



Municipality of Magnetawan

# Municipal Service Delivery Review

Final Report  
September 10, 2020



# Table of Contents

## Chapter I – Introduction

• Overview of our engagement	5
• Our approach	6-7
• How to read our report	8
• Restrictions	9

## Chapter II – Process Maps and Potential Courses of Action (Finance)

• Payroll: Time Sheet Submission	11-12
• Payroll: Payroll Processing	13-16
• Financial Reporting: Budgeting	17
• Financial Reporting: Reporting to Council	18
• Billing and Collections: Grants	19-20
• Billings and Collections: User Fees	21-22
• Billings and Collections: Property Taxation – Assessment & mailing	23-24
• Billings and Collections: Property Taxation	25-27
• Billings and Collections: Property Taxation – Online	28-29
• Billings and Collections: Online Payments Reconciliation (Plastiq)	30

## Chapter II – Process Maps and Potential Courses of Action (Finance) (continued)

• Billings and Collections: End of Day Cash Reconciliation	31-32
• Accounts Payable: Purchasing	33-34
• Accounts Payable: Use of Credit Cards	35-36
• Accounts Payable: Recording	37-38
• Accounts Payable: Payment	39-41

## Chapter III – Process Maps and Potential Courses of Action (Non-Finance)

• Customer Service – Resident Issues	43-44
• Customer Service – Delegation Request	45
• Agenda Development	46-47
• Agenda Package Preparation	48-49
• Community Centre Rental	50-51
• Issuance of an Entrance Permit	52
• Issuance of Dog License	53-54
• Issuance of Dump Card	55-56
• Issuance of a Trailer License	57

# Table of Contents

## **Chapter III – Process Maps and Potential Courses of Action (Non-Finance) (continued)**

• Bylaw Enforcement	58-59
• Planning – Consent	60-61
• Planning – Minor Variance	62
• Building Permits	63-66
• Public Works – Work Order Management	67-68
<b>Appendix A – Municipal Service Profiles</b>	<b>69-82</b>
<b>Appendix B – Financial Indicators</b>	<b>83-97</b>



Municipality of Magnetawan

# Municipal Service Delivery Review

Chapter I  
Introduction



# Introduction

## A. Overview of our engagement

KPMG has been retained by the Municipality of Magnetawan (the “Municipality”) to undertake a review of its municipal services including:

- Assisting the Municipality with the establishment of a methodology for the review;
- In conjunction with the Municipality’s staff, undertaking analysis of services, internal processes, service levels and associated costs and funding; and
- Summarizing the results of our analysis and presenting potential opportunities to the Municipality.

Our review is being undertaken in connection with funding received by the Municipality from the Municipal Modernization Program (the “Program”). The Program was established by the Province to assist municipalities in identifying potential cost savings from operational efficiencies and other strategies. Pursuant to the provisions of the Program, the Municipality is required to:

- Retain a third party advisor for the purposes of the review, rather than undertaking the review internally;
- Provide public disclosure as to the results of the review; and
- Establish that front line service reductions and increases in user fees are not outcomes of the review.

The terms of reference for our review is based on our engagement letter dated March 20, 2020.

***Our review relied heavily on the contributions and knowledge of municipal personnel and we would like to express our appreciation and thanks for the assistance provided to us by staff.***

# Introduction

## B. Our approach

Our review involved a series of facilitated working sessions with staff to discuss the current processes used by the Municipality for the delivery of various municipal services. During these working sessions, KPMG facilitated discussion with staff to identify the individual steps in the process under review, as well as any issues that were perceived as impacting operating efficiencies, customer service, internal controls or risk management.









The approach adopted to review the Municipality's processes reflected the LEAN concept of value-stream mapping. While there are many different definitions of LEAN, we define LEAN thinking as the belief that there is a simpler, better way through a continuous drive to identify and eliminate waste, or inefficiencies and errors, in day-to-day work. It is about making work environments efficient and effective, so organizations can provide higher quality of services to their customers. LEAN helps create time for quality improvement to be part of everyday routine activity.

There are five common principles of LEAN thinking:

1. Value is defined by the **voice of the client**. If a process or function doesn't create value for the client (recognizing that clients can be internal or external), the question is why is it being performed.
2. LEAN requires that you **understand your process**. Process mapping allows you to have a picture of your process so that you can begin to make improvements. Without this understanding, it is difficult to have transparency and see where the problems are. It also helps teams gain an understanding of everyone's involvement in the process.
2. LEAN seeks to develop **flow**, so that products or services move fluidly and without interruptions through the process.
3. LEAN seeks to establish **pull**, so that activities are undertaken in response to what a client needs when they need it, by reacting to a trigger. This is contrary to how many processes are structured, which involves a push to the next user regardless of whether they are ready or not.
4. LEAN is a means of **continuous improvement**. When done right, LEAN is not a one-time event but rather a journey to continually improve processes and constantly strive to supply value, from the perspective of the client.

# Introduction

LEAN methodologies are intended to help organizations identify and address one of eight typical types of inefficiencies.

Inefficiency	Description	Examples
 <b>Defects</b>	Work or services that are not completed correctly the first time.	Departments key in hours worked incorrectly, requiring payroll to fix errors.
 <b>Overproduction</b>	Doing more than what is required to complete the task.	Generating reports that are not used by management.
 <b>Waiting</b>	Idle time when material, information, people or equipment are waiting.	Waiting for approvals prior to issuing cheques.
 <b>Non-utilized talent</b>	Not utilizing all of the skills of employees.	Incurring overtime because staff working in other departments cannot be used.
 <b>Transportation</b>	Moving equipment, supplies or equipment from place to place.	Transferring paper files from one location to another rather than using email.
 <b>Inventory</b>	Having more material and supplies on hand than what its needed.	Stocking extra stores inventory to prevent stockouts caused by poor order management.
 <b>Motion</b>	Unnecessary movement by employees to complete an activity.	Having staff attend meetings in person rather than by video or teleconference.
 <b>Extra processing</b>	Spending extra time and effort for an activity, including duplication of efforts.	Developing Excel spreadsheets to track information that is already available in MIS.

# Introduction

## C. How to read our report

For each process under review, we have provided process maps that outline the individual worksteps undertaken as part of the process in Chapter II. These maps are outlined in flowchart form and are intended to assist in understanding (i) the individual worksteps performed by municipal personnel; (ii) the sequential ordering of the worksteps; and (iii) decision points included in the process.

Where an area for potential improvement has been identified, they have been indicated in the process maps through the following markers:



Process inefficiencies, which may include duplication of efforts, manual vs. automated processes and the performance of work with nominal value



Financial risk, representing areas where the Municipality's system of internal controls is insufficient to prevent the risk of financial loss



Client service limitations, representing aspects of the Municipality's operations that may adversely impact on customer satisfaction



Litigation risk, consisting of potential areas where the Municipality's processes may expose it to risk, including areas where existing measures to mitigate risk are considered insufficient

Included with the process maps are the potential areas for improvements, as well as potential courses of action that could be adopted by the Municipality to address the identified issues.



# Introduction

## **D. Restrictions**

This report is based on information and documentation that was made available to KPMG at the date of this report. We had access to information up to September 8, 2020 in order to arrive at our observations but, should additional documentation or other information become available which impacts upon the observations reached in our report, we will reserve the right, if we consider it necessary, to amend our report accordingly. This report and the observations and recommendations expressed herein are valid only in the context of the whole report. Selected observations and recommendations should not be examined outside of the context of the report in its entirety.

Our observations and full report are confidential and are intended for the sole use of the Municipality of Magnetawan's management team. We consider this report to be operational in nature and as such, intended for internal management use only. In order to satisfy the public reporting requirements of the Program, key themes emerging from our review have been reported in a separate public document.

Our review was limited to, and our recommendations are based on, the procedures conducted. The scope of our engagement was, by design, limited and therefore the observations and recommendations should be in the context of the procedures performed. In this capacity, we are not acting as external auditors and, accordingly, our work does not constitute an audit, examination, attestation, or specified procedures engagement in the nature of that conducted by external auditors on financial statements or other information and does not result in the expression of an opinion.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and opportunities as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, Municipality of Magnetawan. Accordingly, KPMG will assume no responsibility for any losses or expenses incurred by any party as a result of the reliance on our report.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.

KPMG has no present or contemplated interest in the Municipality of Magnetawan nor are we an insider or associate of the Magnetawan or its management team. Our fees for this engagement are not contingent upon our findings or any other event. Accordingly, we believe we are independent of the Municipality of Magnetawan and are acting objectively.





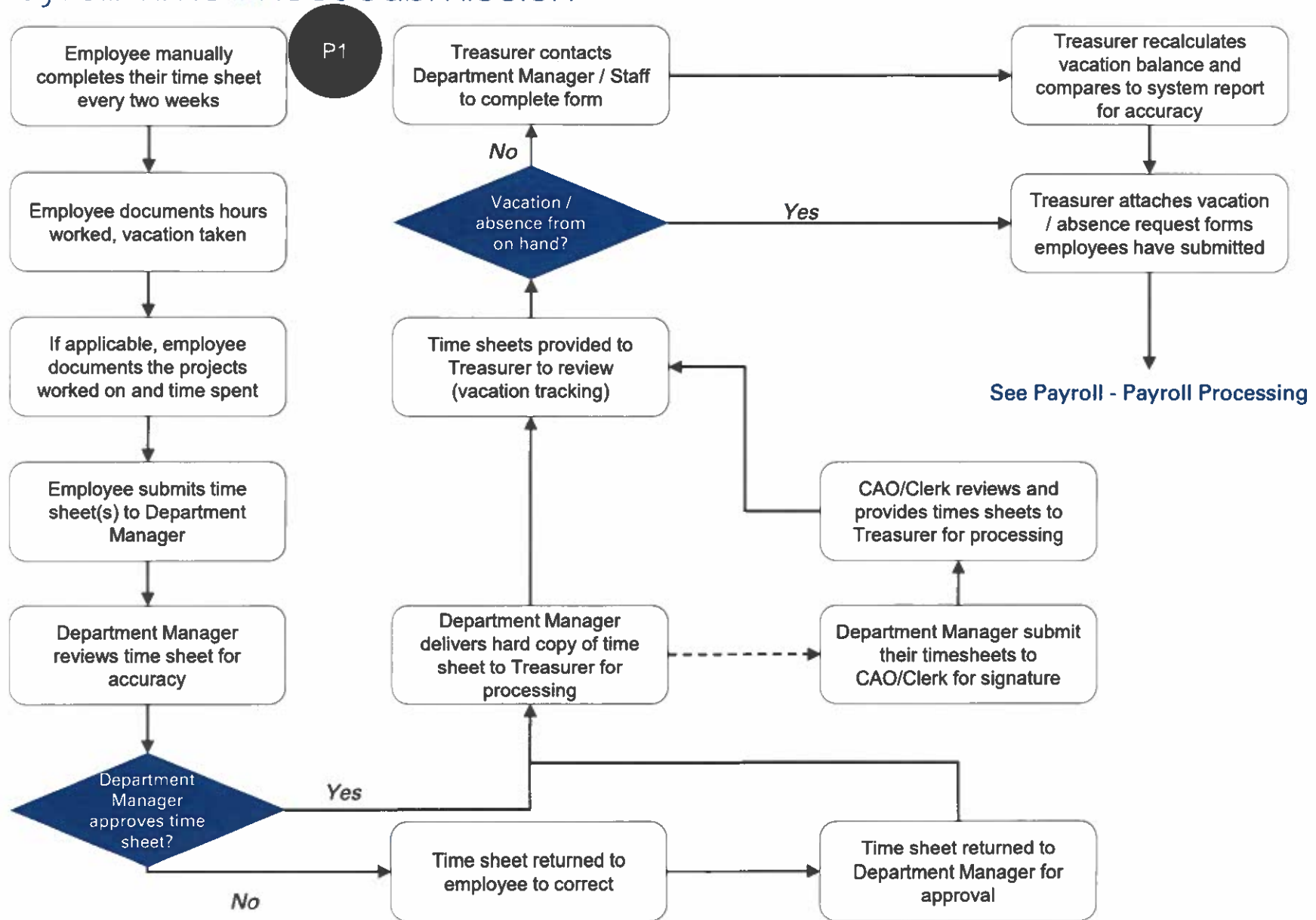
Municipality of Magnetawan

# Municipal Service Delivery Review

Chapter II  
Finance Process Maps and Potential Courses  
of Action



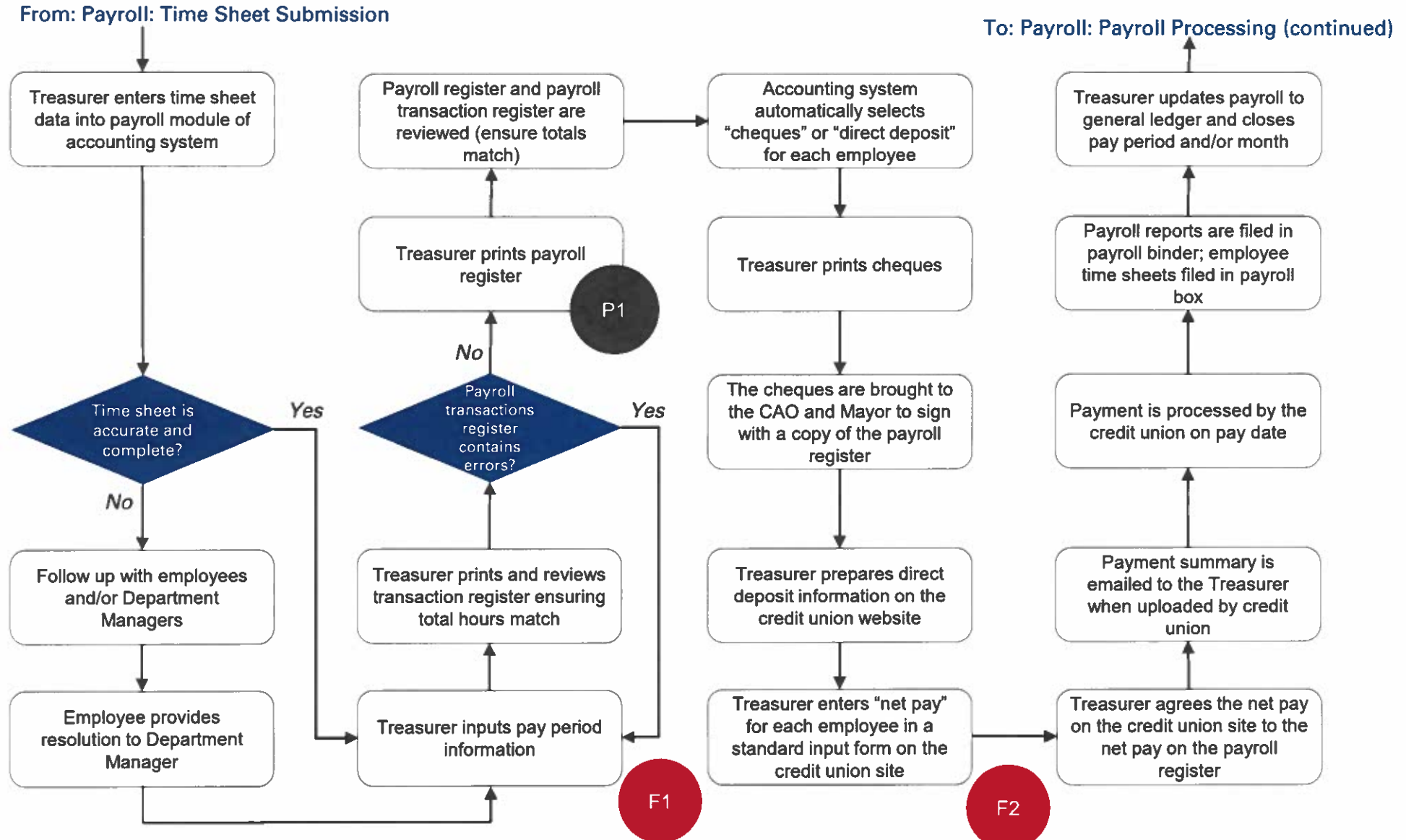
# Payroll: Time Sheet Submission



# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P1</b> Timesheets are prepared manually which can result in timesheets being inaccurate (e.g. all hours not adding to 70 hours every pay period) or incomplete (e.g. description of the tasks and projects completed not being recorded).</p>	<p>Have staff complete timesheets electronically, restricting submission until all errors or discrepancies have been addressed.</p> <p>The Municipality may not be in be a position to fully implement this opportunity as a result of information technology barriers.</p>

# Payroll: Payroll Processing

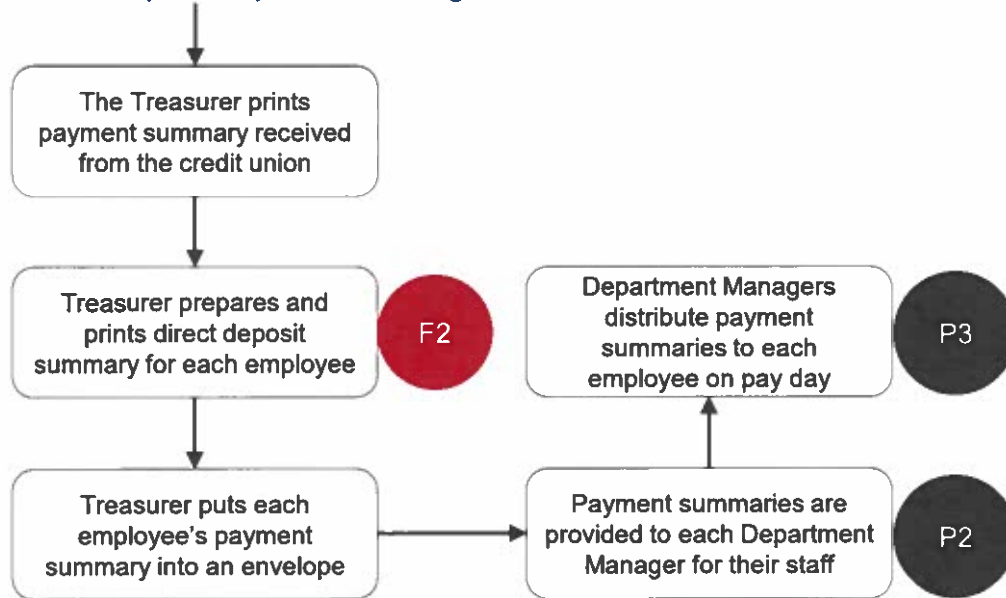


# Potential Courses of Action

Issue	Potential Course of Action
<p><b>F1</b></p> <p>When there is a change in wage rate for an employee, there is no independent review of the changes to ensure that the approved changes have been accurately entered into the payroll system. Without independent verification, there is a risk that changes could be entered incorrectly.</p>	<p>Whenever employee pay rate information is changed, a Senior staff member independent from the payroll function should verify a sample of employees' payroll records to ensure that changes have been entered correctly. Wage rates should be reviewed regularly to ensure accuracy.</p>
<p><b>P1</b></p> <p>The Municipality's payroll process is heavily paper based with exception reports and payroll registers printed. This results in numerous pages of information that is incorrect or requires updating after review.</p>	<p>Consideration should be given to using and saving only electronic versions of payroll information. Electronic signatures can be developed and used for approvals. Saving in printing costs as storage space requirements would also result.</p>
<p><b>F2</b></p> <p>The Treasurer is required to enter in net pay for each employee into the credit union website. This is a duplication of data entry as well as prone to input error.</p>	<p>Discuss with the accounting system provider as well as financial institution to determine if the accounting system can produce a standard file that can be exported and subsequently imported to the credit union site. KPMG is aware that this functionality exists with other financial accounting software and financial institution. This will reduce input risk, improve accuracy and increase efficiency. Should this not be possible, the Municipality may want to explore the use of third party service provider.</p>

# Payroll: Payroll Processing (continued)

From: Payroll: Payroll Processing

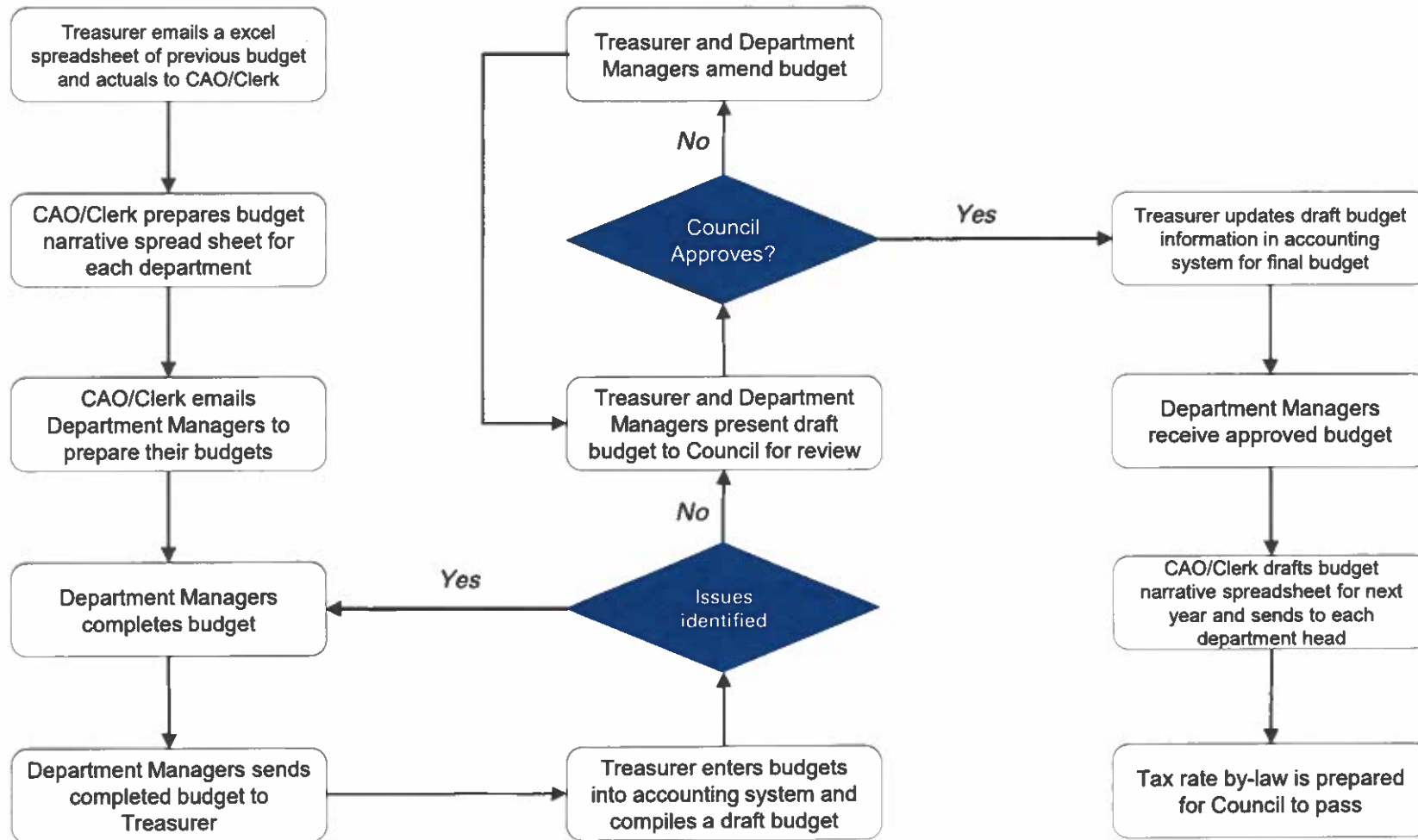


# Potential Courses of Action

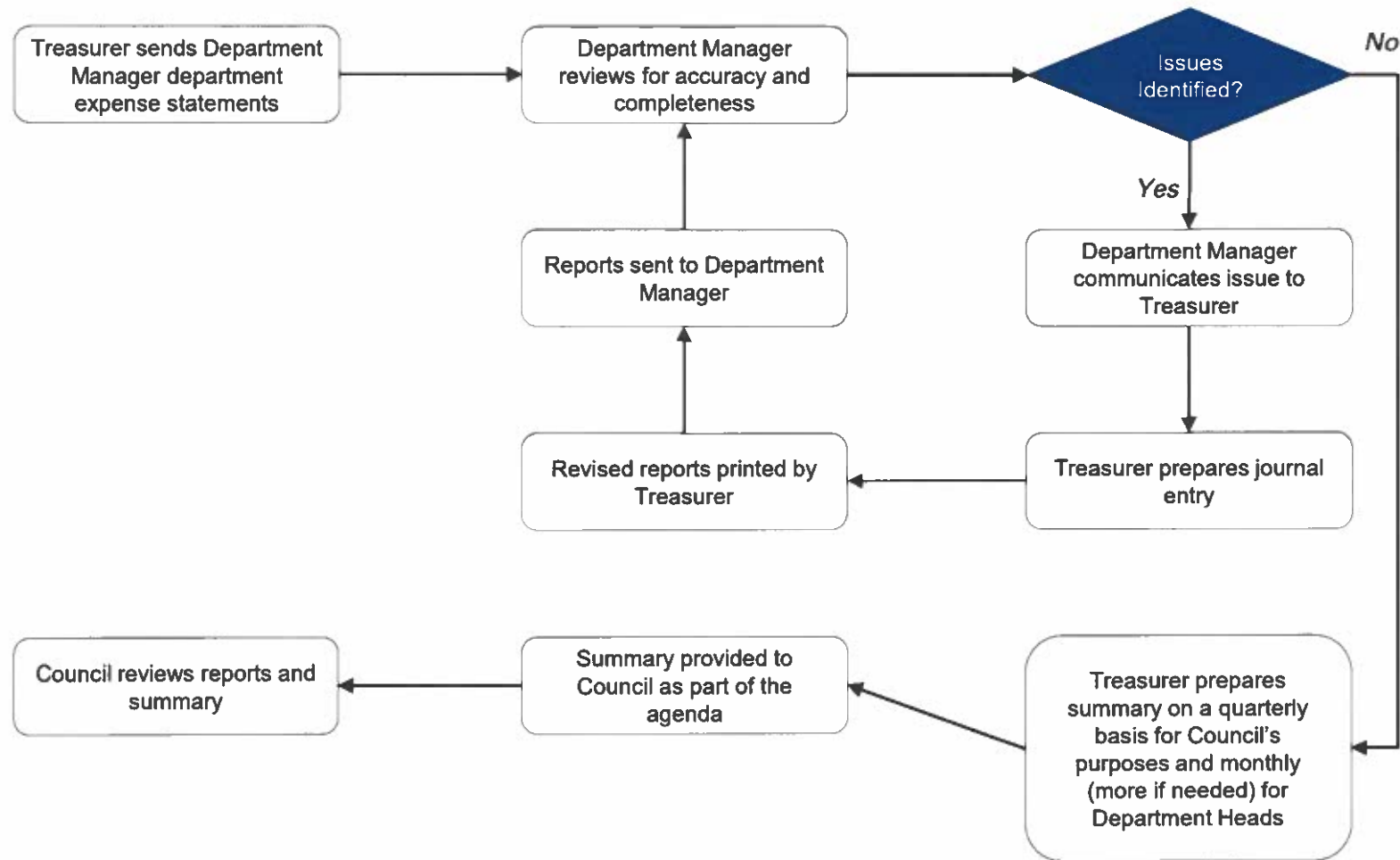
Issue	Potential Course of Action
<p><b>F2</b></p> <p>Treasurer is the only staff member involved in the payroll process. If there are errors in the payroll entry, they may not be identified until a second individual reviews the payment (cheque preparation).</p>	<p>Have the payroll module prepared by another member of the finance team and provided to the Treasurer to review and approve before the cheques are prepared for the pay period.</p>
<p><b>P2</b></p> <p>A number of processes for payroll processing gather, store and use the same information resulting in an increase in the risk of human error and duplication of efforts. The cost and time savings associated with the implementation of a direct deposit program can be significant.</p>	<p>Should the Municipality be unable to use its accounting software, consideration should be given to using a third party payroll provider (E.g. Ceridian, ADP, etc.), as well as automating the time tracking required for the payroll process (e.g. swipe cards, mobile application check in, etc.) . This will reduce the inefficiency from duplicating information in the current process and simplify the year end reporting processes and requirements, including T4 preparation.</p>
<p><b>P3</b></p> <p>Staff are provided with payroll summaries of what is paid to them after payroll has been processed. Errors are detected by employees at this time which require correction by Finance staff.</p>	<p>Provide hourly staff with access to a preliminary payroll report outlining what will be paid to them on the upcoming pay date. Providing access to this information prior to processing the payroll will allow issues to be identified and corrected before processing, reducing the number of employee's pay that require rework and subsequent adjustments.</p>



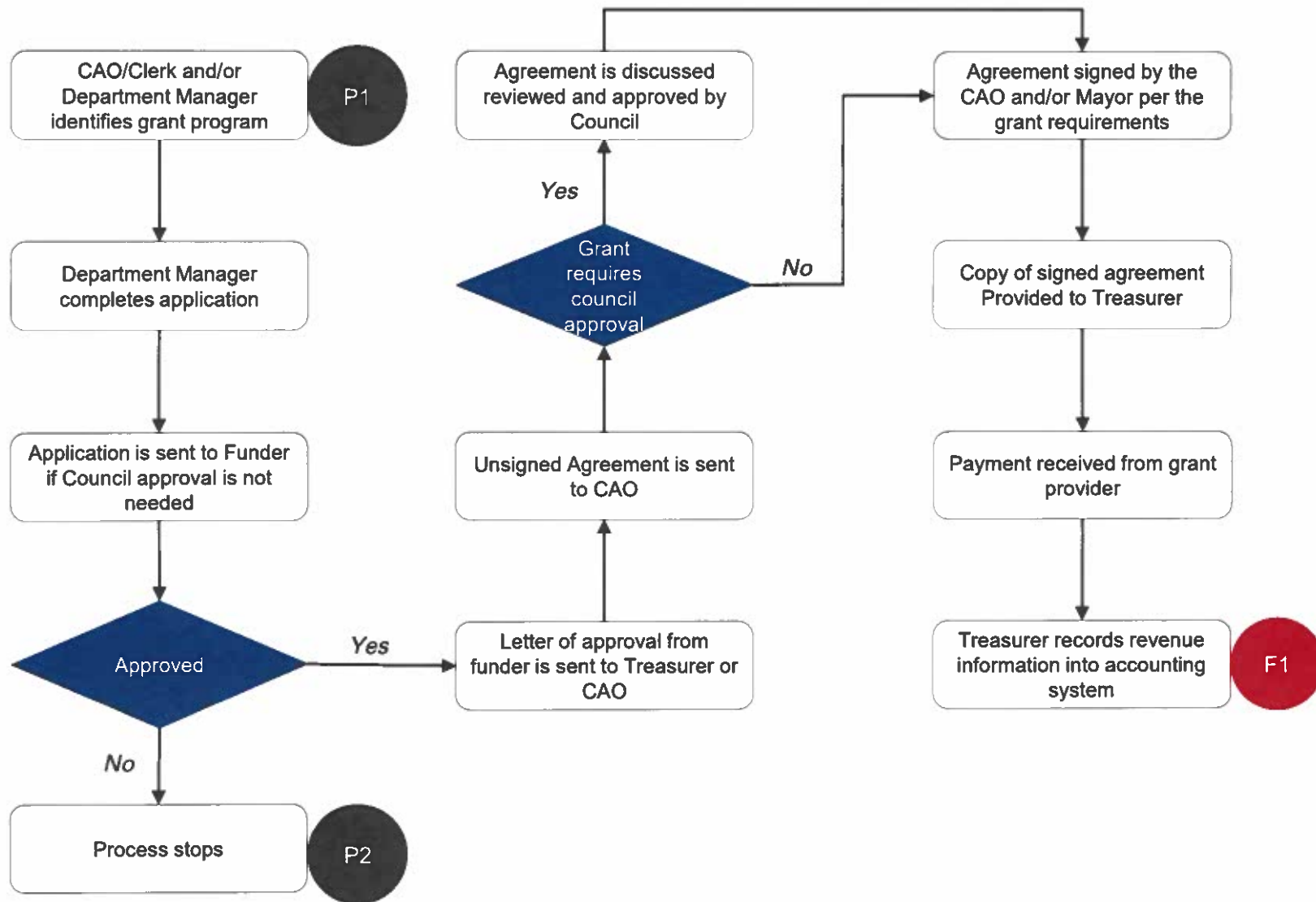
# Financial Reporting: Budgeting



# Financial Reporting: Reporting to Council



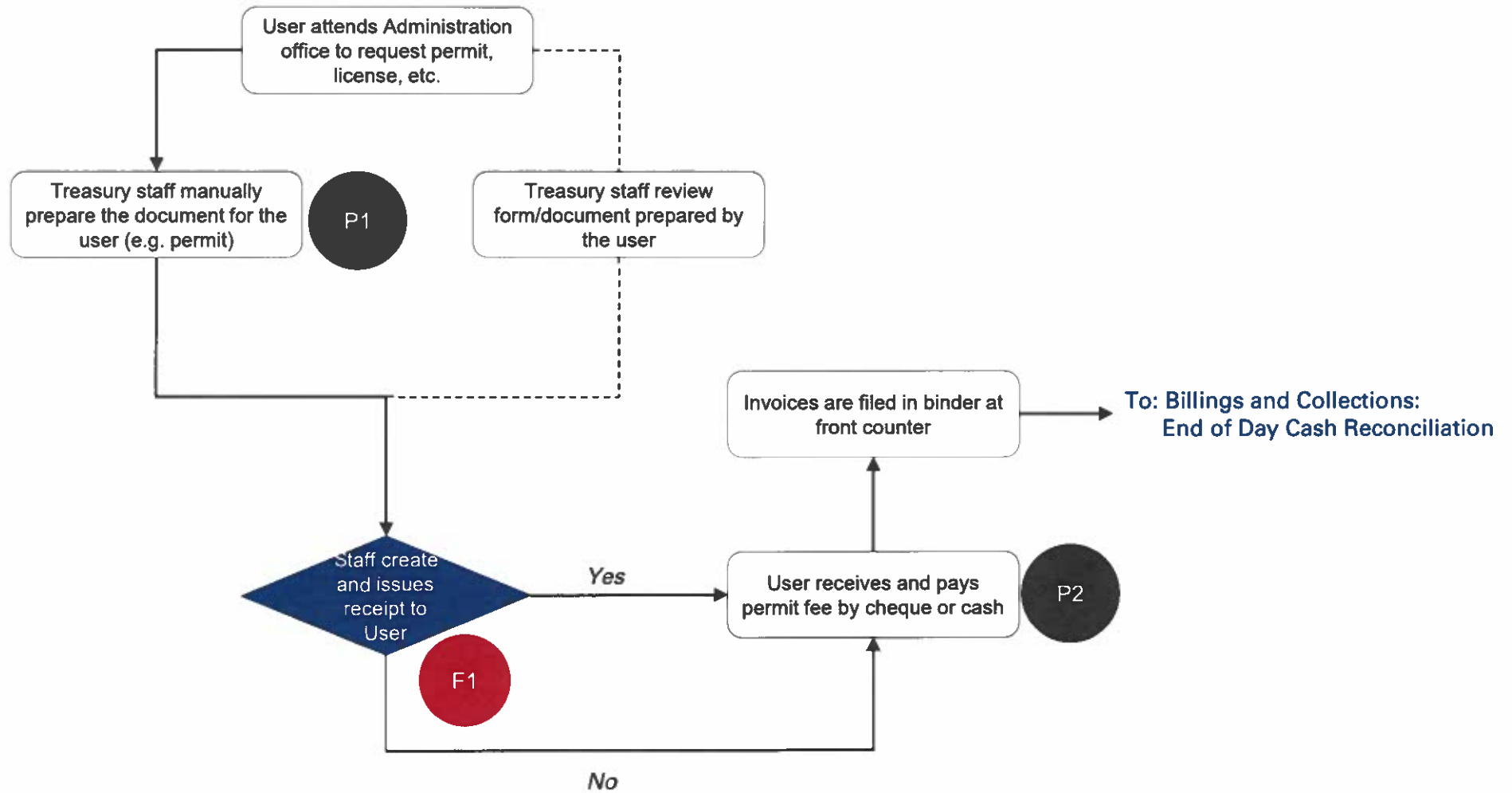
# Billings and Collections: Grants



# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P1</b></p> <p>Currently there is no formal guidance given from Council to establish grant priorities. As a result, the Department Managers may be focusing efforts on initiatives that are not a priority of the Municipality.</p>	<p>Establish the following procedure:</p> <ul style="list-style-type: none"> <li>• Prior to the budgeting process, Council set specific categories for grant funding</li> <li>• Assign category to Department Manager or Treasurer, making them accountable for identifying and applying for grant funding.</li> </ul>
<p><b>P2</b></p> <p>Currently, review of why a grant application failed does not always occur. Reviewing strengths, weaknesses and lessons learned will result in improved grants submissions in the future.</p>	<p>The Municipality can implement the following process step:</p> <ul style="list-style-type: none"> <li>• Treasurer follows up with the funding agency identifying why the Municipality was not approved for the grant.</li> </ul>
<p><b>F1</b></p> <p>Revenue and the related receivable for grant funding is not recorded until the funds are received. There is a risk at the end of a period, revenue related to that period is not recorded. Additionally, since the receivable balance is not recorded, there is an increased risk that funds owed to the Municipality are not collected.</p>	<p>Grants should be recorded as accounts receivable when approved and/or earned. This receivable should then be cleared when the cash is received. This will allow the Treasurer to follow up on any outstanding balances and also provide more accurate information for cash forecasting and budgeting.</p>

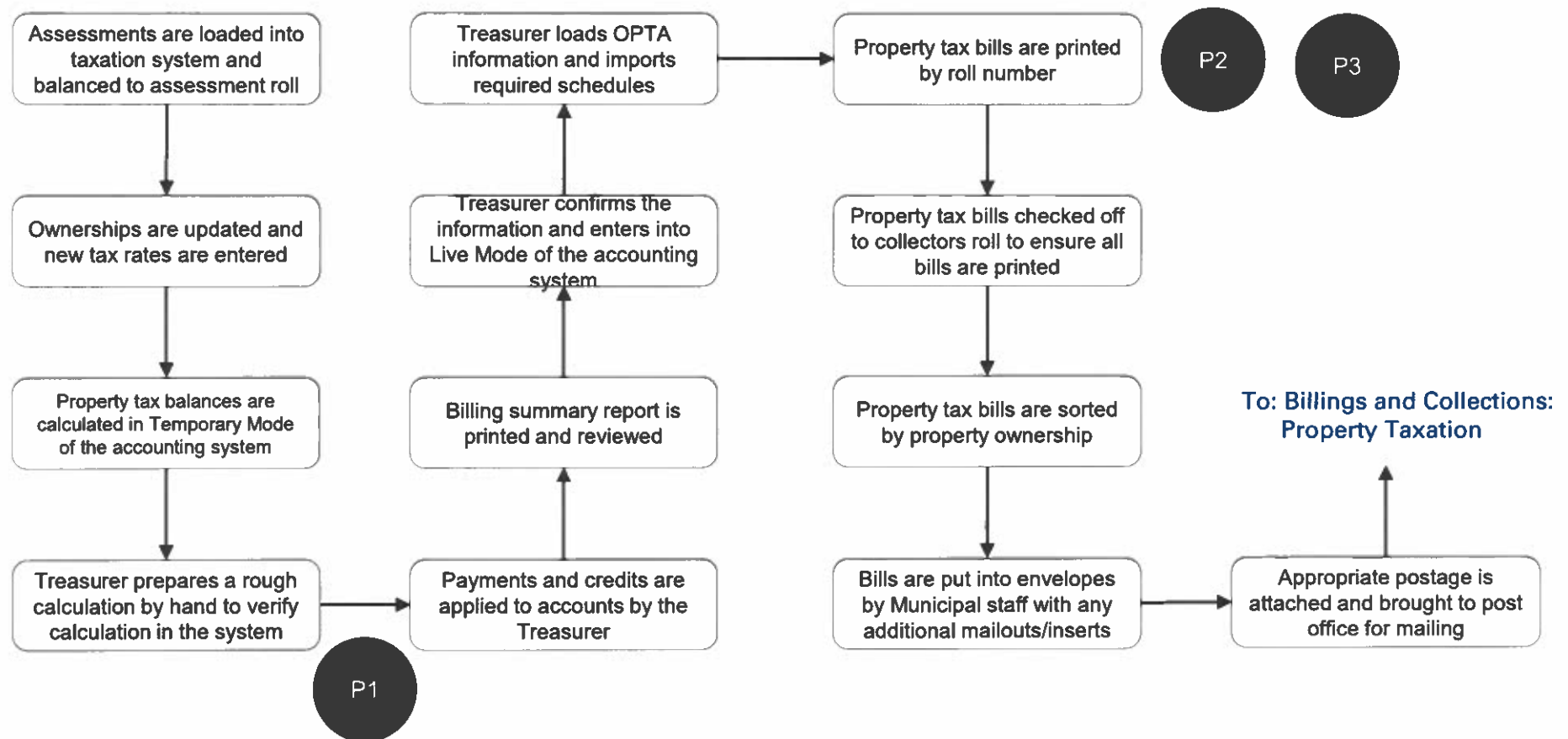
# Billings and Collections: User Fees



# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P1</b></p> <p>A number of user fees require the completion of a standardized form (e.g. dog tag, event permits, etc.). These forms are completed manually and provided to the user which can sometimes takes considerable time.</p> <p>We understand that the Municipality has transferred all application forms to the municipal website and is in the process of making all fillable PDFs.</p>	<p>Develop standard electronic templates (e.g. word, fillable PDFs, etc.) that the Treasury Staff can complete and provide to the user. In addition, frequently requested forms should be made available on the Municipality's website for the user to complete before attending the Municipal office, reducing the amount of time spent by Treasury Staff on this process.</p>
<p><b>F1</b></p> <p>A receipt is not always created and issued if a user does not request a receipt. There is a risk that a tag or permit is manually completed, issued to the user and fee collected but never entered into the accounting system, providing the opportunity to misappropriation of funds.</p>	<p>Ensure a receipt is issued for all user fees. Create signage at the reception desk that informs users to ask for and receive a receipt for all purchases. Integration of forms/permits into the accounting system to eliminate manual preparation will also reduce risks around cash payments since transactions will be recorded in the system and will be accompanied by a balance owing.</p>
<p><b>P2</b></p> <p>Electronic payments methods at the Municipal office are not currently available.</p> <p>We understand that the Municipality is in the process of exploring the use of a debit/credit terminal and performing a cost for service comparison.</p>	<p>A debit/credit payment terminal should be added to the front desk to accept in-person payments. This will reduce the amount of cash transacted at the Municipal office, reducing the risk of fraud and theft.</p>

# Billings and Collections: Property Taxation - Assessment & mailing



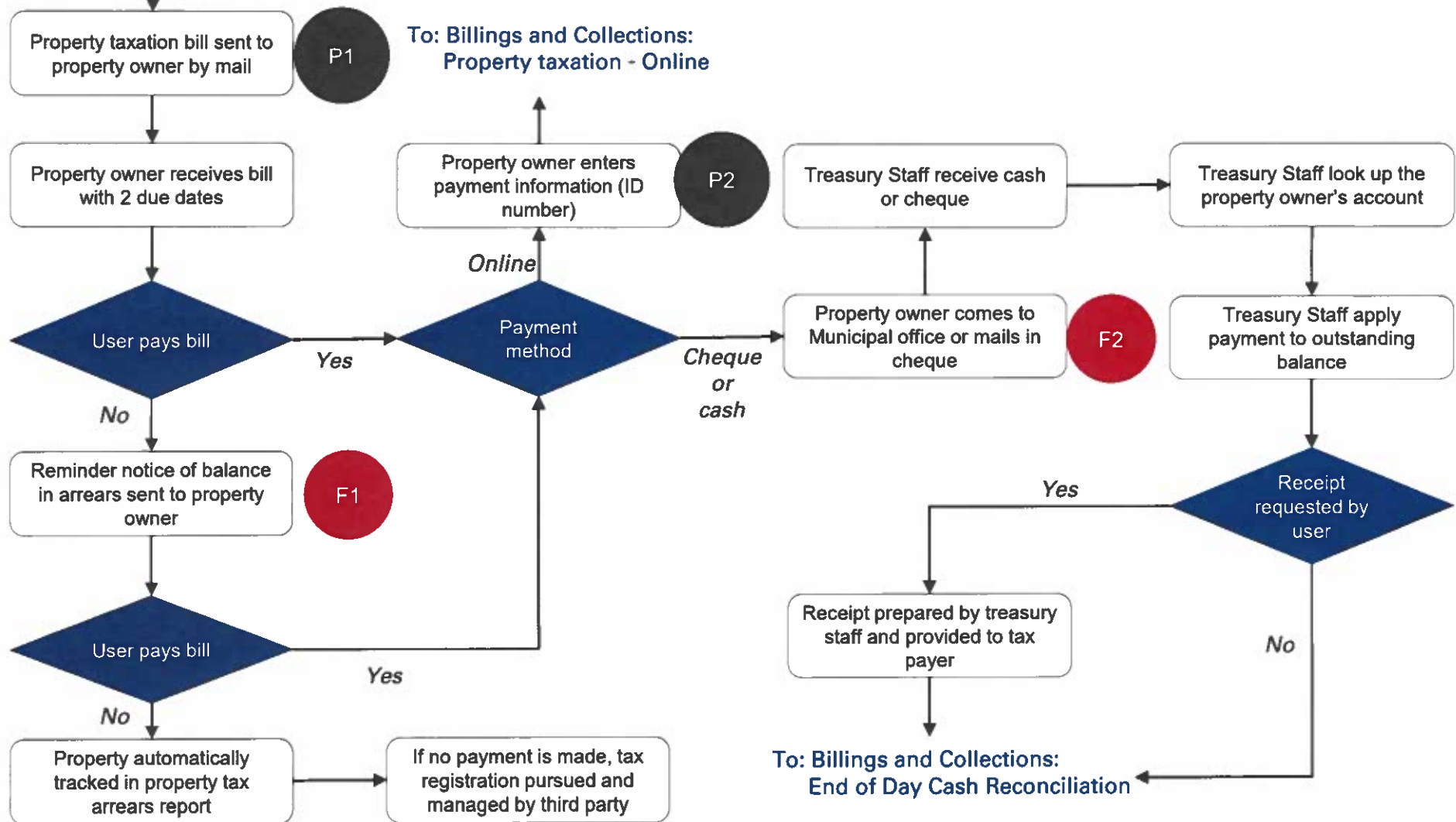
# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P1</b> A draft calculation of total property taxes is prepared outside of the accounting system.</p>	<p>Property taxes should be calculated in an Excel spreadsheet opposed to manually and drafted directly in the accounting system. A back-up of the accounting module can be used in case an error is made and changes need to be reversed.</p>
<p><b>P2</b> Tax bills are printed by roll number. Some individuals own multiple properties which can result in duplicate mailings to the same property owner or additional time to search and pull out bills to be sent to one address.</p>	<p>Print property tax bills by property owner. This will simplify the process to pull out bills to be sent to the same property owner.</p>
<p><b>P3</b> Currently, property tax bills are printed on legal sized paper on a low volume printer. This involves waiting longer than required to print tax bills.</p>	<p>Reorganize tax bills to be able to be printed on regular 8"x11" paper. Furthermore, printing should be completed on the Municipality's commercial grade, high volume printer.</p> <p>Opportunities exist to send tax bill electronically, reducing printing costs and is described in more detail on subsequent pages.</p>



# Billings and Collections: Property Taxation

From: Billings and Collections: Property Taxation – Assessment & mailing



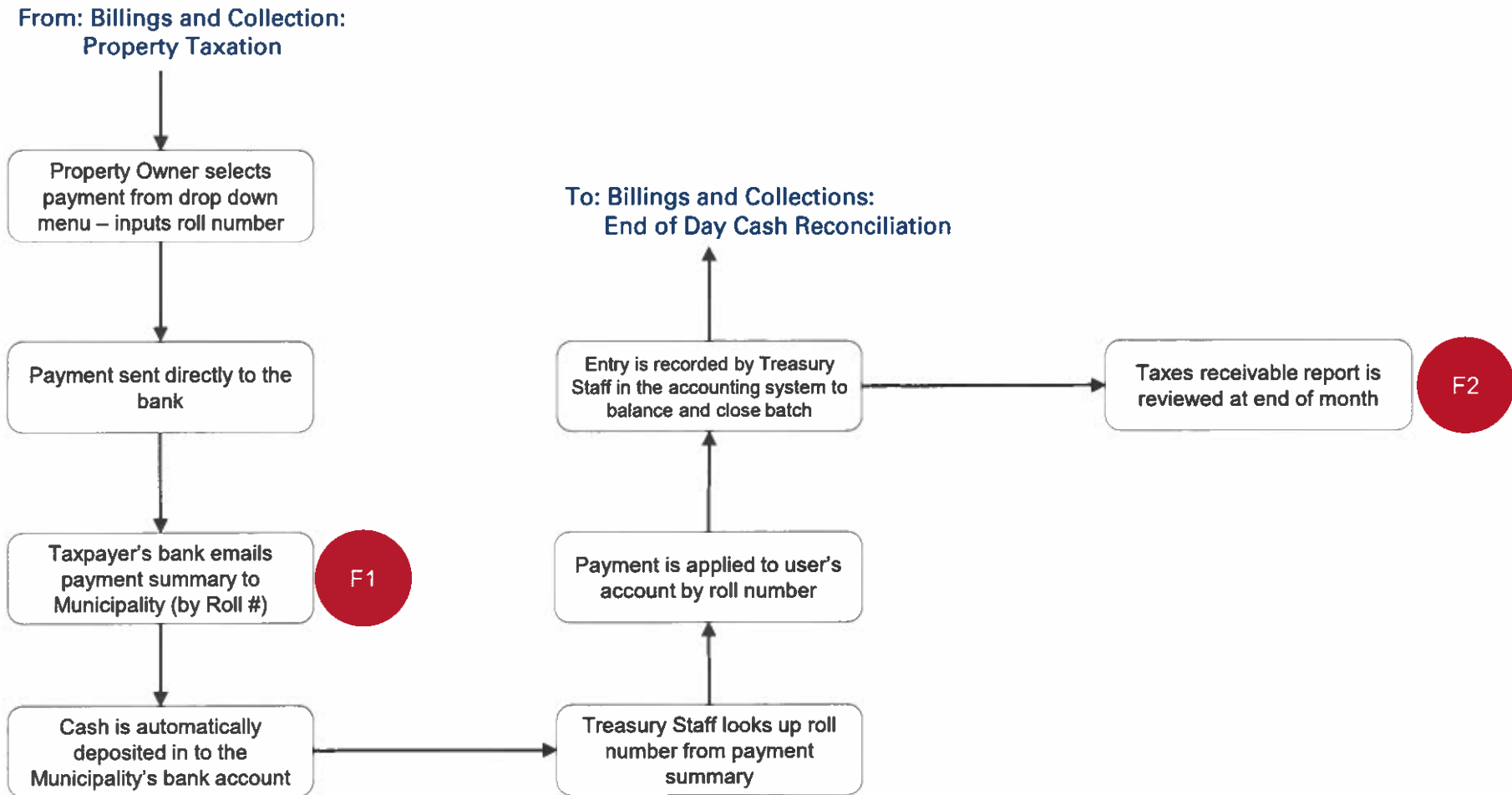
# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P1</b></p> <p>All property tax bills are currently manually prepared and sent by mail. This results in additional time and postage costs incurred by the Municipality.</p>	<p>Allow users to receive bills electronically through email or “epost” through Canada Post. System generated emails can be produced that will send users their bills electronically reducing costs associated with post and the time required to prepare and mail the bills.</p>
<p><b>F1</b></p> <p>Review and follow-up of property tax arrears occur at irregular intervals. There are also inconsistent methods used for collection (payment plans, collections/lawyer, etc.) and exposed the Municipality to potential legal and reputational risks.</p>	<p>The Municipality should develop a formal policy that is followed for property tax arrears and tax registration. The policy should be approved by council and made public to inform all users and residents of the process and policy in place.</p> <p>Development and adherence to a formal policy will allow staff to address operational matters in a more efficient and time sensitive manner.</p> <p>For example, tax arrears notices should be sent after the 1<sup>st</sup> bill and the final bill (first due date) to encourage property owners to pay outstanding balances. In October of every year, a formal letter can be sent from the Municipal Treasurer out to property owners with balances in arrears. The Municipality may wish to coordinate efforts with their legal counsel to send arrears letters on their behalf to further encourage payment.</p>



# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P2</b></p> <p>Property tax owners pay their bills by either cash/cheque or online. This requires the property owner to initiate the transaction, increasing the risk that payments are not made as quickly as possible.</p>	<p>Setup with the bank and allow property owners to pay their property taxes through a pre-authorize tax payment plan. Two options should be provided:</p> <ul style="list-style-type: none"> <li>• Ten Month Automatic Bank Withdrawals – payments are withdrawn from bank account on a specific day of each month (January to October).</li> <li>• Due Date Tax Payment Plan – payments are withdrawn from property owner's bank account on the installment due dates (4 times a year).</li> </ul> <p>This was result in a decrease in the cash collection cycle, improve cash flow and help to reduce the balance in arrears.</p>
<p><b>F2</b></p> <p>Currently, one member of the Treasury Staff opens the Municipality's mail and applies payments received from customers to accounts receivable balances. The segregation of duties related to the origination and authorization, receipt of consideration, and recording of transactions is a key aspect of effective internal accounting control.</p>	<p>Someone independent of recording the transactions should be assigned to open the mail and record its contents before being forwarded to another member of the Treasury Staff for posting.</p> <p>The individual responsible for opening the mail should not have the ability to record transactions into the accounting system.</p>

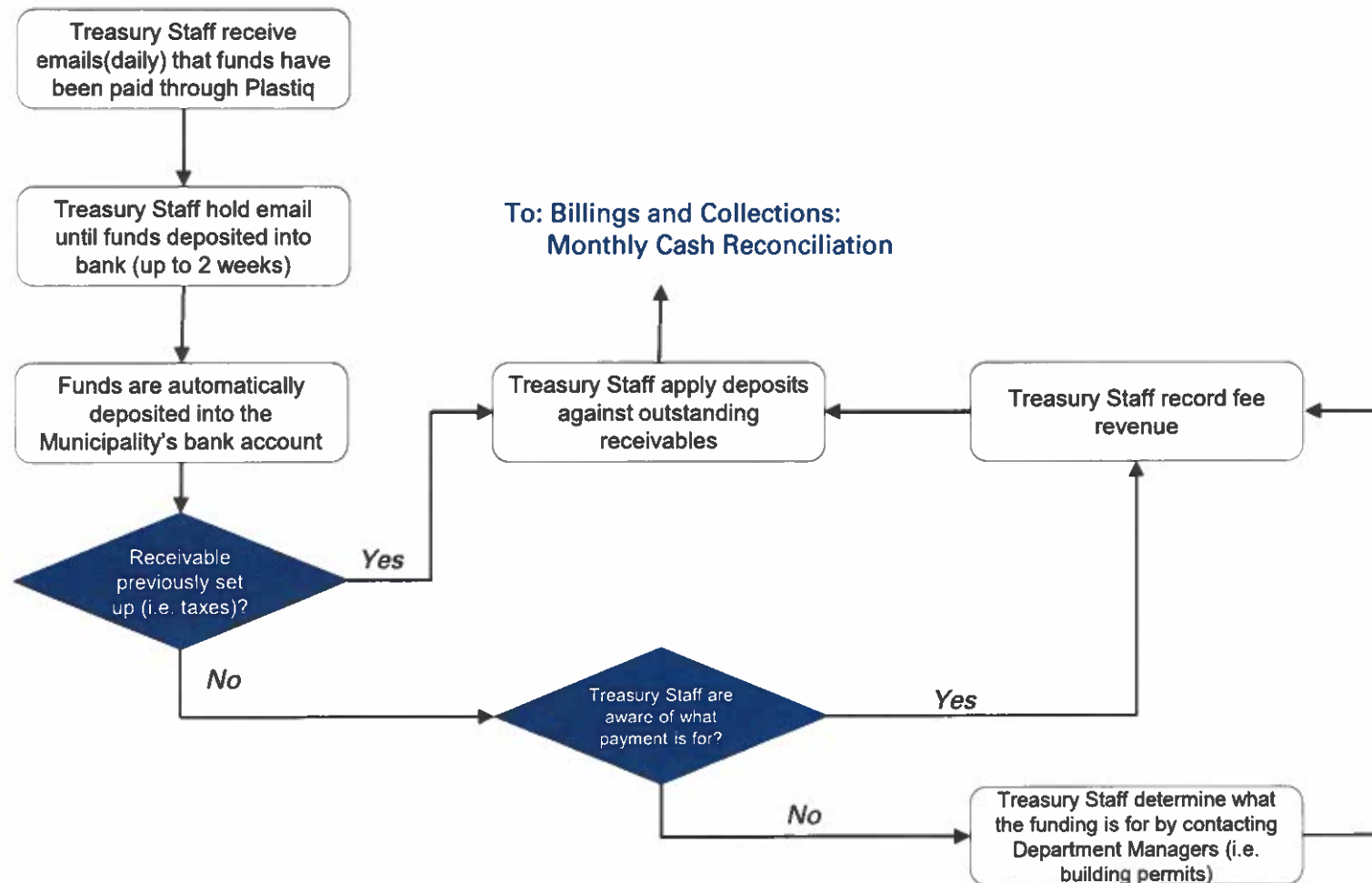
# Billings and Collections: Property Taxation - Online



# Potential Courses of Action

	Issue	Potential Course of Action
	<p>Currently, multiple reports from numerous banks are received. Treasury Staff then need to match up these payments to the cash deposits in the Municipality's bank.</p>	<p>The Municipality should inquire with their financial institution if they are able to provide a daily summary of all payments received including the ability to download this information directly. This will reduce the number of sources that Treasury Staff need to review, increasing efficiency.</p>
	<p>Review and follow-up of property tax arrears occur at irregular intervals. There are also inconsistent methods used for collection (payment plans, collections/lawyer, etc.) and exposed the Municipality to potential legal and reputational risks.</p>	<p>The Municipality should develop a formal policy that is followed for property tax arrears. The policy should be approved by council and made public to inform all users and residents of the process and policy in place.</p> <p>Development and adherence to a formal policy will allow staff to address operational matters in a more efficient and time sensitive manner.</p> <p>For example, tax arrears notices should be sent after the 1<sup>st</sup> bill and the final bill (first due date) to encourage property owners to pay outstanding balances. In October of every year, a formal letter can be sent from the Municipal Treasurer out to property owners with balances in arrears. The Municipality may wish to coordinate efforts with their legal counsel to send arrears letters on their behalf to further encourage payment.</p>

# Billings and Collections: Online Payments Reconciliation (Plastic)

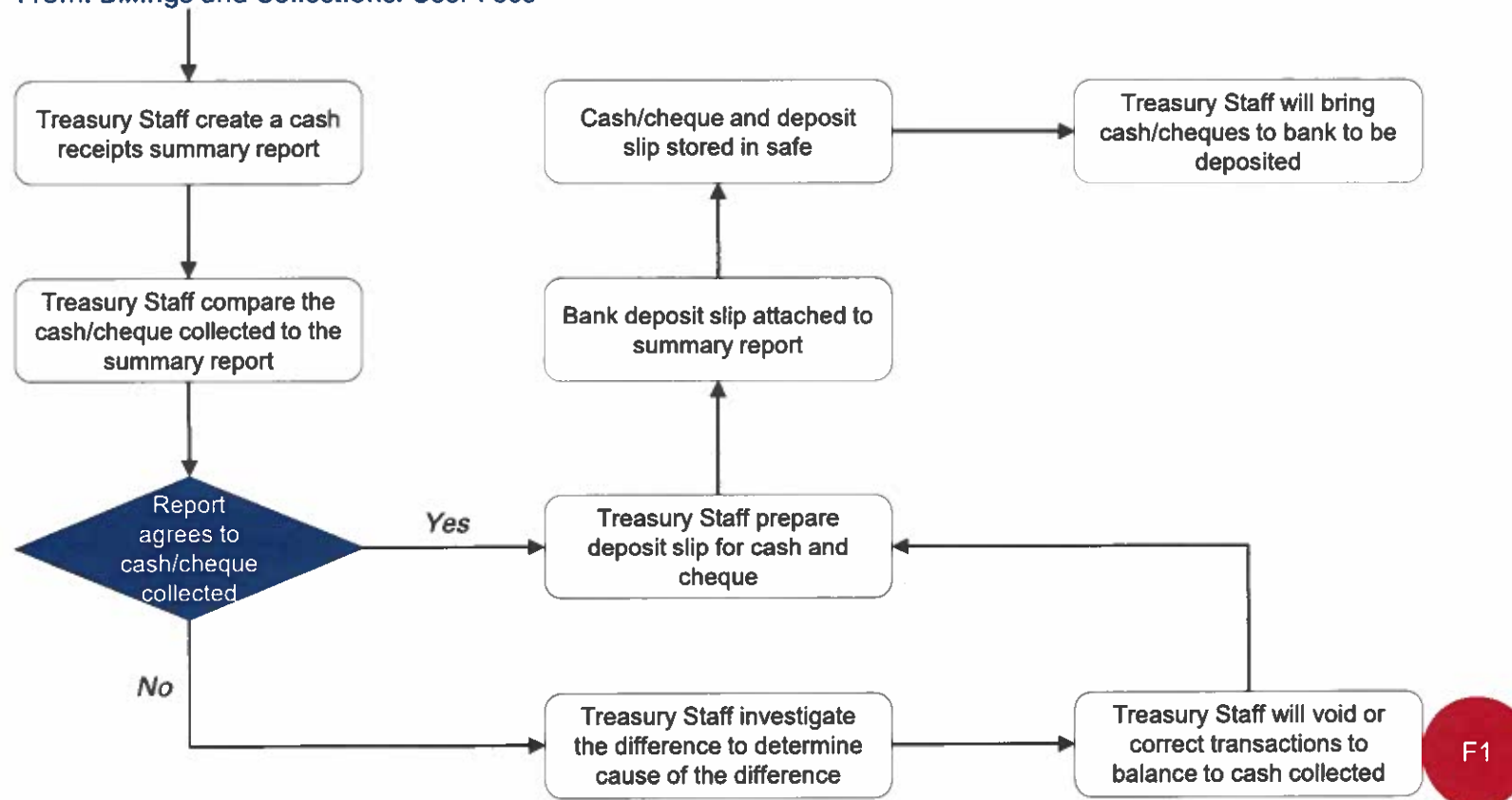


# Billings and Collections: End of Day Cash Reconciliation

From: Billings and Collections: Property Taxation

From: Billings and Collections: Property Taxation – Online

From: Billings and Collections: User Fees

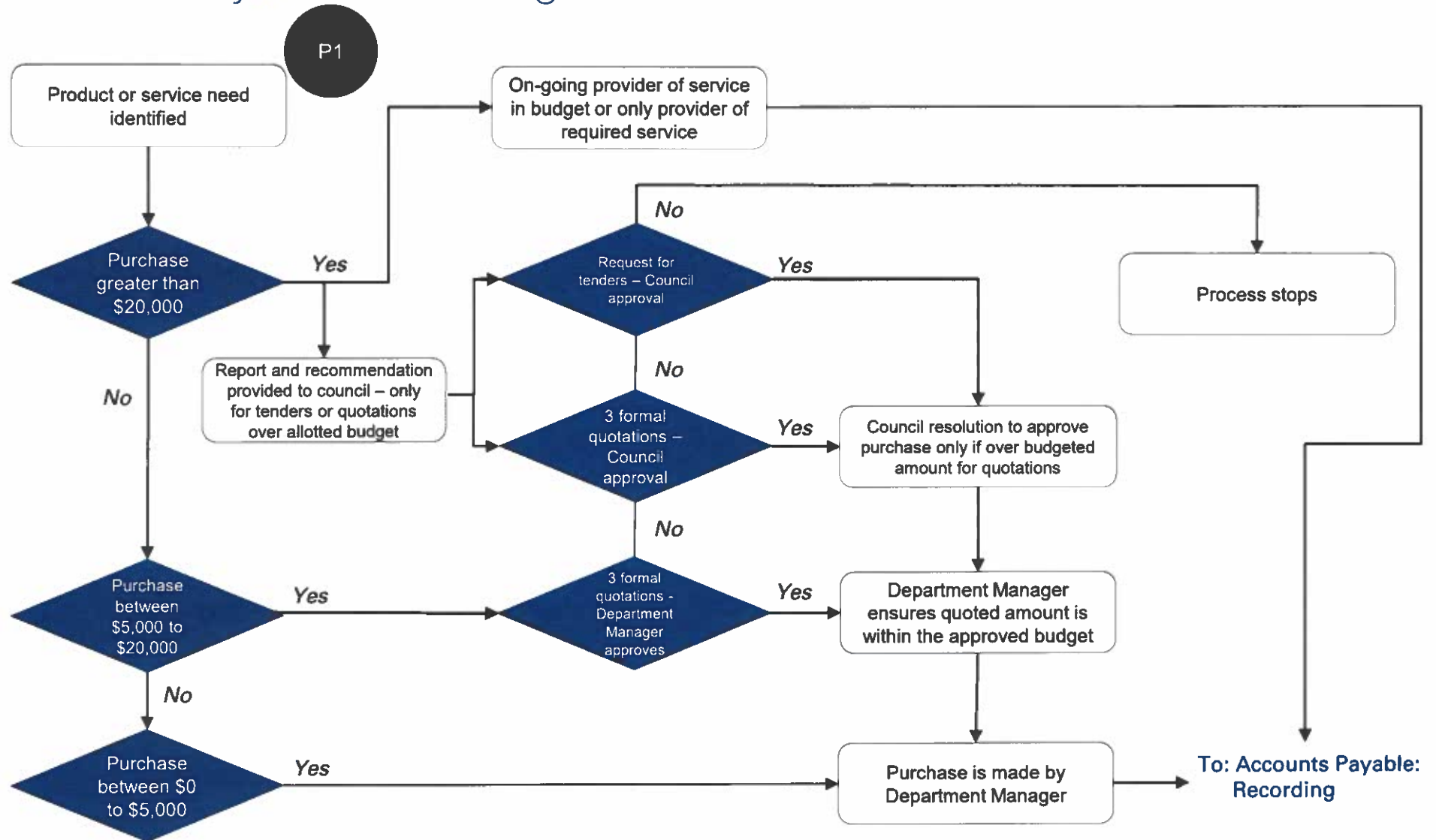


# Potential Courses of Action

Issue	Potential Course of Action
<p data-bbox="149 443 260 558"><b>F1</b></p> <p data-bbox="317 435 1171 732">An element of effective internal controls is the proper segregation of duties. The basic premise of segregating duties is to prevent situations where an employee has the ability to perpetrate an error or irregularity and to conceal it as well. Proper segregation of duties provides for a system of checks and balances such that the functions by one employee are subject to review through the performance of the interrelated functions of another employee. In the course of our examination, we noted several situations involving conflicting duties, such as:</p> <ul data-bbox="317 740 1171 1003" style="list-style-type: none"> <li>• The individuals responsible for maintaining the accounts receivable records also are responsible for handling, processing and recording of cash receipts and preparing bank deposit slips.</li> <li>• The accounting management individual who is actively involved in all accounting operations including monthly bank reconciliations has the ability to issue cheques.</li> <li>• Accounting personnel initiate transactions and also perform related data entry on the computer.</li> </ul> <p data-bbox="317 1011 1058 1073">Each of the above situations could result in an intentional or unintentional error or irregularity going undetected.</p>	<p data-bbox="1213 435 1961 565">While the size of the Municipality's accounting staff prohibits complete adherence to this concept, the following practices could be implemented to improve existing internal control without impairing efficiency:</p> <ol data-bbox="1213 605 1982 938" style="list-style-type: none"> <li>1. Mail should be opened by employee not responsible for accounting records. Cash receipts could be recorded and the deposit prepared by this person.</li> <li>2. Management should review supporting documents for normal recurring disbursements (not usually reviewed) on a spot-check basis. Non-routine testing would aid in ensuring compliance with Municipal policy for all disbursements.</li> <li>3. Journal entries should be approved by an employee other than the one who prepared the entry.</li> </ol>



# Accounts Payable: Purchasing

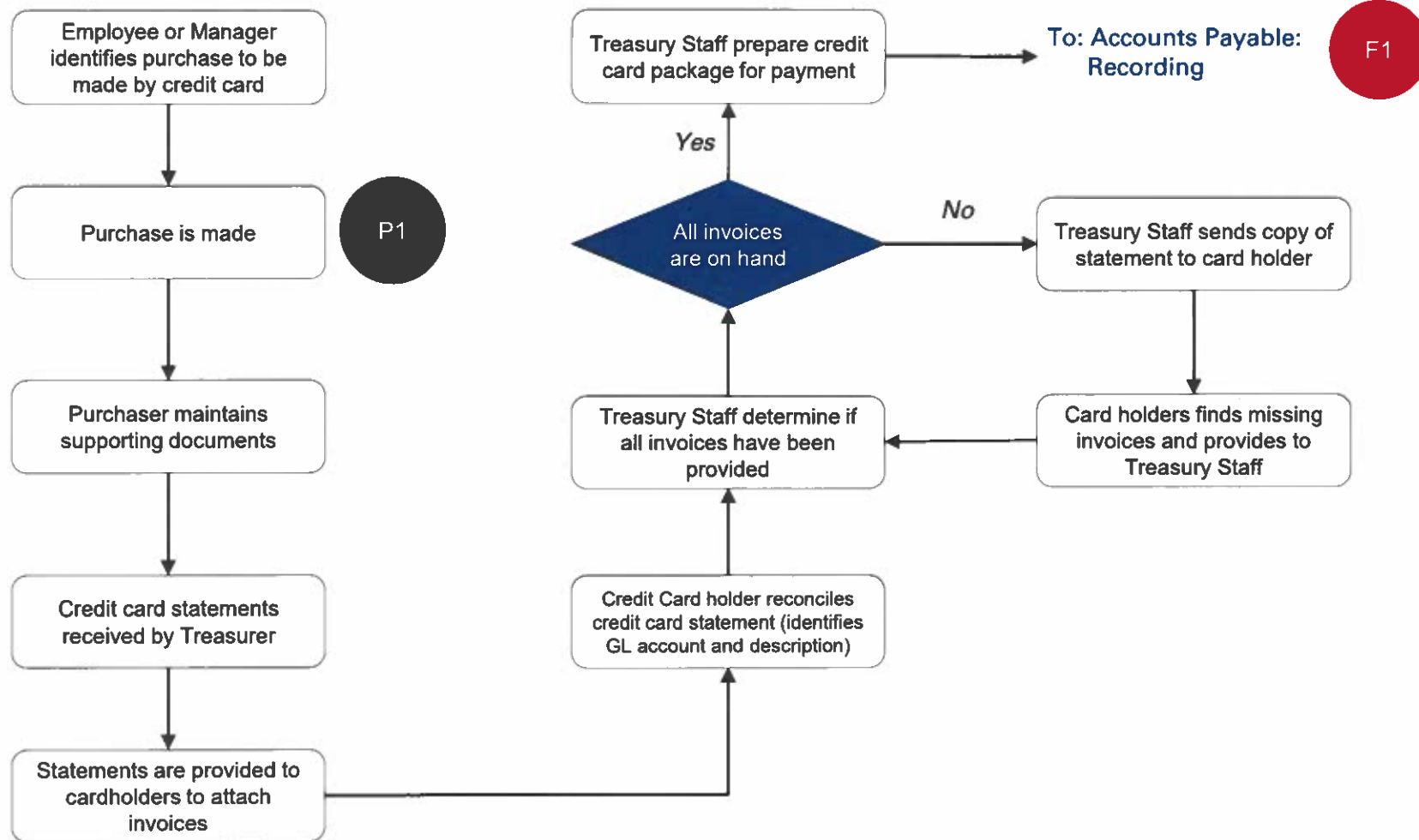


\* Procurement policy per By-law No. 2018-08

# Potential Courses of Action

Issue	Potential Course of Action
<p data-bbox="149 440 275 565">P1</p> <p data-bbox="317 435 1142 699">The Municipality does not use purchase orders for procurement. As such, there is a risk that departments will purchase goods or services without sufficient budget room. The absence of purchase order requirements also exposes the Municipality to risk in the event that unauthorized purchases are made as it has no current process for monitoring commitments made by personnel until after the goods or services are received (which may commit the Municipality to the expenditure)</p>	<p data-bbox="1178 435 1982 597">The Municipality may wish to consider the implementation of a formal purchase order system that requires personnel to obtain approval prior to the ordering of goods and services. If adopted, suppliers should be advised of the requirement that all invoices must quote a PO number in order for payment to be received.</p> <p data-bbox="1178 602 1982 630">The purchase order system would include the following controls:</p> <ul data-bbox="1178 634 1982 1409" style="list-style-type: none"> <li>• Department heads are required to submit purchase orders for purchases greater than \$2,500</li> <li>• Purchase orders should be numbered sequentially, required for all purchases of inventory and supplies, controlled numerically, and bear the appropriate documented approval from the appropriate responsible official.</li> <li>• Personnel requesting and approving purchase orders should be independent of the individuals in the receiving area, to allow for a proper segregation of duties.</li> <li>• The receiving reports should be matched with the purchase order by Treasury Staff and this comparison documented on the receiving report. Any differences should be reviewed on a timely basis.</li> <li>• Vendor invoices received should be matched with the attached purchase order and receiving report and the procedure documented on the invoice to determine that the invoice reflects the merchandise ordered and received.</li> <li>• A centralized purchasing function should be used to allow the Municipality to take advantage of volume discounts through group purchasing of large quantities. It would also ensure purchases are made only when inventory levels have declined to the appropriate reorder quantity and reduce the amount of cash invested in excess inventories</li> </ul>

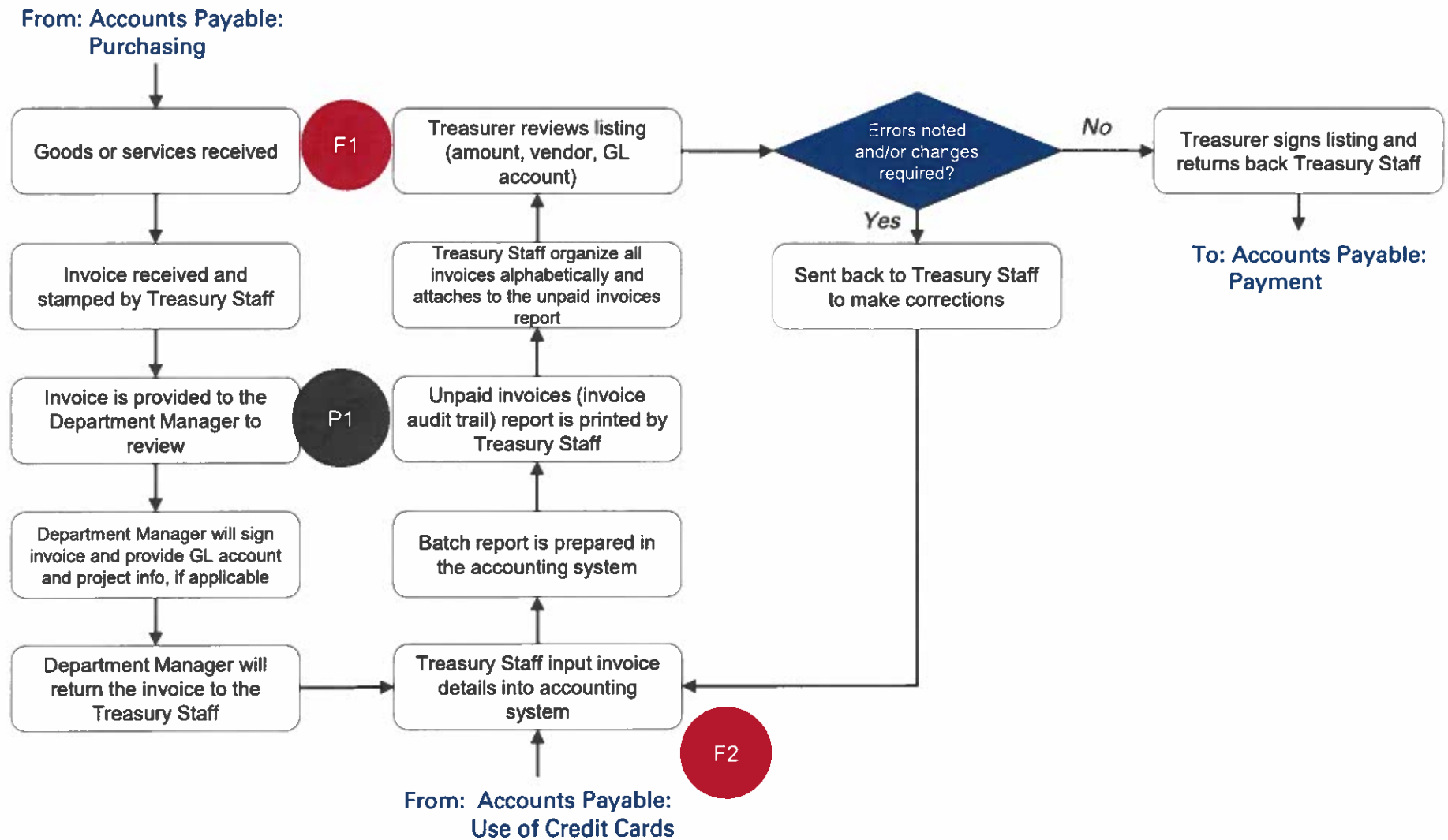
# Accounts Payable: Use of Credit Cards



# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P1</b></p> <p>The Municipality's policy as to what type of purchases can be made by credit cards has not been reviewed in many years. Further, it does not appear to be consistently enforced.</p> <p>Depending on the amount of the authorization limit, the opportunity exists to bypass the authorization limits described in Accounts Payable: Purchasing process.</p>	<p>Establish what purchases are authorized to be made by credit card (hotel, travel costs etc.)</p>
<p><b>F1</b></p> <p>Credit card statements are not approved before being processed. This can result in unapproved purchases being prepared, and potentially processed if not identified.</p>	<p>All credit card statements should be reconciled with the supporting documentation by the card holder. This reconciliation should then be provided to a staff member senior to the card holder for review and approval. This will ensure that only authorized payments are prepared and processed.</p>

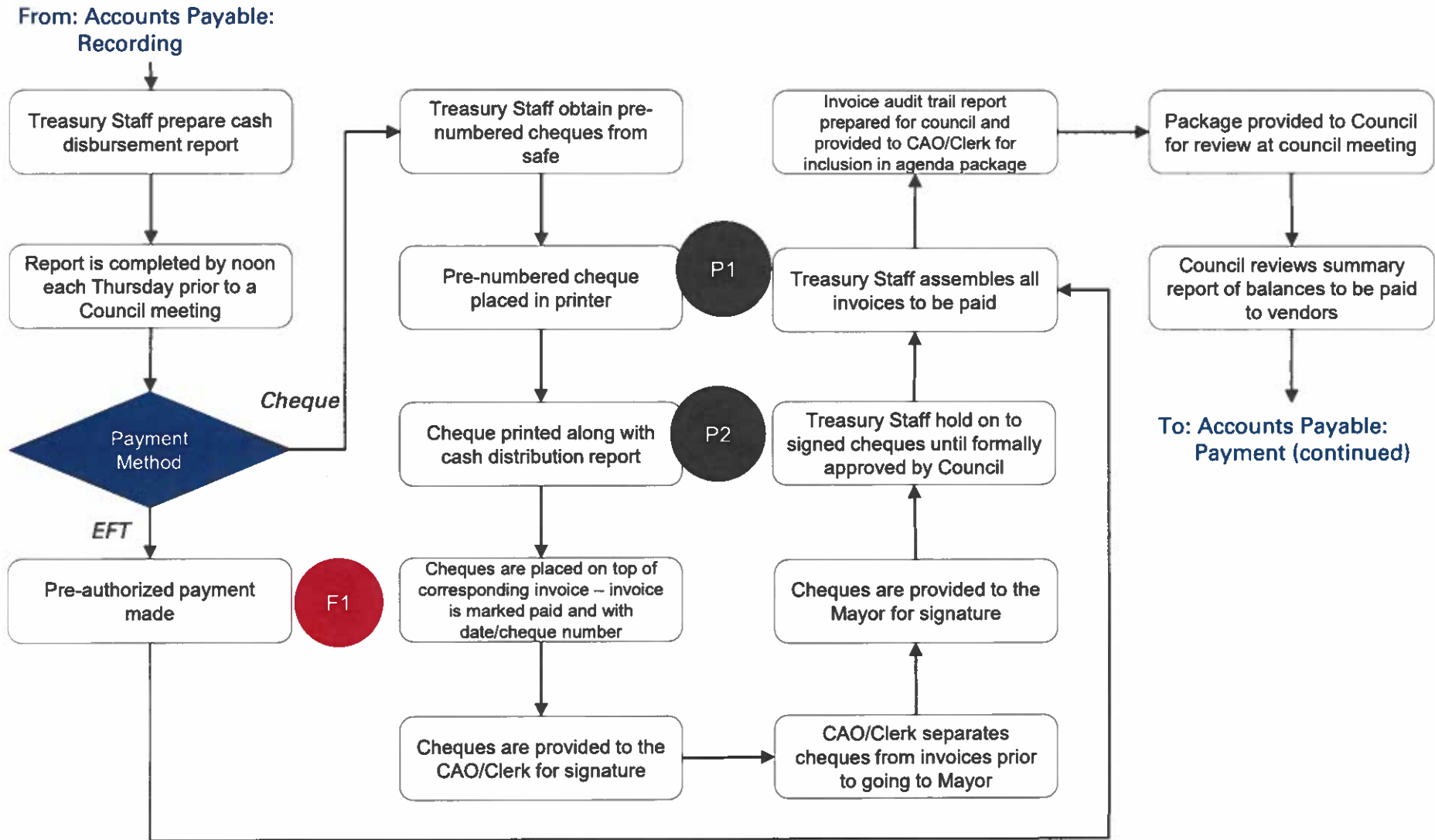
# Accounts Payable: Recording



# Potential Courses of Action

Issue	Potential Course of Action
<p><b>F1</b></p> <p>Goods received are not verified by a second individual. This could lead to inappropriate purchases being made and misappropriation of the Municipality's assets (e.g. materials purchased by the materiality and used personally by staff).</p>	<p>Personnel requesting and approving purchase orders should be independent of the individuals who receives good, to allow for a proper segregation of duties and confirmation of receipt and appropriate Municipal use.</p>
<p><b>P1</b></p> <p>The Municipality's account payable process is paper based, with emailed copies of invoices printed out for processing. This represents a potential inefficiency as (i) the process consumes time and resources associated with the printing of electronic invoices; and (ii) the approval process involves the physical movement of invoices as opposed to email.</p>	<p>The Municipality should consider the use of electronic invoices as opposed to paper copies, whereby invoices received by mail are scanned prior to processing.</p> <p>Invoices should be scanned and saved by date and vendor only. A naming convention should be developed that will allow for an efficient electronic search (e.g. vendor, amount, batch number, payment date, cheque number, etc.)</p> <p>Electronic invoices can also be submitted to a shared folder location with access restricted to only the Department Managers. Treasury Staff can retrieve the documents from this location every week to prepare the payment batch.</p>
<p><b>F2</b></p> <p>The Municipality's process for new vendor set-up involves minimal controls and review and is initiated once an invoice is received. It is possible that staff can purchase goods or services from related parties or false vendors without independent due diligence into the vendor.</p>	<p>The Municipality may wish to establish a process whereby new vendor set-up requires certain verification procedures, including proof of operation and reviews of potential conflicts of interest.</p> <p>The listing of active vendors should be reviewed regularly for accuracy and independence. Vendors which have not been used over the last 24 months should be removed.</p>

# Accounts Payable: Payment

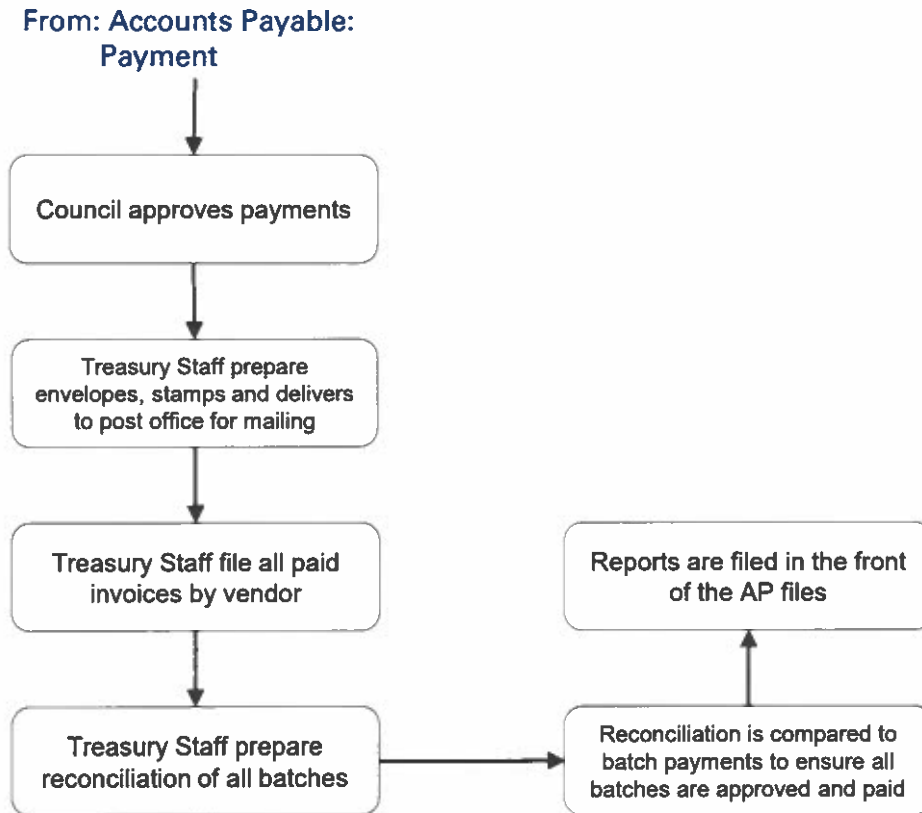


# Potential Courses of Action

Issue	Potential Course of Action
<p><b>F1</b></p> <p>Payment of the corporate credit cards has recently changed to pre-authorized payment. Previously, credit cards were not paid until Treasury Staff received all supporting documents/backup which would sometimes result in late fees and penalties. While there are now potential savings, credit balances are now not settled before review.</p>	<p>Payment of credit card balances should not be pre-authorized. Copies of the credit card statements should be provided to Treasury Staff from the Treasurer. Treasury Staff should then be responsible for timely follow-up of outstanding items/invoices/approved expense reports with card holders prior to electronic payment.</p>
<p><b>P1</b></p> <p>The majority of transactions are paid by cheque. This results in additional efforts and time required to process a payment.</p>	<p>We recommend considering use of Electronic Fund Transfers (EFTs) with integration into the account system. The recommended process is as follows:</p> <ul style="list-style-type: none"> <li>• Treasury Staff run EFT process in accounting system</li> <li>• Treasury Staff print EFT batch report and attaches invoices which are provided to the Treasurer for review</li> <li>• Treasury Staff upload EFT file the bank (payment does not process at this time)</li> <li>• Treasurer receives notification that an EFT has been updated. Treasure reviews the EFT with the provided supporting documentation and approves the EFT payment.</li> <li>• EFT confirmation is provided to the Treasury Staff to save and file with the payment batch information.</li> </ul>
<p><b>P2</b></p> <p>The cash distribution report is printed and filed by Treasury Staff with the related batch. This information is automatically saved in the system and can be retrieved by searching the batch number, invoice number or vendor. This creates a duplication of information.</p>	<p>Consideration should be given to discontinuing the printing and filing the cash distribution report.</p>



# Accounts Payable: Payment (continued)





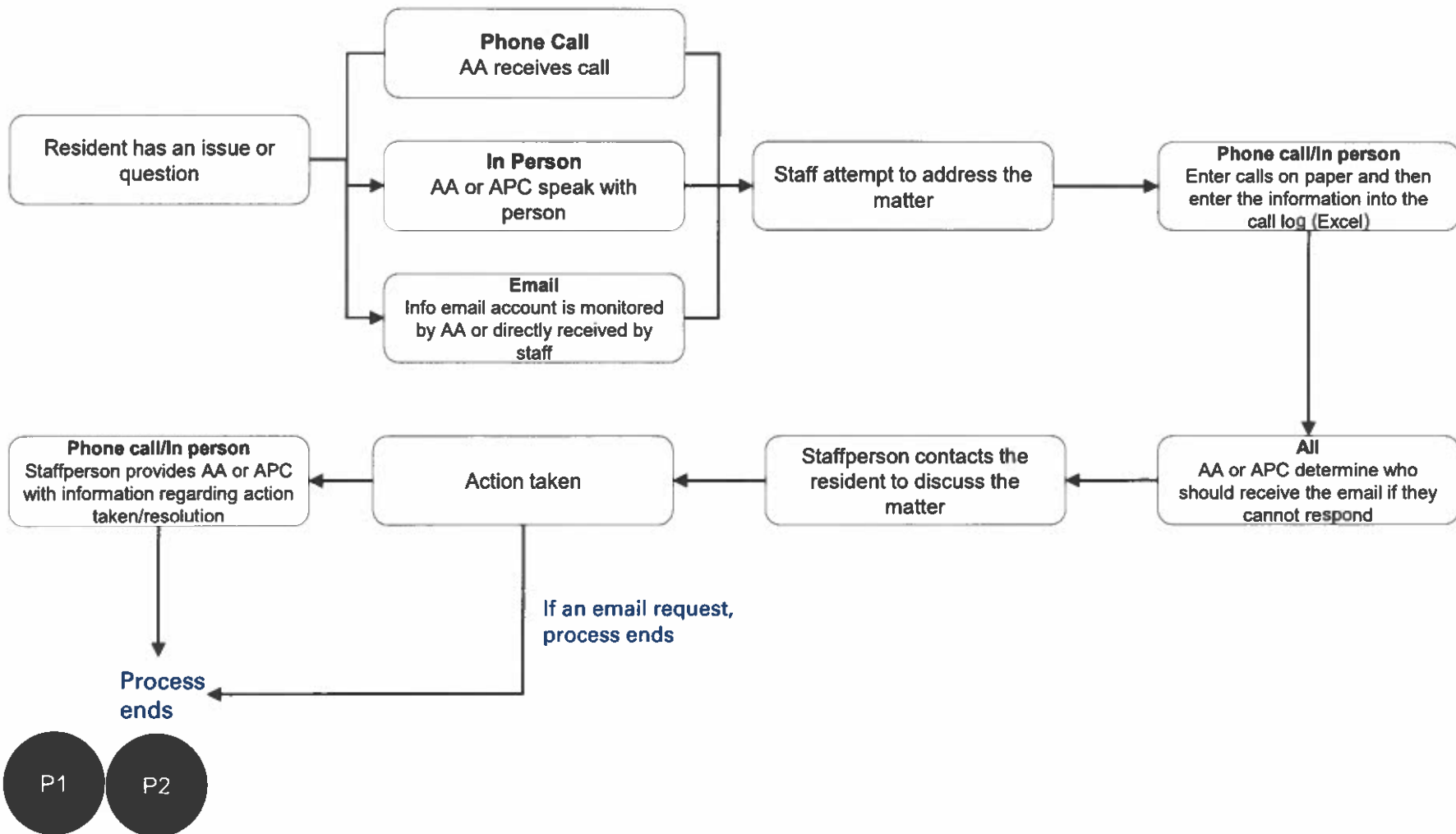
Municipality of Magnetawan

# Municipal Service Delivery Review

Chapter III  
Non Finance Process Maps and Potential  
Courses of Action



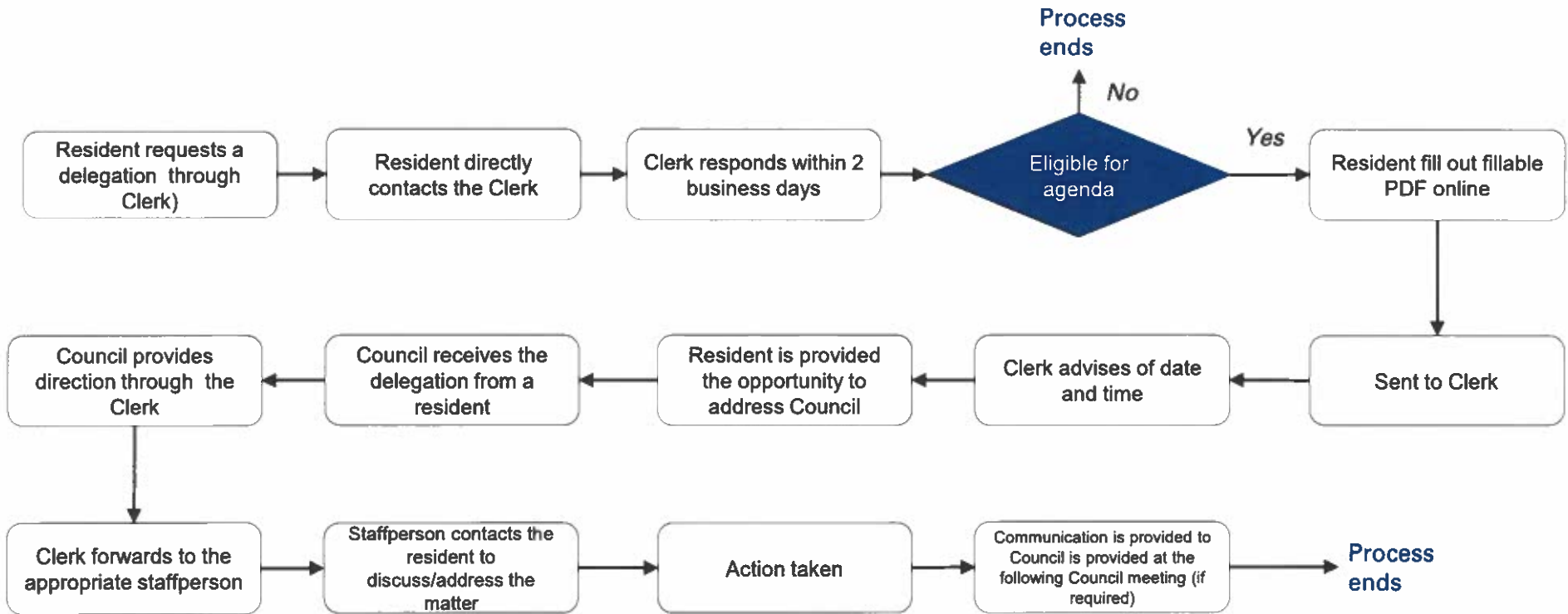
# Customer Service - Resident Issues



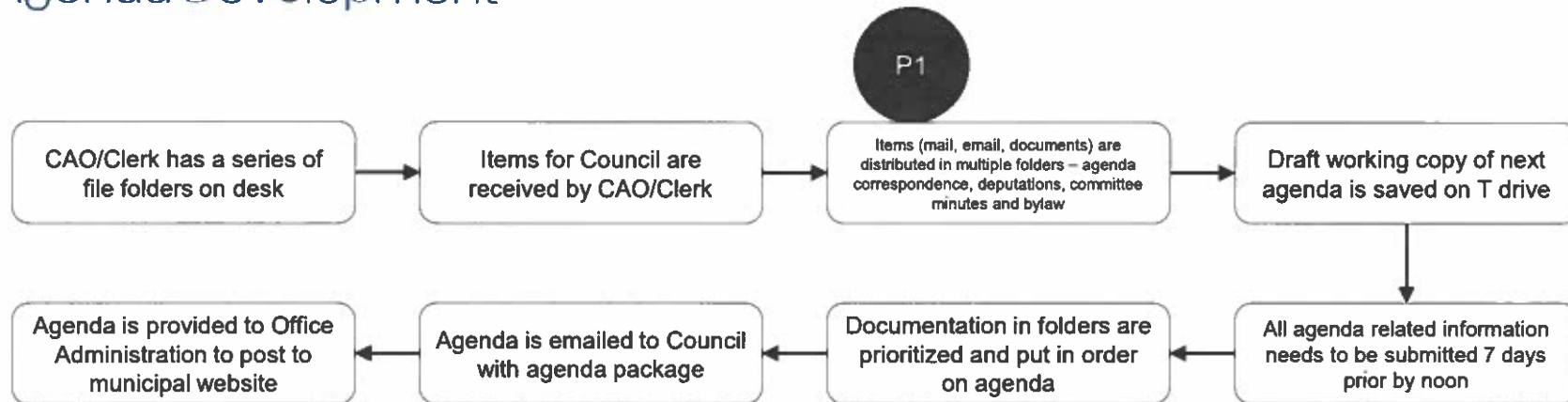
# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P1</b></p> <p>There does not appear to be a process step that “closes the loop” whereas the action taken by staff is recorded on the Excel based tracking sheet.</p> <p>We understand that the Municipality in the process of increasing the amount of information recorded within its call log to capture the action taken.</p>	<p>The Municipality may want to establish a process work step by which the staff responding to a matter use the call log document for the purposes of capturing what actions were taken. This allows for the matter to be closed out and provide the Municipality with more complete records of issues. The Municipality may also want to ensure that the call log is located on a shared server to allow for access for all staff responding.</p>
<p><b>P2</b></p> <p>There does not appear to be a formal mechanism by which staff report to Council on issues received within this process.</p> <p>We understand that going forward the Municipality will be providing quarterly updates to Council.</p>	<p>The Municipality may want to establish a report back to Council on issues received within this process. This could be done on a quarterly basis which summarizes the nature of the issues opposed to case by case identification.</p>

# Customer Service - Delegation Request



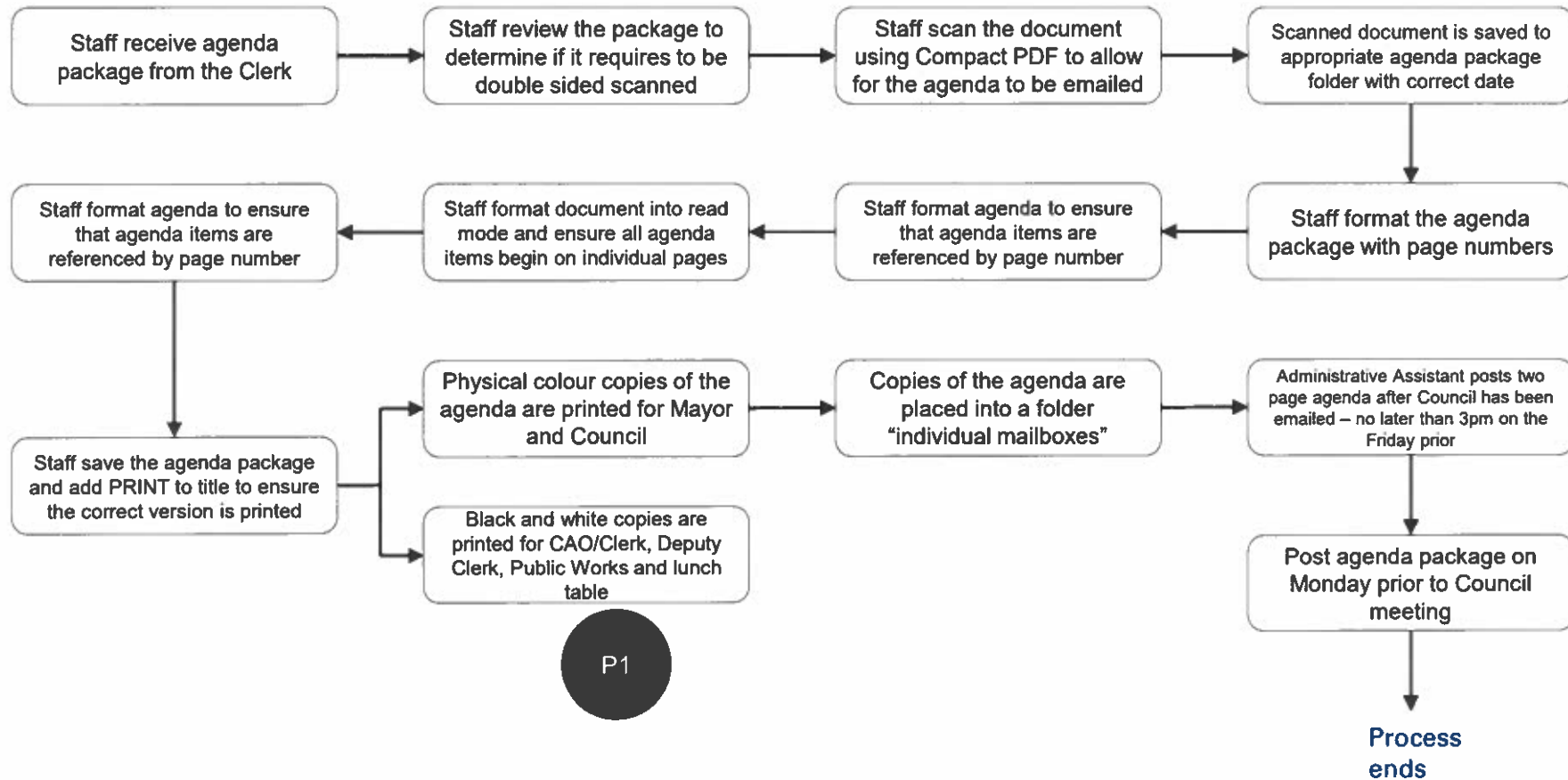
# Agenda Development



# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P1</b></p> <p>Currently, agenda items are distributed among multiple physical folders including agenda correspondence, deputations, committee minutes, etc. The use of physical folders requires the printing of these documents for filing. This practice may also increase the risk of documents not being printed and/or filed as well as filed in the incorrect folders.</p>	<p>To the extent that the Municipality can make use of technology, the Municipality may want to create a shared folder for the purpose of developing the agenda opposed to physical folders.</p> <p>Beyond the use of a shared folder, the Municipality may also want to explore the implementation and use of electronic agenda preparation software.</p>

# Agenda Package Preparation



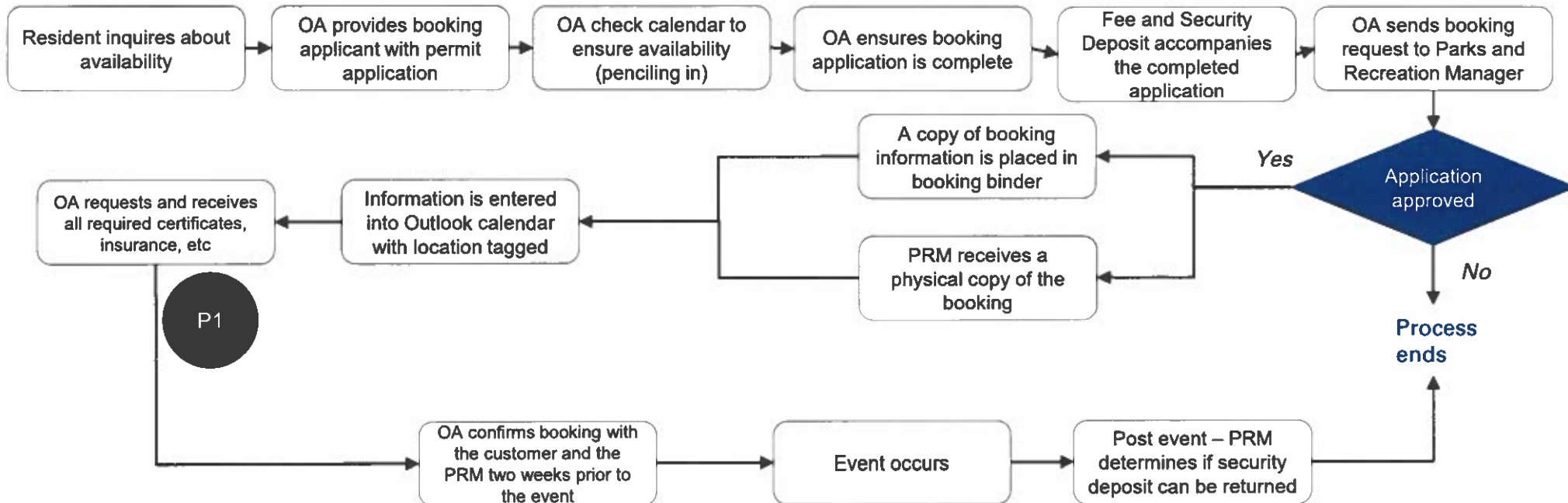
P1



# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P1</b></p> <p>Currently, the Municipality produces physical colour copies of the agenda for all members of Council as well as four black and white copies for various municipal staff as well as a copy for the Municipality's lunch room. The Municipality may want to give some consideration to ending the practice of producing physical Council agenda packages.</p>	<p>The Municipality could potentially move to electronic agenda packages that would allow for amendments to be done and then uploaded opposed to reproduction of physical documents. A shift in this approach would be consistent with municipal best practice and frees up internal capacity within the organization.</p>

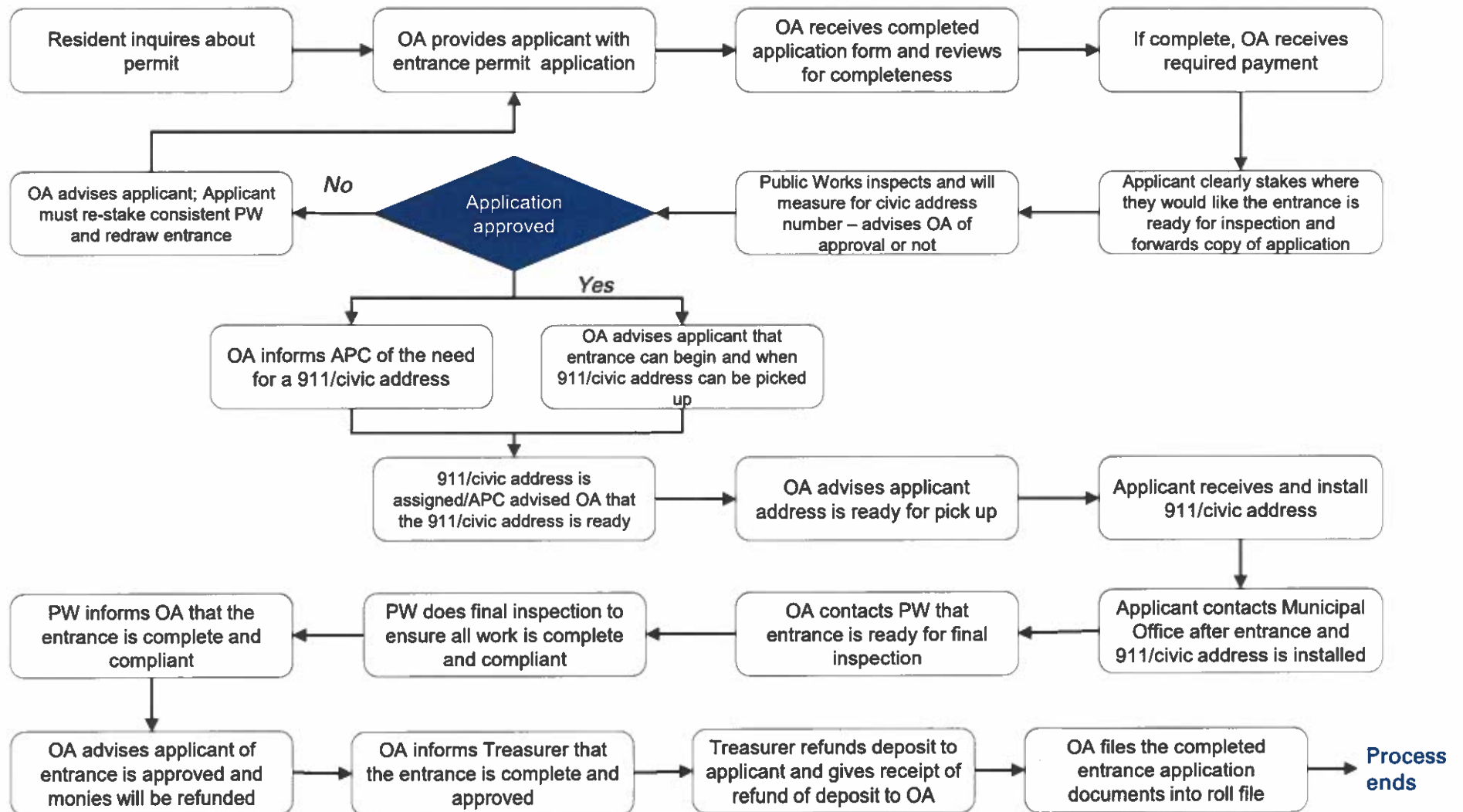
# Community Centre Rental



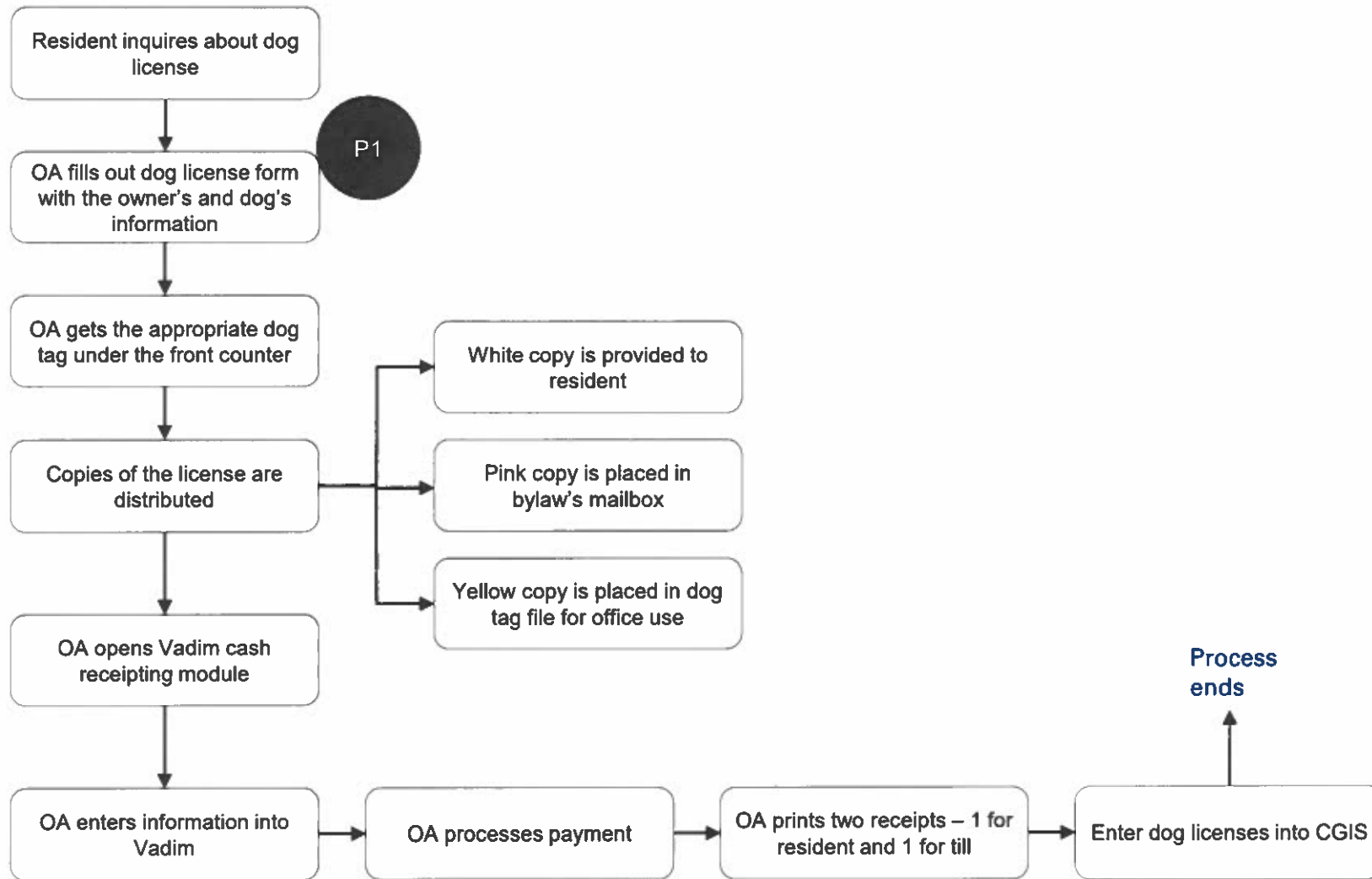
# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P1</b> At this point in the process, the Office Assistant requires the applicant to provide the necessary insurance and certificates based on the nature of the event.</p>	<p>If the Municipality still wants to track this information, the process work step should move up within the process and occur shortly after payment has been received.</p>

# Issuance of an Entrance Permit



# Issuance of Dog License

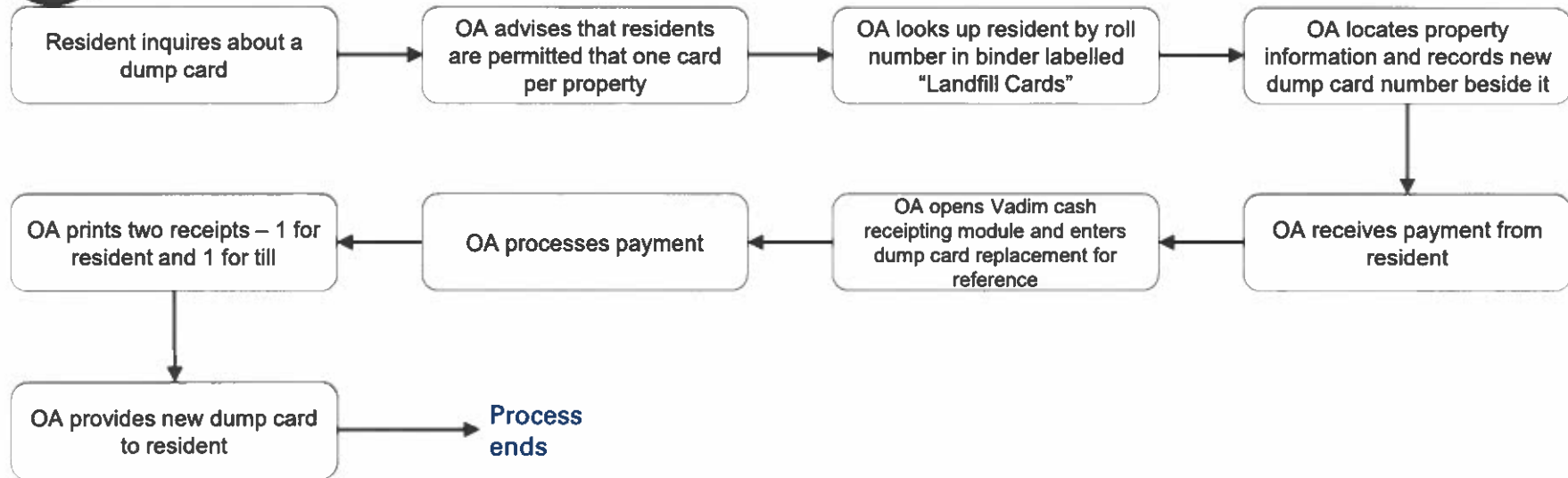


# Potential Courses of Action

Issue	Potential Course of Action
<p data-bbox="149 440 268 561"><b>P1</b></p> <p data-bbox="317 435 1171 597">Currently, the Municipality issues dog licenses to dog owners on either an annual and/or lifetime basis. Dog owners seeking to purchase a dog license are required to visit the municipal office. Dog owners are not able to either initially purchase or renew a dog license with the use of the Municipality's website.</p> <p data-bbox="317 639 1171 699">We understand that the Municipality is in the process of providing the ability to apply and renew online.</p>	<p data-bbox="1213 435 1984 565">The Municipality may want to make use of its municipal website and provide the opportunity for dog owners to acquire and pay for dog licenses via the website. This would be consistent with municipal best practices.</p>

# Issuance of Dump Card

P1

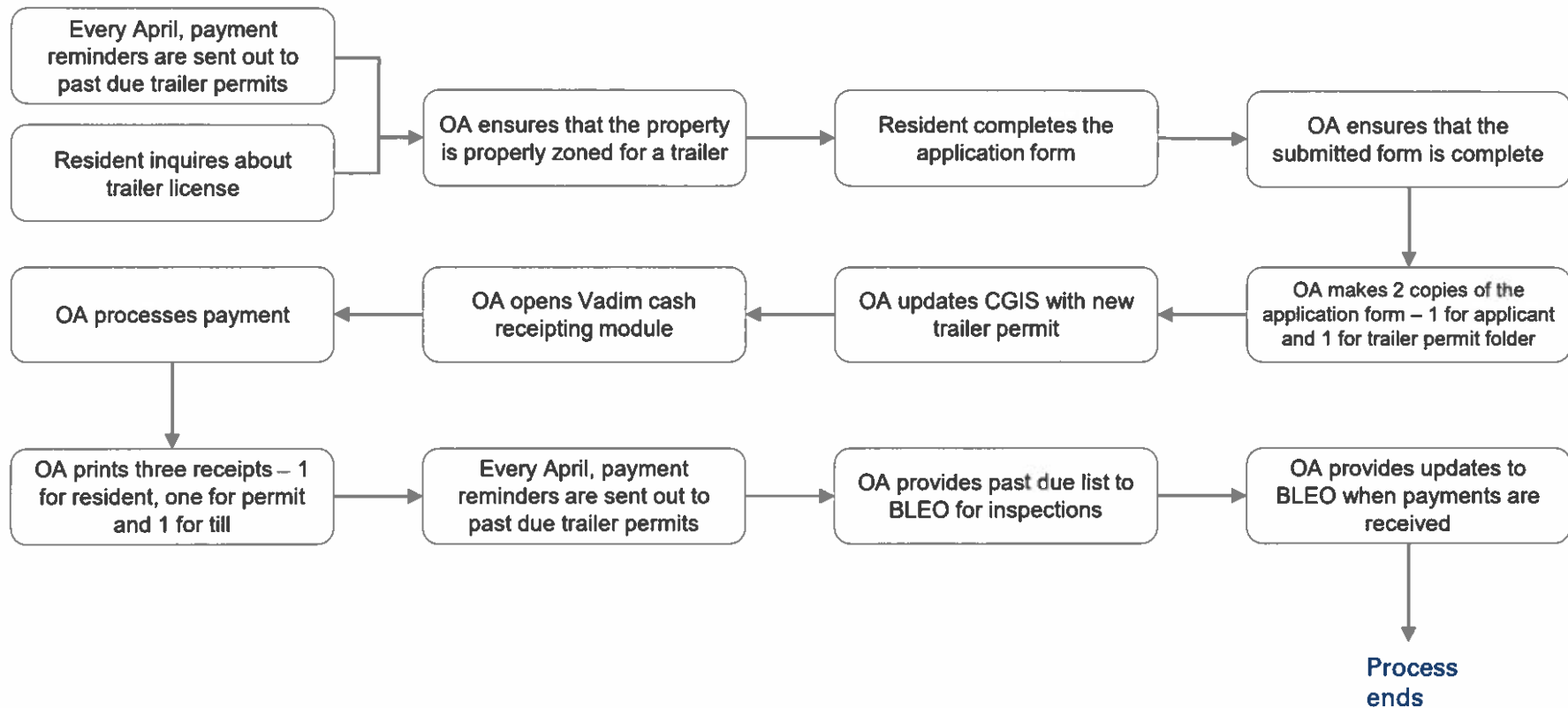


# Potential Courses of Action

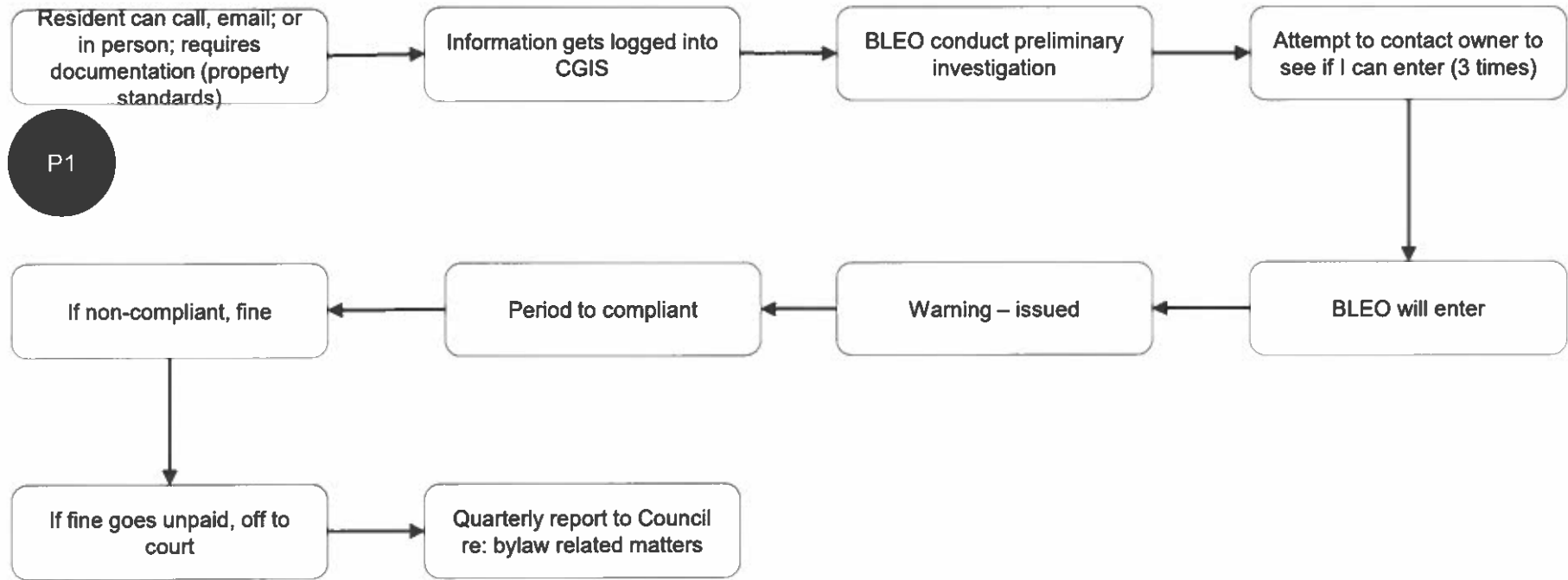
Issue	Potential Course of Action
<p data-bbox="149 440 268 558">P1</p> <p data-bbox="317 435 1146 634">Currently, the Municipality issues physical dump cards for its residents for access to the municipal landfill. Card holders are required to present their card at the landfill to access. While the Municipality charges for lost cards, the process by which the cards are tracked is a manual process and appears that may allow for multiple cards to exist and provide for the following:</p> <ul data-bbox="317 639 1094 735" style="list-style-type: none"> <li>• Access to the service to those who may not be eligible;</li> <li>• Lost revenues; and</li> <li>• Inability to potentially account for waste received at the site.</li> </ul> <p data-bbox="317 773 1146 868">We understand that the Municipality is in the process of examining its future landfill needs and as such, the potential courses of action align to future state and not current state.</p>	<p data-bbox="1213 435 1980 563">The Municipality may want to explore transforming how the Municipality provides access to the landfill site. There are two potential approaches that the Municipality may want to consider:</p> <ul data-bbox="1213 568 1980 902" style="list-style-type: none"> <li>• Shift away from the current process slightly by issuing color-coded cards on an annual basis to assist in identifying expired cards;</li> <li>• The second approach would require the Municipality to invest in the landfill site. Within this approach, the Municipality would shift from the use of paper based dump cards to a swipe card system. This would provide with the Municipality with the ability to maintain a higher level of control over cards including the ability to deactivate cards with greater ease.</li> </ul> <p data-bbox="1251 940 1980 1239">This opportunity would require an investment of approximately \$30,000 plus the costs of implementing swipe card technology. Additionally, given the remaining years of the landfill site, the Municipality may want to make incremental changes to the process versus the implementation of swipe card technology. Once the Municipality determines its longer term approach to solid waste management, there may be a greater opportunity to implement a new approach</p>



# Issuance of a Trailer License



# Bylaw Enforcement

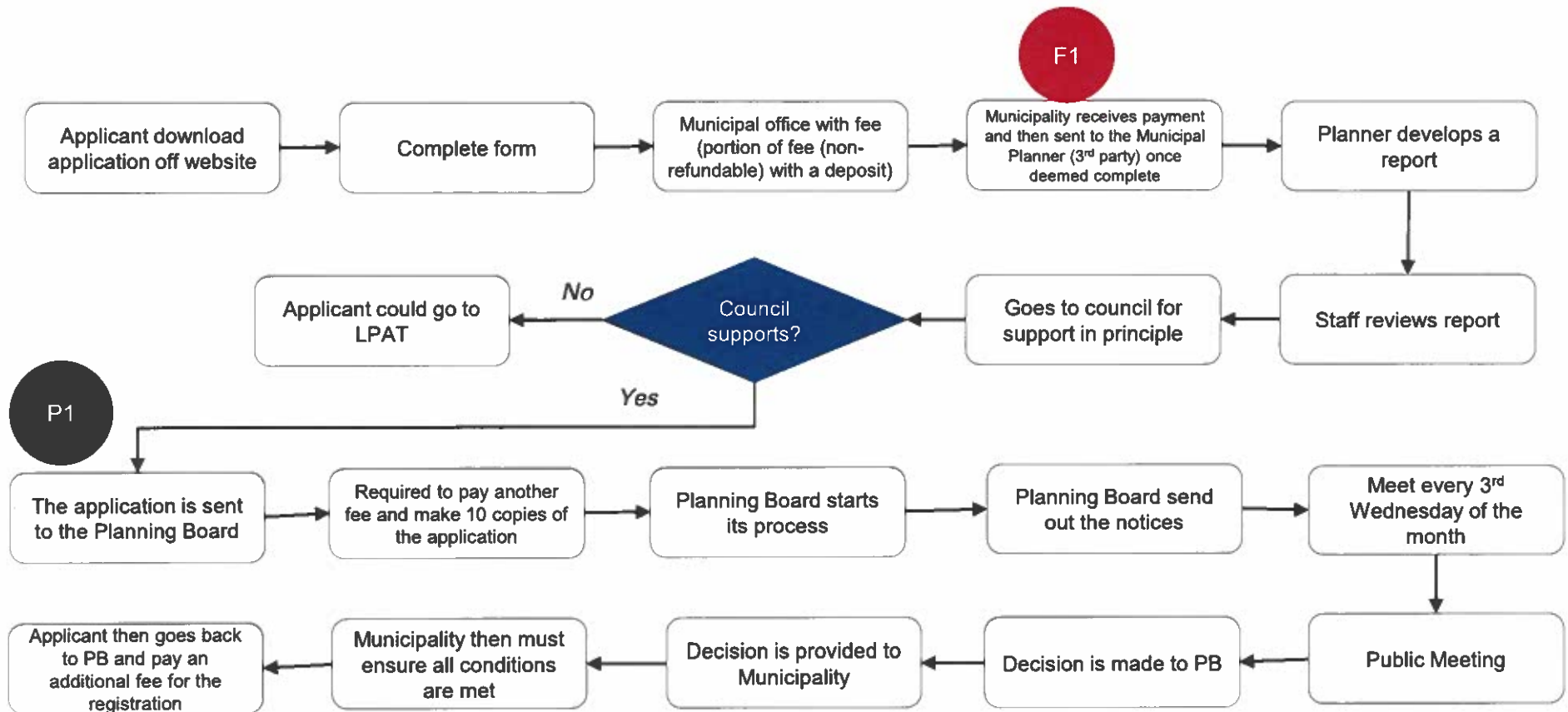


P1

# Potential Courses of Action

Issue	Potential Course of Action
<p data-bbox="149 440 268 561"><b>P1</b></p> <p data-bbox="317 435 1125 597">Currently, the Municipality provides bylaw enforcement services through a shared service agreement with four other neighbouring municipalities (Kearney, McMurrich-Monteith, Ryerson and Whitestone). There are several issues with respect to bylaw enforcement:</p> <ul data-bbox="317 605 1171 868" style="list-style-type: none"> <li data-bbox="317 605 1171 735">• Bylaw related calls appear to be increasing on annual basis – given the current service delivery model, continual increases may present issues with respect to responsiveness to local needs versus the other partner municipalities;</li> <li data-bbox="317 740 1171 868">• Bylaw related records are maintained and stored in various ways including both physical and electronic formats – this poses a potential risk to the Municipality's records retention as well as access to history of property specific complaints; and</li> </ul>	<p data-bbox="1213 435 1982 496">The Municipality may want to explore the following to address bylaw enforcement:</p> <ul data-bbox="1213 501 1982 699" style="list-style-type: none"> <li data-bbox="1213 501 1982 699">• Explore the potential of shifting away from the shared service model for bylaw enforcement; This potential change would potentially add a full-time position within the Municipality and then the Municipality could potentially sell any excess capacity to neighbouring communities as part of a shared service agreement.</li> </ul>

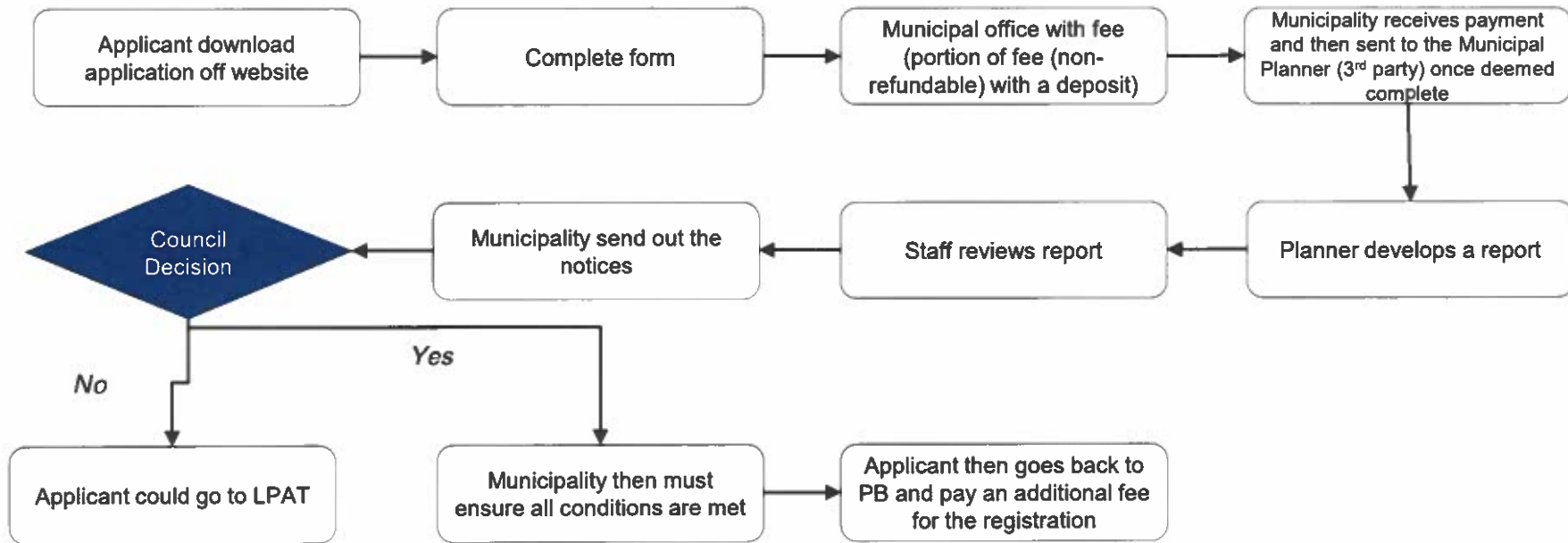
# Planning - Consent



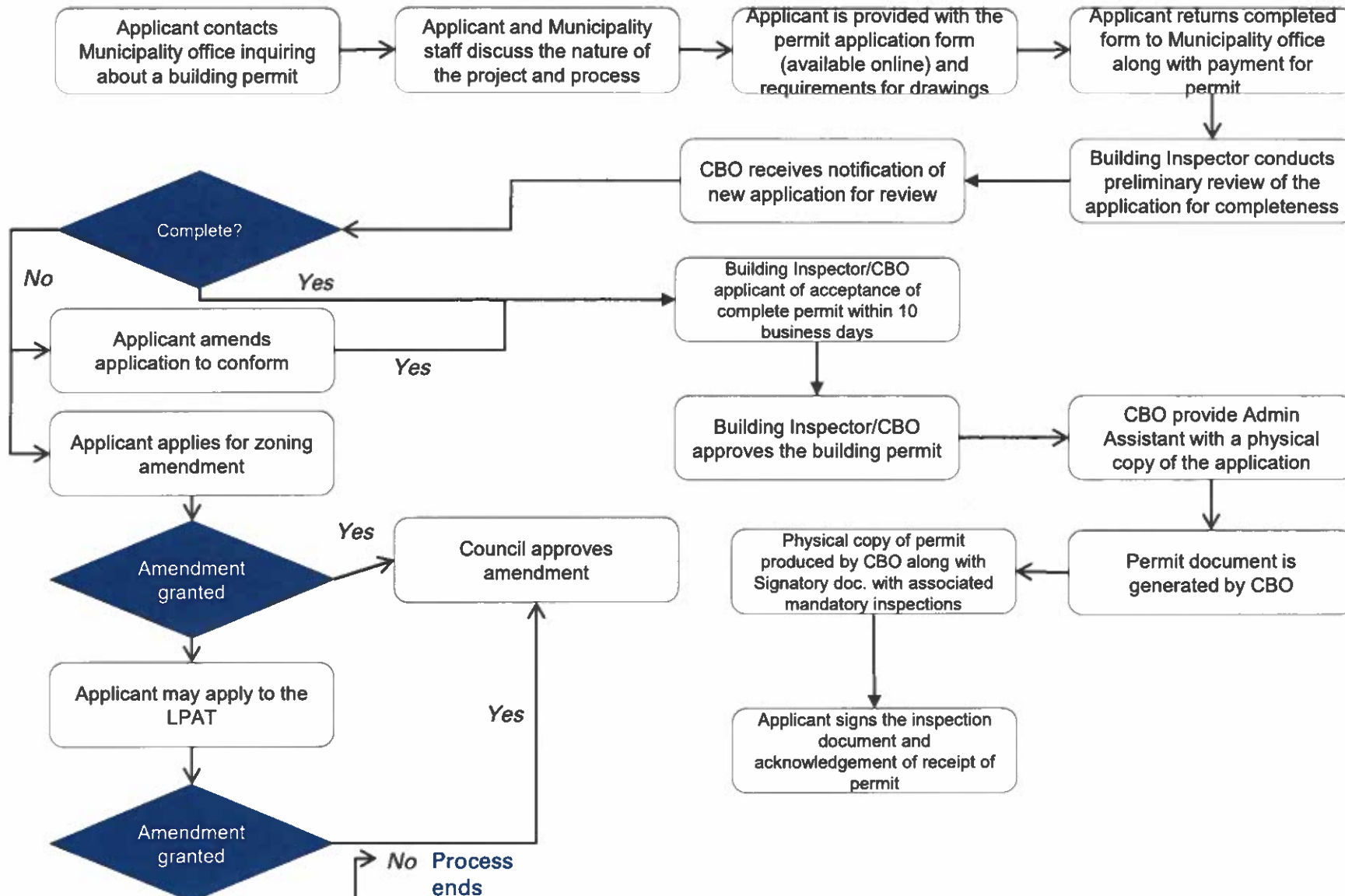
# Potential Courses of Action

Issue	Potential Course of Action
<p><b>P1</b></p> <p>Currently, the Municipality is a member of the Central Almaguin Planning Board who have the delegated authority under the Planning Act to deal with consent applications. The Municipality appears to have the capacity to offer a variety of land use planning services and the involvement of the Planning Board adds to the time required to review and decide upon consent applications.</p>	<p>The Municipality may want to explore whether or not the Municipality wants to remain a member of the Central Almaguin Planning Board. In order to pursue this opportunity, the Municipality should first consult with the Ministry of Municipal Affairs and Housing as to what would be required of the Municipality.</p>

# Planning - Minor Variance/Zoning Bylaw Amendments

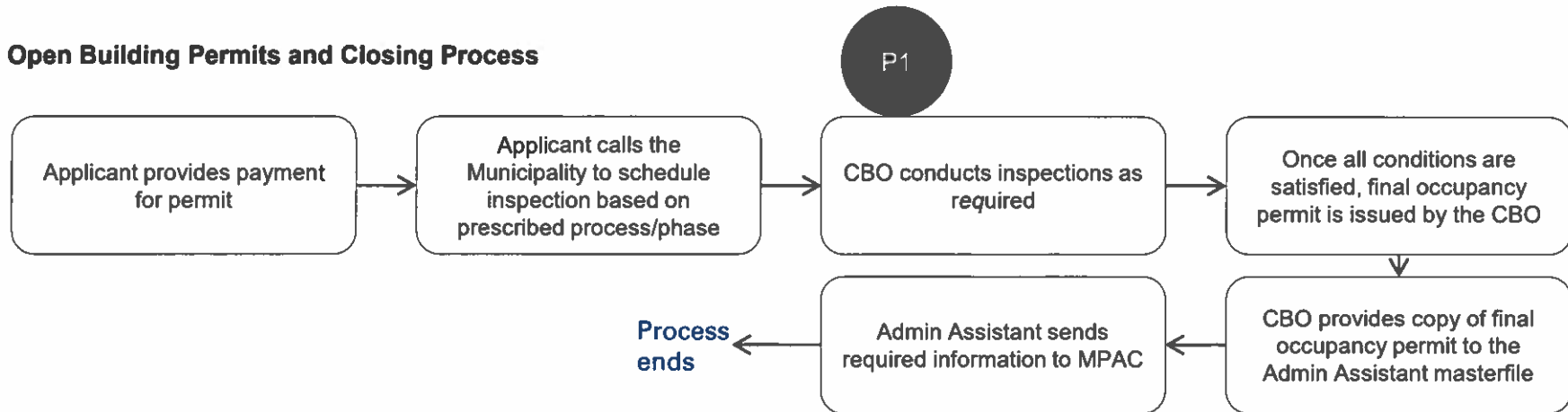


# Building Permits

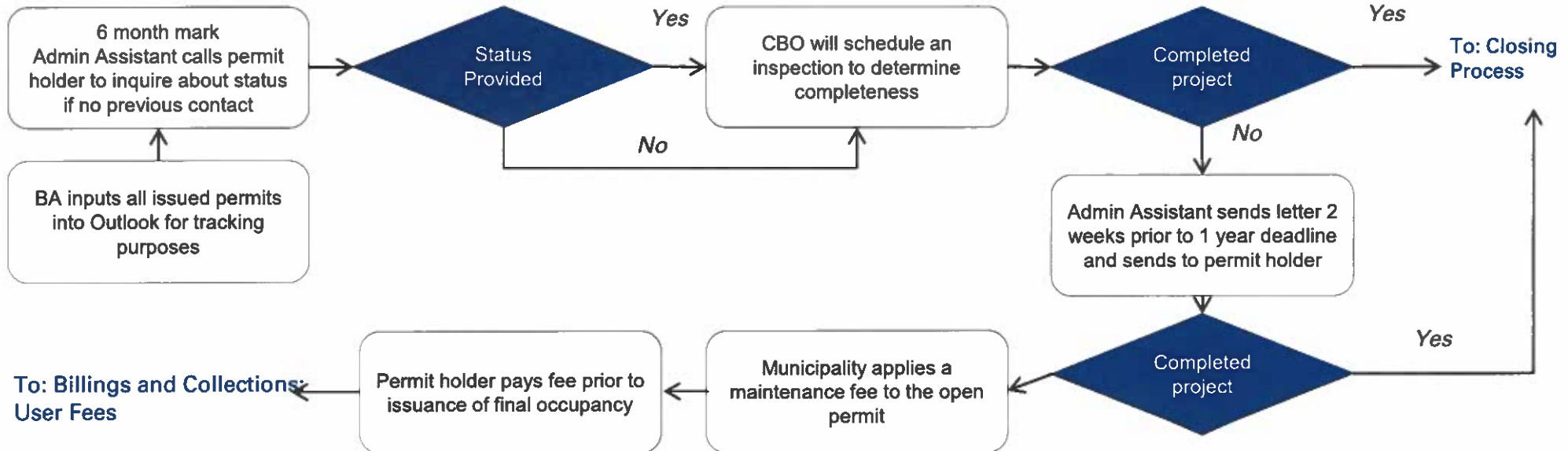


# Building Permits

## Open Building Permits and Closing Process



## Open Permits (6 months from issuance)



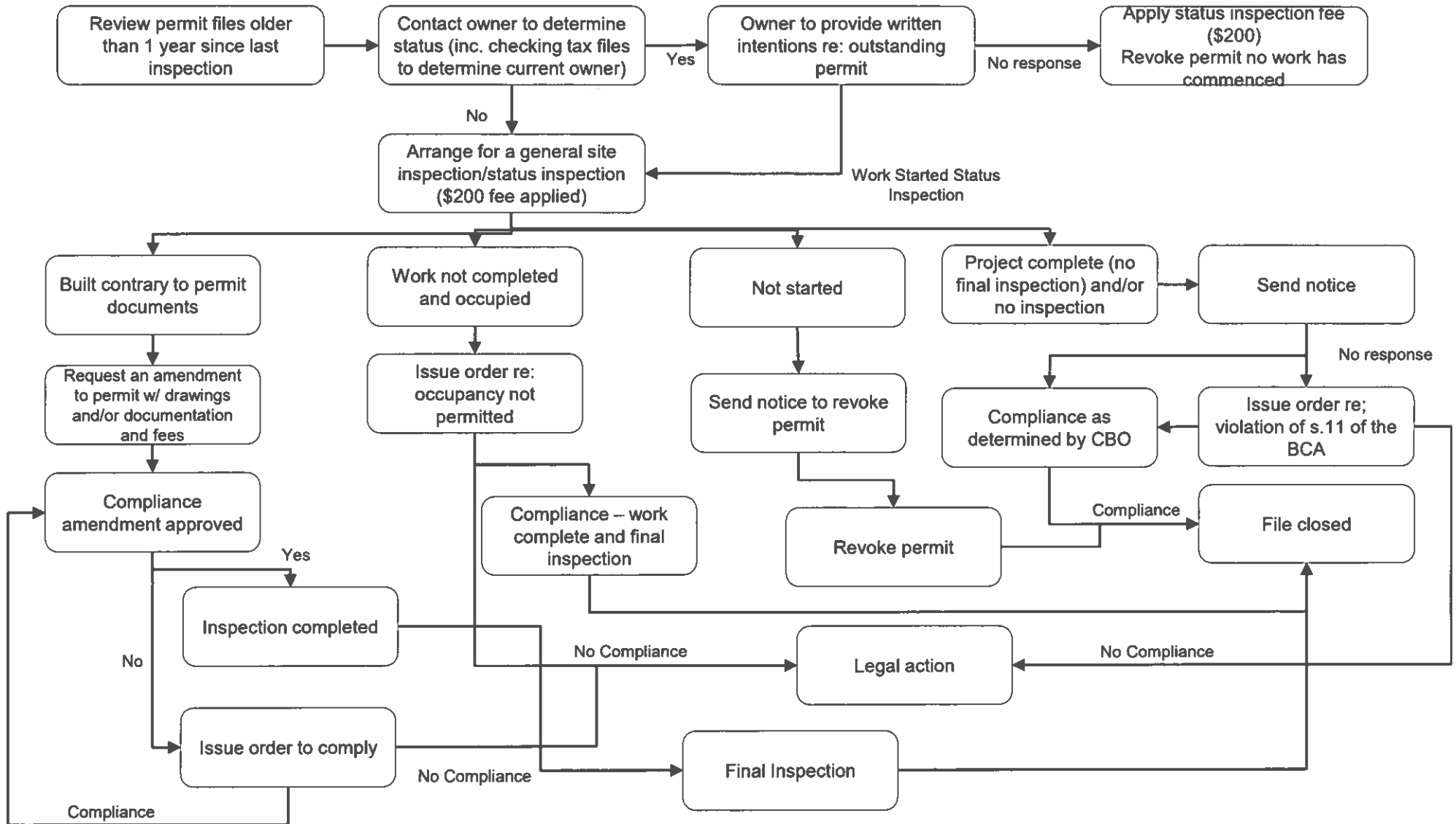


# Potential Courses of Action

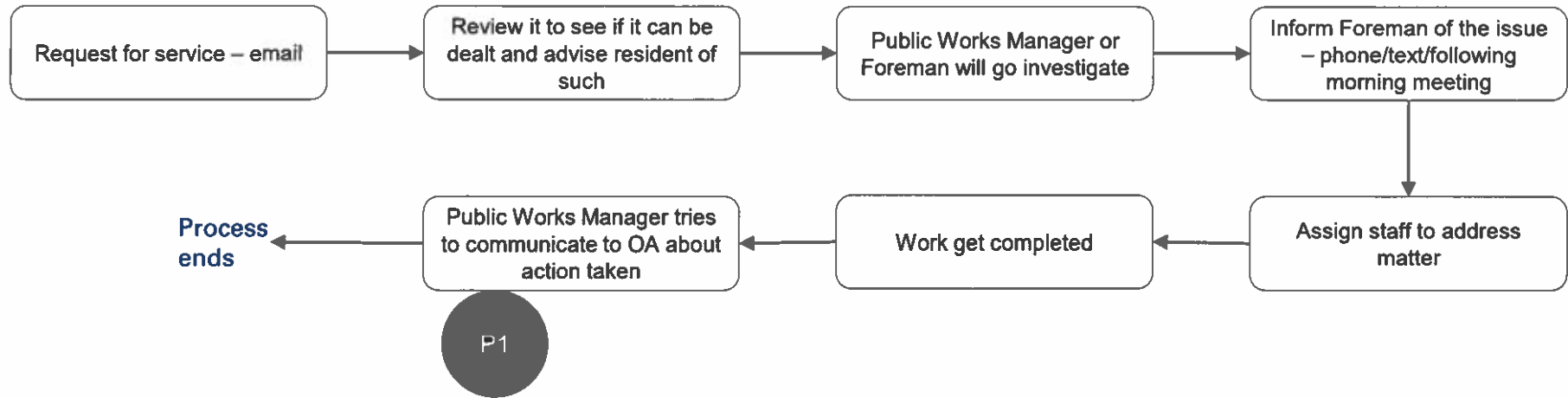
Issue	Potential Course of Action
<p><b>P1</b></p> <p>Currently the Municipality tracks building permits using manual processes and the current process provides the opportunity for open permits to be potentially lost. The Municipality also has the CBO module within its CGIS which has not been implemented.</p>	<p>The Municipality may want to consider the implementation and use of the CBO module within its CGIS.</p>

# Building Permits

## Dormant/Incomplete/Abandoned Permit Files (1 Year since last inspection) – Proposed Process



# Public Works - Work Order Management



# Potential Courses of Action

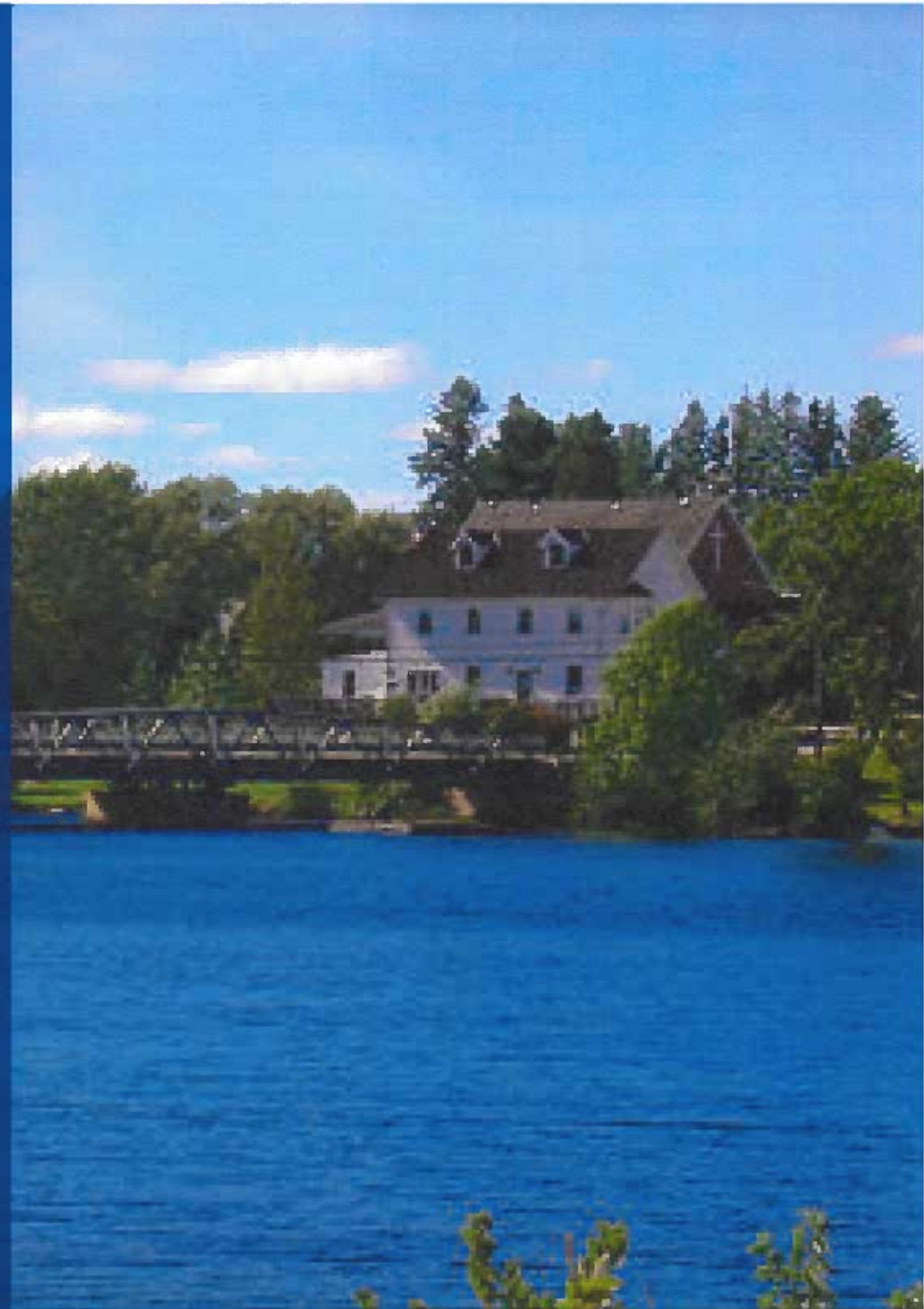
Issue	Potential Course of Action
<p><b>P1</b></p> <p>Currently, the Municipality responds to requests for service with the use of informal work orders. As a result, the tracking of requests for services are done informally. Requests for services are also filed within the Municipality's property files but the file is not set up that allows it to be user friendly.</p>	<p>The Municipality may want to explore the implementation of a formal work order system whereas all requests for services are tracked from the time of receipt until the issue has been addressed.</p> <p>Additionally and another potential course of action, the Municipality may want to implement a formal work order system including the acquisition of an electronic work order system.</p>




Municipality of Magnetawan

# Municipal Service Delivery Review

Appendix A – Municipal Service Profiles




# Mayor and Council Service Profile

Program		Service Overview	Service level			
Governance				Below Standard	At Standard	Above Standard
Organizational Unit		<p>Council acts as the governance body for the Municipality. Council's role includes representing the public and consider the well-being and interests of the Municipality including the financial integrity. Council is also responsible for the development and evaluation of programs and policies for the Municipality.</p>	<p>Mandatory</p> <p>Essential</p> <p>Traditional</p> <p>Other Discretionary</p>			
Mayor and Council						
Service Type		<p>Service Value</p> <p>Mayor and Council lead the Municipality in fulfilling the requirements of governing as well as the strategic goals and objectives as identified by Council as a whole.</p>				
External						
Expenditures and Personnel						
2019 Budgeted Expenditures	\$89,000					
FTE	Not Applicable					
		<p>Basis For Delivery</p> <p><b>Mandatory</b> – The establishment of a municipal council is a requirement of the <i>Municipal Act</i>, which is the primary legislation governing Ontario municipalities. Among other things, the <i>Municipal Act</i> defines the role of council (Section 224), defines the role of the head of council (Section 225), and establishes the head of council as the chief executive officer and defines the role of chief executive officer (Section 226.1).</p>				




# Office of CAO/Clerk

## Service Profile

Program		Service Overview		Service level			
Administration		<p>The Municipality's CAO/Clerk fulfill the statutory requirements as outlined within the Municipal Act as well as the services necessary to support efficient and effective governance as well as exercise general control and management of the affairs of the Municipality for the purposes of ensuring the efficient and effective operations.</p> <p>This includes the preparation and distribution of meeting agendas and minutes and attendance in meetings to provide support for both Council and committees. The Administration is also responsible for the oversight of municipal elections every four years and supports customer service initiatives within the organization.</p>		Below Standard	At Standard	Above Standard	
Organizational Unit				Service type			
Office of CAO/Clerk					Mandatory	Municipal Clerk	
Service Type					Essential	CAO	
External					Traditional		
Expenditures and Personnel		Service Value		Other Discretionary			
2019 Budgeted Expenditures	\$432,300	<p>The Administration function is responsible for providing support to Council in the conducting of effective and efficient meetings in compliance with all related provincial legislation and by doing so, ensuring Council operates in an accountable and transparent manner.</p>					
FTE	3.5	Basis For Delivery					
		<p><b>Mandatory</b> – Section 228 of the <i>Municipal Act</i> requires all municipalities to appoint a clerk with the formal duties of the Clerk established within the legislation.</p> <p><b>Essential</b> – Pursuant to Section 229 of the <i>Municipal Act</i>, municipalities may (but are not required) to appoint a CAO. Notwithstanding the optional nature of this position, our experience demonstrates that most municipalities with population levels similar to the Municipality's typically have a CAO position within its organizational structure.</p>					



# Finance Service Profile

Program		Service Overview	Service level		
Treasury			Below Standard	At Standard	Above Standard
Organizational Unit		Financial administration for the Municipality is provided through its Treasury function. The financial and corporate services provided include: <ul style="list-style-type: none"> <li>• Budgeting and financial planning;</li> <li>• Levying and collecting taxes;</li> <li>• Transaction processing (cash receipts, cash disbursements, payroll);</li> <li>• Internal and external financial reporting; and</li> <li>• Procurement.</li> </ul>	<b>Service type</b> Mandatory Essential Traditional Other Discretionary		
Finance					
Service Type					
External					
Expenditures and Personnel					
2019 Budgeted Expenditures	\$239,720	<b>Service Value</b> The Municipality's Treasury function is responsible for providing sound financial leadership, planning and advice to Council, the organization and the community.			
FTE	2.0				
Basis For Delivery		<b>Mandatory</b> – Pursuant to Section 286(1) of the <i>Municipal Act</i> , all Ontario municipalities are required to appoint a treasurer “who is responsible for the handling of all financial affairs of the municipality on behalf of and in a manner directed by the council of the municipality.”			






# Fire Services Service Profile


Program	
Protective Services	
Organizational Unit	
Fire Services	
Service Type	
External	
Expenditures and Personnel	
2019 Budgeted Expenditures	\$403,882
FTE	1.0

Service Overview
The Municipality's Fire Department is responsible for ensuring the health and safety of residents through the provision of programs and services focusing on three areas: education, prevention and suppression. The Fire Department provides this with the use of volunteer fire personnel across its two fire stations. The Fire Department is also responsible for emergency management.
Service Value
The Municipality Fire Department seeks to promote a safe community through public education and prevention and the deployment of resources when required.
Basis For Delivery
<b>Mandatory</b> – Section 2(1) of the <i>Fire Prevention and Protection Act, 1997</i> , S.O. 1997, c.4 (the 'FPPA') sets out that every municipality is required to establish a program in the municipality which must include public education with respect to fire safety and certain components of fire prevention and provide such other fire protection services as it determines may be necessary in accordance with its needs and circumstances.

	Service level		
	Below Standard	At Standard	Above Standard
Service type	Mandatory		
	Essential		
	Traditional		
	Other Discretionary		



# Building Services Service Profile

<b>Program</b>		<b>Service Overview</b>		<b>Service level</b>		
Protective Services		<p>Building Services provide an efficient system of building permit approvals which minimize hazards to persons and property by ensuring that all construction within the Municipality adheres to provincial and municipal regulations. This section issues building, plumbing, demolition, occupancy and other permits governed by the Ontario Building Code.</p>		Below Standard	At Standard	
<b>Organizational Unit</b>				Above Standard		
Building Services		<b>Service Value</b>		<b>Service type</b>		
<b>Service Type</b>		<p>Through inspections, Building Services ensures that projects are designed and constructed in accordance with the terms and conditions of applicable municipal and legislative requirements.</p>				Mandatory
External						Essential
<b>Expenditures and Personnel</b>		<b>Basis For Delivery</b>				Traditional
2019 Budgeted Expenditures	\$141,540	<p><b>Mandatory</b> – Pursuant to Section 3.1 of the <i>Building Code Act</i> ('BCA'), municipalities are mandated the responsibility to enforce the BCA and in doing so, are required to appoint a chief building officer and such inspectors under Section 3(2) of the BCA.</p>		Other Discretionary		
FTE	1.0*					
* - shared contract						

# Bylaw Enforcement Service Profile

Program		Service Overview		Service level		
Organizational Unit		Service Value		Below Standard	At Standard	Above Standard
Protective Services		The objective of municipal bylaw enforcement is to obtain compliance in accordance with the Municipality's bylaws. This applies to both private and public property where the focus is health and safety, nuisance control, and quality of life issues including property standards.				
Bylaw Enforcement						
External		All citizens and visitors benefit from the enforcement of municipal bylaws as the result is the increased level of public safety, neighbourhood satisfaction, community pride, and overall positive impact on the quality of life.				
<b>Expenditures and Personnel</b> 2019 Budgeted Expenditures: \$35,700 FTE: 0.5						
		<b>Basis For Delivery</b> <b>Essential</b> – Section 10 of the <i>Municipal Act</i> provides municipalities with the ability to pass bylaws with respect to several matters including the economic, social and environmental well being of the community.				



# Police Services Service Profile


<b>Program</b>		<b>Service Overview</b>	<b>Service level</b>		
Protective Services			Below Standard	At Standard	Above Standard
<b>Organizational Unit</b>		The Municipality provides police services through a third party agreement with the Ontario Provincial Police ('OPP'). The OPP provide the Municipality with the services outlined within the Police Services which include crime prevention, law enforcement, assistance to victims of crime, public order maintenance, and emergency response.	Service type	Mandatory	
Police Services				Essential	
<b>Service Type</b>		Traditional			
External		Other Discretionary			
<b>Expenditures and Personnel</b>		<b>Basis For Delivery</b>			
2019 Budgeted Expenditures	\$493,495	<p><b>Mandatory</b> – Under Section 4 of the Police Services Act, "every municipality to which this subsection applies shall provide adequate and effective police services in accordance with its needs." The legislation provides what adequate and effective police services at a minimum for municipalities.</p>			
FTE	Not applicable				



# Community Development Service Profile


<b>Program</b>		<b>Service Overview</b>		<b>Service level</b>			
Community Development		<p>The Municipality's economic development approach is regional in nature. The Municipality partners with both neighbouring communities as well as those communities of the greater Almaguin Highlands area for purposes of undertaking a variety of initiatives such as business retention and expansion, marketing and promotional campaigns and website development.</p>		Below Standard	At Standard	Above Standard	
<b>Organizational Unit</b>				<b>Service type</b>			
Economic Development							
<b>Service Type</b>		<b>Service Value</b>		<b>Service type</b>			
External		<p>Community and economic development initiatives focus on improving the economic well-being and quality of life for the respective communities by retaining and creating jobs, supporting the development of the community and growing the tax base.</p>					
<b>Budget (in thousands)</b>		<b>Basis For Delivery</b>					
2019 Budgeted Expenditures	\$108,146	<p><b>Traditional</b> – The delivery of economic development services is not a legislative requirement for a municipality but municipalities of similar size undertake economic development, either through a economic development corporation or using their own resources</p>					

# Public Works Service Profile

Program		Service Overview	Service level			
Transportation Services			Below Standard	At Standard	Above Standard	
Organizational Unit		The Municipality's Public Works department is responsible for the maintenance of the municipal road network, including sidewalks, culverts, and municipal bridges. The department is responsible for the provision of year-round road maintenance (winter and summer)..	<div style="display: flex; flex-direction: column; align-items: center; justify-content: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Service type</div> <div style="text-align: center;"> <div style="border: 1px solid black; padding: 2px;">Mandatory</div> <div style="border: 1px solid black; padding: 2px;">Essential</div> <div style="border: 1px solid black; padding: 2px;">Traditional</div> <div style="border: 1px solid black; padding: 2px;">Other Discretionary</div> </div> </div>			
Public Works						
Service Type						
External						
Expenditures and Personnel		The Public Works department provides the effective and efficient delivery of service which contributes to the public safety and health of the community.				
2019 Budgeted Expenditures	\$2,164,373					
FTEs	5.0					
Basis For Delivery		<p><b>Essential</b> – Section 44(1) of the <i>Municipal Act</i> establishes the Municipality's responsibility to keep highways or bridges under its jurisdiction "in a state of repair that is reasonable in the circumstances." Ontario Regulation 239/20: Minimum Maintenance Standards for Municipal Highways (which has been amended by Ontario Regulation 47/13) provides further clarification by establishing minimum maintenance standards for a range of road network maintenance activities.</p>				




# Solid Waste Management Service Profile

Program		Service Overview	Service level						
Environmental Services			Below Standard	At Standard	Above Standard				
Organizational Unit		Solid waste management services for the Municipality include the operation of two municipal landfill sites (Croft and Chapman). The two sites are operated on seasonal schedules (Summer and Winter). Both sites accept household waste and recycling.	Mandatory						
Solid Waste Management									
Service Type		The Municipality contributes to the health of the environment and the residents through the appropriate collection and management of household waste, recyclables, and other selected/designated materials.				Essential			
External									
Expenditures and Personnel		Basis For Delivery				Traditional			
2019 Budgeted Expenditures	\$402,569		<p><b>Essential</b> – There is no requirement under the <i>Municipal Act</i> for municipalities to collect solid waste or maintain landfill operations. However, where a municipality chooses to do so, the provisions of the <i>Environmental Protection Act</i>, R.S.O. 1990, c.E.19 and Ontario Regulation 232/98: Landfilling Sites ('EPA') apply. Municipalities with a population over 5,000 are required to provide waste diversion services.</p>	Other Discretionary					
FTE	1.0								



# Recreation, Parks and Facilities

## Service Profile


Program		Service Overview	Service level		
Recreation and Cultural Services				Below Standard	At Standard
Organizational Unit		Service Value	Service type		
Recreation, Parks and Facilities				Mandatory	Essential
Service Type		Basis For Delivery			
External					
Expenditures and Personnel		<p><b>Traditional</b> – There is not a specific piece of legislation or regulation requiring a municipality to delivery and/or operate recreational facilities but all municipalities of a similar size provide access to various recreational facilities.</p>			
2019 Budgeted Expenditures	\$447,110				
FTE	4.0				






# Magnetawan Public Library

## Service Profile

Program		Service Overview		Service level		
Recreation and Culture Services		<p>The Magnetawan Public Library provides library services for its residents in-person, by telephone, and e-mail through one branch. The library operates four days a week with a total of 26 operating hours per week with over 850 active card holders.</p>		Below Standard	At Standard	Above Standard
Organizational Unit				Mandatory	Essential	Traditional
Magnetawan Public Library		Service Value				
Service Type		<p>The library offers an environment within the community and provides a space for residents to gather or pursue their interests and goals and offers programs and spaces for cultural activities as well as learning and personal development</p>				
External				Basis For Delivery		
Expenditures and Personnel		<p><b>Traditional</b> – The <i>Public Libraries Act</i> does not require a municipality to establish public library but all municipalities of a similar size contribute to the provision of library services.</p>				
2019 Budgeted Expenditures	\$72,400					
FTE	Not Applicable					



# Planning and Zoning Service Profile

Program		Service Overview	Service level			
Administration				Below Standard	At Standard	Above Standard
Organizational Unit		<p>Planning provides information, expertise and guidance to the public relative to development approval processes, Official Plan Policies and the Zoning By-Law. Planning services are provided by the Central Almaguin Planning Board.</p>	<p><b>Service type</b></p> <p>Mandatory</p> <p>Essential</p> <p>Traditional</p> <p>Other Discretionary</p>			
Planning and Zoning						
Service Type		<p><b>Service Value</b></p> <p>Planning Services ensure that the Municipality grows in a way that most effectively takes advantage of the Municipality's existing infrastructure and minimizes unnecessary sprawl that is both unsustainable to build and maintain.</p>				
External						
Expenditures and Personnel		<p><b>Basis For Delivery</b></p> <p><b>Mandatory</b> – The Planning Act, R.S.O. 1990, c. P.13 (the 'Planning Act') establishes the responsibility for municipalities to:</p> <ul style="list-style-type: none"> <li>• Make local planning decisions that will determine the future of their community;</li> <li>• Prepare planning documents such as an official plan, community improvement plan and zoning by-laws; and</li> <li>• Ensure planning decisions and planning documents are consistent with the Provincial Policy Statement and do conform or do not conflict with Provincial plans.</li> </ul>				
2019 Budgeted Expenditures	\$12,000					
FTE	Not Applicable					

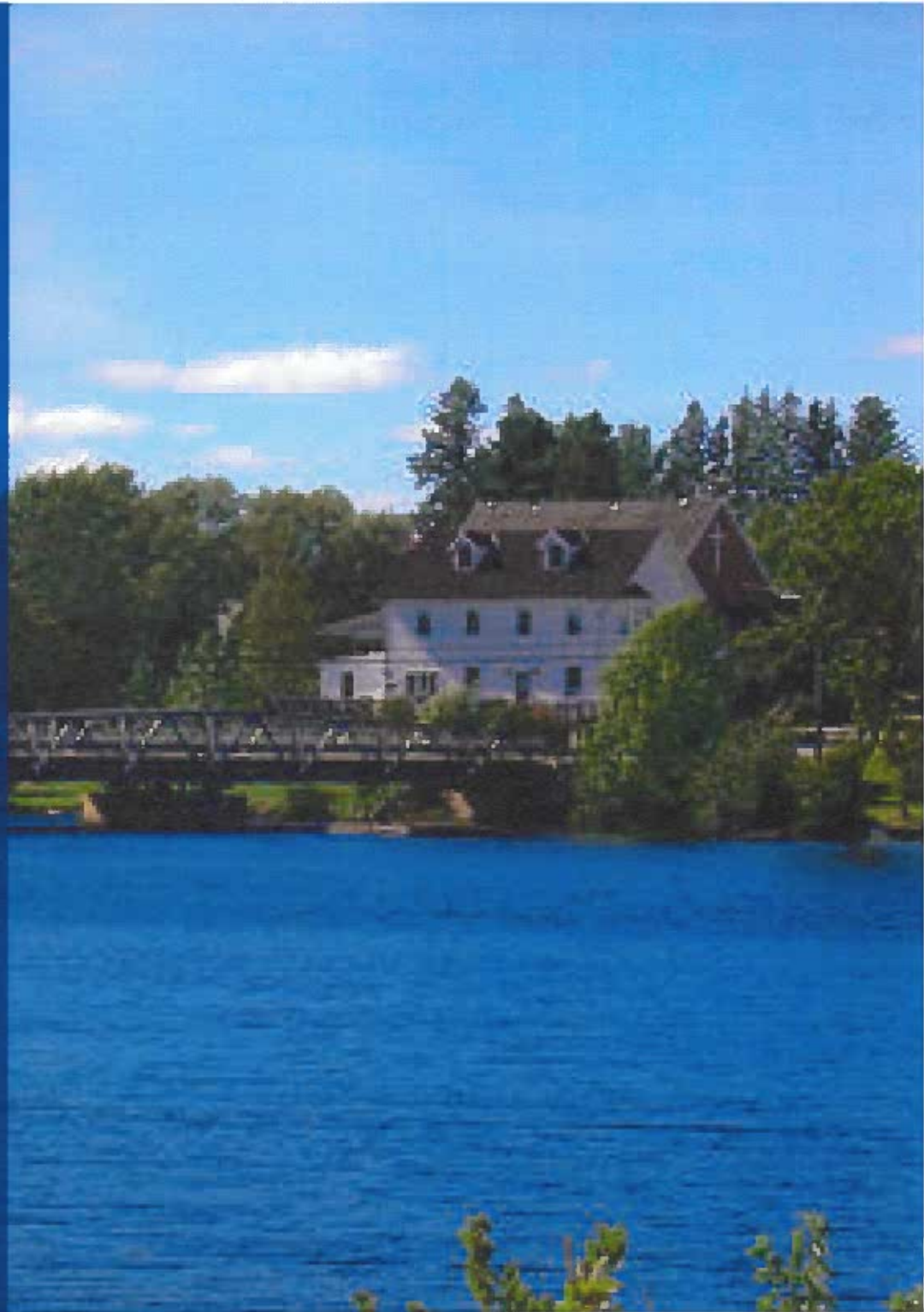




Municipality of Magnetawan

# Municipal Service Delivery Review

Appendix B – Financial indicators



# Financial Indicators

In order to provide additional perspective on the Municipality's financial performance and position, we have included in this appendix an analysis of financial indicators for the Municipality and other comparative municipalities.

In Canada, the development and maintenance of principles for financial reporting fall under the responsibility of the Accounting Standards Oversight Council ('AcSOC'), a volunteer body established by the Canadian Institute of Chartered Accountants in 2000. In this role, AcSOC provides input to and monitors and evaluates the performance of the two boards that are tasked with established accounting standards for the private and public sector:

The Public Sector Accounting Board ('PSAB') establishes accounting standards for the public sector, which includes municipal governments; and

The Accounting Standards Board ('AcSB'), which is responsible for the establishment of accounting standards for Canadian entities outside of the public sector.

In May 2009, PSAB released a Statement of Recommended Practice that provided guidance on how public sector bodies should report on indicators of financial condition. As defined in the statement, financial condition is 'a government's financial health as assessed by its ability to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others'. In reporting on financial condition, PSAB also recommended that three factors, at a minimum, need to be considered:

- **Sustainability.** Sustainability is the degree to which the Municipality can deliver services and meet its financial commitments without increasing its debt or tax burden relative to the economy in which it operates. To the extent that the level of debt or tax burden grows at a rate that exceeds the growth in the Municipality's assessment base, there is an increased risk that the Municipality's current spending levels (and by association, its services, service levels and ability to meet creditor obligations) cannot be maintained.
- **Flexibility.** Flexibility reflects the Municipality's ability to increase its available sources of funding (debt, taxes or user fees) to meet increasing costs. Municipalities with relatively high flexibility have the potential to absorb cost increases without adversely impacting on affordability for local residents and other ratepayers. On the other hand, municipalities with low levels of flexibility have limited options with respect to generating new revenues, requiring an increased focus on expenditure reduction strategies.
- **Vulnerability.** Vulnerability represents the extent to which the Municipality is dependent on sources of revenues, predominantly grants from senior levels of government, over which it has no discretion or control. The determination of vulnerability considers (i) unconditional operating grants such as OMPF; (ii) conditional operating grants such as Provincial Gas Tax for transit operations; and (iii) capital grant programs. Municipalities with relatively high indicators of vulnerability are at risk of expenditure reductions or taxation and user fee increases in the event that senior levels of funding are reduced. This is particularly relevant for municipalities that are vulnerable with respect to operating grants from senior levels of government, as the Municipal Act does not allow municipalities to issue long-term debt for operating purposes (Section 408(2.1)).

# Financial Indicators

As a means of reporting the Municipality's financial condition, we have considered the following financial indicators (\*denotes PSAB recommended financial indicator).

Financial Condition Category	Financial Indicators
Sustainability	<ol style="list-style-type: none"> <li>1. Financial assets to financial liabilities*</li> <li>2. Total reserves and reserve funds per household</li> <li>3. Total operating expenses as a percentage of taxable assessment*</li> <li>4. Capital additions as a percentage of amortization expense</li> </ol>
Flexibility	<ol style="list-style-type: none"> <li>5. Residential taxes per household</li> <li>6. Total long-term debt per household</li> <li>7. Residential taxation as a percentage of average household income</li> <li>8. Total taxation as a percentage of total assessment*</li> <li>9. Debt servicing costs (interest and principal) as a percentage of total revenues*</li> <li>10. Net book value of tangible capital assets as a percentage of historical cost of tangible capital assets*</li> </ol>
Vulnerability	<ol style="list-style-type: none"> <li>11. Operating grants as a percentage of total revenues*</li> <li>12. Capital grants as a percentage of total capital expenditures*</li> </ol>

A detailed description of these financial indicators is included on the following pages, including a comparison of the Municipality's performance and position against comparative municipalities chosen in conjunction with the Municipality.

As noted on the following pages, the Municipality's financial indicators appear to demonstrate the Municipality does not appear to have issues with the three financial condition categories. From an overall perspective, we note that the Municipality's financial position indicators are generally consistent with but in some cases less favourable, than the comparator municipalities (indicators related to residential taxation).

# Financial Indicators

## FINANCIAL ASSETS TO FINANCIAL LIABILITIES

This financial indicator provides an assessment of the Municipality’s solvency by comparing financial assets (including cash, investments and accounts receivable) to financial liabilities (accounts payable, deferred revenue and long-term debt). Low levels of financial assets to financial liabilities are indicative of limited financial resources available to meet cost increases or revenue losses.

### TYPE OF INDICATOR

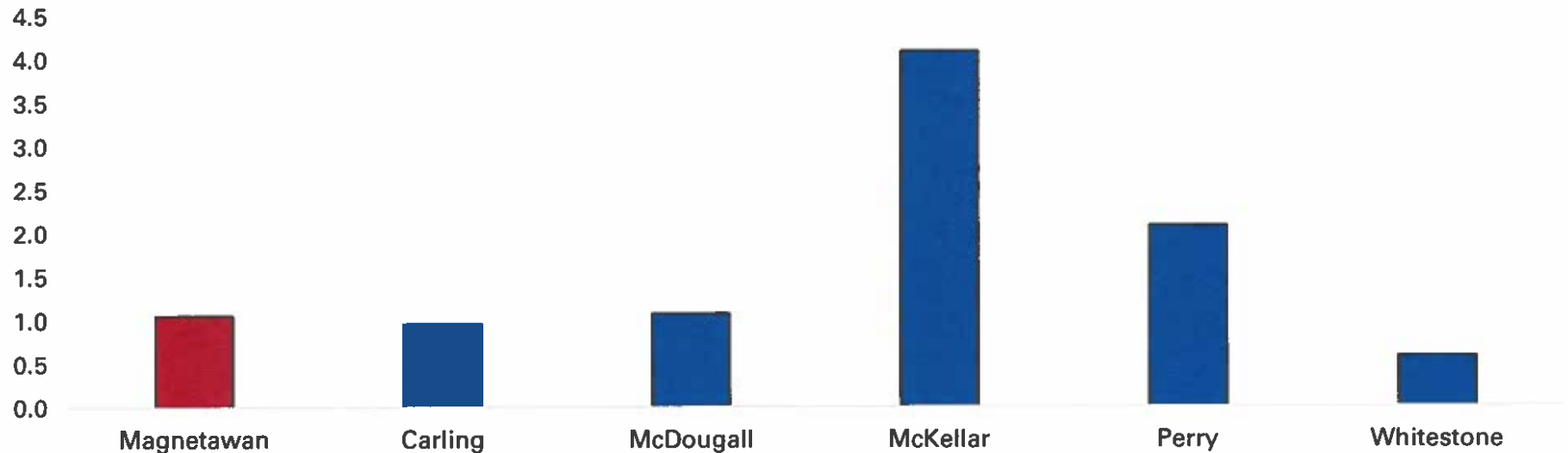
Sustainability ✓  
 Flexibility  
 Vulnerability

### FORMULA

FIR Schedule 70, Line 9930,  
 Column 1 divided by FIR  
 Schedule 70, Line 9940,  
 Column 1

### POTENTIAL LIMITATIONS

- Financial assets may include investments in government business enterprises, which may not necessarily be converted to cash or yield cash dividends
- Financial liabilities may include liabilities for employee future benefits and future landfill closure and post-closure costs, which may (i) not be realized for a number of years; and/or (ii) may not be realized at once but rather over a number of years



# Financial Indicators

## TOTAL RESERVES AND RESERVE FUNDS PER HOUSEHOLD

This financial indicator provides an assessment of the Municipality's ability to absorb incremental expenses or revenue losses through the use of reserves and reserve funds as opposed to taxes, user fees or debt. Low reserve levels are indicative of limited capacity to deal with cost increases or revenue losses, requiring the Municipality to revert to taxation or user fee increases or the issuance of debt.

### TYPE OF INDICATOR

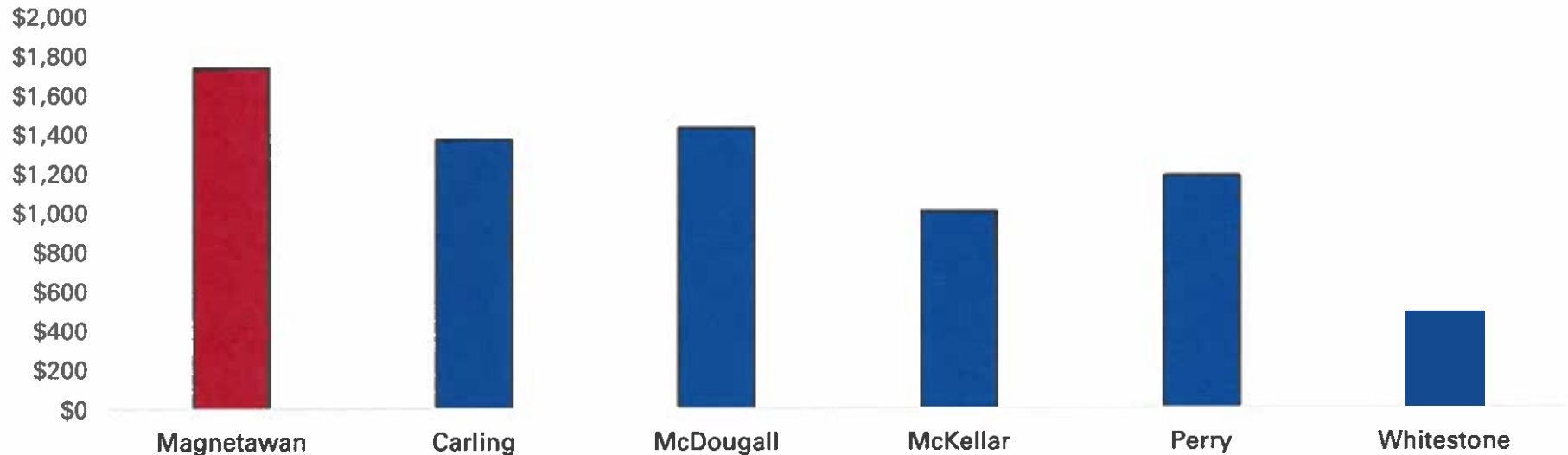
Sustainability ✓  
 Flexibility  
 Vulnerability

### FORMULA

FIR Schedule 70, Line 6420,  
 Column 1 divided by FIR  
 Schedule 2, Line 40, Column  
 1

### POTENTIAL LIMITATIONS

- Reserves and reserve funds are often committed to specific projects or purposes and as such, may not necessarily be available to fund incremental costs or revenue losses
- As reserves are not funded, the Municipality may not actually have access to financial assets to finance additional expenses or revenue losses



# Financial Indicators

## TOTAL OPERATING EXPENSES AS A PERCENTAGE OF TAXABLE ASSESSMENT

This financial indicator provides an assessment of the Municipality's solvency by determining the extent to which increases in operating expenses correspond with increases in taxable assessment. If increases correspond, the Municipality can fund any increases in operating costs without raising taxation rates.

### TYPE OF INDICATOR

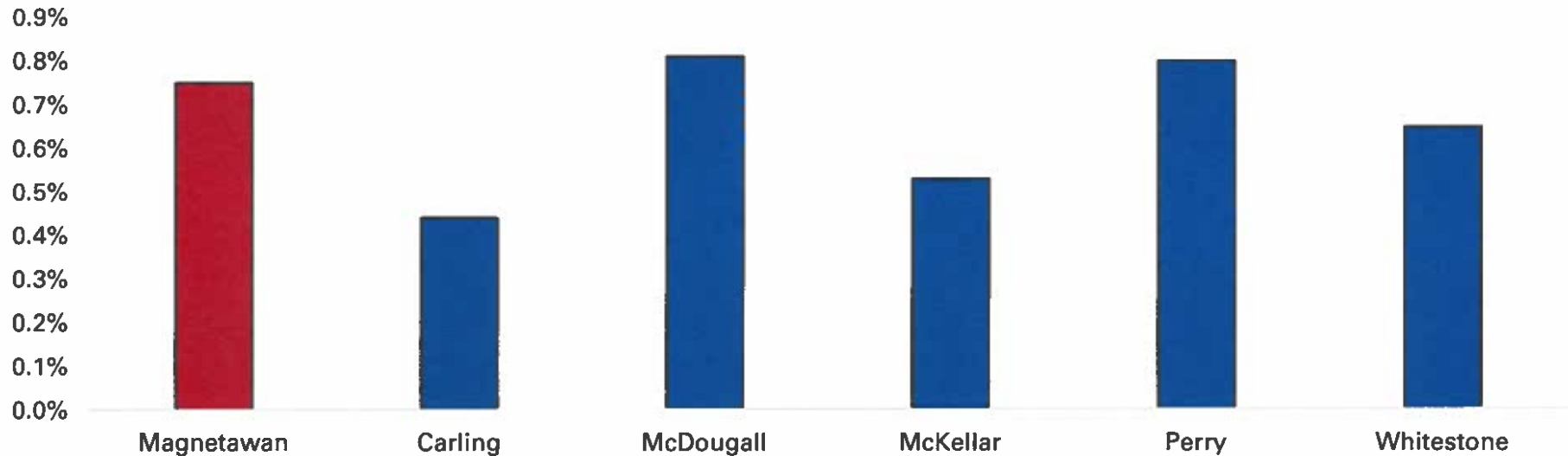
Sustainability ✓  
 Flexibility  
 Vulnerability

### FORMULA

FIR Schedule 40, Line 9910, Column 7 less FIR Schedule 40, Line 9910, Column 16 divided by FIR Schedule 26, Column 17, Lines 9199 and 9299

### POTENTIAL LIMITATIONS

- As operating expenses are funded by a variety of sources, the Municipality's sustainability may be impacted by reductions in other funding sources that would not be identified by this indicator.





# Financial Indicators

## CAPITAL ADDITIONS AS A PERCENTAGE OF AMORTIZATION EXPENSE

This financial indicator provides an assessment of the Municipality's solvency by assessing the extent to which it is sustaining its tangible capital assets. In the absence of meaningful reinvestment in tangible capital assets, the Municipality's ability to continue to deliver services at the current levels may be compromised.

### TYPE OF INDICATOR

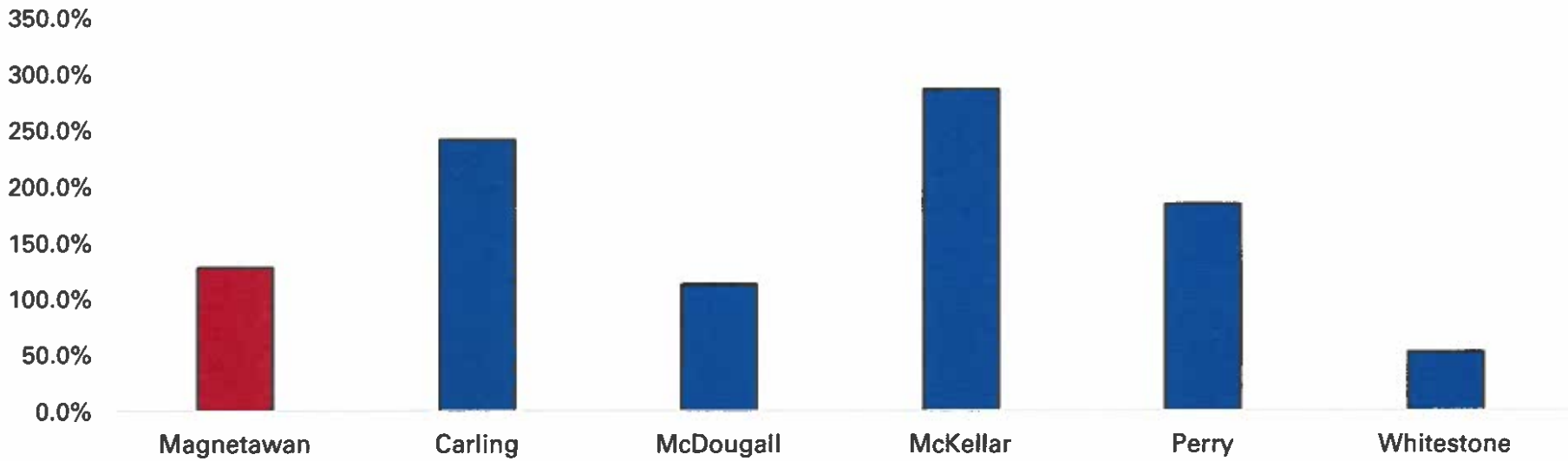
Sustainability ✓  
 Flexibility  
 Vulnerability

### FORMULA

FIR Schedule 51, Line 9910,  
 Column 3 divided by FIR  
 Schedule 40, Line 9910,  
 Column 16

### POTENTIAL LIMITATIONS

- This indicator considers amortization expense, which is based on historical as opposed to replacement cost. As a result, the Municipality's capital reinvestment requirement will be higher than its reported amortization expense due to the effects of inflation.
- This indicator is calculated on a corporate-level basis and as such, will not identify potential concerns at the departmental level.



# Financial Indicators

## RESIDENTIAL TAXES PER HOUSEHOLD

This financial indicator provides an assessment of the Municipality's ability to increase taxes as a means of funding incremental operating and capital expenditures.

### TYPE OF INDICATOR

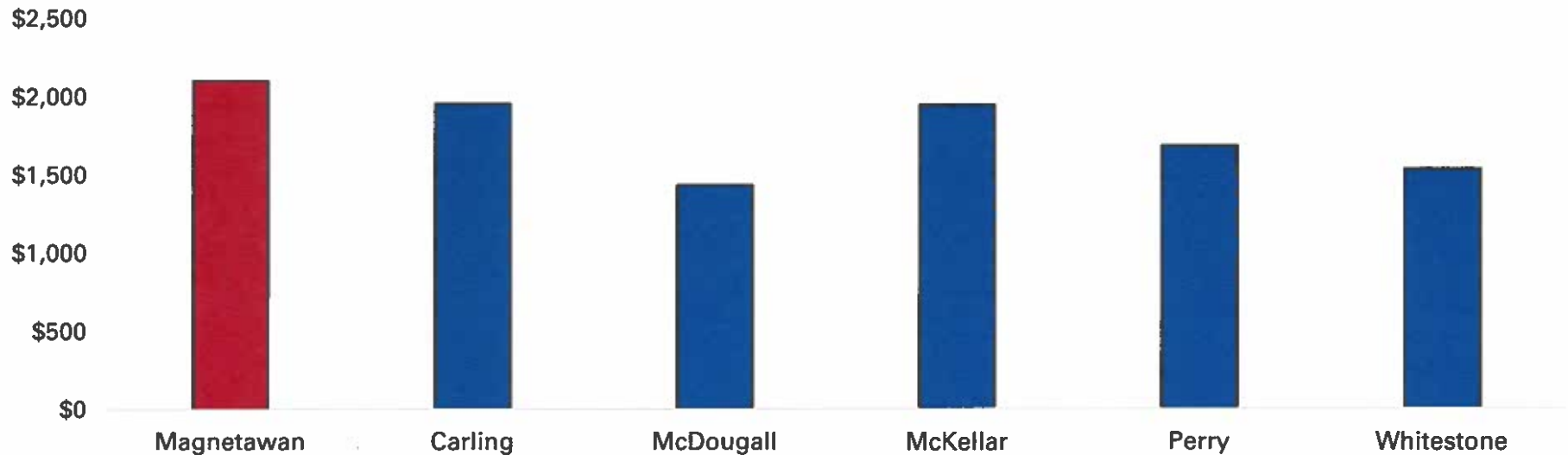
Sustainability  
Flexibility ✓  
Vulnerability

### FORMULA

FIR Schedule 26, Line 0010 and Line 1010, Column 4 divided by FIR Schedule 2, Line 0040, Column 1

### POTENTIAL LIMITATIONS

- This indicator does not incorporate income levels for residents and as such, does not fully address affordability concerns.



# Financial Indicators

## RESIDENTIAL TAXATION AS A PERCENTAGE OF HOUSEHOLD INCOME

This financial indicator provides an indication of potential affordability concerns by calculating the percentage of total household income used to pay municipal property taxes.

### TYPE OF INDICATOR

Sustainability

Flexibility ✓

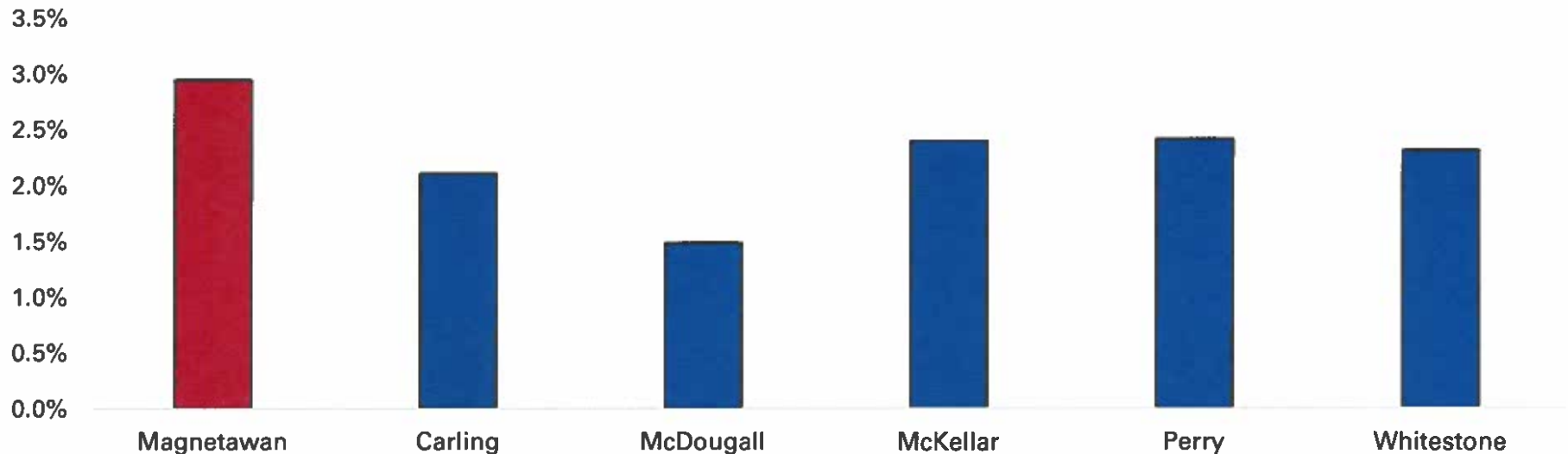
Vulnerability

### FORMULA

FIR Schedule 26, Line 0010 and Line 1010, Column 4 divided by FIR Schedule 2, Line 0040, Column 1 (to arrive at average residential tax per household). Average household income is derived from the National Housing Survey.

### POTENTIAL LIMITATIONS

- This indicator considers residential affordability only and does not address commercial or industrial affordability concerns.
- This indicator is calculated on an average household basis and does not provide an indication of affordability concerns for low income or fixed income households.



# Financial Indicators

## TOTAL LONG-TERM DEBT PER HOUSEHOLD

This financial indicator provides an assessment of the Municipality's ability to issue more debt by considering the existing debt loan on a per household basis. High debt levels per household may preclude the issuance of additional debt.

### TYPE OF INDICATOR

Sustainability

Flexibility ✓

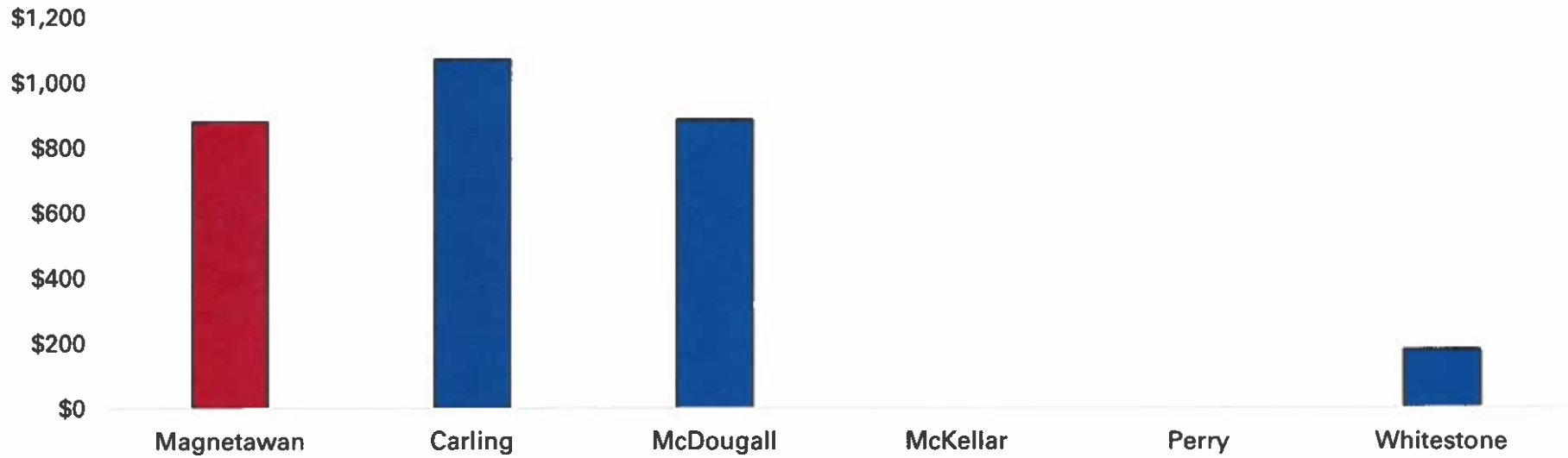
Vulnerability

### FORMULA

FIR Schedule 70, Line 2699,  
Column 1 divided by FIR  
Schedule 1, Line 0040,  
Column 1

### POTENTIAL LIMITATIONS

- This indicator does not consider the Provincial limitations on debt servicing cost, which cannot exceed 25% of own-source revenues unless approved by the Ontario Municipal Board



# Financial Indicators

## TOTAL TAXATION AS A PERCENTAGE OF TOTAL ASSESSMENT

This financial indicator provides an indication of potential affordability concerns by calculating the Municipality's overall rate of taxation. Relatively high tax rate percentages may limit the Municipality's ability to generate incremental revenues in the future.

### TYPE OF INDICATOR

Sustainability

Flexibility ✓

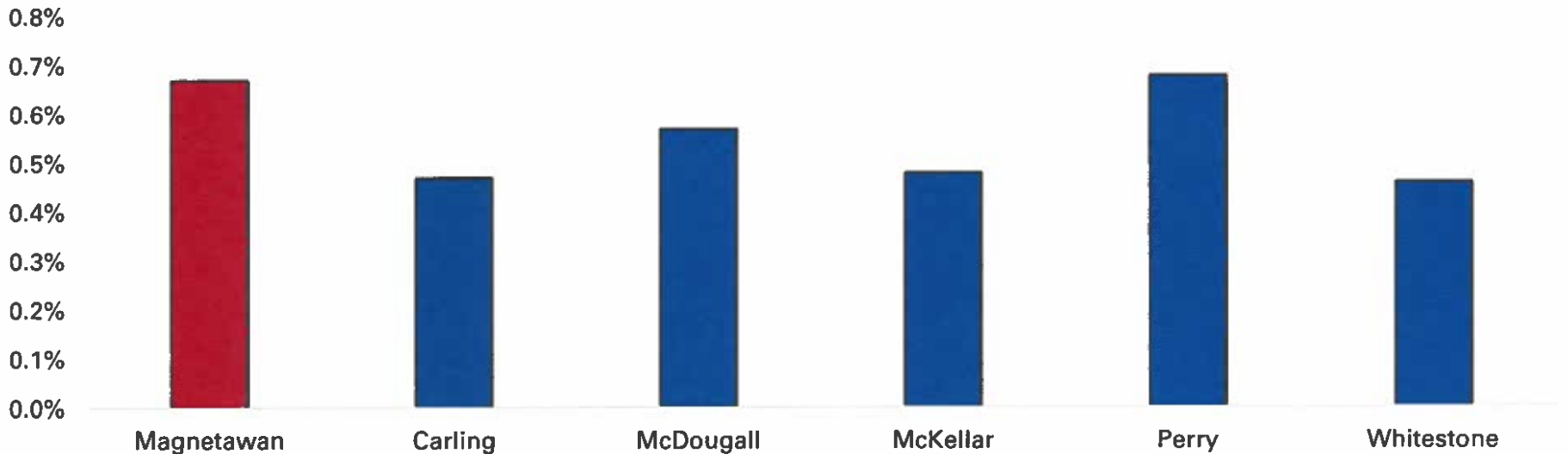
Vulnerability

### FORMULA

FIR Schedule 26, Line 9199 and Line 9299, Column 4 divided by FIR Schedule 26, Line 9199 and 9299, Column 17.

### POTENTIAL LIMITATIONS

- This indicator considers the Municipality's overall tax rate and will not address affordability issues that may apply to individual property classes (e.g. commercial).



# Financial Indicators

## DEBT SERVICING COSTS (INTEREST AND PRINCIPAL) AS A PERCENTAGE OF TOTAL REVENUES

This financial indicator provides an indication as to the Municipality's overall indebtedness by calculating the percentage of revenues used to fund long-term debt servicing costs. The Municipality's ability to issue additional debt may be limited if debt servicing costs on existing debt are excessively high.

### TYPE OF INDICATOR

Sustainability

Flexibility ✓

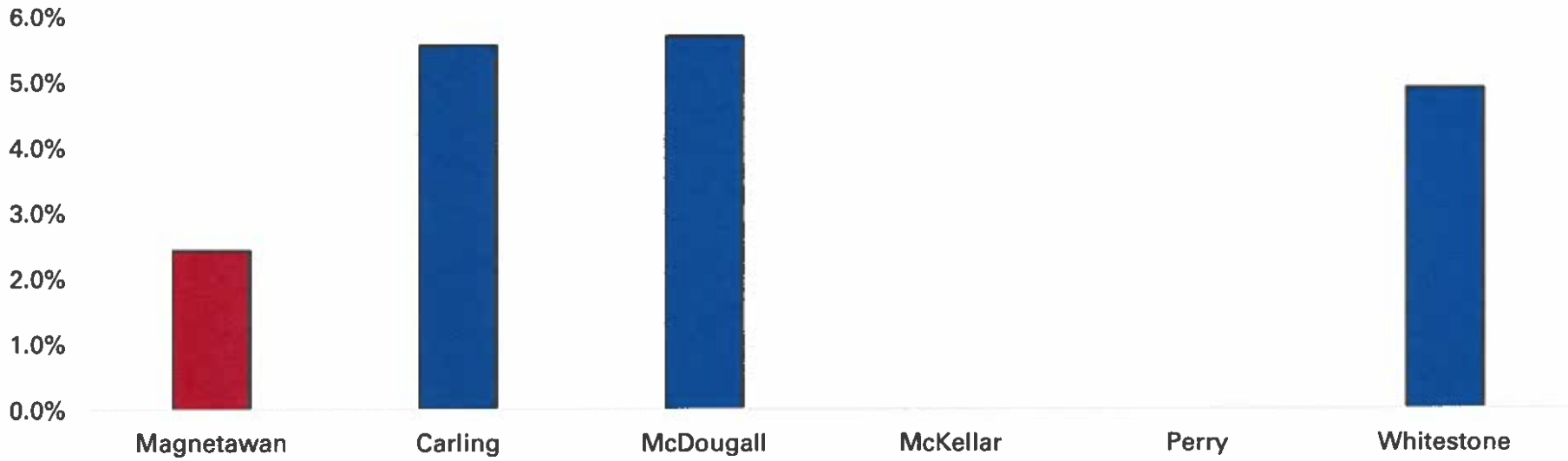
Vulnerability

### FORMULA

FIR Schedule 74C, Line 3099, Column 1 and Column 2 divided by FIR Schedule 10, Line 9910, Column 1.

### POTENTIAL LIMITATIONS

- No significant limitations have been identified in connection with this indicator



# Financial Indicators

## NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS AS A PERCENTAGE OF HISTORICAL COST OF TANGIBLE CAPITAL ASSETS

This financial indicator provides an indication as to the extent to which the Municipality is reinvesting in its capital assets as they reach the end of their useful lives. An indicator of 50% indicates that the Municipality is, on average, investing in capital assets as they reach the end of useful life, with indicators of less than 50% indicating that the Municipality's reinvestment is not keeping pace with the aging of its assets.

### TYPE OF INDICATOR

Sustainability

Flexibility ✓

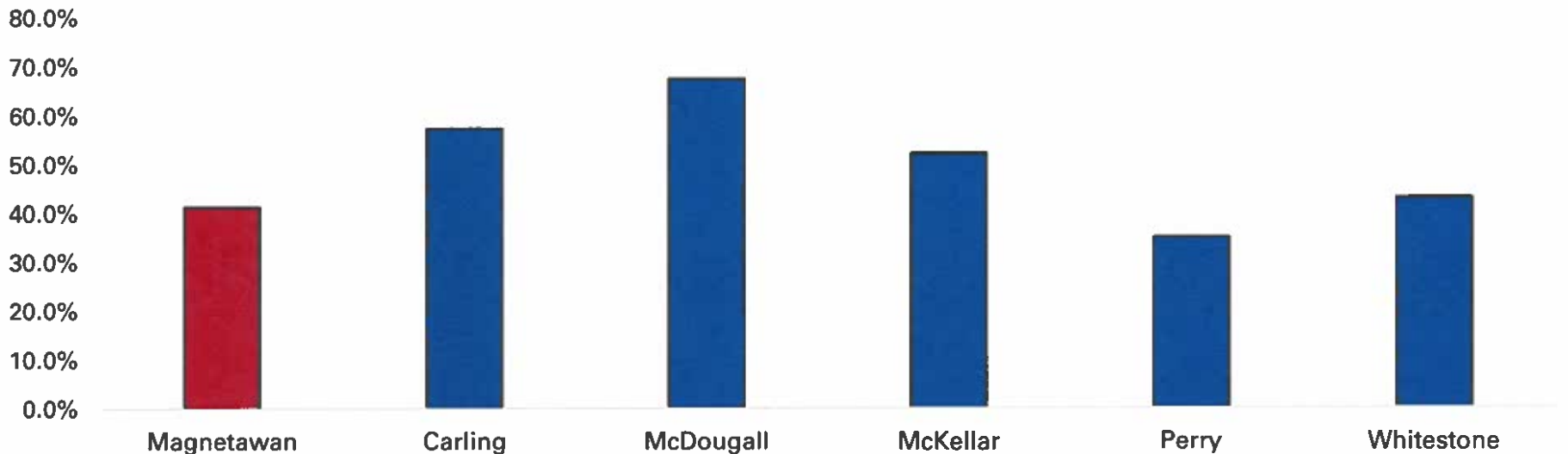
Vulnerability

### FORMULA

FIR Schedule 51A, Line 9910, Column 11 divided by FIR Schedule 51A, Line 9910, Column 6.

### POTENTIAL LIMITATIONS

- This indicator is based on the historical cost of the Municipality's tangible capital assets, as opposed to replacement cost. As a result, the Municipality's pace of reinvestment is likely lower than calculated by this indicator as replacement cost will exceed historical cost.
- This indicator is calculated on a corporate-level basis and as such, will not identify potential concerns at the departmental level.



# Financial Indicators

## OPERATING GRANTS AS A PERCENTAGE OF TOTAL REVENUES

This financial indicator provides an indication as to the Municipality's degree of reliance on senior government grants for the purposes of funding operating expenses. The level of operating grants as a percentage of total revenues is directly proportionate with the severity of the impact of a decrease in operating grants.

### TYPE OF INDICATOR

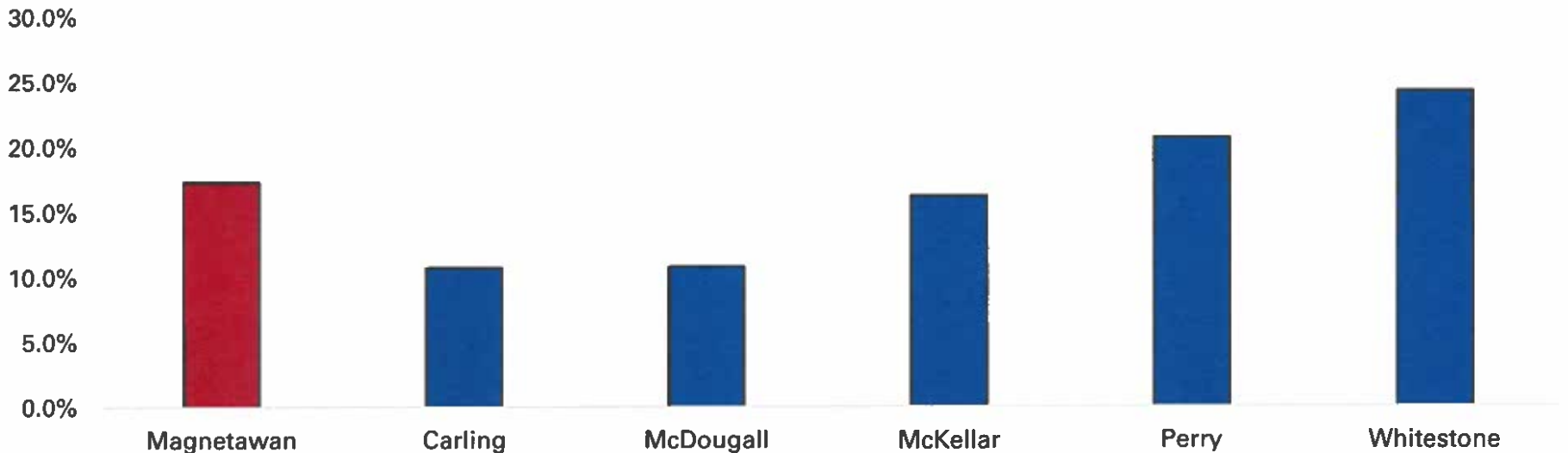
Sustainability  
Flexibility  
Vulnerability ✓

### FORMULA

FIR Schedule 10, Line 0699, Line 0810, Line 0820, Line 0830, Column 1 divided by FIR Schedule 10, Line 9910, Column 1.

### POTENTIAL LIMITATIONS

- To the extent possible, the Municipality should maximize its operating grant revenue. As such, there is arguably no maximum level associated with this financial indicator.





# Financial Indicators

## CAPITAL GRANTS AS A PERCENTAGE OF TOTAL CAPITAL EXPENDITURES

This financial indicator provides an indication as to the Municipality's degree of reliance on senior government grants for the purposes of funding capital expenditures. The level of capital grants as a percentage of total capital expenditures is directly proportionate with the severity of the impact of a decrease in capital grants.

### TYPE OF INDICATOR

Sustainability

Flexibility

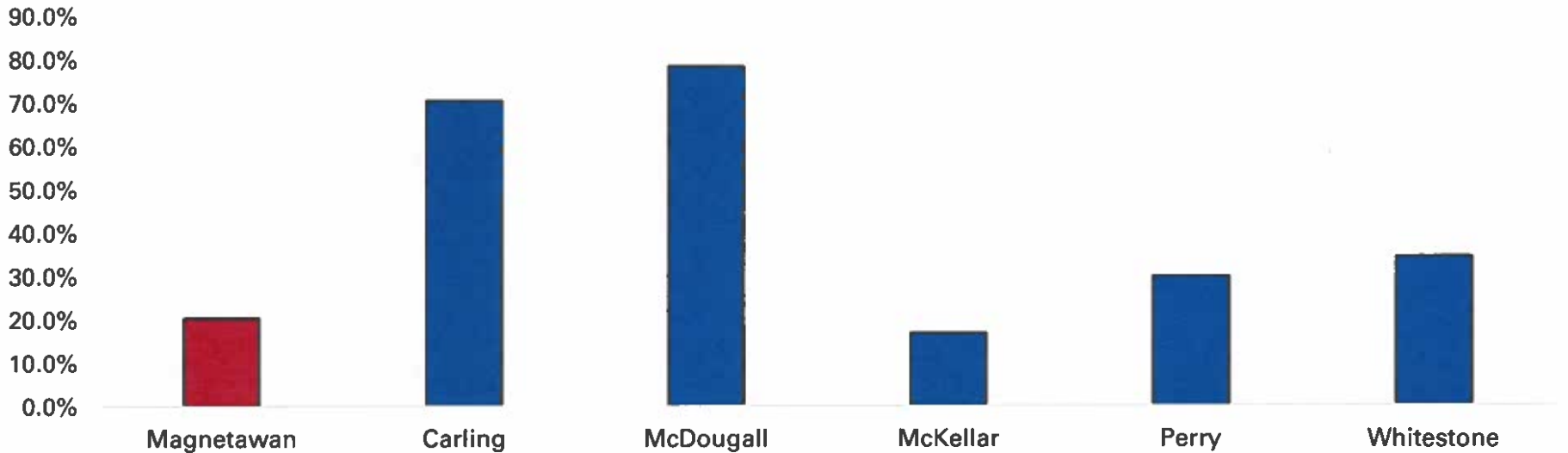
Vulnerability ✓

### FORMULA

FIR Schedule 10, Line 0815, Line 0825, Line 0831, Column 1 divided by FIR Schedule 51, Line 9910, Column 3.

### POTENTIAL LIMITATIONS

- To the extent possible, the Municipality should maximize its capital grant revenue. As such, there is arguably no maximum level associated with this financial indicator.





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