

Financial Review Audit

ISSUE

The Independent Office of the City Auditor (Office) is providing a detailed audit report on the Financial Review.

BACKGROUND

The [2023 Audit Plan](#) was presented to and approved by the Standing Policy Committee on Finance on May 3, 2023 which included the Financial Review engagement. The terms of reference for the Financial Review were presented and approved by the Standing Policy Committee on Finance at the [August 7, 2024](#) regular meeting.

The Office engaged Ernst & Young LLP (EY) as external experts to conduct this audit under the direction of the former City Auditor. The Financial Review field work and development of the report was completed over the past several months by EY while the City Auditor position was vacant.

DISCUSSION/ANALYSIS

The objective of the audit was to provide an independent assessment of the City of Saskatoon's (City's) financial health (including comparison with selected municipalities, where applicable) and provide recommendations for improvement that could support the City's financial sustainability. The full Financial Review analysis, insights and report can be found in Appendix 1. The audit focused on three main areas:

1. Comparative Financial Assessment
2. Analysis and Insights of Expenditure Growth
3. Budget Process Assessment.

Based on the work performed, six opportunities for improvement were identified. The Administration's responses include commitment to research the recommendations further and report back to the Committee and/or City Council in the future. While the full Administrative responses can be found in Appendix 2, the following is a summary of the Administration's action plans:

1. **Improved Contingency Funding:** Administration will present funding options for the City's stabilization reserve (Target: end of 2025).
2. **Alternative Revenue Tools:** Administration has conducted previous assessments in this regard and no further action is planned unless directed by the Committee and/or City Council.
3. **Process Automation:** Administration will conduct an internal review of automated solutions and perform a jurisdictional scan related to the use of integrated financial planning tools (Target: end of 2026).
4. **Integrated Driver Based Planning Model:** Administration will include this as part of the jurisdictional scan noted in #3 (Target: end of 2026).

5. **Value Based Outcomes Assessment:** Administration continues to advocate for the City Auditor to conduct Value for Money reviews.
6. **Priority Based Planning and Predictive Analytics:** Administration will research and report back on Priority Based Budgeting (Target: end of Q1 2025). In terms of predictive analytics, the Administration is working on building its standards and strategy around various AI, advanced data analytics, and automation capabilities. Further research will be performed as part of recommendation #3 (Target: end of 2026).

FINANCIAL AND OTHER IMPLICATIONS

The Administration will incorporate any financial implications into future business plans and budget submissions, as required.

NEXT STEPS

The City Auditor's Office will follow-up with the Administration on their action plans, dependent on the associate timelines. Status updates will be provided to the Committee in the future, as appropriate.

APPENDICES

1. Financial Review – Audit Report
2. Financial Review – Admin Responses

REPORT APPROVAL

Written and approved by: Nathan Thomson, City Auditor