

Finance

Business Plan - 2011/12

Mission: *Leading Financial Stewardship*

We lead financial stewardship through advice, services and policy.

Business Unit Overview:

Finance leads HRM's Fiscal Health & Accountability activities in support of the Executive Management Team's priority areas and provides services and advice to internal clients, Council and residents of HRM.

Chief Financial Officer/Director:

Jim Cooke, CGA

Manager of Revenue
Jerry Blackwood,
CGA

Tax and general revenue billings; revenue recognition, corporate collections, cash management and payment processing. Responsible for administration of Marketing Levy and False Alarms By-Laws, Tax Agreements, Payment in Lieu of Taxes (PILT), Deed Transfer Tax, Local Improvement Charges, Tax Sales, and Parking enforcement and Regulations. Ensure compliance with HRM policy and legislation around existing and in the development of new revenue streams.

Manager of Accounting
Louis de Montbrun,
CA

Accounts Payable Processing, Asset and Project Accounting, Area Rate Fund Accounting, Claims preparation, Banking, Payroll Accounting, Service Delivery and Financial Reporting. Year-end consolidated audited financial statements, ensuring HRM complies with industry and legislative financial reporting requirements for Operating, Capital, Trust Funds and Reserves and financial statements for various Boards and Commissions Ensures compliance with HRM policies and legislation.

Manager of Procurement
Anne Feist, CPPB

Procurement services including purchasing, inventory, storage and disposal, coordination of contracts and contract administration. Supply eight (8) fuelling stations and four (4) salt sheds and ensuring compliance with HRM policies and legislation.

Manager of Payroll
Kevin Hislop

Responsible to provide all payroll related functions to HRM employees, Business Units and Boards and Commissions. Some of the services provided to clients include time and attendance tracking, payroll/benefits administration, bi-weekly payroll production, year end T4 production, labour and equipment costing, and providing policy /collective agreement interpretation and monitoring as related to payroll issues .Ensures compliance with HRM policies and legislation.

Manager of Budget & Financial Analysis
Bruce Fisher, MPA,
CMA

Manages the Operating, Project and Reserve Budget processes, and provides customer service and stewardship support to Business Units through business analysis and financial consulting staff. Provides financial advice and analysis, ensuring compliance with HRM policies and legislation, in support of Council, EMT and Business Unit decision making.

Manager of Fiscal & Tax Policy
Bruce Fisher, MPA,
CMA

Develops, defines and refines policies related to fiscal management, financial planning, debt policy, and taxation. Provides strategic support to corporate policy initiatives such as Regional Planning and leads the Multi Year Financial Strategy. HRM Finance lead on economic prosperity objectives. Provides advice and support to business units involved in policy and program delivery regarding grants and ensures compliance with HRM policies and legislation.

Manager of Corporate Reporting & Financial Policy
Pamela Caswill, CA

Researches, analyses and recommends financial reporting and performance standards, processes and policies. In conjunction with the Treasurer, the Investment team guides the long and short term investment policy of the Municipality and provides leadership and control to the overall process through cash management performance measurement. Provides stewardship over the banking applications used by HRM and its related organizations and leads the Disaster Financial Recovery claims process as required. Ensures compliance with HRM policies and legislation.

Summary of Business Unit Structure Changes:

- No significant changes

Core Operations and Services provided:

- Accounts Payable Processing
- Project and Asset Accounting
- FTE Position Management
- Financial Reporting and Expenditure Analysis
- Council Report Review and Support
- Cost Sharing Claims Coordination and Preparation
- Bylaw Registration and Administration, eg: False Alarms, Parking Meters
- Coin Processing
- Customer Services and Inquiries
- Parking Ticket Enforcement
- Revenue and Tax Billing and Collection
- Payroll Operations
- Procurement and Stores Operations
- Inventory Management/Stores
- Corporate Financial Planning and Budget Process Management
- Area Rate Analysis and Administration
- Collective Agreement Costing
- Job Costing

- Financial Analysis and Consulting
- Coordinate the Annual Operating and Project Budgets
- Fiscal and Tax Policy
- HRM Investments and Cash Management
- Banking Relationships and Coordination
- Disaster Financial Assistance Claims Support
- Financial Policy Development and Implementation
- Coordinate the Annual Operating and Project Budgets
- Reserve Budget and Financial Management

Funded Full Time Equivalents (FTEs):

	2009/10 (Approved)	2010/11 (Approved)	2011/12 (Approved)
Funded FTEs (includes full and part-time permanent positions)	203.5	203.5	198.5

Key Challenges and Opportunities

The following challenges and opportunities will have an impact on the Business Unit over the next 5 years.

Challenges with Community-wide Impact:

These are challenges or opportunities which affect the entire HRM Region, and which the Business Unit plays a role in influencing or addressing the outcome. Multiple business units may be involved in addressing the issue.

- **Economic Prosperity:** Supporting investments that promote a green, prosperous and highly competitive region; and developing appropriate taxation, fiscal tools and policies that drive economic growth and sustainability.
- **Long Term Fiscal Sustainability:** Providing strategies to ensure sustainable and cost effective delivery of existing municipal services to residents and other taxpayers; and meet new service demands. The budget and business planning process is the key mechanism to determine service and funding levels. During the next few fiscal years it may remain difficult to devise funding strategies, and it may be necessary to re-align services to meet funding levels.
- **Misunderstanding and Inequities within the current tax structure:** There are a series of unresolved tax issues that continue to be of concern. This includes the Provincial assessment cap, sidewalk taxation, local improvements charges, tax on recreation facilities, business taxation and non-profit taxation.

Challenges with Service Delivery / Business Unit Impact

These are issues which affect the business unit's ability to deliver services (both internally and externally).

- **Growing demands for Financial Management Analysis:** While most major initiatives and services can be foreseen and planned, the exact nature and context of work required is difficult to predict and subject to frequent changes. As such, Finance's limited capacity for high-level analysis is often stretched thin, causing delays and capacity issues for many objectives
- **Physical Moves:** The 3rd Floor Duke Tower Finance staff will have recently relocated to several spaces in Alderney Gate, Dartmouth to achieve organizational cost savings. These moves may cause some disruption to the staff as the divisions settle into new accommodations. The final phase of the moves from Duke Tower will not occur until the fall of 2011. Finance will need to adjust to working in separate locations for several months.

Opportunities:

- **Maximizing existing technologies:** Achieving improvements to our existing systems and enhancing the use of technology will create improved analysis and efficiencies.
- **Building financial capability in other business units:** Build on our own inventory of knowledge and enhance relationships and build financial capacity within other business units. Continue to develop and formalize policies and guidelines.
- **Continue to build our Management Team:** Continue to encourage a collaborative and open environment where we work as a team supporting each other through trust, advice and open communications. This will enable the Management team to lead culture change in our own business unit more effectively.
- **Financial reporting improvements:** Ongoing review, development and improvement of financial information, reporting, business processes and policies will result in improved service delivery to clients and the public.

Business Unit Goals

The goals for FINANCE are:

- Goal 1: Improve Organizational Capacity
- Goal 2: Improved Financial Information
- Goal 3: Promote Fiscal Health and Accountability
- Goal 4: Optimize use of Skills and Technology
- Goal 5: Meet Internal Service Expectations

Goal 1: Improve Organizational Capacity

Corporate Strategy Linkage:

EMT Priorities: Organizational Capacity

Description:

This goal is in support of the Administrative Outcome of Improved Organizational Capacity, which seeks to ensure that the Halifax Regional Municipality is an organization where employees experience a supportive, respectful workplace that offers challenging, interesting work and where their contributions are appreciated, recognized, and fairly rewarded. As a result, HRM will continue to attract and retain employees who deliver high-quality services to meet the needs of its citizens.

Goal 1: Improve Organizational Capacity	
<i>Objectives for 2011/2012:</i>	
FIN 1.1	Encourage a professional, positive, supportive and challenging work environment through the continued implementation of orientation materials, employee feedback tools, professional development, training plans, survey goals and clearly identified roles and performance expectations.
FIN 1.2	Champion HRM Core Values. Develop a plan to address “hot spots” identified by C5 (Culture Committee). Develop a business unit Culture team to support C5 initiatives and strategies.
FIN 1.3	Implement the Workforce Planning model provided by Human Resources
<i>Objectives for the next 3-5 years:</i>	
FIN 1.4	Develop internal training opportunities for Finance with a focus on Excel and the possibilities available with SAP.
FIN 1.5	Identify, motivate and develop future talent in Finance. Training plans to be included in all PDP’s and work to continue on succession planning.

Goal 2: Improved Financial Information

Corporate Strategy Linkage:

EMT Priorities: Practicing Fiscal Health, Providing Excellence in Service Delivery

Description:

Service delivery to clients and the public will benefit from review, development and improvement of financial information, business processes and policies.

Goal 2: Improved Financial Information	
<i>Objectives for 2011/2012:</i>	
FIN 2.1	Complete the Procurement process for new banking services, including implementation of new or revised processes.
FIN 2.2	Develop end-to-end process documentation with respect to improving overall internal control for Local Improvement Charges and Capital Cost Contributions.
FIN 2.3	Prepare an RFP and negotiate a new contract for Financial Statement Audit Services.
<i>Objectives for the next 3-5 years:</i>	
FIN 2.4	Develop a process to include financial projections on projects.

Goal 3: Promote Fiscal Health and Accountability

Corporate Strategy Linkage:

Corporate Outcome Areas: Economic Prosperity

EMT Priorities: Practicing Fiscal Responsibility, Providing Excellence in Service Delivery

Description:

Finance is the lead on the Corporate Fiscal Health Strategy. Finance will continue to implement Corporate Asset Accounting, update policies such as the Multi-Year Financial Strategy and Council’s direction on HRM’s overall Financial Strategy, and continue to document business processes and enhance controls. Finance also has an important role in furthering Economic Prosperity objectives.

Goal 3: Promote Fiscal Health and Accountability	
<i>Objectives for 2011/2012:</i>	
FIN 3.1	Create a clear long term approach to the Multi-Year Financial Strategy.
FIN 3.2	Develop options for Reserves and Capital Strategy.

FIN 3.3	Incorporate Tangible Capital Asset and project budgeting and reporting into the Multi-Year Financial Strategy
FIN 3.4	Implementation of the 2011-12 Economic Prosperity objectives including fiscal and taxation incentives and policies, development proposals and strategic investments.
FIN 3.5	Educate HRM Business Units and Agencies, Boards and Commissions (ABC's) on Payment Card Industry (PCI) Compliance. Implement internal controls around systems and processes that foster best practices and compliance with respect to how staff process and store credit card transactions.
FIN 3.6	Implement multi-year operational and project budgets.
FIN 3.7	Work with other Nova Scotia municipalities to approach fiscal imbalance or service exchange discussions with the Province of Nova Scotia.
Objectives for the next 3-5 years:	
FIN 3.7	Review the non-profit tax exemption program.
FIN 3.8	Analyze financial implications of new programs, services and resource requirements.

Goal 4: Optimize use of Skills and Technology

Corporate Strategy Linkage:

EMT Priorities: Providing Excellence in Service Delivery

Description:

Build knowledge and skills with technology and identify opportunities for enhancement.

Goal 4: Optimize use of Skills and Technology	
Objectives for 2011/2012:	
FIN 4.1	Develop a partnership with IT to prioritize technology requests and finalize the technology plan which explores the functionality potential of our current enterprise systems (SAP and Hansen).
FIN 4.2	Implement a fully integrated electronic farebox system capable of providing business intelligence around transit operations as well as daily balancing to transit fares.
Objectives for the next 3-5 years:	
FIN 4.3	Identify the technology, skills and training requirements for key positions.

Goal 5: Meet Internal Service Expectations

Corporate Strategy Linkage:

EMT Priorities: Providing Excellence in Service Delivery

Description:

Finance is committed to meeting the Internal Service Expectations agreed upon from other Business Units.

Goal 5: Meet Internal Service Expectations	
<i>Objectives for 2011/2012:</i>	
FIN 5.1	Assistance to Planning Services with financial analysis of community design alternatives (5 year review of the Regional Plan).
FIN 5.2	Participate in the Depot Rationalization Study with TPW and IAM.

Service Level Changes	
<u>Increases In Services / New Initiatives:</u>	
<ul style="list-style-type: none"> • The RFP for Banking Services will go out in 11/12 and new services may result from the RFP award. • On-going process development related to the maintenance of the recently implemented Tangible Capital Asset sub-ledger to track asset costs, including opening value, additions, disposals, depreciation and net book value. • Continued roll out of amended procurement policy that will streamline the tender/award process with a greater emphasis on core values and sustainability. • Efficiencies as a result of implementation of electronic pay stub distribution. • Increased capacity with approval and implementation of new scheduling/time recording software. 	
<u>Decreases In Services / Operational Pressures (OP):</u>	
<p>OP: Tight fiscal capacity increases pressure to monitor projections and budget.</p> <p>OP: Hundreds of ideas received for efficiencies or revenue generation create a huge amount of analytical work which will require significant time to complete and may impact other initiatives.</p> <p>OP: Turnover in positions from retirements, departures and secondments has resulted in many new staff with limited knowledge and experience with HRM's internal policies and processes.</p>	
<u>Expected Services Not Being Delivered:</u>	
None	

Finance

Analysis of Operating Budget Changes:

Operating Budget Change Details		(\$000's)
2010/11 Budget		\$2,029
1	Compensation and Benefits - Net increase resulting from merit increases, classification reviews, employer benefit costs, collective agreements	275
2	Compensation and Benefits - Increase in hiring new positions to support Fleet Services and service delivery	734
3	Increase in external services mainly due to armored courier and appraisal services related to property tax appeals	130
4	Decrease in dog licensing costs transferred to Community Projects & Bylaw	(24)
5	Increase in equipment purchases due to security upgrades at Metro Transit and facility upgrades at Municipal Fleet	38
6	Decrease in costs primarily associated with staff training & education, rewarding excellence and conferences and workshops	(87)
7	Increase in revenue associated with fines & fees, By-Law F300 and tax sales	(632)
8	Decrease in revenue associated with summary offense tickets, tax certificates and tax sale administration fees	2,513
2011/12 Budget		\$4,976

Finance

Summary by Net Expenditures by Business Unit Division

Cost Centers/Groups	2009 Budget	2010 Budget	2010 Actual	2011 Budget	2011 Var.	Var as %
A301 Administration - Finance	377,980	398,620	399,648	401,795	3,175	0.8
M621 VIK - Special Events			14,149			
** Administration - Finance	377,980	398,620	413,796	401,795	3,175	0.8
A304 Financial Rpt & Trea	339,700	353,685	344,481	312,744	(40,941)	(11.6)
A318 Lock Strategic Init.						
A351 Budget & Fin. Analysi	609,600	790,437	840,536	1,039,852	249,415	31.6
A810 Fiscal & Tax Policy	321,200	287,185	279,942	287,771	586	0.2
** Finance	1,270,500	1,431,307	1,464,959	1,640,367	209,060	14.6
A306 Cap Proj Overheads	(10)	(720)		(7,859)	(7,139)	991.5
* Financial Services Admin	(10)	(720)		(7,859)	(7,139)	991.5
A311 Revenue - Administration	319,790	332,436	353,450	363,680	31,244	9.4
A312 Coin Room	213,180	247,500	274,810	287,903	40,403	16.3
A313 Payment Processing	286,780	300,030	304,426	314,961	14,931	5.0
A314 General Revenue	327,660	329,450	329,725	318,637	(10,813)	(3.3)
A315 Ticket Office	(5,295,140)	(7,406,040)	(7,476,247)	(5,423,081)	1,982,959	(26.8)
A316 Taxation	(1,096,250)	(1,489,616)	(1,520,163)	(1,520,644)	(31,028)	2.1
A325 Collections		111,302	120,357	123,244	11,942	10.7
A360 Parking Meters	227,790	239,330	207,371	228,775	(10,555)	(4.4)
* Revenue	(5,016,190)	(7,335,608)	(7,406,271)	(5,306,525)	2,029,083	(27.7)
A321 Accounting Administration	696,980	730,305	763,574	322,239	(408,066)	(55.9)
A322 Payment Processing	613,600	633,380	613,534	572,987	(60,393)	(9.5)
A323 Accounting Processing	561,100	691,380	738,325	692,013	633	0.1
A324 Accounting Reporting	365,500	387,380	381,000	981,608	594,228	153.4
* Accounting	2,237,180	2,442,445	2,496,433	2,568,847	126,402	5.2
A331 General Purchasing	592,780	613,872	568,050	696,774	82,902	13.5
A332 Inventory & Asset Mg	90,750	93,670	112,545	120,608	26,938	28.8
A333 Stores-Transit/Fire	890,100	931,075	957,807	838,372	(92,703)	(10.0)
A334 Stores-East/West	577,200	610,230	689,672	685,992	75,762	12.4
A335 Procurement FSRs	460,880	574,330	556,017	580,421	6,091	1.1
A336 Procurement Staff	679,560	720,130	714,398	667,669	(52,461)	(7.3)
A337 Disp.of Surplus Equi			(562)			
A338 Stores- Ragged Lake		73,235	13,749	738,899	665,664	908.9
* Procurement	3,291,270	3,616,542	3,611,676	4,328,735	712,193	19.7
A615 Payroll Operations	1,255,000	1,304,000	1,274,340	1,350,898	46,898	3.6
* Payroll Operations	1,255,000	1,304,000	1,274,340	1,350,898	46,898	3.6
** Financial Services Division	1,767,250	26,659	(23,821)	2,934,096	2,907,437	10,906.0
A391 PS3150 Compliance	188,300	172,650	86,481		(172,650)	(100.0)
** PS TCA Project	188,300	172,650	86,481		(172,650)	(100.0)
*** Total	3,604,030	2,029,236	1,941,415	4,976,258	2,947,022	145.2

Finance Gross Expenditures

Cost Centers/Groups	2009 Budget	2010 Budget	2010 Actual	2011 Budget	2011 Var.	Var as %
A301 Administration - Finance	377,980	404,245	399,648	401,795	(2,450)	(0.6)
M621 VIK - Special Events			14,149			
** Administration - Finance	377,980	404,245	413,796	401,795	(2,450)	(0.6)
A304 Financial Rpt & Trea	339,700	353,685	344,481	312,744	(40,941)	(11.6)
A318 Lock Strategic Init.						
A351 Budget & Fin.Analysi	609,600	790,437	840,536	1,039,852	4,113,795	31.6
A810 Fiscal & Tax Policy	321,200	287,185	279,942	287,771	344,481	0.2
** Finance	1,270,500	1,431,307	1,464,959	1,640,367	3,769,314	14.6
A306 Cap Proj Overheads	(10)	(720)		(7,859)	(7,139)	991.5
* Financial Services Admin	(10)	(720)		(7,859)	(7,139)	991.5
A311 Revenue - Administration	319,790	332,436	353,450	363,680	31,244	9.4
A312 Coin Room	213,180	247,500	274,810	287,903	40,403	16.3
A313 Payment Processing	286,780	300,030	304,426	314,961	14,931	5.0
A314 General Revenue	509,560	484,650	481,813	476,637	(8,013)	(1.7)
A315 Ticket Office	1,037,160	1,013,960	1,041,484	1,076,919	62,959	6.2
A316 Taxation	734,850	587,517	580,458	589,356	1,839	0.3
A325 Collections		261,927	279,340	283,244	21,317	8.1
A360 Parking Meters	227,790	239,330	207,371	228,775	(10,555)	(4.4)
* Revenue	3,329,110	3,467,350	3,523,152	3,621,475	154,125	4.4
A321 Accounting Administration	696,980	730,305	763,574	322,239	(408,066)	(55.9)
A322 Payment Processing	613,600	648,380	636,704	587,987	(60,393)	(9.3)
A323 Accounting Processing	561,100	691,380	738,325	692,013	633	0.1
A324 Accounting Reporting	365,500	387,380	381,000	981,608	594,228	153.4
* Accounting	2,237,180	2,457,445	2,519,603	2,583,847	126,402	5.1
A331 General Purchasing	592,780	613,872	600,733	696,774	82,902	13.5
A332 Inventory & Asset Mg	90,750	93,670	112,545	120,608	26,938	28.8
A333 Stores-Transit/Fire	890,100	931,075	957,807	838,372	(92,703)	(10.0)
A334 Stores-East/West	577,200	610,230	689,672	685,992	75,762	12.4
A335 Procurement FSRs	460,880	574,330	556,281	580,421	6,091	1.1
A336 Procurement Staff	679,560	720,130	714,398	667,669	(52,461)	(7.3)
A337 Disp.of Surplus Equi			13,893			
A338 Stores- Ragged Lake		73,235	13,749	738,899	665,664	908.9
* Procurement	3,291,270	3,616,542	3,659,079	4,328,735	712,193	19.7
A615 Payroll Operations	1,262,800	1,311,800	1,292,742	1,358,698	46,898	3.6
* Payroll Operations	1,262,800	1,311,800	1,292,742	1,358,698	46,898	3.6
** Financial Services Division	10,120,350	10,852,417	10,994,576	11,884,896	1,032,479	9.5
A391 PS3150 Compliance	188,300	172,650	86,481		(172,650)	(100.0)
** PS TCA Project	188,300	172,650	86,481		(172,650)	(100.0)
*** Total	11,957,130	12,860,619	12,959,812	13,927,058	1,066,439	8.3

Finance Gross Revenue

Cost Centers/Groups	2009 Budget	2010 Budget	2010 Actual	2011 Budget	2011 Var.	Var as %
A301 Administration - Finance		(5,625)			5,625	(100.0)
** Administration - Finance		(5,625)			5,625	(100.0)
A314 General Revenue	(181,900)	(155,200)	(152,088)	(158,000)	(2,800)	1.8
A315 Ticket Office	(6,332,300)	(8,420,000)	(8,517,731)	(6,500,000)	1,920,000	(22.8)
A316 Taxation	(1,831,100)	(2,077,133)	(2,100,621)	(2,110,000)	(32,867)	1.6
A325 Collections		(150,625)	(158,983)	(160,000)	(9,375)	6.2
* Revenue	(8,345,300)	(10,802,958)	(10,929,423)	(8,928,000)	1,874,958	(17.4)
A322 Payment Processing		(15,000)	(23,170)	(15,000)		
* Accounting		(15,000)	(23,170)	(15,000)		
A331 General Purchasing			(32,683)			
A335 Procurement FSRs			(264)			
A337 Disp.of Surplus Equi			(14,455)			
* Procurement			(47,402)			
A615 Payroll Operations	(7,800)	(7,800)	(18,402)	(7,800)		
* Payroll Operations	(7,800)	(7,800)	(18,402)	(7,800)		
** Financial Services Division	(8,353,100)	(10,825,758)	(11,018,397)	(8,950,800)	1,874,958	(17.3)
*** Total	(8,353,100)	(10,831,383)	(11,018,397)	(8,950,800)	1,880,583	(17.4)

Finance Summary by Expense & Revenue Types

Cost Centers/Groups	2009 Budget	2010 Budget	2010 Actual	2011 Budget	2011 Var.	Var as %
Expenditures						
* Compensation and Benefits	10,498,800	11,408,150	11,584,276	12,416,804	1,008,654	8.8
* Office	399,137	309,510	383,105	312,496	2,986	1.0
* External Services	734,800	873,610	881,868	980,706	107,096	12.3
* Supplies	13,980	14,350	20,149	29,470	15,120	105.4
* Materials	59,450	58,000	24,399	34,700	(23,300)	(40.2)
* Building Costs	1,500	1,500	946	1,500		
* Equipment & Communications	82,600	83,300	100,010	121,450	38,150	45.8
* Vehicle Expense			2,593	3,000	3,000	
* Other Goods & Services	260,063	219,599	165,719	141,492	(78,107)	(35.6)
* Interdepartmental	23,300	18,700	(131,086)	12,526	(6,174)	(33.0)
* Other Fiscal	(116,500)	(126,100)	(72,166)	(127,086)	(986)	0.8
** Total	11,957,130	12,860,619	12,959,812	13,927,058	1,066,439	8.3
Revenues						
* Tax Revenue			(1,159)			
* Fee Revenues	(8,315,100)	(10,778,383)	(10,894,899)	(8,880,000)	1,898,383	(17.6)
* Other Revenue	(38,000)	(53,000)	(122,339)	(70,800)	(17,800)	33.6
** Total	(8,353,100)	(10,831,383)	(11,018,397)	(8,950,800)	1,880,583	(17.4)
Net Surplus/(Deficit)	3,604,030	2,029,236	1,941,415	4,976,258	2,947,022	145.2