KPMG

Town of Espanola

Administrative Process Review

Final Report
February 23, 2021

Disclaimer

This report has been prepared by KPMG LLP ("KPMG") for the Town of Espanola ("Client") pursuant to the terms of our Agreement with the Client dated October 14, 2020. KPMG neither warrants nor represents that the information contained in this report is accurate, complete, sufficient or appropriate for use by any person or entity other than Client or for any purpose other than set out in the Engagement Agreement. This report may not be relied upon by any person or entity other than Client, and KPMG hereby expressly disclaims any and all responsibility or liability to any person or entity other than Client in connection with their use of this report.

This report is based on information and documentation that was made available to KPMG at the date of this report. KPMG has not audited nor otherwise attempted to independently verify the information provided unless otherwise indicated. Should additional information be provided to KPMG after the issuance of this report, KPMG reserves the right (but will be under no obligation) to review this information and adjust its comments accordingly.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommendations as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the Town of Espanola. KPMG has not and will not perform management functions or make management decisions for the Town of Espanola.

This report may include or make reference to future oriented financial information. Readers are cautioned that since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material.

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 Town of Espanola nor are we an insider or associate of the Town of Espanola. Accordingly, we believe we are independent of Town of Espanola and are acting objectively

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Administrative Process Review

Chapter I
Introduction

Introduction

A. Overview of our engagement

KPMG has been retained by the Town of Espanola (the “Town”) to undertake areview of its workflow processes for the Town’s municipal administrative services including all aspects of customer service, accounts payable and payroll. From a customer service perspective our specific areas of focus will be the Administration Office, the Provincial Offences Office, the Building Department, Public Works, Fire and Recreation departments. The goal of the review was to identify efficiencies and opportunities for process improvements and focus on reducing and eliminating potentially duplicative processes and/or process tasks.

As part of the engagement, KPMG worked to complete the following:

- Documentation of the business and work flow processes of the areas identified above; and
- Identify potential changes in the Town’s business and work flow processes with more detail including exploring the potential for an increased use of technology to increase efficiency and effectiveness in the Town’s municipal service delivery.

This report includes the work completed on the finance and non-finance processes.

Our review is being undertaken in connection with funding received by the Town from the Audit and Accountability Fund (the “Fund”). The Fund 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 Fund, the Town 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, including a statement from its advisors as to the quantum of potential cost savings; 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 October 14, 2020.

Our review relied heavily on the contributions and knowledge of Town 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 Town staff to discuss the current processes used by the Town for the delivery of services detailed on the previous page. During these working sessions, KPMG facilitated discussion with Town staff to identify the individual steps in the process under review, as well as any items that were perceived as impacting operating efficiencies, customer service, internal controls or risk management.

The approach adopted to review the Town'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.

3. LEAN seeks to develop ***flow***, so that products or services move fluidly and without interruptions through the process.

4. 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.

5. 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
Defects	Work or services that are not completed correctly the first time.	Departments key in hours worked incorrectly, requiring payroll to fix errors.
Overproduction	Doing more than what is required to complete the task.	Generating reports that are not used by management.
Waiting	Idle time when material, information, people or equipment are waiting.	Waiting for approvals prior to issuing cheques.
Non-utilized talent	Not utilizing all of the skills of employees.	Incurring overtime because staff working in other departments cannot be used.
Transportation	Moving equipment, supplies or equipment from place to place.	Transferring paper files from one location to another rather than using email.
Inventory	Having more material and supplies on hand than what its needed.	Stocking extra stores inventory to prevent stockouts caused by poor order management.
Motion	Unnecessary movement by employees to complete an activity.	Having staff attend meetings in person rather than by video or teleconference.
Extra processing	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 Town 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:

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

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

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

L — Litigation risk, consisting of potential areas where the Town'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 Town to address the identified issues.

KPMG

Town of Espanola

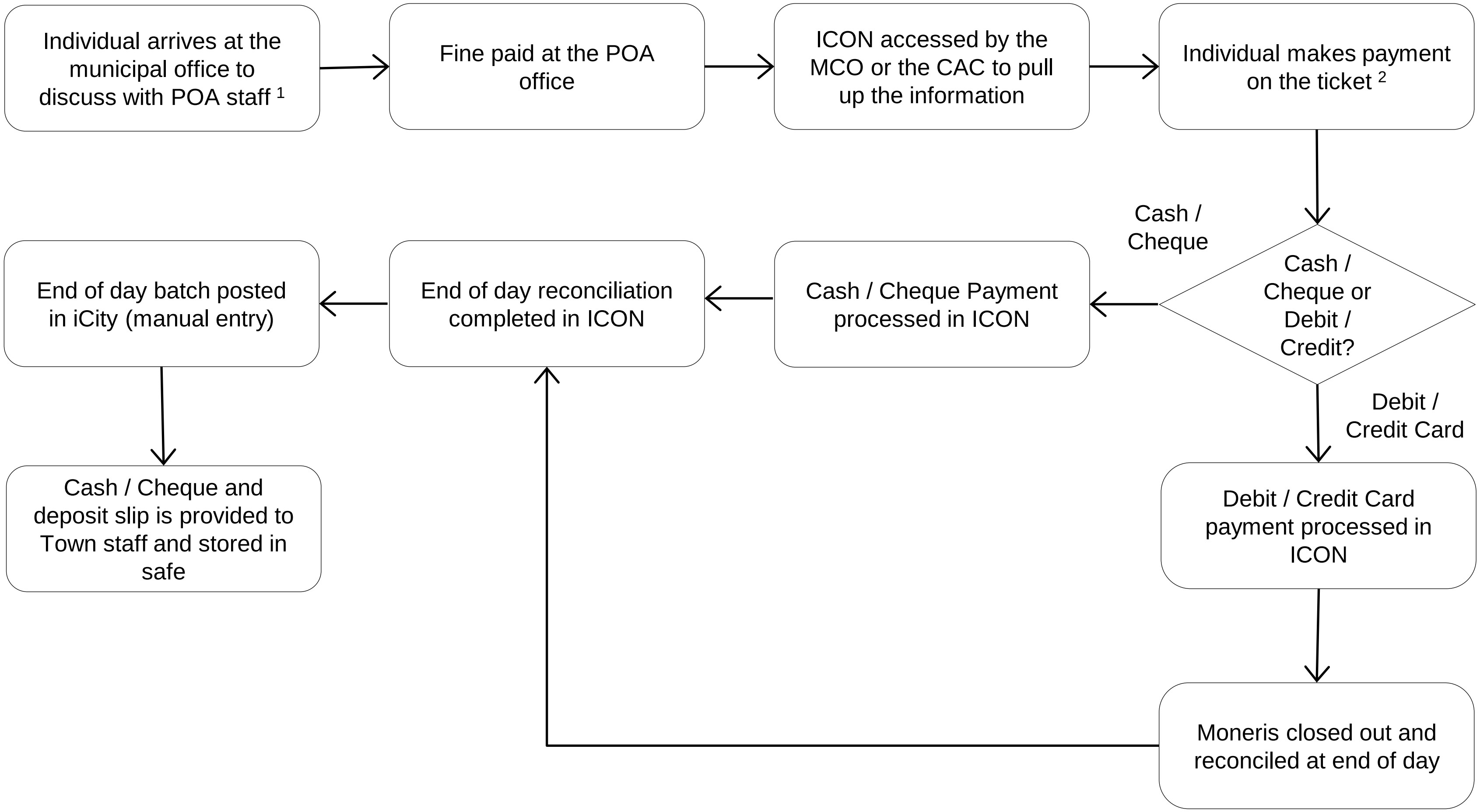
Administrative Process Review

Chapter II
Process Maps and Potential Courses of Action

Abbreviations

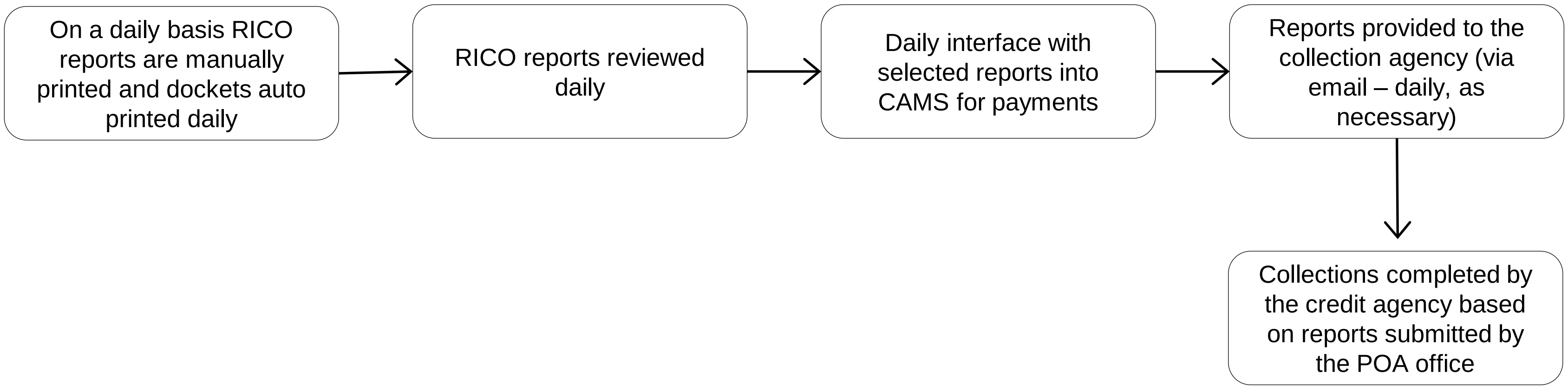
POA	Provincial Offences Act
ICON	Integrated Court Offenses Network
MCO	Manager, Court Operations
CAC	Court Administrative Clerk / Court Reporter
CSBC	Customer Service Booking Clerk
PWAA	Public Works Administrative Assistant
PWAM	Public Works Assistant Manager
RFT	Request for tenders
AC	Accounting Clerk
CAO	CAO / Treasurer
TC	Tax Clerk
MF	Manager of Finance
PC	Payroll Clerk
FC	Fire Chief
MM	Maintenance Manager
DFCS	Director of Facilities and Community Services
DC	Deputy Clerk
DH	Department Head
AP	Accounts Payable
GF	General Foreman
CBO	Chief Building Official
BA	Building Assistant
AA	Administrative Assistant
OA	Office Administrator
WO	Work Order
CR	Cash Receipts
RM	Recreation Manager
MCP	Master Court Plan
ROS	Recreation Office Supervisor

Provincial Offences Act (Payments)

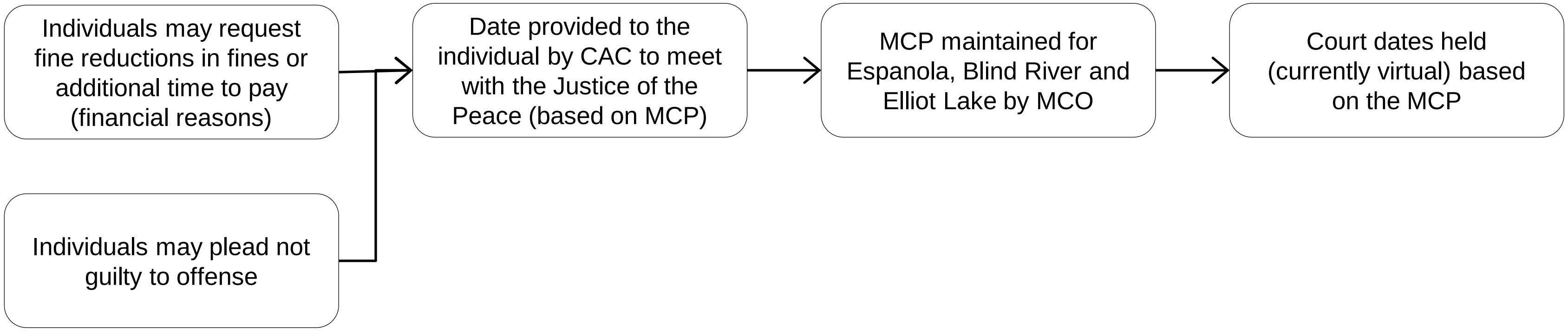


[1] Individuals will go to the municipal office to the POA office for a variety of reasons which include paying fines or requesting court dates coordinating with the Justice of the Peace. On a daily basis, individuals can make payments in person or by mail for this POA location or any other POA court location.
[2] Fines can be paid by cash, cheque, credit card, debit or money order. The tickets can be paid in a variety of ways (online, in person or at Service Ontario (only if the driver's license is suspended)). This is the documentation of the process for the in-person payment of the fine / ticket.

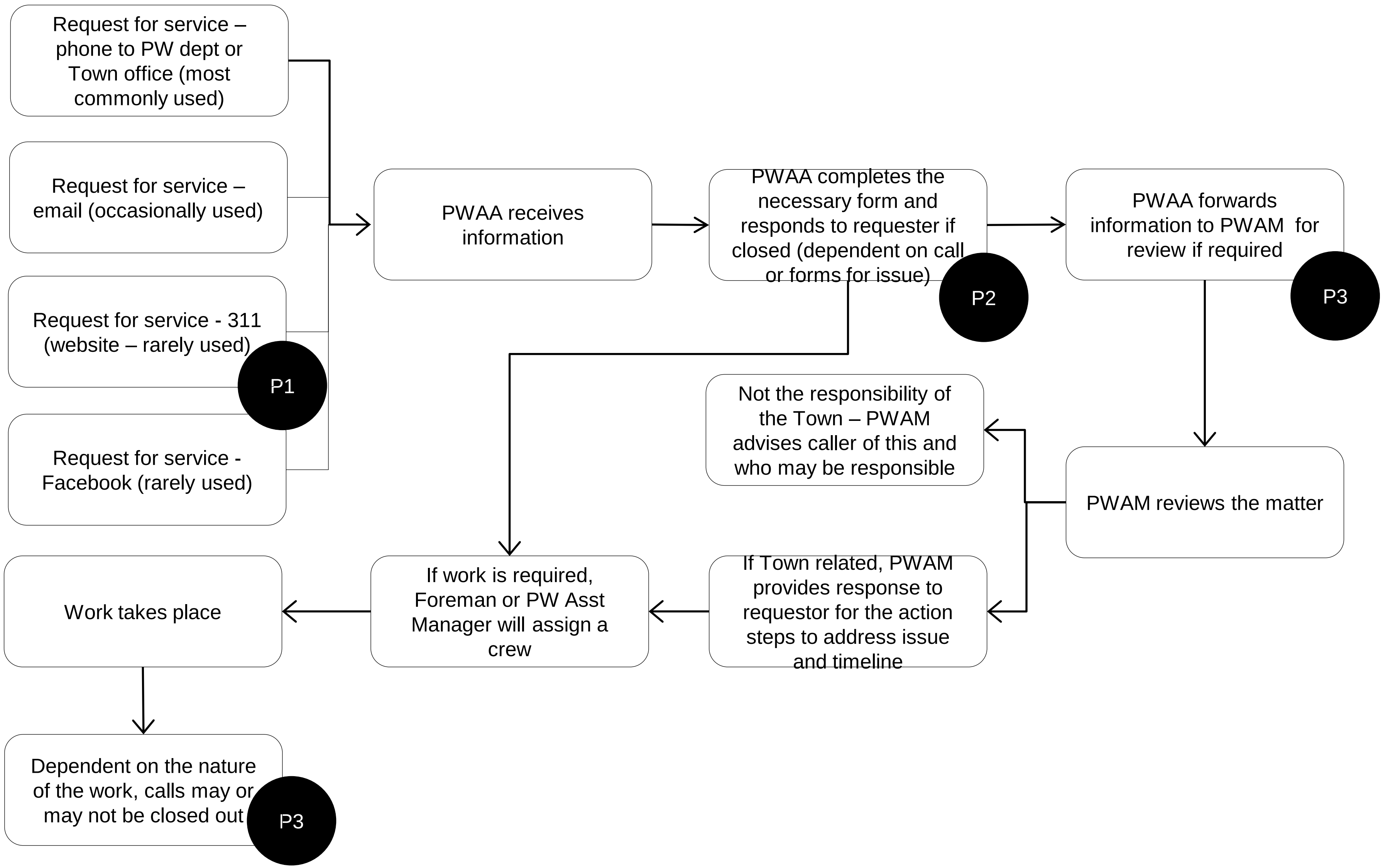
Provincial Offences Act (Reporting Process)



Court Scheduling



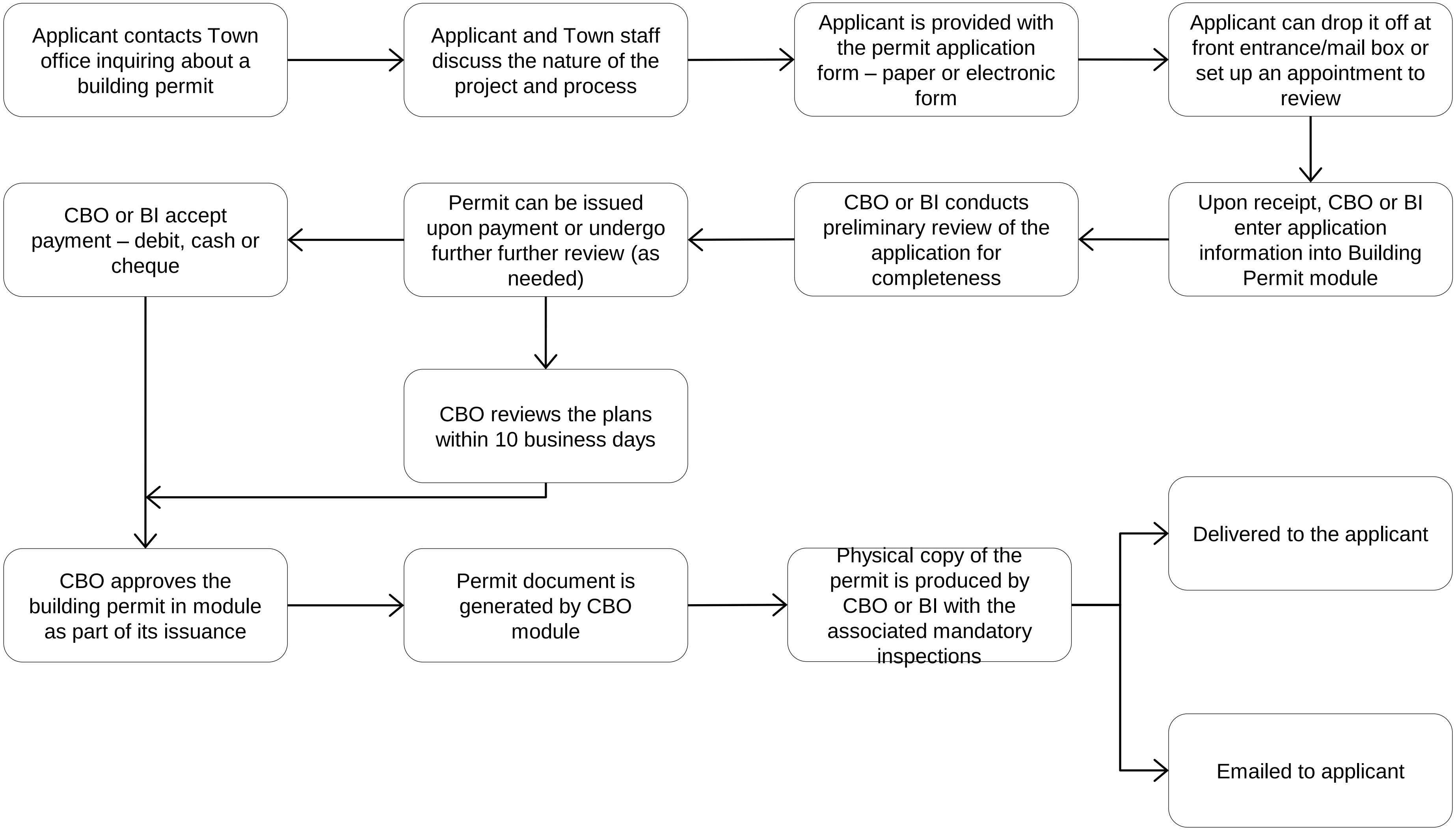
Request for Service



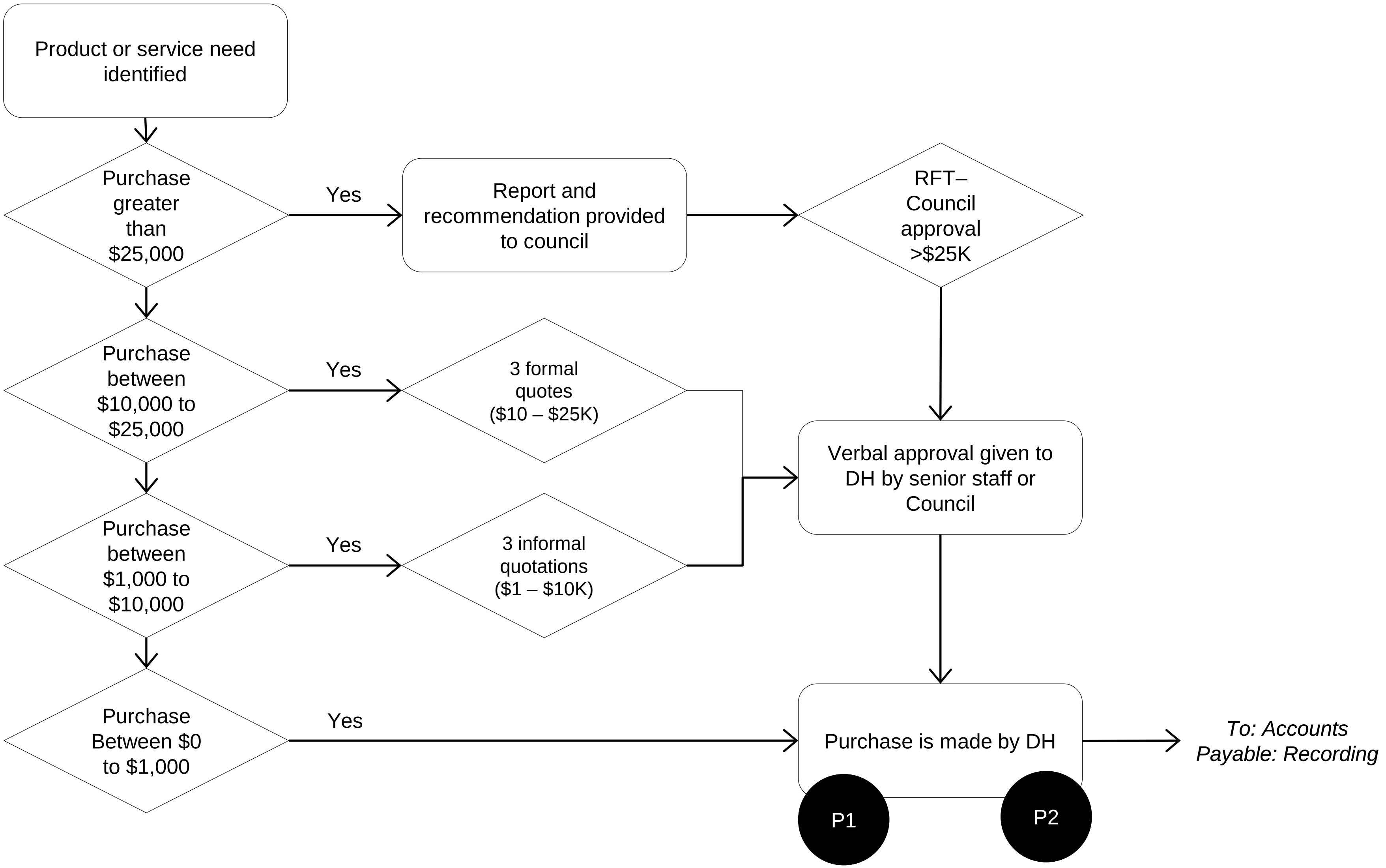
Potential Courses of Action

	Process Notes	Potential Course of Action
P1	The Town provides multiple channels for residents to submit a request for service/report an issue to the Town. This includes the use of: phone (either through Town office or direct to the Public Works Department), email directly to the Public Works Department, through the municipal website or through social media (Facebook).	The Town may want to explore streamlining the number of access points for residents to submit issues. This would include providing a link on the municipal website that allows for a resident to initiate a concern – potential link to the process efficiencies noted in P2 where the Town has an electronic fillable form available.
P2	The Town has multiple forms to capture the nature of an issue. There does not appear to be a general form for residents to access easily to initiate a concern.	The Town may want to create a general form for the public to initiate a concern. As a fillable form, the form should allow the resident to identify the service area to allow for greater ease in routing the issue to the appropriate department.
P3	The Town does not make use a formal work order system. Currently, work is captured through the use of a paper based manual process. This has the potential for paper records to be lost which may then result in the issue not be followed up or corrected on a timely basis.	The Town may want to investigate within their current municipal software to determine if a module is available to shift towards an electronic work order process and if not, explore potential software solutions to do so. Within iCity, the Maintenance Management Software module has the ability to track service requests and work order management. The direct benefits will be the ability to track all work (including determining which work orders are open versus closed) as well perform analytics which is beneficial to both operations and future departmental needs.

Building Permits



Accounts Payable: Purchasing



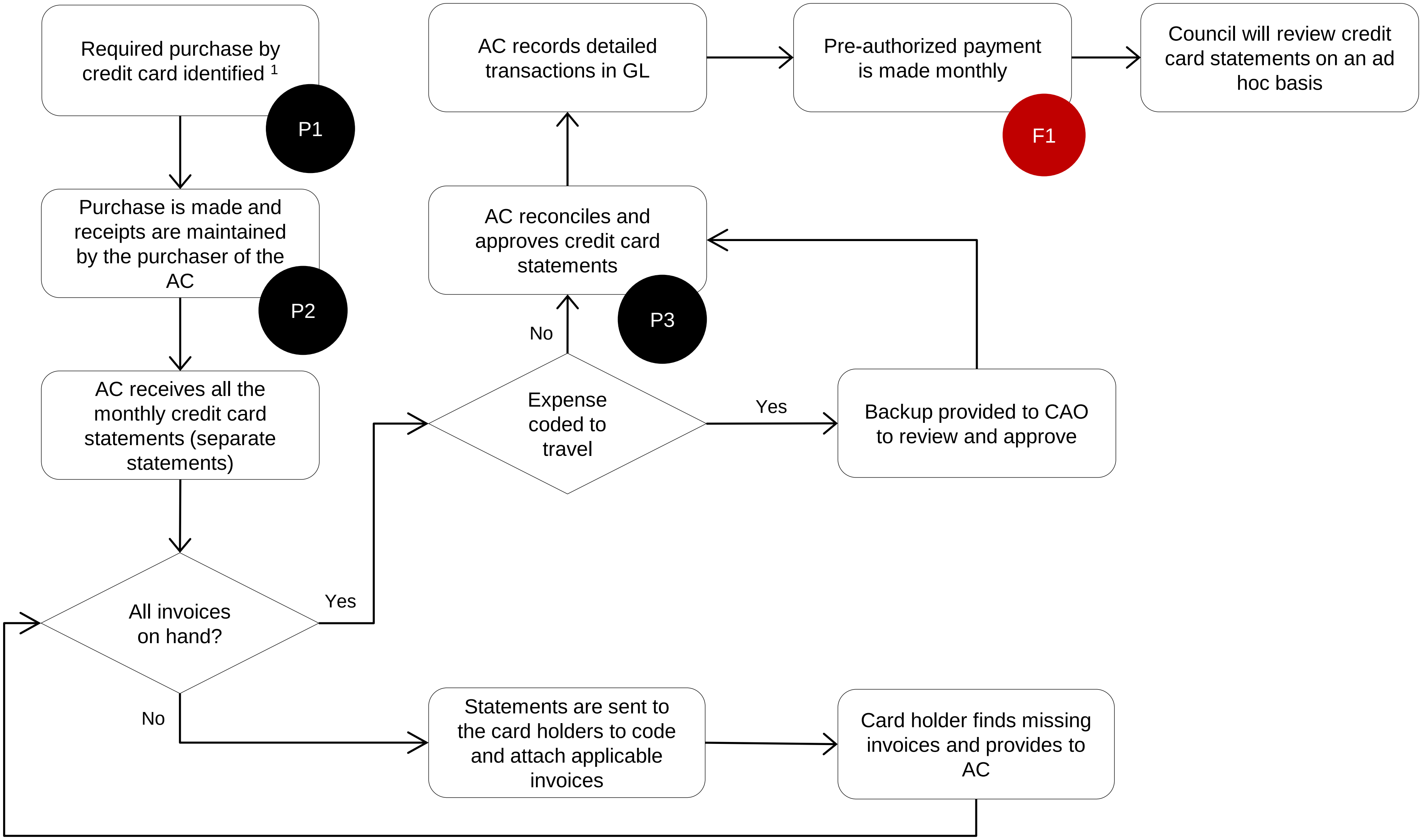
Potential Courses of Action

	Process Notes	Potential Course of Action
P1	Purchase orders are completed within the iCity PO module with an email provided to the approver to go into the system and review and approve the potential purchase. It was noted that often the DHs do not attach the PO to the invoice and related documentation therefore it is paid within the system as a regular invoice which then requires the PO to be cancelled and the invoice to be paid as a regular invoice. When this occurs, the information related to the purchase is then entered into iCity by the Accounting Clerk resulting in a duplication of efforts. It is recommended invoices in excess of $1,000 require a PO to ensure there is appropriate cost/benefit to the implementation of the control.	The Town should have a policy that requires POs to be attached to the invoices exceeding $1,000 prior to payment. Should an invoice be received that does not include the appropriate supporting documentation it should be provided to the DHs to coordinate with the vendor, which includes re-issuance of the invoice with the appropriate supporting documentation. No invoices should be paid without an approved PO. This will ensure when the goods are received, the receiving can be applied against the existing purchase order and requisition without having to input the purchase and journal entry information again. This information would then be matched up with the invoiced received to ensure all documents match.

Potential Courses of Action

	Issue	Potential Course of Action
P2	The Town completes most of its ordering over the telephone, but in many cases does not document the order with a written purchase order. Additionally, several employees are responsible for authorizing the purchases and receiving the goods. This can result in one individual responsible for authorization, receipt, and custody of the items which would create a segregation of duties risk.	We suggest the Town enforce the existing purchase order and receipt system to improve internal accounting controls over purchasing of inventory and supplies for purchases greater than $1,000. The purchase order system includes the following controls: • 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. • Personnel requesting and approving purchase orders should be independent of the individuals in the receiving area, to allow for a proper segregation of duties. • The receiving reports should be matched with the purchase order by the Accounting Clerk and this comparison documented on the receiving report. Any differences should be reviewed on a timely basis. • 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. • This should be completed electronically within iCity where possible (see the previous course of action included as P2).

Credit Card Processing



[1] Credit cards can be used for training and travel expenses. All travel and training is approved by the direct supervisor / manager with the CAO approving expenses for the DHs only.

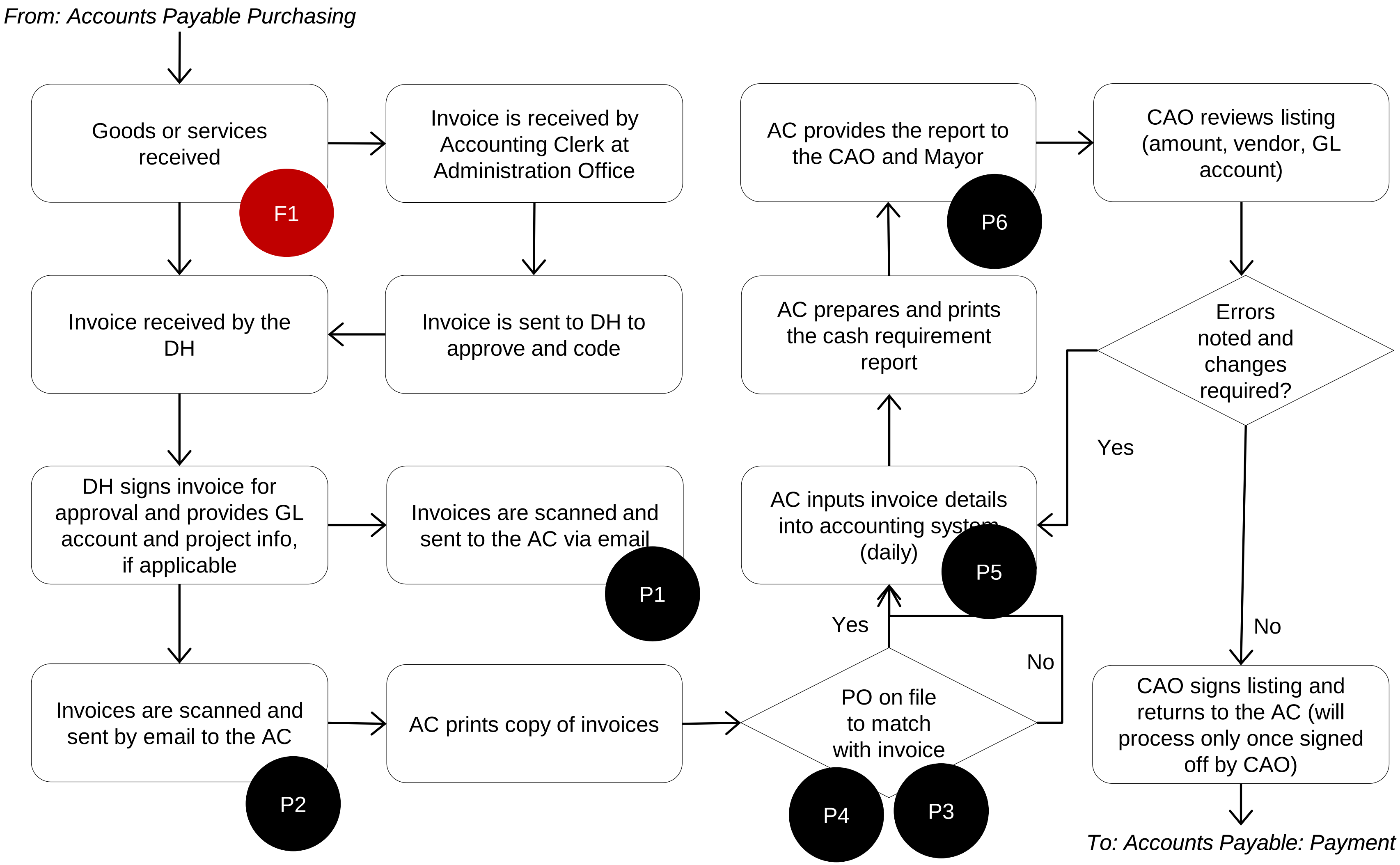
Potential Courses of Action

	Issue	Potential Course of Action
P1	A credit card policy exists however does not provide significant direction on the types of purchase can be made by credit card (policy indicates “business expenses”. Depending on the authorization limit of the card, the opportunity exists to bypass the authorization limits described in Accounts Payable: Purchasing process. Throughout the process mapping it was noted the credit card limits per card are $5,000. This would indicate that although a formal credit card purchasing policy is not in place at the current time, given the limits on the cards there is limited ability to make significant purchases on the cards.	The Town should develop a credit card procedures document which establishes what purchases are authorized to be made by credit card (hotel, travel costs etc.) along with the timelines for the submission of the receipts for purposes of the recording of the transactions.
P2	Currently, a separate credit card statement is received for each credit card. As a result, the Accounting Clerk is required to open and review multiple credit card statements.	The Town should contact their bank and inquire if it is possible to receive only one monthly credit card statement with all corporate charges included, broken up by cardholder.
P3	The Accounting Clerk reconciles the credit card statements with the invoices / receipts / supporting documentation provided by the card holders. If the Accounting Clerk is missing an invoice or unsure where to code the expense, a request is made to the card holder for additional information.	The Town should require each card holder to reconcile the credit card statement in an excel template which is submitted to the Accounting Clerk with the supporting documentation will ensure all expenses are recorded to the correct accounts and a description of the business reason for the expense is provided. This procedure should be documented within the credit card procedures document and will establish the timelines associated with the reconciliation required and the submission of the supporting documentation.

Potential Courses of Action

	Issue	Potential Course of Action
F1	Payment of the corporate credit cards are made by pre-authorized payment. As a result, some credit balances may not be fully reconciled with supporting documentation provided by the cardholder prior to the pre-authorized payment of the balance.	Consideration should be given to payment of credit card balances with EFT (not pre-authorized). The Accounting Clerk should be responsible for timely follow-up of outstanding items/invoices/approved expense reports with card holders prior to electronic payment. In addition, the credit card procedures document should detail the timelines for the submission and the supporting documentation which should align with the payment of the credit card balances.

Accounts Payable: Recording



Potential Courses of Action

	Issue	Potential Course of Action
F1	Good received are not verified by a second individual. This could lead to inappropriate purchases being made and misappropriation of the Town's assets (e.g. materials purchased by the Town and used personally by staff). There is a compensating control in place as the CAO is responsible for a secondary review of all invoices in advance of payment, via the review of the payment register.	Where possible, personnel requesting and approving purchase orders should be independent of the individuals who receives the goods, to allow for a proper segregation of duties and confirmation of receipt and ensure the goods are appropriate for Town use. It is understood, given the limited staff compliment, this may not be possible in all instances. Given the limited staff compliment, continued review by the CAO of the payment register, along with copies of all invoices is recommended to ensure an individual separate from the initiator of the purchase is reviewing the purchase to ensure its appropriateness.
P1	The Town'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. This can cause delays in the process and result in follow up which can be quite time consuming for the finance staff in order to process the payments.	The Town should consider the use of electronic invoices as opposed to paper copies, whereby invoices received by mail are scanned prior to processing. Where possible, a generic email address could be created to allow invoices to be emailed to the email address which would allow for central receipt of the invoices and allow all invoices to be electronic format when received. Should a generic email address not be possible, 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.) Electronic invoices can also be submitted to a shared folder location with access restricted to only the Department Heads. The Accounting Clerk can retrieve the documents from this location every week to prepare the payment batch.

Potential Courses of Action

	Issue	Potential Course of Action
P2	Currently, the Accounting Clerk requires all invoices to be received by 12 o'clock on Wednesday for payment the following day (Thursday). Payments are currently processed every two weeks. The Accounting Clerk is receiving invoices for payment right up to that deadline requiring a rush of payment processing which can lead to errors and/or insufficient review.	The finance group should require all invoices for the current pay run to be received by end-of-day Monday for inclusion in the pay run. All invoices received after this cut-off will be processed in the next pay run to ensure appropriate time is provided to perform the required reviews.
P3	Currently, the Accounting Clerk, while having the ability to, is not allowed to set up new vendors into the accounting system. The Accounting Clerk coordinates with the Tax Clerk or Finance Manager to set up all new vendors. While this is considered best practice for internal control purposes, it can cause inefficiencies and delays when the Accounting Clerk is waiting for a new vendor to be set up prior to processing a cheque run.	The Town may wish to allow the Accounting Clerk to set up new vendors. To address the risks associated with the ability to set up new vendors (e.g. it becomes possible to purchase goods or services from related parties or false vendors without independent due diligence into the vendor), subsequent review of vendor additions will be required. A listing of all new vendors should be pulled from the system monthly and reviewed by the Finance Manage. In addition, when reviewing the listing, vendors which have not been used over the last 24 months should be removed.

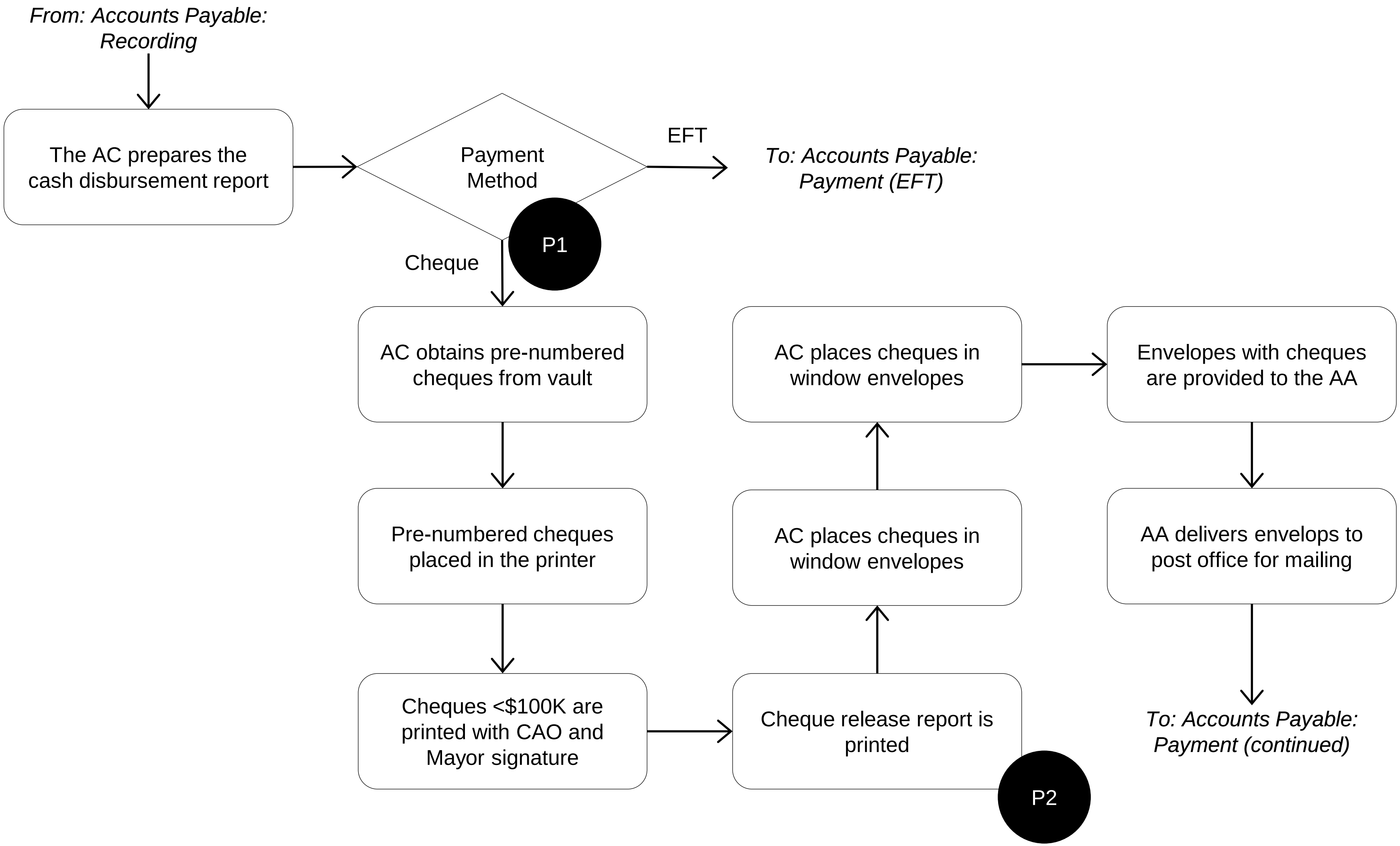
Potential Courses of Action

	Issue	Potential Course of Action
P4	Purchase orders are completed within the iCity PO module with an email provided to the approver to go into the system and review and approve the potential purchase. It was noted that often the DHs do not attach the PO to the invoice and related documentation therefore it is paid within the system as a regular invoice which then requires the PO to be cancelled and the invoice to be paid as a regular invoice. When this occurs, the information related to the purchase is then entered into iCity by the Accounting Clerk resulting in a duplication of efforts. This also results in the purchase not included in the committed values which results in a budget to actual spend analysis which is not accurate. It is recommended invoices in excess of $1,000 require a PO to ensure there is appropriate cost/benefit to the implementation of the control.	The Town should have a policy that requires POs to be attached to the invoices exceeding $1,000 prior to payment. Should an invoice be received that does not include the appropriate supporting documentation it should be provided to the DHs to coordinate with the vendor, which includes re-issuance of the invoice with the appropriate supporting documentation. No invoices should be paid without an approved PO.

Potential Courses of Action

	Issue	Potential Course of Action
P5	Currently, purchases are made by the DHs on an ad hoc basis. This can result in the finance department being unaware of purchases made until after an invoice has been received. While there are compensating controls in place which involve the CAO reviewing all invoices when approving the payments, there is the risk that if appropriate approvals are not obtained when the purchase is initiated, the Town will be required to pay for the purchase given that the goods have been received or the service has been provided.	Requiring the use of purchase orders and the approvals of purchases in advance of the purchase taking place moves the control process to a preventative control instead of a detective control. Enforcement of the purchasing policy, specifically the use of purchases order is recommended for all purchases exceeding $1,000. Vendors can be requested to only fulfill purchase requests that are sent with a purchase order. The DHs will prepare a purchase order that is provided to the vendor and provided to the finance department (incorporated within iCity). When the invoice is received by a DH or the finance department, it is matched with the purchase order before proceeding to the accounts payable: recording process. Tracking the use of purchase orders on purchases over $1,000 can be used to measure compliance with the existing policy.
P6	The cash requirement report is printed and filed by the AC 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.	Consideration should be given to discontinuing the printing and filing the cash requirement report as it is available within the system as needed. It is recommended staff follow up to determine if there is the ability within the system to save this document electronically with the ability to indicate the review by the CAO electronically.

Accounts Payable: Payment (cheque)

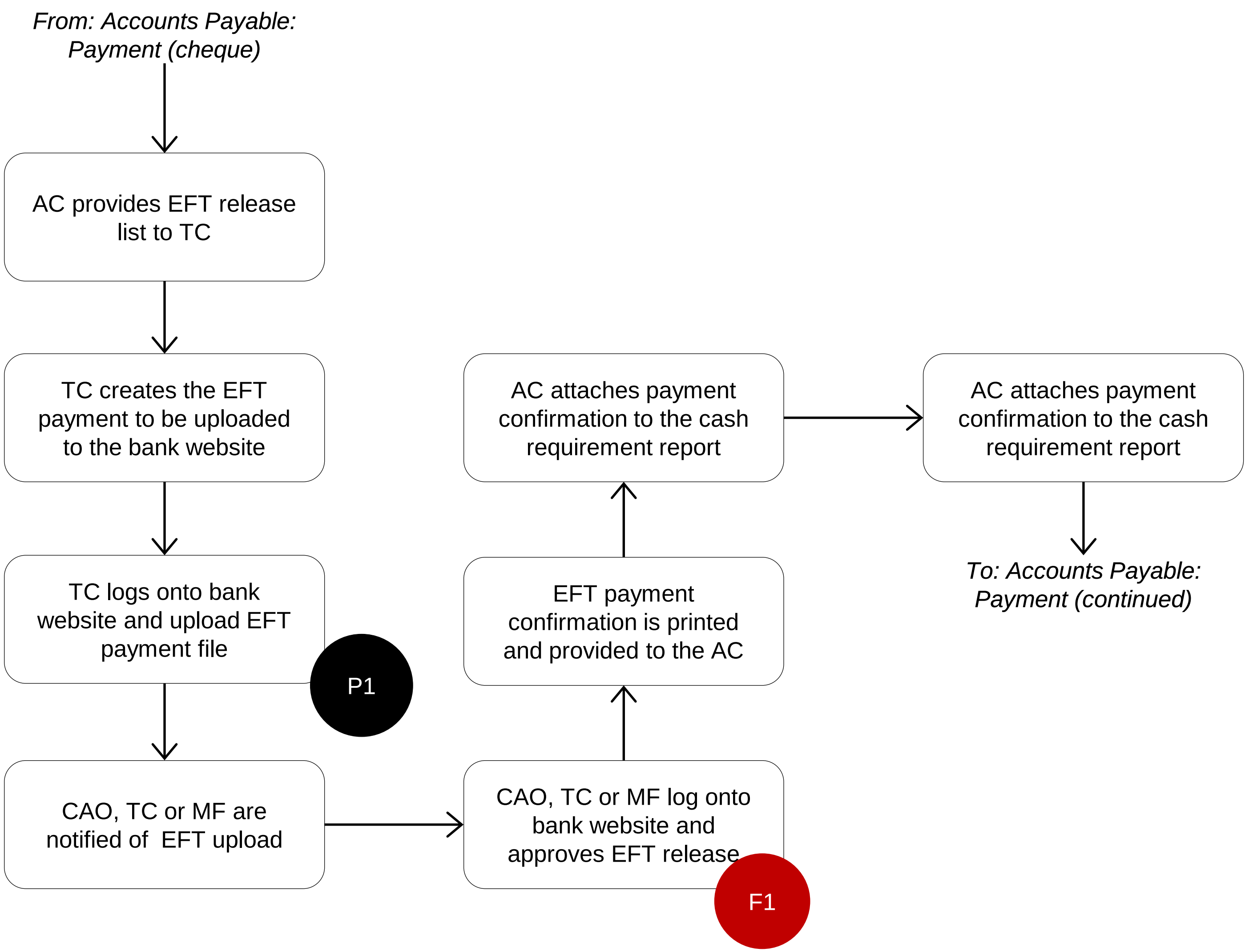


Note: Prior to COVID Canada Post picked up and dropped off the mail on a daily basis. As the Municipal Office is still closed to the public staff is required to coordinate the pick up of the mail. This can create additional process inefficiencies as a result.

Potential Courses of Action

	Issue	Potential Course of Action
P1	While most new vendors are set up and paid electronically, many historical vendors (if they have not asked to be paid electronically) continue to be paid by cheques. This results in additional efforts and time required to process a payment via cheque. We understand the Town has been attaching notices with their payment notices to encourage suppliers to enroll for EFT payments where possible.	Consideration should be given to reviewing all vendors and transitioning to expanded use of Electronic Fund Transfers (EFTs) with are integration into the account system. We recommend the Town continue to send notices with the payment details to suppliers to encourage the increased use of EFTs.
P2	The cheque release report is printed and filed 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.	Consideration should be given to discontinuing the printing and filing the cheque release report as it is available within the system as needed.

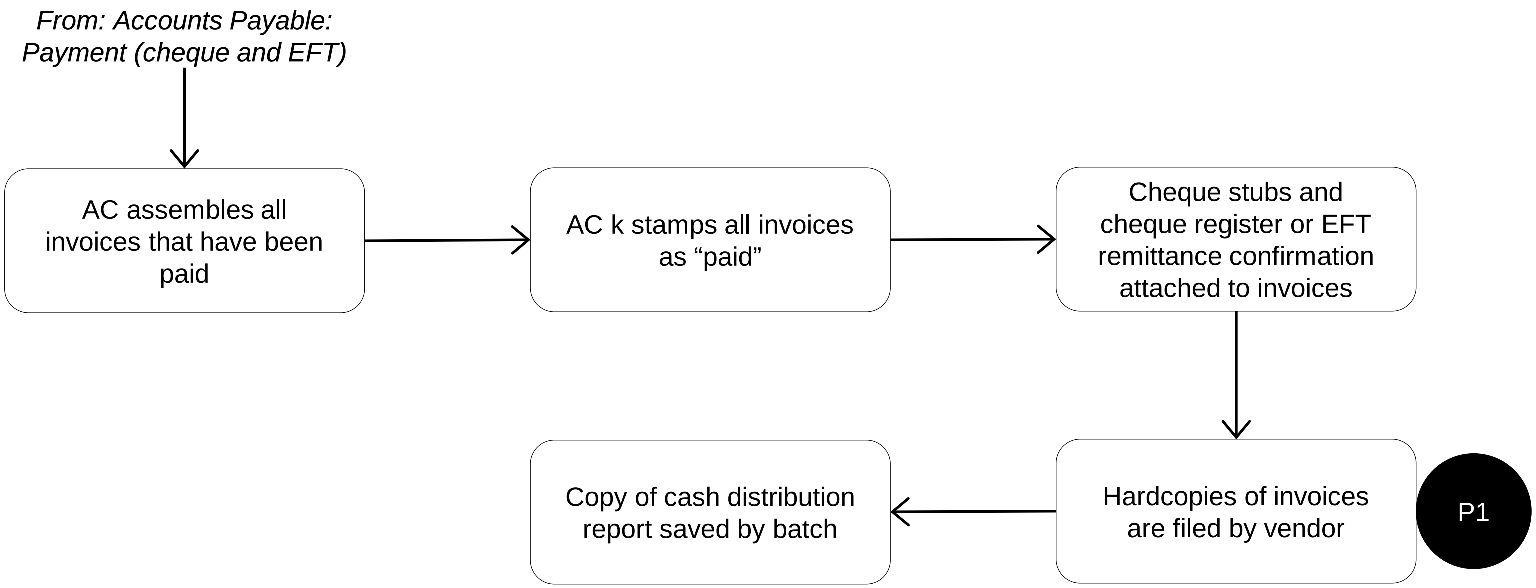
Accounts Payable: Payment (EFT)



Potential Courses of Action

	Issue	Potential Course of Action
P1	The AC is unable to upload an EFT to the bank because the staff member has never been set up with a banking login. As a result, the TC is required to log into iCity and the banking system and upload the EFT file on behalf of the AC.	Consideration should be given to providing the AC with bank login credentials. Given the involvement in the AC within the invoicing processing and payment process, review of the EFT report must be continued.
F1	The CAO, Clerk and MF have the ability to initiate and authorize EFT payments without secondary review. While the existing practice is for the TC to upload and one of the reviews to release, the reviews currently have access rights to initiate an EFT.	Consideration should be given to working with the Town's bank to limit the EFT rights of staff. One group of staff (e.g. Accounting Clerk, Tax Clerk and Payroll Clerk) should have the ability to initiate but not approve the payment. The second group of staff (CAO and Manager of Finance) should have the ability to approve but not initiate an EFT. Most major banks in Canada allow for this segregation based on the user's login credentials. It is understood, given the limited staff compliment that it may not be possible to limit the EFT rights of staff. As a result, RBC should be contacted to determine if there is a report that can be made available to detail both the initiator and approver of the ETF, which will be reviewed by the CAO. This will ensure the CAO is aware of any payments made where the same individual is initiating and approving the payment.

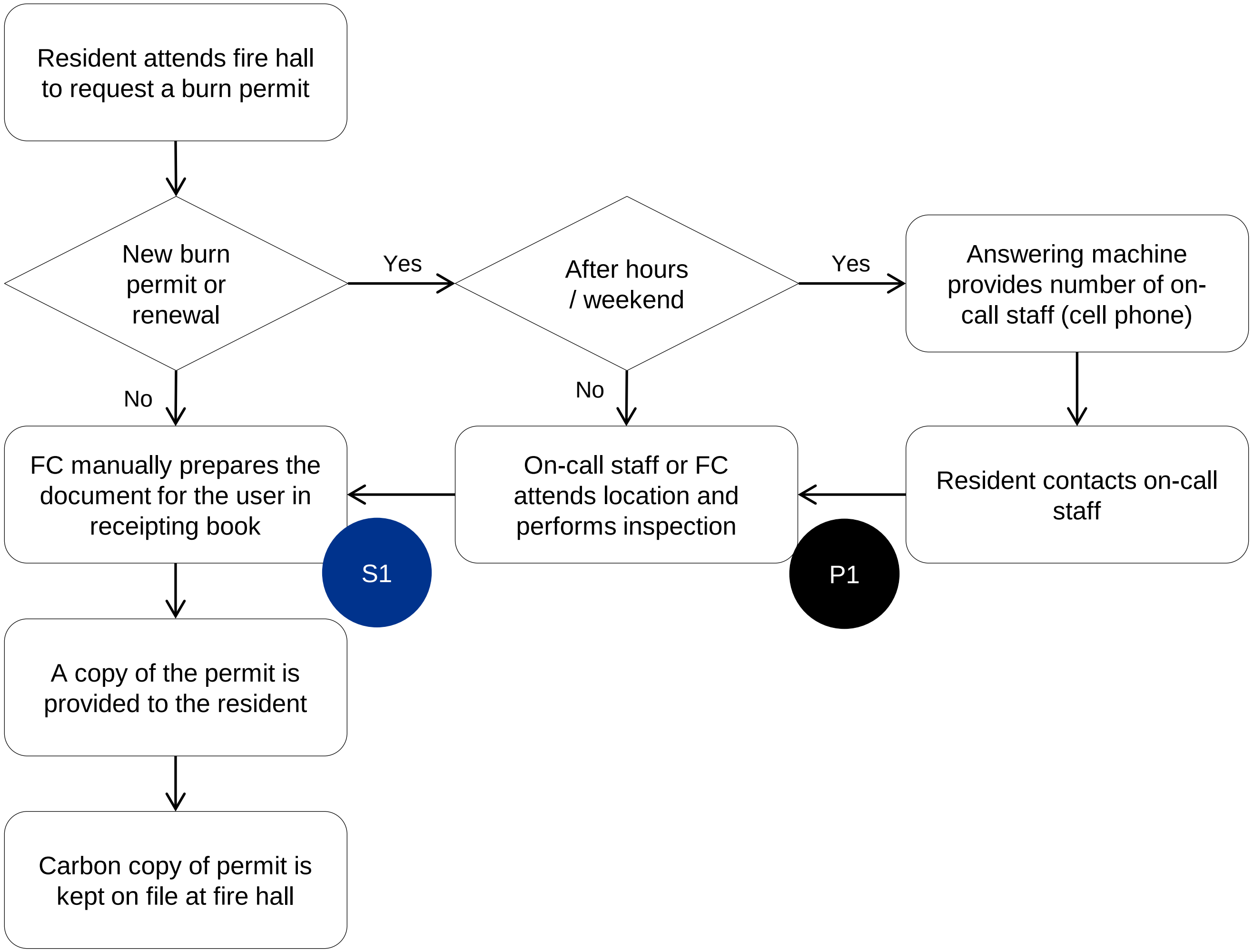
Accounts Payable: Payment (continued)



Potential Courses of Action

	Issue	Potential Course of Action
P1	Throughout the course of the review, it was noted some departments of the Town are photocopying and saving a copy of every invoice at their department locations and then sending additional hardcopies to the Town administration office. This creates a duplication of source documentation and efforts.	All invoices should be scanned and saved electronically only and accessible to DHs on shared server locations. This practices creates an increased reliance on IT infrastructure and regular backups of the Town's server. Conversely, this reduces the risks associated with losing documentation in the case of floor, fire or other disaster.

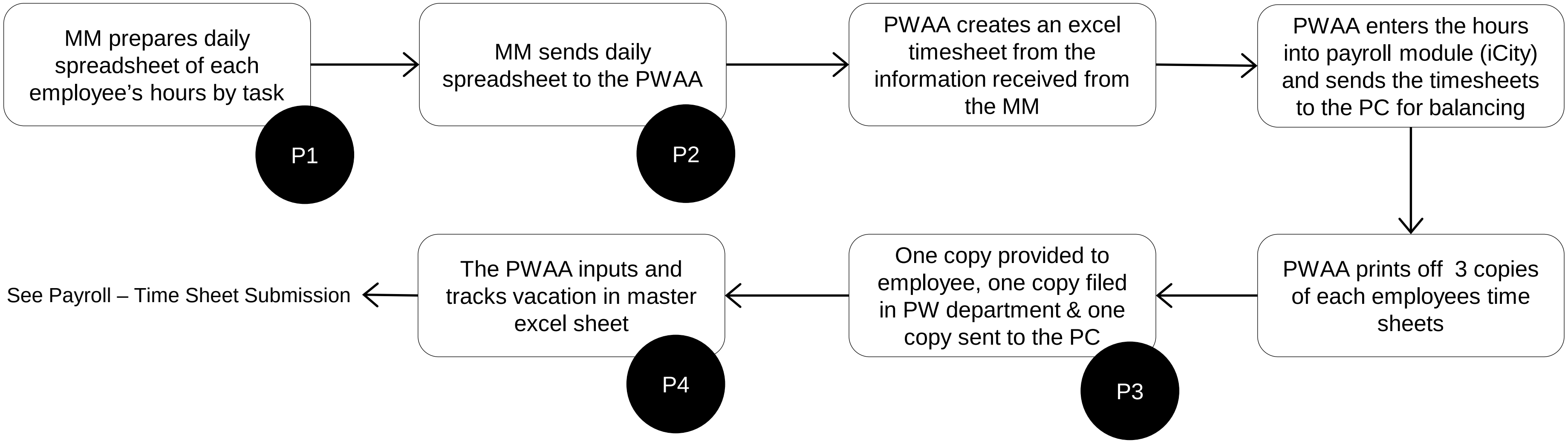
Burn Permits



Potential Courses of Action

	Issue	Potential Course of Action
P1	Burn permits require the completion of a standardized form. These forms are completed manually at the Fire Hall.	The Town should consider the development of standard electronic templates (e.g. Word, fillable PDFs, etc.) and make them available on the Town's website to allow residents the ability to complete on line / at home and bring into the Fire Hall, submit electronically, or send to a monitored centralized mailbox. This would reduce the amount of time spent by Fire department staff on this process.
S1	Currently, there is no formal policy in place outlining the time required to issue a burn permit. The after hours answering machine provides the phone number of the on-call staff. If staff are available, they are inspecting burn locations and issuing permits after hours to accommodate residents. If staff are not available to attend after hours, the issuance of the burn permit is delayed to the following day. The issuance of permits to one resident after hours and not to another resident after hours, albeit for legitimate reasons, may give the perception of inconsistent services offered by the Town.	Consideration should be given to developing and advertising that the application for a burning permit must be made at least two working days before the date the resident intends to set the fire. Staff should make every effort to only issue permits during regular business hours which will reduce overtime charges and potentially the perception of inconsistent service levels.

Payroll: Time Sheet Submission – Public Works Department



Potential Courses of Action

		Potential Course of Action
P1	Each employee's hours are coded to each specific project every day (e.g. multiple times per month). This is a tedious process that requires additional time to ensure the hours are coded to the correct projects.	Investigation should also occur into the ability to utilize the Maintenance Management Software module within iCity which has the ability to track service requests and work order management. Time could be tracked on a daily basis which could assist with the inefficiencies in the current process given the requirement to code the projects. This would facilitate the reporting within the payroll system and allow there to be a lower amount of time spent on the allocation of time to various projects. It is understood however, changes within the public works department will require additional training to the public works staff.
P2	It was noted there is a duplication of data entry of employee time sheet submission into an Excel spreadsheet as well as the payroll module sheet.	Consideration should be given to inputting hours directly into the payroll module of iCity. This would eliminate the PC re-entering the timesheet information that the PWAA is entering daily. We understood this has been researched previously by the Public Works department. Given the amount of manual manipulation required of the data to properly allocate the costs it is recommended the direct input of hours be researched again by the Public Works department. There are new functionalities which would allow for remote technology, such as tablets to be used for this process. It is understood however, changes within the public works department will require additional training to the public works staff.

Potential Courses of Action

	Issue	Potential Course of Action
P3	There is a duplication of information being filed with one copy within the Public Works department and one at the Town Administration Office. It was also noted the timesheet template is electronic (excel) and being printed out for storage purposes.	Consideration should be given to submitting timesheets only in electronic format and only saving on the Town's server (provided the folders containing payroll information can allow for restricted access. Printing and hand delivering of timesheets should be discontinued.
P4	iCity tracks overtime within the payroll module but the PWAA also tracks overtime, time off, time in lieu, etc. additionally within an Excel spreadsheet outside of the payroll module so it can be compared to the iCity printout prepared and provided to the PSAA by the PC. As the information is updated twice, this results in redundancy of information input and increases the risk that this time is not captured and tracked accurately.	The information should be tracked within iCity and not within a manual speadsheet. This would allow for more accurate tracking of the information without the manual input requirements.

Payroll: Time Sheet Submission - Recreation Department

Each of the three RMs fill out the timesheets for their whole team every 2 weeks

↓

ROS collects timesheets from the other RMs and enters the hours into the payroll module of iCity

↓

RM compare the punch card hours to the scheduled hours

↓

The timesheets are sent to the PC for balancing.

↓

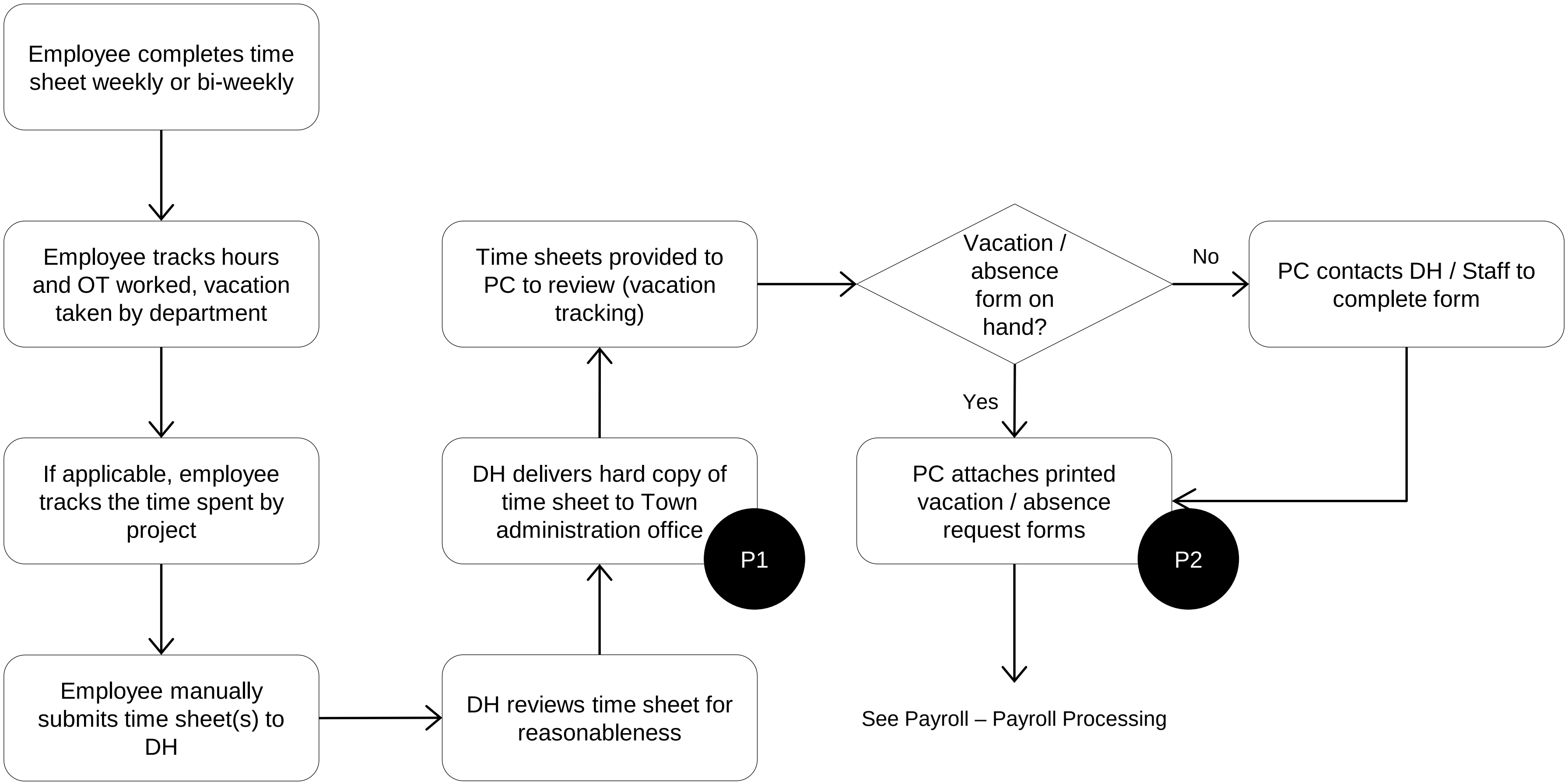
2 copies of each time sheet are printed (1 for filing at the Rec. Centre & 1 provided to the PC

P1 → See Payroll – Time Sheet Submission

Potential Courses of Action

	Issue	Potential Course of Action
P1	There is a duplication of information being filed with one copy of the timesheets stored at the Recreation Centre and one at the Town Administration Office. It was also noted the timesheet template is electronic (excel) and being printed out for storage purposes.	Consideration should be given to submitting timesheets only in electronic format and only saving on the Town's server. Printing and hand delivering of timesheets should be discontinued. In addition, iCity upgrades should be investigated to determine how the use of electronic timesheets could be implemented for the Town to eliminate the amount of manual input.

Payroll: Time Sheet Submission - Other departments

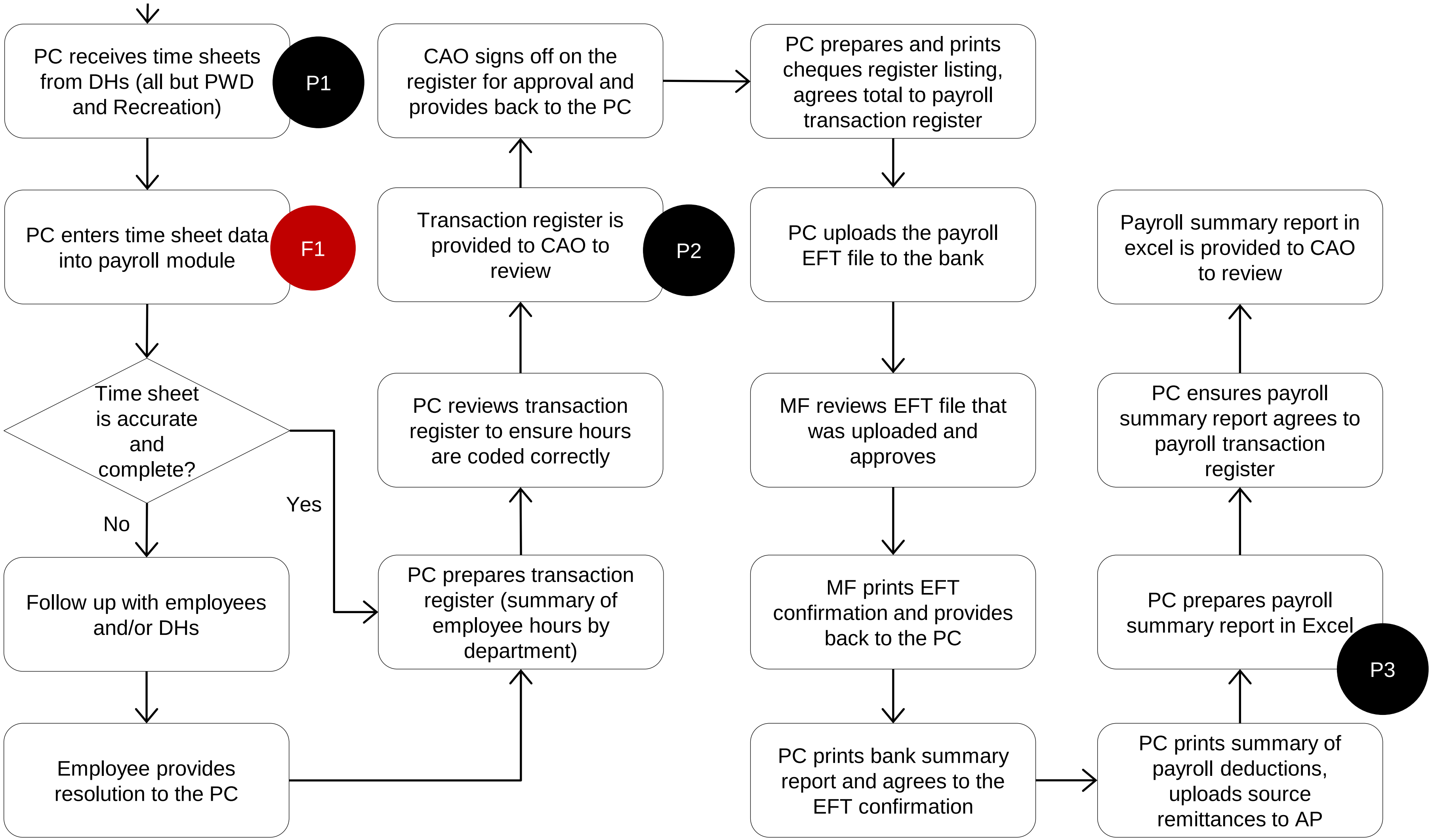


Potential Courses of Action

	Issue	Potential Course of Action
P1	Employees / DHs are required to provide hard copies of their timesheets to the Town Administration office. The time taken to deliver the timesheets can be spent on other value added activities.	Consideration should be given to a shared folder accessible by staff to upload their timesheets. This would eliminate the requirement to deliver the timesheets to the Town Administration office. In addition, iCity upgrades should be investigated to determine how the use of electronic timesheets could be implemented for the Town to eliminate the amount of manual input.
P2	The Town's payroll process in heavily paper based with timesheets and vacation approvals printed. This results in numerous pages of information that is incorrect or requires updating after review.	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.

Payroll: Payroll Processing

From: Payroll: Time Sheet Submission



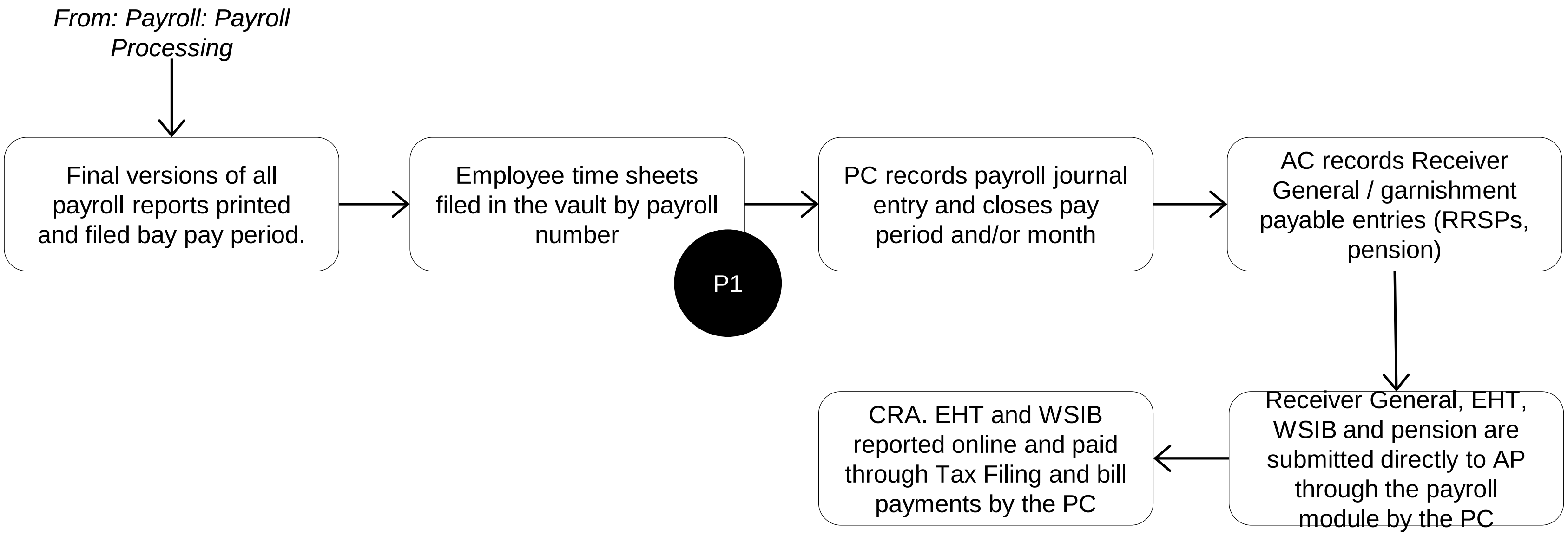
Potential Courses of Action

	Issue	Potential Course of Action
P1	DHs bring hard copies of their timesheets to the Town Administration office. The time taken to deliver the timesheets can be spent on other value added activities.	Set up a shared folder on the Town network that restricts access to only the Department Manager. At the end of the pay period, the Department Manager can save the time sheets in the shared folder. This will also indicate their review and approval. The AC can then retrieve the time sheets from this folder and save them electronically. In addition, iCity upgrades should be investigated to determine how the use of electronic timesheets could be implemented for the Town to eliminate the amount of manual input.
F1	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.	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.

Potential Courses of Action

	Issue	Potential Course of Action
P2	The CAO is reviewing the payroll transaction register. This internal control, while needed, should be performed by an other management level employee.	Consideration should be given to having the MF review and approve the payroll transaction register allowing the CAO to focus on additional strategic matters involving the Town.
P3	The information contained in the payroll summary excel sheet is populated directly from the accounting system. This is a duplication of information already available. In addition, the preparation and review of this report is completed subsequent to the processing of the payroll, limiting the Town's ability to correct identified errors on the current pay.	Consideration should be given to discontinuing the preparation of the payroll summary report and utilizing the information already reviewed and input into the accounting system.
P4	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.	Investigation should be completed to determine if there is the ability to pull the required reports in the required format from the accounting system. If the accounting software of the Town is unable to provide staff the required reports along with information and functionality required by staff, 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.

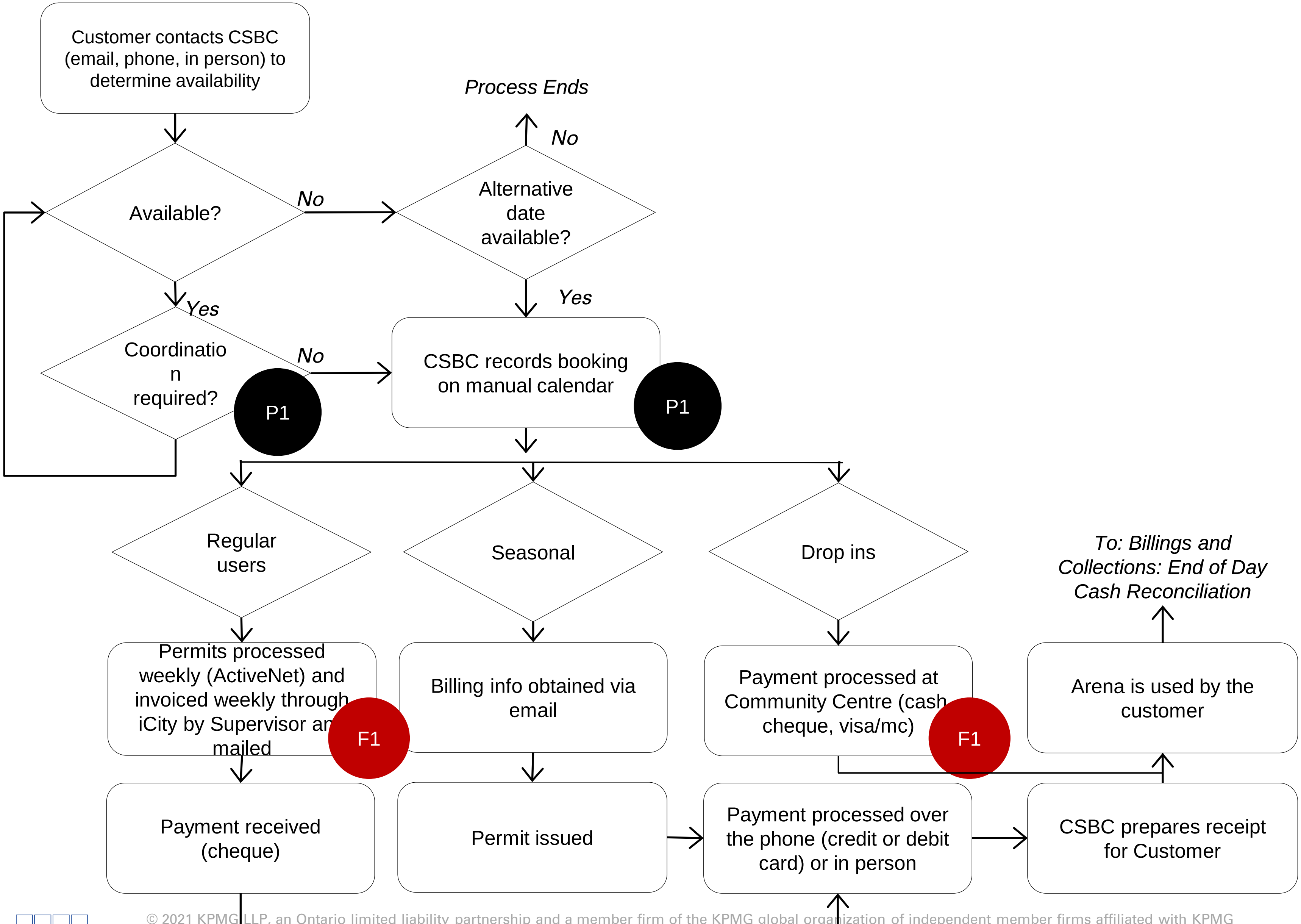
Payroll: Payroll Processing (Continued)



Potential Courses of Action

	Issue	Potential Course of Action
P1	Staff are required to retrieve previous employee timesheets and review as needed. This regularly occurs immediately preceding a statutory holiday and staff are required to calculate the earnings for part time staff based on the previous 4 weeks.	The Town should contact their accounting system service provider to determine if this information can be retrieved directly from the system by running a customized report. This this is not possible, the Town should identify all statutory holidays at the beginning of the year. All part-time employee hours/earnings should be separately tracked during each pay run. Tracking the hours as they occur will ensure previous timesheets will not have to be retrieved and result in a reduction of extra processing.

User Charges: Arena Ice Rentals



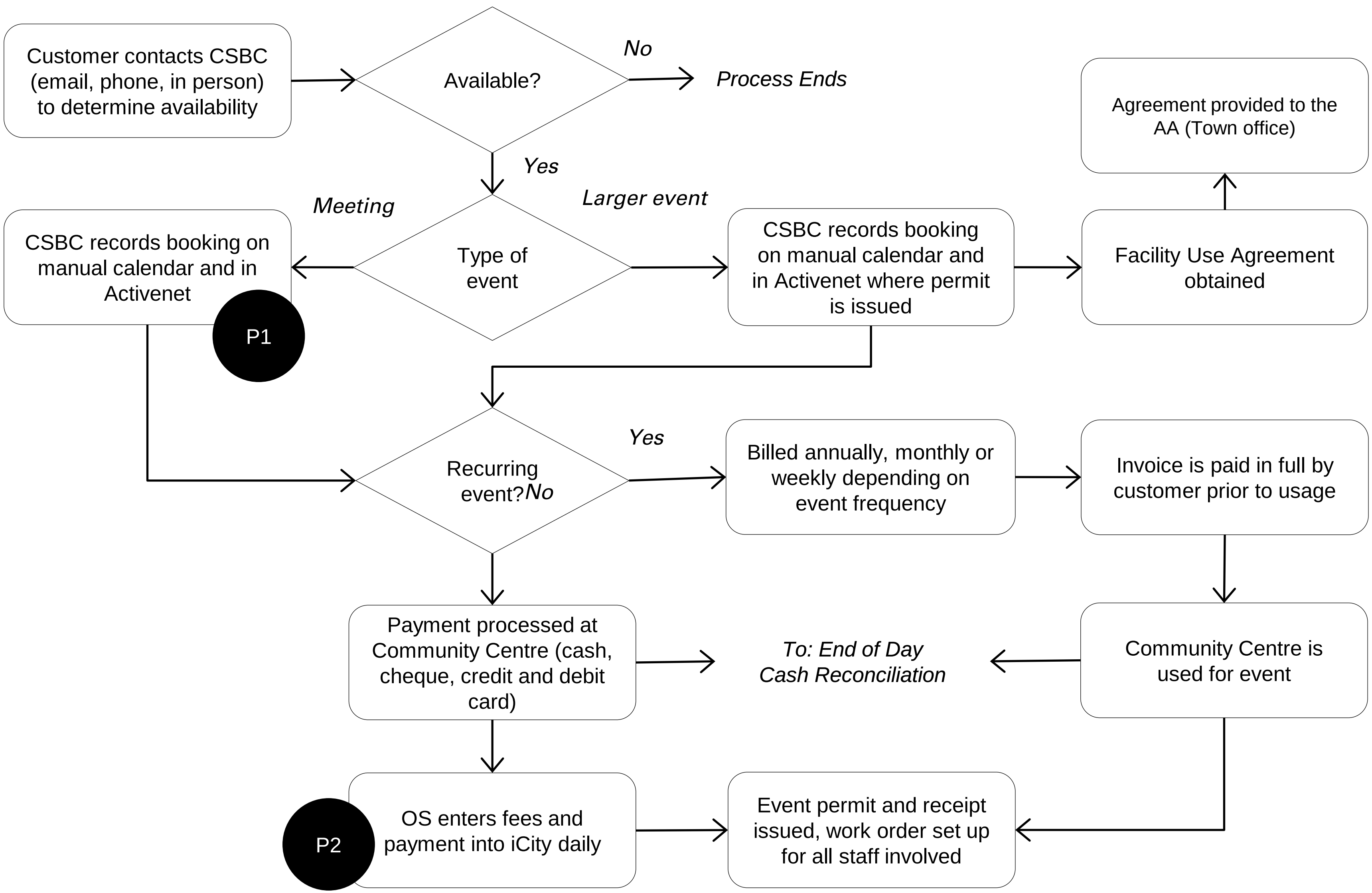
Potential Courses of Action

	Issue	Potential Course of Action
P1	Currently the process of booking ice time is based on a cumbersome manual processes. The schedule is kept in a manual calendar which could result in errors leading to double bookings. The manual tracking of the schedule can result in a number of inefficiencies when booking multiple group events and tournaments. The arena is used for the majority of the year with a number of group and individual bookings. Additional time is spent by staff coordinating and tracking the scheduled bookings and translating the bookings into invoices for the rentals.	Within the small market option within Activenet there is the ability to integrate the facility management option, which allows for online bookings of the events. The system has the ability to provide support for facility scheduling, online facility reservations and eliminates the need to manually check to determine if the system is available for rental. This would remove inefficiencies as well as potentially increase the user's experience as they could potentially see when ice times are available in live time opposed to having to coordinate and be in contact directly with CSBC. This would also allow the staff to focus on customer service and other value add activities within the recreation facilities instead of data entry. It is understood this module was previously utilized however there are fees associated with the use of the module. Given the time spent on the booking of recreation facilities and the inability for residents to book their own time online at home, this module should be investigated to improve customer service and efficiencies within the process. Should the integration of Activenet and iCity not obtainable or cost efficient, the Town may want to consider exploring the potential of acquiring recreational software which would then allow for bookings to be consolidated within the Town's operations.

Potential Courses of Action

	Issue	Potential Course of Action
F1	The current process allows for the CSBC manager to have responsibility for booking the arena and community centre bookings, tracking the bookings in the manual schedule and collection of cash for the rental. This provides an opportunity for the community centre employees to retain the cash collected as there is no tracking of the rental outside of the community center. Should the manual registration not be booked within the system there is no ability to track the rental, resulting in the opportunity for misappropriation of cash. This existing process results in a lack of segregation of duties as one individual from the recreation facilities have the potential to have control over the process from start to finish. Given the current processes should a booking not to be recorded and the cash payment misappropriated, it would not be identified by any current reconciliation steps within the Town's finance department processes.	The Town should consider the improvement of segregation of duties within the arena and community centre rental processes. Responsibility for cash collections should be completed by and individual who is not responsible for the rental. If this is not possible, payments for the rentals should only be received via electronic means, such as debit and credit cards to ensure there is a record of the transaction.

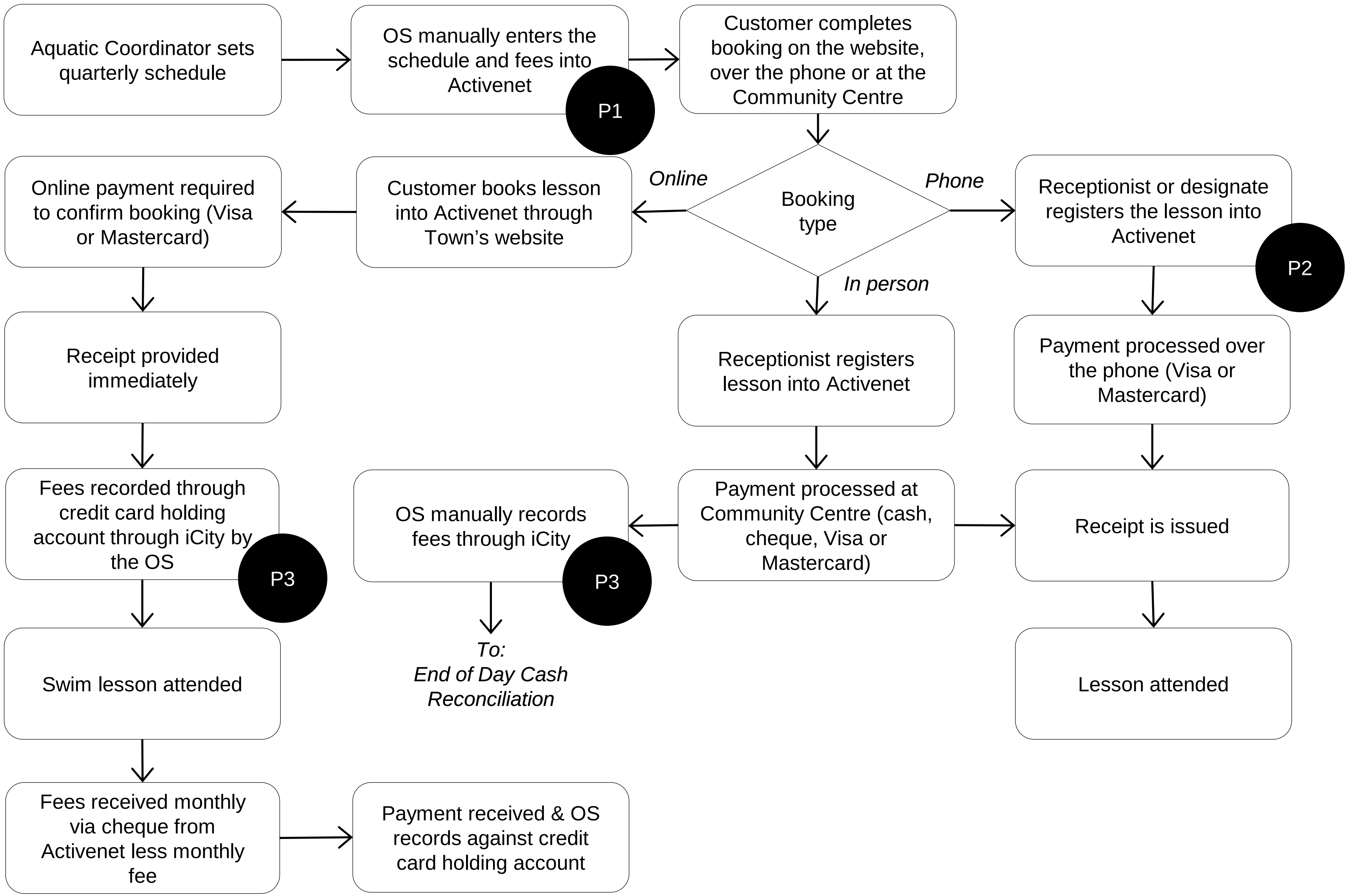
User Charges: Recreation Facilities



Potential Courses of Action

	Issue	Potential Course of Action
P1	Throughout the course of the process mapping it was noted the scheduling process utilized for the arena and community center rentals is a manual process. The schedule is kept in a manual calendar which could result in errors leading to double bookings. The manual tracking of the schedule also enables a lot of inefficiencies when booking meetings or events as customers have to contact the Town for availability.	Within the small market option within Activenet there is the ability to integrate the facility management option, which allows for online bookings of the events. The system has the ability to provide support for facility scheduling, online facility reservations and eliminates the need to manually check to determine if the system is available for rental. This change would also have the possibility of increasing the user's experience as facility rentals would be available for view online, instead of having to be in contact directly with CSBC. Should the integration of Activenet and iCity not obtainable or cost efficient, the Town may want to consider exploring the potential of acquiring recreational software which would then allow for bookings to be consolidated within the Town's operations.
P2	Recreation facilities user charges are required to be manually entered in two separate systems - Activenet booking system and iCity accounting software. Recreation facilities and user charges are entered into Activenet annually which is used for billings and payments of all recreation related fees. Printed reports are then obtained from Activenet and used to reenter the information including receivables and cash into received into iCity. This manual process could result in data entry errors between the two simultaneously running systems.	It was noted that the Town is currently working with Vadim / iCity software to integrate both systems to alleviate the duplication and manual entries required. The Manager of Financial Services is currently working on this process to determine if there is the ability to export/import information to eliminate the need for manual entries. Should the integration of Activenet and iCity not obtainable or cost efficient, the Town may want to consider exploring the potential of acquiring recreational software which would then allow for bookings to be consolidated within the Town's operations.

User Charges: Swimming Lessons



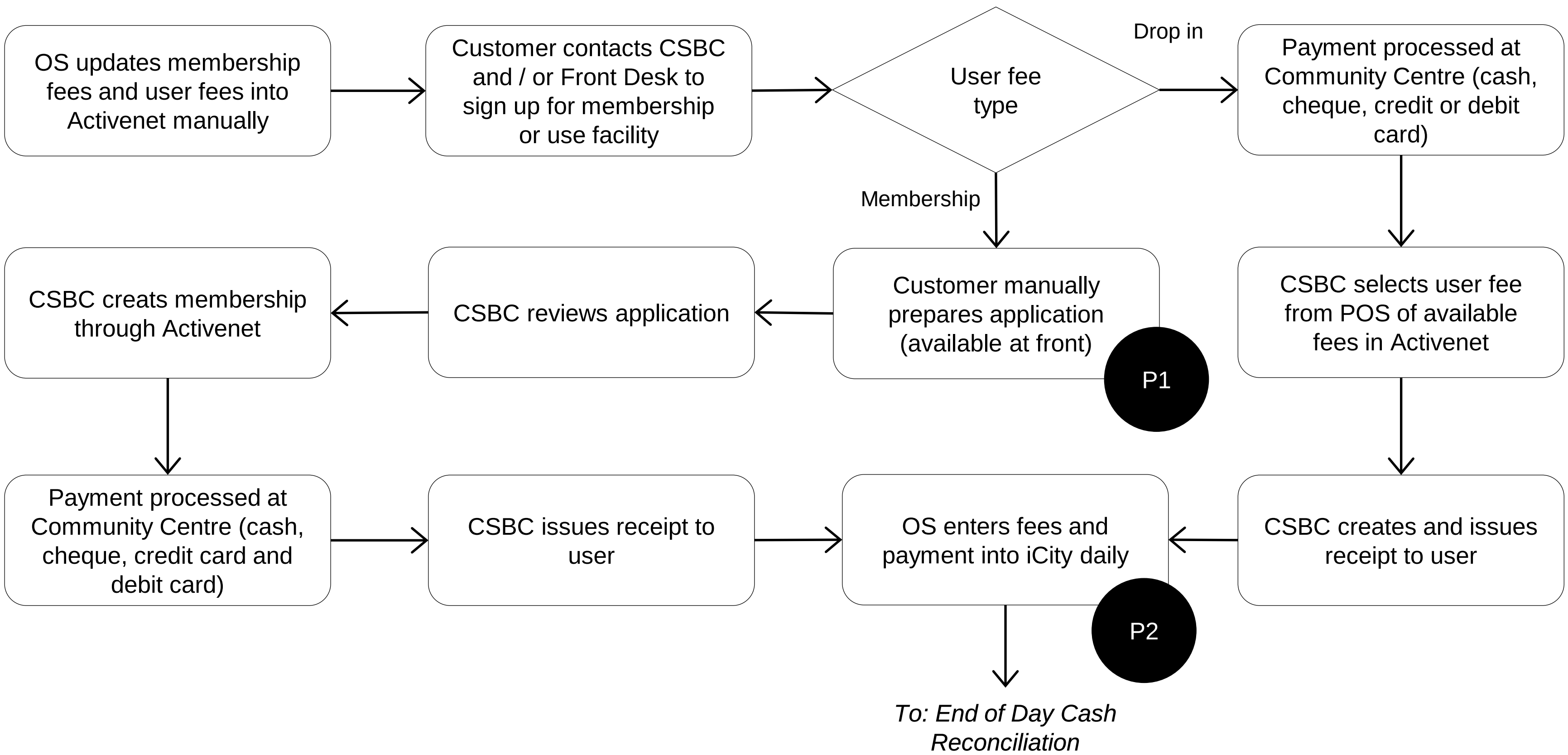
Potential Courses of Action

	Issue	Potential Course of Action
P1	Throughout the course of the process mapping it was noted that on a quarterly basis, swimming lessons and related revenue are recorded within the system. It was noted this is a cumbersome process that results in inefficiencies and frustrations in the process given the manual nature of the process. In addition, the entry of the transactions manually can result in errors that could cause scheduling issues or loss in fee revenue as customers.	Within the small market option within Activenet there is the ability to integrate the facility management option, which allows for online bookings of the events. The system has the ability to provide support for facility scheduling, online facility reservations and eliminates the need to manually check to determine if the system is available for rental. Reports are available to facility the bookings and related revenue into iCity. Should the integration of Activenet and iCity not obtainable or cost efficient, the Town may want to consider exploring the potential of acquiring recreational software which would then allow for bookings to be consolidated within the Town's operations.
P2	Currently the process for booking swimming lessons in person or over the phone is not consistent in terms of who has responsibility for the booking. When the lifeguard is available, the calls will be directed to them to coordinate booking the lesson in Activenet, however the front desk at the center or the CSBC also coordinate booking the lesson in Activenet. This can at times create confusion and diminish the customer experience.	As a first point of contact, all bookings and registrations should be completed via the online booking tool wherever possible. This will ensure a seamless booking process and will reduce any manual workaround that is necessary. Should the online booking not be possible, we recommend implementing a procedure that specifically identifies the point of contract to be the Lifeguard during their shift with an alternative being specifically identified in their absence.

Potential Courses of Action

	Issue	Potential Course of Action
P3	Swimming lessons are currently entered manually in two separate systems - the Activenet booking system and iCity accounting software. Lesson fees are entered into Activenet annually which is used for billings and payments of all recreation related fees. Printed reports are then obtained from Activenet and used to reenter the information including receivables and cash into received into iCity. This manual process could result in data entry errors between the two simultaneously running systems.	It was noted that the Town is currently working with Vadim / iCity software to integrate both systems to alleviate the duplication and manual entries required. The Manager of Financial Services is currently working on this process to determine if there is the ability to export/import information to eliminate the need for manual entries. Should the integration of Activenet and iCity not obtainable or cost efficient, the Town may want to consider exploring the potential of acquiring recreational software which would then allow for bookings to be consolidated within the Town's operations.

User Charges: Memberships & User Fees



Potential Courses of Action

	Issue	Potential Course of Action
P1	Hardcopy membership applications are currently accepted at the community center. Upon receipt of these applications, they are manually entered into Activenet by the CSBC. The manual entry process creates inefficiencies and potential data entry errors.	Within the small market option within Activenet there is the ability to integrate the membership management option that allows for the management of family and recurring memberships, punch passes, facility passes. With the facility management tool there is the ability facilitater online bookings of the events. The system has the ability to provide support for facility scheduling, online facility reservations and eliminates the need to manually check to determine if the system is available for rental. Reports are available to facility the bookings and related revenue into iCity. Should the integration of Activenet and iCity not obtainable or cost efficient, the Town may want to consider exploring the potential of acquiring recreational software which would then allow for bookings to be consolidated within the Town's operations.
P2	Memberships and user fees are being entered manually in two separate systems - Activenet booking system and iCity accounting software. User and membership fees are entered into Activenet annually which is used for billings and payments of all recreation related fees. Printed reports are then obtained from Activenet and used to reenter the information including receivables and cash into received into iCity. This manual process could result in data entry errors between the two simultaneously running systems.	It was noted that the Town is currently working with Vadim / iCity software to integrate both systems to alleviate the duplication and manual entries required. The Manager of Financial Services is currently working on this process to determine if there is the ability to export/import information to eliminate the need for manual entries. Should the integration of Activenet and iCity not obtainable or cost efficient, the Town may want to consider exploring the potential of acquiring recreational software which would then allow for bookings to be consolidated within the Town's operations.

KPMG

Town of Espanola

Administrative Process Review

Chapter III
Customer Service Implications

Customer Service Implications

Reduction in staffing levels

Throughout the course of the administrative processes review, it was noted recent decisions had been made with respect to staffing levels which have impacted the customer service experience to residents of the Town who are requiring services from the Town. It was noted there was one position (as the main point of contact for the Administration and Building departments).

The position acted as a “gate keeper” for the various departments within the Town. The individual was the main point of contact for individuals accessing the Town Administrative office and accessing building services. In addition, phone calls from Town residents were routed to this individual with general questions regarding Town services. These queries were then routed to the appropriate individual within the Town. In addition, this position scheduled all appointments for the building department, collected the permit fees and filed a variety of documents.

Town Resident Interaction

Throughout the course of the last year, given residents have communicated frustrations to the Town with respect to issues surrounding the ease of communicating with employees of the Town for required information, complaints with respect to Town services or the location in the Town office where certain services are provided. This issue has been significantly impacted by the reduction to the staffing levels (the front desk / receptionist staff) with further customer service impacts as a result of COVID-19. When COVID-19 impacted Northern Ontario, with the first state of emergency declared, the decision was made to fill the receptionist position given the volume of calls from Town residents with COVID related questions, given certain changes to Town policies, such as payment of tax levies and waiving of interest / penalties and the ability for electronic payments of services individuals would have normally attended the Town office for. When the decision was made to not to continue with the front desk / receptionist position, an example of the impact on existing Town employees was the increase in phone call volumes to various staff throughout the Town. Residents would use the Town directory to contact staff with questions, however in many cases the individual connected with was not the individual responsible for the services which required significant follow up by staff. This does not align with the LEAN concepts as included in the process mapping section given that there is frustration both on the part of the customer (the Town resident) and the staff given they are being asked to respond to queries outside of their areas of expertise.

Based on the analysis above, consideration should be given to certain additional online capabilities within the system. As indicated within the recreation section there are additions which can be made to the Activenet system to facilitate online management of tasks. Consideration should be given to the integration of a work order management / service request management system within iCity. While there would be a cost associated with the additional modules as indicated above, given the rate per hour of the staff involved in fielding the calls and dealing with administrative tasks would be eliminated, resulting in a reasonable pay back period. Prior to the implementation of the new modules a time analysis should be completed to determine an accurate payback period for the new modules.

Customer Service Implications

Town Administrative Office

Within the Town administrative office, the front desk staff was previously responsible for a number of administrative tasks which include fielding the majority of the calls coming into the Town offices, booking appointments for various items, issue various permits assist with pre-authorized payment (PAP) forms, log complaints for the building department and record cash receipts for the Town.

Given the COVID-19 pandemic, there have been closures to the Town office, with limited services available. These closures of services have included tasks completed by the POA staff and the Payroll Clerk. As a result of limited court dates and reduced tasks within POA, staff who would normally have responsibility for the POA tasks have been allocated to the front desk responsibilities, which includes fielding various calls from Town residents along with the recording of cash receipts. The Payroll Clerk is currently working overtime in order to assist with the cash receipting for Town Administration and building services as well as tracking and recording EFTs. Prior to the allocation of the POA staff, various Town staff took on the responsibilities associated with the front desk position. This included posting cash receipts. It should be noted, allowing various finance staff to complete the recording of cash receipts can create segregation of duties issues. The severity of the segregation of duties would be dependent on the profile the individual has been assigned within iCity. In addition, certain tasks which would have previously been completed daily, such as cash reconciliations have been moved to twice per week. Additionally, tasks such as sorting and mailing tax bills and water and sewer bills which is now completed by the Tax Collector and the Manager of Finance.

In addition, it was noted the Manager of Finance and the CAO/Treasurer have been answering various calls from Town residents and attempting to resolve issues. With respect to the fielding of calls from residents, as there is no one individual at the front desk fielding calls, residents call any staff members on the staff directory at their discretion. Given the job descriptions of these individuals their time should be spent on Town strategic decisions and analysis and not on fielding calls from Town residents or dealing with miscellaneous complaints. Should the complaint be a significant issue impacting the Town only, the CAO/Treasurer may need to be involved.

Customer Service Implications

Customer Service Policy and Procedures

Throughout a review of various municipal procedures, there appears to be the absence of a customer service policy that provides guidance as to how municipal staff interact with the public. The benefit of establishing such a policy for the Town's purposes is it provides those engaging with the Town information as to what they can expect and it standardizes the operational procedures for municipal staff when working with the public.

With respect to the development of a customer service policy, the Town may wish to consider the following elements:

- A mission statement which includes a commitment from the Town to provide excellent customer service – this establishes the goals and objectives of the organization in its pursuit of customer service excellence and may tie into strategic priorities established by Council if applicable;
- Defining the scope of the policy but more specifically, inquiries pertaining to municipal services versus calls/correspondence that is directed at specific municipal staff and/or Council
- The establishment of customer service standards including but not exclusive:
  - Responses times for interactions with the public (telephone, emails, correspondence, and/or in person) – Typically, any interaction with the public should be responded to as soon as possible but in many policies adopted by other municipalities, a service level standard of two or three business days is provided for staff to respond to an inquiry. Please note – a response is not the same as a resolution. The Town will need to ensure that this is clearly communicated within the policy and associated procedures that staff are being asked to acknowledge the inquiry within those timelines as resolution may require more time as well as may be beyond the scope of the municipality.
- A potential "roadmap" for the escalation of an inquiry/issue including guidance as to what should be dealt with versus what should be sent to a department head or higher – depending on the nature of the inquiry/issue, there may be the need to establish how a matter moves from its initial receipt to the time where the Town provides a response to the resident/customer
- Avoidance of "cold" transfers – Ensuring that staff are provided with the resources needed to ensure that the Town can limit the number of times an inquiry is sent within the organization;
- Compliance with provincial legislation – for example, ensuring compliance with accessibility legislation;
- Annual review of the policy and its procedures to ensure the standards are achieving the goals and objectives established in the mission statement

Customer Service Implications

Customer Service Policy and Procedures

Beyond the development and adoption of a customer service policy and identified within the review of various municipal workflow processes, the Town may want to consider the following:

- The development of a formal process for the tracking of all inquiries/complaints including a mechanism by which Council is provided an update as to the general nature of those inquiries based on an agreed upon schedule (i.e. quarterly reporting). The benefits of a formal tracking process allows for worksteps to potentially reduce the number of “lost” inquiries, the ability to transform data into information for the purposes of trend analysis, and dependent on the use of electronic resources, the ability for management and/or Council to access the database to track inquires/complaints in live time;
- The development of frequently asked questions (‘FAQs’) for the purposes of any staff person who frequently interact with the public. The development of FAQs promotes the concept of cross-training across the Town and provides a resource for staff to refer to potentially reduce the need to transfer an inquiry to another department/staff person;
- Explore the potential of increasing and integrating software to allow for residents to access more services virtually while allowing for potential operational gains with the more effective and efficient flow of information internally. This would include recommendations such as the use of the additional functionalities within the Activenet software as previously mentioned;
- Potentially investing in hardware (i.e. point of sale systems) to shift towards a “one-stop” approach to customer service – This has the potential of addressing the issue of “cold” transfers from a transactional basis whereas residents/customers are not being sent between counters to apply for and then pay for a service;
- Examine the physical space for resident/customer facing services to ensure that they are barrier-free and allow for more conducive interactions; and
- The integration and investment in customer service is one that will require both time and resources (financial and non-financial) to fully implement. Cost-benefit analysis may be difficult to quantify early in its inception and the Town may want to establish a mechanism to gauge customer/resident satisfaction such as an annual survey.

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