

Financial Support

Led by: Director of Finance/City Treasurer

Service Description

This service provides sound leadership in financial planning & budgeting, reporting, cash-flow forecasting, measuring services' financial performance and monitoring adherence to financial plans.

This service also provides investment management, non-tax revenue billing and collection, and payments for goods and services provided to The City.

Service Updates

Highlights

The Financial Support service's success highlights for the first six months of 2023 were:

- The completion of the complex 2022 year-end reporting activities resulting in Council approval and publication of The City of Calgary 2022 Annual Financial Report, successfully meeting the legislated due date.
- Accounts Payable continued to successfully deliver the corporate priority of ensuring the timely and accurate payment of The City's suppliers under the realigned organization structure.

Challenges

The Financial Support service's top challenges faced for the first six months of 2023 were:

- Managing the various streams of payments during the corporate realignment required extra resources and coordination of various parties to resolve issues related to changes of financial coding.
- Increased complexity and volume of work coupled with limited resources required prioritization of projects and customer inquiries.
- Resources required to support year-end external audit procedures to verify the realigned structure disclosure requirements.
- Self-supported business line reporting challenges due to service line reporting functionality limitations. System analysis is ongoing to identify requirements and possible solutions.
- Continuing sub-system interface errors requiring manual coding corrections. Subsystem coding corrections are in progress to correct data integrity at source.



Measuring Our Performance

Legend

— Actuals

■ Expected Future Performance

➡ Progressing as planned

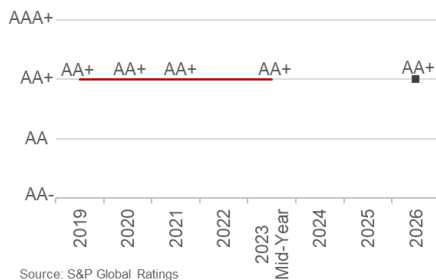
⬅ Not progressing as planned

Performance Measures

Story behind the numbers

Status

PM 1: City of Calgary Credit Rating

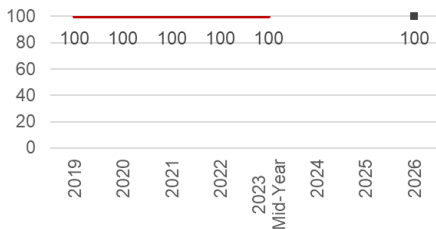


AA+ S&P Global Ratings

The City continues with a strong credit rating based on a combination of factors including prudent fiscal management; cash and investments that provide flexibility to respond to uncertain events; a low debt burden; and tax rates that are among the lowest of Canadian cities. The two most significant risks identified by the rating agency continue to be Calgary's dependence on the energy sector for economic growth and the capital requirements to update aging infrastructure.



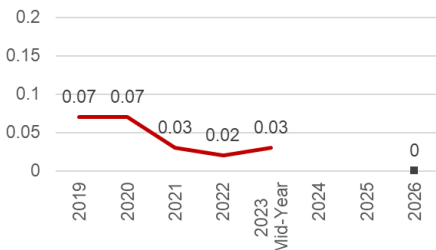
PM 2: Unmodified External Audit Opinion with no Unaddressed Audit Findings (per cent)



The City strives for an unmodified opinion issued annually by the external auditor, which was achieved with no unaddressed audit findings reported again this year. This is based on audit evidence obtained about the amounts and disclosures of the financial statements.



PM 4: Bad debt write-off as a per cent of billed revenue (per cent)



As of 2023 May 31, bad debt write-off of billed revenue is tracking as anticipated at 0.03 per cent.



Note: Not all performance measures were reported on for this report. To see the 2022 data for performance measures, please visit [Service plans and budgets \(calgary.ca\)](https://calgary.ca/service-plans-and-budgets). Additional measures that will be included in the 2023 year-end performance report include:

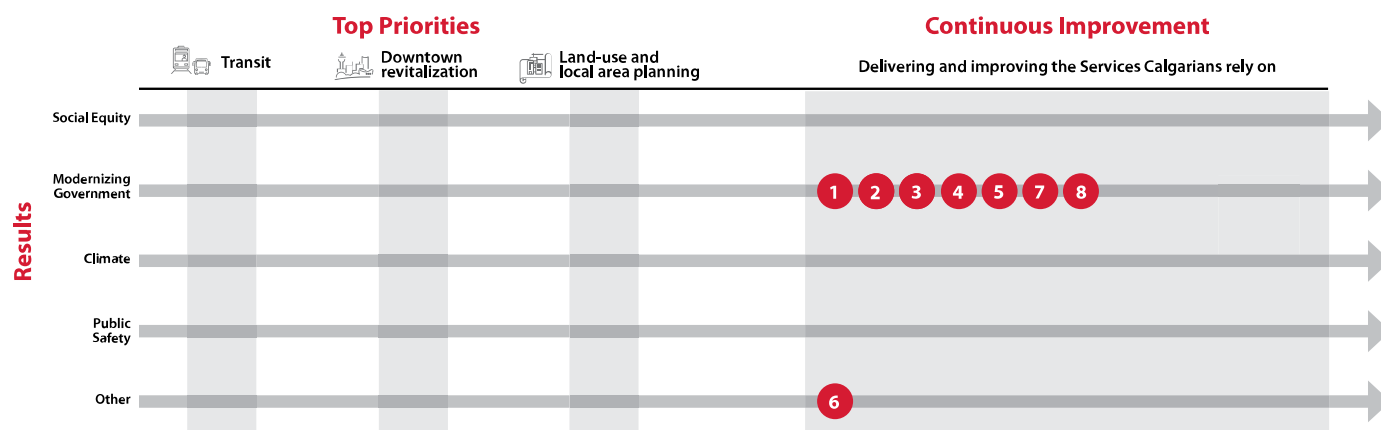
PM 3: Invoices Paid within 30 days (per cent)

PM 5: Accounts Payable Operating Cost per Invoice Processed (dollars)



Progress on Service Delivery

Alignment with Council Refined Priorities and Result Areas



Legend



Completed



Progressing as planned





Not progressing as planned



Initiative number

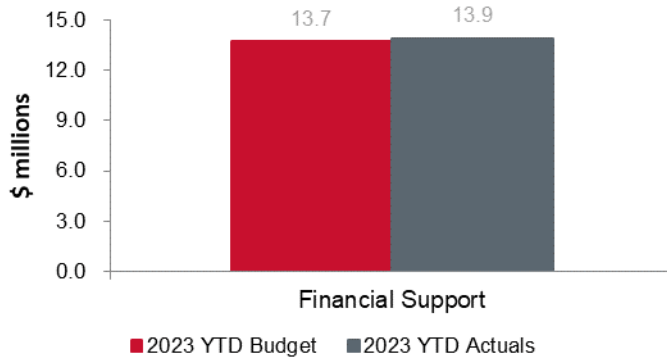
Initiative	Initiative Update	Status
1 Implementation of prudent investment strategies and preventative internal controls to mitigate risk to ensure The City's economic assets are safeguarded for long-term sustainability.	Financial Support continues to evaluate investment policies and strategies to ensure economic assets are safeguarded and sustainable through the long term.	
2 Support The City's financial sustainability by monitoring and responding to the changing economic and political environment.	It's critical for The City to adapt to the changing landscape of provincial borrowing, and ensure it has access to reliable and efficient capital debt funding sources. As a result, Treasury is nearing completion of a Corporate Borrowing Strategy (CBS), which will provide additional flexibility for City borrowing to ensure The City minimizes its capital financing costs.	
3 Ensure Finance support can be efficient and effective now and in the future by prioritizing process and system improvements.	Accounts Payable is prioritizing the implementation of electronic workflow for approval of expenses incurred on Corporate Credit Cards. Implementing innovative technology and solutions will streamline the approval process for credit card users and supporting staff across the Corporation. This functionality is expected to go-live Q4 2023.	
4 Minimize The City's financial risk by providing analysis, preparing reports, and make recommendations to operations that support decision-making.	Accounts Payable continues to provide supporting analysis and performance measures to support The City in decision-making through various tools and reporting methods including dashboards and through Municipal Benchmarking Network of Canada (MBNC).	
5 Support and inform the Executive Leadership Team and Council decision-making by preparing a comprehensive suite of financial reports.	Competing priorities has delayed implementation of this initiative.	
6 Attract and retain staff to make Finance with The City a long-term career choice by creating a rewarding, respectful environment that fosters career development, learning opportunities and team collaboration.	To support career development and learning opportunities, Finance provides email notification to all Finance staff of recruitment opportunities in addition to the coordination of a formal mentorship program within the business unit that pairs a Manager/Leader with a Finance employee. Introducing Psychological Safety strategies and enhanced focus on Equity, Diversity, Inclusion and Belonging in our workplace.	

Initiative	Initiative Update	Status
7 Increase capacity and support employee growth by introducing cross-training, developing cross-functional positions, where possible and consolidating work functions to find efficiencies.	Finance continues to identify and implement efficiencies related to the use of automation or robotics. In Q1 2023, Accounts Payable implemented the improved process and robotic processing related to reimbursement of employee expenses. This work also saw the transition of various reimbursements formerly processed through HR, transfer to AP and saw the elimination of The City petty cash processes.	
8 Develop a Financial Support delivery model that aligns with the expectations of Council and our customers.	Through multiple discussions with members of Council and the Executive Leadership Team, a deeper understanding of the level of financial support needed and service delivery expectations has been achieved. Finance will continue to analyze current process and reporting methods to enhance support provided.	



Service Updates on Financial Performance

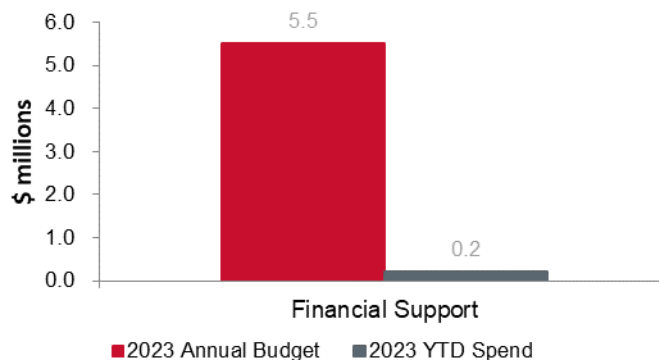
Net Operating Budget and Actuals as of June 30, 2023



Operating Budget Updates - 2023 YTD net operating budget vs actuals:

The Financial Support service line unfavourable variance of (\$0.23) million is primarily attributable to budget timing difference in salary and wages of (\$0.21) million. Remaining (\$0.02) million unfavourable variance is due to various small balances.

Capital Budget and Spend as of June 30, 2023



Capital Budget Updates - 2023 total capital budget vs 2023 YTD spend:

The Financial Support service line capital spent on capital projects is at 3.1 per cent due to resource constraints, competing priorities and shift in deliverables from 2023 to 2024.

The Tangible Capital Asset Re-design project will be delayed by one year. The redesign will focus on developing a sustainable systems solution for the Finance business unit's TCA group to ensure optimal management and efficient delivery. The TCA Costing project (\$0.59 million budget) currently in the process of hiring with expected start in August 2023.

Significant amount of work to be completed in order to sustain Payment Card Industry (PCI) compliance. The project is in the planning and prioritization stage. As we move into Q4 2023, it is anticipated that there will be a considerable expenditure incurred to meet the compliance needs.

Implementation of Asset Retirement Obligation (ARO) Accounting Standards has commenced, expected that approximately 70 per cent of the allocated budget will be utilized.