

Report to Council



Date: February 27, 2023
To: Council
From: City Manager
Subject: Value for Money Assurance Program
Department: Financial Services

Recommendation:

THAT Council approve the selected assurance engagements for 2023 in the report titled "Value for Money Assurance Program" and receive for information the proposed evolution of the Value for Money program.

Purpose:

To approve the 2023 Value for Money (VFM) Assurance projects and to provide an overview on the existing and proposed future of the Value for Money Assurance Program.

Background:

Consistent with the City's commitment to transparency and accountability to the taxpayer, the Value for Money Assurance program was created in 2018 to supplement the existing Internal Control program in order to enhance the organizational governance and ensure quality and value for money for City programs.

Goals of the program were identified as:

- Stewardship of civic assets
- Utilization of independent advisory services
- Promotion of public service transparency and ethics
- Demonstration of strong leadership

To date, 5 Value for Money Assurance engagements have been completed resulting in recommendations and actions to improve services and outcomes for the public.

Completed VFM Assurance Engagements:

- NAPA Operations – part of 2013 list, completed in 2019, presented to audit committee and Council in 2020
- Cemetery Operations – part of 2013 list, complete in 2019, presented to audit committee and Council in 2020
- Kelowna Community Theatre – part of 2013 list, completed in 2019, presented to audit committee and Council in 2020
- Rotary Centre for the Arts (RCA) – completed in 2021, presented to audit committee in 2021 and Council in 2022
- H2O Operations – completed in 2022, presented to audit committee in 2022

Discussion:

Staff maintain a list of proposed VFM projects and select those to be completed in each fiscal year. The process for determining projects is a 2-step process:

1. Projects were identified by Supervisors, Managers, Divisional Directors, City Manager and/or Council
2. Those identified projects were assessed against established risk criteria to rank the proposed list and identify areas of priority

The proposal for 2023 is to select 3 projects from the list below or to identify projects that have not been previously identified and prioritize them. Refer to Appendix 1 for the risk assessment results for these projects and Appendix 2 for a listing of the criteria used.

1. Library
2. Infrastructure deficit
3. Stores operations
4. Data analytics
5. 3rd party workorders
6. Security contracts
7. Ogogrow
8. Project management
9. Recreation coupons
10. Treasury process review - NEW
11. Public (community) safety - NEW

For 2023, staff propose the following projects be endorsed by Council:

Project	Description	Target Completion
Treasury Process Review	Determine if the treasury function is efficient and effective at maximizing our investment returns and managing associated risks.	April 30, 2023

Public (Community) Safety	Evaluate if the City of Kelowna’s community safety activities and expenditures are governed under a unified model to efficiently and effectively deliver community safety strategies and outcomes.	August 1, 2023
Project Management	Determine if project management methodologies and assumptions are applied to projects consistently and review related budget processes for multi-year projects to mitigate inflationary pressures.	November 30, 2023
Data Analytics	Assess how data is collected, managed, stored, and consumed to determine the need for improved data literacy and governance.	Deferred

In addition to selecting projects to be completed in 2023 and given the rapid growth of the City and growing programmatic output in the various divisions across the organization, there is the opportunity to enhance the Value for Money Assurance program to continue to provide transparency and accountability to our citizens as well as systematically manage organizational risks and improve practice.

Proposed enhancements to the Internal Control Program for the 2023 fiscal year are as follows:

- Continue performing engagements that focus on enhancement of internal controls and process improvement
- Raise the profile of the Value for Money Assurance program to include Council input prior to and during project selection, including approval of the annual engagement plan and presentation of resulting report/recommendations to Council
- Enhance the number of Value for Money Assurance engagements completed per annum
- Structure the Corporate Assurance team to meet professional audit standards including managing independence risks
- Integrate organizational risk management processes, and strategic planning processes to maximize value and utility of resources
- Conduct ongoing monitoring of implementation of historical recommendations through regular follow-up reports

A budget request will be brought forward as part of the 2024 budget process for consideration on growing this program. It is intended that this program be roughly cost neutral over time, as operational efficiencies should compensate for costs of completing the work.

Conclusion:

For 2023, 3 Value for Money projects are proposed above. Further, a budget proposal will be brought forward for consideration as part of the 2024 budget process to expand the Value for Money program.

Internal Circulation:

N/A

Considerations applicable to this report:

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Submitted by:

J. Sass, Finance Director

Approved for inclusion:

JS

cc: