

July 21, 2025

Financial Roadmap

The City of Red Deer has partnered with KPMG to develop a financial roadmap aimed at strengthening its financial management. This work is focused on increasing transparency, enhancing accountability, and building public confidence in how tax dollars are managed and spent.

1. What is the Financial Roadmap?

Major components of this project include:

- Evaluate The City's current state of financial governance and management
- Prepare an agreed upon future state vision for The City's financial function and capabilities to anchor the project and support future change efforts
- Establish initial benchmarking indicators to inform a future financial health scorecard.
- Develop a long-term financial model to assess future financial needs
- Consolidate recommendations for improvement of The City's financial function and performance
- Prepare an implementation roadmap to support successful implementation of the identified recommendations
- Provide a 20-year budget scenario modelling tool to help forecast and plan for long-term financial decisions.
- Establish baseline municipal benchmarks and financial indicators to support a future financial health scorecard.

2. Why was this work undertaken?

The City of Red Deer initiated the Financial Roadmap to strengthen its long-term financial resilience. The goal was to assess and improve the maturity of The City's financial management and governance. This work provided a foundational framework to guide improvements in financial performance, transparency, and accountability – helping ensure The City can make informed, strategic decisions about how public funds are managed now and into the future.

The work was also in response to Council's direction to develop a Financial Management and Financial Governance Maturity Plan, which includes specific areas such as service level reviews, revenue enhancement, reserve usage, and a long-term capital plan. These priorities informed the scope and direction of the Roadmap.

3. How was the Roadmap developed?

In January 2025, The City engaged KPMG to develop the Roadmap. They worked alongside a City Steering Committee throughout the project. Other City staff, along with Council were engaged as needed throughout the project.

4. What are the key findings outlined in the Roadmap?

The financial roadmap project assessed several key areas of The City's financial management in a Current State Assessment. The findings outlined critical areas of focus to improve financial maturity and long-term resilience.

It's important to note that The City continues to meet all legislated financial and accounting requirements, and public funds are being managed responsibly. These findings do not indicate misuse or mismanagement of taxpayer dollars. Instead, they highlight opportunities to modernize systems, clarify policies, and strengthen practices to ensure we are operating as efficiently and transparently as possible.

Key findings include:

- Identifying key areas of focus in areas such as budget and financial planning policies, asset and debt management, financial reporting, and the integration of financial systems.
- Identified potential improvements in policies related to revenue management, reserves, risk, and performance measurement, as well as organizational roles and responsibilities.
- Overall, identified several opportunities for improvement across the organization.

These findings provide a valuable roadmap for strengthening how The City plans for, monitors, and communicates about its finances – ultimately building public trust and ensuring we can continue to deliver high-quality services in a sustainable way.

5. What are the key recommendations outlined in the Roadmap?

The Roadmap outlines seven opportunities for improvement across four focus areas:

Focus Area	Opportunity for Improvement
Policies	1. Strengthen financial policies and compliance
Organizational structure and resources	2. Increase financial collaboration
Financial reporting	3. Develop data management strategy 4. Standardize financial reporting processes
Financial systems	5. Develop integration strategy 6. Increase utilization of systems 7. Confirm future state capabilities

6. How will The City implement the recommendations in the Roadmap?

Administration will work to prioritize actions based on anticipated benefits, readiness, and available resources.

7. What is The City already doing to address the findings in the Financial Roadmap?

While the Financial Roadmap outlines long-term recommendations, The City has already started implementing several initiatives that respond directly to the report's findings. These include improvements to financial policies, systems, leadership, and reporting practices.

Examples include:

- Recruiting a permanent Chief Financial Officer (CFO) and securing interim leadership through fractional CFO services.
- Updating key policies such as Offsite Levies, Utilities, and Electric and Water utility policies, with more updates underway.
- Launching zero-based budgeting for parking services in the 2026 budget and aligning service review work through the Community Compass Master Plan.
- Initiating a full 10-Year Capital Plan review, with a report to Council expected in August 2025.

- Implementing the new EPM budgeting software, which will improve efficiency, reduce errors, and support better financial forecasting in Budget 2026.
- Enhancing financial collaboration through organizational restructuring and role clarity across departments.
- Working toward more standardized and transparent financial reporting processes.

These efforts are already helping The City strengthen financial leadership, modernize tools and systems, and improve how information is shared with Council and the community.

8. What does financial maturity mean?

Financial maturity refers to how well an organization manages its financial processes, systems, and decision-making in a structured, strategic, and sustainable way.

Improving The City's financial maturity means:

- Having clear, consistent financial policies and procedures
- Using integrated systems that provide accurate, timely financial information
- Ensuring staff have clear roles and responsibilities related to financial management
- Making data-driven financial decisions aligned with long-term goals
- Communicating financial information clearly to the public and decision-makers

Essentially, it's about moving from reactive or basic financial practices to a more proactive, accountable, and strategic approach that supports long-term stability and public trust.

9. How will the Roadmap affect that upcoming budget?

Preparations for Budget 2026 are already underway, but we will work to consider the recommendations of the Roadmap as we continue our planning for this year's budget.

As we move forward with the implementation of the Roadmap, it will influence the planning and implementation of future budget cycles.

10. How will progress on the Roadmap be tracked?

Administration will provide quarterly updates to the Audit Committee on progress toward implementing the Financial Roadmap recommendations. These updates will help ensure transparency, accountability, and alignment with strategic priorities.

For more information, contact:

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