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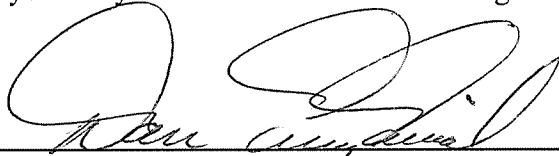


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Halifax Regional Council
July 13, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Deputy Chief Administrative Officer

DATE: July 8, 2004

SUBJECT: Capital Budget Transfer

ORIGIN

This report originates with staff as a result of:

- anticipated changes to the Canadian Institute of Chartered Accountant's (CICA) Public Sector Accounting Board's (PSAB) recommendations
- project tracking challenges relating to some capital projects

RECOMMENDATION

It is recommended that:

Regional Council approve a transfer of \$505,800 from the capital budget to the operating budget as outlined in the Budget Implications section of this report.

BACKGROUND

On July 6, 2004, Council approved the following motion:

“Financial statements in compliance with the CICA’s Public Sector Accounting Board’s (PSAB) recommendations be prepared for the fiscal year ending March 31, 2005 with quarterly updates to Council in conjunction with the quarterly reports throughout fiscal 2004/05.”

PSAB recommendations for Tangible Capital Assets (PS3150) currently apply only to federal, provincial and territorial governments, but within a few years, staff have been advised that they will apply to local governments as well. When HRM implements this recommendation, the definition of a Capital Asset will be much more stringent than the one contained in Service Nova Scotia and Municipal Relations’ Municipal Accounting and Reporting Manual. Therefore, there will be significant impacts on the way we budget and account for capital projects. The review of those impacts and the action plan for dealing with them needs to commence immediately to meet target dates.

In addition, staff have been working to find a solution for enhanced capital project tracking for RPAM. Several of their capital projects have a number of sub-projects associated with them and the design of the financial system did not contemplate tracking projects at the more detailed level. The solution presently in place is very labour intensive for both Financial Services and RPAM staff and has limited reporting capabilities. Additionally, many of these sub-projects will not fit the more stringent definition, once we are required to comply with the PSAB recommendations for Tangible Capital Assets.

DISCUSSION

Financial Services approached RPAM to take advantage of this opportunity to begin looking at a plan for future compliance with section PS3150 and to make more efficient use of staff resources in 04-05, with its many budget pressures.

In an effort to make more efficient use of staff resources and to take an initial step toward compliance with the PSAB recommendations for Tangible Capital Assets, staff are recommending that \$505,800 be transferred from the capital budget to the operating budget for 2004-05.

The planned work will still be carried out within RPAM’s operating budget. Consistent with other work carried out by RPAM operations, work orders can be used for project tracking and reporting, thus making more efficient use of staff resources. Staff will be able to provide more efficient reporting for Councillors on individual projects. Future budgets will continue to provide breakdowns on planned improvements and upgrades to RPAM facilities.

The sub projects included in this transfer have been reviewed by Financial Services and it has been determined that they were appropriate for transfer. They would not qualify as tangible capital assets after the implementation of the PSAB recommendations.

BUDGET IMPLICATIONS

The transfer will reduce the approved 2004-05 capital budget by \$505,800. The operating budget for RPAM will be increased by \$505,800, with an offsetting reduction in 2004-05 "Capital from Operating". As such, there will be no net impact on the 2004-05 operating budget. No work on projects approved by Council will be altered due to this change.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

Council could decide not to approve the transfer.

ATTACHMENTS

None

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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