections will forecast beyond the multi-year budget horizon. Through these efforts the foundation for future Financial Master Plan updates is integrated.

Opportunity

The intent of the reorganization is to develop three portfolio groups within the Capital and Asset Management section. Staff assigned to any of the capital portfolios will become specialists and responsible for “cradle to grave” capital processes within their assigned portfolio i.e. capital planning, reserves forecasting, PSAB tangible capital asset inventory and life- cycle updating, developing repair and replacement plans, etc. There are a number of advantages to this approach, including:

- Creating area specialists and a single point of contact
- Breaking down task based silos
- Improving resource assignment flexibility
- Enhancing staff engagement by providing greater exposure/ownership
- Complement the operating portfolio staffing structure
- Etc.

The above portfolio groups will receive continued support from the Capital Finance Accountant and Capital Clerk positions.

One portfolio will have an elevated level of responsibility, for example: supervising other portfolio groups, corporate consolidation, leading policy development, etc. This will require a supervisory level position and the portfolio will be allocated fewer departments to allow time for the additional responsibilities illustrated above.

Changes in Position Titles

To achieve the above vision, the following position changes are required:

Chart 1 – Proposed Position Changes	
From Current Positions	To Proposed Positions
Financial Planning & Forecasting Analyst	Capital and Reserve Supervisor
Senior Analyst, Asset Management	Senior Capital & Reserve Analyst
Manager of Financial Planning (currently vacant)	Senior Capital & Reserve Analyst

The above proposed changes are within the Finance Commission approved complement and budget. A small residual balance of approximately \$5,000 will be transferred into the part-time salary account to assist with peak period workload issues.

Recommendation:

That the proposed realigning of job responsibilities in “Chart 1- Proposed Position Changes” be approved

c) – Director of Purchasing

The City of Vaughan’s Director of Purchasing has recently announced his intention to retire by the end of May 2012. The Purchasing Department has a very heavy workload, particularly once the City’s annual budgets are approved, and it is important to the City’s operation to try to maintain the staff levels in order to minimize the impact of staff vacancies on other departments, therefore the recruitment process to replace the Director of Purchasing should be commenced as soon as possible.

Recommendation:

That Council identify Members of Council who will participate in the selection process for the Director of Purchasing.

Relationship to Vaughan Vision 2020

Not applicable

Regional Implications

No Implications

Conclusion

Staff recommend the re-organization of the Finance Commission while staying within the approved Commission complement and budget, as outlined in this report and the initiation of the recruitment process for two director positions in the Finance Commission.

Attachments

Attachment 1: Organizational Charts

Report prepared by:

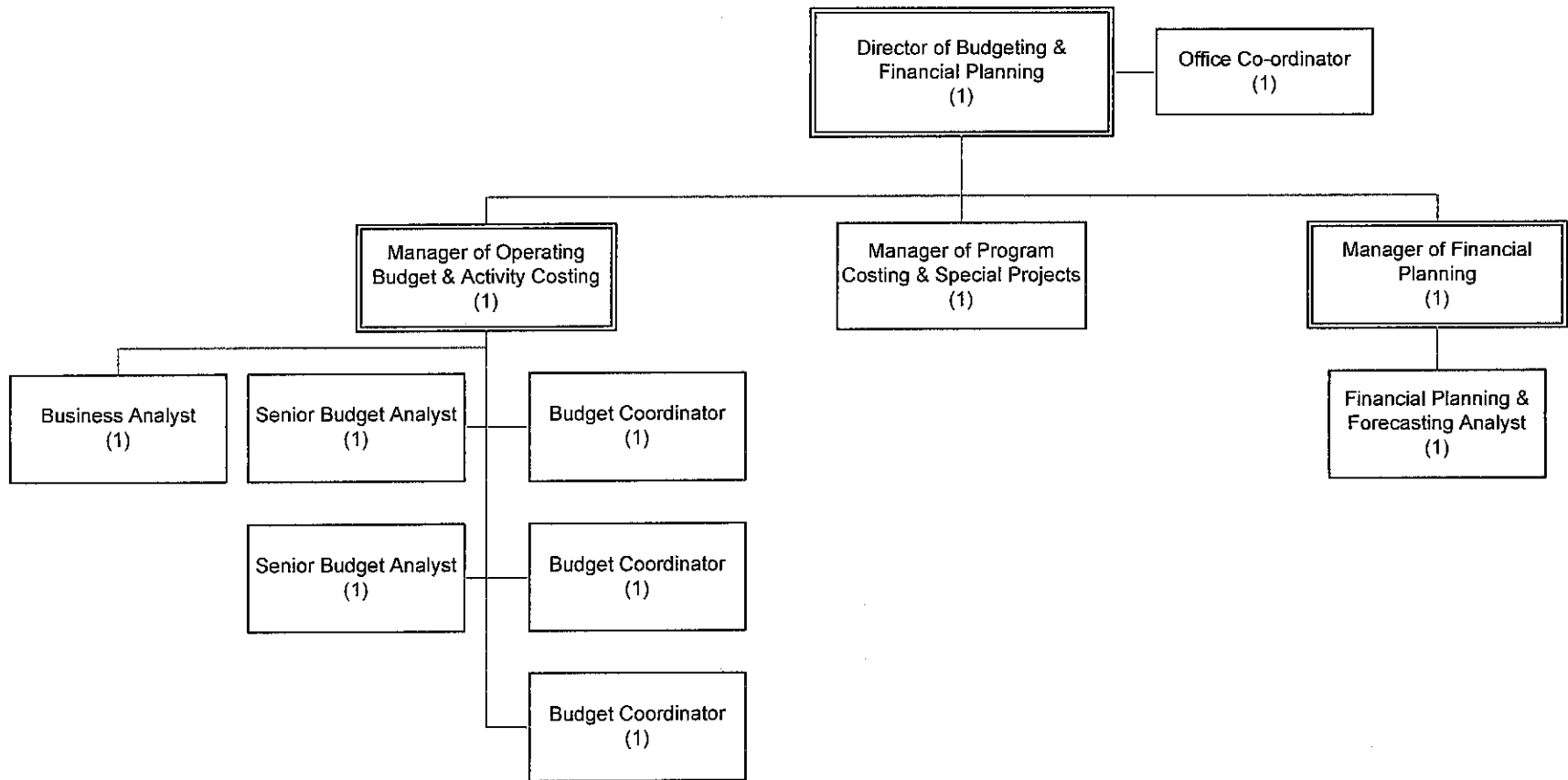
Barb Cribbett, CMA
Commissioner of Finance & City Treasurer
Ext. 8475

Respectfully submitted,

Barbara Cribbett, CMA
Commissioner of Finance & City Treasurer

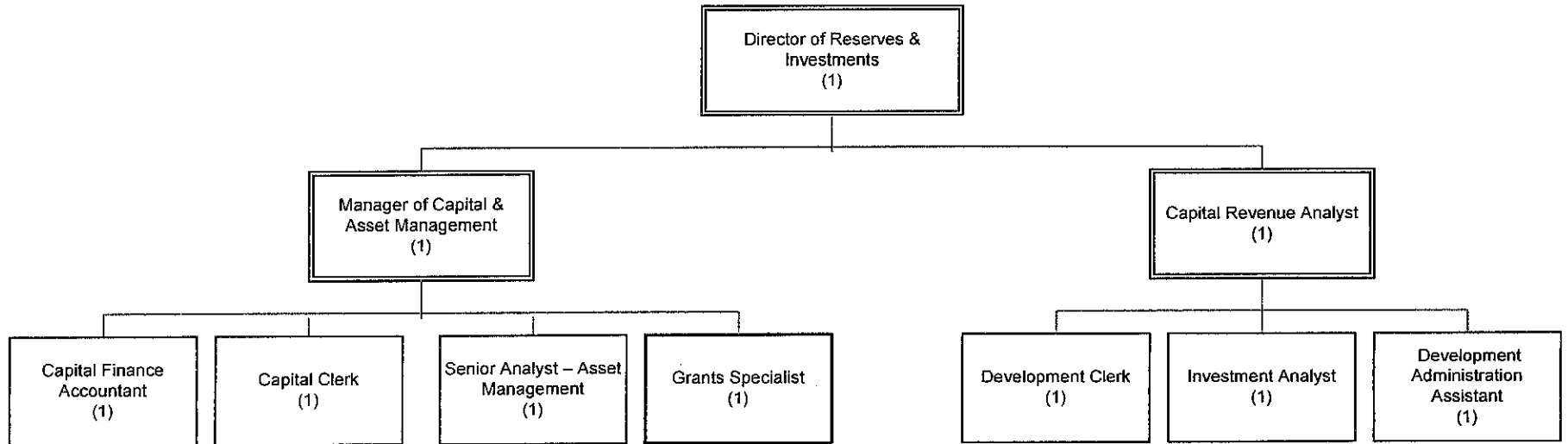
Approved Budgeting and Financial Planning Organizational Chart

June 2011



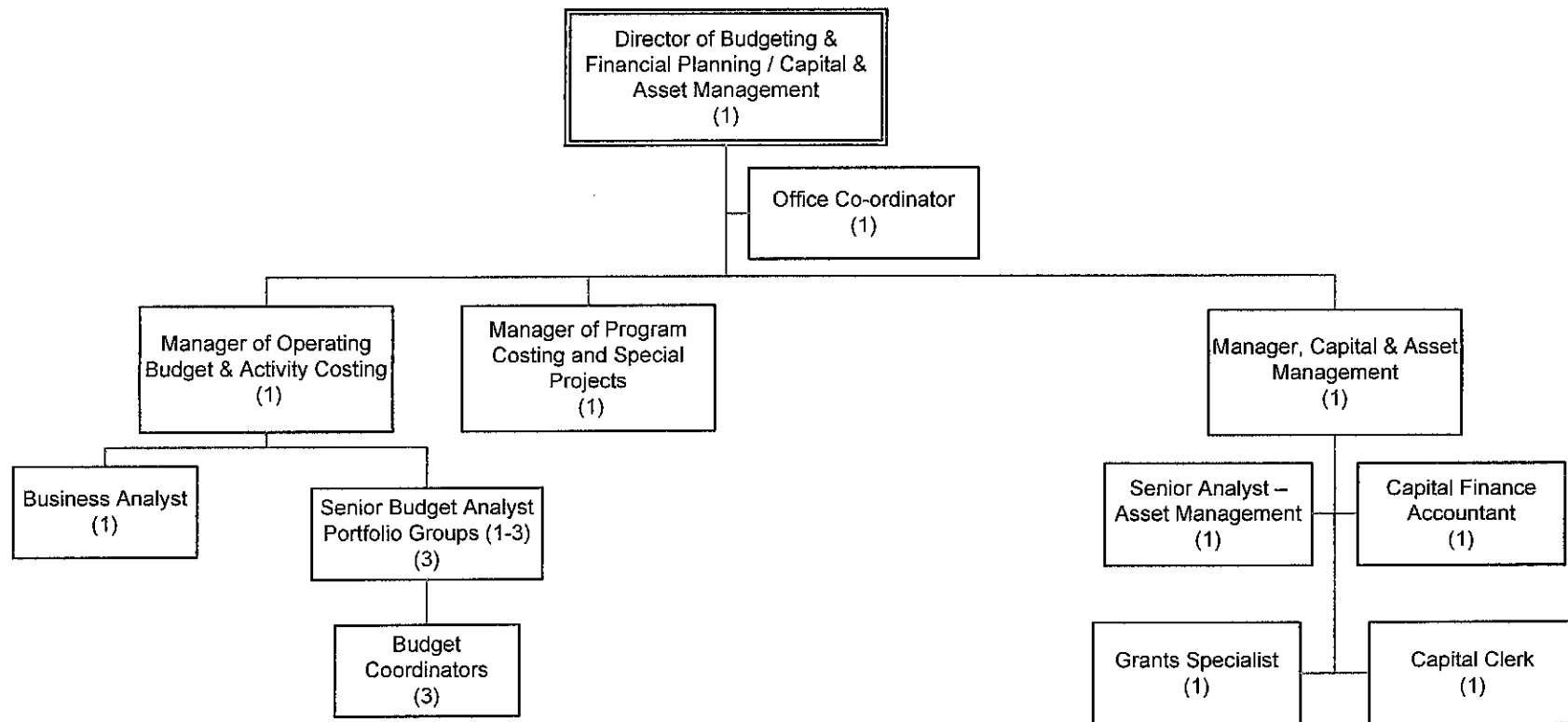
Approved Reserves and Capital Asset Management Organizational Chart

June 2011



Budgeting and Financial Planning Interim Organizational Chart

Aug 2011



Budgeting and Financial Planning – Proposed Permanent Organizational Chart

April 2012

