



2021 Department Overview

Finance and Provincial Offences

Service Description

Mutual Trust & Respect

As a support department we work collaboratively with all other County departments, member municipalities, various external partners and stakeholders. We recognize the importance of customer service and we strive to be professional, consistent, fair, and helpful in all of our dealings.

Honesty & Integrity

In order for us to accomplish our objectives and provide the best service to internal and external customers we must develop strong relationships with all stakeholders. Honesty and Integrity form the basis for those relationships. We frequently work with potentially sensitive or confidential information and must ensure that it is managed properly and securely.

Collaboration & Communication

Since we provide support to all of the other departments in the County and we must develop strong working relationships with all stakeholders it is imperative that we always work collaboratively. This requires that we are able to communicate effectively to ensure that we understand the needs of our stakeholders and provide them with the best possible service.

Care & Support

We strive to understand the needs and priorities of our stakeholders. We work to ensure that the County delivers quality customer service to its clients. We care about our community and work to make a positive impact on it.



Accountability

As a support department we are accountable to all other County departments, Council and all other stakeholders. We are responsible for the collection and safekeeping of important information. We maintain systems and controls to ensure the integrity, accuracy, and safekeeping of that information. We strive to ensure that decisions that we are involved with keep the core values of the organization in mind and that our work furthers the goals of the organization.

Innovation & Excellence

We are always looking for ways to improve the way that we do things within our department. We want to ensure we are providing the best possible service in the most efficient manner. We also use our expertise to help further the work of other departments in the areas of innovation and excellence.

Finance

The Financial Services Division is committed to supporting County Council and all County departments by being a key business partner and by providing timely and accurate financial information, developing sustainable capital and operating budgets, managing accounts payable and accounts receivable effectively, minimizing expenditures, business case analysis, and mitigating risk.

The Finance department oversees the entire County budget of over \$100 million annually. We provide support to all County departments to record and report all financial transactions, perform purchasing functions, and implement financial policies and internal controls. The Finance department's primary objectives are to provide strategic, planning and financial leadership, and operational accounting support. Below is a description of the Finance department's service objectives:

Strategic, Planning & Financial Leadership

- Provides a short and long term financial framework that supports the strategic directions of Council, protects the County's financial position and minimizes risk to the taxpayer
- Acts as a key business partner in providing analysis and financial expertise
- Establishes and documents fair financial business practices and policies
- Identifies areas of financial risk to the Corporation and supports the implementation of internal business controls to mitigate risks



- Applies best practices in financial processes and makes recommendations on the continuous improvement of procedures and efficiency opportunities

Operational

- Maintains the accuracy, security and integrity of the corporation's books of account
- Co-ordinates and provides leadership in the preparation of the annual operating and capital budget
- Advises Council on a regular basis of the financial condition of the Corporation including analysis of financial results and stewardship
- Administers the County's accounts payable system
- Obtains goods and services at the best value to the Corporation
- Administers the County's accounts receivable system

Provincial Offences

Charges are issued under the Provincial Offences Act by various enforcement agencies within Northumberland County for non-criminal violations including those found under the Highway Traffic Act, Cannabis Control Act, Compulsory Automobile Insurance Act, Liquor License Act, Environmental Protection Act, to name a few.

Enforcement agencies include the O.P.P., Cobourg and Port Hope Police Services, Ministry of Transportation officers, Ministry of the Environment officers, CN Police, and By-Law enforcement officers.

Mandatory Programs

Finance

The Finance department is a mandatory function although we support both mandatory and discretionary programs administered by the operating departments.

Below are the core services provided by Finance:

- Financial Planning & Budgeting
- Purchasing
- Accounts Payable
- Accounts Receivable
- Financial Reporting
- Risk Management
- Asset Management
- Internal Controls

Financial Planning & Budgeting – The Municipal Act requires that all municipalities prepare an annual budget. The budget must capture all expected operating and capital expenditures as well as identify all sources of funding. Any end of year surpluses, or deficits, must be included in the budget process for the following year. County staff prepare a cash based budget to determine the required levy but are also required to prepare an accrual based budget for financial reporting purposes. Both the cash basis and accrual based budgets are presented to County Council and approved.

The Finance department supports all other County departments in preparing their annual budgets and 10 year long-term financial plans under a long-term financial planning framework. The annual budget is developed starting in June of the preceding year. The draft budget is generally presented to Council, the public and posted on the website in December with subsequent approval occurring in January or February. Finance oversees the annual budget process and leads the following functions:

- Setting a detailed schedule of actions and timeframes
- Developing templates and budget development tools
- Consolidating data for the County on both an accrual and cash basis
- Reviewing for consistency to prior years and alignment with Council objectives
- Ensuring the overall County budget and each individual department budget is balanced on a cash basis
- Determining annual levy requirements



- Ensuring long term plans are reasonable, complete and adequately funded
- Presenting the overall draft budget to Council including reserve contributions and debt requirements
- Uploading the budget into the financial system
- Monitoring the financial results and measuring against the approved budget

In addition to the annual budget, the Finance department works closely with all departments to develop and maintain long term financial plans. The long term plan identifies capital and operating needs, potential revenue sources, reserve contributions, investment strategy, and debt financing. It is very important to balance both the short and long term needs of the County when developing both annual budgets and long term plans. A 10 year comprehensive, long term plan was initially developed and presented to Council in 2012 under an adopted long-term financial planning framework. This plan will be used as the basis for each year's annual budget and future year's will be reviewed and updated based on new information, funding or legislative changes, economic predictions and other relevant factors.

Purchasing – The Finance department ensures the County receives the best total value when purchasing goods and services. Finance works closely with each department to develop tenders/RFPs for large purchases and oversees the purchasing process. Finance also monitors vendor compliance with the purchasing by-law and terms of the tenders and RFPs.

The purchasing policy is documented in by-law 2018-26. The Purchasing/Risk Manager ensures that policies are strictly followed so all vendors are treated fairly and the purchasing process is clear and transparent. The procurement by-law was revamped in 2018 with significant revisions to reflect best practices and recent developments in procurement law and trade agreements. An electronic purchase order system aligned with requirements under the procurement policy is utilized which significantly enhances the internal controls for the purchasing process.

Accounts Payable (AP) – All County bills are paid by the Finance department with the exception of payments generated through the Social Services system. The payment process includes:

- Managing the vendor master records
- Verifying invoices are correct
- Confirming the financial coding is accurate
- Entering the information into the financial system
- Printing cheques and sending electronic files to the bank

Invoices are verified, approved and coded for entry into the financial system by the department receiving the goods or services. Finance provides a secondary review for reasonableness and accuracy and then processes for payment. The AP process incorporates payments matched to electronic purchase orders as required.



The AP process is inclusive of electronic methods of payment such as electronic funds transfers. This adopts best practices and enhances internal controls. Controls were further improved through process changes such as segregating the vendor set up and invoice payment processes and electronic work flow controls. The AP function continues to move toward best practices and has implemented payments through electronic funds transfer (EFT) to employees and routine vendors/payees. The use of purchase cards has further enhanced controls, automated processes and provided the benefit of a rebate for usage.

Accounts Receivable (AR) – The Finance department collects money and records the receipts in the financial system. The County receives payments by cash, cheque, debit, credit card, and electronic fund transfers. Controls are in place to safeguard all forms of payment.

The County receives payments from a variety of sources such as:

- Federal and provincial government subsidies,
- Conditional and unconditional grants,
- Levy for general purposes,
- Commercial leases and Social Housing rent,
- Provincial Offences fines,
- Garbage bag tags and waste tipping fees,
- Sale of recyclable materials,
- Long term care accommodation,
- Interest and investment income,
- Miscellaneous fees and charges (i.e. entrance permits)

On an ongoing basis, the Finance department works with the operating departments to improve the controls for cash receipts and has implemented a program for internal cash audits.

Financial Reporting – The Municipal Act and Public Sector Accounting Standards (PSAB) govern the County's financial reporting. This legislation and the PSAB guidelines require regular reporting to Council and the County managers so they are able to make sound business decisions in a timely manner. Financial statements must be prepared in compliance with PSAB to ensure completeness and consistency in financial reporting across all municipalities in Canada.

The County prepares annual financial statements that are published for Council, the public, and our business partners such as lenders. These statements are audited to ensure compliance with the PSAB accounting standards. The County has also been providing formal Annual Reports over the past several years. The Finance department is also responsible for coordinating reporting to various Provincial Ministries and funding programs. Monthly reports are provided to the



Finance Department Coordinators and operating departments. In addition, we continue to provide quarterly reports to Council. The quarterly reports include year to date financial performance compared to budget and yearend projections as well as procurement activity reporting as required under the Procurement Bylaw.

Risk Management - In addition to all legal, property and insurance matters, this area includes the management of the corporation's exposure to the risk of accidental and business losses. The County actively maintains its risk management policies and procedures throughout the entire operation. We proactively monitor current events and issues to apply risk mitigation strategies and best practices. Staff have established a network of contacts throughout the municipal sector to stay apprised of risk concerns.

Fixed Assets – Full accrual accounting was adopted by Ontario municipalities in 2009 and it is now the responsibility of the Finance department to maintain a complete and accurate listing of all assets owned by the County as well as to ensure the assets are recorded at the proper value. The acquisition cost of the County's assets is \$319M. It should be noted that all assets are recorded at the value of date of acquisition which in some cases may have been many decades ago. Some of these assets have been in service for a number of years and the net book value of the total County assets is \$178M. A strategy for the ongoing repair and maintenance costs of these assets as well as the replacement of aging assets will be an area of significant focus over the next several years with the updating of the County's Asset Management Plan under parameters outlined within the County's Asset Management Policy that was approved by Council in 2019. Asset lifecycle modeling will be achieved utilizing data collected from an Asset Management software system that was implemented in 2019 sourcing financial data via system integrations with the ERP Financial system and asset condition assessments.

The Province approved new asset management regulations that took effect on January 1, 2018. Under the new regulations all municipalities are required to adopt formal asset management policies by July 1, 2019 which was completed by the County. By July 1, 2021 all municipal governments will be required to have adopted asset management plans for core assets and then all other municipal infrastructure assets by July 1, 2023. Updates to the plans would be required at least every 5 years.

All TCAs are amortized per the amortization schedule for that class of asset and amortization will be captured in the financial statements annually. All County assets are amortized using the straight –line method of amortization. The capture of fixed asset data is an integral part of understanding the future cost of infrastructure replacement and the financial implications.



Debt & Investment – The Finance department is responsible for managing all loans and mortgages to ensure funds are borrowed for approved projects and within the relevant legislation. Additionally, rates and repayment terms should be competitive and reasonable for the size and nature of the project. At the end of 2019, the total County long term debt was \$11.9M. Further, unfunded capital from 2019 in the amount of \$1.1M for uncompleted projects planned for debenture financing along with the final project costs incurred in 2020 will be financed by debenture in 2020 for works related to the Trent Hills Shared Emergency Services Base. The overall level of debt is well below the provincial averages for similar counties in southern Ontario and the Annual Repayment Limit as set for the County by the Ministry of Municipal Affairs and Housing. The 2020 budget includes \$8.7M in new long term debt reflective of construction financing towards the rebuild of the Golden Plough Lodge as managed by the Major Capital Projects Department. Further, the long term plan projects that the County's debt level will start to increase through the years 2021-2022 with the continuation of construction/debenture financing to be sourced for the rebuild of the Golden Plough Lodge.

Managing all day to day banking is the responsibility of the Finance department as well as investing any funds that are not required for current operations. The investments must be in compliance with the Municipal Act and County policy. Historically, the County made insignificant contributions to reserves in an effort to balance immediate and long term needs against reasonable levy increases. The County has made a conscious effort to increase reserve contributions over the past several budgets. As the level of reserves increases, the Finance department will be responsible for the management of investments. At the end of 2019, total County reserves were \$59.3M.

The County has adopted an investment strategy of investing funds to align with liquidity needs ensuring maximization of yields. The County contracts for investment services for expertise and full access to securities.

Internal Controls – The Finance department ensures policies and procedures are in place to protect the assets of the County from theft, fraud, loss or misuse. Controls also make sure the finances are reported correctly. It is imperative that such a large, complex business operation have a formal business control structure in place and functioning effectively.

Provincial Offences

Once a charge is issued by an enforcement officer, they have seven days to have it "filed" (delivered to the POA office at 860 William St.) for accurate and timely processing and



administration. Charges received after seven days are considered “late filed” and refunds must be generated to those individuals who paid the ticket immediately.

Northumberland POA receives approximately 15,000 to 18,000 charges per year which are issued in the form of a Part 1 - Certificate of Offence, Part - 2 Parking or By-Law Infractions, and Part 3 – Information.

A Part 3 Summons/Information is issued to individuals when the charges are more serious in nature such as speeding in excess of 50 kms over the posted speed limit, driving while under suspension, and driving without insurance. Part 3 Summons/Information involves a mandatory court appearance and penalties are determined by the court upon conviction. Responsibilities for the prosecution of Part 3 offences were intended to be downloaded by the Province to municipalities in 2019, under the previous government’s agenda; however a firm commitment to the download and a timetable for that change has yet to be established by the current Provincial government.

A person charged with a “traffic ticket”(Part 1 Certificate of Offence) issued by the officer at the side of the road for minor offences such as speeding, liquor out of residence, etc, has 15 days to exercise 1 of 3 options available on the back of the ticket,

- Option 1 – Voluntary Plea of Guilty – Payment out of Court
- Option 2 – Guilty with submissions as to penalty – Individual meets with Justice of the Peace to plead guilty as charged and can request a reduction of the monetary penalty or time to pay.
- Option 3 – Not guilty - Trial Option – Individual receives a Resolution Notice, allowing them the opportunity to meet with the Prosecutor to try to come to a resolution. If a resolution can be agreed upon between the individual and the Prosecutor, the individual will appear on the same day before a Justice of the Peace. The Justice of the Peace may amend or reduce the fine and may award time to pay, without the matter having to go to trial.
- Those who are seeking outright dismissal of the charge will proceed directly to trial court and argue their case with the Prosecutor before a Justice of the Peace.

When the Municipal Prosecutor is preparing for Trial, it is necessary for the Prosecutor to review all of the police officers notes regarding the incident (disclosure); prepare detailed questions and conduct examinations with the defendants, police officers, witnesses and research all pertinent case law prior to the Trial date. The prosecutor undertakes the responsibility to prepare and file appeals in circumstances where he believes the Justice of the Peace has erred in their decision in addition to representing the County on Defendant appeals.



Collections – The Collection Manager works with individual debtors to recover money that has been outstanding for a significant period of time. The County employs two 3rd party collection agencies to perform collection duties and the Collection Manager monitors the progress of the 3rd party agencies. The primary collections focus is on POA fines but there are several active files related to receivables at the Golden Plough Lodge, waste facilities, Ontario Works overpayments, and Social Housing rents and damages. The Collection Manager continuously is looking at implementing new processes to maximize the recovery of POA receivables.

The Collection Manager is a member of the MCMA Collections Committee which offers an excellent networking opportunity as well exposure to best practices of other POA courts.

Discretionary Programs

Finance and Provincial Offences

All Finance and Provincial Offences activities are mandatory.

Partnerships

We have developed partnerships with all other support and operating departments in the County. We have also developed partnerships with the seven municipalities within Northumberland County and we have a particular focus on promoting shared services throughout Northumberland.

Members from Finance and POA participate in a number of inter-municipal working groups and committees and are also involved with boards of other community organizations.

Environmental Scan

Finance

Population & Demographics

The Finance Department provides financial oversight to all County departments: Community and Social Services, Transportation, Facilities & Waste, Paramedics, Economic Development, Tourism, Land Use Planning the Golden Plough Lodge, and all other corporate departments. In addition to supporting internal departments, Finance also manages relationships with the seven



member municipalities of the County and works cooperatively with the 12 other upper and single tier municipalities in Eastern Ontario through the Eastern Ontario Wardens Caucus.

Funding

The Finance department is funded through the County levy. Costs are allocated to each department based on usage and level of support. For simplicity, departments are allocated costs based on their percentage of the overall County budget. Below is a summary of the method of allocation for each corporate department:

- Information Services - # of computers used by department
- Human Resources - # of staff employed by department
- Finance – relative portion of County budget
- Facilities – square footage occupied by department
- Corp/CAO/Clerk/Communications – relative portion of County budget

Legislative

All accounting must be in compliance with GAAP and PSAB accounting guidelines as well as the Municipal Act. The books of account are audited annually by an independent accounting firm, Baker Tilly KDN LLP, and an audit opinion is published. In addition, the Finance department is responsible for various data submissions and report to provincial ministries, StatsCan, etc.

Economic Factors

The total County budget for 2020 was \$140.4M. The levy portion of the budget was \$58.7M with proposed operating costs of \$102.2M, capital costs of \$30.0M and debt principal repayment of \$1.5M. The estimated net reserves change was a reduction of \$7.2M in the year. After adjusting for 2019 project carryover financing reserves the net reserve change represented a decrease of \$2.5M. Although funds continue to be allocated into reserves during the year as contemplated by the long term plan, financing from a specific reserve for the redevelopment of the Golden Plough Lodge is being sourced for its intended purpose. Excluding assessment growth, the levy increased 2.6%. This was made up of a base levy increase of 2.7% and a slight decrease of 0.1% for the dedicated infrastructure levy as calculated based on estimated recurring capital investments. Identified as a priority within the County's Strategic Plan, County-wide development charges were implemented during 2020 and will provide for an additional source of financing towards growth related capital pressures within the long-term financial model.



The Finance department monitors economic factors and indices throughout the year and makes recommendations for development of the annual budget and updates to the long-term financial plan.

Provincial Offences

Population and Demographics

A large portion of charges issued in Northumberland County are non-local individuals traveling through the 401 corridor.

Legislative

Provincial Offences Administration operates under the terms and conditions set out in the transfer agreement and Memorandum of Understanding with the Ministry of the Attorney General. Policies and procedures are governed by legislation and case law and subject to change accordingly.

Economic Factors

Revenue from POA fines is determined by enforcement and charges issued as well as clients willingness and means to pay.