TO: Regional Board  
FROM: Marilyn Rilkoff  
       Director of Finance and Administration  
DATE: July 10, 2014  
SUBJECT: Ministry Letter – Late 2013 Financial Statements  

Purpose: To comply with legislative requirements.  

Executive Summary: To provide background with regard to the July 10th Ministry Letter regarding late 2013 Financial Statements. The Financial Statements and SOFI Reports are on the July 17th Board Agenda for approval, and will be submitted thereafter.  

RECOMMENDATION:  
THAT staff continue to review position workloads within the Finance Department during 2014, complete the hiring process for the new approved accounting position, and continue to make changes internally to work toward meeting Ministry deadlines in 2015.  

Respectfully Submitted:  
M. Rilkoff, Director of Finance and Administration  

Attachments:  
• July 10, 2014 Letter from Karyn Scott
Implications of Recommendation:

Strategic Plan:
• To report on the status of the organization.

General:
• Legislative Compliance.

Organizational:
• To report on the financial status of the organization.

Financial:
• Compliance with legislative requirements.
• Part of Financial Control System.

Legal/Statutory Authority:
• Expenditures were approved in the 2013 – 2017 Financial Plan Bylaw 1324 and Amending Bylaw 1328.
• Local Government Act
• Community Charter
• Financial Information Act
• Financial Information Regulation

Background:

The Board has received a letter from Karyn Scott, Deputy Inspector of Municipalities regarding late filing of the 2013 Financial Statements.

The Financial Statements are being reviewed by the Audit Committee on July 17th, and are being reviewed and recommended for approval at the July 17th Board Meeting. The LGDE filing has been completed with the draft statements. This will meet the requirements of the letter from Karyn Scott.

Audit Committee:
A detailed report was provided to the Audit Committee this morning, with regard to work load increases in Finance over the past 6 years, primarily:
• Core Staff reduced from 9.5 to 6.75 FTE’s in 2008.
• Accounting, Budgets, Financials and Audits for 2 additional corporations — SIR & OBWB. (More work than the equivalent of what was transferred to DWK).
• PSAB 3150 requirement to account for tangible capital assets for all 4 organizations.
• Many detailed Service Reviews
• 3 CAO changes within 14 months and supporting those transitions.
• CUPE and Collective Agreement negotiations.
• Extended staff leaves due to 3 maternity leaves, spousal death, serious illnesses and accidents, surgeries, family issues and other occurrences.

Despite best efforts, some deadlines are missed or delayed as in this case, and the concern is some things “fall through the cracks”. Staff have completed technological changes, process reviews and improvements to reduce any redundant work, streamlining, restructuring, and
extensive overtime, to achieve the critical workload. We thank the Board for their decision to add another accounting position mid-year via the budget approval process, and anticipate that this will help alleviate some of the problems.

**Conclusion:**
Continued restructuring is taking place in Finance to maximize our resources with the existing number of positions that we have. The direction given has been to keep administrative overhead costs down. It was previously felt that the work load would abate as time passes, however, this has not been the case. The hiring process for the new position will be completed this summer, and will bring FTE's to a level of 8.75 in 2015.
Mr. Robert Hobson  
and Members of the Board  
Regional District of Central Okanagan  
1450 KLO Road  
Kelowna, BC V1W 3Z4  

Email: info@cord.bc.ca  

Dear Chair Hobson and Board Members:  

Further to my letter dated June 4, 2014, I am writing to advise you that the Regional District of Central Okanagan has failed to comply with Section 167 of the Community Charter which requires that all financial information be submitted to the Inspector of Municipalities (Inspector) by May 15th each year.  

As of the date of this letter, the Ministry of Community, Sport and Cultural Development (Ministry) has not received the following item(s):  

2013 Audited Financial Statements  
2013 LGDE Forms  

As previously noted the Ministry requires the above information in order to assess your local government’s financial position. We therefore cannot effectively review any bylaws submitted for the approval of the Inspector of Municipalities until such a time as the information is received.  

Receiving timely and accurate financial information from local governments across British Columbia is critical to the Province fulfilling its role as steward of the municipal financial system and ensuring the local government system remains strong and financially viable.
Local government annual financial information is also required by the bond-rating agencies that establish the borrowing rates available to the Municipal Finance Authority (MFA). British Columbia local governments enjoy some of the lowest interest rates in Canada as a result of the AAA credit rating the MFA and local governments have worked so hard to achieve.

In previous years, the bond-rating agencies have expressed concerns to the MFA regarding the delay in receiving complete and accurate local government financial information. Such delays may have a negative impact on the current MFA AAA credit rating and affect interest rates for every local government in British Columbia.

We ask if you could please ensure the above items are completed and submitted to the Ministry as soon as possible. We would appreciate receiving this information no later than July 25, 2014. After that time all bylaw approvals and conditional grant claim payments will be suspended until the outstanding submission requirements are received by the Ministry. We consider such actions to be appropriate because both Inspector approvals and the financial information we are requesting are necessary components of the financial framework that enables the MFA to maintain its AAA credit rating for British Columbia local governments.

If your local government is unable to complete and submit the outstanding items by July 25, 2014, we ask that you provide a letter to the Deputy Inspector of Municipalities detailing why your local government has not been able to meet the reporting deadline, when you expect the information to be received by the Ministry, and what steps you plan to take to ensure the May 15th statutory reporting deadline is met in future years.

Thank you in advance for your attention to this matter. Please be in touch if you wish to discuss these requirements in greater detail.

Regards,

Karyn Scott
Deputy Inspector of Municipalities