

MONITORING REPORT

Subject: Board Policy, A.3 Financial Planning and Budgeting

Prepared by: Danielle McDonald, Chief Executive Officer

Prepared for: Ottawa Public Library Board

Meeting of: May 14, 2012

Date of preparation: April 26, 2012

Executive Limitations Policy A3 Financial Planning and Budgeting was approved by the Board on February 25, 2002 and was last revised on September 12, 2011. It states:

Budgeting for any fiscal period or the remaining part of any fiscal period shall align with the Board Ends priorities, be fiscally prudent and show a generally acceptable level of foresight.

Accordingly, the CEO shall allow budgeting which:

- 1. Contains sufficient information to enable accurate projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.*

The Financial Services Unit (FSU) provides regular quarterly status reports on operations and capital to the Board's Finance and Budget Committee and subsequently to the Board for information. The FSU Account Manager provides OPL Division financial reports to senior management which are reviewed monthly at senior management meetings. OPL senior management utilizes these monthly reports to adjust the spending directives and approaches throughout the corporation based on year-end financial projections. In 2011, such measures identified a projected small year-end surplus after the second quarter and enabled senior management to closely

monitor spending behaviours to maintain the surplus through to the end of the fourth quarter. Library management is trained on the City of Ottawa's financial systems and are able to access reports to review and monitor all necessary budget information.

I report compliance.

- 2. Provides adequate information to support a full line program budget presentation.*

The Library budget is prepared in line-by-line detail and is available on request for a full line and/or program budget presentation. The FSU, in conjunction with Library management, regularly monitors and review budget detail on a monthly basis.

I report compliance.

- 3. Plans the expenditure in any fiscal year of less funds than are conservatively projected to be received in that period.*

All Library budgets are planned with expenditures and revenues to balance to a zero net expenditure. Any expenditure that falls outside of the budget is brought forward by staff to the Board and/or City Council for approval. In 2011 the net operating expenses were \$329,334 over budget with revenue over budget by \$386,120 at year-end as reported to the Board. The net surplus result was mainly attributable to a surplus from the Library operational budget.

I report compliance.

- 4. Presents comprehensive capital and operating budgets to the Board in accordance with approved City of Ottawa Council guidelines.*

All financial information provided to the Board adheres to approved City of Ottawa and Council guidelines.

I report compliance.

5. *Ensures that there is sufficient cash flow to maintain the current assets and operations at all times.*

In 2011, there was no requirement to reduce assets.

I report compliance.

6. *Maintains sufficient resources for Board prerogatives, such as costs of fiscal audit, external reporting to the public and external bodies, Board development, Board and committee meetings, and Board legal fees.*

In 2011, all resources were provided for Board prerogatives. The Board's own operating budget was 148.7% spent with Chief Executive Officer recruitment costs contributing to the majority of the overspend.

I report compliance.

6. *Reports on a quarterly basis all contract expenditures, valued at more than \$10,000 and less than \$100,000, awarded by the Ottawa Public Library.*

All purchase orders issued by the Library greater than \$10,000 are issued by the City's Supply Management Division, ensuring all purchasing policies and procedures have been met.

In accordance with this policy, a list of contracts valued at more than \$10,000 and less than \$100,000, awarded in each quarter of the fiscal year is reported in the subsequent Quarterly Financial report to the Board. The Board approves all contracts in excess of \$100,000.

I hereby present my monitoring report on Executive Limitations Policy A.3, Financial Planning and Budgeting. I certify that the information contained in this report is true.

Signed: _____
Danielle McDonald, CEO

Date: _____