

The Township of Cockburn Island  
Municipal Modernization Program  
Service Delivery Review - Final Report

November 30, 2021



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## EXECUTIVE SUMMARY

The Final Report to the Township of Cockburn Island (CI) for the Municipal Modernization Program (MMP) is contained herein and summarizes the recommendations for current service delivery improvement and potential modernization opportunities based on an analysis of historical demographic and financial data provided by the Township, and consultation/information review with CI stakeholders on service delivery.

Generally, Townships/Municipalities run a “pretty tight ship” and it is hard at first blush to find efficiencies, just from the numbers. Therefore, it was important to hear from Cockburn Island Council and staff/contractors, their challenges and opportunities for improvement.

In the end, the majority of the efficiencies and modernization opportunities are qualitative rather than quantitative, given the unique service delivery processes and isolation of CI. As such, implementation of the recommendations as outlined in the action plans will result in the overall efficiency in the governance and administrative processes for the Township, and cost savings in the quantitative areas of financial and tax roll management.

Small and rural municipalities have limited capacity to plan, modernize and improve the way they provide services to their communities and thus recommendations must be actionable. This report’s approach is to provide achievable improvements / efficiencies to the current state as priority areas, with an eye for the future. Secondly, these priorities are summarized with either qualitative efficiency measure or costs savings or both and categorized as a capital improvement, liability / safety / contingency, operating efficiency and/or improved service delivery priority.

The report that follows details the MMP approach used and findings for the Township of Cockburn Island and annual and one-time savings of time and funds with a focus on:

- Financial and Governance Processes - Current State Assessment
- Service Delivery Assessment - ten questions about service improvements and expenditure with management responses
- Recommendations - that take the form of priorities or what needs to be addressed by CI with Action Plans outlining the roles of governance and administration in their implementation
- Efficiency/Savings Summary - short-term qualitative and quantitative improvements from the priority areas and longer-term items for consideration. In the case of CI, many of these are risk management/contingency items given CI’s unique situation, to avoid a large increase in expenditures (e.g. barge contract, wharf improvements, aging seasonal tax base and dwellings, succession issues, etc. - essentially to avoid a significant expenditure hit)

Finally, given the limited capacity in small townships, a longer-term look is taken on more advanced efficiency or modernization opportunities to ensure they are considered, and capacity developed to possibly address.

Accordingly, this report provides specific short-term actionable plans to improve efficiency in the current state and potential opportunities (alternatives / recommendations) for consideration of Council and administration in the long-term. Below are the 5 key priorities that need to be addressed by the Township of Cockburn Island with regard to service delivery:

- Planning, Policy, and Communication - contingency planning, updating policies and improving internal and external communication
- Finance/Administration Services - professionalizing - provide policies, HR tools and key process maps
- Asset Management Plan (AMP) - update of plan in 2023 & management of AMP to provide timely updates
- Technology/Software - QuickBooks and municipal software improvements/cost savings
- Economic Development Opportunities - consider a strategic economic development plan and partnerships

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## INTRODUCTION

We provide for your review the Final Report to the Township of Cockburn Island (Township or CI) for the Municipal Modernization Program (MMP). MMP funding was provided to the Township to undertake a service delivery review with the goal of finding efficiencies and lowering costs in the longer term. This report is based on BDO's August 4, 2021 engagement letter and provides a current service delivery review based on an analysis of financial data and review of other information provided by the Township.

The MMP process undertaken is outlined in the following chart and demonstrates the areas of review including analysis, consultation and assessment performed and how the accompanying recommendations/actions are intended to flow from the review to improve service delivery.

### MUNICIPAL MODERNIZATION PROGRAM - PROCESS

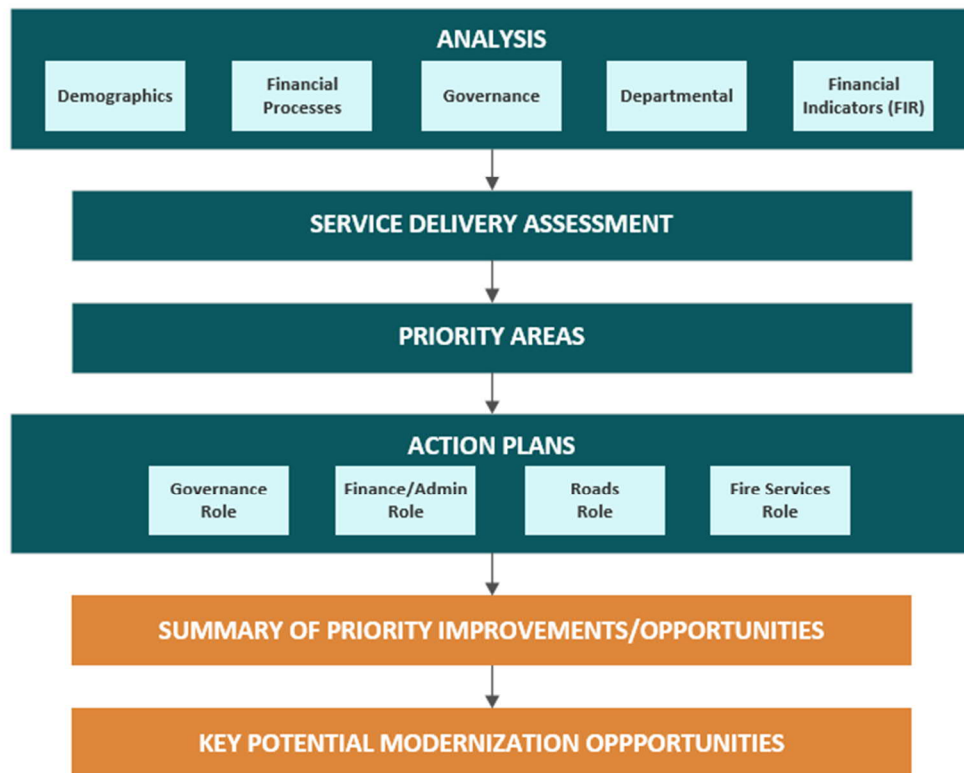


Chart 1 Municipal Modernization Program - Process

Generally, Townships/ Municipalities run “a pretty tight ship” and it is hard at first blush to find efficiencies just from the numbers. Therefore, it was important to consult with Council, staff, and other external stakeholders to understand their challenges and opportunities for improvement.

In the end, from an overall review of service delivery, many of the efficiencies and modernization opportunities are qualitative rather than quantitative. As such, implementation of the recommendations as outlined in the action plans will result in overall efficiency, particularly as governance and administration work towards best practices for their respective roles and taking advantage of their low risk financial indicators/position or areas where service delivery is already fair to good with a goal of outlining what needs to be addressed with respect to:

- operating structure and service levels
- operating effectiveness and efficiencies
- maintenance of adequate service levels
- potential cost reductions
- enhancements to the long-term financial sustainability and contingency planning

Given Cockburn Island's unique circumstances of geographic isolation and seasonal services, an overall service delivery review as described above may provide best practices recommendations that are not easily employed by the Township. Thus, a review and discussion of the findings herein will provide a course of action that addresses this uniqueness. Knowing this, the Township has requested a specific review of areas including:

- Auditor's Management Letter including:
  - outlining accounting system efficiencies,
  - and, general ledger improvements (formatting and account clean up),
- Process review and identify areas to map to assist transitioning of Clerk-Treasurer (C-T) position,
- Asset Management Plan review and assist with next steps,
- and specifically; areas of improvement for:
  - zoning bylaws that consider the uniqueness and isolation of Cockburn Island and its ratepayers/stakeholders,
  - marina/wharf operations,
  - economic development.

Accordingly, the final report will provide specific short-term actionable plans to improve efficiency and potential opportunities for improvement requested by Council and administration.



## BACKGROUND AND DEMOGRAPHICS

Cockburn Island is a township in the Canadian province of Ontario, located within the Manitoulin District. It is separated from the westernmost point of Manitoulin Island by the Mississagi Strait, and from Michigan's Drummond Island by the False Detour Channel. 2016 statistics provide:

Population of	2 (with 91 seasonal landowners)
Land area of	171.04km <sup>2</sup>
Population density of	0/km <sup>2</sup>
Median age at	0
Total private dwellings at	91 (up from 86 in 2016)
Median household income at	\$0

### Huron Timber Co. and Nature Conservancy of Canada

The Huron Timber Co. owned about 85% of the land until the Nature Conservancy of Canada's purchase of 26,514 acres in 2012. The Huron Timber Co. has retained 9000 acres and has been working selected parts of the island, cutting both hardwood and softwood as the market demands. Periodically, new haul roads are built to reach some of the more isolated timber stands, although there are still many parts of the island that have not been recently harvested.

Since 2012, the Nature Conservancy of Canada (NCC) has been leading an international effort to conserve habitat on Cockburn Island. To date, NCC has protected 26,514 acres, over 60% of the island, and an incredible 48 kilometers of undeveloped shoreline, in an effort to protect one of the largest Great Lakes islands and coastal ecosystems. Cockburn Island was ranked one of the top 10 islands for its conservation importance, lack of disturbance and biodiversity. The diverse and undisturbed habitats provide a benchmark of ecosystem health.

### Seasonal

The island's regular ferry service was discontinued in the 1960's, leading to a significant decrease in population. At present time, Cockburn Island contains 91 private dwellings that are owned and occupied by families / seasonal residents / vacationers, which increases the population to around 200-300 in the summer months. Cockburn Island acts similar to a seasonal campground. Instead of trailers packed together CI has houses separated by good-sized yards. The community is comprised mainly of senior citizens, but their next generation is becoming more present as time goes on. Due to access issues, ratepayers visit but cannot typically live on the island year-round (there are a few exceptions). Apart from roads, marina, community hall, heritage buildings, helipad for ORNGE, First Aid station, cell service (inconsistent) CI mostly provides a safe, comfortable, friendly, and peaceful social environment, including an active deer hunting season. Island seasonal residents tend to help each other to a high degree.

Historically, Cockburn island had a permanent residence of up to 1,000 people, but it has now evolved into seasonal/cottage country where the population has a significant increase in the summer and a decline in the winter. As a result, wharf, roads, and emergency services are key service delivery areas for the Township. Additionally, from an administrative perspective, there are no opportunities to cross train, share service delivery and use a team approach to senior management, items one would see in most Township service delivery reviews. As such, CI basically reacts to taxpayer needs and risk areas. For example, over the last few years CI built a forest fire break around the village area to prevent a Fort McMurray type disaster. CI maintains the dock to ensure access. Vision for the future is more focused on ratepayer needs than is typical for a municipality, but economic development may be a consideration as the uniqueness of the island has some potential. At this point, Council is reluctant to do much in this area, unless tax and government revenues diminish and effect service delivery.

## FINANCIAL ANALYSIS/REVIEW

### Current State Assessment - Trend Analysis

The current state assessment analyzes operating expenditures and sources of funds for the Township over the last five years of available financial data (2015-19) to identify trends versus one-time anomalies to establish areas of concern. The operating expenditure and revenue source review follows:

#### Operating Expenditures Review

An analysis of operating expenditures (excluding Amortization) for the past five (5) years shows an increase of \$253,094 or 16% annual increase for the identified period. Most of the expenses are typical and variations immaterial.

With regard to expenditures related to Salaries and Benefits, they have increased an average of 15% over the period. The increase is essentially inflationary, but the concern is that there is one employee under an employment contract providing all maintenance services for CI's infrastructure service delivery areas including: building, roads, emergency services and wharf. An employment contract is in place for the position, but job retention/succession planning for the position is identified as a problem area, given the remoteness of Cockburn Island and potential lack of interest in the position.

Secondly, expenses related to Materials and Supplies purchased increased 34%, which can be attributed to materials related to provision of buildings, roads and wharf and the difficulty of transporting these materials to CI. The Township has By-Law #2021-04 that directly factors the cost of materials and services to establish fees and charges to be applied for goods and services supplied by the municipality, which provides a cost recovery approach. The greatest concern is the availability of the current barge service provider. Seeking alternatives could lead to a significant increase in this expenditure and impact service delivery and its cost. Rent and Financials decreased by 15% on average and External Transfers increased by 16% on average due to the obligatory DSSAB payment of health, social and family services and social housing.

	2015	2016	2017	2018	2019	5 Year Average
Salaries and Benefits	40,010	47,871	39,653	49,571	66,227	48,666
Materials and Supplies	63,934	60,437	103,137	143,597	189,745	112,170
Contracted Services	69,530	61,525	53,921	64,654	71,961	64,318
Rent and Financials	1,607	1,026	755	681	772	968
External Transfers	25,640	24,483	25,643	29,636	29,452	26,971
<b>Total Expenses</b>	<b>200,721</b>	<b>195,342</b>	<b>223,109</b>	<b>288,139</b>	<b>358,157</b>	<b>253,094</b>

Table 1 Operating Expenditures Analysis

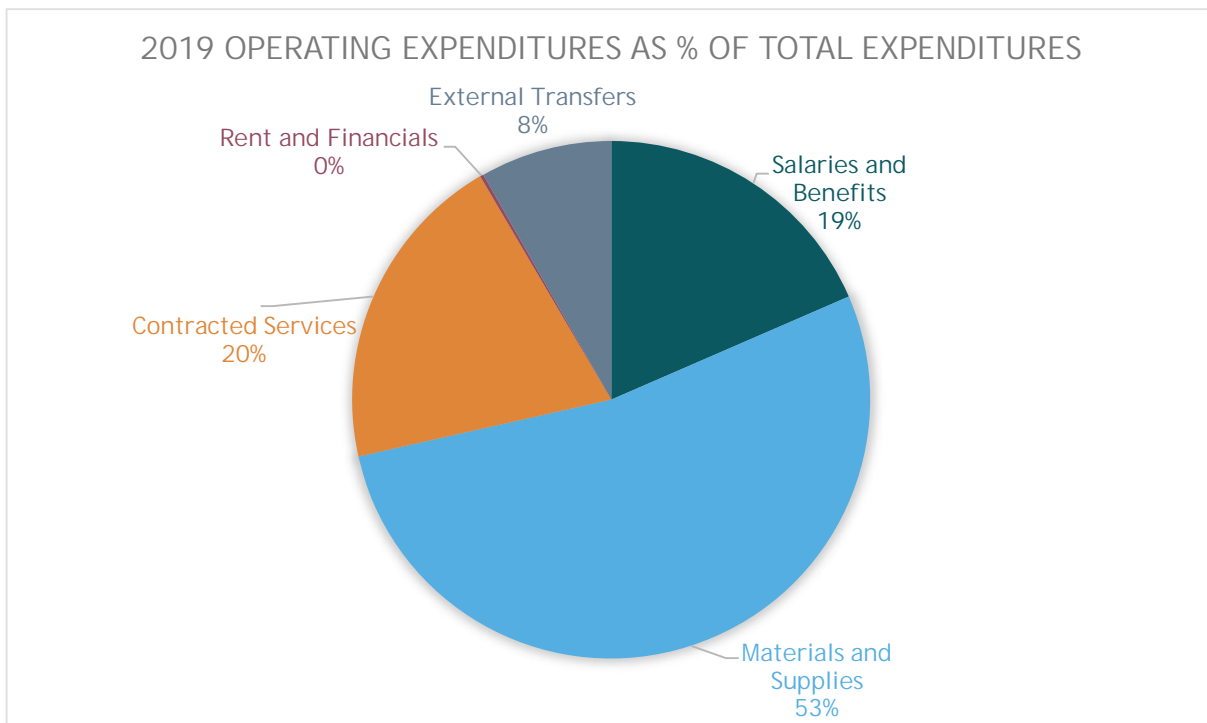


Chart 2 2019 Operating Expenditures as % of Total Expenditures

## Funding Sources Review

For the 2019 fiscal year, the Township of Cockburn Island generated and received \$511,047 in revenue. Of the total revenue, 22.8% is comprised of local funding sources (i.e. property taxes and user fees) - a total of \$116,533 in revenue dollars. Property taxes increased an average of 9% over the five-year period of 2015 to 2019 with user fees increasing an average of 0.4% over the same period. An identified issue is the aging of ratepayers' dwellings. As the next generation transitions into ownership of property on CI, a concern is their want and ability to access and maintain their family property. The Township should be cognizant that some may, and others won't maintain their inheritance and plan for transition.

The Ontario Grants revenue has significantly increased throughout the identified period. In 2015, the Township of Cockburn Island received \$135,826 in Ontario Grant revenue, since then it has increased on average 31%, with an 86% increase in 2019 to \$360,080. In 2019, the Township of Cockburn Island received \$118,300 from the Ontario Municipal Partnership Fund (OMPF), along with \$241,780 from Ontario conditional grants, which is an increase from \$74,972 in 2018.

Interest on penalties and taxes revenue has varied from \$694 in 2015 to a high of \$3,145 in 2017 and a decrease to \$645 in 2019. Revenue from licenses, permits and rents have fluctuated from \$0 in 2015, 2016, and 2019 to \$496 and \$342 in 2017 and 2018 respectively.

The change in investment income is insignificant and has varied over the reported period, most notably 2018 where it increased from \$317 the previous year to \$3,428.

Increase in Other, are monies received from the Natural Conservancy of Canada (NCC). The NCC has been leading an international effort to conserve habitat on Cockburn Island. To date, NCC has protected 10,730 hectares, over 60% of the island, and an incredible 48 kilometers of undeveloped shoreline.<sup>1</sup>

	2015	2016	2017	2018	2019	5 Year Average
Taxation	79,152	83,569	84,734	102,997	111,911	92,473
Ontario Grants	135,826	136,401	167,900	193,272	360,080	198,695
User Fees and service charges	4,784	4,393	4,157	5,047	4,730	4,622
Licenses, permits and rents	0	0	496	342	0	419
Donations	2,434	7,287	6,446	4,558	6,027	5,351
Investment income	352	262	317	3,428	5,072	1,886
Interest and penalties on taxes	694	1,474	3,145	801	645	1,352
Other	3,300	21,760	15,184	14,771	22,582	15,507
<b>Total Revenue</b>	<b>226,544</b>	<b>255,146</b>	<b>282,379</b>	<b>325,156</b>	<b>511,047</b>	<b>320,054</b>

<sup>1</sup> [NCC: Where We Work - Ontario - Cockburn Island \(natureconservancy.ca\)](https://www.natureconservancy.ca)

Table 2 Funding Sources Analysis

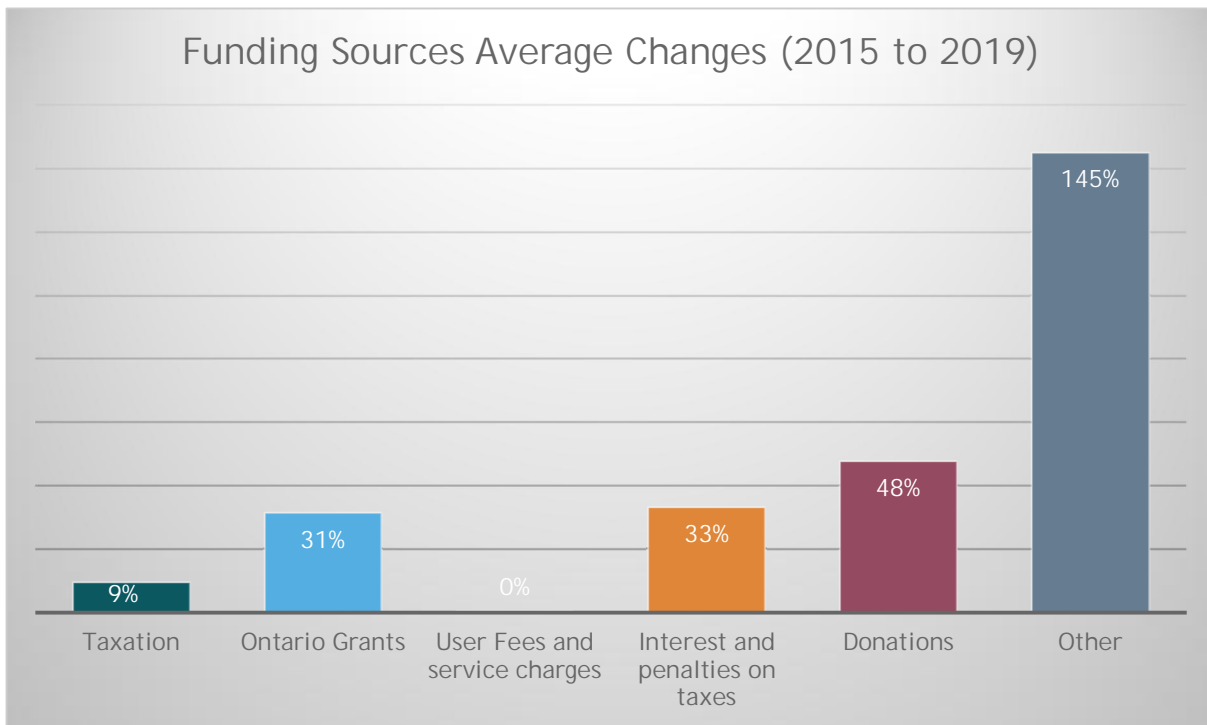


Chart 3 2015-2019 5-Year Average Funding Sources / Revenue Breakdown

### Operating / Funding Review - Efficiency/Modernization Opportunities

From the operating expenditures / funding review the following efficiency / modernization opportunities exist:

- Salaries, Wages and Employee Benefits - An employment contract is in place for the C-T and lead hand position, but job retention/succession planning for the position is identified as a problem area, given the remoteness of Cockburn Island and potential lack of interest in the position. C-T position is a contract for services and should remain that way. Possible contract savings achieved through software implementation.
- Materials - The greatest concern is the availability of the current barge service provider. Seeking alternatives could lead to a significant increase in this expenditure and impact service delivery and its cost.
- Grants - Cockburn Island's ability to source grants and other revenue has been very good, and these revenue streams have supported revenue growth and contribute to a significant portion of total revenue. Changes in funding formula has rural townships facing decreases overall and should be considered when seeking funding and planned for. Opportunity for the pursuit of capital and operating grants requires staff time availability and a shovel ready approach (supporting documents and relevant studies and plans in place).
- Planning/Policy - The Township has By-Law #2021-04 that provides a cost recovery approach for expenditures, but CI should ensure asset replacement is factored in. The Township is a by-law based organization that should consider the uniqueness

and isolation of Cockburn Island and its ratepayers/stakeholders based on the findings of the MMP for planning and policy. As an example, future support for tax base requires an understanding of the seasonal demographic and their dwellings age. The greatest concern is the availability of the current barge service provider. Seeking alternatives could lead to a significant increase in this expenditure and impact service delivery and its cost. Contingency planning in these two areas should be undertaken.

- Other/Economic Development - As global interest in climate change, habitat preservation and conservation increases, CI has successfully established on-going relationships with charities/conservancies; particularly, the Nature Conservancy of Canada that has received funding from various individuals and foundations to conserve habitat on CI. CI has successfully and prudently negotiated fair assessment with NCC and should continue to take advantage of its natural resources and use this strategy and other economic development strategies (e.g. tourism, etc.) to maintain assessment base.

## Financial Process Review

According to the Association of Municipal Managers, Clerks and Treasurers of Ontario (AMC-TO), the financial management framework of a municipality is defined as the planning, directing, monitoring, organizing, and controlling of resources to meet the objectives of the municipality. Good financial management is one of the cornerstones of the success and sustainability of any municipality. It focuses on managing resources today through a combination of effective controls and accountability for results as well as ensuring that plans are in place to support long term strategic objectives. Annually, municipalities are required to have these processes and their outcomes reviewed as part of the financial audit. What follows is the management letter review component and accompanying efficiency/opportunity recommendations for improvement:

## Management Letter Review

Items from Report to the Members of Council - Communication of Audit Results for year ended December 31, 2019 (BDO):

Note that for the purpose of this Management Letter Review section, 'We' refers to BDO Auditors

## Budgeting and PSAB

Presently, the budget is prepared on a modified accrual basis while the financial statements are prepared on a full accrual basis. The main difference between these two methods is that capital expenditures are recorded as assets and amortized in the financial statements. As well, transfers to and from reserves, unfunded liabilities and unfunded capital expenditures are treated as equity items in the financial statements rather than revenues and expenditures as is done in the budget process.

This means that the budget does not align with how the financial statements are presented and how PSAB mandates the budget be prepared.

It is recommended that you consider implementing full cost accounting in the budgeting process. If the budget is not prepared in accordance with PSAB, we recommend that you review the Ontario Regulation 284/09 of the Municipal Act regarding council resolution.

### Perpetual Care and Maintenance Trust

At the end of the year the trust fund balance is currently at \$1,350. As these funds separate from the Municipal's operating fund and interest is to accrue to the benefit of the fund and only the interest can be used against cemetery costs, we recommend that a separate Cemetery Trust Fund bank account be opened and once the bank account is opened. The Municipality then transfer \$1,350 to it to represent the plots sold to date.

### Segregation of Duties and Dock Fees

As noted in the previous year we noticed that there was a lack of segregation of duties regarding collection of dock fees and would like to bring this to the attention of the Mayor and the Council. One of the basic aspects of internal control is a separation of duties so no one person controls all phases of an operation such as receiving cash receipts, handling cash receipts, and recording cash receipts. This lack of segregation gives opportunity to the person controlling all functions to perpetrate a fraud. In small departments within Municipality such as the Dock operations this is not an uncommon practice. We are not recommending changes but wish to point out that the opportunity for fraud exists.

### Liability for future landfill closure and post-closure costs

It has been several years since an engineering study has been done on the costs to close and monitor the Township's landfill site. Accordingly, we recommend that you review the operation to determine whether an updated study is necessary.

## Financial Process - Efficiency/Modernization Opportunities

### Budgeting and PSAB

The budget does not align with how the financial statements are presented; both should be prepared under full cost accounting. An opportunity exists of training the current bookkeeper/treasurer to ensure both statements are prepared under the correct basis of accounting. Not expected to change in short term, difficult for smaller Townships to deal with.

### Perpetual Care and Maintenance Trust

No separate cemetery account as the revenue would average less than the bank fees. There is no trust fund as the Township pays to maintain the cemetery. CI will continue to be off-side in this regard unless the Province forces otherwise.

## Segregation of Duties and Dock Fees

Segregation of duties is often an issue raised by Auditors, but it is difficult to accomplish with few staff, and smaller municipalities do the best they can to segregate duties. There is no easy solution with a one person contracted finance and admin or dockage other than involving more people in the process.

## Liability for future landfill closure and post-closure costs

A review of the current operations to determine whether an updates study is necessary. If necessary, an application should be submitted immediately to ensure costs to close and monitor the site are mitigated.

An Accounts Payable subledger could be utilized to increase efficiency in the accounting process. The bank rec's hold very old and outstanding cheques that would require a cleanup. After a review of the 5-year leadsheet summary, the following accounts can be deleted:

- 1001 Bank Errors
- 1050 Service Accounts Receivable
- 1060 Prov Grant Rec
- 1851 Accumulated Amort. Breakwater Wharf
- 1870 Roads
- 1871 Accumulated Amort. Road
- 1881 Accumulated Parking Lots
- 4320 Fed. GST Refund

## Internal Audit Review

A review of the current financial statements from the Audit team indicates the following:

- It is recommended that the Amortization Expense accounts have their subaccounts merged to the header accounts. The detail per asset is shown on the balance sheet and does not need to be duplicated in the income statement. This is done by merging 5118 Amortization General Gov. sub accounts.
- It is recommended to review the asset list for items that are no longer there
- The Quick books file is a 2017, it should be updated every 3 years so that it remains viable with current QB files
- The adjusting entries from Caseware can be exported to a QB import file. The items that do not work are any entry to AR or AP that is not first time. CI can also not make entries that include both or multiple entries to AR or AP



## GOVERNANCE REVIEW

The governance review looks at the areas of planning (strategic and capital/operating plans are completed by Council and business plans and budgets completed by staff and approved by Council); as well as, review and approval of by-laws and policy (at least on annual basis) as well as ensuring effective structure and top down, bottom up and external communication is well designed and facilitated.

First, Mayor and Council have the power to lead the Municipality from a policy, direction setting and service delivery perspective; Council's legal power is as a collective, not as an individual.

The principles underlying this policy are simple: for Council, "Policy is yours, but management is managements." To promote good relationships, staff must respect democracy, and Council members must respect professional management and professional opinion.<sup>2</sup>

In the Municipal Act, 2001 the Role of Council is Defined:

s.224. It is the role of council,

- (a) to represent the public and to consider the well-being and interests of the municipality
- (b) to develop and evaluate the policies and programs of the municipality
- (c) to determine which services the municipality provides
- (d) to ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council
- (d.1) to ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality
- (e) to maintain the financial integrity of the municipality; and
- (f) to carry out the duties of council under this or any other Act.

Governance can be broken down into three main processes, including planning, policy, and communication (See Appendix A). Reviewing these key areas allows for an understanding of planning capabilities and service delivery.

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<sup>2</sup> AMCTO - Policy and Management Briefs Issue 02 / August 17, 2015

## Planning

The development of planning tools including, Strategic Plan, Operating/Capital Plan Business Plan/Budgets, and Performance Management need to be a priority for CI as seasonal population and dwellings age.

## Policy

Below is a breakdown of current By-Laws utilized within Cockburn Island. A regular review schedule should be developed to ensure by-laws are up to date. According to CI from list below land use/zoning bylaw needs updating while tax rate is adjusted on annual basis.

By-Law Title	By-Law No./Date
Fees and Charges	By-Law #2021-4
Asset Management Policy	By-Law #2021-03
Borrowing	By-Law #2021-01
Tax Rate	By-Law #2021-01
Wages, Honoraria, Salaries	By-Law #2021-05
ICIF COVID Resilience	By-Law #2021-06
Dockmaster Contract	By-Law #2020-07
ICIF Infrastructure	By-Law #2020-01
On-Line Meetings of Council	By-Law #2020-03
Employment Contract	By-Law #2020-08
Building Systems	By-Law #2019-09
Emergency Management	By-Law #2019-01
Zoning Amendment NCC	By-Law #2019-04
AMO Mainstreet Funding	By-Law #2018-05
CI Wages, Honoraria	By-Law #2017-04

Table 3 By-Law Utilization

## Framework

Mission, vision, and values need to be properly developed and reviewed for CI as part of strategic planning process.

## Governance

### Organizational Structure

An organizational chart should be developed, providing an outline of authority, responsibility, and accountability. This can assist in budgeting, communication, and defining roles of individuals in the Township and a process that allows for ease of succession and transition for both Council and service providers.

## Operational

### Financial

CI is by-law based organization. Financial policies should be developed and updated to support the financial operations.

### Human Resources

Wages are paid as required, annual COLA applied to wages and administration contract as per employment contracts. The administration contract amount could potentially be reduced with implementation of Quickbooks and tax software recommendations. Job descriptions in addition to employment contracts should be provided to include purpose and scope of position, responsibilities, other duties, hours of work/working conditions, and knowledge/skills. The current and future job descriptions should be regularly reviewed and formatted.

### Asset Management Plan

The asset management plan (AMP) for Cockburn Island was created in December of 2013 and last updated in 2018. The township's key assets include

- 49.1 km of road
- 18 Buildings
- Land
  - General Government
  - Protection Services
  - Transportation
  - Environmental
  - Cemeteries
  - Recreation
- 3 Vehicles
- 16 assets located throughout the Municipality
- 0.1-hectare landfill
- Wharf/Marina

The AMP has been developed to cover a ten (10) year window but is intended to be updated on a regular basis as operating conditions and municipal goals change. Updating an asset management plan is essential to keep the Township on track to continuously improve asset management practices and to remain eligible for provincial and federal grants. Ontario municipalities are required to update their plans every five years, at minimum with updates including addressing new requirements and reconciling projections with additions.

Conditions of assets are classified based on Condition Indexes (See Appendix D for Classifications).

Over the next 3 years, it is anticipated that roughly \$182,500 will be needed to cover anticipated asset replacement costs, assuming there were no major updates completed in the past 18 months. Below is a summary of the anticipated costs for each major asset area based on estimated conditions and the total additions that were made over the specified period. In the case of roads, unless major construction is undertaken expenses are not capitalized and may require engineer to update asset condition.

Roads

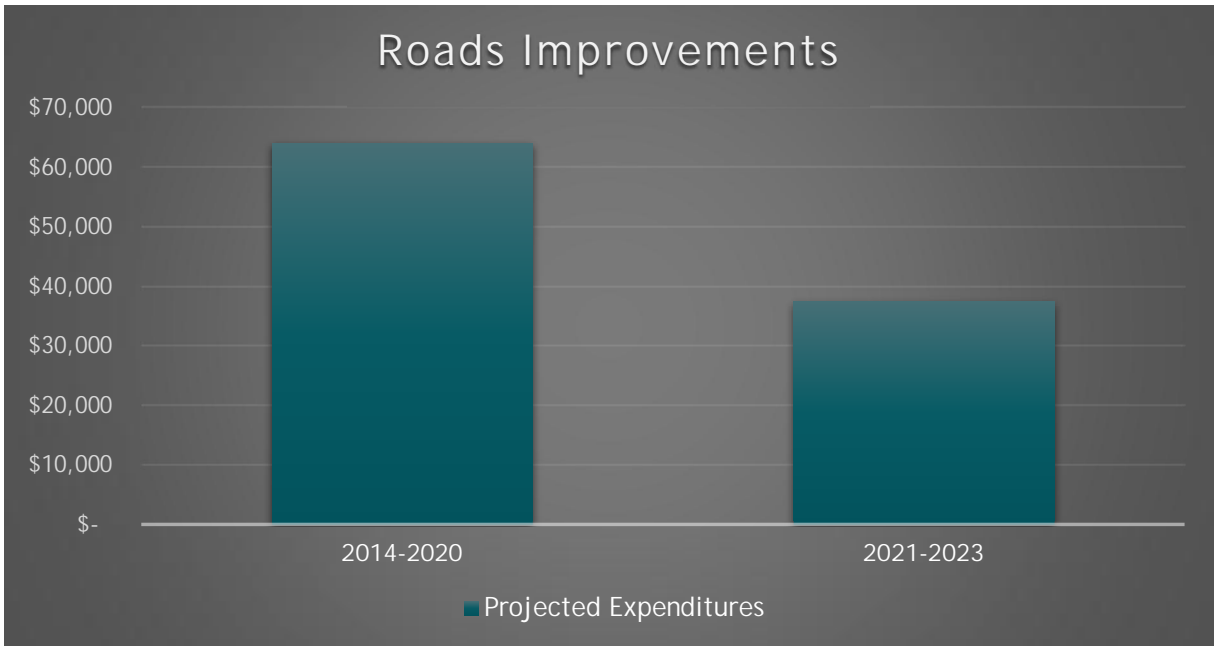


Chart 4 AMP Projected Expenditures vs. Actual Expenditures - Road Improvements

Buildings

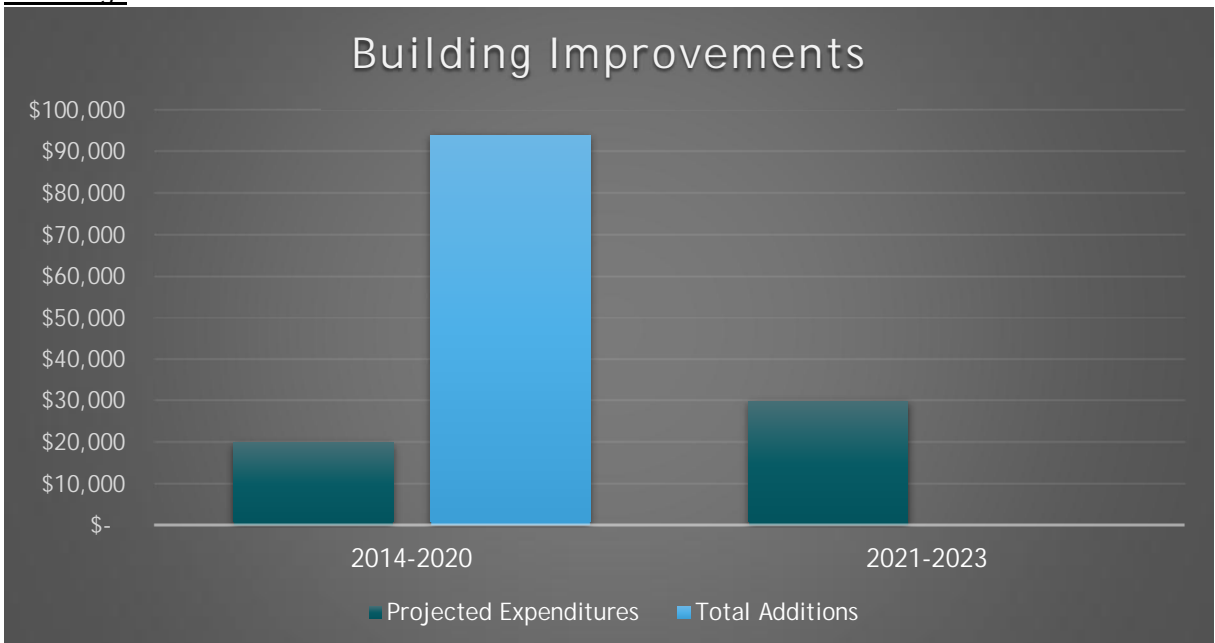


Chart 5 AMP Projected Expenditures vs. Actual Expenditures - Building Improvements

Vehicles

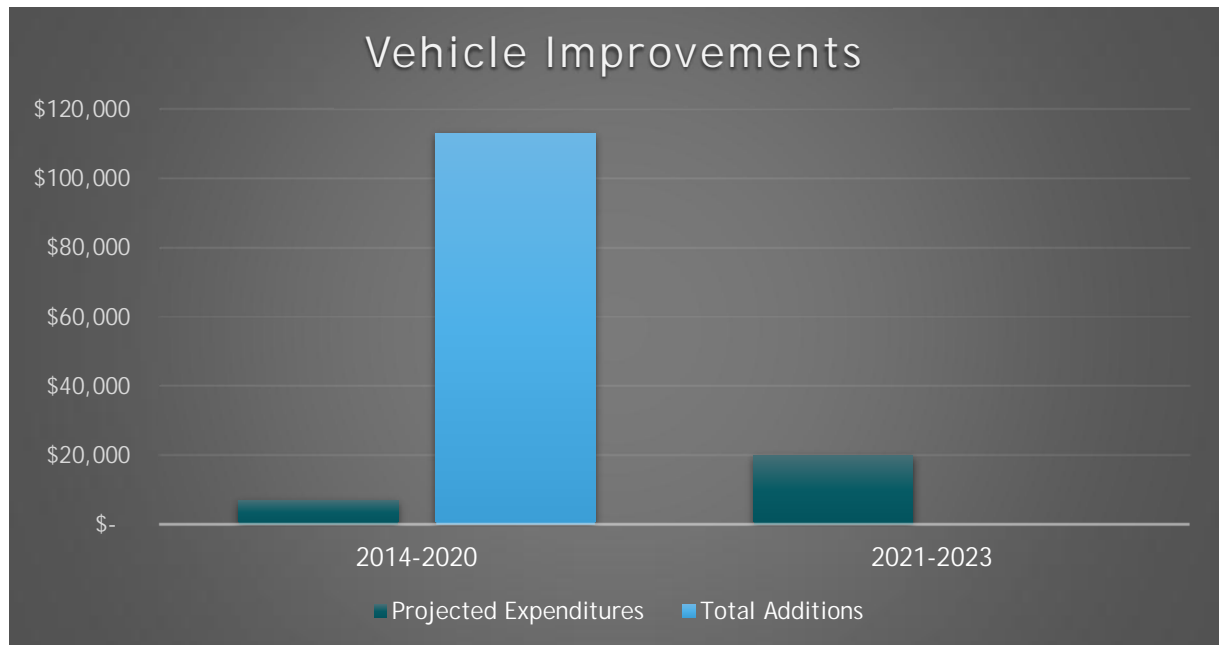


Chart 6 AMP Projected Expenditures vs. Actual Expenditures - Vehicle Improvements

Equipment, Land Improvements, Furniture and Fixtures

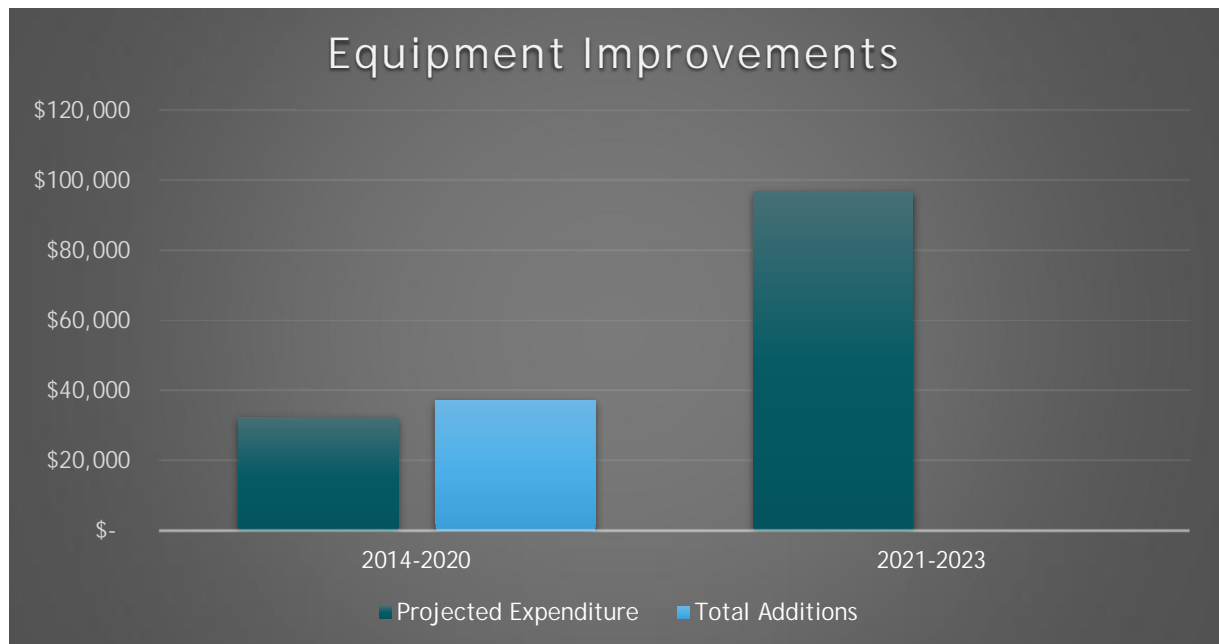


Chart 7 AMP Projected Expenditures vs. Actual Expenditures - Equipment Improvements

## Landfill

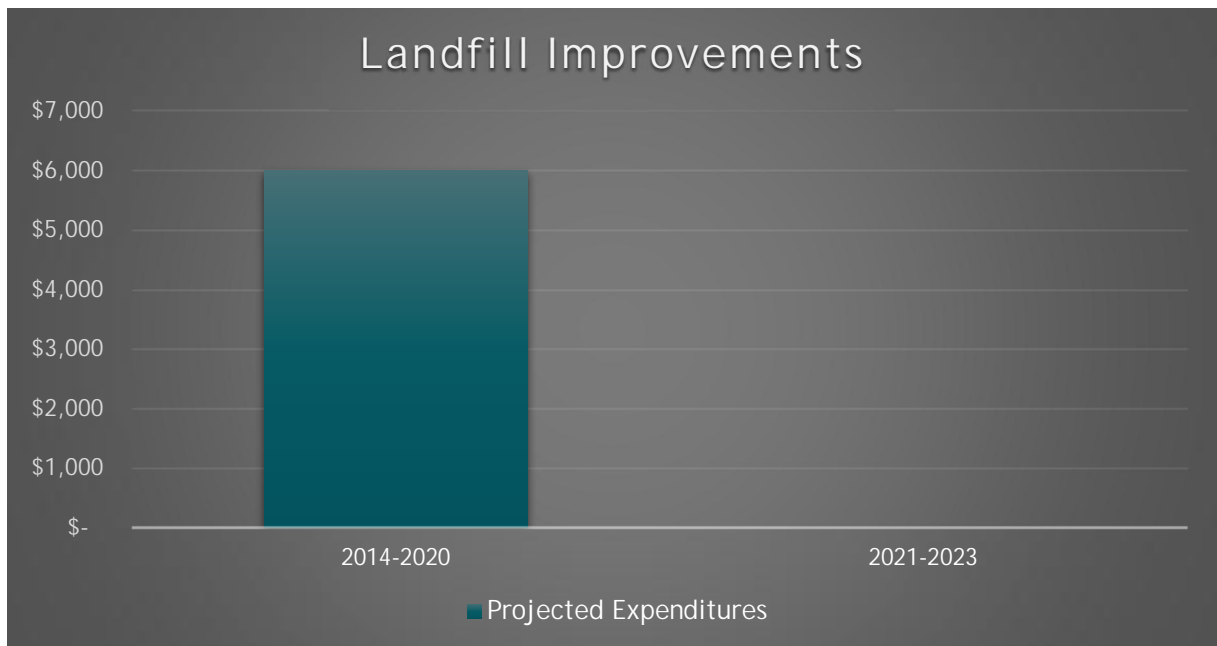


Chart 8 AMP Projected Expenditures vs. Actual Expenditures - Landfill Improvements

## Wharf/Marina

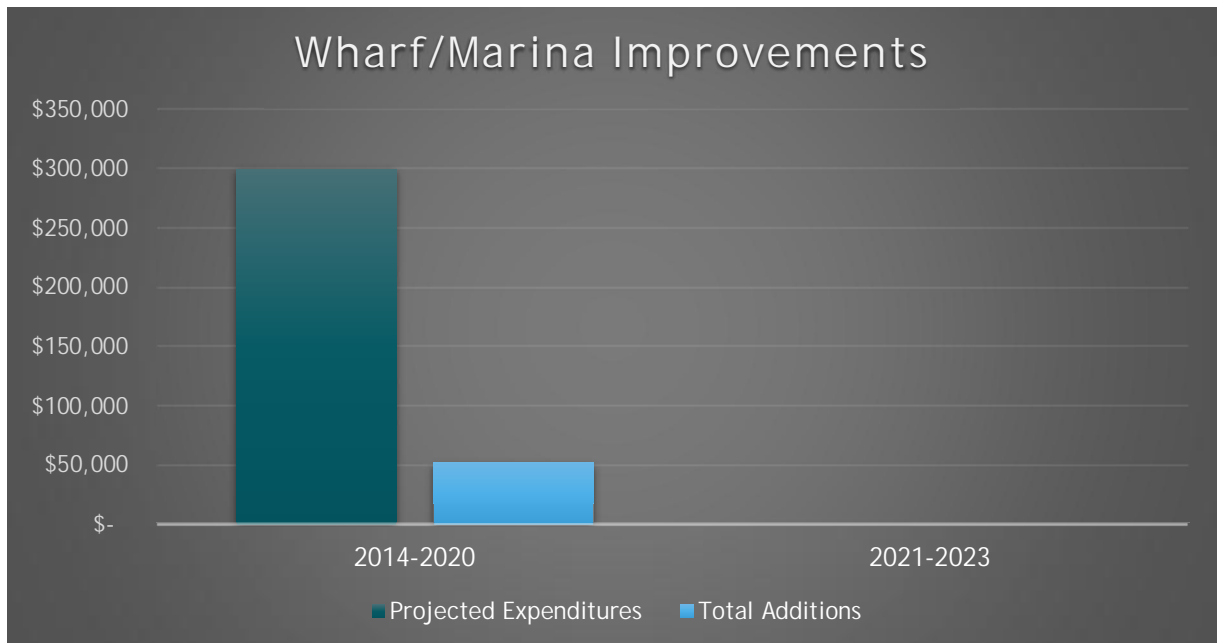


Chart 9 AMP Projected Expenditures vs. Actual Expenditures - Wharf/Marina Improvements

## Communication

Overall reporting between departments and council is done through online communication, specifically via Zoom. The implementation of a new website has allowed for more efficient and improved communication between the Council and taxpayers, as a previous attempt of an emailing list was deemed unsuccessful. Standard volunteer and fire meetings are difficult because at any given time, residents in the area are unknown.

Internal communication can be improved with Council, C-T and lead hand and should be a focus for future operations. It should be noted that effective communication can improve performance and result in positive reinforcement of relationships between employees and the organization. It is important to implement a formal policy for communication internally that can include document formats and two-way communication with the use of technology.

### Governance - Efficiency/Modernization Opportunities

Governance efficiency and modernization opportunities are:

Planning - There is a need for the development of planning tools including but not limited to, Strategic Plan, Operating/Capital Plan Business Plan/Budgets, and Performance Management by Council/staff/contractors.

Framework Policies - Mission, vision and values need to be properly developed and reviewed for the municipality.

Governance Policy/Organizational Structure - There is a need to develop an organizational chart to assist in communication and defining roles for CI.

Financial Policies - Financial policies should be developed and updated as a best practice to support the financial operations.

## SERVICE DELIVERY REVIEW

### Rating Scale

A rating scale has been developed to categorize service delivery, and will be used to analyze Governance, Finance/Administration, Fire, and Roads services provided by the Township. Each element of service delivery will be rated as Poor, Fair or Good, and are broken down into four criteria areas of description based on the service being delivered (See Appendix E for full details). The assessment criteria descriptions include infrastructure, demand, service levels and capacity, where applicable.

Each analysis of service delivery for Governance, Finance/Administration, Fire Services, and Roads will relate to one or more of the descriptions to support the rationale for the rating. From these ratings, service improvements and expenditure management questions from the Guide to Service Delivery Review will be used to determine what needs to be addressed, if anything.

From that, priorities for efficiency improvements or modernization opportunities are detailed in the recommendations and action planned.

## Governance - Mayor and Council

Service Overview	Service Delivery Areas
<p>Mayor and Council are responsible for the governance of the municipality of Cockburn Island. Council is accountable to its citizens for legislative decision making, policies and governing functions<sup>3</sup>. It is important for Mayor and Council to also support a safe, prosperous community and decide the level of services needed.</p>	<p>A municipality is required under the <i>Municipal Act</i> to develop a Council. The Council is responsible for representing the public and considering well-being of the municipality (Section 224)<sup>4</sup>. The key areas included in governance responsibilities include planning, policy, and communication (See Appendix A).</p>

Resource Allocation (Financial and Personnel)	
Expenditure (2019)	\$19,932 (\$18,794 in Wages and Benefits)
Personnel	Mayor and 4 Councillors

Service Delivery Assessment - Governance		
Poor (Risk Areas)	Fair	Good

### Planning

<p>Infrastructure - Capital Planning: capital plans are necessary and flow from AMP and the timelines impact service level and may not meet satisfaction of stakeholders long-term. (e.g. safety risks)</p> <p>Asset Management Plan: Needs to be updated and reconciled on an annual basis - Projected vs Additions plus \$182,500 in upcoming expenditures over next 3 years.</p> <p>Process Documentation/Maps: Unclear process</p>		
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<sup>3</sup><https://www.amcto.com/getattachment/Education-Events/Annual-Conference/2018-Annual-Conference/Conference-Program-and-Schedule/2A-Secrets-to-Building-Great-Staff-Council-Relationships.pdf.aspx?lang=en-CA>

<sup>4</sup> <https://www.ontario.ca/laws/statute/01m25#BK280>



documentation and maps to illustrate process flow		
Poor (Risk Areas)	Fair	Good
<p>Planning Tools: Strategic/Operating/Performance management tools are absent other than experience of current C-T. In the situation that the C-T leaves or is absent, these tools become a major priority. CI should consider a short-term and long-term planning policy to manage opportunities or constraints for the Township (e.g. succession for employee and C-T, barge operations contingency)</p>		
<p><b>Policy</b></p>		
<p>Framework Policies: Unclear Mission, vision, and values to guide the Council and Township operations.</p>	<p>Zoning: CI is part of Manitoulin Planning Board. There is a new Official Plan approved by Ontario and CI now working on a specific Zoning Bylaw Township</p>	<p>Governance Policy: Council Size - adequate for informed decision making and expenditure control</p>
<p>Governance Policy - Org Structure: Org. Chart is absent.</p>		<p>Governance Policy: By-Laws are updated, approximately 7-10 new by-laws are adopted per year. Council reacts well to needs of the Twp.</p>
<p>Operating Policies: bylaws translated to operating policies</p>		
<p><b>Communication</b></p>		
	<p>Communication: External The implementation of a new website has allowed for more improved one-way communication. Consideration of user/ratepayer interface in longer term?</p>	<p>Communication Internal: internally and with the community is key to meeting demand and capacity needs and delivering effective service. Zoom meeting often have 10+ ratepayers sitting in as interested persons.</p>

Table 4 Service Delivery Assessment - Governance

## Finance/Administration

Service Overview	Service Delivery Areas
<p>Includes Clerk-Treasurer (Contracted). As per the Municipality Act (Section 286), Treasurers and Deputy Treasurers are responsible for handling all financial affairs on behalf of and directed by council, offer professional advice, and establish, implement and/or oversee governance and administrative practices.</p>	<p>Administrative (Clerk) and financial services are essential to the effective operations of a municipality, and Clerk and/or Treasurers are responsible for complying with requirements applicable under the Municipal Act. Key areas that are the responsibility of administrative and finance staff include policy/process, human resources, asset management, budgeting, and technology.</p>

Resource Allocation (Financial and Personnel)	
Expenditure (2019)	\$19,000
Personnel	1 Contracted Service Provider

Service Delivery Assessment - Finance and Administration		
Poor (Risk Areas)	Fair	Good
Policy/Process		
<p>Financial Policies: to be developed in order to ensure clear expectations and practices and enhance service delivery.</p>	<p>Financial Processes: management letter recommendations will be implemented other than cemetery</p>	
Human Resources		
<p>Admin/Financial Process: Retention is difficult due to remoteness of Island - finding long-term employees (post-current employees) is a challenge to on-going operations. Contingency for service delivery should be planned in case of unforeseen absence/</p>	<p>Position: Employment contract are in place for key positions but should be translated into job descriptions to ensure that authority, responsibility, and accountability aspects are included. Also, allow for recruitment and succession where necessary. Pay: Employment contracts exist but wage grid is absent, wages are paid as required - annual COLA applied to wages and administration contract.</p>	

Poor (Risk Areas)	Fair	Good
<b>Asset Management</b>		
<p>Asset Management Plan - Management: Management should provide Council with updates to asset management plan (reviewed/updated in 2018). Current AMP is anticipated to be valid until 2023 for the most part. Timely updates projected vs additions (annual) are essential to meeting infrastructure needs and improving service delivery to the community. Projected vs Additions reconciled plus \$182,500 in upcoming expenditures over next 3 years.</p>		
<b>Communication</b>		
	<p>Internal/External Communication: amongst departments and with community and expressing information from council to citizens which affects service level and can reduce efficiencies.</p>	
<b>Capital/Operating/Budget</b>		
<p>Capital Budgeting: Based on assessment, need to plan for long-term budget if Barge services discontinue, the spending on a new service may cost significantly more than current service.</p>		<p>Operating Grants: at 70% of revenue overall proves time invested in attaining grants is worthwhile and although this can be considered a risk in the event of government changes, the high level of grant applications is a positive aspect of financial operations. Capital/Operating Grants: CI provides sufficient documentation for grant applications that meets the needs of the applications and ensure capacity is addressed for future planning and projects.</p>

Poor (Risk Areas)	Fair	Good
<b>Technology</b>		
Operating: Proper set up of Quickbooks for HST and account cleanup/changes	Communication: Website - Update of website need to comply with AODA accessibility.	

Table 5 Service Delivery Assessment - Finance/Administration

## Roads

Service Overview	Service Delivery Areas
The department is responsible for maintaining the municipality's road systems and winter maintenance. Roads, bridges, culverts etc. need to be maintained based on class level.	Road services are essential, and the municipality is responsible for keeping necessary areas (roads, bridges etc.) in a safe condition according to the Municipal Act. Some highways/roads in and directly connected to the municipality are not the responsibility of the Roads team.

Resource Allocation (Financial and Personnel)	
Expenditure (2019)	\$128,834 (\$83,114 in Materials)
Personnel	1 FTE (provides maintenance services for Roads, Fire, and wharf)

Service Delivery Assessment - Roads		
Poor (Risk Areas)	Fair	Good
Operating: Due to lack of on-island gravel road conditions are not the best - minimum maintenance standards are not reached. Roads are open on an as-needed basis - no winter maintenance. Contingency planning required.		Capital and Operating: Township funds based on cost recovery estimates through grants and taxation allows consistent level of service delivery.

Table 6 Service Delivery Assessment - Roads

## Fire Services

Service Overview	Service Delivery Areas
The duty of the municipality fire services includes ensuring the safety of residents in terms of fire prevention and suppression.	The local fire department is made up of a volunteer team and is mandatory service to assist in maintaining the health and safety of the community. According to the Fire Prevention and Protection Act, all municipalities are required to offer these services

Resource Allocation (Financial and Personnel)	
Expenditure (2019)	\$59,512 (\$58,387 in Materials)
Personnel	1 FTE (provides maintenance services for Roads, Fire, and wharf)

Service Delivery Assessment - Fire Services		
Poor (Risk Areas)	Fair	Good
	CI has an Emergency Measures Bylaw, but the Ontario standards are difficult to meet due to a lack of phone landlines and sketchy cell service. CI does not have a Fire dept mostly because it can't afford the associated liabilities. CI has equipment including a water truck, so a semi-formal volunteer brigade "happens" as needed. A standing volunteer roster and fire meetings are not practical because at any given time we never know who is around.	

Table 7 Service Delivery Assessment - Fire Services

## Wharf/Marina

Service Overview	Service Delivery Areas
<p>The duty of the Municipality Wharf/Marina supports the recreational and leisure of both the seasonal residents and tourists. It is critical to ensure residents and tourists have access to Cockburn Island</p>	<p>The Wharf/Marina is essential for residents to access and leave the island, along with the barge service to transport goods to and from. The Municipality is responsible for keeping the Wharf/Marina in a safe and clean condition.</p>

Resource Allocation (Financial and Personnel)	
Expenditure (2019)	\$25,643 (\$22,011 in Amortization)
Personnel	1 FTE (provides maintenance services for Roads, Fire, and wharf)

Service Delivery Assessment - Wharf/Marina		
Poor (Risk Areas)	Fair	Good
<p>Capital Budget: Based on AMP, the Municipality has not invested significantly in the Wharf/Marina and it is hoped that a major effort to improve it can take place. Only access point to CI.</p>		

Table 8 Service Delivery Assessment - Wharf/Marina

## SERVICE DELIVERY ASSESSMENT

After a review of the preceding current state assessment management was asked to respond to the findings based on Ministry service delivery questions. A service delivery assessment is an evaluation process in which a specific municipal service is systematically reviewed to determine the most appropriate way to provide it.

Service delivery review involves asking ten questions about service improvements and expenditure management with management responses as follows:

1. Do we really need to continue to be in this business/service?

Response: Municipality will continue to respond to current and anticipated ratepayer needs but will avoid bells and whistles

2. What do citizens expect of the service and what outcomes does council want for the service?

Response: We haven't walked through the services provided, but I'd guess nothing would be dropped. The balance between ratepayer expectations and Council's ability to respond would be the same as anywhere else

3. How does current performance compare to expected performance?

Response: No measurements other than ratepayer complaints or Council member observations and mostly about things beyond our control like cell and internet. Our tax rate is very modest by comparison to others

4. Do the activities logically lead to the expected outcomes?

Response: Usually we try to keep expectations to a minimum

5. How is demand for the service being managed?

Response: Our Council members are incredibly hands-on. I'd say our township is more responsive to the community than most places. It seems to work. With Zoom we often have 10+ ratepayers sitting in as interested persons. That would rival communities much larger than ours. We have a unique situation on our island.

6. What are the full costs and benefits of the service?

Response: The annual budget usually has a modest surplus. There is no debt but that will change with our share of a large infrastructure for which a Canada-Ontario grant has been approved.

7. How can benefits and outputs of the service be increased?

Response: Each has not been evaluated - for example, how would you evaluate the benefits and outputs of maintaining a marina for access - we must do it regardless of traffic volume. There's no chance the province will reinstate the ferry service I'd guess.

8. How can the number and cost of inputs be decreased?

Response: As above.

9. What are the alternative ways of delivering the service?

Response: We look at this as we tackle the challenges. For example, the only large tugboat that pushed the barge to/from the island may be sold - what happens if it sold and moved away? - we are thinking about that - how do you measure creativity and brinkmanship?

10. How can a service change best be managed, implemented, and communicated?

Response: This is done on an as-needed basis. There is no template other than basic problem-solving and ingenuity. As the oldest municipality in Northern Ontario (inc. 1881) we have survived much change and are still standing and ready to go for the next 120 years. The arrival of NCC and the gradual de-emphasis on forestry will require ongoing adaptation. The logging company understandably won't share its private corporate plans, but we need to be ready for whatever happens.

Answering these questions means engaging stakeholders (including council, municipal staff, unions, auditors, and other advisors) to ensure that the choices made are informed by their goals and values.<sup>5</sup>

## RECOMMENDATIONS

Small and rural municipalities have limited capacity to plan, modernize and improve the way they provide services to their communities and thus recommendations have to be actionable. This report's approach, provides achievable improvements/efficiencies to the current state, with an eye to the future. For CI, this takes the form of 5 priority areas with action plans that consider Governance, Administration/Finance in their implementation. Secondly, these priorities are summarized with either a qualitative efficiency measure or costs saving or both and categorized as a Capital Improvement, Liability/Safety/Contingency, Operating Efficiency and/or Improved Service Delivery. Finally, given the limited capacity in small townships, a longer term look is taken on more advanced efficiency or modernization opportunities to ensure they are considered and capacity developed to possibly address (action plans would need to be developed).

With the foregoing in mind, using information from the current state assessment, and as per our proposal, BDO looked at what needs to be addressed with respect to:

- a. operating structure and service levels
- b. operating effectiveness and efficiencies
- c. identifying potential changes that will result in:
  - a. maintenance of adequate service levels
  - b. potential cost reductions
  - c. enhancements to the long-term financial sustainability

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<sup>5</sup> Making Choices Building Strong Communities: A Guide to Service Delivery Review for Municipal Councillors and Senior Staff, March 2010



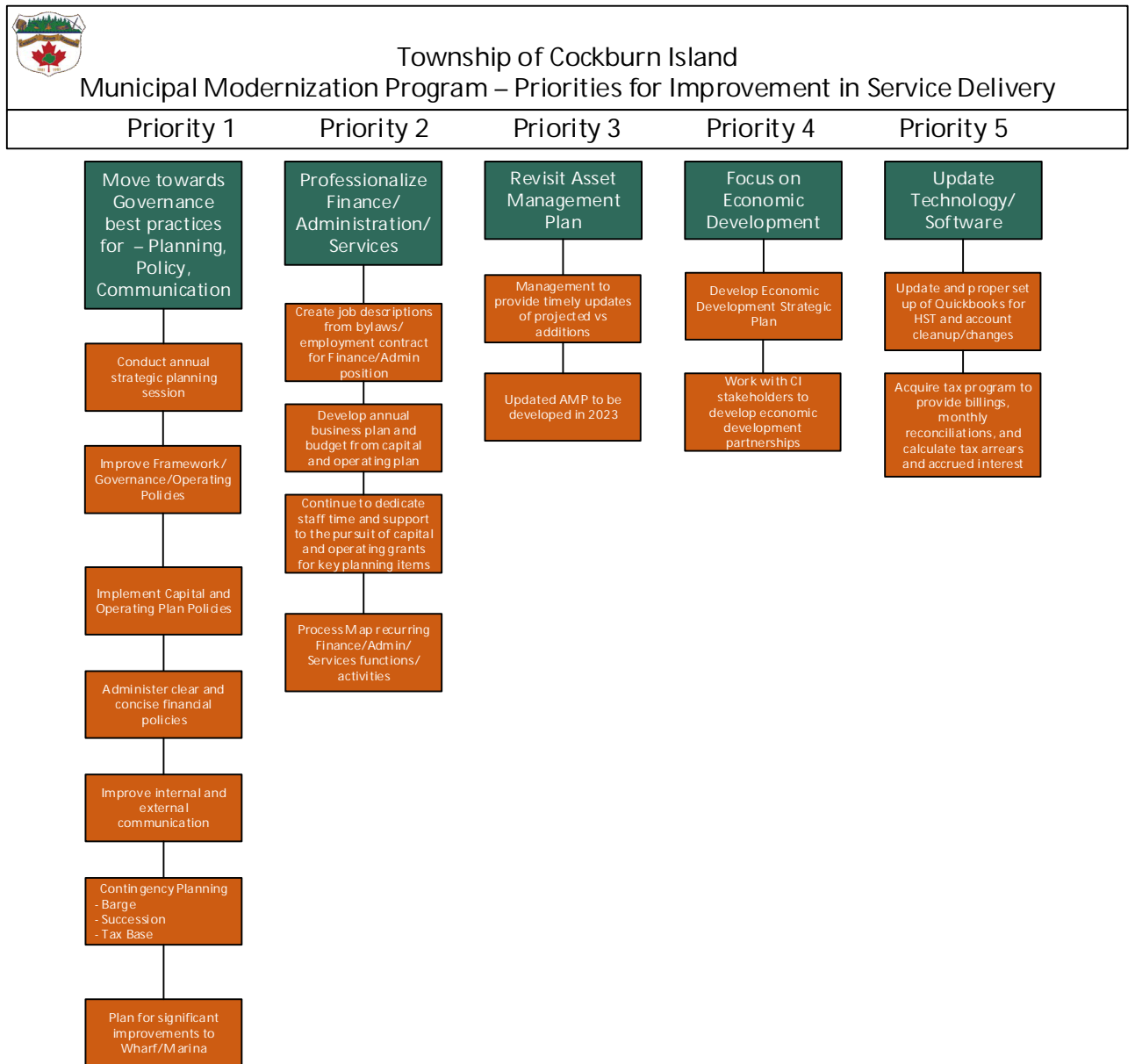
- d. undertake a resource analysis
- e. summarizing the results of analysis and present potential opportunities

From a governance and administrative perspective, there are no opportunities to cross train, share service delivery and use a team approach to senior management to reduce costs, items one would see in most Township service delivery reviews. However, the service delivery review outlined in the previous section provides an assessment of service areas and it is recommended that Council and management work towards improving those areas assessed poor to fair, if possible.

The chart below summarizes our recommendations and outlines the five key priorities for improvement in service delivery at a high level. These priorities have been developed through interviews and consultation with leadership and key stakeholders to understand goals and objectives for the Township.

These five priorities were then broken down into areas of efficiency improvement and opportunities (represented by orange boxes) that apply to one or more of the priority areas. Action plans follow that with the intent of outlining key stakeholder roles in improving/modernizing service delivery.

## Priorities



Legend

- Priorities
- Areas of Efficiency/Opportunity

## Action Plans

Action Plans - Governance Role in Priority Implementation							
Efficiency/Opportunity (see Priority numbering below)							
Priority #	What needs to be addressed		Objectives	Action	Responsibility	Resources	Time Frame
<b>Planning</b>							
1	Conduct annual strategic planning session with consideration of service delivery items	i	Develop strategic plan to identify internal and external needs with a 5-10-year focus	Analyze internal and external service delivery requirements from this report and outline strategic capital, operating and contingency items	Mayor & Council	Time	Annually
1	Contingency planning for Barge / Succession / Tax Base - coincide with strat planning	i	Contingency plan for barge services, succession, and tax base	Identify and assess potential contingency options and implement plan to mitigate risk	Mayor & Council	Time and \$\$\$	As soon as possible
1	Plan for significant improvements to Wharf/Marina	i	Review current facility needs and determine budget for improvements based on assessment	Approve a plan for formal review of the asset and allocate funds for improvement	Mayor & Council/C-T	Time	Jan/22
		ii		Approve plan and seek funds to support project	Mayor & Council/ C-T		Jan/22

						Time & funding >\$250K	
3	Provide for timely updates of projected expenditures vs additions made for AMP	i	Keep Council current on AMP information for informed decision-making	Review asset management plan on annual basis	Mayor & Council/ C-T	Time	Annually
		ii		Outline additions made to assets and compare to projected expenditures	Mayor & Council/ C-T	\$\$\$ Reserve funds	Annually
4	Develop Economic Development Strategic Plan	i	Strategic plan for Economic Development	Work with council to develop and implement a strategic plan, reflecting key considerations/ partnerships for economic development	Mayor & Council	Time and \$	2022
4	Work with CI stakeholders to develop economic development partnerships	i	Leverage partnerships to enhance existing service delivery and sign partnership agreements	Identify key areas of economic development with stakeholders	Mayor & Council/Stake holders	Time	Ongoing
<b>Policy</b>							
1	Improve Framework/ Governance/Operating Policies	i	Review current policies and determine if new/improved policies are necessary	Work with council and admin to develop agreed-upon policies	Mayor & Council/Admin Team	Time and \$	Ongoing

		ii	Develop and follow clear Mission, Vision and Values that support the strategic direction of the Township	As part of strat plan, Consult with Council, staff, and key stakeholders to determine/approve key aspects of MVV	Mayor & Council	Time	Quarter 1-2022
1	Implement capital and operating plan policies	i	Capital and operating plan policies to improve service delivery efficiency and budgeting	Analyze capital and operating requirements and develop policies to reflect key areas	Mayor & Council	Time	Quarter 1 - 2022
1	Administer clear and concise financial policies	i	Financial policies to reflect internal needs and optimal cost recovery for each department	Consult with departments and review annually to ensure effectiveness of policy	Mayor & Council/C-T	Time	Annually and as needed
<b>Communication</b>							
1	Improve internal and external communication	i	Ensure clear communication within community and amongst departments	Develop a formal communication plan internally and continue to seek web-based solutions within budget	Mayor & Council	Time	Annually and as needed
		ii		Continue to communicate with community and offer meetings/send out reports and updates	All staff	Time	Ongoing

## Action Plans - Finance/Admin/Operations Role in Priority Implementation

For continued growth, focus on asset and contingency Planning, ensure policies are up to date and adequate, and enhance communication channels

Efficiency/Opportunity (see Priority numbering below)

Priority #	What needs to be addressed		Objectives	Action	Responsibility	Resources	Time Frame
<b>Planning</b>							
1	Contingency planning for Barge / Succession / Tax Base	i	Develop contingency plan for barge services, succession, and tax base	Analyze contingencies and outline options for mitigating risk and bring to Council for Approval	C-T	Time and \$\$\$	As soon as possible
1	Plan for significant improvements to Wharf/Marina	i	Review the current facility issues and determine available resources for upgrade/replacement	Determine the key needs of Wharf/Marina	C-T/Lead Hand	Time	Ongoing
		ii		Evaluate ability to service needs and changes based on risk priority	C-T/Lead Hand	Time & \$\$\$	Ongoing
2	Develop annual business plan and budget from capital and operating plan	i	Implement business plan and budget and update annually	Consult with mayor and councillors on capital and operating plan to develop agreed upon	C-T	Time	Quarter 2 - 2022

				business plans and budget			
2	Continue to pursue capital and operating grants for planning items	i	Successfully attain grants to support capital and operating projects	Actively seek grants that support specific projects	C-T	Time and \$\$\$	Ongoing
2	Process Map recurring Finance/Admin service functions/activities	i	Process map for finance/admin service functions/activities	Clerk Treasurer and Council collaborate to develop agreed-upon process map	C-T	Time MMP \$'s Intake 2-3?	
3	Update AMP to be developed in 2023 for next 10 years	i	Updated asset management plan to support capital planning	Focus on reserve fund enhancement and funding programs	Mayor & Council/C-T	Time	2023
<b>Policy</b>							
1	Implement capital and operating plan policies	i	Capital and operating plan policies to improve service delivery efficiency	Analyze capital and operating requirements and develop policies to reflect key areas	Mayor & Council/C-T	Time	Quarter 1 2022
2	Create job descriptions from bylaws/employee contract for Finance/Admin and Lead Hand (Operations) position	i ii	Job descriptions to encompass authority, responsibility, and accountability	Review current job descriptions and consult with current employees to determine areas that need to be updated  Ensure pay grid/contracts are up	C-T	Time MMP \$'s Intake 2-3?	Quarter 1, 2022

		iii		to date and reflect the actual income employees are set to earn  Complete regular performance evaluations to monitor working conditions, responsibilities, skills, and effort	C-T  Council/C-T	Time and \$  Time	Annually  Quarterly
Communication							
1	Improve internal and external communication	i	Ensure clear communication within community and amongst departments/contractors	Develop a formal communication plan internally and flow channels	Mayor & Council	Time	Annually and as needed
		ii		Continue to communicate with community and offer meetings/send out reports and updates	All staff	Time	Ongoing



Technology & Software							
5	Proper set up of Quickbooks for HST and account cleanup/changes	i	Modernize QuickBooks process to save time and money	Purchase QuickBooks Desktop software  Engage with firm to support and use software	Clerk Treasurer  Clerk Treasurer/BDO	\$499 over 3 years	Dec/21  Dec/21
5	Acquire tax program to provide billings, monthly reconciliations, and calculate tax arrears and accrued interest	i	Ensure efficient and effective tax program	Seek viable program based on recommendations from audit team  Implementation of tax program	Clerk Treasurer/BDO  Clerk Treasurer	Time & \$216 annual fees + \$400 start-up cost	As soon as possible  As soon as Possible

## EFFICIENCY/SAVINGS SUMMARY

### Summary of Priority Improvements/Opportunities

The information below provides a summary of the preceding action plans and provides stakeholders a reference point as to what can be implemented in the short-term, categorized as efficiencies/improvements and their classification based on where stakeholders perceive risk to the Township's delivery of services. The section that follows that, provides opportunities that would require investment dollars or funding in planning, capital and operating in addition to time and should be considered medium to long-term implementation items to improve service delivery.

### Efficiency/Improvements Classifications

- Liability/Safety/Contingency
- Capital Improvement
- Operating Efficiency
- Improved Service Delivery

### Savings/Efficiencies Description(qualitative/quantitative/risk)

- Qualitative - modernize/professionalize/informed decisions/streamline processes
- Quantitative - time (annual in hrs.) and cost savings (\$'s)
- Risk Management - forecasting and evaluation of financial risks together with the identification of procedures to avoid or minimize their impact.

Objective/ Challenge	Improvement / Deliverable	Improvement Classification	Savings/Efficiencies Description (qualitative/quantitative)
<b>Priority 1 - Governance: Planning, Policy, Communication</b>			
Lack of Framework / Governance / Operating Policies	Development of improved Framework / Governance / Operating Policies	Capital Improvement/ Operating efficiency	Qualitative - Modernizes governance process - allows Council to use planning and policy for informed decision making
Implement Capital and Operating Plan Policies	Improvement of short and long-term asset Management	Capital Improvement / Operating efficiency	Qualitative - Ensures asset needs are considered and addressed based on available funding/reserves
Administer clear and concise financial policies	Implementation of Financial Policies to reflect best practices and enforce through consistent review and feedback	Operating efficiency	Qualitative - Ensures clear expectations and practices for financial management and enhances service delivery
Improve communication with community	Enhanced website to inform ratepayers	Operating efficiency	Quantitative - Reduce costs associated with lack or miscommunication by individual and increase synergy. 50-100 hours in time savings annually \$1,250 - \$2,500
Enhance Communication amongst departments	Develop an Internal Communication Strategy and Plan	Improved Service Delivery	Qualitative - Improve efficiency in operations and service delivery
Contingency Planning: Barge, Succession, Tax base	Implement Contingency Plan for key aspects of Barge	Liability / Safety / Contingency	Risk Management - Reduced risk of future loss.

	Service, Succession, and Tax Base		
Plan for significant improvements to Wharf/Marina	Capital Plan	Capital Improvement and Liability / Safety / Contingency	Qualitative - Improved planning and development to ensure community access. Water is primary access.
<b>Priority 2 - Finance/Administration/Services</b>			
Create job descriptions from bylaws / employment contracts for Finance / Admin /Operations positions	Update Job Descriptions. Ensure that authority, responsibility, and accountability are aspects are articulated.	Operating Efficiency	Qualitative - Improvement in recruitment/retention and best practices in HR management.
Develop annual business plan and budget from capital and operating plan	Current Business Plan and Budget	Capital Improvement and Operating Efficiency	Qualitative - Informed decision-making based on Council direction and administration priorities
Continue to dedicate staff time and support to the pursuit of capital and operating grants for key planning items	Operating/Capital Grants. Attain grants to support capital planning	Capital Improvement and Operating Efficiency	Quantitative - Increase capital and operating funding of projects by 60% over previous years
Process Map recurring Finance/Admin activities	Development of Process Mapping	Operating efficiency and Improved Service Delivery	Quantitative -Cost savings on wages/employment turnover

Priority 3 - Asset Management Plan			
Management to provide timely updates of projected expenditure vs actual additions	Reconcile AMP	Capital Improvement and Operating Efficiency	Quantitative - Infrastructure needs are addressed based on available/timing of funding and reserve
Updated AMP to be developed in 2023	Updated Asset Management Plan to reflect future expenditures	Capital Improvement and Operating Efficiency and Improve Service Delivery	Quantitative -Ensure sufficient funds are reserved to leverage upcoming asset improvements
Priority 4 - Economic Development			
Develop Economic Development Strategic Plan	Economic Development Strategic Plan	Improved Service Delivery and Operating efficiency	Risk Management - consideration of other revenue sources
Work with CI stakeholders to develop economic development partnerships	Identify potential partnership opportunities that can benefit Economic development in CI	Improved Service Delivery and Operating efficiency	Risk Management - consideration of other revenue sources

Priority 5 - Technology/Software			
Update website to meet AODA compliance standards	AODA Compliance. Adjust website to better meet AODA standards to support and serve all potential clients.	Improved Service Delivery	Qualitative - Increase ability for customers to utilize website features and reduce need for staff communication (answering calls, questions etc.)
Proper set up of Quickbooks for HST and account cleanup / changes. 3 year QB update cycle to ensure latest updates to accounting software .	Quickbooks Software Utilization. Implement software that can increase efficiency and reflects the needs of staff.	Improved Service Delivery and Operating efficiency	Quantitative - Increase efficiency and reduce time taken to input financial information. Savings of \$1,500-2,000 annually less \$499 every 3 years for QB update
Purchasing tax roll program	Implement new system to increase efficiency and eliminate errors	Improved Service Delivery and Operating efficiency	Quantitative - Significantly reduce time in tax roll purchasing program and elimination of errors and professional services time to correct. Savings of \$1,500-2,000 annually after initial set-up.

Table 9 Improvements/Opportunities

### Key Potential Modernization Opportunities

Key long-term potential modernization opportunities are outlined below and require investment in planning, capital and operating in addition to time and should be considered medium to long-term implementation items to improve service delivery.

1. Long Term Contingency Planning - alternatives for the barge service plans and wharf improvements should be assessed to mitigate risks in medium to long-term.
2. Asset Management Plan needs to be reviewed and updated alongside Capital Plan for long term (5 years).

3. Information Management System - consider paperless approach.
4. Goal Setting for staff in line with Strategic Plan / Service Delivery / Customer Service Objectives and Performance Management System to plan, monitor, evaluate based on ARA/JD.
5. Economic Development - although identified as a planning consideration in the priority area, economic development may be necessary in the long-term, as the uniqueness of the island has some potential, especially from a conservancy perspective. At this point, Council is reluctant to do much in this area, unless tax and government revenues diminish and effect service delivery beyond the next 10 years.

## CONCLUSION

As per scope of work and timeframes, the efficiency review is complete. We ask that Council and staff consider these recommendations to enhance the performance and continuity of the community as it relates to service delivery. We have thoroughly enjoyed working with Council and staff and are available to assist in implementation or with any other project.

Thank you for using BDO's Advisory Services Group for your project.

Sincerely,

BDO CANADA LLP  
Chartered Accountants and Advisors

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# APPENDICES



Appendix A - Governance Development Process

## GOVERNANCE DEVELOPMENT PROCESS

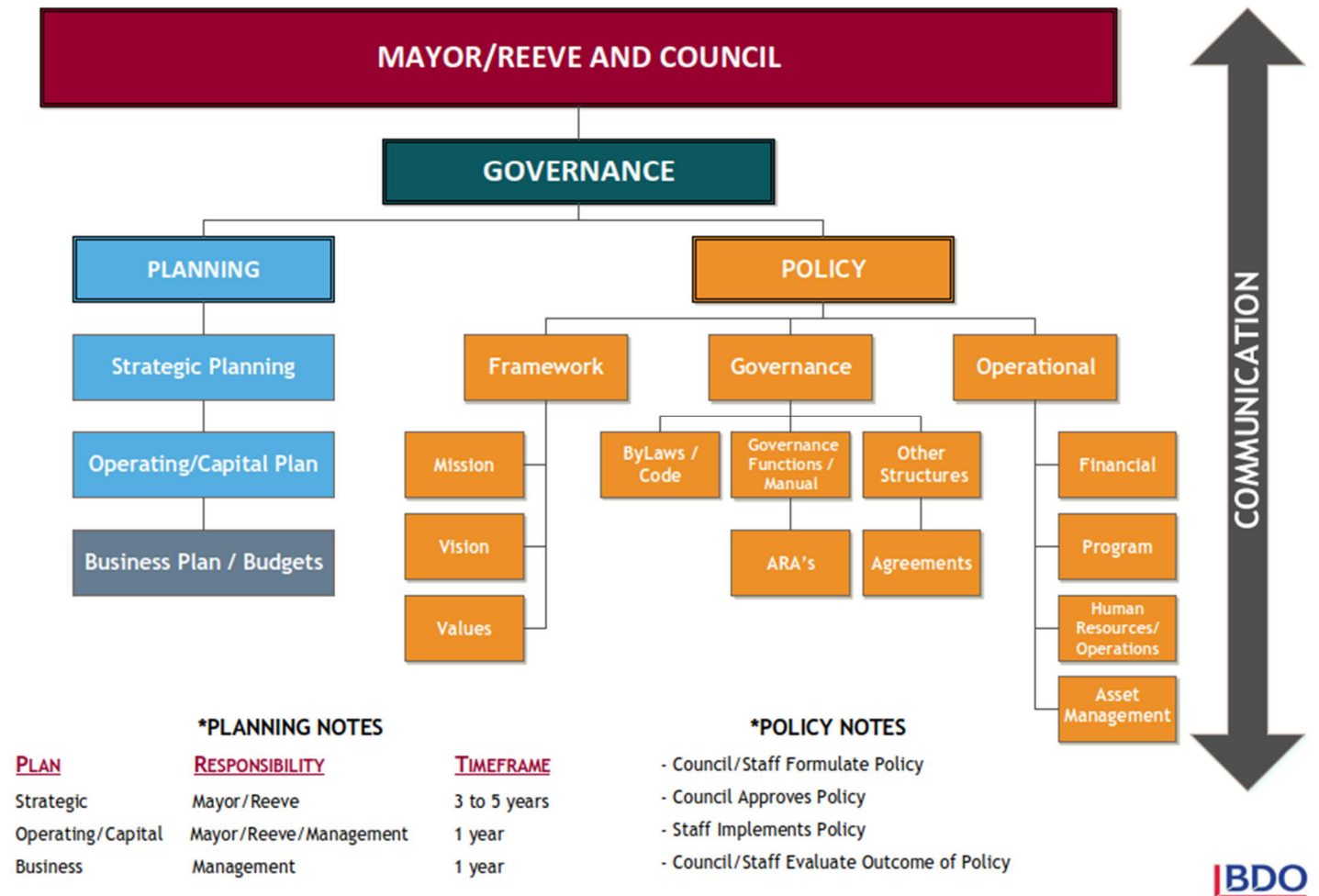


Chart 10 Governance Development Process

## Appendix B - Work Plan and Milestones

Item	Date	Description
Project Approval	2021-06-30	Transfer Payment Agreement - Municipal Modernization Program Approval
Project Engagement	2021-08-05	Presentation of Engagement Letter to Council and contract signed
Stakeholder Consultation	2021-08-06 2021-10-06	Information Gathering and Interviews with Staff and Service Provider
Interim Report	2021-10-07 2021-11-16	Review with Administration Presentation to Council
Final Report	2021-11-30	

## Appendix C - Information Review

Below is a list of documents that have been reviewed in preparation of the final report:

1. AMP It Up Report - 2021
2. Asset Management Plan (2021-08-02)
3. Current By-Laws (2021-10-04)
4. FIR Documents (2015-2019)
5. Township of Cockburn Island Audited Financial Statements (2015-2019)
6. Township of Cockburn Island Auditor Management Letter (2019-12-31)

## Appendix D - Asset Conditions Index

\*\*All indexes below are retrieved from Cockburn Island Asset Management Plan.

### Roads

Condition Rating	System Condition
8 to 10	Good structural condition; some local improvement may be needed
5 to 7	Average structural condition; continued improvement needed
Less Than 5	Poor structural condition; substantial improvement needed throughout total road system

### Buildings

Condition Rating	Age
Excellent	Less than 5 years old
Good	Between 5 years old and 50% of its life expectancy
Fair	Between 50% and 75% of its life expectancy
Poor	Between 75% and 100% of its life expectancy
Replace	Beyond its life expectancy

### Vehicles

Condition Rating	Age
Excellent	Less than 5 years old
Good	Between 5 years old and 50% of its life expectancy
Fair	Between 50% and 75% of its life expectancy
Poor	Between 75% and 100% of its life expectancy
Replace	Beyond its life expectancy

### Equipment, Land Improvements, Furniture & Fixtures

Condition Rating	Age
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Excellent	Less than 5 years old
Good	Between 5 years old and 50% of its life expectancy
Fair	Between 50% and 75% of its life expectancy
Poor	Between 75% and 100% of its life expectancy
Replace	Beyond its life expectancy

### Wharf/Marina

Condition Rating	Age
Excellent	Less than 5 years old
Good	Between 5 years old and 50% of its life expectancy
Fair	Between 50% and 75% of its life expectancy
Poor	Between 75% and 100% of its life expectancy
Replace	Beyond its life expectancy

## Appendix E - Rating Scale

Below is the rating scale that was utilized to classify service delivery aspects for Cockburn Island and supports the decisions for classification between Poor, Fair and good.

Service Delivery Assessment - Rating Scale	
Rating	Description
Poor	i Infrastructure - Infrastructure does not meet needs, or has several desirable elements/requirements missing
	ii Demand - demand exceeds capacity and substantial problems are apparent with operations
	iii Service Levels - Clear impacts to service levels and potential impact on stakeholders

	iv	Capacity - Current capacity needs are not met, or there are evident capacity issues
Fair	i	Infrastructure - A few desirable elements of infrastructure with some required elements missing
	ii	Demand - Demand is approaching capacity and/or problems are occurring within operations
	iii	Service Levels - Minor impacts on service delivery
	iv	Capacity - Meets current capacity needs, but is not sufficient long-term without further modifications
Good	i	Infrastructure - Infrastructure generally meets the needs of employees/community
	ii	Demand - Demand is met by capacity and little to no operational problems are experienced
	iii	Service Levels - No negative impacts on service levels
	iv	Capacity - Current/future capacity needs are generally met within future plans