**REPORT OF THE**

**STANDING COMMITTEE ON FISCAL ISSUES**

**DATED NOVEMBER 24, 1997**

On motion of Councillor Angus, the Report of the Standing Committee on Fiscal Issues dated November 24, 1997, was considered.

Moved by Councillor Angus,
That the Consent Agenda, Clause 1, be adopted.

Carried.

**Elimination of the Annual Overexpenditure Report**

**File F-1 (Vol. 15)**

**125 -** 1. The Standing Committee on Fiscal Issues has been advised that on September 16, 1981, Council adopted as a Policy (C011), the Overexpenditure Report, to inform the Board of Commissioners and the (then) Committee on Finance and Administration, on which centres had actual expenditures exceeding the amended budgeted amounts for the year. Not only was the Report designed to explain the reasons for overexpenditures, it also served to summarize key operating issues during the year. The Board of Commissioners and the Committee on Finance and Administration required the Report by March 31 of the subsequent year.

During 1996, Corporate Finance presented a Periodic Financial Report and Forecast for the months ending May, June, August, September, October, November and December. The Reports provided an explanation of anticipated amended budget to actual variances and attempted to summarize key operating issues for the year. These Reports are finalized on a timely basis, and circulated to the Mayor, City Council and Senior Management for information purposes only. As these Reports are for information purposes only, they were not formally approved or challenged by any Administrative and/or Political Committees.

The production of the Annual Overexpenditure Report is redundant as it only duplicates the documentation of key issues already identified throughout the year in the Periodic Financial Reports. The Periodic Financial Reports identify some budgeting and operational issues, including a summary of the anticipated Departmental expenditures compared to amended budgets (includes Additional Appropriations and Appropriation Transfers).

By comparing the actual expenditures to the adopted budget (exclusion of Additional Appropriations and Appropriation Transfers), a more relevant picture of all the budgeting and operational issues affecting expenditures and revenues will be presented. In using the adopted budget for comparison, Departments will have to identify all areas which either have expenditure problems or unanticipated savings. Appropriation Transfers or Additional Appropriations will not hide any unforseen difficulties.

If issues affecting the adopted budget arise, Departments should either include solutions to expenditure problems or identify the plans for anticipated surplus funds (i.e. if it appears that one program will be over-budget, this problem should be countered with a plan to reduce expenditures in another program). The "Solutions to Issues" section should contain discussion around these identified issues.

The Periodic Financial Report significantly increases the timeliness of reporting on, and therefore addressing, the Organizational issues. The Overexpenditure Report is released approximately three months after year-end, while the Periodic Financial Report is compiled throughout the year.

Because the Overexpenditure Report was adopted by the Committee on Finance and Administration, it is important to replace this formality with another appropriate process. By formally challenging and approving the Periodic Financial Report on a quarterly basis, both the Politicians and Administration can understand, and if required, address the current financial operations and issues affecting the Organization. Adopting the Report on a monthly basis would be very time consuming, and would likely provide little additional value to the quarterly process.

**Report of the Standing Committee on Fiscal Issues Works dated November 24, 1997**

Formal adoption by the Chief Administrative Officer and the Standing Committee on Fiscal Policy provides both the Administration and Politicians with the appropriate levels of communication. This quarterly process enables the various Administrative and Political levels to challenge the Departments on the information and solutions presented. Corporate Finance will continue to gather and report on the information, however, because the Departments are accountable for the information, all questions and challenges should be directed to the appropriate Departmental Management.

There is no Financial Impact since the recommendation only requires changes to current Policies and Procedures.

The Standing Committee on Fiscal Issues recommends:

I. That the Periodic Financial Report be prepared as of March, June, August and monthly thereafter.

II. That the Periodic Financial Report on a quarterly basis, replace the Annual Overexpenditure Report.

III. That the Periodic Financial Report be approved on a quarterly basis by the Chief Administrative Officer and the Standing Committee on Fiscal Issues.

IV. That all Periodic Financial Reports compare the Projected Actual amounts to the Adopted Budget amounts.

V. That the Periodic Financial Report be modified to incorporate a "Solutions to Issues" section.

VI. That the institution of the Periodic Financial Report, as outlined above, be formally included in the new Policy and Procedures Manual once developed and approved by Council.

VII. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing, including the execution of any documents related hereto.

Adopted by consent.

**REPORT OF THE**

**STANDING COMMITTEE ON FISCAL ISSUES**

**DATED DECEMBER 8, 1997**

On motion of Councillor Angus, the rule was suspended, and the Report of the Standing Committee on Fiscal Issues dated December 17, 1997, was considered clause by clause.

**An Audit Department Project entitled "A Focus on Winnipeg Services"**
**File FA (Vol. 6)**

**126 -** 1. On December 8, 1997, the Standing Committee on Fiscal Issues considered a presentation from the City Auditor on a proposed Audit Department Project entitled *"A Focus on Winnipeg Services"*, as referred by the Audit Committee on said date.

Municipalities use a variety of strategies to deal with the challenges of fiscal restraint and increased service demands. Strategies such as restructuring, performance management, alternative service delivery and technology investment all contribute to improvements in local government – improvements in the price, quality and accessibility of public services. However, it can be difficult to manage and coordinate these complex initiatives.

On March 20, 1997, Council authorized an independent review of the legislative and senior management structures of the City of Winnipeg. The report, prepared by Cuff and Associates made several recommendations including that the City of Winnipeg *"take a broader look at all of the structure and resources and thus consider what is deemed to be core City services."*

The Audit Department hopes to assist in this second phase by profiling all services offered by the City of Winnipeg using innovative business modelling software called the Management Reference Model for Government Services (MRM/GS).

The MRM/GS is a business model that allows municipalities to "map" organizational roles, responsibilities, authorities and accountabilities. There are three steps in customizing the MRM/GS model:

1) services offered to the public are identified and the clients of those services determined;

2) activities, resources and internal units to support those services are examined; and

3) services are then linked to programs offered by the City and ultimately tied to priorities identified in Plan Winnipeg: Towards 2010.

The Focus on Services project will identify the City of Winnipeg's programs, services, resources and activities. Information from this project should help to:

- support organizational restructuring and define core versus non-core services;

- set service baselines and targets for performance measurement;

- create a framework for future program-based budgeting and/or activity-based costing;

- clarify accountability and responsibility relationships;

- define service offerings to the public; and,

- identify linkages between public services and Plan Winnipeg: Towards 2010.

A Steering Committee will have overall responsibility for the project. Its membership will include representation from Council, Audit and Administration. Members to include are: the City Auditor (sponsor of the project); the Chair of the Standing Committee on Fiscal Issues; the Chief Administrative Officer; the Manager of Information Systems Development, as well as two or more Department Heads.

**Report of the Standing Committee on Fiscal Issues dated December 8, 1997**

The Project Team will include all staff of the Audit Department and will draw upon other individuals on an as-needed basis from across the organization including Corporate Finance, Strategic Planning and Corporate Communications. The full-time secondment of the Information Resource Coordinator of Corporate Services will also be required, for the duration of the project.

The Project Team will carry out several activities including:

- using the MRM/GS to provide a template of programs and services for the City;

- conducting workshops with each Department to familiarize them on the concepts of the MRM/GS and to develop profiles of their services;

- confirming a consolidated list of programs and services for the City of Winnipeg;

- identifying which unit within the Department has a role in carrying out an activity (role responsibility mapping);

- developing performance metrics for services (a measure of the quality, efficiency and effectiveness of a service); and,

- analyzing the findings and relating them to Plan Winnipeg: Towards 2010.

The Standing Committee on Fiscal Issues recommends:

I. That Council endorse the Audit Department Project entitled "A Focus on Winnipeg Services" which will profile all services offered by the City of Winnipeg utilizing the Management Reference Model for Government Services (MRM/GS).

II. That the City Auditor present the findings to the Audit Committee and Standing Committee on Fiscal Issues, concurrently, by March 31, 1998.

III. That management and staff do all things necessary to cooperate and assist throughout the process, to facilitate the efforts of the Steering Committee and Project Team in meeting the stringent deadlines.

Moved by Councillor Angus,
Adoption of the clause.

Carried.

**Alternative Service Delivery Proposal for Animal Services File CR-5 (Vol. 1)**

**127 -** 2. The Standing Committee on Fiscal Issues has been advised that subsequent to the adoption of the Reshaping document, corporate direction was given for the development of an alternative service delivery feasibility study for Animal Services.

Council on March 20, 1997, adopted the *"Reshaping our Civic Government"* document, identifying development of Special Operating Agencies (SOAs) as one of five strategic initiatives needed to create a more affordable and fundamentally better City Government.

On September 24, 1997, Council adopted the strategic direction with regard to SOAs identified in the report entitled Special Operating Agencies Initiative. Consistent with the foregoing process, the Animal Services Division of the Community Services Department prepared a feasibility study and presented it to the Standing Committee on Fiscal Issues on December 8, 1997.

The feasibility study demonstrates that it is in the interest of the City of Winnipeg to further explore alternative service delivery of the City's Animal Services Division operations. There are no financial impacts upon the current or capital budgets.

**Report of the Standing Committee on Fiscal Issues dated December 8, 1997**

The Standing Committee on Fiscal Issues recommends:

I. That the Animal Services Division be directed to proceed with the preparation of an Operating Charter and a Business Plan, consistent with the Special Operating Agencies Initiative development and approval process adopted by Council on September 24, 1997, said Charter and Business Plan to be in a form consistent with the Operating Charter outline and Business Plan outline identified as Appendix "A" and Appendix "B", respectively.

II. That the Business Plan to be submitted for Council's consideration be based upon, but not limited to, the following:-

A. continuation of partnerships and contracts with the Winnipeg Humane Society and Scotia Enterprises (Kindness Kennels);

B. discussion of market options (supply contracts, partnerships) with the private sector and others;

C. a valuation and transferring of assets for establishing debt/equity;

D. fully costed and program based financial management practices being employed.

III. That the Operating Charter to be submitted for Council's consideration be based upon, but not limited to, the following:-

A. continuing participation by union representatives during planning and start-up preparations and appointment to the advisory board;

B. 3-year effectiveness evaluation, including review of optional services and alternative delivery options;

C. identification of the recommended reporting relationships.

IV. That the Proper Officers of the City be authorized to do all things necessary to prepare the Operating Charter and Business Plan for consideration by the Standing Committee on Fiscal Issues for recommendation to Council.

Copy of attachments referred to in the above clause are on file in the office of the City Clerk.

Moved by Councillor Angus,
Adoption of the clause.

Carried.

**Alternative Service Delivery Proposal for Primary Material Services**
**File CR-5 (Vol. 1)**

**128 -** ***Note: Clause 3 has been laid over by the Executive Policy Committee and referred to the Chief Administrative Officer for report.***

Laid over by the Executive Policy Committee

and referred to the Chief Administrative Officer for report.

## STANDING COMMITTEE ON FISCAL ISSUES

## QUESTION PERIOD

**129 -** Councillor Murray questioned the status of Clause 6 of the Report of the former Committee on Works and Operations dated September 9, 1997, "Restoration of various Retained Earnings Accounts utilizing year end surplus in General Revenue Fund", which was referred to the Standing Committee on Fiscal Issues by Council on November 19, 1997, and requested an update on the state of the City's cash liquidity at year end.

Councillor Angus responded that the Committee was reviewing the matter and would advise all Members of Council when it would be forwarded to a meeting for policy review.

Councillor Murray further questioned the manner of input that would be sought.

Councillor Angus noted that he anticipated all Members of Council would be invited to address their concerns and participate in an administrative presentation. He further proposed that the Standing Committee on Fiscal Issues would consider the concerns expressed, subsequently redraft the policy, and seek additional input from Members of Council.

**REPORT OF THE FORMER**

**COMMITTEE ON FINANCE AND ADMINISTRATION**

**DATED JULY 15, 1997**

On motion of Councillor O'Shaughnessy, the report of the former Committee on Finance and Administration dated July 15, 1997, was considered.

**Proposed Lease of the Former Winnipeg Canoe Club Golf Course - The City of Winnipeg to the Germanic Cultural Centre of Manitoba Inc.**

**File PR-2.4.1 (Vol. 2)**

**130 -** ***Note: Clause 1 has been laid over by the Executive Policy Committee.***

Laid over by the Executive Policy Committee