

Finance Department Review and Evaluation Oct 2009

Recommendation	Goal	Start Date	End Date	Resource Team
<p>Recommendation no. 1 – The Board should introduce a mandatory cut-off for monthly financial reporting and we suggest that financial cut-off occur on the 15th day of the following month. This recommendation is intended to facilitate the provision of timely financial information to the Board’s senior management, recognizing that some financial information may not be recorded until the following month.</p>	30 days	Oct 30, 2009	March 30, 2010	Finance Unit
	20 days	April 20, 2010	Ongoing	Finance Unit
<p>Recommendation no. 2 – The Board should consider the outsourcing of payroll processing to a financial institution or other service provider. While only one of the survey respondents uses an external payroll provider, we note that this is a common strategy for both profit and not-for-profit organizations that could create capacity within the Board’s finance department. With respect to this recommendation, we suggest that the Board investigate the potential for outsourcing through the development and issuance of a request for proposal document that would likely combine payroll processing with other banking requirements, including ecommerce initiatives.</p>	<p>Start review for payroll only.</p> <p>(RFP for banking completed in 2008)</p>	June 1, 2010.	Potential impact for 2011 only.	CAO and Director of Finance
<p>Recommendation no. 3 – The Board should consider accelerating its filing of GST rebates. As a not-for-profit organization, the Board is consistently in a refund position and as such, would recognize cash flow benefits through the filing of monthly GST rebates (as opposed to the current practice of quarterly filings).</p>	To confirm that this is possible.	Dec 1, 2009	Ongoing.	Finance Unit.
<p>Recommendation no. 4 – The Board should consider reducing the extent of file preparation associated with its year-end audit. We understand that the finance department prepares audit documentation for all balance sheet and income statement general ledger accounts, regardless of the quantum of the account balances. Given that external auditors design their audit procedures in relation to materiality, there is a high probability that all of the documentation currently prepared for the external audit is not required. In determining the extent of audit documentation that should be prepared, we recommend that the Board consult its external auditor to determine the level of materiality and the exact information requirements.</p>	To develop a protocol of what is a reasonable level of materiality and the necessary working paper requirements.	November 2009	For the 2009 year end working papers.	Oscar Poloni, Kirby Houle, CAO, the CAO Advisor and Director of Finance

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<p>Recommendation no. 5 – The Board should consider reducing the number of internal controls currently performed by the finance department to eliminate those controls with limited value and/or duplicate controls. Specifically, we suggest that the following internal control processes be discontinued:</p>				
<ul style="list-style-type: none"> Stamping of all pages of invoices as entered and/or paid, to be replaced with the stamping of the first page only (accounts payable controls no. 3 and 10) 	Terminate this function	Immediately	Accomplished	Finance Unit
<ul style="list-style-type: none"> Reconciliation of supplier statements on a monthly basis (accounts payable control no. 13) 	Conduct a review of this issue once procurement cards have been in place for 6 months.	June 2010	June 2010	Finance Unit
<ul style="list-style-type: none"> Review of payroll information for finance department staff (payroll control no. 6) 	Recommendation rejected, this is a process that we consider to be a valid control	No action	No action	No action.
<ul style="list-style-type: none"> Reconciliation of the bank report outlining payroll funds transferred to employee bank accounts with the payroll register (payroll control no. 7) 	We will continue to match the totals of bank issued payroll to payroll register total	No action	No action	No action
<ul style="list-style-type: none"> Comparing payroll amounts to the prior pay period (payroll control no. 8) 	Discontinue Immediately		Accomplished	

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<p>Recommendation no. 6 – The Board should consider transferring resource approval processes currently performed by the finance department to the respective functional departments, which would reflect the fact that “ownership” of the budget resides with the functional departments. Specifically, we suggest that the following controls be transferred from the finance department to the functional departments:</p>				
<p>Review and validation of paramedic overtime (payroll controls no. 1 and 2). In the event that these controls are transferred, we recommend that the EMS department provide the finance department with an approved summary of hours worked by employee</p>	<p>The overtime approval process managed within the EMS dept.</p>	<p>April 1, 2010</p>	<p>July 31, 2010</p>	<p>EMS Management CAO Director of Finance Current approver.</p>
<p>Review and interpretation of custodian timecards (payroll control no. 3). In the event that this control is transferred, we recommend that the social housing department provide the finance department with an approved (and legible) summary of hours worked for custodial staff.</p>	<p>The overtime approval process managed within the Housing dept</p>	<p>Nov 1, 2009</p>	<p>Jan 1, 2010</p>	<p>Housing Mgmt CAO Director of Finance Current approver.</p>
<p><i>DSSAB (During this process, we will look at any activities that are occurring in finance that are appropriately the responsibilities of the program units.)</i></p>	<p>To identify all activities and develop resource teams to resolve and implement solutions</p>	<p>Immediately</p>	<p>July 31, 2010</p>	<p>CAO Director of Finance Program Managers Appropriate Finance Employee</p>
<p>Recommendation no. 7 – The Board should consider revising its existing procurement policies and practices to introduce a threshold for purchase orders, below which a purchase order would not be required. We suggest that the Board consider establishing the threshold at \$500, with a re evaluation of this threshold conducted within six months.</p>	<p>To implement this with the introduction of procurement cards.</p>	<p>Dec 1, 2010</p>	<p>Jan 1, 2010</p>	<p>CAO Director of Finance</p>

<p>Recommendation no. 8 – In order to reduce purchase order and invoice levels associated with the Board’s social housing function, the Board should consider the issuance of procurement cards to its custodial staff. These procurement cards should have a limit on monthly purchases (we suggest \$1,000 per month), with custodial staff required to submit the original copy of the receipt. At month end, social housing management would review, code and approve the expenditures (based on the receipts submitted by custodial staff), with the finance department coding the expenses based on the approved statement. The provision of procurement cards to custodial staff has been introduced by certain of the comparator social services boards.</p>	<p>Implement as soon as procurement cards have been received</p>	<p>Oct 21, 2009</p>	<p>Jan 1, 2010</p>	<p>Housing Management CAO Director of Finance Finance employee who sets cards up.</p>
<p>Recommendation no. 9 – At the present time, senior management of the Board have been provided with corporate credit cards, the balances of which are paid by the Board. In our experience, this type of arrangement should be discouraged and replaced by a system whereby senior managers are required to use their own credit cards. Accordingly, the Board may wish to consider the discontinuance of corporate credit cards for senior managers, with the exception of one card that will be retained by the finance department and used for travel arrangements for Board staff.</p>	<p>Eliminate current corporate credit cards by the implementation of procurement cards as soon as they have been received. One corporate credit card will be maintained for travel arrangements of the Board</p>	<p>Nov 1, 2009</p>	<p>Jan 1, 2010</p>	<p>Program Managers CAO Director of Finance Executive Assistant</p>
<p>Recommendation no. 10 – The Board should consider eliminating the requirement for manually signed cheques (accounts payable control no. 11) in light of the considerable level of reviews and approvals undertaken on non-payroll expenditures. We suggest that given the presence of compensating controls, the Board could utilize electronic as opposed to manual signatures, thereby reducing the time associated with the issuance of vendor cheques.</p>	<p>To implement electronic signatures on all DSSAB cheques, consistent with the cheque signing resolution. Ensure that the above named resolution is formalized in Policy.</p>	<p>Nov 1, 2009</p>	<p>Dec 31, 2009</p>	<p>CAO Director of Finance Finance unit for procedures input IT dept</p>

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<p>Recommendation no. 11 – The Board should consider the implementation of additional ecommerce initiatives that would contribute towards a reduction in workload and potential errors. Specifically, we suggest that the Board consider the following e-commerce initiatives:</p>				
<p>The use of recurring pre-authorized bank transfers for payments to childcare provider and social housing corporations whereby funds would be automatically withdrawn from the Board’s bank account in accordance with a pre-established payment schedule. The recording of the disbursement would be achieved through recurring monthly journal entries and verified through the completion of the monthly bank reconciliation.</p>	Setup transfers to all service providers	Dec 1, 2009	June 30, 2010	CAO Director of Finance Finance Unit Appropriate Program Managers IT dept
<p>Recommendation no. 11 (cont’d) The use of pre-authorized payments for recurring and low-risk expenses such as electricity, natural gas and telephone charges, combined with the use of electronic (as opposed to hard copy) invoices. The recording of these transactions would be based on the amount of the invoice and verified through the completion of the monthly bank reconciliation.</p>	Setup PAP for all utilities and request electronic invoices.	Dec 1, 2009	June 30, 2010	CAO Director of Finance Finance Unit IT dept
<p>Recommendation no. 12 – While we understand that the Board has significantly reduced the volume of cash payments received from social housing tenants and other clients, we were advised that payments in the form of cash and cheques are still accepted by the Board. In addition to creating a level of work from a financial processing perspective, the continued receipt of cash and cheques exposes the Board to potential risk from fraud and misappropriation of funds. In order to minimize this risk, the Board should continue eliminating the receipt of cash and cheques, either through the greater encouragement of direct deposits or the reliance on financial institutions and/or other organizations to collect payments on behalf of the Board.</p>	To eliminate all cash transactions	Oct 27, 2009	April 1, 2010	CAO Director of Finance Appropriate Program Managers
<p>Recommendation no. 13 – In order to reduce the level of complexity and potential for errors associated with the coding and posting of transactions, the Board may wish to undertake a review of its current general ledger chart of accounts with the view of reducing the overall number of general ledger accounts.</p>	Reduce the number of GL accounts	Jan 1, 2010 by collecting sample GL’s from other DSSAB’s	July 31, 2010 for decisions and implement by Jan 1, 2011	CAO Director of Finance Appropriate Program Managers Finance Unit

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<p>Recommendation no. 14 – In order to ensure that functional departments receive relevant and appropriate financial information, the Board should undertake a review of the financial information requirements of each of its functional departments, the extent to which the current financial reporting addresses these needs and areas where financial reporting needs are not fulfilled. In determining the appropriate level of financial information, the Board should consider the following</p> <ul style="list-style-type: none"> (i) information requirements may differ between departments; and (ii) the financial needs identified by the departments should be vetted for reasonableness. 	<p>Completed in Sept 2009 through the MTM</p> <p>Any new requirements need to be vetted through CAO.</p>	Accomplished	Accomplished	N/A
<p>Recommendation no. 15 – The Board should consider changes to the organizational structure of the finance department that would result in the establishment of a new finance supervisor position. This position would represent a new management position and provide the opportunity to delegate operational and supervisory responsibility from the Director of Finance, allowing the Director to assume a more strategic role within the Board. In addition, the establishment of a second management position would increase the overall financial capacity of the Board by ensuring that a designated financial manager is available in the event the Director is absent due to sickness, vacation or other factors.</p>	To create and fill this position and it has been included in the 2010 Budget	ASAP	Jan 1, 2010	HR Support CAO Director of Finance
<p>Recommendation no. 16 – In order to enhance the overall capacity of the finance department and address skill shortfalls resulting from vacation, sick leave and other factors, the Board should consider rotating finance department personnel on a periodic basis so as to ensure a common level of understanding of financial processes. The rotation of staff is also considered to be a fraud prevention measure, although we have no reason to suspect the occurrence of fraud.</p>	Rotate staff annually	Sept 1, 2010	Annually April 2012	Finance Unit Director of Finance
<p>Recommendation no. 17 – In addition to the establishment of a new financial supervisor position, the Board may wish to consider the establishment of a financial clerk position. Responsible for clerical tasks such as data input, stamping and mail pick-up, the creation of this position would allow for a shift of recurring, lower risk activities from the Board's financial analysis, allowing them to focus on more complex tasks.</p>	Reject this recommendation because it does not allow us to have sufficient rotation of staff and impairs business continuity	N/A	N/A	N/A

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<p>Recommendation no. 18 – During our review of work efforts for finance department personnel, we noted that the finance department currently undertakes activities on behalf of functional departments, including childcare services and social housing. Consistent with responsibility for programming activities resides with the functional departments, the Board should consider transferring these activities from the finance department to the respective departments (assuming sufficient personnel resources are available to support the transfer of activities)</p>	See Recommendation #6	See Recommendation #6	See Recommendation #6	See Recommendation #6