



Corporate Report

NO: R138

COUNCIL DATE: June 7, 2004

REGULAR

TO: Mayor & Council DATE: June 4, 2004
FROM: General Manager,
Finance,
Technology & HR FILE: 0290-01
SUBJECT: Union of British Columbia 2004 Award for
Best Practices

RECOMMENDATION

That Council approve the submission for the 2004 UBCM Community Excellence Award for Best Annual Reporting in the Best Practices Category.

DISCUSSION

The 2004 UBCM Community Excellence Awards Program is accepting submissions from local governments that relate to innovative new or programs or substantial improvements to existing programs. Each application must be supported by a resolution of Council.

The City of Surrey's Annual Financial Planning and Reporting Cycle is an example of how substantial improvements to existing programs has lead to improved public accountability and awareness of local government. It has also improved communication and efficiencies throughout the organization.

The Annual Financial Planning and Reporting Cycle as outlined in Appendix A is truly a best practice that could be adapted to any community.

CONCLUSION

The Best Practices Category is sponsored by the Ministry of Community, Aboriginal and Women's Services. Winners will be notified in August and awards will be presented at the 2004 UBCM Convention in Kelowna this Fall.

Vivienne Wilke, CGA
General Manager, Finance,
Technology & HR

COMMUNITY EXCELLENCE AWARD

Appendix A

CITY OF SURREY - **PROJECT SUMMARY REPORT****Category:** BEST PRACTICES **Sub-Category:** Best Annual Reporting**Title:** City of Surrey - Annual Financial Planning and Reporting Cycle**Overall Description of Program**

The City of Surrey's annual financial planning and reporting cycle begins with the adopted Five-Year Financial Plan and ends with the Annual Financial Report. The various processes and reports completed throughout the year link the Finance Plan to the Annual Report. The process requires the ongoing involvement of Council, Public, Senior Management and staff from all City Departments throughout the entire cycle.

The City of Surrey Annual Financial Planning and Reporting Cycle

<u>Prior to</u> January 1st	Five-Year Financial Plan adopted by Council usually in mid-December for the following year.
End of January	City Manager submits to Council and discusses his objectives for the year.
End of February	General Managers prepare departmental objectives for the year.
End of March	Finance staff analyze financial information for the first quarter and prepare variance reports.
April - 1st week	Finance staff meet with the staff of other departments to discuss variances and to make required adjustments and accruals.
April - 2 nd Week	Draft Quarterly Financial Report discussed at SMT (Senior Management Team).
April - 3 rd Week	First Quarterly Financial Report received by Council.
End of June	Finance staff make preliminary projections to end of year.
July - 1 st Week	Finance staff meet with staff of other departments to analyze progress and discuss year-end projections.
July - 2 nd Week	SMT discusses Draft Quarterly Financial Report that includes year-to-date progress and the preliminary projections to the end of the year.
July - 3 rd Week	Quarterly Financial Report to Council includes year-end projections.
Month of August	Budget guidelines are sent out to departments and Finance staff begin to build the preliminary departmental budgets, based on the guidelines.
Month of September	Finance works with staff of other departments to finalize preliminary budget figures.
Month of October	Finance staff consolidate the preliminary budget information and prepare a draft report to Finance Committee (comprised of all of Council) that summarizes the proposed Five-Year Financial Plan.
Nov. - 1 st Week	Finance Staff meet with staff of other departments to analyze progress and update year-end projections.
Nov. - 2 nd Week	SMT meets to discuss Draft Quarterly Financial Report and also the Draft Five-Year Financial Plan to be presented to Finance Committee.
Nov. - 3 rd Week	Quarterly Financial Report to Council includes updated year-end projections.
Nov. - 4 th Week	Corporate Report presented to Finance Committee that outlines the proposed new

	Five-Year Financial Plan.
Mid Dec.	Council adopts the Five-Year Financial Plan Bylaws.
Dec – Feb	Finance staff conducts year-end process that results in the publication of the Annual Financial Report.

Description of Key Documents

Annual Five-Year Financial Plan (example included in package)

The Annual Five-Year Financial Plan provides overall direction and is intended to serve as a policy document, operations guide and communications device. It outlines financial policies and articulates financial priorities and issues. It helps staff manage the day-to-day operations by providing financial information and by identifying financial and staffing resources available to provide services. It also gives all readers a comprehensive look at the services provided by the City and the costs related to those services.

It outlines the overall Council objectives as well as departmental objectives and prior year accomplishments. It also provides each department with a high level summary of their current budget, future financial plans as well as the prior year budget as compared to actual performance.

City Manager/Departmental Objectives

Based on the overall Council objectives outlined in the Five-Year Financial Plan, the City Manager presents his annual objectives to Council. This acts as a basis of discussion on Council's general direction for the upcoming year. Each General Manager then prepares departmental objectives guided by the City Manager's objectives.

These objectives are reviewed and updated throughout the year, as required. The final results are reported and form part of each manager's annual performance review. This step of the process also links the objectives outlined in the Five-Year Financial Plan to the actual performance detailed in the Annual Financial Report.

Quarterly Financial Reports to Council (example included in package).

Council is provided with three Quarterly Financial Reports throughout the year. These reports provide the link between the Five-Year Financial Plan and the Annual Financial Report. Each report provides an overall summary that begins with the economy in the United States, Canada and finally the Province of British Columbia. Surrey's performance is then reported, using indicators such as the year-to-date development activity and building permits. The anticipated level of activity for these indicators is then projected to the end of the year.

Also included in this report is the summarized activity of each department as compared to the previous year's actual results and current year budget. The second and third Quarterly Financial Reports also include projections of financial performance to the end of the year.

The Second Quarterly Financial Report, presented in mid-July, provides Council with an opportunity to provide preliminary guidelines on the preliminary budget preparations for the following year. The Third Quarterly Financial Report, presented in mid-October, acts as an introduction to the formal budget deliberations.

Council relies on this information each quarter to make revisions to the Current-Year Budget, particularly in the area of capital improvements.

Corporate Reports to Finance Committee re: Proposed Five-Year Financial Plan (example

included in package)

This report includes an update of issues that have arisen since the Current Five-Year Financial Plan was adopted. It also outlines increases that have already been approved by Council, such as salary adjustments and additional RCMP members to be added in the following year.

Staff then seeks Council's direction on additional issues that may be included in the Plan but have not been previously identified. These potential additions could be the result of senior management recommendations or public input.

Based on certain assumptions, the report concludes with a very high-level proposed Five-Year Financial Plan. Once Council has provided their direction on this report, the Final Plan is prepared and presented to Council in the form of a bylaw.

Published Annual Financial Report (example included in package)

This report reviews the final financial results for the year and includes the Audited Financial Statements. It also provides the reader with an overview of the City, as well as each department. It now outlines the City's key objectives for the upcoming year. The 2004 Annual Financial Report will also include measures for those objectives.

Outline of How UBCM Category Guidelines Have Been Met

Improved or revised an existing program or service in the municipality.

Previous processes at the City of Surrey relating to budgeting and financial reporting were driven by Finance staff. Other departments became involved once a year, during budget time. The budget preparation was tedious work that took time away from their core business activities. The budget process involved lengthy individual departmental presentations first to the City Manager, then to City Council. This involved a significant amount of staff time with limited results.

The current process is the result of a combined effort throughout the year of all City Staff, including Council. It provides a more unified approach that is more efficient and creates more positive results. The process drives the continued participation of Council and all staff.

This has resulted in the ability of non-finance departmental staff to work throughout the entire year with their Finance representatives to analyze information that assist them to project how their business activities will affect their financial results.

Improved efficiency, effectiveness and demonstrated cost effective solutions

This process has shortened the time staff spends preparing the budget as well as the time spent on Council presentations. Instead of individual department managers presenting their needs to Council, they now discuss their needs with other members of the Senior Management Team. The recommendations from SMT form the basis of the Corporate Report presented to the Finance Committee.

This unified approach allows Council to focus on larger issues instead of spending time delving into the minute details of individual departmental budgets. The Finance Committee typically discusses and approves the budget in one four-hour session.

Finance staff meet with departments on an ongoing basis to provide them with financial information. Monthly variances are analyzed and discussed in preparation for the quarterly reports. Any potential issues are quickly identified. Since this is a continuous process throughout the year, the time spent on year-end processing and budget forecasting has been greatly reduced.

Finance staff become very familiar with the business activities of their clients and the clients gain a better appreciation of how Finance staff can assist. This results in a mutual understanding that creates a more effective relationship.

Although Surrey is a growing City, the level of Finance staff required has been reduced since refined processes such as this have been introduced.

Applicability and transferability to other UBCM members

This process has been in effect at the City for the last several years. Although there are minor refinements from time to time, the process has been accepted and is understood by all parties. It can easily be adopted in other municipalities, large or small.

Improving public accountability and awareness of local government

The entire process is participatory and involves Council, Senior Management, all city departments as well as the public. This process has resulted in more reliable information being presented to the public on a regular basis.

All documents and reports are available on our website. Financial Plans and Annual Financial Reports are also available at the City Hall or any Surrey Library.

Public is encouraged to comment throughout the year by:

- a) Speaking at public hearings;
- b) Attending public information meetings;
- c) E-mailing through the Web page;
- d) Telephoning staff directly, or
- e) Writing letters to Council.

Objectives and measures

The Council's objectives are outlined in the Five-Year Financial Plan. The City Manager uses this information to prepare his annual objectives. Senior Management, in turn, uses this information to prepare their departmental objectives.

All objectives are reviewed and updated several times throughout the year. The final results form part of each manager's annual performance review. The City's overall performance is also detailed in the Annual Financial Report.

Good Communications

Each step in the process is a building block that promotes and necessitates ongoing discussions between finance staff, individual departments, Senior Management Team and Council. Each step is integral to the success of the entire process.

The process ensures that Council, Public and staff have a clear understanding of the overall financial issues throughout the year.

Summary

The City of Surrey's Annual Financial Planning and Reporting Cycle as described above is an on going process that continues throughout the year and includes several key documents and reports. Each step in the cycle plays an important role and requires the involvement of many players.

This has resulted in improved and timelier reporting as well as a better understanding of the importance of good financial planning.