



## THE CORPORATION OF THE TOWN OF AMHERSTBURG

### OFFICE OF CORPORATE SERVICES

#### MISSION STATEMENT:

Author's Name: Justin Rousseau	Report Date: April 1, 2016
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To: Mayor and Members of Town Council

Subject: Update on the Deloitte Report

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#### 1. RECOMMENDATION:

It is recommended that:

1. The report from the Director of Corporate Services/Treasurer dated April 1, 2016, regarding Update on the Deloitte Report **BE RECEIVED**; and,
2. The following Policies **BE TABLED** for the consideration of Council:
  1. Relationship with External Auditors Policy
  2. Company Credit Card Policy
  3. Unfinished Business Items Policy
  4. Travel and Business Expense Policy
  5. Returned Item Policy

#### EXECUTIVE SUMMARY:

N/A

#### 2. BACKGROUND:

In January 2014, Council initiated a request 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 7<sup>th</sup>, 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 25<sup>th</sup>, 2014 and July 15<sup>th</sup>, 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<sup>st</sup>, 2009 to June 30<sup>th</sup>, 2014.

On August 11<sup>th</sup>, 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 outlined 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 11<sup>th</sup>, 2014, to allow Council the opportunity to question and obtain a better understanding of the findings and 41 recommendations contained within the Deloitte report. This report is a status update for Council on the implementation of 41 recommendations contained within the Deloitte report.

On November 17<sup>th</sup>, 2014, Council was presented with an update on the progress Administration has made as it relates to the 41 recommendations provided by Deloitte. At that meeting, Council was advised that as of October 22<sup>nd</sup>, 2014, the Town had implemented 15 of the 41 recommendations.

On February 9<sup>th</sup>, 2015, Council was presented with a further update on the implementation progress as it relates the 41 recommendations provided by Deloitte. At that meeting, Council was advised that as of January 29, 2015, Administration had implemented 20 of the 41 recommendations.

On September 28<sup>th</sup>, 2015, Council was presented with yet a further update on the implementation progress as it relates the 41 recommendations provided by Deloitte. At that meeting, Council was advised that as of September 17<sup>th</sup>, 2015, Administration had implemented 38 of the 41 recommendations.

### **3. DISCUSSION:**

Subsequent to the last update to Council on September 28<sup>th</sup>, 2015, Administration has continued to work on many of the recommendations contained within the Deloitte report. The Town has 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.

Appendix “A” is provided as a summary identifying the recommendations and progress to date.

Since the September 28<sup>th</sup>, 2015 update to Council, many new policies and procedures have been approved, and the reporting of financial matters to Council on a regular basis has seen significant improvement.

Also since that time, the 3 remaining Deloitte recommendations have been addressed, which are as follows:

- 2.2.8 Policies and practice related to performance management.
- 4.2.2 Adequacy of policies and procedure in place for staff to report to council on financial issues in a timely and transparent manner and ensure that council members have a clear understanding of the municipality’s financial position.
- 4.3.1 Whether budgets are structured in a way to provided clear understanding and accountability for staff, management and Council.

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

It is also important to note that 6 of the proposed policies and Strategic Financial Plan (in draft stage) await final approval from Council. The Strategic Financial Plan’s goals, principals and forecast were incorporated into the 2016 Budget approved by Council in January 2016.

The Strategic Financial Plan may require modification based on the results of the current Official Strategic Plan process. Financial resources may be allocated in areas viewed as key to the long-term vision of the Town supported by the results of the Strategic Plan and the approval of Council.

**4. RISK ANALYSIS:**

Failure to continue to build and improve upon the Deloitte recommendations could have a negative impact on the reputation and financial future of the Town. Administration will continue to work diligently in implementing strategies, practices, policies and procedures that will benefit the Town and its residents to facilitate improved financial management, accountability and transparency of the financial decision making process.

**5. FINANCIAL MATTERS:**

N/A

**6. CONSULTATIONS:**

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

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## 7. CONCLUSION:

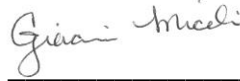
Administration has now completed and implemented solutions for all 41 of the 41 recommendations contained in the Deloitte report, as per the attached Appendix "A". This work has been completed well in advance of the 24 month timeline established by the Deloitte report. Restoring confidence in the Town's 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 will also position the Town positively for future investment opportunities.



Justin Rousseau  
**Director, Corporate Services/Treasurer**



Mark Galvin  
**Director, Planning, Development  
& Legislative Services**



Giovanni (John) Miceli  
**Chief Administrative Officer**

JR

**APPENDICES:- Appendix "A" Deloitte Report Update  
- Tabled Policies**

### **DEPARTMENTS/OTHERS CONSULTED:**

**Name:**

**Phone #: 519 ext.**

### **NOTIFICATION :**

Name	Address	Email Address	Telephone	FAX