Town of Saugeen Shores Finance Processes Review

Town of Saugeen Shores

Prepared by Leading Edge Group
2/10/2021

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1.   Executive Summary

Leading Edge Group (LEG) was engaged by the Town of Saugeen Shores ("the Town") to conduct a review of general and administrative processes with a focus on select functions within their Finance Department. The six key processes within the scope of this engagement are Communication with Customers and the Public, Property Tax Accounts Billing, Water Accounts and Billing, Accounts Receivable, Purchasing and the Budgeting Process.

The review assessed the current performance of existing processes in light of enhancing efficiency, effectiveness and quality, with a view to improving the customer satisfaction for both internal and external stakeholders.

The Lean methodology was employed including interviews with staff from Finance and other impacted areas of the Town. In light of the current pandemic situation, virtual process walks were conducted and process maps created. Information was then validated by the respective subject matter experts.

The key findings which were uncovered included inadequate documentation to support the proper execution of tasks including the necessary forms and intake documents as well as lack of clarity around roles and responsibilities. This is particularly evident in the functions of Accounts Receivable and Procurement. Lack of coordination between customer-facing functions such as Water and Property Tax billing and account management, created inconsistencies in the management of customer data and underutilization of automated solutions such as e-billing. Administrative tasks associated with mailing of invoices absorb a disproportionate amount of time.

Limited use of technology during the creation of the annual capital and operating budgets result in a time-consuming process requiring significant manual intervention to ensure its timely completion and accuracy. In the area of customer service, complex decision trees for incoming customer queries as well as limited self-serve options result in a higher inbound call volume while adversely impacting the turnaround time for issue resolution.

The recommendations incorporate a number of key strategies which include internal process improvement, outsourcing of non-core tasks as well as leveraging technology to simplify manual intensive tasks. The telephone system needs to be simplified to streamline inbound calls, reduce misdirected calls and provide easier access to a live agent. Strategies to promote customer self service will also reduce the overall call volumes.

Integrating the management of Property Tax and Water Billing will create synergies in maintaining the customer data as well as workload rebalancing. These will improve customer experience as well as staff utilization. The Accounts Receivable and Purchasing processes will both benefit from improved documentation, role clarity and user training to improve turnaround times and process adherence.

The Capital and Operating Budgeting processes will benefit from some level of automation which will eliminate the time spent in spreadsheet preparation, compilation and verification of data integrity and accuracy. Gains will also be made in turnaround times as this will enable simultaneous access by multiple users for updates.

2.   Client Requirements

The purpose of this assignment is to conduct an appraisal of six main processes within the Finance department to ascertain how services can be provided in the most efficient and cost-effective manner. In doing so, the goal will be to concentrate on a number of essentials for each process.

The Town of Saugeen Shores retained Leading Edge Group for the task of reviewing and aligning these processes with the Town's strategic plan while paying close attention to incorporating key priorities and guiding principles. During this engagement, citizen and employee expectations were included as each group represents primary stakeholders. The review also focused on increasing value and reducing waste while optimizing resources and information flows. Demand management was another element that was duly considered as important to effectively manage the flow of inquires on a day-to-day basis. Current performance was evaluated and best practices from other municipalities were adapted in addition to utilizing the Lean methodology.

This comprehensive business process review would specify and prioritize performance improvement opportunities within the Town's Finance Department. Some of the outcomes expected were creating greater efficiency by reducing non-value-added activities and improving internal and external customer satisfaction. Another major goal was to see reduced wait times and process time as well as reduced backlogs and bottlenecks. The review further aimed to create established baselines and metrics to measure improvement and success. Noteworthy outcomes also included verifiable cost reduction and/or avoidance and improved morale, productivity, and skill sets of Town's employees.

3.   Sources of Information

The process was informed by some of the key staff at the Town of Saugeen Shores including the Treasurer, staff directly responsible for handling incoming customer queries, Accounts Receivable, Water Billing and Accounts, Property Tax Billing and Accounts, Purchasing, Budgeting and the Director of Infrastructure & Development Services.

In addition to this direct input, staff provided supporting documentation in terms of policies, procedures tools and templates as well as historical data on the prior performance of their respective functions.

The above-mentioned staff also provided support for the required analysis by supporting virtual process walks and reviewing and validating multiple iterations of the resulting process maps.

4.   Introducing Lean and Process Improvement Methodology

Lean is a systematic approach to identifying and eliminating wasteful activities in a process through continuous improvement. The key focus of Lean Thinking is identifying the value of any given process by distinguishing value-added steps from non-value-added steps and eliminating waste so that, eventually, every step adds value to that process. This is achieved by enabling the flow of a product or service at the pull of the customer, so that the service can be responsive to the customer's needs.

The term 'Lean' is applied to a process because a Lean process utilizes:

- Less operational space

- Fewer financial resources

- Fewer materials and services

- Less time to deliver a service to its customers

Lean Thinking is not a manufacturing strategy or a cost-reduction program, but a philosophy that can be applied to a variety of organizations. This is because it is focused on processes. All organizations are made up of a series of processes, sets of activities or steps intended to create value for people who are dependent on them, namely customers and colleagues.

Lean Thinking is based around the application of a number of tools and strategies aimed at streamlining all aspects of a process. These tools are intended to reduce unnecessary labour, space, capital, materials, equipment and time involved in the delivery of appropriate services to customers.

Using the principles and tools associated with Lean Thinking to reduce and eliminate waste enables organizations to increase their quality of service and become more competitive. It enables them to:

- Operate more quickly and efficiently at lower costs

- Become more responsive to the needs of customers

- Focus on quality

- Increase service levels

This helps organizations to ensure their employees experience increased job satisfaction and their customers receive the best possible service.

During a Lean review, all processes can be examined with a view to finding waste across eight common sources.

Waste	Definition
Defects	These are process outputs that need to be corrected through rework.
Over-production	Producing more information than the customer needs in order to manage the next step in the process or producing something before it is actually required.
Waiting	Wasted time waiting for the next step in the process to occur.
Non-utilized skills	Staff performing functions that are better suited to other grades of staff.
Transportation	Unnecessary movement of inventory, materials, equipment, supplies and products.
Inventory	Keeping excessive inventory and products that are not being processed which ties up money and reduces available space.
Movement	Unnecessary movement of staff members in order to complete their daily work activities.
Excessive processing	Excessive processing work that is not required by the customer and adds no value but consumes resources.

Table 1: The eight wastes

5.   Background and Context

Several processes within Saugeen Shores have become outdated and inefficient as procedures have not fully kept pace with technology or contemporary business practices. For example, water billing and tax billing is still being processed completely in house, i.e., printing, placing in envelopes, and mailing. The majority of customers still receive paper bills. For most areas of operation there are no current baseline metrics or formalized reporting.

One of the major issues brought to the fore is that three of five staff members spend most of their time managing customer inquiries. This is mainly due to customer preference. In addition, there is no online portal for inquiries, which also leads to customer requests being handled in person, via telephone or email. Another challenge is dealing with a growing community and a very active real estate market which drives customer inquiries as well as account-related maintenance and transactions for taxes and water. The complex nature of queries as well as the varying details for specific situations, have made it difficult to provide sufficient information through simple press releases or website pages. This is exacerbated by the customers' differing levels of familiarity with the system, which has led to multiple interactions for issue resolution.

The inconsistent use of forms for requesting invoices for departmental billings has been an issue as it creates degrees of variability. Over time, there is still no evidence of adequate compliance throughout the organization with a comprehensive billing process. In addition, there are no centralized bulk purchasing or inventory management practices. Purchasing appears fragmented across multiple local suppliers with no formal preferred vendor list or standardized ordering procedure for different employee groups. The procurement process requires additional rigour and documentation in the event there are challenges to the process's fairness and transparency. There are also limited controls on who may or may not make purchases. The supporting documentation for purchases is often inadequate. In addition, purchasing templates as well as specific documentation or Standard Operating Procedures are missing. This results in lack of adequate guidance to other departments on how to interact and align with Finance.

The current budgeting spreadsheet is cumbersome and requires significant work to prepare for each budget cycle. Budget presentation documents are difficult to manipulate and time-consuming to prepare. Due to the large scope of budgets, it is difficult to determine the most relevant information to be conveyed. Multi-year projects are not effectively captured within the current budgeting model. An assessment is yet to be made on the appropriate budget approach i.e. roll-over vs bottom-up.

6.   Approach Taken

Developing a full and comprehensive understanding of the end to end activities involved in each of the six areas was essential to the success of the engagement. In order to understand the current state of Finance processes, it was necessary to document each of the steps involved including policies and procedures, information flows, documentation, personnel involved and decision-making rules.

Initially, phone interviews were conducted with staff responsible for the day to day activities under consideration. Key Finance processes were discussed through a series of structured questions and process issues and concerns were noted.

Function – Saugeen Shores	Current State Review Date
Accounts Receivable	August 27, 2020
Property Tax Accounts & Billing	August 27, 2020
Water Accounts & Billing	August 27, 2020
Purchasing	August 28, 2020
Budgeting	September 3, 2020
Communication with Customers and the Public	September 3, 2020
Infrastructure & Development Services	October 6, 2020

Table 2: Initial interview schedule

Areas in Scope

1.   Communication with Customers and the Public
2.   Property Tax Accounts & Billing
3.   Water Accounts & Billing
4.   Accounts Receivable – Invoice Requisitions
5.   Purchasing
6.   Budgeting Process

Out of Scope

1.   Any other department within the Town of Saugeen Shores outside of the Finance Department not directly involved in finance functions.
2.   All Finance-related functions that are not listed above as being in scope.
3.   Implementation of the recommended improvement initiatives.

The information related to the six focus areas within scope gathered from staff is noted below:

COMMUNICATION WITH CUSTOMERS AND THE PUBLIC

In communicating with customers and the general public, three of five staff members spend the majority of their time handling customer queries. They deal with a high volume of queries by mail, phone, in-person at the counter and by email. Their first line of response is to triage incoming inquiries, handling those that they can answer and redirecting those that cannot be readily resolved. This is situation is exacerbated by the lack of online portals or self-serve options for inquires. Notably, the volumes of inquiries tend to go up as payment due dates approach. In addition, some customers require a high level of interaction and detailed explanations in order to ensure that they feel they are getting the appropriate attention and service.

Some of the issues driving enquiries include request for statements for both water and taxes; changes to account information such as names and addresses; account balances or replacement of lost bills both for water and taxes; explanations for tax increases and seasonal changes in water bills which are usually higher in the summer. Customers are not very familiar with the intricacies of property taxes and in addition, these issues can be complex in nature resulting in constant need for redirection of these calls. Inbound inquiries through the automated phone system and its option trees can be difficult to navigate, often resulting in customers making incorrect choices. The current voicemail system provides eight options each covering multiple areas without quick direct access to a live person. When calls come in to various Finance team members or directly to members of other departments, the person receiving the call or message is not always able to identify the appropriate person to route the call to.

Staff spend a majority of their time answering customer queries and inquiries come in at various times through the day. When staff are unable to answer on the first call, customers will often leave multiple messages on their voicemail in the span of one or two hours, or customers will leave voicemails on two, three, or even four other person's voicemails. This causes duplication and confusion when more than one staff member ends up responding to the customer. Call volumes for general inquiries including those that involve other departments, such as property development (new building), waterfront development, affordable housing studies, Council session information, by-law enforcement and many other municipal areas sometimes end up coming to Finance. The abovementioned situation is exacerbated when staff members are away, on lunch or take breaks, even when appropriate messaging around expected response time is included in voicemail messages.

PROPERTY TAX ACCOUNTS & BILLING

Property Tax Account Set up

During the new customer set up process there are delays due to the need to wait for and validate incoming information. The system limits each account to one unique identifier, the roll number which the Municipal Property Assessment Corporation (MPAC) assigns. So, it is not possible to have a second account number linked to the

property owner. Account numbers are assigned to the property and not to the owner so there is a delay when there is a change of ownership causing the system to be out of sync.

While waiting for MPAC to send an account number for e.g., in the case of a newly built property, it is impossible to receive payments, set up the customer for email billing, electronic funds transfer (EFT) or mortgage additions. As lawyers are the ones who notify the town of property changes and not the actual owners, they usually do not provide full contact information. Communication is mostly done via hard copies and so no email addresses can be captured. Sending mail to the subject property often gets returned as it is not the owner's mailing address.

Property Tax Processing & Billing

MPAC sends the tax adjustments throughout the year which require additional bills to be generated for the changes. This creates a significant additional workload. Creating and printing tax brochures is a very resource intensive manual task which has to be completed within tight timelines. This has hindered efforts to outsource this task. Entering tax rates and pending advance updates create significant delays as tax rates are finalized in April or May so tax adjustments received prior to that time cannot be processed. Delays in receiving finalized rates for the County and School Boards also add to the backlog of adjustments or updates that have to be entered in a short time window prior to mailing bills.

Adjustments can be quite complicated requiring a lengthy processing time. Tax payments made by the mortgage company trigger delays as bills have to be held until payment is received and then stamped "paid" before mailing to the customer, in order to avoid confusion and double payments. There is no system flag to identify accounts paid by a mortgage company. It is also difficult to coordinate responses between department staff resulting in duplicate handling. For example, a customer may call then leaves an email and two staff members end up responding to the same request or there may be missed correspondence. The activity button functionality within the system for tracking activity is time consuming to update.

WATER ACCOUNTS & BILLING

Water Account Set up

In setting up water accounts, staff members face a number of obstacles. In some cases, contact information is missing as it was not initially captured especially during times of high volumes of home closings. In other cases, the contact information is out of date. Though the option exists, there is a low uptake for e-billing for various reasons. Some customers prefer paper bills as they feel physical bills keep them organized. Others are unaware of the option and others do not have an email account.

Water Processing & Billing

During the billing cycle, multiple errors are generated requiring corrections to be done before bills can be sent out. Errors can arise when readings are not generated at the property; estimated readings are taken; there is physical damage for e.g., wire cut while taking off siding or through a faulty or broken transmitter. Other sources of errors include a broken water meter; rodents chewing through wiring such as could happen at a cottage or simply data entry errors.

Where such issues have been identified, the plumber has to set up appointments to check meters. On occasion, contact information is not available in order to set up appointments. In these cases, door hangers have to be left to contact the customer or meeting requests might need to be added to the bill to try to resolve issues. These notes on the bill are often not seen by customers.

Selecting, collating and folding all bills for the owner of multiple properties is a manual task. Also, emailing bills ties up the computer for three hours because once there is an error, the process stops so staff have to be present to monitor errors and make necessary corrections for the process to continue. Efforts to work with the software provider have been unsuccessful, so the process cannot be rescheduled to be run overnight. The folding machine jams at times sometimes while adding inserts. The machine also breaks down from time to time which results in a wait time of up to two days for it to be repaired. A total of 25 bins are taken to the post office for each billing cycle.

ACCOUNTS RECEIVABLE – INVOICE REQUISITIONS

Departmental billing

Various departments submit invoice request forms to Accounts Receivable (AR). These forms are inconsistent and vary each month. These requests come by either mail or email and the descriptions provided may be insufficient. The procedure is not formally documented. In addition, there has been limited user training which has so far made it difficult to ensure adherence. Accounts Payable (AP) and AR are not informed that an item being paid for by the Town is to be charged back to a customer. This results in (a) lost revenue when the customer invoice request is missed, (b) artificially inflated revenues and expenses or (c) unbalanced holding account with inflated revenue or expense accounts. AR staff has to go back to the departments to get missing customer information such as name and address. General Ledger (GL) codes may be missing or incorrect. The code may be inconsistent with HST status. AR staff sometimes has to calculate the charges for the department.

Monthly Rental Billing Process - Doctors who rent town facilities

Creating invoices for doctors who rent town facilities can be time-consuming. AP pays their utility bills and AR bills it back. Details are pulled from the GL. Monthly billing for rent only is fairly straightforward as there are only four customers.

Multi-billing accounts for another five customers are more complex and have more requirements. These include hydro and phone billing in addition to rent. The information has to be consolidated and then uploaded to a spreadsheet. An invoice is created and sent by mail or email, then a PDF of the spreadsheet is created and sent with a detailed breakdown of all the charges. Other payors require details to be written on the invoices.

PURCHASING

For purchasing, no standard templates exist for tenders so previous versions are used. In addition, templates vary by department and there are knowledge and training gaps among staff. The tendering process is sometimes not followed due to a lack of clarity of the rules, as it may be felt that a tender is not needed. Whenever a situation is deemed an emergency, the process is circumvented. This is done without informing AP who are kept out of the loop.

The Project Managers (PMs) often submit tenders too close to the posting dates which disrupts workflow and risks delays in posting the tenders. This in turn hinders the PMs from meeting their timelines. There is a lack of clarity or definition of the role for the tender review process. Inaccuracies in the documentation have negative implications for the Request for Quotation (RFQ) or Request for Tender (RFT). In addition, the due dates and timelines for posting the above-mentioned documents may not meet legislative requirements. Rectifying issues requires multiple interactions and rework loops with internal clients prolonging delays. The purchasing policy for devices is currently being updated.

PMs do not fully understand their role in the process. They are often unaware of the existence of the relevant addenda templates and that they are required to use them. Timelines for the process are not adequately established, for example, no specific timeline is set for PMs to respond to questions. Because timelines are inconsistent, bidders are left without adequate time to act on responses to questions, as at times responses arrive the day before closing. Another area of concern is that as bidders customarily watch the opening of the envelopes, which does not give adequate time for confirmation of requirements. This could lead to the credibility of the process being challenged in the event that the initial "winner" is not finally selected.

Purchasing is left out of the loop about the final award approximately 90% of the time, so the official results do not get uploaded to Bids and Tenders (B&T). Vendors who do not see the official results sometimes challenge the results. Only 14% of official results were posted for 2019 projects. It becomes quite time consuming to constantly follow up with PMs to gather missing information. Purchasing is not perceived as having the level of authority to ensure compliance within the process.

BUDGETING PROCESS

Operating Budget Process

The budgeting process is not linked to the accounting system. The process to set up and distribute the operating budget template is fairly intensive as the spreadsheet has over 100 tabs. Various directors are responsible for multiple tabs making incorporating updates into a single document a challenge. As tabs are interconnected (with detailed pages tying back to the cover page) changes such as adding rows or columns carry the risk of negatively impacting the integrity of the document. The process of compiling the data is cumbersome and prone to errors. Errors such as mislabeled columns detract from the presentation to Council, despite best efforts to review the document.

Decisions are to be made whether to send all spreadsheets to everyone versus relevant tabs only. Another issue is whether to provide blank templates or use the prior year as a starting point. In addition, the final presentation would benefit from improved clarity and aesthetics.

Capital Budget Process

Directors must enter a 5-year budget on one spreadsheet, then Finance has to create two workbooks, one for the 1-year budget and another for the 5-year budget. The update involves copying and pasting data with the challenge of keeping both budgets consistent with each other. In some instances, up to 6 individuals have to update a single file. Historical and current data are kept together for reference purposes, therefore an eye for detail is required to maintain the data. The templates are consolidated once they have been received back from the directors. There is a lack of consistency in slides across departments both in terms of the template sent out and the format in which they are returned. Stakeholders would rather not have annual capital budgeting cycles for multi-year projects but rather go through the exercise every 2 -3 years.

Multi-year projects are not easily tracked from one year to the next. Projects are being reflected even when they have not yet started. Creating the budget presentation is quite time-consuming. Directors have to create a slide per project summarizing year over year changes for presentation to Council. The infrastructure director has approximately 50 slides.

7.   Challenges Encountered

Any engagement such as this will encounter challenges along the way. Some of the specific challenges encountered included the following:

- Lack of real time observation of processes as they are being undertaken due to COVID-19 restrictions.

- Systems limitations included lack of information on actual call volumes as well as the number and nature of specific queries by function.

8.   Analysis and Recommendations

The automated voicemail system at the town while offering options for making enquiries and engaging with the staff, would benefit from simplification and improved use of automation. The opportunities centre around fewer options in the voicemail decision tree supported by more transparent and easier access to a live agent.

Within the processes for managing the tax and water accounts for customers, there are opportunities to improve both the levels of integration between the functions as well as the timeliness of updates to maintain data accuracy. Improving the customers' access to timely account information in these areas will also have the additional benefit of reducing the overall inbound call volumes.

The existing procedures and limited use of technology for tax and water billing result in these processes being quite manual and labour intensive. Leveraging technology and outsourcing non-core activities would assist the team in more effectively managing workload, improving turnaround times as well as customer satisfaction.

While the transaction volume within the accounts receivable function does not lend itself readily to sourcing an automated solution, it would benefit from improved process documentation, templates and compliance. There is the opportunity to simplify the interactions with customers as well as provide staff with greater role clarity.

The current use of the Bids and Tenders platform for large dollar acquisitions would be enhanced by the implementation of additional rigour and adherence to timelines. Clarifying roles and responsibilities along with additional internal staff training and the use of supporting documentation would enhance both the internal and external customer satisfaction with the process.

Annual operating and capital budget preparation cycles are integral to the sound financial management of the town. Consequently, staff within Finance as well as other departments spend a significant amount of time ensuring the accuracy and completeness of the presentations to council. The amount of time required for this process would be greatly reduced with the use of appropriate technology while at the same time improving accuracy and consistency.

In addition to the broader themes for improvement identified, a number of specific areas of process wastes are outlined below:

Waste Type	Process
Defects	✓ Inbound customer calls directed to the wrong person. ✓ Incorrect headers in budget presentations.
Over-production	✓ Multiple voicemails and duplicate emails from customers trying to get issues resolved.
Waiting	✓ Waiting for approvals of updates to the tax brochure. ✓ Waiting for information to update customer accounts. ✓ Waiting for the folding machine to be repaired.
Non-utilized skills	✓ Staff printing and preparing invoices for mailing.
Transportation	✓ Taking totes of invoices to the post office.
Inventory	✓ Batches of adjustments waiting to be processed.
Movement	✓ Searching for the right person in order to redirect a call.
Excessive processing	✓ Multiple staff members responding to the same customer enquiry.

Table 3: Finance department process waste examples

Summary of Recommendations

Communication with Customers and the Public

Many larger municipalities have found success in limiting the number of voicemail options and relying on a human agent rather than the customers' ability to effectively navigate the system. This practice has begun to gain traction with some smaller municipalities as well. This approach will not necessarily require additional head count but could initially investigate reassigning roles and responsibilities across existing staff within the department. Adopting this framework within the Town could enhance efficiency and effectiveness of customer responsiveness and would incorporate the following:

- ✓ Restructure call management to have a live agent to triage incoming calls. This would enhance first line call resolution, consistency of incoming call routing, and improved accuracy in call placement.
- ✓ Provide training for the live agent to develop greater knowledge of the Town's resources and contacts.
- ✓ Identify a central point of contact within Human Resources to provide updates on organizational changes.
- ✓ Implement a measurement plan to estimate the overall call volumes by manually tracking them for a period of time for known high volume areas e.g. Clerk's Office, Water, Tax, Permits & Licences. (Measuring call volumes is a key enabler to effectively leveraging the first-line attendant and streamlining the options given to callers)
- ✓ Simplify the voicemail system to have fewer options (maximum of 3 or 4) including access to a live person.
- ✓ Add a queue where callers can be placed on hold to minimize multiple voicemails being left.
- ✓ Include messages during hold wait times directing callers to self-serve options such as portals and websites, as well as signing up for e-billing.
- ✓ Develop Frequently Asked Questions (FAQs) providing answers posted on the website and direct callers there while on hold.
- ✓ Add sample FAQ answers to email signatures as well as the website links.
- ✓ Publish proactive communication on increases e.g. summer water bills, new tax assessments.
- ✓ Revise voicemail messages to include expected response times for queries to set customer expectation.

Property Tax & Water Billing

Several tasks associated with customer billing for both property tax and water are manual and would benefit from greater adoption of technology. In addition, these tasks that are not core to Finance should ideally be outsourced.

- ✓ Leverage 3rd party provider of billing services e.g. Keystone eCommerce to manage customer bills until an inhouse portal can be built.
- ✓ Launch e-bill switch campaign. Tactics that could be employed to ensure success include:
  - o Initiate setup and information capture at change of ownership.
  - o Encourage participation on an ongoing as part of routine information updates during handling of inquiries.
  - o Include bill inserts prompting this option.
  - o Provide staff as well as customers with incentives.
  - o Promote the campaign on the website with easily accessible sign-up forms.
- ✓ In the short term lease a new folding machine.
- ✓ Over the medium term aim to outsource mailing to a 3rd party provider. The following would have to be considered:

- o Bill preparation will be streamlined to meet new timelines for outsourcing.
- o Outsourcing would require (a) agreements around confidentiality, (b) guarantees on performance and deadlines, (c) appropriate file formats to facilitate printing, (d) special handling e.g. multi-page bills or properties with multiple meters and (e) delivery through Canada Post.
- o Utilize mortgage company name and mortgage number fields to group all accounts paid by mortgage company and separate them from those paid by owner.
- o Manage bills to be outsourced for printing.
- ✓ As a longer-term strategy, migrate to a proprietary online billing portal.
- ✓ Specifically for water billing, create a log of locations where issues arise and develop a proactive review of properties that have older meters or at higher risk of physical damage to the meter or transmitter.
- ✓ For property tax billing, streamline the process of creating the tax brochures to improve the turnaround time for billing as an enabler for outsourcing the activity.

Property Tax & Water Accounts

The management of water and property tax accounts while linked, currently operate as two separate functions that are executed in parallel with each other. These two functions would benefit from greater integration.

- ✓ Consolidate responsibility for tax & water account management to obtain contact information including email addresses.
- ✓ Provide cross-training for staff on tax and water for improved first customer contact and workload balancing for peaks in volumes when tax and water payments are due.
- ✓ Routinely validate contact info at time of customer inquiry for both tax and water.
- ✓ Create and publish property change form for lawyers and homeowners.
- ✓ Implement a tool for providing staff with visibility to the status of information captured during account setup as well as responses to inquiries.
- ✓ For property tax account management develop a new build addition process for properties without a roll number to include:
  - o Set up a database of "temporary accounts" to capture all customer information to populate account when roll number issued.
  - o Send out a standard communication to property owners regarding estimated timing of account set up, key contacts for updates and guidance on planning for example budgeting for initial payment, which will also lower call volumes.

Accounts Receivable – Invoice Requisitions

The accounts receivable function will benefit from formalizing policies and procedures, standard templates and improving the staff's understanding.

- ✓ Document the process including descriptions of key inputs needed such as GL code, HST status, requirement to notify AR & AP and calculations.
- ✓ Train staff on process and provide examples of what is expected.

- ✓ Publish GL codes for staff reference and/or embed the GL as a list in an Excel AR request template.
- ✓ Create an HST code checklist with guidance for the necessary calculations.
- ✓ Have doctors pay their own utilities eliminating the cycle of payment, rebilling, spreadsheet creation and reconciliation.
- ✓ Formalize the process for review of collections and follow up on outstanding accounts including:
  - o Clarify roles and responsibilities such as when staff or AR should make follow up calls.
  - o Establish escalation process including the use of collection agencies.

Purchasing

Enhanced documentation and role clarity are also a consistent theme for improving the purchasing function.

- ✓ Develop a Process Guide based on the purchasing policy.
- ✓ Update the process to include a planning stage to provide visibility to upcoming acquisitions and their timing.
- ✓ Design and deliver training on the process to select staff who make high dollar acquisitions.
- ✓ Formalize standard tender templates including those for addenda.
- ✓ Consult Legal/Finance to gain clarity on areas of concern/risk that should be focused on during review process.
- ✓ Develop checklists for PMs to support them in ensuring quality at each step.
- ✓ Create work instructions in alignment with general purchasing process.
- ✓ Document process timelines and include in the process guide.
- ✓ Leverage electronic bid submissions instead of paper with all notifications done electronically including moving from real time physical opening of bids to doing it virtually online.
- ✓ Establish a checkpoint for "Award of Contract & Notification" as one of the process milestones as a specific meeting scheduled in calendar with the PM and Purchasing with the outcome being final award notification and posting online.
- ✓ Implement quarterly purchasing reviews with CFO and Directors to ensure compliance.

Budgeting Process

While manual process improvement initiatives can be beneficial for enhancing the budgeting process, leveraging technology as well would yield even greater results. Below are the key recommendations for the budgeting process.

- ✓ Implement budgeting software as it would address multiple issues and deliver enhanced functionality as follows:
    1. Provide a link to the accounting system.
    2. Enable simultaneous multiple user updates.
    3. Automate the set up of budget templates.
    4. Eliminate the need for spreadsheet tabs and with it the risk of errors caused by manipulating rows and columns.
    5. Provide built in header and detail alignment.
    6. Automate data compilation.
    7. Streamline and simplify user access without the need to manage tabs.
    8. Data visibility is managed seamlessly.
    9. Multi-year entries are automatically linked without need for copying and pasting.
    10. Data for each time period is automatically segregated and managed by the system.
    11. Consolidation is automated.
    12. Templates are pre-set and not subject to user manipulation.
    13. Multi-year tracking is built in.
    14. Numerical data can be published as budget tables with budget owners then having to add the narrative. Time saved from the budgeting mechanics can be reinvested in the presentation.
    15. Leveraging the software to publish data will eliminate copying and pasting and the associated errors.

- ✓ Develop alternate presentation templates and review with staff and council and align on revised format.
- ✓ Formalize an annual budget cycle supported by a multi-year forecast which is updated annually. This is in keeping with best practices across municipalities as well as corporate settings.
- ✓ Another best practice is to adopt a roll over from prior year, which can be done easily as budgeting software automates this step.
    - o This eliminates the non-value-added work required to (a) create a "blue sky" budget and (b) bring it back to reality
- ✓ Establish guidance mechanism in collaboration with Council for:
    a) Overall framework for annual increases e.g. a set percentage of CPI.
    b) Specific management meetings with Council prior to each year's budget cycle to determine specific guidance.
    c) Annual communication of guidance to budget owners as part of the budget process.

✓ Create a budget process "play book" and provide training to impacted staff e.g. defining what is a draft, what changes can be made at each stage, what each deadline means etc.
✓ Include proper documentation requirements for projects within the training.
✓ Conduct a review of GL codes and realign them with current needs

Short-term Recommendations

As with any improvement initiative, there will be activities to be undertaken that will vary in terms of the effort required for their implementation. Some activities that can be more easily led by impacted staff as Lean improvement projects are listed below:

Function	Improvement Opportunities for Consideration
Property Tax and Water Billing	✓ Work with service provider to raise the daily email limit for the number of billing emails sent to eliminate interruptions to the process. (Immediate benefits for water and will prevent similar issues with tax as their e-billing customer base grows.)
Property Tax and Water Accounts	✓ Leverage e-form with automatic notification to staff similar to the PAD form on website for lawyers to submit account change information
Property Tax Billing	✓ Create pre-populated templates to feed information into the tax brochure with pre-approvals pending final numbers ✓ Leverage the mortgage company fields to create a standard notice "DO NOT PAY - Paid by Mortgage Company" to be mailed with customer invoices instead of individual stamping. ✓ Implement a Visual Management Board to track and monitor the status of customer inquiries and follow up. *(Effort required to maintain the board will be minimized by more efficient routing of inquiries which will also reduce multiple voicemails being left.)*
Water Billing	✓ Use brightly coloured inserts for special requests to make them more visible. E.g. water billing issue notices for resolution ✓ Consider mailing multiple bills separately to eliminate manual double-handling.
Accounts Receivable	✓ Develop and publish standard invoice request template and store them centrally. ✓ Create a checklist for staff to ensure quality. ✓ Formalize process for email submission of requests.

Purchasing	✓ Maintain a tracker to monitor process with escalation as needed

Table 4: Short term initiatives to enhance the Finance operations

Long-term Recommendations

The system currently used for managing the setup of customer accounts is heavily dependent on staff receiving information either directly from the customers or their lawyers. This information is paper-based and stored in binders, offering little or no visibility to the various staff members who act as points of contact for the public. In the longer term, it will be important to invest in creating web-based self-service portals for account management. This will allow the customers to take ownership of the process of maintaining accurate and up-to-date contact information.

Not only will this enhance customer satisfaction but also improve staff efficiency, in providing the relevant contact persons with real-time access to customer information for handling queries. This portal functionality will also reduce the volume of routine inbound calls relating to information updates, account balances and replacement of missing invoices. This will free up time for staff that can be reinvested in value added activities.

As with the adoption of newer technology requiring new sets of customer behaviour, this will have to be supported by a well thought out change management plan to drive adoption. Strategies will have to be deployed to create the necessary awareness, incentivize customers to become more comfortable with technology and ultimately make the switch to self sufficiency rather than relying on the town's staff.

9.   Future Challenges and Opportunities

The issues and challenges with respect to each process were identified through interviews and from Value Stream Mapping activities. Specific solutions have been identified which will minimize or eliminate the uncovered challenges. In order to implement positive changes and maintain the gains, disciplined project management best practices will have to be adopted, supported by ongoing monitoring and oversight from designated process owners.

Other dimensions that are required for successful implementation will be Change Management and Communication. Change will be a necessary factor in how the Finance team executes their tasks going forward and in how they share responsibilities amongst themselves. This will require new ways of working. Willingness to change extends beyond the departmental boundary and will need to be supported by effective communication as they engage stakeholders in other areas to align with and support the redesigned processes.

There is good reason for optimism as the staff members within specifically Finance as well as Corporate Services more broadly, have been exposed to Lean training and certification at the Yellow Belt Level. This has helped to embed the mindset of cross-functional team-based problem solving and the philosophy of continuous improvement.

10.   Appendices

Appendix 1: Communication with Customers and the Public Current State Map
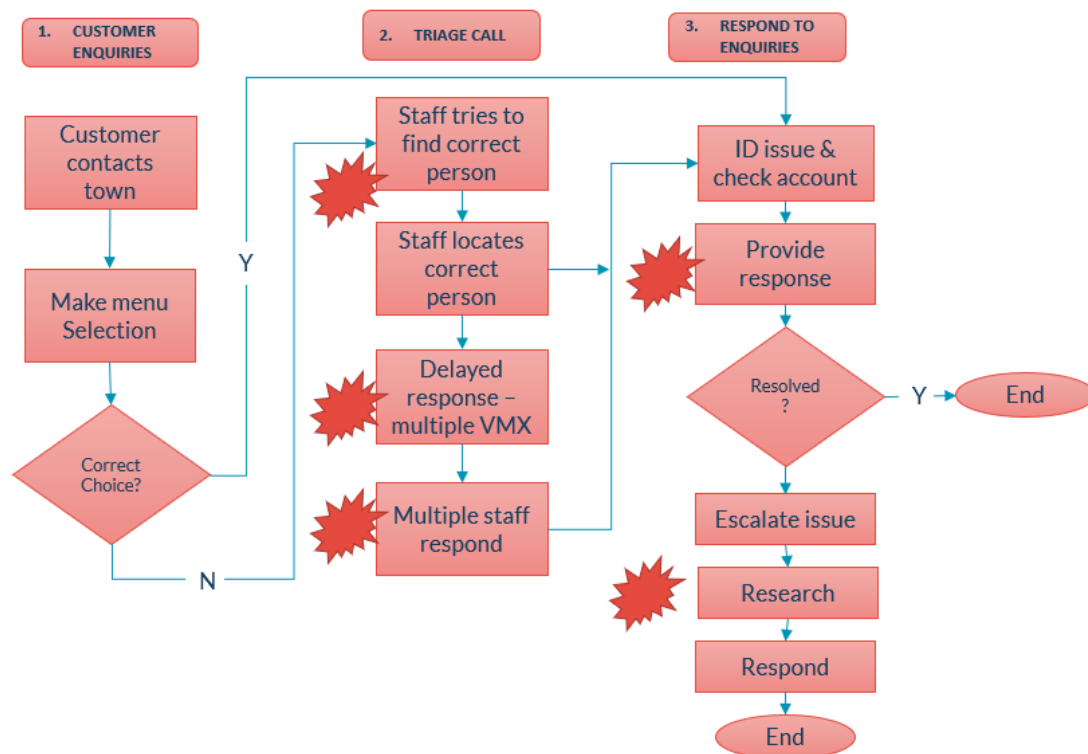
Legend:

 - Lean process improvement opportunity

Baseline of performance against Lean best practice

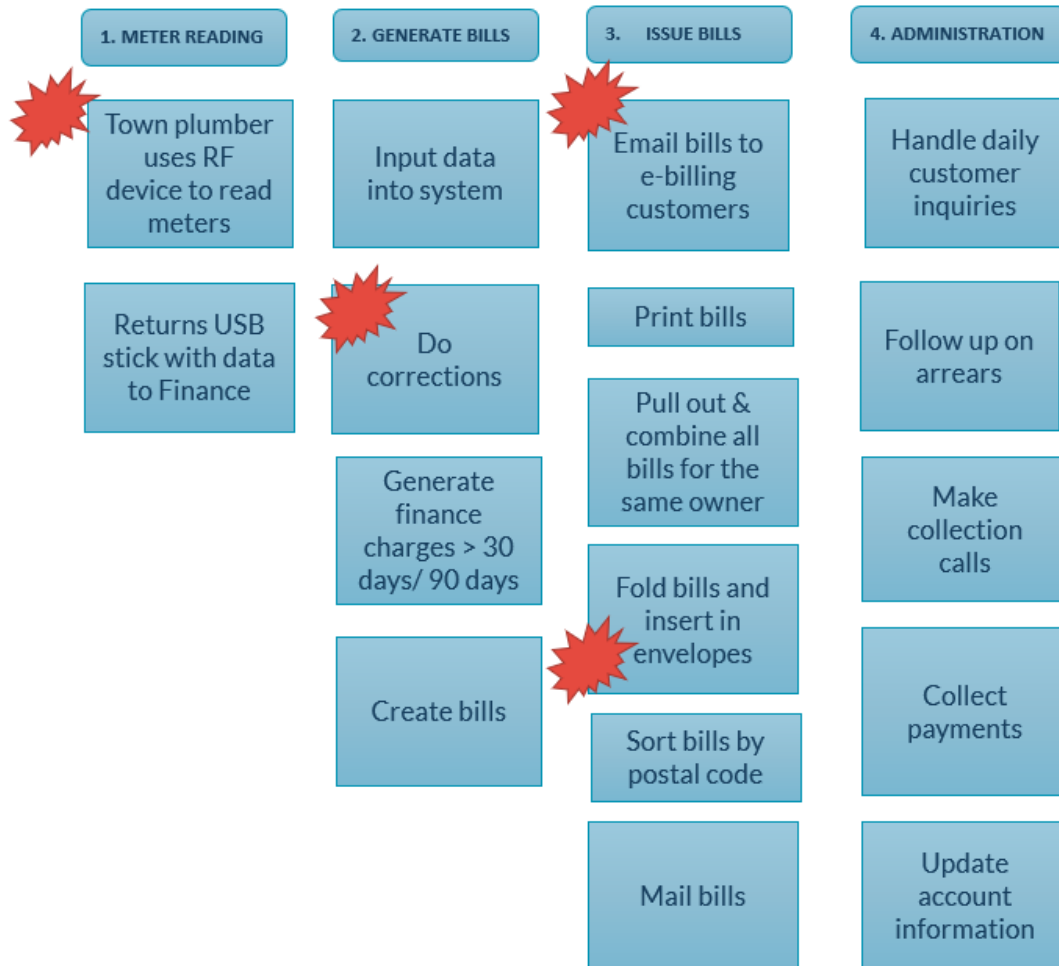| #	Principle	Current State
1	Quality Right First Time	Calls often routed to the incorrect individual.
2	Continuous Flow	More complex issues that have been escalated are batched.

SaugeenShores   LEADINGEDGE GROUP

Appendix 2: Property Tax Current State Map

1. BY-LAWS & TAX RATES & PREP	2. GENERAL UPDATES	3. ADVANCED UPDATES	4. FINAL CHECK	5. CREATE AND PRINT	6. AFTER
Upload MPAC assessment	Update : EFT, mortgage co, customers, sales	Enter all pending: rebates, write offs, adjustments, supplemental billings	Obtain 25 bins from Post Office	Calculate tax bills	Print collector's roll
Verify assessment trial balance to roll totals	Review miscellaneous categories:	Review deleted primary roll number report from MPAC	Small balance write off	Upload file from OPTA for schedule 3	Send mortgage company emails
Input tax rates in Prinsys	Two page tax bill listing	Process miscellaneous charges	Balance tax adjustment clearing & taxes receivable	Print billing summary	local improvement journal entry
Enter tax rate information into Opta website	Create mailing labels - owners with multiple properties	Balance local improvements	Manual calculation of taxes	Update tax files	
Complete sign off on Opta data	Postal code review				
Download frozen data files to use with final bills	Print and review listing of all e-billing customers	Delete any paid out in previous year		Print tax bills & send tax bills to be emailed	
Review and/or prepare tax rate levy by-law	Review accounts with credits			Sort/stuff/ send	
Check supplies – envelopes and tax bills	Review mortgage co EFT list to actual roll EFT list				
Create tax brochure & print	Review rolls flagged: for penalty/ interest, not to send statements				

Baseline of performance against Lean best practice

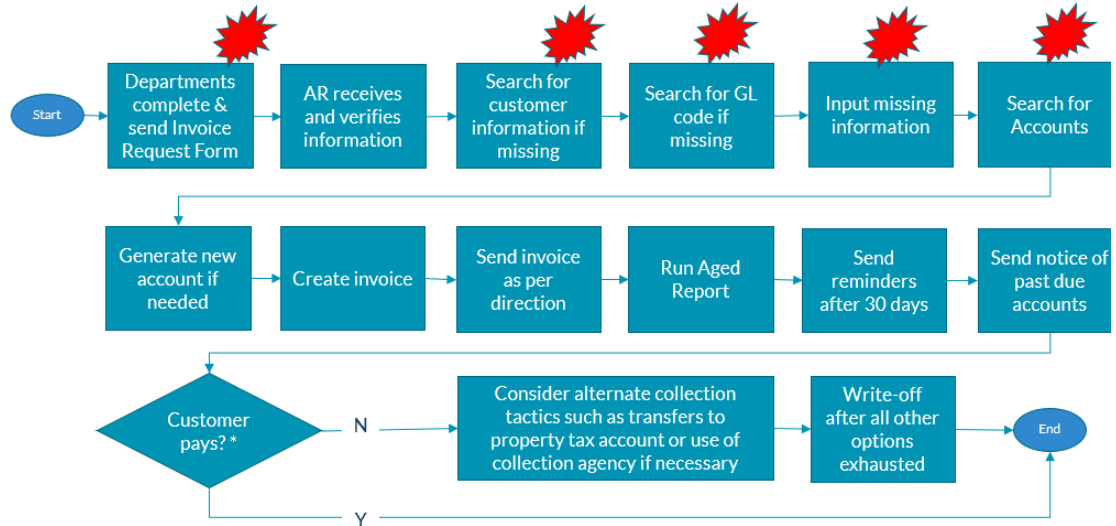| #	Principle	Current State
1	Continuous Flow	Ad hoc flows and delays in information from MPAC leads to waiting and rework to complete set up activities.
2	Quality Right First Time	Missing information at the time of notification of sale and purchase results in delays in setting up tax accounts.
3	Standardized Work	Insufficient standardization of inquiry management causes duplication of effort or missed responses.
4	Visual Control	Lack of visibility to the status of responses to customer requests impedes timely responses and issue resolution.

Appendix 3: Water Current State Map

Baseline of performance against Lean best practice

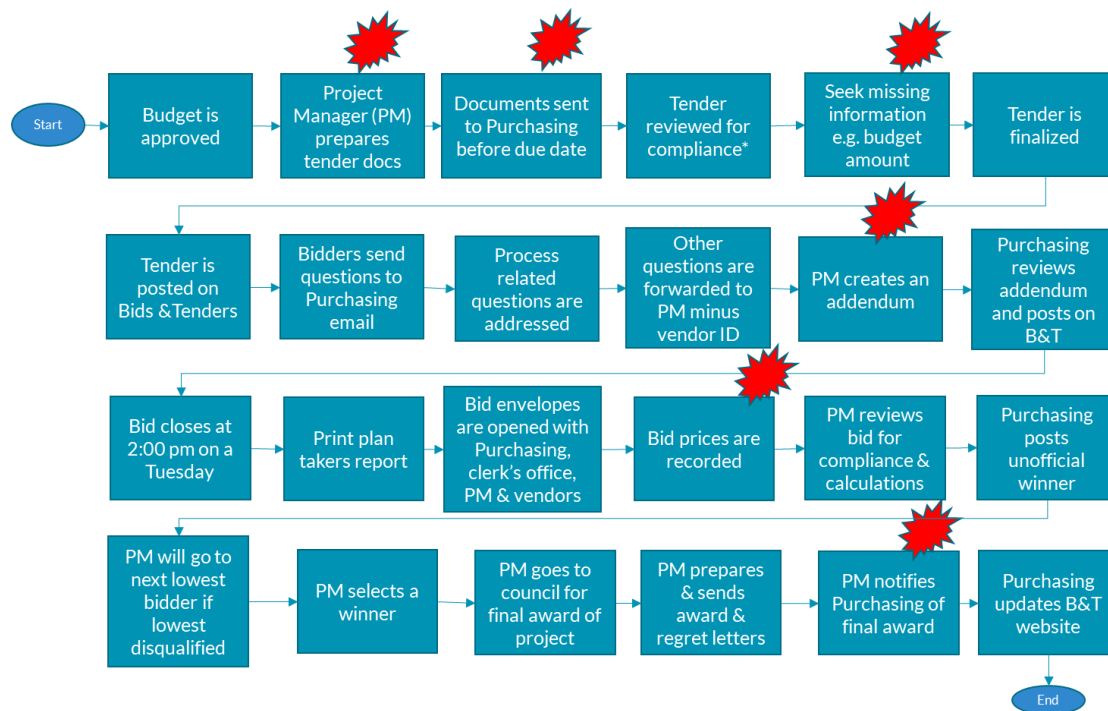| #	Principle	Current State
1	Continuous Flow	Limited uptake for e–billing leads to reliance on time-consuming manual mailing process.
2	Quality Right First Time	Errors generated when bills are being generated create rework. Missing contact information hinders efforts to resolve issues.
3	Standardized Work	Manual sorting and handling of mail flows outside the main process.

Appendix 4: Accounts Receivable Current State Map

Baseline of performance against Lean best practice

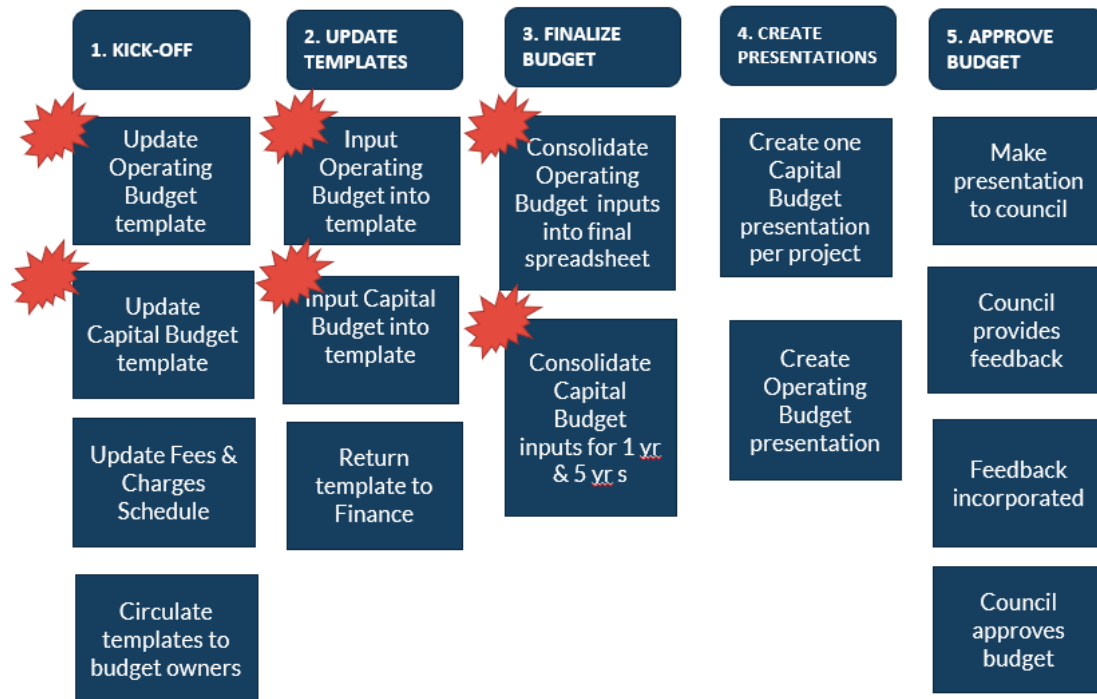| #	Principle	Current State
1	Continuous Flow	Rework loops required to validate forms, correct information and fill in gaps impact the smooth flow of the process.
2	Quality Right First Time	Missing or incorrect information on requests for invoice impacts quality and leads to non-value-added work to correct the data and fill in gaps.
3	Standardized Work	Lack of established standards and guidelines for the departments creates variation in the way in which requests are submitted and processed. Variability in how doctors' monthly invoice details are provided impacts the efficiency the monthly invoicing process.

Appendix 5: Purchasing Current State Map

Baseline of performance against Lean best practice

#	Principle	Current State
1	Continuous Flow	Rework loops required to fill in information gaps impact the smooth flow of the process. Lack of established timelines and adherence to them impede the streamlined flow for internal stakeholders as well as vendors.
2	Quality Right First Time	Missing or incorrect information on tender documents e.g. budget impacts quality and leads to non-value-added work to fill in gaps and determine the appropriate tender documents to be used.
3	Standardized Work	Lack of established standards and templates for PM's creates variation in the way in which tenders are submitted and handled.
4	Visual Control	Lack of visibility to upcoming acquisitions as well as the status of those currently underway hinders adequate monitoring of acquisitions.
5	Voice of Customer (VOC)	Concerns about the integrity of the selection process as well as timeliness of responses to questions adversely impact the experience of the vendors who are an external customer group.

Appendix 6: Budgeting Current State Map

Baseline of performance against Lean best practice

#	Principle	Current State
1	Customer Value-Add	Significant staff resources and effort are consumed by this intensive manual process which does not deliver added value.
2	Quality Right First Time	Mislabeled budget columns detract from the presentations to Council.
3	Standardized Work	Multiple formats of templates being updated by directors create unnecessary variation and increased workload for Finance to consolidate the inputs.

Appendix 7: Benefit Calculation

I. Property Taxes

Category	Amount	
Annual cycles for mailing bills	2	
No. of staff members dedicated to mailing	2	
Staff time devoted to mailing per cycle	16	hours
Total annual time savings by outsourcing mailing	64	hours

II. Water

Category	Amount	
Annual cycles for mailing bills	6	
No. of staff members dedicated to mailing	2	
Staff time devoted to mailing per cycle	16	hours
Total annual time savings by outsourcing mailing	192	hours

III. Accounts Receivable

Category	Amount	
Monthly time spent on routine AR	5	hours
Percentage of requests accurate and complete	30%	
Monthly time spent on rental invoices	3	hours
Savings due to improvement in accuracy of requests to 80%	2.5	hours
Savings due to simplifying rental billing process	1.5	hours
Total annual time savings	48	hours

IV. Purchasing

Category	Amount	
Time per acquisition	6	hours
No. of high dollar acquisitions per year	35	
Savings due to streamlining process	1.8	
Total annual time savings	63	hours

Continued…

V. Budgeting

Category	Amount	
Spreadsheet template preparation	28	hours
No. of staff members dedicated to budget prep	2	
Staff prep time per cycle	56	hours
Spreadsheet consolidation and validation in Finance	35	hours
No. of staff members dedicated to spreadsheet consolidation	2	
Staff consolidation time per cycle	70	hours
Budget owner staff total time manipulating spreadsheets	50	hours
Savings due to Finance leveraging software for preparation	48	hours
Savings due to Finance leveraging software for consolidation	60	hours
Savings due to budget owner staff leveraging software	37.5	hours
Total annual savings	145.5	hours

TOTAL ANNUAL SAVINGS:	**512.5**	**HOURS**
(Approximately 13 weeks of FTE)		

VI. Customer & Public Communication

There will be benefits to be determined via a time study due to improved routing of calls, reduction in call volume due to automation and self serve options, fewer duplicate voicemails and reduced duplication of staff effort in responding to queries.