

## **FINANCE AND ADMINISTRATION COMMITTEE – NOVEMBER 21, 2011**

### **ADMINISTRATIVE REVIEW OF THE VAUGHAN BUSINESS ENTERPRISE CENTRE (VBEC)**

#### **Recommendation**

The Director of Economic Development in consultation with the City Manager and Commissioner of Finance recommends;

That the report be received.

#### **Economic Impact**

There is no economic impact associated with the receipt of this report.

#### **Communications Plan**

Not Applicable.

#### **Purpose**

To present to the Finance and Administration Committee, a summary of an internal finance and administrative review of the Vaughan Business Enterprise Centre (VBEC).

#### **Background - Analysis and Options**

The Vaughan Business Enterprise Centre (VBEC) located in the historic Beaverbrook House was established in 2001 through a partnership between the City of Vaughan and the Ontario Ministry of Economic Development and Trade. The agreement is formalized through a signed letter of agreement with the Province. Since its inception, VBEC has operated under the Economic Development Department.

#### **Opportunity for Review – Accountability and Transparency**

The city's Finance Department initiated an internal financial review of VBEC's accounting and record keeping with the objective of reducing costs and improving the flow of information for greater accountability and transparency. At that point in time VBEC had, since its inception in 2001, been established as a 'stand alone' organization and maintained its accounting and record keeping, external to the City.

#### **Opportunity for Improvement – Financial and Administrative**

##### **Financial**

Beginning in May 2008, staff in the Finance department began to analyze and assess all of the Centre's financial documents and processes to align the Centre with the Corporation's existing financial protocols and policies. Through that work, Finance found several opportunities for better financial control and compliance which resulted in the following positive actions;

- The City's Finance Department has assumed the accounting function for VBEC. Including all bank reconciliations.
- The Finance Department has established VBEC's accounts within the City's financial reporting system. This allows for easier and more consistent financial reporting and still aligns with the Letter of Agreement with the Ministry of Economic Development and Trade.
- The Centre's bank account with the Royal Bank was closed and transferred to the City's financial institution, TD Canada Trust. This action also ensures that all

cheque requests are completed and signed by the signing authority designated for the City.

- The Centre's financial records are now maintained internally and external costs avoided.
- An electronic receipting system was created and all receipt deposits are made with the City's central cashier at City Hall.
- The Finance Department also now reconciles all cash received, receipts issued and deposits made.
- VBEC is required to report to the Government of Ontario for financial reporting years ending annually on March 31, the City, in order to meet its financial reporting requirements, has effective December 31, 2009 included all financial data from VBEC for each twelve month reporting period ending December 31.

#### Administrative

As the Finance Department was nearing completion of the financial review of the Centre in 2009, the recently hired Director of Economic Development began to assess the role of the Centre's administrative functions and the Centre's programming as it pertained to the City's economic development efforts. Furthermore, during the administrative review the Director requested that the City Auditor review the operations as an independent, objective assurance. The internal auditing assistance provided a value added element to the administrative review by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the Centre. During the administrative review process, it was revealed that three core administrative functions of the Centre needed improvement. Those areas were;

- Staffing. The Centre had a high rate of employee turnover – more than 15 individuals, including three different managers, had worked at the Centre in less than eight years. The turnover was attributed to a general lack of processes and systems which caused employee dissatisfaction and low morale.
- ITM Systems. Although the Small Business Centre was located in the Beaverbrook House at the City Hall campus, ITM functions were not integrated with the City. The Centre maintained its own email accounts, website and telephone systems through third party providers.
- Record Management. The Centre maintained relatively few electronic and traditional files. No single system for maintaining files was in use.

#### Staffing

When the hiring process to fill the vacant manager role at the Centre was undertaken in March 2010, it was imperative that the position be filled with an individual who had a solid understanding of administrative processes. The successful candidate, Lorena Marcucci, had been with the City for more than five years working in the previous City Manager's office and had an extensive professional background with various provincial ministries. In those previous positions she oversaw an administrative team that successfully implemented IT and record management processes which the province still uses.

#### ITM Systems

In February 2010 the Director of Economic Development apprised the Chief Information Officer and Director of Information Technology and Telecommunications of the connectivity issues at the Centre and requested that Centre be integrated with the City. As previously mentioned, the Centre was not connected to the City's email, internet or telephone systems. With no connectivity, employees at the Centre were not able to connect to the City's intranet - VOL/VIBE where employees received updates on various initiatives. In addition, access to key accounting software and shared department 'drives' were non accessible. With no access to shared drives, the Centre did not have an adequate electronic system back-up.

After further consultation with the CIO and Director of Information Technology and Telecommunications, the ITM group devised a comprehensive plan that would achieve full connectivity by December 2010. The December target date for 100% connectivity was achieved and the Centre uses no third party providers for any ITM related needs.

#### Record Management

In May 2010 the newly hired Manger of VBEC working with the Director implemented a new electronic and traditional filing and record management system. The record management now being utilized incorporates and tracks all aspects of the Centre's day-to-day business, such as; walk-in foot traffic, business material requests, new business registrations, and telephone calls. The Centre has also incorporated the Synchronist Business Information System which is used by the Economic Development Department for use in consultations and corporate calling. This allows for further analysis of the nature of the small business officer's one-on-one consultations and better integrates the Centre to the Department's overall goals and objectives.

#### **Relationship to Vaughan Vision 2020**

This report is consistent with the priorities previously set by Council. The work completed in the financial and administrative review is directly tied to the strategic goal of Management Excellence and the objectives; Enhance Productivity, Cost Effectiveness & Innovation and Ensure Financial Sustainability.

#### **Regional Implications**

Not applicable

#### **Conclusion**

With the corrective actions implemented at the Vaughan Business Enterprise Centre, the business unit's financial and administrative procedures are now aligned with the Corporation's existing protocols and policies. The Auditor supported the changes being made to the financial and administrative procedures which has resulted in a significant improvement from previous processes.

#### **Attachments**

N/A

#### **Report prepared by:**

Tim Simmonds  
Director, Economic Development

Respectfully submitted,

Tim Simmonds