



STAFF REPORT ACTION REQUIRED

11.

Financial Control Policy

Date:	November 22, 2010
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to recommend changes to the Financial Control Policy. The policy is reviewed on a periodic basis to ensure that it meets organizational needs and remains consistent with the City's Financial Control Policy.

There are five substantive changes being recommended at this time:

1. Addition of "Reporting of Certain Financial Information" provisions which specify the type of information required in the financial impact section of staff reports to the Board;
2. Amendment of the "Awards and Commitments" provisions. These amendments give the City Librarian the improved flexibility to delegate and determine the spending authority of staff, but maintain the same spending authority provided to the City Librarian by the Board;
3. Addition of "Toronto Public Library Foundation" provisions for the acceptance and spending of revenues from the Foundation;
4. Addition of "Other Revenues" provisions for the acceptance and spending of revenues not covered by any other provisions in the policy;
5. Addition of provisions for the "Sale and Disposal of Surplus Materials or Equipment".

As a result of the revisions to the Financial Control Policy, the Purchasing Policy is no longer required, and it is recommended that the Purchasing Policy be rescinded. As well, the City has rescinded its Selection and Hiring of Professional and Consulting Services Policy. Therefore, this report recommends that the Library rescind its Selection and Hiring of Professional and Consulting Services Policy. The Library's Procurement Processes Policy will be used to address the hiring of professional and consulting services.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves the revised Financial Control Policy (Attachment 1);
2. rescinds the Purchasing Policy; and
3. rescinds the Selection and Hiring of Professional and Consulting Services.

Implementation Points

A schedule of delegation of spending authority to staff will be prepared for implementation pending approval of the revised Financial Control Policy.

FINANCIAL IMPACT

This report will have no financial impact beyond what has already been approved in the current year's budget.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

The Financial Control Policy is reviewed on a periodic basis to ensure that it meets organizational needs, and remains consistent with the City's Financial Control Policy. The Library's policy was last revised in November 2004. The City approved a revised policy on October 27, 2009 as a result of its five-year review process. Toronto Public Library staff have now revised the Library's policy.

ISSUE BACKGROUND

Financial Control Policy

The Financial Control Policy establishes how the operating budget and capital budget for the Library Board is approved. The policy also establishes the Board's spending authority and, in turn, how the Board delegates its spending authority to the City Librarian. All expenditures of the capital and operating budgets are made in accordance with this policy. The policy is based on the City's Financial Control Policy and the City's Purchasing Policy with modifications to meet the Library's organizational requirements.

Purchasing

The Purchasing Policy was approved by the Board in 2000. In 2003, the Board rescinded all but two provisions (sections 10 and 12) of the Purchasing Policy after merging the other provisions into the Financial Control Policy. These remaining provisions, dealing

with the Sale or Disposal of Surplus Materials or Equipment, have been added to the revised Financial Control Policy. Therefore, the Purchasing Policy would no longer be required.

Selection and Hiring of Professional and Consulting Services

The Selection and Hiring of Consulting and Professional Services Policy (see: http://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2002/apr08/15_1.pdf) was approved by the Board in 2002 following the adoption of a similar policy by City Council. The City has since rescinded this policy, and the Library is following suit. The Library's Procurement Processes Policy will be used to address the hiring of professional and consulting services.

COMMENTS

Financial Control Policy

There are five substantive changes being proposed to the Policy:

1. Reporting of Certain Financial Information (Article 10)
These provisions now specify additional information required for the financial impact section of staff reports to the Board. Where applicable, reports should include: the cost of implementing the recommendation and the impact it would have in the current year and in future years; a list of sustainable funding sources; impacts on service levels; impact on staffing levels; cost savings and consistency with the strategic plan and/or fiscal priorities of the Board. These revisions are based on the changes to the City's policy provisions on financial information.
2. Awards and Commitments (Article 13)
These amendments to Article 13 give the City Librarian improved flexibility to delegate and determine the spending authority of staff, but maintains the same spending authority (up to \$500,000) provided to the City Librarian by the Board. The current policy only delegates spending authority to the City Librarian, the Library Treasurer, the Acquisitions Manager and the Directors. A less restrictive approach would improve Library operations. The new provisions in this article are based on the amended provisions in the City's Financial Control Policy (Spending Authorities) which permit the City Manager to delegate spending authority of up to \$500,000 to any division head.
3. Toronto Public Library Foundation Revenues (Article 21)
This new article contains provisions for the acceptance and spending of funds from the Foundation. This article was developed to meet the unique needs of the Library since the Library is one of the few agencies, boards and commissions, or City departments, to have a Foundation. With the recommended revisions, the City Librarian is authorized to accept and spend revenues from the Foundation, which are included in the funding priorities approved by the Board. The City Librarian may accept and spend revenues up to \$250,000, which are not part of

the funding priorities approved by the Board and items over \$50,000 will be reported to the Board by the Library Treasurer.

4. Other Revenues (Article 22)
This article contains the provisions for the acceptance and spending of revenues not covered by any other provisions in the policy. For example, the Library receives grants from time-to-time from the federal or provincial government to fund particular programs or projects. These types of grants are not covered elsewhere in the policy. The City Librarian may accept and spend such revenues up to \$500,000. The Library Treasurer will report to the Board revenue items in this category in amounts over \$50,000.
5. Sale or Disposal of Surplus Materials or Equipment (Article 23)
This article gives the Purchasing Agent authority to dispose of surplus library materials or equipment. Both the Purchasing Agent and the appropriate Director must decide that the materials or equipment do not meet the needs of the division. The items are then disposed of through auction, solicitation or other means. This addition to the Financial Control Policy replaces the remaining clauses of the Library's Purchasing Policy. This new article mirrors the City's Purchasing Policy provisions which give division heads and the Chief Purchasing Official similar authority.

Other minor changes have also been made to the revised policy including the renumbering of articles.

The revised policy has been reviewed by City legal counsel.

CONTACT

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SIGNATURE

Jane Pyper
City Librarian

ATTACHMENTS

Attachment 1: Financial Control Policy