

ADMINISTRATION RESPONSE - RESERVE FUNDS GOVERNANCE AND MANAGEMENT REVIEW

RECOMMENDATION

That the December 3, 2021, Financial and Corporate Services report FCS00857, be received for information.

Report Purpose
Information only

Executive Summary

Administration accepts the recommendations in the City Auditors' Reserve Funds Governance and Management Review report, and is currently implementing the City Auditors' recommendations.

REPORT

As part of its 2021 Annual Work Plan, the City Auditor completed a Reserve Funds Governance and Management Review. The objectives of the audit were to determine whether:

- A governance framework is in place to ensure that the City is using reserve funds for their intended purposes.
- The City is properly managing the use of reserve funds.

Recommendation 1: Update governing document to promote the consistent administration and use of reserve funds.

Administration accepts this recommendation.

Administration agrees with the finding and, in response, is updating City Policy C217D, Reserves and Equity Accounts, through the 2021 Reserves Review (Financial and Corporate Services report FCS00822), being presented to City Council on December 6, 2021. The updates create a cohesive framework of connected guidance that will provide overall governance for all City reserves and

ADMINISTRATION RESPONSE - RESERVE FUNDS GOVERNANCE AND MANAGEMENT REVIEW

enhance transparency for business areas. The update includes detailed reserve fund procedures to accompany the overall reserve policy. The amendments are summarized below:

- Clarity on reporting and reserve accountabilities through formal documentation in the governing reserve documents.
- Clearly identifying the requirement that all reserve transactions are to be approved in adherence with the City's Expenditure Accountability Framework. This will provide greater certainty on roles and accountabilities to approve reserve transactions, assurance that the expenditures are in alignment with the purpose of the reserve, and that sufficient funds exist within the reserve to accommodate the expenditure.
- Addition of a Reserves Register which will be a single reference document for all information related to a reserve. For each reserve, the Reserves Register will describe its purpose and type, provide a description and a list of supplementary guiding documents that help determine allowable and non-allowable expenditures. Supplementary documents include detailed reserve specific policies or the Council report that led to the approval of the reserve. The Reserves Register will also include other important information, such as the accountable branch, whether the reserve is interest bearing or has a minimum and/or target balance, and when the reserve was initially created. While this information existed before, it may not have been readily available in a single document making it challenging for individuals to locate the relevant guidance. The Reserve Register will provide Administration with a centralized database with consistent information on the use of reserves, as recommended by the City Auditor's report.

The updated policy and related procedure will create a more cohesive framework of connected guidance that will enhance transparency.

COMMUNITY INSIGHT

This report is to provide an Administration response to the City Auditors' Reserve Funds Governance and Management Review report; community insight was not undertaken for this report.

GBA+

This report is to provide an Administration response to the City Auditors' Reserve Funds Governance and Management Review report; GBA+ analysis was not completed for this report.