

**FINANCE, ADMINISTRATION AND AUDIT COMMITTEE – FEBRUARY 4, 2019 (PM)**

**COMMUNICATIONS**

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<b><u>Distributed February 1, 2019</u></b>		<b><u>Item</u></b>
C1.	Memorandum from the Interim City Manager and the Chief Financial Officer and City Treasurer, dated January 31, 2019.	1
C2.	Memorandum from the Chief Financial Officer and City Treasurer, dated January 31, 2019.	1
<b><u>Distributed February 4, 2019</u></b>		
C3.	Presentation material.	1

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**Please note there may be further Communications.**

**DATE:** JANUARY 31, 2019

**TO:** MAYOR AND MEMBERS OF COUNCIL

**FROM:** TIM SIMMONDS, INTERIM CITY MANAGER  
MICHAEL CORONEOS, CHIEF FINANCIAL OFFICER AND CITY TREASURER

**RE:** FINANCE, ADMINISTRATION AND AUDIT COMMITTEE – FEBRUARY 4, 2019  
DRAFT 2019 BUDGET AND 2020-2022 FINANCIAL PLAN

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**Recommendation**

The Interim City Manager and Chief Financial Officer and City Treasurer recommend:

1. THAT the draft 2019 property tax operating budget be amended to add a new additional resource for a full-time permanent complement of an Internal Audit Project Manager position;
2. THAT a fiscally net neutral 2019 budget adjustment be made from Vaughan Public Libraries to Internal Audit to cover expenses related to the additional resource, in the amount up to \$70,000 as determined by the Interim City Manager; and
3. THAT the Draft 2019 Budget Book Volumes 1, 2 and 3 be amended to reflect this budget adjustment.

**Purpose**

This communication is to report back to Council regarding the financial and business considerations of additional resources requested for the City's Internal Audit program.

**Background**

A report entitled *Internal Audit Report – 2019 Internal Audit Risk Based Work Plan* (the "Report") was presented at the January 21, 2019 Finance, Administration and Audit Committee meeting. The Report indicated that:

- The core responsibilities of Internal Audit are to conduct risk based operational and compliance audits and to provide independent, objective assurance and consulting activities designed to add value and improve the City's operations.
- A list of priority projects for 2019 was established based on current available resources of a staffing level that includes a Director and two Audit Project Managers.
- Based on the entity-wide risk assessment, 6 of the 11 very high-risk areas and 25 of the 32 high risk areas will not be reviewed in 2019, nor have they been reviewed in the past 5 years. Current estimates indicate that a staff of six would be required to do all relevant identified projects over the 2019-2022 term.

- Additional staff may be required if the risk profile changes significantly or if there is a demand for more audit services.

Council directed staff to report back regarding the opportunities for one additional full-time equivalent (FTE) for Internal Audit, including financial ramifications and a proposed work plan for said additional FTE.

### **Analysis**

The Draft 2019 Budget and 2020-2022 Financial Plan supports the City's vision of being a "City of Choice" by focusing investments in transformational city-building and Service Excellence Initiatives. The City continues to invest in initiatives that enhance services levels, improve efficiencies, mitigate risk, and address new regulatory requirements.

The City promotes government transparency and accountability. Internal Audit plays an integral role in supporting this objective by fostering a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The 2019 cost for one additional Internal Audit Project Manager FTE is estimated at approximately \$70,000, which is based on a projected hiring in mid-2019. Staff have reviewed potential funding sources for this additional FTE and propose a fiscally net neutral budget adjustment by reducing the 2019 Vaughan Public Libraries operating budget previously earmarked for the scheduled opening of the Vaughan Metropolitan Centre Library ("VMC Library"). Through the tender process, the timing for the grand opening of the VMC Library facility, which was slated for December 2019, is being adjusted to early 2020. A modest amount of budget remains needed to ensure sufficient resources are in place in preparation for the VMC Library opening. Annualized operating costs for resources required for both Internal Audit and VMC Library would need to be incorporated into the operating budgets for 2020 and beyond.

The proposed tax rate increase for 2019 is three percent which reflects the continued commitment that tax rate increase does not exceed three per cent for this Term of Council. The Draft 2019 Budget and 2020-2022 Financial Plan ensures that Vaughan continues to maintain one of the lowest property tax rates in the Greater Toronto Area.

Respectfully submitted,



Tim Simmonds  
Interim City Manager



Michael Coroneos, CPA, CMA  
Chief Financial Officer and City Treasurer

### **Memo Prepared by:**

Maggie Wang, MBA, CPA, CGA, A.I.M.A.  
Manager of Corporate Financial Planning & Analysis

C 2  
 COMMUNICATION  
 FAA- February 4/2019 (pm)  
 ITEM - 1

**DATE:** JANUARY 31, 2019  
**TO:** MAYOR AND MEMBERS OF COUNCIL  
**FROM:** MICHAEL CORONEOS, CHIEF FINANCIAL OFFICER AND CITY TREASURER  
**RE:** FINANCE, ADMINISTRATION AND AUDIT COMMITTEE – FEBRUARY 4, 2019  
 DRAFT 2019 BUDGET AND 2020-2022 FINANCIAL PLAN

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**Purpose**

This communication is in response to the questions received from a deputation during the January 21, 2019 Finance, Administration and Audit Committee meeting regarding York Region's debt and the City's Purchasing Card (P-Card) Program.

**Background**

At the January 21, 2019 meeting of the Finance, Administration and Audit Committee, a deputant inquired as to York Region's debt level and requested consultation meeting(s) with York Region.

The deputant also raised concerns with respect to the City's P-Card policy and usage related to business expenses such as food and travel purchases.

**Analysis**

***York Region's Debt***

The City is not in a position to comment on York Region's level of debt; this should be tabled at the York Region budget deliberation meetings.

It is important to note that York Region's credit profile does not reflect the City's. For example, the deputant indicated that York Region's 2016 debt outstanding per capita, according to a study conducted by BMA Consulting Inc., was \$3,049.

The below table provides a comparison of that same financial indicator, as reported in the 2018 BMA Study:

	Total Debt Outstanding Per Capita as of December 31, 2017 (as reported in the 2018 BMA Report)
York Region	\$2,911
City of Vaughan	\$179

## ***City's P-Card Program***

Implementation of a P-Card program is an industry best practice for organizations to maximize procurement efficiencies, capitalize on cost savings, and maintain a robust controls posture. A corporate purchasing card is a preferred procurement and payment method for most low dollar value purchases of goods and services.

The traditional procure-to-pay process for low value purchases was a manual and time-consuming process with limited reporting and audit capabilities. In June 2015, following a successful pilot program since October 31, 2012, Council approved the corporate-wide roll out of the P-Card Program to take advantage of the associated benefits, including cost savings, administrative/transactional savings, and data for spend analysis. The P-Card program significantly enhanced the governance of low value purchases, and has reduced overall transaction time, while improving transparency, visibility, monitoring and reporting.

The P-Card program incorporates robust preventive and detective control processes. System controls such as single and monthly transaction limits and merchant category blocks for each cardholder are in place. The City's P-cards are only issued to specific employees approved by the Department Head to make purchases that meet certain criteria in an efficient manner, demonstrating sound business practices while maintaining adequate controls. Any employee authorized to use a P-Card is only allowed to purchase low-value goods and services within approved budgets and in accordance with the rules and guidelines detailed in the Corporate Procurement Policy, Purchasing Card Policy and any policies that govern employee expenses. In addition, each cardholder is required to undertake a mandatory comprehensive training prior to card issuance. All purchases charged under P-cards need to be reviewed and approved by the cardholder's Department Head.

A P-Card program audit was conducted to evaluate the adequacy and effectiveness of internal controls, process and procedures in place to mitigate risks associated with administration of the City's P-Card program. The scope of the audit included P-Card activities for the period of June 1, 2015 to April 30, 2017, and the final audit report was presented at the November 6, 2017 Finance, Administration and Audit Committee meeting. The audit did not identify any evidence of inappropriate or irregular transactions for the period under review. It should be noted that the City's purchasing and expense policies and collective agreements outline the specific circumstance for when business meals are allowed. Some examples include business hospitality, working lunches and in-house training and development. As part of the audit, several of these transactions were sampled for further review and no exceptions to policies were noted.

Since its implementation in 2015, the City's P-Card program continues to evolve to further enhance spending analysis capabilities that would enable Procurement Services to analyze spend patterns, volumes and sources with the goal of consolidating purchases and rerouting activities to more appropriate procurement methods. Procurement Services generates monthly P-Card spend reports by department to allow Procurement Services and client groups to review and monitor spend patterns and help facilitate the departments' procurement needs while leveraging the City's purchasing capacity to

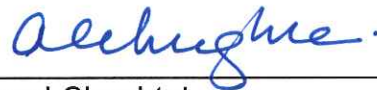
obtain the best value for money. On a quarterly basis, Procurement Services provides a Procurement Activity Report to the Finance, Administrative and Audit Committee, summarizing the procurement awards to Council, including P-Card statistics.

It is the strong opinion of the administration that the P-Card program has been a successful tool incorporated into the City's finance modernization.

Respectfully submitted,



Michael Coroneos, CPA, CMA  
Chief Financial Officer and City Treasurer

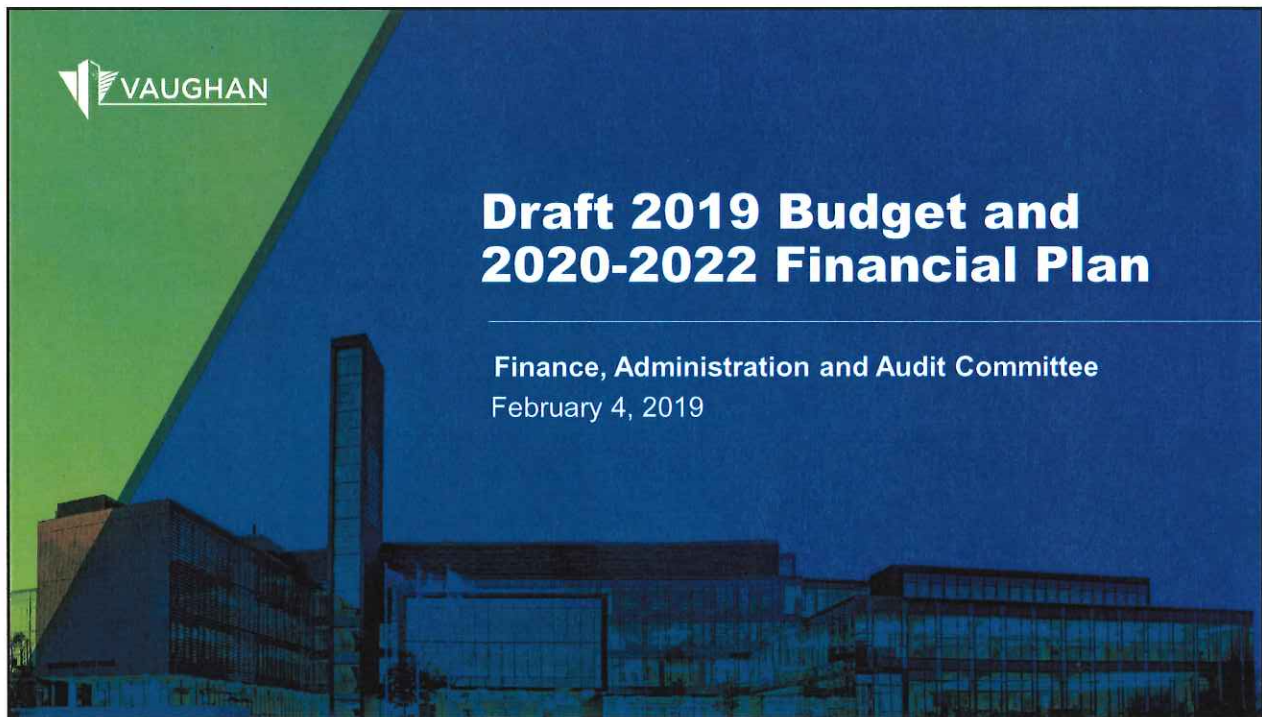


Asad Chughtai  
Director, Procurement Services

**Memo Prepared by:**  
Maggie Wang, MBA, CPA, CGA, A.I.M.A.  
Manager of Corporate Financial Planning & Analysis

2/4/2019

C3  
COMMUNICATION  
FAA - February 4, 2019  
ITEM - 1





Human Resources Office of the Chief Information Officer City Clerks Archives and Records  
 Property Tax General Information **Sign Inspection** Internal  
 Property Standards Compliance **Development Engineering and Infrastructure Delivery** Audit  
**Public Works** Fleet Management Services  
 Building Standards **Recreation Services Parks** Parking Permits Pet Adoption  
**Environmental Services** Development Applications  
**SERVICE EXCELLENCE**  
**Libraries** By-law and compliance, Licensing and Permit Services  
**Community Services** Fire and Rescue Services  
**Corporate and Strategic Communications** Development Planning  
**Economic Development and Cultural Services** Finance  
**Real Estate**  
 Transportation Services, Parks and Forestry Operations  
 Corporate Initiatives and Intergovernmental Relations **Access Vaughan**  
 Human Resources Office of the Chief Information Officer City Clerks Archives and Records  
 Property Tax General Information **Transformation** Internal  
 Property Standards Compliance **Development Engineering and Infrastructure Delivery** Audit  
**City Manager** Fleet Management Services



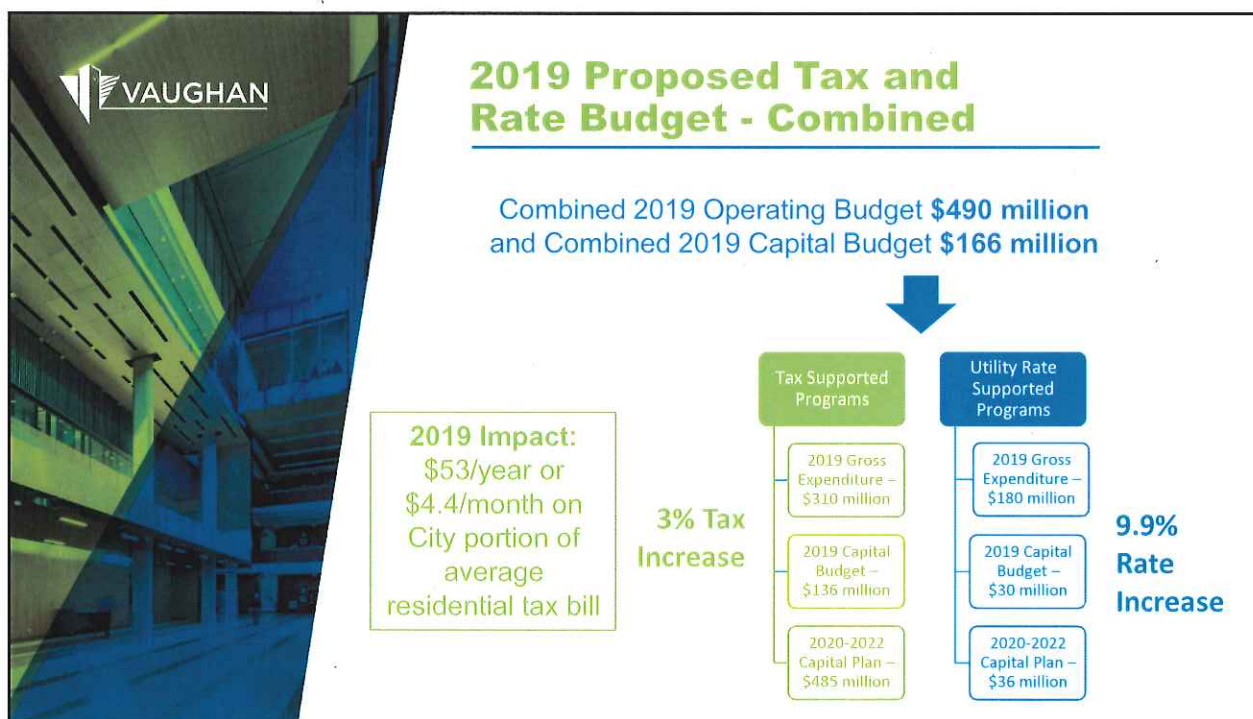


**VAUGHAN**

## Service Excellence

### Awards and Achievements

- **John Niedra Award**  
for the Vaughan Inventors Program
- **Ontario Public Works Association Management Innovation Award** – for the winter road maintenance services and waste collection contracts
- **Ontario Public Works Association Project of the Year Award**  
for the Civic Centre Resource Library
- **Peter J. Marshall Innovation Award**  
for developing an innovative process to serve the public
- **Ontario Traffic Council's Project of the Year Award** for the Vaughan Metropolitan Centre (VMC) Mobility Hub  
for excellence in the field of transportation planning
- **Achievement of Excellence in Procurement**  
for organizational excellence in public procurement
- **Joyce Cunningham Award for Public Library Board of the Year**  
for demonstrating a high level of collaboration and innovation



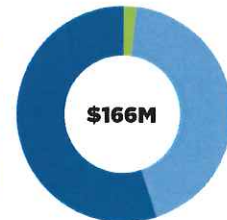


## Sustainable Capital Investments

A Responsible Balanced Plan to Maintain Today's Infrastructure and Build for Tomorrow

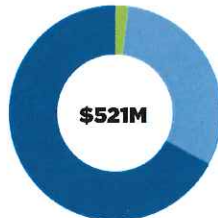
### 2019 Capital Investment

- Growth, 55% (\$90.3M)
- Infrastructure Renewal, 43% (\$72.1M)
- Service Enhancement, 2% (\$3.4M)



### 2020-2022 Capital Plan

- Growth, 67% (\$350.1M)
- Infrastructure Renewal, 31% (\$160.4M)
- Service Enhancement, 2% (\$10.9M)





## **Transformational City-Building**

- Vaughan's Emerging Downtown
- Improving Access to Healthcare
- The Place to Be
- Moving Vaughan Forward
- Vaughan: The Green City
- Celebrating a Diverse Community
- Empowering Older Adults







**VAUGHAN**

## Growth and Sustainability

**green directions**  
VAUGHAN







## Studies and Capital Projects



Zoning By-law Review



Official Plan Review




Master Plans




Green Directions Vaughan

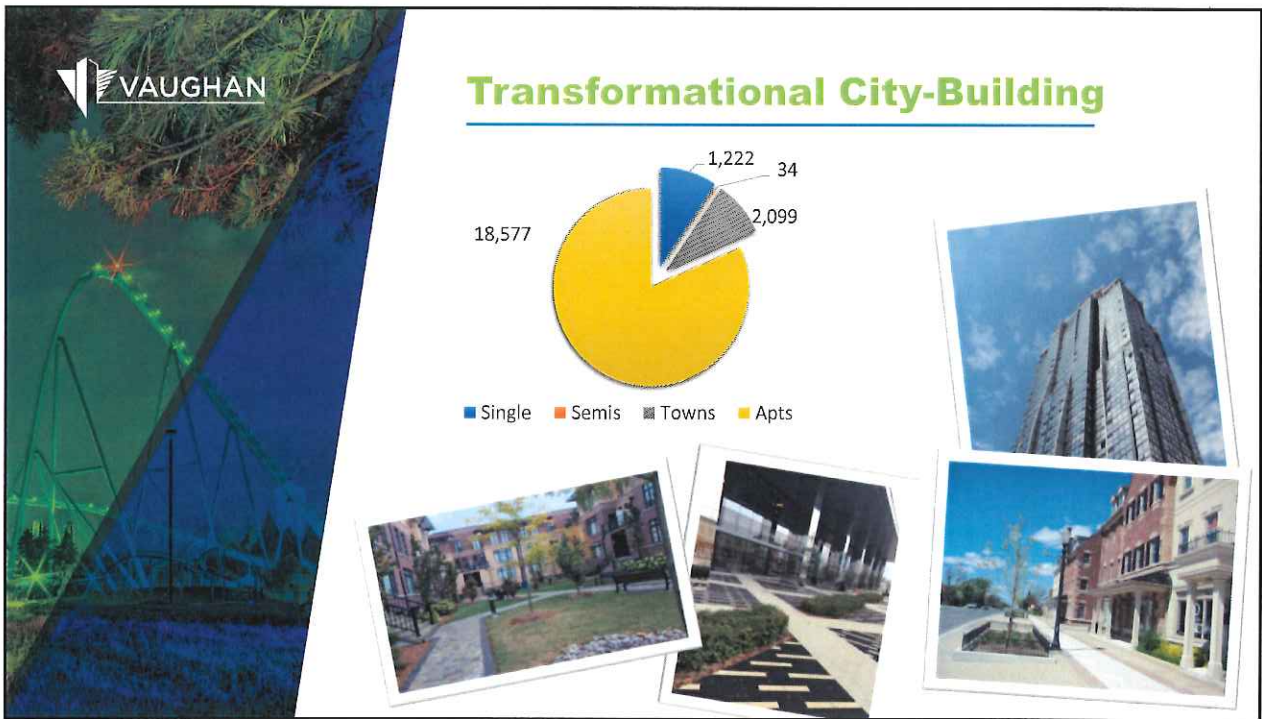


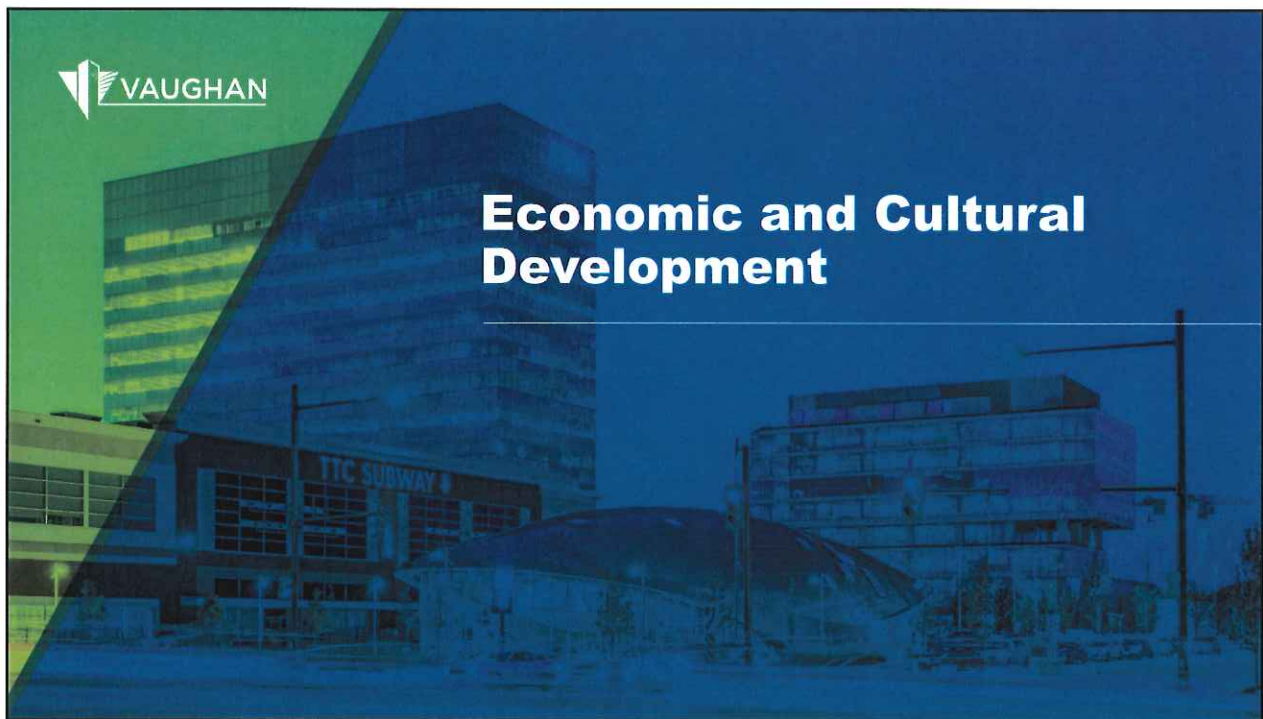


**“North Maple Regional Park is Vaughan’s most ambitious park development. Vaughan’s 900-acre North Maple Regional Park will be larger than New York City’s very own Central Park.”**

- Mayor Maurizio Bevilacqua during the official opening of Phase One of North Maple Regional Park, Sept. 22, 2018







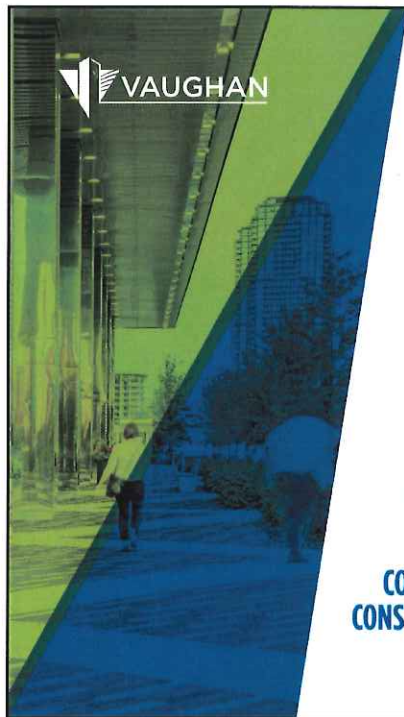
**VAUGHAN**

**Strong Business Satisfaction Levels** **94%**

**95%** of businesses satisfied with the overall quality of life in the City



**67%** of businesses will be investing in new or innovative technology over the next five years

Source: Forum Research, 2018



### Strong Economic Fundamentals

<b>GROSS DOMESTIC PRODUCT</b> <b>\$20.6 BILLION</b> (36% of York Region)	<b>4.3%</b> <b>UNEMPLOYMENT RATE</b>	<b>TOTAL EMPLOYMENT</b> <b>222,158</b> (1.8% GROWTH YEAR-OVER-YEAR) <b>DOUBLE</b> the National Average
<b>COMMERCIAL CONSTRUCTION: \$143 MILLION</b> (13% GROWTH YEAR-OVER-YEAR)	<b>TOTAL BUSINESS ESTABLISHMENTS</b> <b>12,105</b> (1.3% GROWTH YEAR-OVER-YEAR)	<b>\$277 million INDUSTRIAL CONSTRUCTION</b> (10% GROWTH YEAR-OVER-YEAR)





**VAUGHAN**

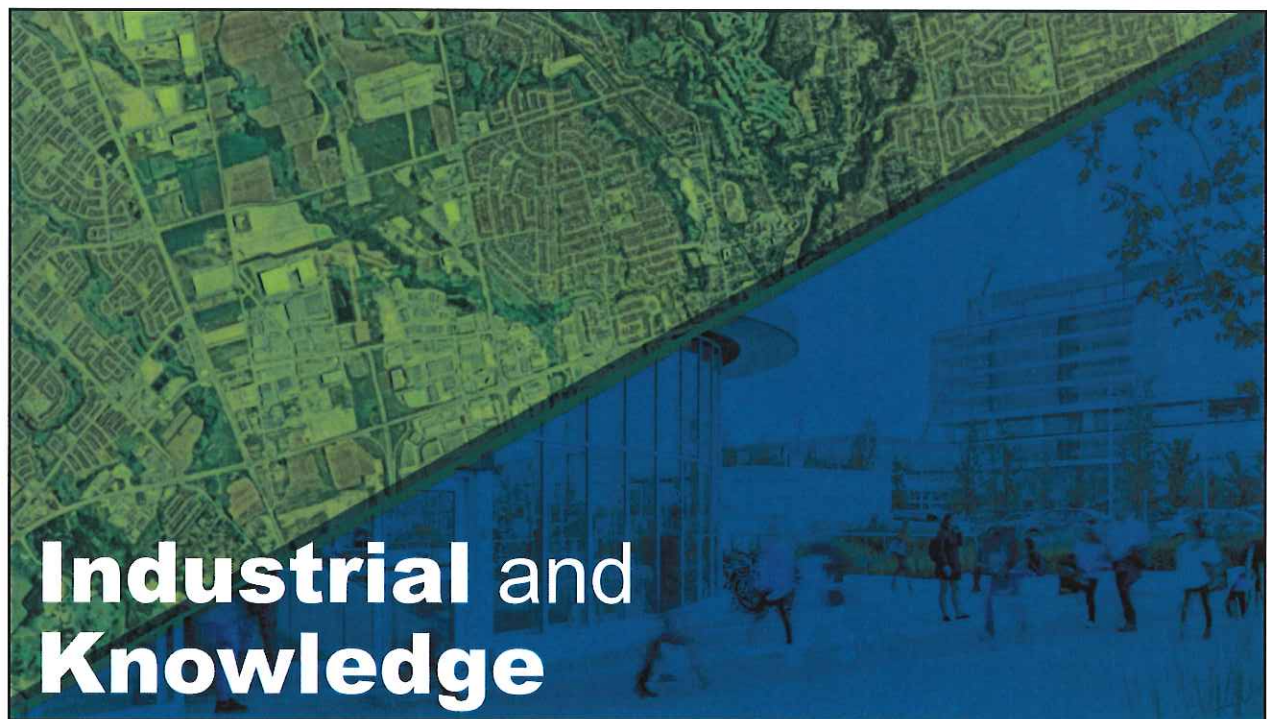
### Sustained Job Growth

Vaughan is the largest employment centre in York Region accounting for **38% of total employment**.

Metric	Value
Jobs (2018)	222,158
Businesses (2018)	12,105
Average Annual Employment Growth (2008-2018)	3.2%







# Industrial and Knowledge



**VAUGHAN**

## Investing in Small Business

**1041** one-on-one consultations delivered;  
**OVER 50%** were to repeat clients

**4658** walk-in, phone, or email inquiries answered

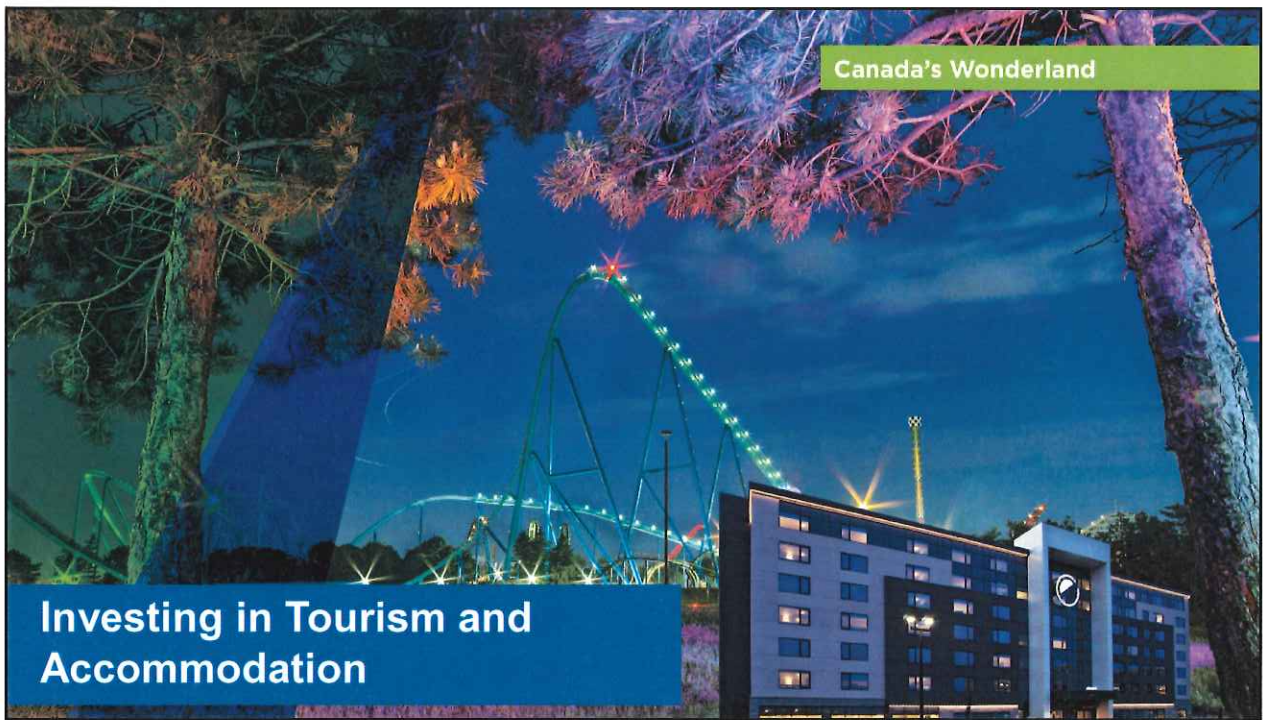
VBEC delivered **59 seminars** in business planning, marketing, finances, sales, and operation to **1,115 participants**

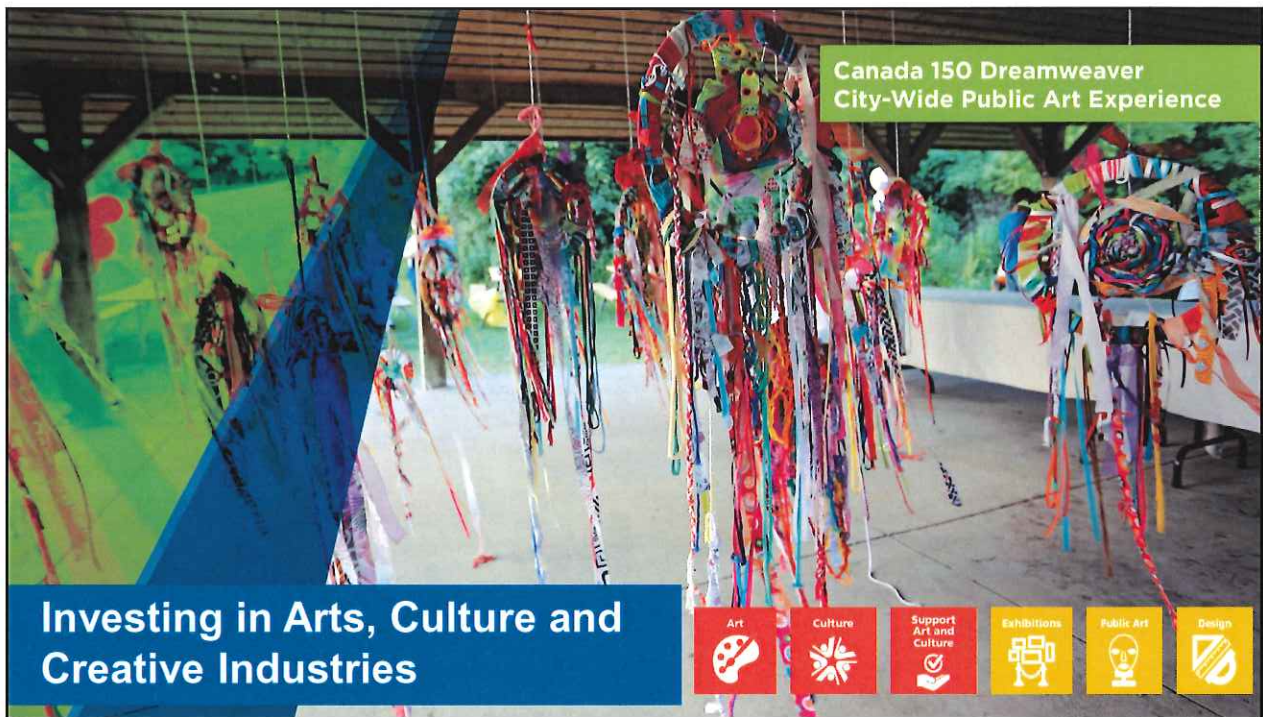
**STAFF ASSISTED 245 BUSINESSES** start or grow in Vaughan

**SMALL BUSINESS IS AN IMPORTANT SEGMENT OF VAUGHAN'S ECONOMY** } **2/3** of Vaughan businesses employed fewer than **10 people** in 2018.



**Investing in Technology-led  
Economic Development**





Canada 150 Dreamweaver  
City-Wide Public Art Experience

Investing in Arts, Culture and  
Creative Industries

- Art
- Culture
- Support Art and Culture
- Exhibitions
- Public Art
- Design




**VAUGHAN**

## What's on Deck?

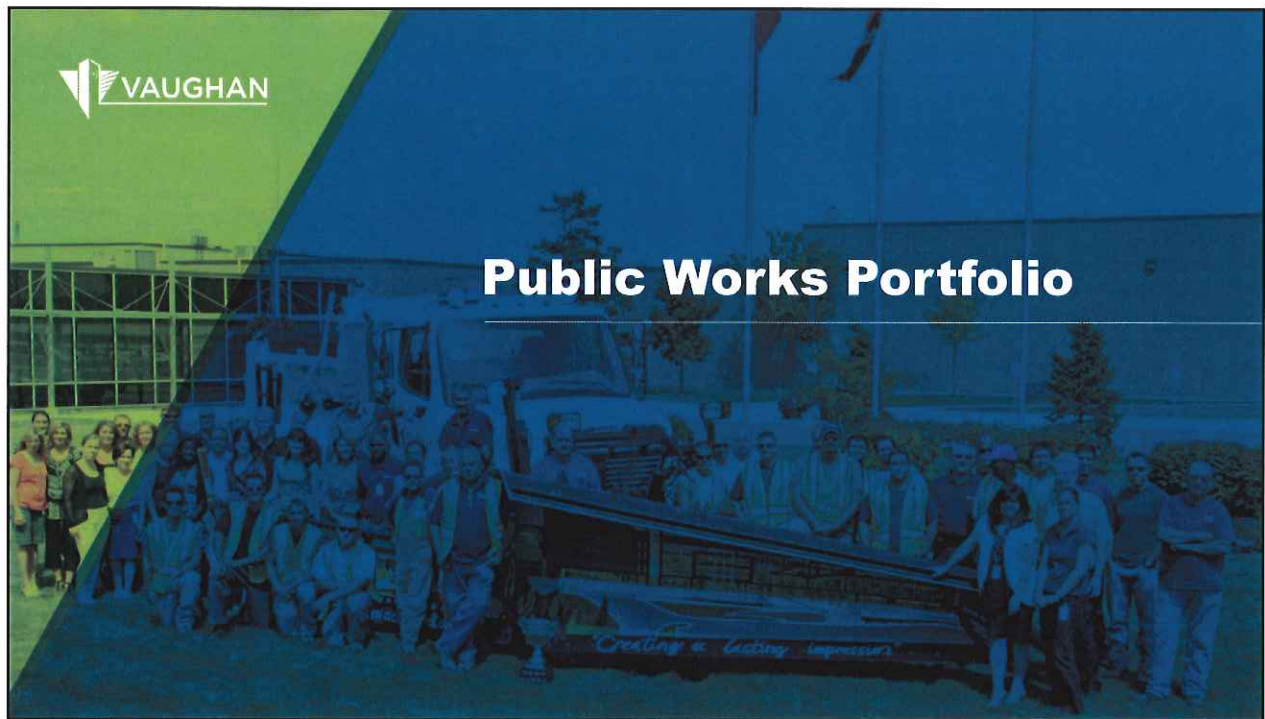
### 2019 Economic and Cultural Development

- Focused economic development action plans
- Engage businesses - Business Satisfaction and Needs Survey
- Take Smart City to the next level
- New Partnerships - ventureLab Pilot
- Entrepreneurship and Innovation – start, scale, mentor
- Human and Health Sciences – Assess economic development opportunity in the Mackenzie Vaughan Hospital Precinct
- Tourism - Destination marketing organization
- Cultural and Performing Arts Centre Feasibility in the VMC
- Slate Exhibitions in 2019, Public Art Awareness Campaign
- Celebrate Heritage Cultural Months in Vaughan
- Vaughan B2B Expo + Creative Industries Summit : February 5

**YORK**   
UNIVERSITÉ  
UNIVERSITY


 **Mackenzie**  
Health


 **ventureLAB**  
Mentoring | Partnering | Connecting









**17** trenchless repair projects repairing 1.4 km of w/w piping 


Vellore Village Library and Pierre Berton Heritage Centre 


**2018 Citizen Survey**  
**91%** Garbage, Recycling, Waste Collection  
**91%** Off road multi-use/natural trails  
**90%** Maintenance of parks and green space

City-wide on-street paid permit parking policy 


**Winter Operations**  
↓ **20%** Salt usage  
↓ **60%** Fewer complaints


Planted **4,500** trees 


North Vaughan Transportation Master Plan 


Over **300** initiatives funded from stormwater charge 

Over **\$43 million** of capital projects delivered

Multi-residential curbside waste collection 

Over **\$20 million** in Grants CWWF, FCM, CANADA 150 

Major Mackenzie Drive watermain installation 2 km 

Implemented Backflow Prevention Program 



## 2019 Commitments

Transportation Services, Parks and Forestry Operations  
Advancing Programs



VMC 5-Year Operation  
and Maintenance Plan



Winter Service Level  
Review



Traffic Management  
Strategy



Tree Management  
Program



## 2019 Commitments

### Environmental Services



Erosion Management Program



Rainwater Harvesting Project



Clean Water and Wastewater Fund Program



Multi-Residential Curbside Collection Program



## 2019 Commitments

Infrastructure Delivery Design and Construction Initiatives

		
Carrville Community Centre, District Park and Library	Garnet A. Williams Community Centre Revitalization	Huntington Rd.
		
LED Light Project	Bass Pro Mills Drive Extension	VMC Development

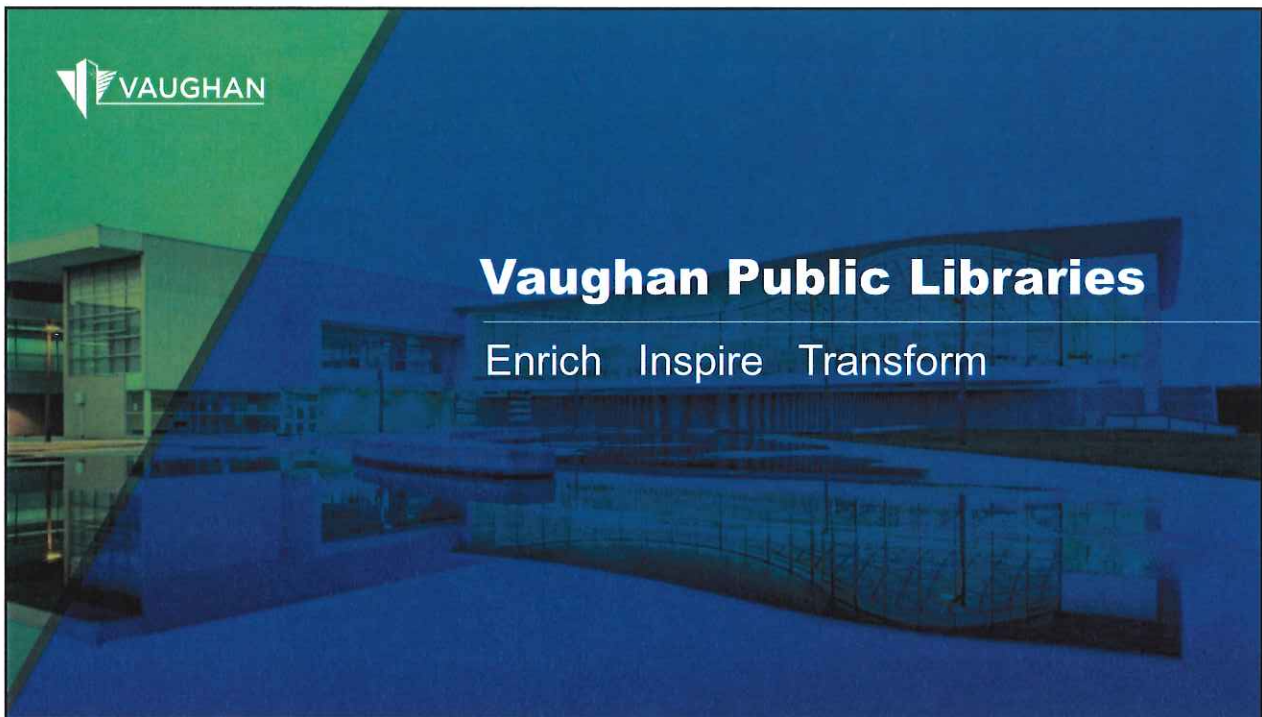


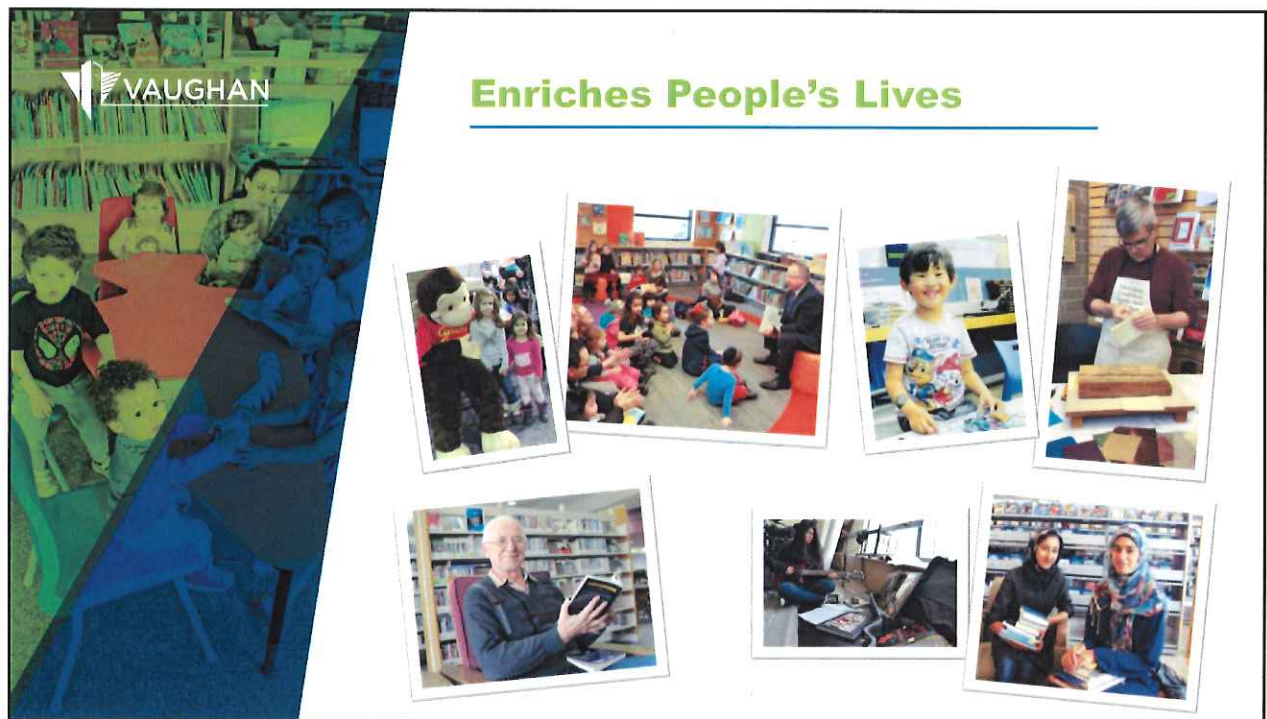
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## 2019 Commitments

Infrastructure Planning and Corporate Asset Management

-   
Infrastructure Master Plans
-   
Environmental Assessments
-   
Corporate Asset Management













## Community Services

Building on Our Community



**VAUGHAN**

**Enrich Our Community**

**ACTIVE TOGETHER**  
MASTER PLAN

**97%** **Quality of Life**  
in Vaughan

**FUTURE HOME OF  
FIRE STATION  
#7-4**

welcome to the  
**PIERRE BERTON  
HERITAGE CENTRE**



**VAUGHAN**

## Thanking Our Partners

**Public Works** Community Organizations Transportation Service, Parks and Forestry Operations Office of the City Manager  
Human Resources Officer Fleet Management Services Planning and Growth Management York Region Police

Service Organizations **Mayor and Members of Council** Corporate Sponsors OAPSO  
Internal Audit Environmental Services Policy Planning and Environmental Sustainability Alcatraz Utilities  
Corporate Initiatives and Intergovernmental Relations Libraries Paramedic Services


York Region TSSA Financial Services COMMUNITY SERVICES Building Standards  
Real Estate **Vaughan Citizens** Vaughan Metropolitan Centre Program  
Suppliers Corporate and Strategic Communications City Clerks Older Adult Clubs  
Transit Providers

Corporate Services Infrastructure Delivery Procurement Services Development Planning  
Economic and Cultural Development Corporate Asset Management Provincial Agencies  
Not-for-profit Organizations

Parks Development Office of the Chief Financial Officer and City Treasurer Office of the Chief Information Officer  
Financial Planning and Development Finance Office of the Integrity Commissioner and Lobbyist Registrar





External program partnerships Office of Transformation and Strategy Strategic Planning Schools OMMI Transit Providers  
Fairs and Festival Organizers Vendors Federal Agencies Social Services Organizations







## Protect Health, Safety and Well-Being

By-law and Compliance, Licensing & Permit Services



 3,443 Pet Licenses issued

 173 Special Event permits issued



## At Your Service

Access Vaughan



242,920 calls received

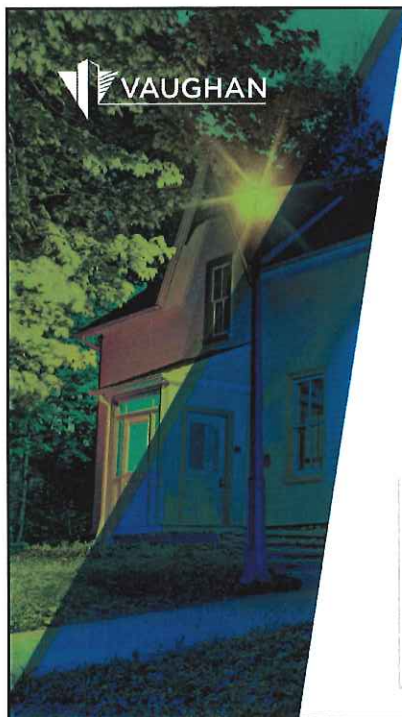


6,963 emails processed





**Rejuvenate, Revitalize  
and Renew**



## Rejuvenate, Revitalize and Renew

### Facility Services



Oversees 89 facilities and properties



65 energy-savings projects





**VAUGHAN**

## Safety in Our Community

Vaughan Fire and Rescue Service

**100%**  
Satisfaction  
with  
Fire Services





**Empowering  
Others**



## Empowering Others

### Recreation Services



9,792 recreation programs offered



68,276 registrations processed



16,302 fitness memberships sold



Over 32K participants at the Vaughan Celebrate Events









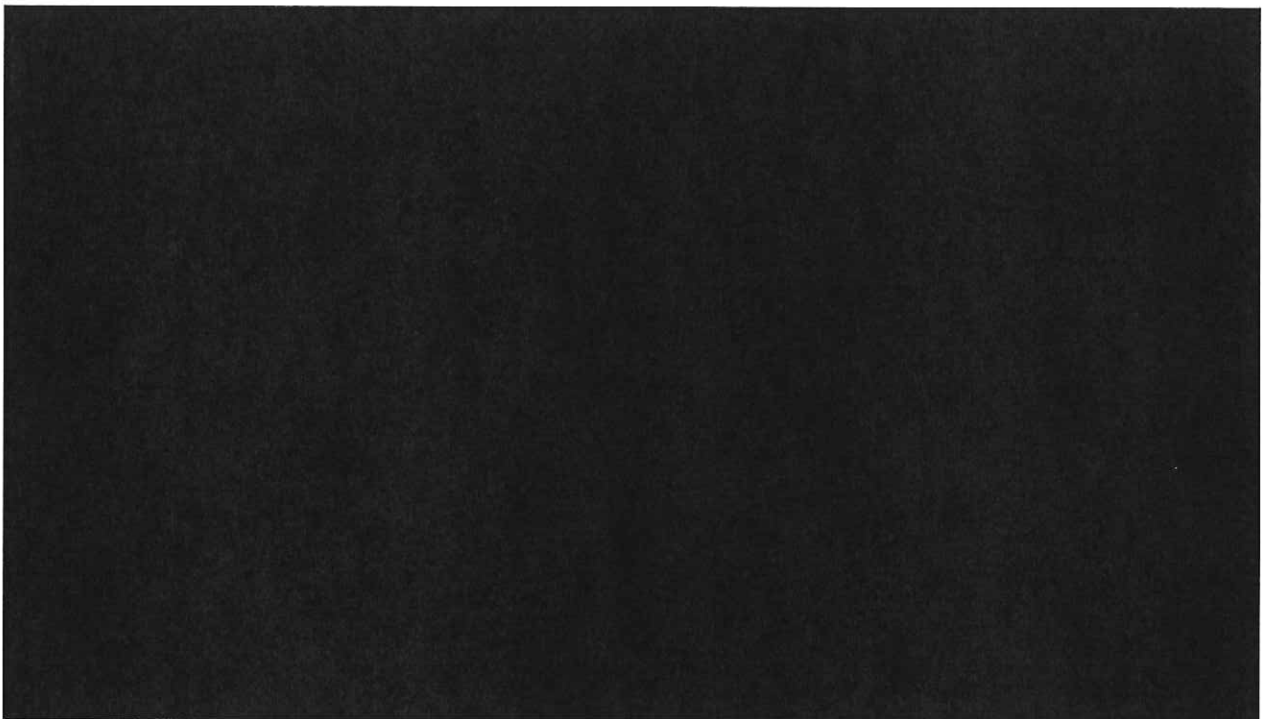
**TD**

**VAUGHAN** Celebrates

Winterfest • Concerts in the Park • Canada Day

**30** YEARS

**2019**  
Winterfest





## Where Do Taxes Go? Understanding the Tax Bill

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### City Expenditures by Service (per tax dollar)

- \$0.20** Public Works & Road Services
- \$0.18** Community Services
- \$0.17** Fire and Rescue Services
- \$0.15** General Government, Legal & Clerks
- \$0.11** Capital Investment & Debt Servicing
- \$0.10** Planning & Growth
- \$0.06** Vaughan Public Libraries
- \$0.03** Fulfil Council's priorities by City Manager,  
Internal Audit, Integrity Comm. and others
- \$1.00** Total





# Draft 2019 Budget and 2020-2022 Financial Plan

Finance, Administration and Audit Committee  
February 4, 2019

