



THE CORPORATION OF THE TOWN OF AMHERSTBURG

OFFICE OF FINANCIAL SERVICES

MISSION STATEMENT:

Author's Name: Justin Rousseau	Report Date: September 17, 2015
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To: Mayor and Members of Town Council

Subject: Update on the Deloitte Report

1. RECOMMENDATION:

It is recommended that:

1. The report from the Director of Financial Services dated September 17, 2015, regarding Update on the Deloitte Report **BE RECEIVED**; and,
2. The following Financial Policies **BE TABLED** for the consideration of Council:
 1. Accounts Receivable Billing Policy
 2. Accounts Receivable Collection Policy
 3. Petty Cash Policy
 4. Accounts Payable Policy
 5. Electronic Funds Transfer Policy
 6. Revenue Recognition Policy
 7. Bank Account Policy
 8. Investment Policy
 9. Loans and Borrowing Policy
 10. Reserve and Restricted Funds Policy
 11. Tax Stabilization Reserve Policy
 12. Cash Receipts Control Policy
 13. Corporate Cheque Acceptance Policy
 14. Corporate Cheque Issuance Policy

3. BACKGROUND:

In January of 2014, Council initiated requests of the Ministry of Municipal Affairs to conduct an audit regarding the Town's financial situation. Over several months of dialogue between the Ministry and the Town, a Memorandum of Understanding was agreed upon for a financial services review and By-law 2014-29 was adopted by Council on April 7th, 2014. The Ministry undertook a procurement process and the successful proponent engaged by the Ministry on behalf of the Town was Deloitte LLP. A field review was undertaken by Deloitte between June 25th, 2014 and July 15th, 2014. The scope of the Deloitte review included the areas of:

1. Matching Revenues and Expenses
2. Stewardship of All Municipal Assets
3. Reserves and Reserve Funds
4. Communication with Council on Financial Matters
5. Agreements, Policies, Procedures and By-Laws
6. Financial Practices and Policies

The review covered the period of January 1, 2009 to June 30th, 2014.

On August 11, 2014, Deloitte LLP presented the Town with the Town of Amherstburg–Financial Management and Practices Review Report. The report contained 41 recommendations to assist the Town in addressing a number of high profile financial matters, annual operating deficits and long term debt. The report outlines areas of improvement to ensure the Financial Services Department of the Town reaches a mature state. Council unanimously adopted the following resolution:

“That the presentation be received and that Council and Administration continue to work with the representatives from Deloitte LLP in implementing the 41 recommendations of the financial services review.”

Subsequently, a Special Council Meeting was held on September 11th, 2014 to allow Council the opportunity to question and obtain a better understanding of the findings and 41 recommendations contained within the Deloitte report. The following is a progress report providing a status update for Council on the implementation of 41 recommendations contained within the Deloitte report.

On November 17, 2014, Administration presented Council with an update on the status of Administrations progress as it relates to the 41 recommendations provided by Deloitte. At that meeting, Administration advised Council that as of October 22, 2014, Administration had implemented 15 of the 41 recommendations.

On February 9, 2015, Administration presented Council with an update on the status of Administrations progress as it relates the 41 recommendations provided by Deloitte. At that meeting, Administration advised Council that as of January 29, 2015, Administration had implemented 20 of the 41 recommendations.

4. DISCUSSION:

Subsequent to the last update to Council on January 29, 2015, Administration has continued to work on many of the recommendations contained within the Deloitte report. It should be noted that Administration prioritized and divided the recommendations contained within the report into 6 major projects of focus. Those projects are as follows:

1. Development and Approval of a Strategic Financial Plan for the Town of Amherstburg
2. Development of increased monitoring and reporting practices for capital projects and expenditures.
3. Development of financial reporting practices to Council.
4. Develop and implementation of a Council training session on the presentation and understanding of financial information pertaining to the Town of Amherstburg
5. Development of an enhanced policies and procedures for the Financial Services Department, inclusive of the roles and responsibilities of financial staff.
6. Development of internal control mechanisms to evaluate and monitor the policies and procedures for the major accounting streams.

Administration is confident that the 6 projects identified above will provide the framework to address the 41 recommendations tabled within the Deloitte report. Administration has provided Appendix "A" as a summary identifying the recommendations and progress to date.

It should be noted that since the January 29, 2015 update to Council, Administration has addressed 18 additional Deloitte recommendations which are as follows:

- 1.2.1 Adequacy of controls to govern current operating expenses
- 1.3.1 Town's Tax Policies and cash collection
- 1.5.4 Operations Effectiveness
- 2.2.1 Policies and practices related to long term debt
- 2.2.3 Policies and practices related to asset management
- 2.2.5 Policies and practices related to unfinanced capital
- 2.2.7 Policies and practices related to investments
- 2.2.9 Federal Gas Tax Funds
- 3.1.1 Policies and practices related to reserve and reserve funds
- 3.1.2 Policies and practices related to reserve and reserve funds
- 3.2.1 Accounting processes to determine if the municipality is following its policies and practices
- 4.1.1 Municipal policies and practices related to reporting procedures and the annual budget
- 5.3.1 Town's Internal Compliance Management strategies
- 5.3.2 Town's Internal Compliance Management strategies

- 5.4 Policies and collective agreement with respect to post employee benefits including weather best practices are being followed.
- 6.1.1 Fraud prevention/detection, internal controls, audit quality assurance
- 6.3.1 Financial and operational effectiveness includes benchmarking and best practices
- 6.5.1 Implementation plans for any Audit Management letters the Council and CAO received over the past five years

As a result, Administration has now addressed 38 of the 41 Deloitte recommendations within a thirteen month period. Administration has worked diligently to address most of the recommendations within this thirteen month period. Deloitte felt that an adequate timeframe to complete the full scope of the recommendations was 24 months.

It is also important to note that many of the proposed policies and Strategic Financial Plan await final approval from Town Council, in order to be official Town Documents.

5. RISK ANALYSIS:

Failure to address the Deloitte recommendations presented and adopted by Council will have a negative impact on the reputation and financial future of the Town. Administration is working diligently to address the recommendations in an accelerated manner as the outcome of implementing strategies, practices, policies and procedures will be to the benefit of the Town and its residents through improved financial management, accountability and transparency of the financial decision making process. Restoring confidence in the Town's ability to manage its finances and operations is paramount and will be a positive step forward in improving relations between the Town and its residents and future investment opportunities in the Town. Addressing recommendations in an accelerated manner will boast well for the Town to illustrate the Town's commitment to improving its financial practices.

6. FINANCIAL MATTERS:

N/A

7. CONSULTATIONS:

The Manager of Financial Services and the Supervisor of Accounting were consulted with regards to this report.

8. CONCLUSION:

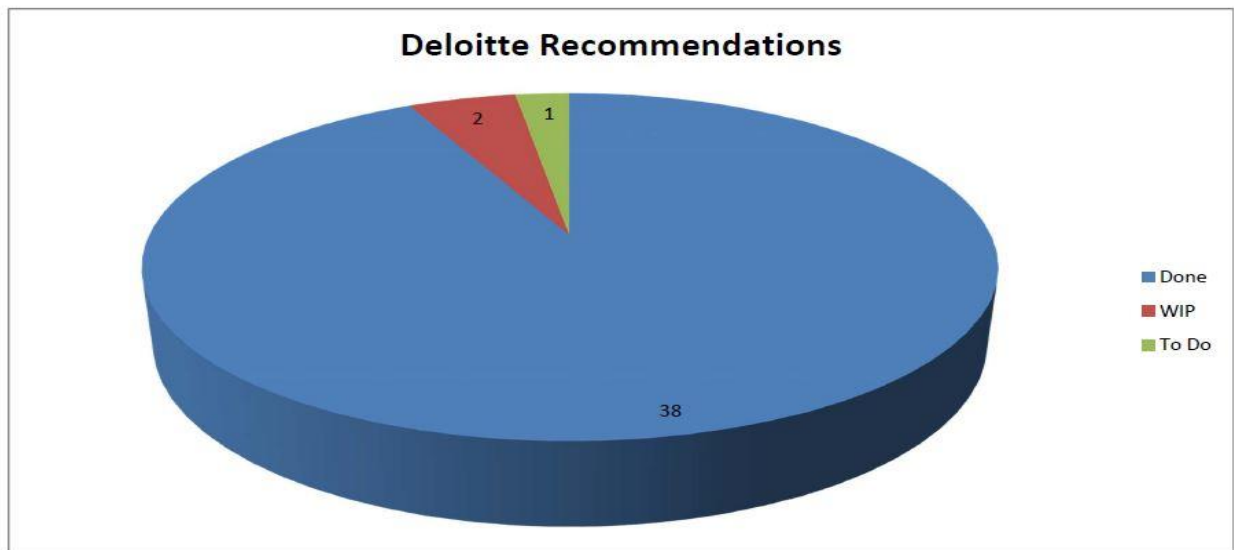
It must be noted that a significant amount of progress has been made by Administration since the 41 recommendations were presented and adopted by Council on August 11, 2014. In summary, Administration completed and implemented solutions for 38 of the 41 recommendations as per the attached Appendix "A". Administration is diligently working to complete the remaining 3 of 41 recommendations in advance of the 24 month timeline established by the Deloitte report.

Administration is also working on an additional 7 policies which are over and above the requirements of the Deloitte Report. They are as follows:

1. Travel and Business Expense Policy
2. Relationship with External Auditors Policy
3. Returned items Policy
4. Company Credit Cards Policy
5. Corporate Vehicles & Fuel Use Policy
6. Drainage Financing Policy
7. Local Improvement Financing Policy

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The Following chart shows the progress towards our goals:



Justin Rousseau
Director of Financial Services

Giovanni (John) Miceli
Chief Administrative Officer

JR

APPENDICES:
Appendix "A" Deloitte Report Update
Tabled Policies

DEPARTMENTS/OTHERS CONSULTED:
Name:
Phone #: ext.

NOTIFICATION :

Name	Address	Email Address	Telephone	FAX