

Service Plan for Financial Services

2016-2019
(2019)

Capital Regional District

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1 Overview

1.1 Division & Service Summary

The Financial Services division guides the organization in utilizing its financial resources in a secure and efficient manner. Financial Services provides financial leadership and direction to all departments and divisions within the Capital Regional District.

Specific functions administered by Financial Services include: budgeting, five- year financial plan, investing and safeguarding financial assets, payroll, financial reporting, financial statements, and direction of external audit/accountability engagements.

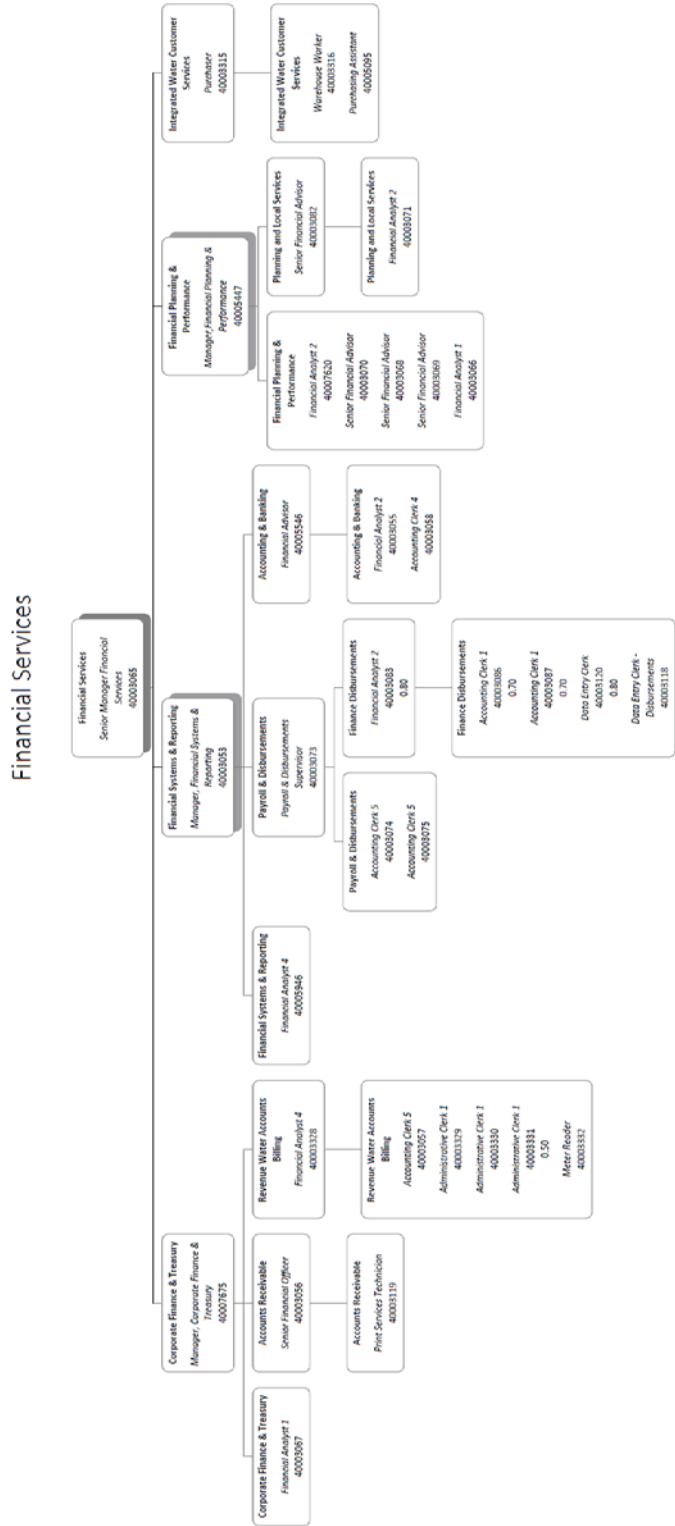
Activities performed by Financial Services include: administration of short and long-term borrowing, banking, treasury, revenue services, procurement, accounts receivable, accounts payable, integrity of financial systems policies, procedures & guidelines, financial information systems, development of financial bylaws, billing, and mail services.

Financial Services is also responsible for co-ordination of various local services, such as library services and volunteer commissions.

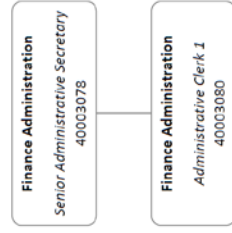
The Financial Services division serves the entire organization in each service category. The service areas vary in size and activity impacting the scope of work required by Financial Services. A base financial infrastructure exists for all services to meet legislative and regulatory standards and assist the Board in meeting their fiduciary responsibilities for the stewardship of the organization’s assets.

Service Purpose, Role or Overview	Participants	Funding Sources	CRD Board Committee and/or Commission Reporting Structure
<p>Comprehensive Financial Services</p> <p>Administration of short- and long-term borrowing, banking, treasury, revenue services, procurement, accounts receivable, accounts payable, integrity of financial systems policies, procedures & guidelines, financial information systems, development of financial bylaws, billing, and mail services.</p>	<p>All municipalities, Electoral Areas, First Nations</p>	<p>Requisition, Allocations and Grants</p>	<p>Finance Committee</p> <p>Electoral Areas Services Committee</p> <p>Local Services Commissions (Utilities, Recreation, etc.)</p> <p>Parcel Tax Review Panel</p>

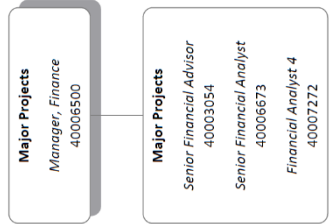
1.2 Organization Chart



Finance Administration



Major Projects



1.3 Key Trends, Issues & Risks – Service Specific

- Continued development of the CRD's 5-year plan, policies, and developing long-range service delivery assumptions and financial models
- Increased demand for financial monitoring and reporting for new and growing service areas along with quarterly capital reporting
- Increasing emphasis on value for money analysis and increasing demand for budget details resulting in a shift to more performance-rated metrics, requiring redesign of current reporting infrastructure
- Improve the ability to report on and forecast reserve balances to meet the need of long-range funding, in alignment with corporate asset management framework
- Increased demand for finance to assist departments with financial analysis and advice
- Increased demand for financial policy development, implementation, guidance and interpretation
- Dynamic fiscal stewardship responding to changing economic factors
- Continue to collaborate on strategic ERP system development, in partnership with Information Technology, in support of more dynamic data analytics and easier to use interfaces
- Continue to improve, in partnership with human resources, payroll processing, data management and reporting, enhancing human resource and payroll services provided to the organization's employees
- Continued changes in accounting standards and reporting (i.e. Public Sector Accounting Boards) requiring financial services system and process changes to adhere with standards
- Increased scope and quantity of complex infrastructure projects along with a greater focus on asset management has increased the demand to evolve decision-making processes, support future investment and build creative financing strategies. As a result, demand for enhanced controls and reporting on key performance indicators has become a greater priority.
- Knowledge loss has occurred due to employee turnover; there is a transition period as new employees learn about the organization and their job duties.

1.4 Link to Board Strategic Priorities

The Division will provide support to all departments across a variety of services on corporate projects and in support of core service delivery, and as such may have a role in supporting numerous priorities. Specifically, the division has a direct link to the following priorities:

CORPORATE DEVELOPMENT

- Evaluate the use of innovative technologies and corporate support systems for continuous improvement and effective service delivery
- Ensure CRD service delivery is effectively supported through the development of best practices
- Enhance and ensure effective financial and audit reporting practices
- Support continued investments in workforce education, training and development

2 Services

2.1 Service Levels

Service Level Adjustments in Role/Scope		
Service	Base Year	Year 4 (2019)
<p>Financial Accounting & Reporting</p> <p>Provision of accurate and timely financial reporting through periodic and annual financial statements according to the established schedule and policies and procedures</p> <p>Compliance with external legislative requirements (i.e. CRA GST, PSAB) and audit standards</p> <p>Annual year-end audit program</p> <p>Corporate financial standards and internal control compliance</p>	<p>Annual financial statements prepared and approved by June 30, including Management's Discussion and Analysis (MD&A)</p> <p>Daily transaction processing with standard financial reports distributed by the 6th working day of the month for all services</p> <p>Improve financial reporting to include financial indicators</p> <p>Implement public sector accounting standards (PSAB), as required</p>	<p>Review and Assess</p> <p>Adoption of PS 3420, Inter-entity Transactions, PS 2200, Related Party Disclosures, PS3210 Assets, PS 3320 Contingent Assets, PS 3380 Contractual Rights and PS3430 Restructuring Transactions</p> <p>Quarterly reporting to Board of Directors - Operating</p> <p>Change to audit timing to meet legislative requirement</p>
<p>Financial Planning & Budgets</p> <p>Preparation of operating/capital budgets for the provision of 200+ services</p> <p>Financial advice and support to operating departments</p> <p>Preparation of financial bylaws</p> <p>Debt Management</p>	<p>Annual budget preparation for over 200 CRD services</p> <p>Financial monitoring</p> <p>Preparation of new 5-year financial plan</p> <p>Development of financial plan and financial bylaws</p> <p>Ongoing financial advice on operating and capital budgets</p> <p>Expand and enhance budget review documentation</p> <p>Tax requisitions and invoices</p> <p>Management research and analysis</p> <p>Design standardized budget documentation and extend available schedules and background information</p> <p>5-year Capital Plan improvements to align with corporate strategies - included risk, climate action, cash flow details</p>	<p>Review and Assess</p> <p>Complete implementation of BPC module for 2020 budget cycle</p> <p>Improve business processes and reporting related to BPC</p>

<p>Financial Planning & Budgets, Con't</p>	<p>Cross departmental collaboration on process optimization with legislative services</p> <p>Implement SAP Business Planning & Consolidation (BPC) module to improve and streamline budgeting processes, increase customer satisfaction, and allow for improved reporting</p>	
<p>Performance</p>	<p>Provide financial measures and monitoring to support cyclical corporate performance reporting</p> <p>Recommend performance centric practices and reporting</p>	<p>Develop recommendations for corporate performance measures to be integrated into regular corporate reporting</p>
<p>Division Financial Advisory Services</p>	<p>Provide financial services management, business process management and training/support services to 200+ services</p>	<p>Realignment of responsibilities and repositioning of work activities through divisional re-org to implement enhanced advisory service delivery</p>
<p>Capital Assets</p> <p>Maintain asset reporting systems and assist in asset sustainability for CRD services</p> <p>Year-end depreciation analysis of capital assets</p>	<p>Managing the addition/deletion of tangible capital assets in CRD departments</p> <p>Annual depreciation calculations</p> <p>Asset management inventory support and asset funding analysis</p>	<p>Support implementation of organizational asset management strategy and framework relating to financial strategies and asset health measures</p>
<p>Payroll</p>	<p>Bi-weekly processing and reporting of payroll</p> <p>Process on average 6 periodic updates to payroll system for legislative and financial system upgrades</p> <p>Implementation of electronic pay stubs</p>	<p>Adjust to meet service delivery needs, as required</p> <p>Implementation of electronic T4's</p>
<p>Financial Systems</p> <p>Assist in the development of business processes for the financial system</p> <p>Provision of financial expertise and analytical support to business units</p> <p>Ensure all financial records are captured accurately in SAP</p>	<p>Integration of approx. 100,000 annual transactions reporting into corporate financials</p> <p>New GL implementation</p>	<p>Standard reporting catalogue and related testing</p> <p>Standardization of Procure-to-Pay system processes</p> <p>Review and Evaluation of FICO Derivation Rules</p> <p>Master Data Clean Up Project</p> <p>Automation of Annual Balance Carry-Forward</p> <p>Automate Statement of Financial Information (SOFI)</p>

<p>Revenue</p> <p>Billing, collection, forecasting and reconciliation of CRD revenue</p>	<p>Monthly and quarterly billing and collections for over 25,000 customers, generating over 145,000 utility invoices annually.</p> <p>Electronic billing to improve customer satisfaction</p>	<p>Adjust to meet service delivery needs, as required</p> <p>Implement Pre-authorized Debits as a payment option to address customer demands</p>
<p>Procurement</p> <p>Oversee supply chain management for Integrated Water Services (IWS)</p> <p>Provide procurement advice to all departments</p>	<p>Process approx. RFPs, RFQs, tenders & contracts</p>	<p>Review and Assess</p> <p>Inter-departmental evaluation of the validity of centralized procurement</p>
<p>Treasury</p> <p>Manage short- and long-term investments and cash on hand</p> <p>Manage long-term debt financing</p> <p>Provide competitive return on investments while maintaining the security of investment principal</p>	<p>Ongoing investment and cash management</p> <p>Investment updates to Board</p> <p>Updated Investment Policy to include Socially Responsible Investing</p> <p>Fixed 25-year borrowing through MFA for Summit Project</p> <p>Internal borrowing to reduce external debt servicing costs</p>	<p>Adjust to meet service delivery needs, as required</p> <p>Review and amend internal interest framework and establish internal borrowing bylaw practices</p>
<p>Accounts Payable</p> <p>Payment to suppliers of operating and capital expenditures</p> <p>Internal controls and systems over the organizations expenditures and coding of those expenditures</p>	<p>Weekly cheque and EFT run produces vendor payments a year</p> <p>Core Area Liquid Waste Management Plan</p> <p>Manage cash flow through payment terms</p>	<p>Implement procure-to-pay process and control improvements</p>
<p>Banking</p> <p>Coordinate all CRD banking activities</p> <p>Processing payments and electronic banking transactions of CRD expenditures</p> <p>Banking reconciliations</p>		<p>Implement Electronic Cheque Deposits</p>
<p>Billing, Mailing & Printshop</p> <p>Provision of utility billing, bulk printing and in-house reprographics services and CRD mail and courier services</p>	<p>Ongoing reprographics service delivery and mail/courier services</p>	<p>Adjust to meet service delivery needs, as required</p>

2.2 Workforce Considerations

Service	Base Year	2016	2017	2018	2019
Financial Services	37	38.5*	36.5	37.5**	37.5
Term Positions	0	0	2	4	4

* Reallocation of existing FTEs to support Core Area Wastewater Treatment Project and Asset Management Initiatives.

** 2.0 FTE added to support Core Area Wastewater Treatment Project (4 year term) and 1.0 FTE to be added to support Senior Financial Advisors to provide operations with additional financial advice and support, reduce overtime for the department, and improve noted deficiencies.

3 Divisional Initiatives & Budget Implications

Title & Estimated Completion Date	Description	Priority	Budget Implications
2019			
Core Area Liquid Waste Management Plan	<p>The WTP requires appropriate support to ensure financial controls and financial reporting is accurate and timely.</p> <p>The support roles will implement appropriate financial controls, produce monthly financial reports, and administer an increased volume of transactions. The finance support will also process, report on and manage grant funding claims for various funders. They will administer the bylaw authorizations, financing requirements, and manage the cash flow requirements. The roles will perform ongoing analysis of WTP performance.</p>	Integrated waste management	Realignment of existing staff resources
Improved Financial Reporting	<p>Timely and accurate financial reporting assists in improved decision making throughout the organization. Quarterly variance reporting to the board will allow for more transparency and is foundational for performance management. It also allows for better controls and will align with board delegated authority, along with improved year-end efficiencies.</p> <p>Focus on:</p> <ul style="list-style-type: none"> Quarterly reporting to Board of Directors - Operating Change to audit timing to meet legislative requirements. 	Public engagement and communications	Core budget

Finance Policies Review and Update	Periodic review of finance policies (every three years) to verify validity and completeness and assess the need for additional policies to provide financial guidance to CRD employees and volunteers		Core Budget
Review Capital and Operating Reserves for Appropriate Levels	<p>In partnership with Asset Management, review best practices and industry benchmarks to assess appropriate reserve balances, which have been established to fund capital and mitigate future risk</p> <p>Develop policies to ensure standards are set within the organization and reserve balances are met and maintained</p>		Core Budget
Automation of Finance Processes and Systems	<p>In partnership with IT, Finance will document and review current manual processes and explore ways to improve and create efficiencies and reduce the probability of errors.</p> <ul style="list-style-type: none"> • Automation of Statement of Financial Information (SOFI) – currently manual process • Implement SAP BPC • Standardized fuel cards to enhance internal controls and allow for improved GHG reporting 		Core Budget
Upgrade Budgeting Application	<p>Current budgeting application is over 16 years old and requires an update to ensure it meets modern standards and requirements</p> <p>In partnership with IT, implement BPC to provide an improved budgeting platform to increase efficiencies and accuracy of budget process</p>		Core Budget
Pre-Authorized Debit for Utility Customers	For several years utility customers have been requesting Pre-Authorized Debits. With IT, Finance will review current technology and standards to provide customers with alternative payment options. This will allow CRD to meet customer demands and update to current technology.		Core Budget

4 Goals & Performance Indicators

Service Goals	Indicators or Measures
Comply with legislation and statutory requirements	<ul style="list-style-type: none"> Design and manage financial planning process to ensure the Budget is prepared for final Committee and Board review by March 31 of each year. Financial Statements, Statement of Financial Information, and Audit Findings Report approved and submitted by June 30th of each year
Provide specialized support and information for decision making	<ul style="list-style-type: none"> Standard financial reports distributed by the 6th working day of each month for 95% of services Quarterly reporting (Q2-Q4) to Board
Continuous improvement of financial planning, tools and processes	<ul style="list-style-type: none"> Fully funded reserve balances and 5 year capital plan Sustainable asset funding plans in place* Number of awards or nominations received annually* # of financial policies reviewed and updated annually
Guide efficient and secure use of financial resources	<ul style="list-style-type: none"> Minimize days of accounts receivable outstanding Maximize return on investment Minimize length of time inventory is on hand Maximize cash flow by optimizing vendor payment terms

* = Corporate indicator – multiple divisions may contribute to this measure

Additional Indicators for Financial Services:

Indicators	2014 (actual)	2015 (actual)	2016 (actual)	2017 (projected)	2018 (projected)	2019 (projected)
Overall Accuracy of Budgeted Surplus / Deficit to Actuals			92.1%	92.5%	93%	93%
Accuracy of Estimated Surplus / Deficit to Year End			98%	98%	98.5%	98.5%
Frequency of on time delivery of R&E reports to all the stakeholders	98%	98%	100%	100%	100%	100%
Number of Days to Perform Periodic Close				12	10	10
Fully funded reserves by service					TBD	100%
Financial policies reviewed annually				33%	33%	33%
Average Age (in days) of Outstanding Accounts Receivable				0	0	0

Average Return on Investment	1.55%	1.46%	1.42%	1.45%	1.52%	1.52%
Average Inventory Turns per Year	1.8	1.7	2.0	2.0	2.25	2.25
On Time Vendor Payments				71%	85%	88%
Number of Payroll Defects Annually				10	7	7

**KPIs removed as they are no longer relevant or valid*

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