

# Service Plan for Financial Services

2016-2019

(2018)

Capital Regional District

***Date Updated: Fall 2017***



Making a difference...together

## Table of Contents

1	Overview.....	1
1.1	Division & Service Summary .....	1
1.2	Organization Chart.....	2
1.3	Key Trends, Issues & Risks – Service Specific .....	2
1.4	Link to Board Strategic Priorities.....	3
2	Services .....	3
2.1	Service Levels.....	3
2.2	Workforce Considerations.....	7
3	Divisional Initiatives & Budget Implications.....	7
4	Goals & Performance Indicators.....	9

# 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, ~~banking, treasury, investing and safeguarding financial assets, administration of short and long-term borrowing, revenue services, procurement, accounts receivable, accounts payable, payroll, financial reporting and financial statements, direction of external audit/accountability engagements, integrity of financial systems policies, procedures & guidelines, contracts, financial information systems, grants management and development of financial bylaws, billing and mail services.~~

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.

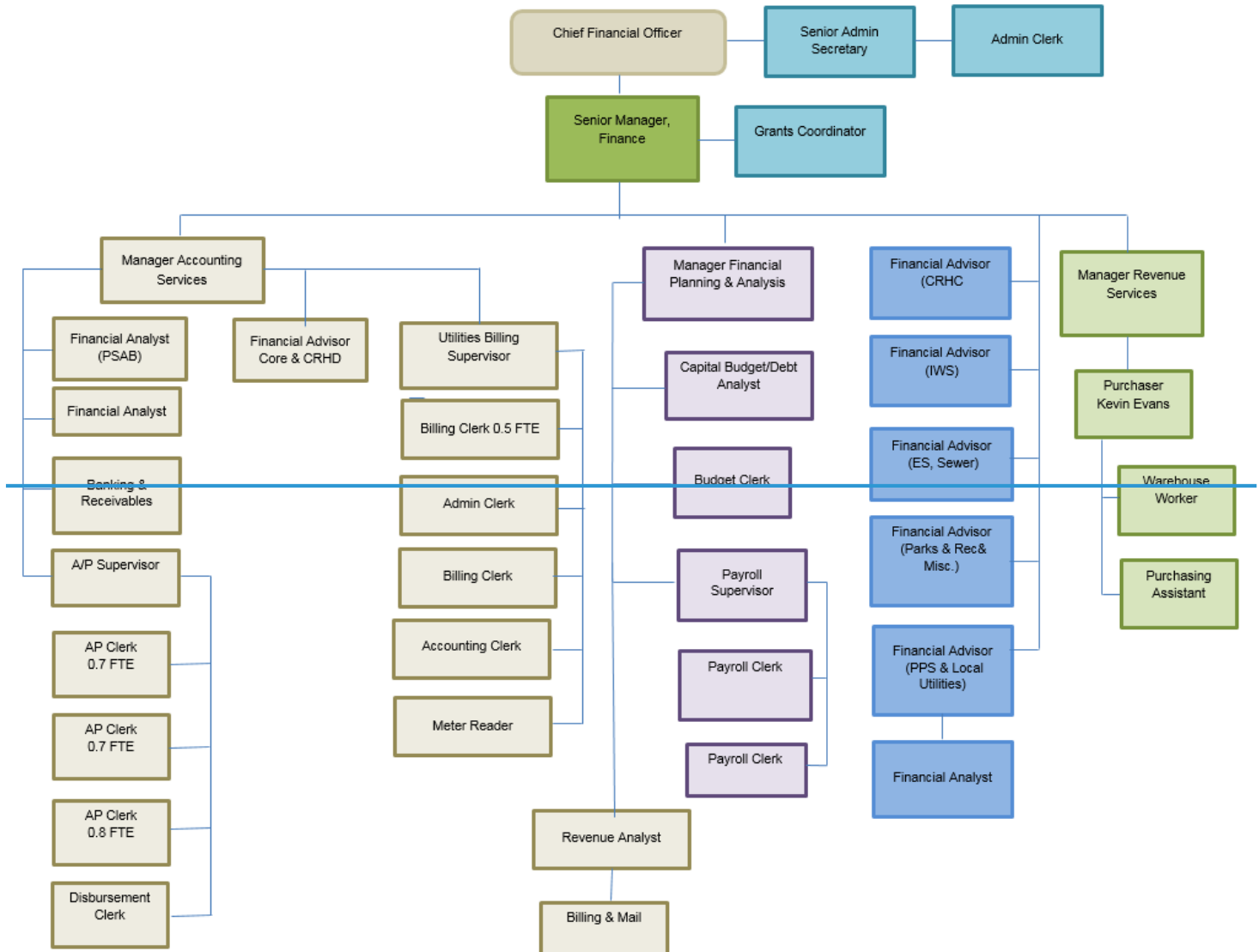
Financial Services is also responsible for co-ordination of various local services such as library services and volunteer commissions.

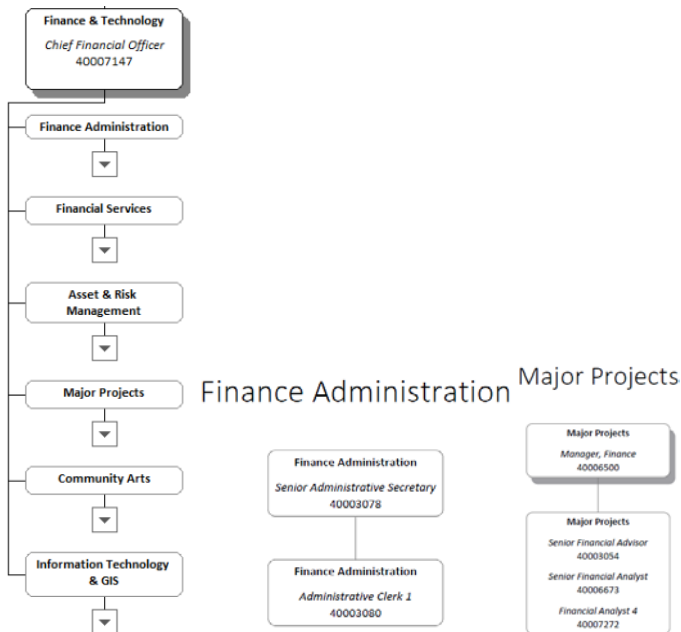
The Financial Services division serves the entire organization in each service category. The ~~organization~~-service areas vary in size and activity impacting the scope of work required by Financial Services. ~~However,~~ Aa base financial infrastructure must exists for all services to meet legislative and regulatory standards and assist the Board in discharging 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
-----------------------------------	--------------	-----------------	---

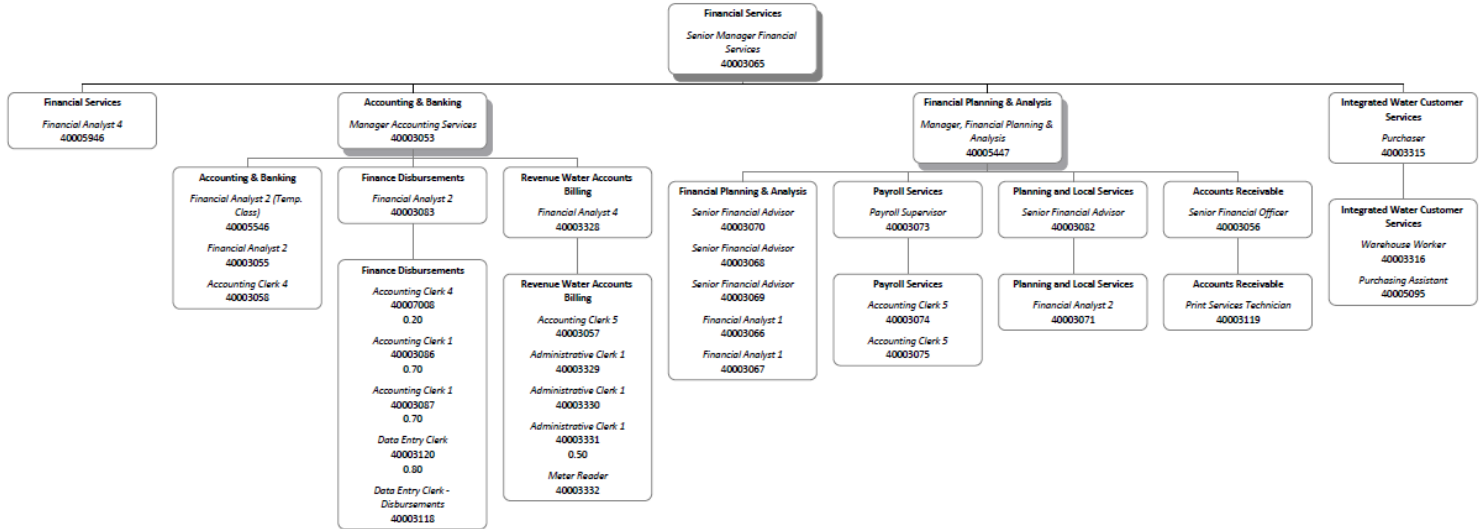
<p><b>Comprehensive Financial Services including:</b></p> <p><u>Administration of short and long-term borrowing, banking, treasury, revenue services, procurement, accounts receivable, accounts payable, integrity of financial systems policies, procedures &amp; guidelines, financial information systems, development of financial bylaws, billing, and mail services</u></p> <p><del>Financial Accounting &amp; Reporting, Financial Planning &amp;</del></p>	<p>All municipalities, Electoral Areas, First Nations.</p>	<p>Requisition, Allocations and Grants.</p>	<ul style="list-style-type: none"> <li>• Finance Committee</li> <li>• Electoral Areas Services Committee</li> <li>• Local Services Commissions (Utilities, Recreation, etc.)</li> <li>• Parcel Tax Review Panel</li> </ul>
---	--	---	--

## 1.2 Organization Chart

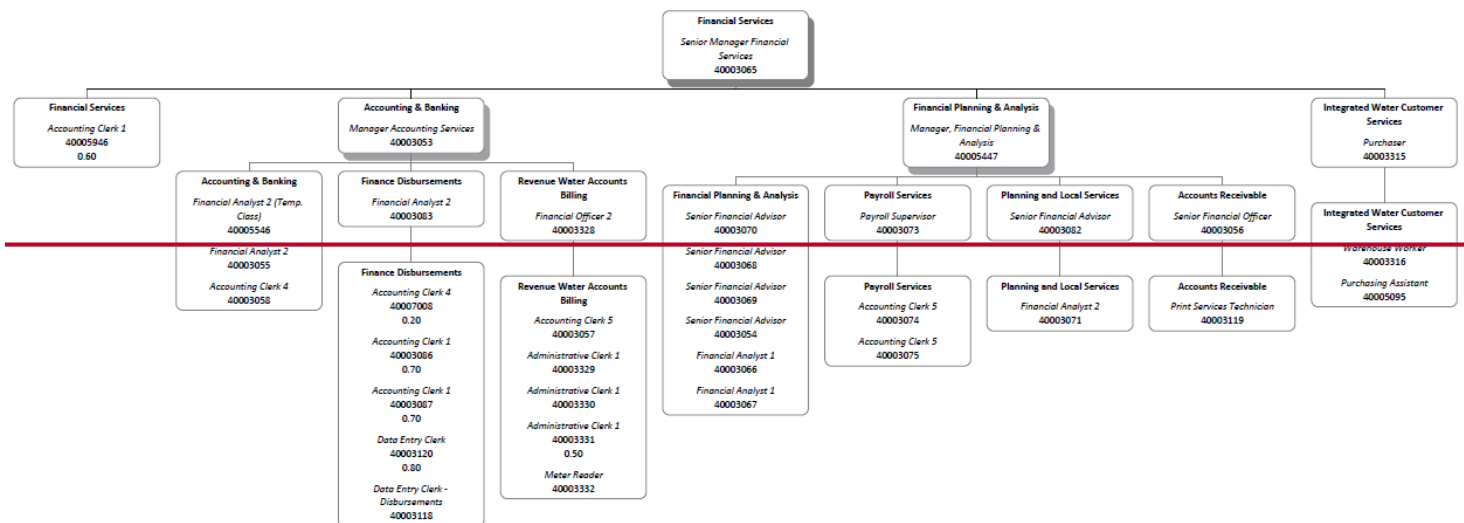




## Financial Services



## Financial Services



### 1.3 Key Trends, Issues & Risks – Service Specific

- Continued development of the CRDs Long Range Sustainable Funding Plan 5 year plan, including designing and implementing an asset management framework, plans and policies, and as well as developing the 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 improve, in partnership with human resources, payroll processing, data management and reporting; enhancing human resource and payroll services provided to the organizations' employees.
- Continued changes in accounting standards and reporting (i.e. Public Sector Accounting Boards; Auditor General Local Government, etc.) 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 because of employee turnover; there is a transition period as new employees learn about the organization and their job duties.
- Staff turnover and resource shortages have impacted internal controls, appearing as deficiencies in project close outs and other significant areas, along with higher than normal overtime through budgeting and year-end cycles.
- An Asset Manager was hired in 2017; all asset management and grants priorities will now be reported in the Asset & Risk Management Service Plan.
- Due to increased grant program activity, there is greater emphasis and transparency on grant forecasting, application status, and end results / contributions awarded.

- ~~Development and implementation of best-in-class municipal asset management processes and a decision-making matrix identified as new priorities.~~

## 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 2015	Year 1 (2016)	Year 2 (2017)	Year 3 (2018)	Year 4 (2019)



<b>Financial Accounting &amp; Reporting</b>  Provision of accurate and timely financial reporting through periodic and annual financial statements according to the established schedule and policies & procedures  Compliance with external legislative requirements (i.e. CRA <del>GH</del> ST, PSAB) and audit standards  Annual yearend audit program  Corporate financial standards and internal control compliance	Annual financial statements prepared and approved by June 30.  Daily transaction processing with standard financial reports distributed by the <del>65</del> <sup>th</sup> working day of the month for all services.  Improve financial reporting to include financial indicators.  Public Sector Accounting Standards (PSAB) require the <del>implementation</del> adoption of PS 3260, Contaminated Sites for the 2015 fiscal year end.	Ongoing staff training and work load to meet PSAB requirements  Additional research for continual improvement in financial reporting  Updated SAP chart of accounts hierarchy  PSAB 3260 Contaminated Sites implementation	Review and Assess  Adoption of PS 3450 Financial Instruments and PS 2600 Foreign Currency Translation  RFP for audit services.  Quarterly capital reporting Q3	Adjust to meet service levels, as needed  <del>Public Sector Accounting Standards require implementation of PS-3420, Inter-entity Transactions, PS-2200, Related Party Disclosures, and PS-3380-Contractual Rights Management's Discussion and Analysis</del>	Review and Assess  Adoption of PS 3420, Inter-entity Transactions, PS 2200, Related Party Disclosures, and PS 3380 Contractual Rights
--	--	--	--	---	---

<b>Financial Planning &amp; Budgets</b>  Preparation of operating/capital budgets for the provision of 200+ services  Financial advice and support to operating departments  Preparation of financial bylaws  Debt Management	<ul style="list-style-type: none"> <li>• Annual budget preparation for over 200 CRD services.</li> <li>• Financial monitoring.</li> <li>• Preparation of new 5 year financial plan.</li> <li>• Development of financial plan and financial bylaws.</li> <li>• Ongoing financial advice on operating and capital budgets.</li> <li>• Expand and enhance budget review documentation.</li> <li>• Continue to streamline financial planning and budgeting processes leveraging system tools to reduce time and enhance documentation and reporting Process.</li> <li>• Tax requisitions and invoices.</li> </ul> <u>Development of-</u>	<u>Ongoing-implementation-of asset-management-initiatives</u>  Management research and analysis  Design standardized budget documentation and extend available schedules and background information	Review and Assess  <u>5 year Capital Plan improvements to align with corporate strategies - included risk, climate action, cashflow details</u>  <u>Cross departmental collaboration on process optimization with legislative services</u>	Adjust to meet service delivery needs, as required.  <u>Implement SAP Business Planning &amp; Consolidation (BPC) module to improve and streamline budgeting processes, increase customer satisfaction, and allow for improved reporting &amp; dashboards</u>  <u>Internal borrowing to reduce external debt servicing costs.</u>	Review and Assess
<b>Division Financial Advisory Services</b>	Provide financial services management, business process management and training/support services to 200+ services.	Review and Assess	Adjust to meet service delivery needs, as required.	Review and Assess	Adjust to meet service delivery needs, as required.
<b>Capital Assets:</b>  Maintain asset reporting systems and assist in asset sustainability for CRD services  Year-end depreciation analysis of capital assets	<ul style="list-style-type: none"> <li>• Managing the addition/deletion of tangible capital assets in CRD depts.</li> <li>• Annual depreciation calculations.</li> <li>• Asset management inventory support and asset funding analysis</li> </ul>	Review and Assess	Adjust to meet service delivery needs, as required.	Review and Assess	Adjust to meet service delivery needs, as required.
<b>Payroll</b>	<ul style="list-style-type: none"> <li>• Biweekly processing, reporting for 1000 employees totaling <u>\$45M in 4 employee groups</u></li> </ul>	Review and Assess	Adjust to meet service delivery needs, as required.	Review and Assess	Adjust to meet service delivery needs, as <u>required.</u>

	<p><del>\$45M in 4 employee groups</del></p> <ul style="list-style-type: none"> <li>• Process on average 6 periodic updates to payroll system for legislative and financial system upgrades.</li> <li>• Expand payroll analysis to meet demand by including personnel cost planning support and variance analysis</li> </ul>		<u>Implementation of electronic pay stubs</u>		<del>required.</del>
<p><b>Financial Systems</b></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>	<ul style="list-style-type: none"> <li>• Integration of approx. 100,000 annual transactions reporting into corporate financials.</li> </ul>	Review and Assess	<p>Adjust to meet service delivery needs, as required.</p> <p><u>New GL implementation.</u></p>	<p>Review and Assess</p> <p><u>Automate Statement of Financial Information (SOFI)</u></p>	Adjust to meet service delivery needs, as required.
<p><b>Grants:</b></p> <p><u>Research and communicate grant opportunities</u></p> <p><u>Administration of grants, preparation of grant applications</u></p> <p><u>Coordinate accountability/audit of delivered grant programs</u></p> <p><u>Prepare bylaws for certain financial activities that require board approval</u></p>	<ul style="list-style-type: none"> <li>• <u>Scan for new grant opportunities that could be available for CRD services and inform and assist staff with application.</u></li> <li>• <u>Develop an average of 15 grant applications per year.</u></li> <li>• <u>Process approx. 90 claims per year.</u></li> <li>• <u>Process approx. 50 progress and final reports to grant agencies.</u></li> <li>• <u>Regular grant dashboard updates.</u></li> </ul>	<u>Asset Management linkage</u>	<u>Adjust to meet service delivery needs, as required.</u>	<u>Adjust to meet service delivery needs, as required.</u>	<u>Adjust to meet service delivery needs, as required.</u>
<p><b>Revenue</b></p> <p>Billing, collection, forecasting and reconciliation of CRD revenue</p>	<ul style="list-style-type: none"> <li>• Monthly and quarterly billing and collections for 24,000 customers.</li> <li>• Annual Requisitions, parcel taxes and payments in lieu.</li> </ul>	Review and Assess	Adjust to meet service delivery needs, as required.	<p>Review and Assess</p> <p><u>Implement electronic billing to improve customer satisfaction</u></p>	Adjust to meet service delivery needs, as required.

<u>Revenue, continued</u>				<u>Implement Pre-authorized Debits as a <del>billing</del> payment option to address customer demands</u>	
<b>Procurement</b>  Oversee supply chain management for Integrated Water Services (IWS)  Provide procurement advice to all departments	<ul style="list-style-type: none"> <li>Approx. 100 IWS RFPs, RFQs, tenders &amp; contracts annually.</li> </ul>	Review and Assess.	Adjust to meet service delivery needs, as required.	Review and Assess  <u>Inter departmental evaluation of the <del>Evaluate</del> validity of centralized procurement</u>	Adjust to meet service delivery needs, as required.
<b>Treasury</b>  Manage short and long term investments and cash on hand  Manage long term debt financing  Provide competitive return on investments while maintaining the security of investment principal	<ul style="list-style-type: none"> <li>Ongoing investment and cash management.</li> <li>Investment updates to Board.</li> </ul>	Adjust to meet service delivery needs, as required.	Adjust to meet service delivery needs, as required.  <u>Updated Investment Policy to include Socially Responsible Investing.</u>  <u>Fixed 25 year borrowing through MFA for Summit Project.</u>	Adjust to meet service delivery needs, as required.	Adjust to meet service delivery needs, as required.
<b>Accounts Payable</b>  Payment to suppliers of operating and capital expenditures  Internal controls and systems over the organizations expenditures and coding of those expenditures	<ul style="list-style-type: none"> <li>Weekly cheque and EFT run produces 13,000 vendor payments a year.</li> <li>Compliance with external payment legislations (i.e. contract holdbacks).</li> <li>Increasing vendors and payments to support increased service activity.</li> </ul>	Increased capital projects  Core Area Liquid Waste Management Plan	Review and Assess.	Adjust to meet service delivery needs, as required.  <u>Manage cash flow through payment terms.</u>	Review and Assess.

<b>Banking</b>  Coordinate all CRD banking activities  Processing payments and electronic banking transactions of CRD expenditures  Banking reconciliations	<ul style="list-style-type: none"> <li>• Develop banking services for CRD (transactions flow through 29 bank accounts a year.</li> <li>• Monthly reconciliation of all bank accounts for over 6,000 banking transactions.</li> </ul>	Review and Assess.	Adjust to meet service delivery needs, as required.	Review and Assess.  <a href="#">Request for Proposal for all banking services.</a>	Adjust to meet service delivery needs, as required.
<b>Billing, Mailing &amp; Printshop</b>  Provision of utility billing, bulk printing and in-house reprographics services and CRD mail and courier services	<ul style="list-style-type: none"> <li>• Ongoing reprographics service delivery and mail/courier services.</li> </ul>	Review and Assess.	Adjust to meet service delivery needs, as required.	Review and Assess.	Adjust to meet service delivery needs, as required.

## 2.2 Workforce Considerations

	Workforce (FTEs)				
Service	Base year 2015	2016	2017	2018	2019
Financial Services	37	38.5*	<del>38</del> 6.5	<del>37</del> <del>38.5</del> <del>40.5</del> **	<del>38.5</del> <del>40</del> 37.5
<b>Term Positions</b>			<u>2</u>	<u>5</u>	<u>5</u>

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

\*\* 43.0 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, and reduce overtime for the department, and improve noted deficiencies.

## 3 Divisional Initiatives & Budget Implications

Title & Estimated Completion Date	Description	Priority Reference (if applicable)	Budget Implications
<b>2016 – 2019</b>			
<b>Asset Management</b>	Development of corporate-asset management framework and implementation of long-term asset management plans.	Regional Infrastructure  Corporate-Development	Realignment of existing staff resources.  Some grant monies available.
<b>Core Area Liquid Waste Management Plan</b>  ongoing	<u>The WTP requires appropriate support to ensure financial controls and financial reporting is accurate and timely.</u>	Integrated waste management	Realignment of existing staff resources.

<p><u>Core Area Liquid Waste Management Plan, con't</u></p>	<p>The support roles will implement appropriate financial controls, produce monthly financial reports, 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>		
<p><u>Improved Financial Reporting</u> <del>ongoing</del><del>ongoing</del></p>	<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<del>and give more comfort to the organization's financial position on a regular basis.</del></p> <p>Management's Discussion and Analysis (MD&amp;A) will <del>accompany</del><del>be provided with</del> year-end financial statements and will provide an overview of the year's performance and outline highlights of operations. This will improve <del>usefulness and provide</del></p>	<p>Public engagement and communications</p>	<p>Core budget</p>

<p><b><u>Review CRD- Allocations (Overhead costs), Charge Out Rates, and Breakdown of- Allocation versus Requisition Methodology review</u></b></p>	<p><del>Ongoing work to review, document and update the allocations cost methodology.</del><u>Review methodology used for internal overhead allocations to ensure consistency and appropriateness of charges.</u></p> <p><u>Evaluate the method for determining the breakdown of revenue between allocation and requisition to ensure logical and consistent application throughout the organization.</u></p> <p><u>Review calculation of charge out rates to assess the validity of standardizing the to create consistency and reduce the volume of different methodologies.</u></p>		<p>Core Budget</p>
---	--	--	--------------------



Title & Estimated Completion Date	Description	Priority Reference (if applicable)	Budget Implications
<b>Finance Policies Review and Update</b>	<u>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.</u> <del>Initiate the process of updating financial policies to support the development of long range financial planning, including the reserve and reserve fund policies and</del>		Core Budget
<del>Ongoing work on management and reporting of reserves</del> <b><u>Review Capital and Operating Reserves for Appropriate Levels</u></b>	<del>Establish and develop operating reserves bylaws, review and update existing bylaws for efficient administration.</del> <u>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.</u>		Core Budget
<del>Renovate/replace Grant Management Application</del>	<del>Develop policies to ensure Current application is 8 years old and is in need of a renovation and/or replacement. With more and focus on grant reporting it is important to review the system. The current system no longer meets the financial reporting requirements.</del>		Core Budget

<b>Automation of Finance Processes and Systems</b> <del>General-Ledger Review</del>	<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"> <li>Automation of Statement of Financial Information (SOFI) – currently manual process.</li> <li>Implement SAP BPC.</li> <li>Standardized fuel cards to enhance internal controls and allow for improved GHG reporting.</li> <li>Explore data requirements for on-line business analytics software to provide more transparency to the public for reporting budgets and actual results.</li> </ul> <p><del>The existing General Ledger was designed and</del></p>		Core Budget
<b>Upgrade Budgeting Application</b>	<p>Current budgeting application is <u>over</u> 16 years old <u>and requires and update</u>. <del>Review and update needed to ensure</del> <u>our budgeting application</u> meets modern standards and <del>requirements</del> <u>provides tools to simply the budget planning process.</u></p> <p><u>In partnership with IT, implement BPC to provide an</u></p>		Core Budget
<b>Pre-Authorized <del>d</del>Debit and Electronic Billing for Utilities Customers</b>	<p><u>For several years utility customers have been requesting Pre-Authorized Debits and e-billing options.</u> With IT, Finance will review current technology and standards to provide customers with alternative <u>options for payment and billing.</u> This will allow CRD to meet customer demands <u>and update to current technology.</u></p> <p><del>Review providing an additional payment option to</del></p>		Core Budget

## 4 Goals & Performance Indicators

	Service Goals	Indicators or Measures
	Comply with legislation and statutory requirements	<ul style="list-style-type: none"> <li>Design and manage financial planning process to ensure the Budget is prepared for final Committee and Board review by March <u>31</u> of each year.</li> <li><u>Financial Statements, Statement of Financial Information, and Audit Findings Report approved and submitted</u> by June 30<sup>th</sup> of each year</li> </ul>
	Provide specialized support and information for decision making	<ul style="list-style-type: none"> <li><del>% of successful of grant applications annually</del></li> <li><del>Daily transaction processing with s</del>Standard financial reports distributed by the 6<sup>th</sup> working day of each month for 95% of services</li> <li><u>Quarterly reporting (Q2-Q4) to Board</u></li> </ul>
	<u>Continuous improvement of</u> financial planning, tools and processes	<ul style="list-style-type: none"> <li><u>Fully funded reserve balances and 5 year capital plan</u></li> <li>Sustainable asset funding plans in place*</li> <li>Number of awards or nominations received annually*</li> <li># of financial policies reviewed and updated annually</li> </ul>
	Guide efficient and secure use of financial resources	<ul style="list-style-type: none"> <li><del>Target 65% of accounts payable payments made by purchasing card by 2019</del><u>Minimize days of accounts receivable outstanding</u></li> <li><del>Maximize return on investment</del><u>Dollars leveraged annually through grant programs (2015 baseline)</u></li> <li><u>Minimize length of time inventory is on hand</u></li> <li><u>Maximize cash flow by optimizing vendor payment terms</u></li> </ul>

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

Additional Indicators for Financial Services:

Indicators	2014 (actual)	2015 ( <u>actual</u> )	2016 ( <u>actual</u> )	2017 (projected)	2018 (projected)	2019 (projected)
<del>% of Accounts Payable payments by Electronic Funds Transfer</del>	14%	21%	57%	59%	60%	62%
<del>% of Accounts Payable payments by CRD– Purchasing Card</del>	54%	59%	60%	61%	62%	63%
<u>Overall Accuracy of Budgeted Surplus / Deficit to Actuals</u>			<u>92.1%</u>	<u>92.5%</u>	<u>93%</u>	<u>93%</u>
<u>Accuracy of Estimated Surplus / Deficit to Year End</u>			<u>98%</u>	<u>98%</u>	<u>98.5%</u>	<u>98.5%</u>

Frequency of on time delivery of R&E reports to all the stakeholders	98%	98%	100%	100%	100%	100%
<u>Number of Days to Perform Periodic Close</u>				<u>12</u>	<u>10</u>	<u>10</u>
<del>On time delivery of MFA financing to municipalities</del>	<del>100%</del>	<del>100%</del>	<del>100%</del>	<del>100%</del>	<del>100%</del>	<del>100%</del>
<u>Fully funded reserves by service</u>					<u>TBD</u>	<u>100%</u>
<u>Financial policies reviewed annually</u>				<u>33%</u>	<u>33%</u>	<u>33%</u>
<u>Average Age (in days) of Outstanding Accounts Receivable</u>				<u>0</u>	<u>0</u>	<u>0</u>
<del>Accuracy of budgeted surplus/deficit</del>						
Average Return on Investment	1.55%	1.46%	1.42%	1.45%	1.52%	1.52%
<u>Average Inventory Turns per Year</u>	<u>1.8</u>	<u>1.7</u>	<u>2.0</u>	<u>2.0</u>	<u>2.25</u>	<u>2.25</u>
<u>On Time Vendor Payments</u>				<u>71%</u>	<u>85%</u>	<u>88%</u>
<u>Number of Payroll Defects Annually</u>				<u>10</u>	<u>7</u>	<u>7</u>

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

## Contact

Name: ~~Nelson Chan~~Amber Donaldson  
Title: ~~A/Senior Manager, Financial Services~~Chief Financial Officer  
Contact information: 250-360-~~3645~~3035