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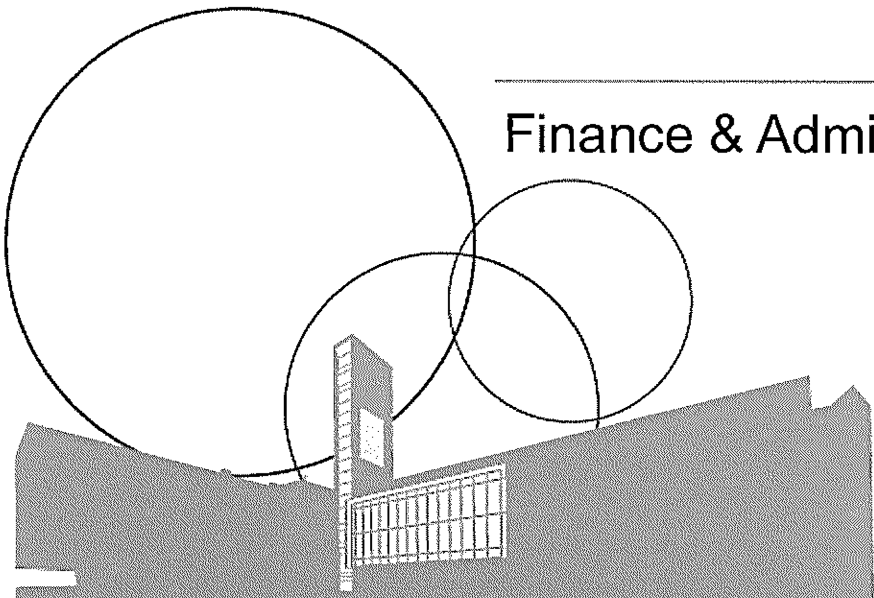
COMMUNICATION
F&A - Nov. 18/13
ITEM - 3

Capital Project Financial Administration and Reporting Policy

Finance & Administration Committee – Nov 18, 2013



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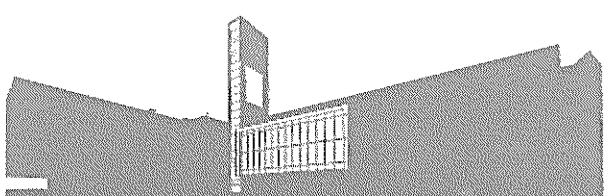
Agenda

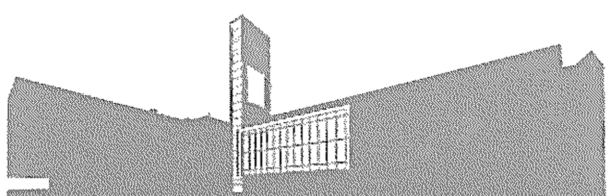
- Policy Intention
- Policy Update:
  - Department Collaboration
  - Senior Management Collaboration
- High Profile Capital Report Template



Policy Intention

This Policy is intended to provide a consistent and consolidated approach to capital project financial administration and reporting, which includes but not limited to:

- Managing capital projects in the best interest of the City
- Clarity regarding roles, authorization and accountability
- Integrate project financial risk assessment
- Flexibility to manage operational circumstances
- Communicate the status of approved capital projects
- Support the City's core values and corporate strategic themes

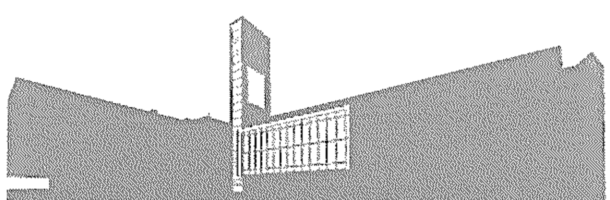


Policy Update – Department Collaboration

- Series of meetings were held over the summer, involving:
  - Manager, Capital & Reserve Planning
  - Director, Building & Facilities
  - Director, Engineering Services
  - Director, Parks Development
  - Director, Development & Transportation Engineering
  - Director of Internal Audit

Outcome:

1) Refinement of the language within the policy to provide more clarity for those guided by the policy
2) New Reporting Template (presented later in this presentation)



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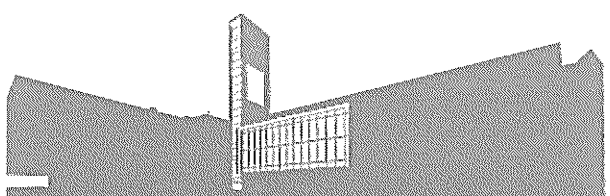
Policy Update – SMT Collaboration

Common Threads:

1. Contract and project management accountability is the responsibility of the source department or designated project manager.
2. A provision for work continuance in circumstances that require immediate resolution to prevent adverse outcomes was needed(section 8D).
3. $75,000 threshold in section 8A may be appropriate initially, with the potential to revisit at a later date.
4. Criteria for high profile project :continue with the criteria as projects assigned a high or extreme contingency should be few.
5. Refined the language contained within the document to provide greater clarification and fine tuning.
6. The revised High Profile Project Reporting Template was favored.



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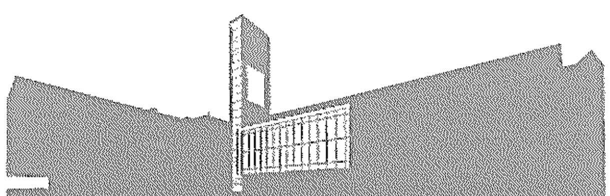
Reporting Template

The new report template incorporates some project management theory with financial reporting requirements.

Graphs were added to streamline the presentation of information while still allowing for expanded discussion on project activity to occur within the report.

The end result is a report that will provide the following:

- Information regarding budget and award revisions
- Change order tracking
- Risk and issue identification/mitigation efforts
- Project activity/milestone breakdown and schedule performance
- Project cost performance



Policy Result

Adoption of the Policy and Template will address some of the recommendations identified on the Construction Audit Report for The Vaughan City Hall (July 6, 2011)

- Contingency factoring
- Regular reporting of the project

Intended to Address

- Cash flow
- Change orders processing
- Institutional memory

Assists with

This policy is to be applied to High Profile Capital Projects

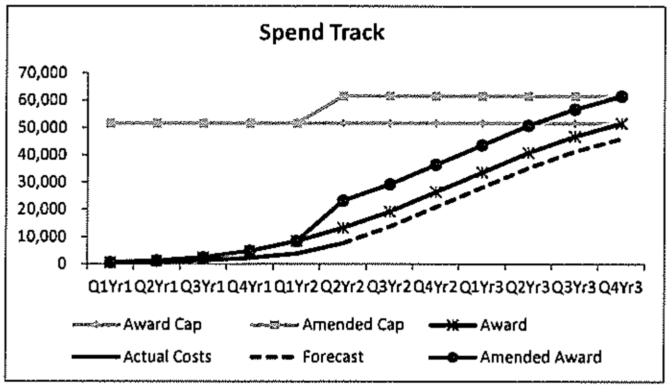
Q & A ?

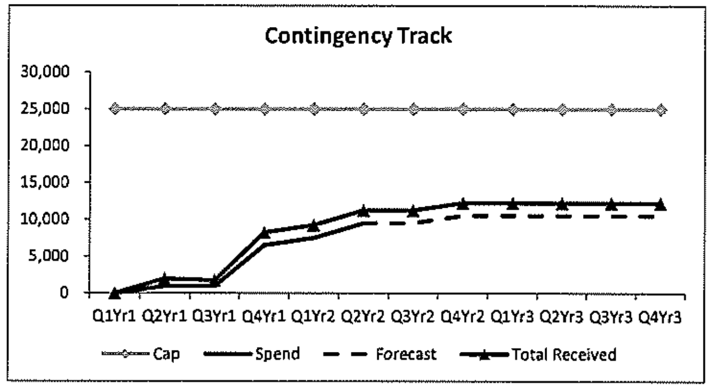
High Profile Capital Project - Status Report

Capital Project Name		**Ref #**	
Department		**Project Manager**	
Reporting Period Ending	Q2Yr2		

	Budget	*Amendment*	*Total Budget*	**Award*	*Amendment*	*Total Award*	*YTD Actuals + Commitments*	*Variance*
Original Amount			-			-	46,050	(46,050)
Original Incidentals			-			-		-
Original Contingency			-			-	9,500	(9,500)
Total	-	-	-	-	-	-	55,550	(55,550)

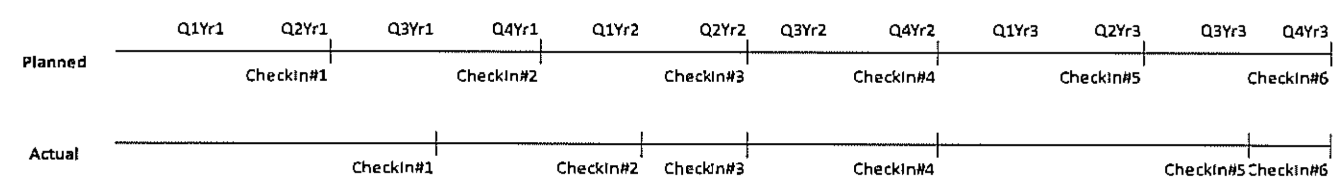
** Council authorized award spending issued as the planned value for status reporting e.g. (Award + Cont+ Incidentals+ etc), which may be less than approved budget*





Performance Highlights	
Progress to Date	**Approved Changes to Plan made during Period**
Area to highlight the progress of the project since the last reporting period with a summary of the ytd progress.	Area to highlight any changes that may have been approved during the time period.

Major Issues Encountered	**Risk-Management Status**
Area to highlight any major issues encountered since the last reporting period.	Area to highlight measures taken to address issues encountered; also to discuss the overall risk status of the project.



Project Timeline	**Plans for Next Period**
Area to discuss the projects timeline, highlighting any deviation from the planned timeline with discussion to the overall timeliness of the project (ability to complete as scheduled).	High level discussion on what is planned for the next period.

Appendix #1 – Contingency Matrix

Risk Factors	*Low*		*Med*	*High*	*Extreme*	
Points	0		1	2	3	
Complexity	Singular aspect /low difficulty		Moderate aspects & difficulty	High aspect & difficulty	Multiple aspects/extreme difficulty	
Scope/Outcome	Clearly defined		Defined with few identified prob.	Mostly defined - prob. uncertainty	Vaguely defined/open ended	
Experience	Expert		Familiar	New	Breakthrough	
*Duration of Project**	0-6 months		6 months-1 year	1-3 years	greater than 3 years	
Constraint/Delegation	Few/Primarily internal		Many/Primarily internal	Few/ Primarily External	Many/Primarily External	
Mgmt Level	Unit		Dept.	Commission	Multi-Commission	
Cost Element	Actuals/Signed Contracts		Quotes/Consult.reports	Benchmarks/Standards	Magnitude/Preliminary Estimate	
Total Point Range	*0-2*	3-5	6-10	11-16	17-19	20-21
Contingency %	*0%*	5%	10%	15%	20%	25%

*** from start of construction to operational**

For items high to extreme
- Invest time in a very detailed project plan
- Consider alternative approaches to reduce risk
- Describe risks are factors most likely to cause problems
- Invest time in documenting requests for resources