

Region of Peel

# Transformation of Financial Service Delivery

Final Report

January 2023

## Acknowledgement of Provincial Support to Fund Project

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This project is funded through the Province of Ontario's Audit and Accountability Fund (AAF), which supports initiatives that focus on increasing digital services, modernization, streamlining and service integration

The views expressed in this report are the views of the Ernst & Young consulting team based on data reviewed and observations made during the project and do not necessarily reflect the views of the Province.

## Table of Contents

- 01** Background and Approach  
Pg. 4

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- 02** Outcomes of the Current State Assessment  
Pg. 7

---

- 03** Future State Finance Operating Model  
Pg. 12

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- 04** Business Case and Implementation Planning  
Pg. 27

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- 05** Appendices  
Pg. 31

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1

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Background and  
Approach



# The Transformation of Financial Service Delivery was intended to identify opportunities to improve the performance of the Region of Peel's Finance organization and improve the quality of services provided

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## Background

In 2020, EY worked with the Region to review Internal Support Services. This review included a current state assessment, the definition of design principles and development of target operating model recommendations. This review indicated that the Region has a decentralized Finance service delivery model, which can lead to duplication of work, inconsistencies in decision making, lack of integration and collaboration between parties and varying level of satisfaction on the services provided. The "Transformation of Financial Service Delivery" project will support the analysis of the financial and procurement activities across the Region to develop a future-state service delivery model for finance and procurement activities within the Corporate Services Department.

### Scope

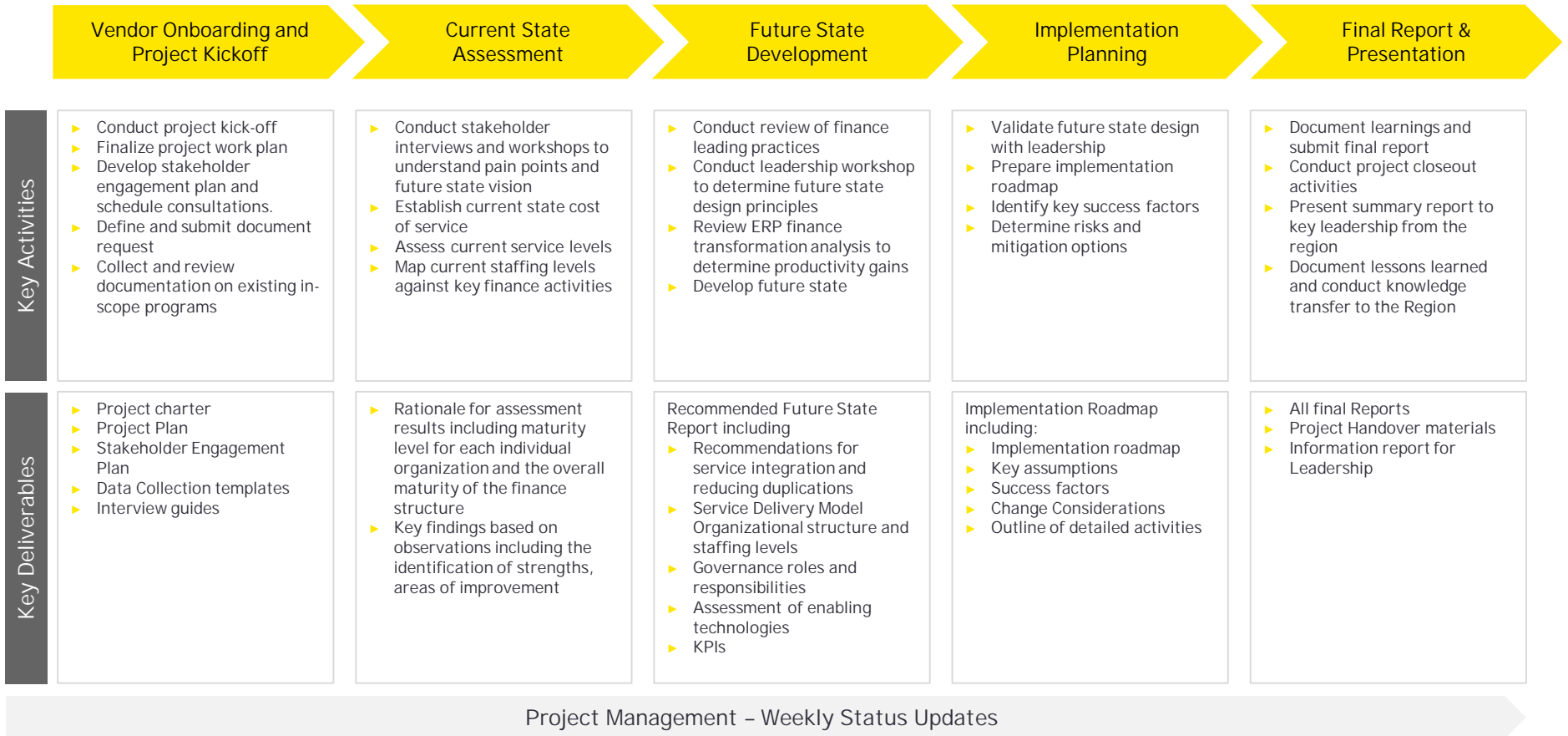
- ▶ Assess the finance and procurement organizations and all related activities across the Region
  - ▶ Includes all corporate finance activities performed within Corporate Services and the Program Areas
  - ▶ Excludes Payroll activities
- ▶ Review focuses on all dimensions of the operating model:
  - ▶ People, Process\*, Technology, Data, Organization, Performance Measurement, Policy

### Objectives

The objective of this phase of the Finance Transformation is to develop a service delivery model for the finance and procurement functions within Corporate Services to enhance service effectiveness, identify efficiencies, and alignment to the new ERP system. The Transformation of the Financial Service Delivery project will result in a report that outlines a set of specific and actionable recommendations for service integration and efficiencies. As a whole, the recommendations will help the Region to provide more efficient service delivery and value to internal partners and the community.

\* Definition of future state processes is performed by the ERP project team and is out of scope for this review. Implications and impact of the process design will be factored in the development of the Future state operating model

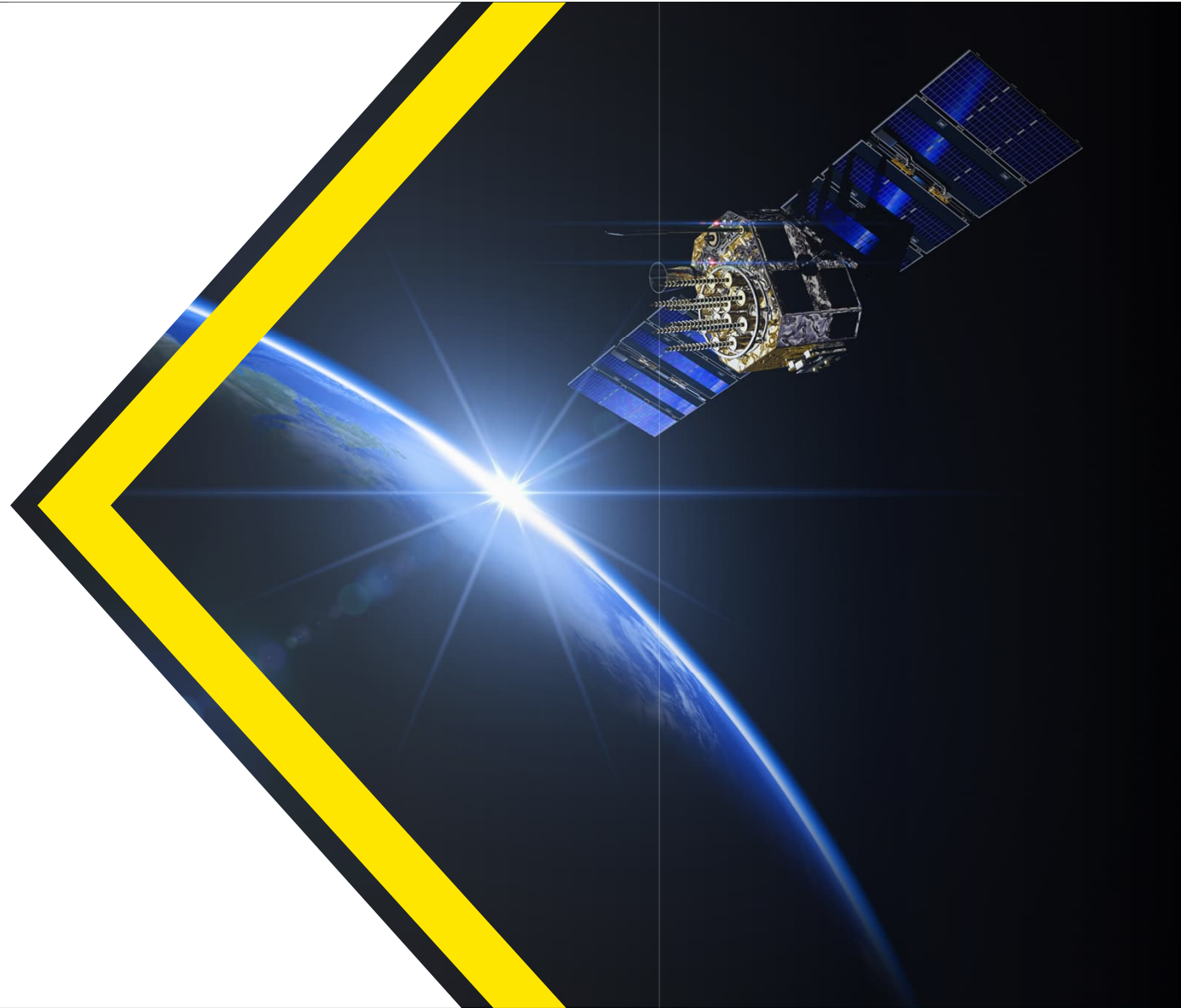
The project was delivered based on a 5 phase approach which included several opportunities for members of the Finance Team and their internal customers to contribute



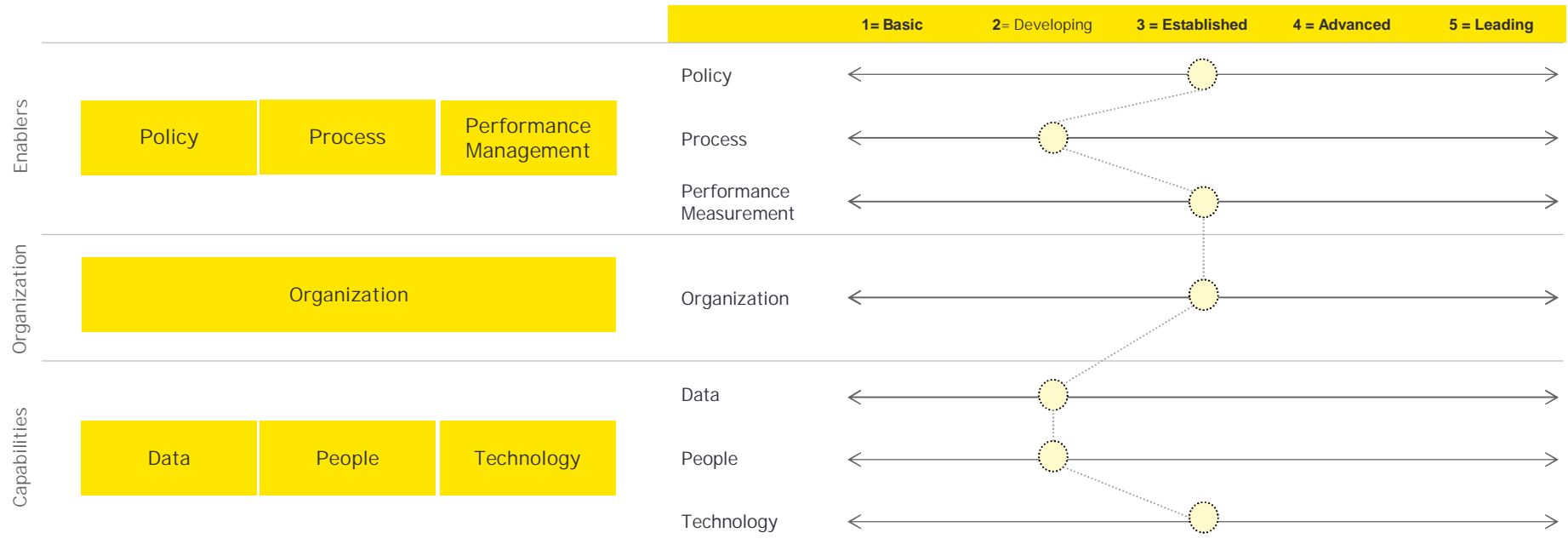
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## Outcomes of the Current State Assessment



The level of maturity of Finance was assessed against leading practices; performance measurement, organization and technology dimensions are assessed as 'established' while others as 'developing'



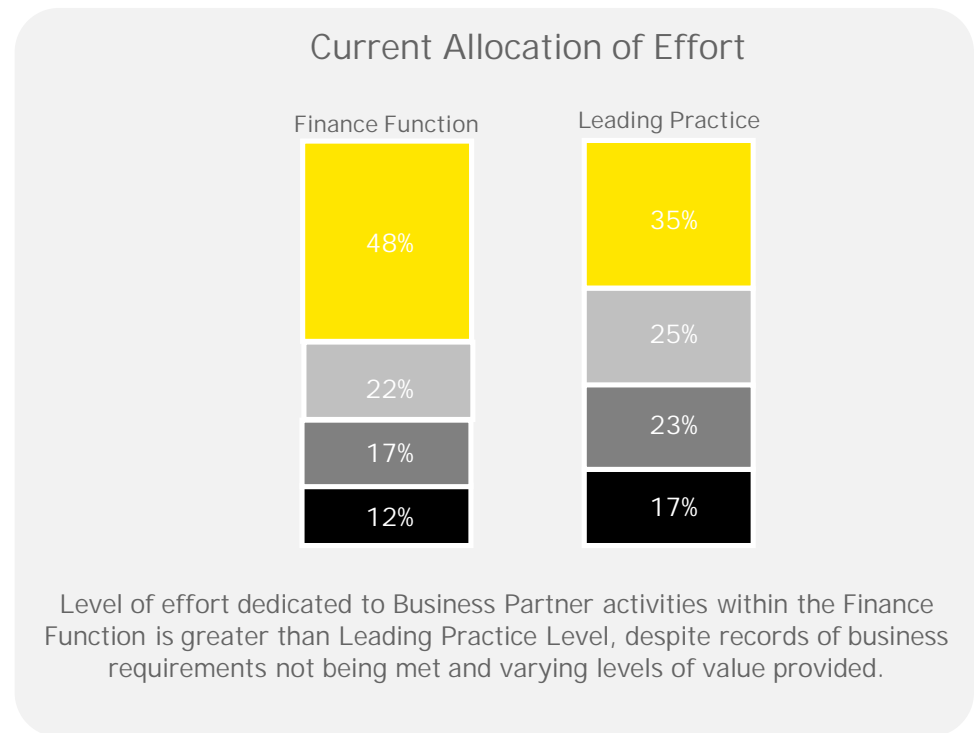
Observations: Lack of clarity of roles and responsibilities between some Finance Teams and the Program Areas, the level of effort and cycle time required to perform core finance activities as well as the significant need for data manipulation to support reporting and decision making all indicate that there are opportunities for improvement across the process, people and data dimensions. "Leading Practice" can be a beacon / vision, but it is fairly complex and costly to achieve. Organizations may strive to achieve this level of maturity, however a clear understanding of the steps required to reach this level is important. "Advanced" will have elements of leading practices, and will enable organizations to reach most of their objectives.

Legend ● Current state maturity assessment

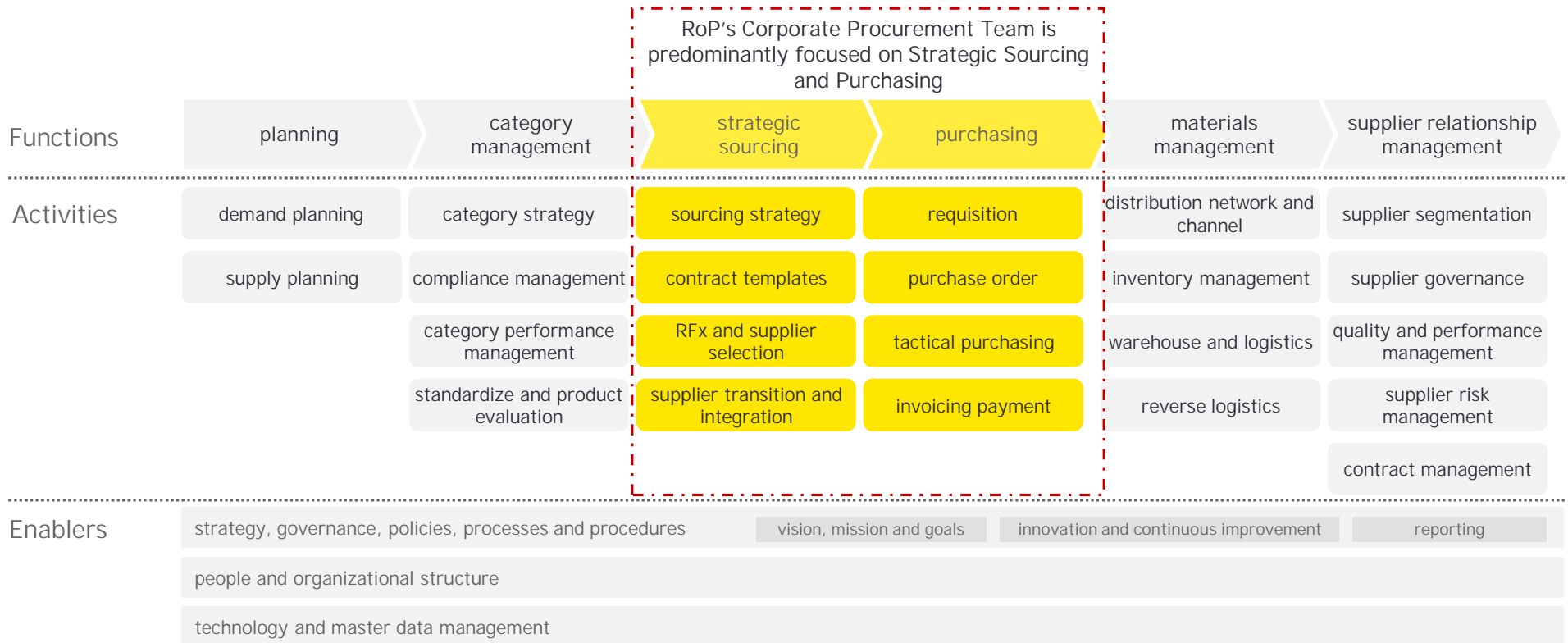


The level of effort dedicated to Business Partner activities is higher than leading practice, however some business requirements are reported not being met

Redistributing the level of effort within Finance should enable RoP's Finance function to add value and meet business requirements.



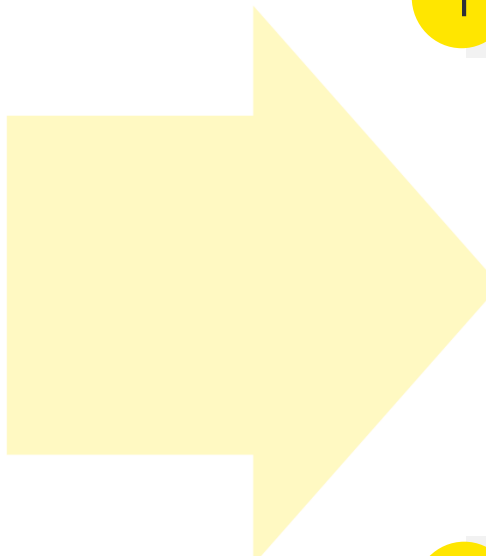
RoP's Corporate Procurement Team is focused on two segments of the Supply Chain Operating Model framework; Program Areas perform the activities under the other four segments



# Considerations as we transition to the future state design phase

## Current state issues

- ▶ Efficiency – Some Finance and Procurement activities are performed by the Program Areas, creating confusion and overlap
- ▶ Allocation of effort is not commensurate with results – high levels of effort dedicated to the business partner role (48% of finance process effort) does not meet business requirements
- ▶ Finance and procurement are not structured as service providers – Service delivery model is not enabled by the current organizational structure/interactions with other areas are not clearly defined
- ▶ Finance and procurement provide “Bespoke service” to the business – services provided are not consistent, and sometimes tailored to the wants and needs of the business without KPIs
- ▶ High volume of manual activity – non-value-added activities, limited automation, and manual/out-of-system workarounds used to meet stakeholders demands
- ▶ Lack of financial and operational fluency – Limited and various levels of understanding of finance and procurement principles across the business; and of operations across Finance and Procurement



## Future state goals

- 1 Finance and Procurement activities are centralized within the Finance organization (with the exception of related Program-specific activities)
- 2 Role of the BFP Teams and Program Areas across all Decision Support activities are clearly defined; BFP Teams work with the Program Areas to support the Executive level decision making
- 3 RoP Finance's structure is designed to enable efficient and effective interactions with the Program Areas and support data-driven analysis
- 4 Service catalogues for Procurement and Finance are standardized and communicated; performance is monitored and reported regularly
- 5 Standardized and efficient processes, technology-enabled where possible
- 6 BFP Teams and Procurement Teams are the conduit into Finance and Procurement for Program Areas by bridging gaps in understanding of either side

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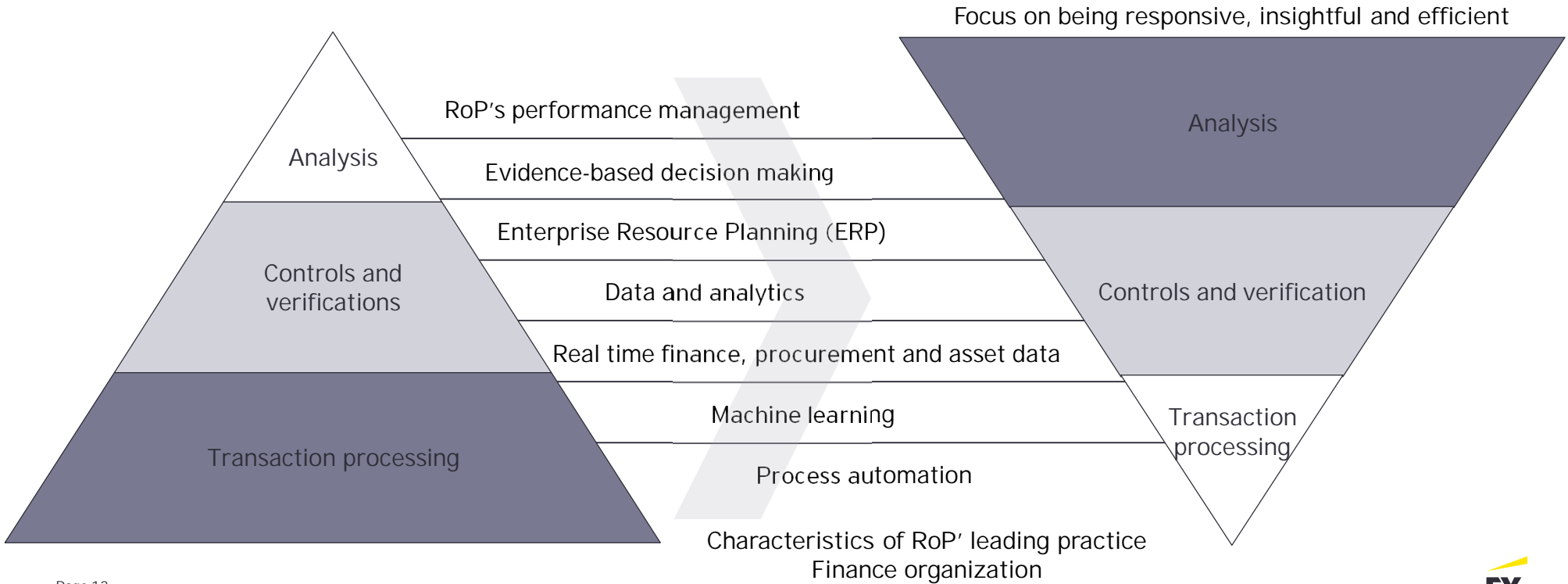
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## Future State Finance Operating Model



Leading practice supporting Finance organizations in the public sector are characterized by standardization, automation and consolidation; the model developed for RoP is aligned to these characteristics

Process improvement, combined with advanced and innovative technology and new skills, particularly those in the field of predictive and prescriptive analytics, will increase RoP's level maturity and align with leading practices.



In addition to public sector leading practices, the design principles agreed with ELT in September 2022 were used as goal posts to define the future state service delivery model for RoP's Finance organization

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These design principles are aligned with the Success Factors endorsed by ELT in September 2022 and should be considered in the design of the future state service delivery model for Finance and Procurement.

#### Service quality

- ▶ Focus on the customer to enhance service quality
- ▶ Standardize and align services delivered to meet business requirements
- ▶ Aligned to public sector leading practices

#### Service cost efficiency

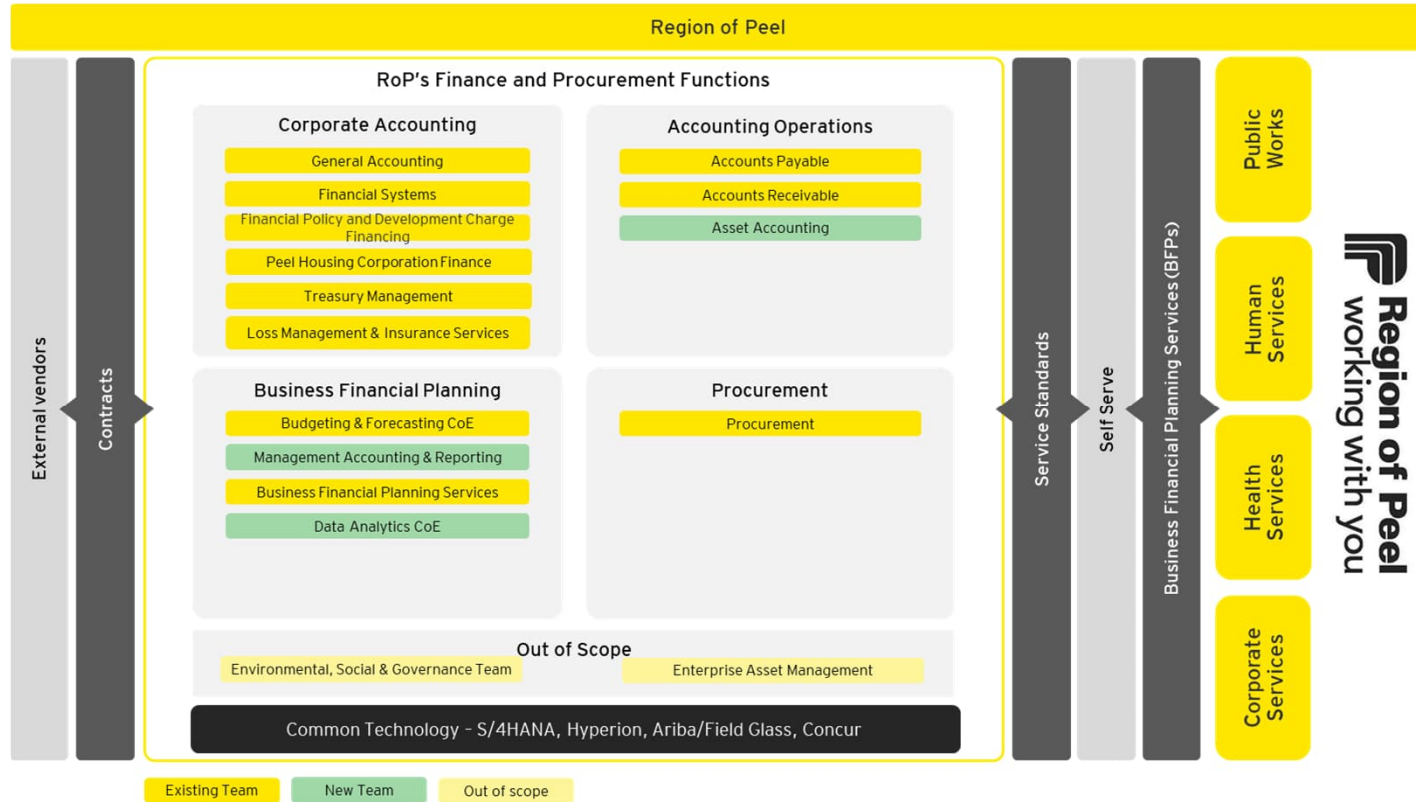
- ▶ No duplication of effort
- ▶ Standard processes, systems and tools to bring work to employees and increase efficiency
- ▶ Automated processes
- ▶ Clear and simple structures/governance and reporting lines

#### Employee Experience\*

- ▶ Focus on 'value-add' activities, analysis, decision support and strategic activities
- ▶ Standardization and clarity of roles
- ▶ Specialization of roles
- ▶ Consistent and common employee experience

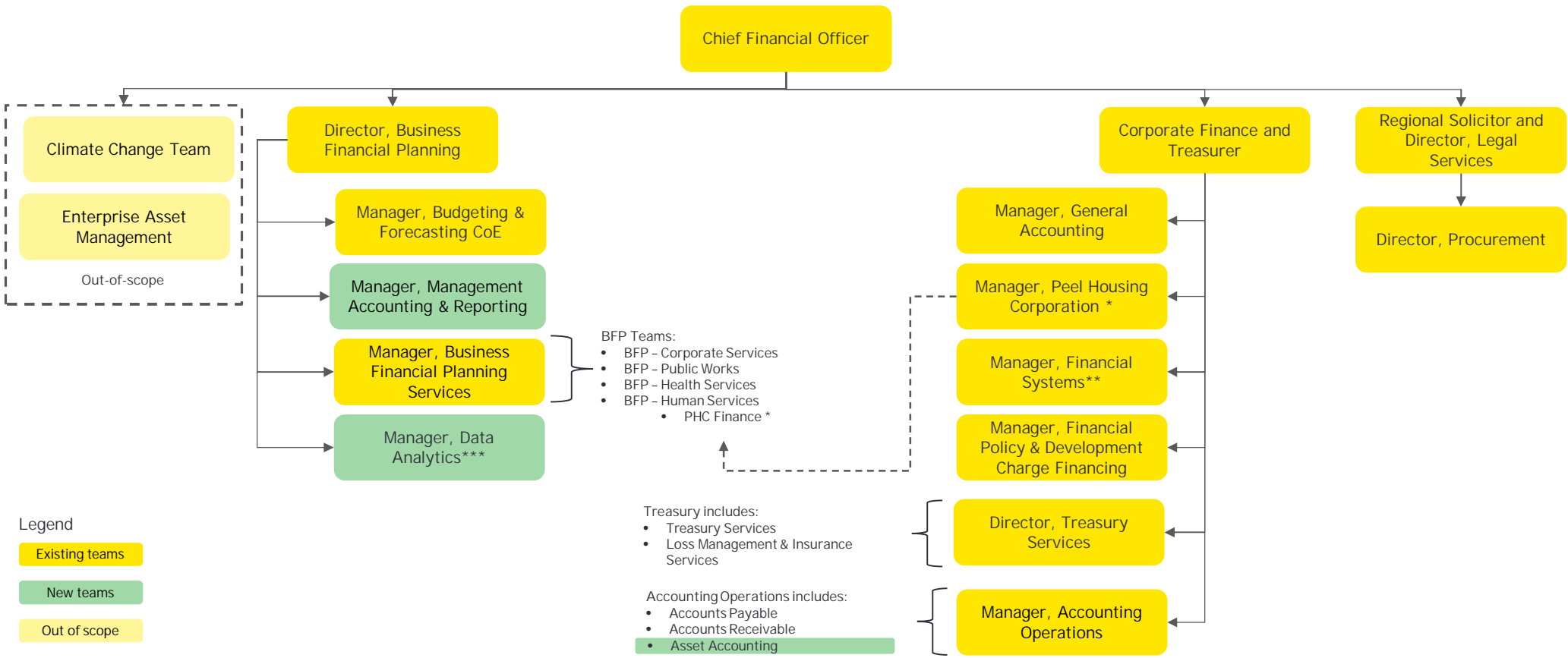
\* Employee experience refers to service provider and clients  
Page 14

The Finance service delivery model defined for RoP is intended to drive efficiency through standardization and specialization, enhance quality through centres of excellence and provide a strong focus on client relationships



Highlights for each team within the proposed service delivery model are defined in pages 17 to 26.

At the top level, the future state organizational structure for RoP's Finance organization is similar to the current organizational structure, with the addition of three specialized teams



Legend

- Existing teams
- New teams
- Out of scope

\* The Peel Housing Corporation (PHC) finance team is unique - in addition to managing accounting and treasury functions on behalf of PHC, the PHC finance team also acts as a Business Financial Planning team representing the unique needs of PHC  
 \*\*FTEs within the Financial Systems Team should be dedicated to master data management and governance; these activities can reside within Finance or IT  
 \*\*\*As the Data Analytics team gains in maturity, it is possible to move the capability outside Finance and under Corporate Services



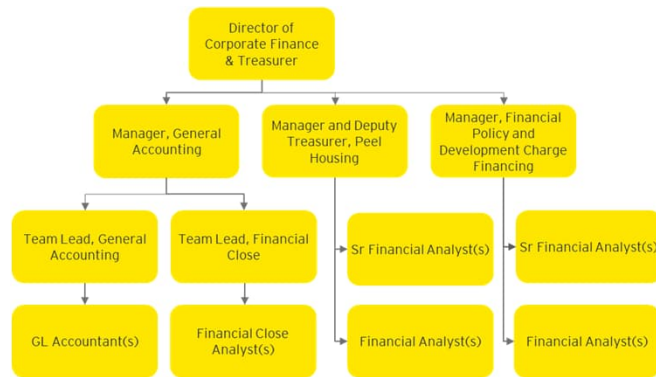


# General Accounting, Peel Housing Corporation, and Financial Policy and Development Charge Financing: Reduced level of manual effort and enhanced data quality should result in performance improvements

## Key Features

- ▶ General Accounting activities include General Ledger Accounting, Period-End Closing and Financial Policies
- ▶ General Accounting activities will be performed using the SAP-FICO module, which houses the complete record of all business transactions and provides a centralized, up-to-date reference for the rendering of accounts
- ▶ Financial close cockpit, use of cost objects, simplified chart of accounts and S/4HANA standard reporting are user-friendly attributes of S/4HANA that will enable GL Accounting, Period-end Close and Financial Reporting activities
- ▶ Financial Policy and Development Charge Financing team will continue to be responsible for tax policy analysis and implementation, supporting development charges background study and adherence to policy, and direct administration of gas tax funding and the upcoming vacant homes tax administration
- ▶ The Peel Housing Corporation (PHC) team maintains its dual responsibility – it is responsible for all accounting and treasury for PHC including financial statement preparation for the entity. It also acts as a BFP team, working closely with the Human Services Business Financial Planning team to provide budget and forecast support to PHC
- ▶ Accounting Seed remains the financial system for PHC; it is not intended to be replaced by S/4HANA during the first phase of the SAP deployment

## General Accounting, Peel Housing Corporation, and Financial Policy and Development Charge Financing Team Structure



## Benefits of implementing this model

- ▶ SAP's multi-dimensional architecture should enable data capture at a more granular level through use of different types of cost objects and simplified chart of accounts
- ▶ Real-time reporting of actuals combined with overall improvement of data governance and quality management practices should improve reporting accuracy to enable data-driven, evidence-based decision making
  - ▶ One source of truth for accurate, real-time data available to relevant stakeholders
- ▶ Ability to control postings during year-end activities should be enhanced by the addition of posting periods and authorization groups, resulting in greater control and flexibility over period-end close
- ▶ Use of Profit Centers is intended to enable reporting by organizational unit, fund, or by reserve
  - ▶ Need to maintain multiple iterations of the same G/L account (e.g., Transfer to - Reserve#1, Transfer to - Reserve#2, etc.) to facilitate funding movements for each reserve fund will be eliminated; requirement will be met by profit centers representing each reserve
- ▶ Centralized Business Partner master data will reduce the likelihood of error and delays when issuing payments

Note: For the purposes of this report, some positions have been reflected with generic job titles and may not necessarily reflect the current job title

## Internal Controls: The audit of financial controls remains the responsibility of the internal audit team; system enabled controls allow a shift from detective to preventative posture

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### Key Features

- ▶ Internal Audit team remains responsible for Finance internal controls
- ▶ RoP's Internal Control Framework is aligned to leading practices, including a risk assessment and key control considerations for a post-system implementation
- ▶ Readiness assessment to be conducted in the next year consisting of an internal audit of financial internal controls
  - ▶ RoP should have an increased awareness of reputational risk due to handling of public funds and to mitigate the risk of reduced external funding
- ▶ Audit plan will be revised at year end based on findings in readiness assessment
- ▶ Standard controls to be embedded in the system where S/4HANA standard processes were adopted

### Benefits of implementing this model

- ▶ Revised internal control framework should be aligned with leading practices, including a post go-live test plan to account for new testing requirements
- ▶ Reduced number of manual controls being tested, reducing the time and effort needed to both manually perform controls and sample and test manual controls
- ▶ Automated system controls are more reliable and timelier than manual controls and should strengthen the internal control environment
- ▶ System embedded controls allow for increased focus on preventative controls as opposed to detective controls such as sample audits and exception reporting
- ▶ Reduced risk of controls being circumvented and enhanced segregation of duties
- ▶ Provides information that can be used to identify opportunities for process improvement

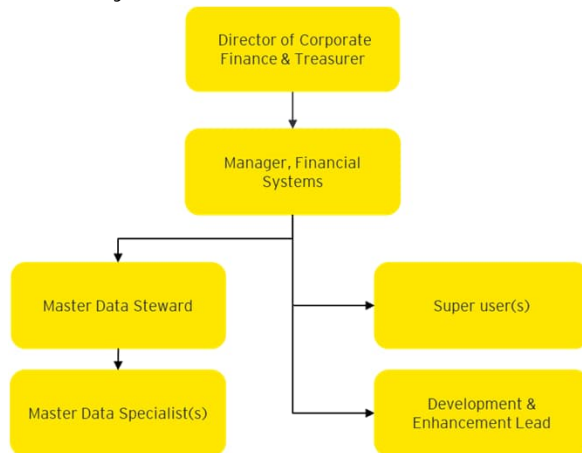
## Financial Systems: The Financial Systems function is enhanced to include data stewardship and standard master data management processes, which will require different roles and skillset

### Key Features

The role of the Financial Systems team is expanded and enhanced to include the following key activities:

- ▶ Provide super-user support, expansion of self service, fostering user adoption, and assist with a 'do it with you' for the first attempt
- ▶ Manage the intake, triage and evaluation process for proposed changes and enhancements requested by the business
- ▶ Identify if a non-SAP solution may be a better fit (e.g., RPA) to meet proposed changes and enhancements based on an understanding of change/enhancement requests from the business
- ▶ Assist with integration for other components of the enterprise data architecture
- ▶ Own Master Data change/control process for financial and structural master data
- ▶ Ensure quality and availability of training materials for key applications
- ▶ Ensure business readiness to adopt system and process changes

### Financial Systems Team Structure



### Benefits of implementing this model

- ▶ Addition of leading practice systems and technology is aligned to RoP's desire to address its technical debt
- ▶ Further enables the adoption of leading practice 'self-service' functionalities related to reporting and data analytics
- ▶ Centralized Master Data Governance and processes should enable the maintenance of data quality to enable data analytics, reporting and decision support activities and increase the quality of insights provided across the organization

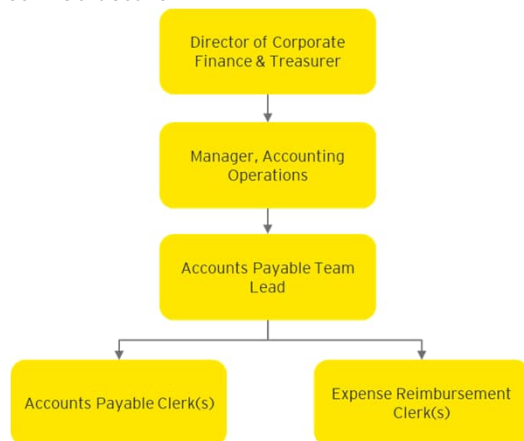
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## Accounts Payable (AP) and Employee Expense Management: The AP function will be centralized and modernized by the implementation of standard processes and roles as well as enabling technology

### Key Features

- ▶ Accounts payable processes is aligned to standard and enabled by OpenText (vendor invoice management, OCR, approval workflow) and S/4HANA (invoicing, AP subledger, auto 3-way match)
- ▶ The cycle time to release invoice payments will be measurable, providing an opportunity to reduce cycle time as a result of the planned process simplification and technology enablement, including workflow approvals
- ▶ Goods Receipt is required for all PO and non-PO invoices and is performed using S/4HANA
- ▶ Employee expense management process is streamlined and enabled by expense thresholds and workflow approvals

### Accounts Payable and Employee Expense Management Team Structure



### Benefits of implementing this model

- ▶ Integrated AP solution (VIM – S4/HANA)
- ▶ Reduced level of effort and greater visibility as a result of standard reports available in VIM and S4/HANA
- ▶ Faster turn-around-time on approvals as a result of workflow enablement, notifications and reminders
- ▶ Greater visibility into goods/assets across RoP and reduced risk of authorizing payments for goods/services not received as a result of Goods receipt
- ▶ Reduced manual activities as a result of process simplification and technology enablement
- ▶ Addition of a Manager, Accounting Operations to provide additional support to Accounts Payable, Accounts Receivable and Asset Accounting teams

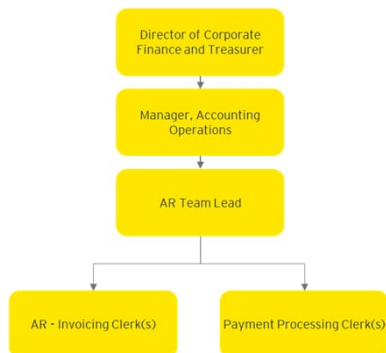
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Page 20

## Accounts Receivable (AR): The AR function is fully centralized with standardized processes

### Key Features

- ▶ Accounts receivable processes are standardized and enabled by S/4HANA (i.e. invoicing, cash application, collections, and processing credits/rebills)
- ▶ Public Works' Water Billing process and related collections activities remain with Public Works due to a decision not to transfer invoicing from the Oracle billing system to S/4HANA in phase 1 of the ERP project
- ▶ PHC invoices will be created in the legacy system (not in S/4HANA), uploaded into S/4HANA and sent to the customers by the AR Team.
- ▶ SAP standard process solution is applied for collections (with the exception of Water Billing)
- ▶ Level of effort dedicated to AR activities within Peel Housing Corporation is program-specific\* and should remain within the program area
- ▶ Opportunities to increase the level of automation (e.g. RPA, AI, etc) of Water Billing invoicing processes/activities exist and should be further explored

### Accounts Receivable Team Structure



### Benefits of implementing this model

- ▶ Adoption of consistent processes across in-scope RoP program areas provides an opportunity to increase process efficiency and reduce the level of effort
  - ▶ The need to create invoices manually is eliminated for in-scope program areas; requestors (Program Areas) will need to complete and submit the invoice request form
- ▶ Enhanced AR audit trail with the ability to attach scanned documents to be used for proof and provide an additional audit trail
- ▶ Improved and simplified approval processes for invoices
  - ▶ All approvals (i.e. invoices, credit memos, and collection blocks) are performed by the AR Team (vs Program Areas), reducing the number of hand offs within the process
- ▶ Ability to add notes on individual invoices or customer accounts for better tracking and information sharing
- ▶ Addition of a Manager, Accounting Operations to provide additional support to Accounts Payable, Accounts Receivable and Asset Accounting teams

\* Peel Housing Corporation specific activities include Tenant Account Management (rent calculations, billings, adjustments, refunds, PAP), tenant rent/non-rent receivables collections and evictions, social assistance programs/support, inquiry management, etc

Note: For the purposes of this report, some positions have been reflected with generic job titles and may not necessarily reflect the current job title

## Asset Accounting: Standardization, integration and automation of asset accounting activities will increase the visibility into the asset lifecycle to support key planning and investment decisions

### Key Features

- ▶ Asset Accounting includes acquisitions, retirement, write-off, betterment, AUC processing, depreciation and accumulated depreciation, reporting, and the recording of Asset Retirement Obligations (new requirement effective fiscal years that begin on or after April 1<sup>st</sup>, 2022)
- ▶ Asset Accounting activities will be performed using FI Asset Accounting and PM modules
- ▶ Standardization of planning tools and processes across the Program Areas will provide a holistic view of assets across RoP
- ▶ Asset accounting activities will be performed by the Accounting Operations team, with close interaction with BFP teams, Procurement, and capital project managers
- ▶ Capital planning continues to be performed by Program Areas with support from BFPs, working in conjunction with the Asset Management COE, the RPAM COE, the Climate Change COE, and Procurement Teams
- ▶ Implementation of SAP Project Systems to manage capital projects will enable the establishment and maintenance of project structures, making it easier to maintain budgets and availability controls, run periodic settlements of cost from WBS to cost centers and profit centers, report on project status and analyze performance, and close out projects when completed

### Asset Accounting Team Structure



Note: For the purposes of this report, some positions have been reflected with generic job titles and may not necessarily reflect the current job title

Page 22

### Benefits of implementing this model

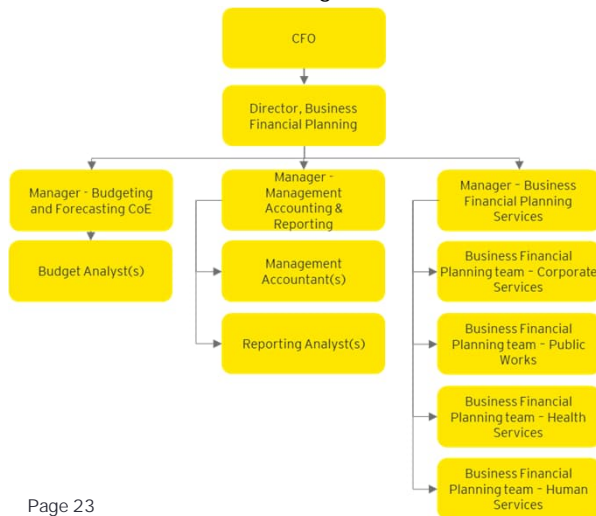
- ▶ S/4HANA is the single source of truth for financial transactions and should balance data related to capital assets at RoP, simplifying reporting and improving the client experience
- ▶ A single process is followed across the region enabled by S/4HANA enabling more consistent, standards-based service delivery
  - ▶ Note: PHC to remain on Accounting Seed for phase 1 of the S/4HANA implementation
- ▶ Reduced reliance on excel and manual processes should improve data quality and increase efficiency
- ▶ Validation rules should enable correct coding of capital assets, creating controls on which funds can be applied to specific assets
- ▶ Budgeting and availability controls in Project Systems should enhance control over capital projects and facilitate improved status reporting and visibility
- ▶ Project Systems should provide greater control and visibility into project execution leading to improved status reporting across the region and more accurate forecasting of operating and capital requirements
- ▶ Addition of a Manager, Accounting Operations to provide additional support to Accounts Payable, Accounts Receivable and Asset Accounting teams

# Business Financial Planning: The role of the Business Financial Planning teams evolves to be a true Business Partner to and service provider to the Program Areas

## Key Features

- ▶ All Program Areas will continue to leverage Hyperion for Business Financial Planning (BFP) activities with the exception of Peel Police and PHC who will input budgets directly into S/4HANA (as opposed to PeopleSoft)
  - ▶ The primary planning and management reporting tool continues to be Oracle Hyperion Planning; limited process changes have therefore been proposed as part of the ERP Project
  - ▶ The opportunity to align Police and PHC to the process of submitting budgets in Hyperion could be explored in to further simplify the process (one less integration to maintain, a consistent process realized in a single tool)
  - ▶ Integrations will enable the flow of data between the two systems to provide real time data without the need for manual data manipulation or reconciliation
- ▶ Stakeholders involved with BFP processes will have more time to perform value add analysis instead of data collection activities
- ▶ Elimination of data redundancy and enablement of near real-time reporting. Single source of truth to support decision making
- ▶ S/4HANA will provide a more granular level of structures for recording reserves and revenues (profit centers)

## Business Financial Planning Team Structure



## Benefits of implementing this model

- ▶ All Program Areas will continue to use Hyperion to perform their planning and budgeting activities, with the exception of Peel Police and PHC) who will use S/4HANA
- ▶ Activities performed in Hyperion were not mapped as part of the ERP project; limited improvements are anticipated
- ▶ Standardized service delivery should keep bespoke services to a minimum
- ▶ CoE for Budgeting and Forecasting should enable standardization of process and deliverables received from the Program Areas
- ▶ A formal Management Accounting and Reporting team is responsible for program funding activities, the allocations process, management accounting adjustments, and supports RoP with standard reporting that supports the budgeting and forecasting processes
- ▶ Integrated systems and a clear data strategy laying out in which systems key master data provides the opportunity to reduce organizational silos
- ▶ Opportunity to adopt “push” and “pull” report deployment strategy to facilitate timely information sharing

Note: For the purposes of this report, some positions have been reflected with generic job titles and may not necessarily reflect the current job title

# Data Analytics CoE: The Data Analytics CoE is intended to provide proper access to quality data to support data-driven, evidence-based decision making

## Key Features

- ▶ New centralized Data Analytics team to manage and facilitate delivery of information; the team will be focused on driving insights to support program planning and executive decision making by leveraging financial, operational and population data (e.g. population health or housing data).
- ▶ Team is responsible for data governance and management activities within a Data Stewardship function to foster accountability, influence data sourcing decisions and standardize master data definitions and usage (common business language) across Finance and Procurement
- ▶ Single source of truth to support decision making
- ▶ Elimination of data redundancy and enablement of near and real-time reporting
- ▶ Deployment of scalable and robust data modeling platform and analytics tools
- ▶ Assumed 'out of box' and custom reports inventory embedded into business processes execution via S4/HANA
- ▶ Assumed ability to adopt 'push reporting' through the implementation of SAP S4/HANA to reduce manual level of effort related to report creation, including data manipulation

## Data Analytics Team Structure



Note: For the purposes of this report, some positions have been reflected with generic job titles and may not necessarily reflect the current job title

Page 24

## Benefits of implementing this model

- ▶ Centralized dedicated team would force rigor around data stewardship and consistency of accessing and managing information
- ▶ Common data challenges such as: maintenance of 'informal' data repositories, data proliferation and redundancy, inconsistent data definitions and taxonomy, missing data, inadequate data security and access controls would be addressed via standardized and centrally governed reporting framework
- ▶ Overall, there should be a significant improvement in processes execution efficiency and transparency across all levels of the organization. Information silos should come down since finance and the program areas will be working with the same set of financial and procurement data, with the ability to analyze it differently depending on the requirement
- ▶ Improved reporting accuracy should enable data-driven, evidence-based decision making
- ▶ RoP should benefit from improved visibility and integration of financial data, however the full extent of these improvements will be achieved in later phases with implementation of operational functions such as Enterprise Asset Management and Project Management (i.e. Project Systems)
- ▶ Ability to leverage financial, operational, demographics data to drive insights and support decision making using BI tools

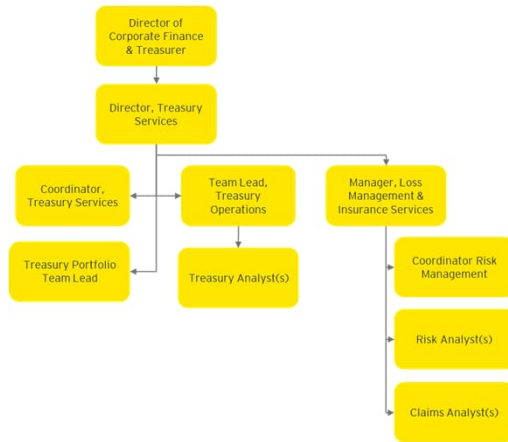


## Treasury Management: The Treasury teams will benefit from real-time data and insights to effectively manage the Region's cash and financial risks

### Key Features

- ▶ The proposed structure has the Loss Management team reporting to the Director, Treasury Services as opposed to reporting to the Director, Corporate Finance and Treasurer (current state)
- ▶ Data quality will be improved by having a single source of truth and fully utilizing SAP dimensions to organize data will aid in improving forecast accuracy
- ▶ Clearing accounts will facilitate the rapid reconciliation of bank accounts
- ▶ Continued focus on realizing the benefits of the recently implemented Treasury Management tool, FIS Integrity

### Treasury Management Team Structure



### Benefits of implementing this model

- ▶ Integration of Loss Management & Insurance Services into the Treasury Management function allows for better overall risk management for the region
- ▶ Better insights into available cash will help Treasury to better balance risk and returns enhancing investment management capabilities
- ▶ SAP tools provide a just-in-time snapshot of cash effects to support prompt distribution of cash to strategic areas of the business, as required
- ▶ Standardized budgeting practices through the CoE should confirm that Finance and Treasury are aligned with debt and funding requirements
- ▶ S/4HANA driven process improvements related to bank reconciliations, payments processing, and cash forecasting should improve efficiency

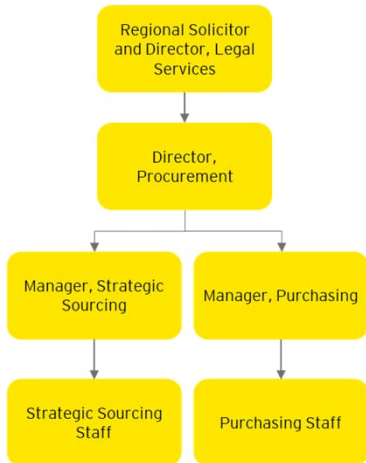
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Page 25

# Procurement: RoP's Corporate Procurement Team will continue to support the Program Areas by focusing on Strategic Sourcing and Purchasing activities

## Key Features

- ▶ RoP's Corporate Procurement Team will continue to support the Program Areas by focusing on Strategic Sourcing and Purchasing activities; Program Areas perform most activities related to Planning, Category Management, Materials Management and Supplier Relationship Management
- ▶ Procurement processes are standardized and enabled by SAP (Ariba, Fieldglass, S/4HANA) and Maximo; both systems are integrated to enable data flow and support reporting
- ▶ Some Strategic Sourcing Team Members are specialized in select Spend Categories to better support complex procurements (e.g. IT)
- ▶ Goods Receipt (GR) will be required and performed in S4/HANA, which will enable three-way matching (Purchase Order, Goods Receipt and Invoice)
- ▶ P-card ownership will remain with Procurement; AP Accountants will process statements and release payments

## Procurement Team Structure



Page 26 \*Part of the future phases of the ERP project

## Benefits of implementing this model

- ▶ Assumption: Enhanced reporting capabilities will provide greater visibility on spend and reduce the level of data manipulation required to produce reports
- ▶ Implementation of three-way match increases accuracy and consistency
- ▶ Real-time integration between Accounts Payable and Procurement; keep records current by updating postings to accounts payable simultaneously in the GL
- ▶ Ability to drill down from vendor balances to line items
- ▶ Improved Transparency and Data Availability
- ▶ Flexibility with cloud-based SAP Ariba\*
  - ▶ As a cloud-based solution Ariba allows the organization and suppliers to connect and do business on a single platform
  - ▶ Enables end-to-end visibility into your supplier base and factors creating risk
  - ▶ Increased compliance across all spend-related processes to improve savings
  - ▶ Would replace Bids&Tenders for e-bidding

Note: For the purposes of this report, some positions have been reflected with generic job titles and may not necessarily reflect the current job title

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## Business Case and Implementation Planning

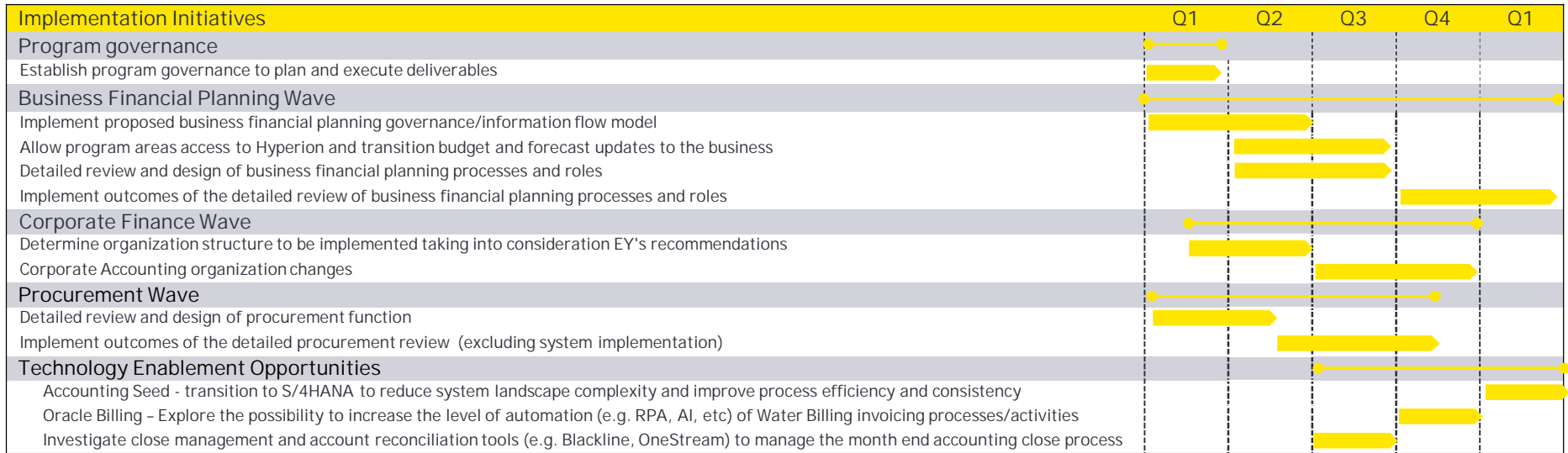


The implementation of the proposed service delivery model should result in efficiency gains that can be realized within Finance and the Program Areas, related annual recurring savings have been estimated between \$0.6M - \$3.6M

Business Model Function	Team	Efficiency Gains*	Comments
Accounting Operations	Accounts Payable	Low-Medium	<ul style="list-style-type: none"> <li>▶ Addition of a Manager, Accounting Operations to provide additional support to Accounts Payable, Accounts Receivable and Asset Accounting teams</li> <li>▶ Efficiency gains within Program Areas: reduced level of effort as a result of standardized processes, system enabled invoice coding, automated 3 way match</li> </ul>
	Accounts Receivable	Medium	<ul style="list-style-type: none"> <li>▶ Centralization of invoice creation activities into AR function and standardization of invoice creation processes</li> </ul>
	Asset Accounting	Medium	<ul style="list-style-type: none"> <li>▶ Creation of a team dedicated to asset acquisitions, retirement, write-off, betterment, AUC processing, depreciation and accumulated depreciation, reporting, and the recording of Asset Retirement Obligations</li> </ul>
Corporate Accounting	General Accounting	Low	
	Financial Policy and Development Charge Financing	Low	
	Treasury Management	Medium	<ul style="list-style-type: none"> <li>▶ Opportunity to align efforts to leading practices to increase efficiency</li> <li>▶ Loss Management &amp; Insurance Services moves under Treasury which allows for better overall risk management for the region</li> </ul>
	Peel Housing Corporation Finance	Low	
Business Financial Planning	Budgeting Forecasting CoE	Low-Medium	<ul style="list-style-type: none"> <li>▶ Clarification of roles, responsibilities and accountabilities between Business Financial Planning Team and Program Areas should foster better collaboration and enhanced transparency</li> <li>▶ Centralization of corporate finance activities into Finance</li> <li>▶ Opportunity to review Business Financial Planning processes to identify further areas for improvement and system enablement</li> </ul>
	Management Accounting & Reporting	Low-Medium	
	Business Financial Planning Services	Medium	
Procurement	Procurement	Low	<ul style="list-style-type: none"> <li>▶ Opportunity to expand the scope of the Procurement team to include planning and category management activities</li> </ul>
New/Enhanced Functions	Financial Systems	Medium	<ul style="list-style-type: none"> <li>▶ Addition of a formal data governance structure, master data management processes and capabilities to maintain data quality.</li> </ul>
	COE - Data Analytics	Medium	<ul style="list-style-type: none"> <li>▶ Addition of data analytics capabilities to leverage unstructured and structured data, and industry BIG DATA to support business decisions</li> </ul>

\*Efficiency gains consider the improvements anticipated from the deployment of standardized processes aligned with leading practices, enabled by technology

To implement the proposed service delivery model, initiatives have been organized into waves to facilitate their implementation



The implementation plan spans over a period of five quarters. It was developed with an agnostic view and does not take into account the revised timelines for the ERP program.

Investments in program management, change management and detailed design will be required to support the implementation of the proposed plan.

Lessons learned from other public sector jurisdictions in Canada and around the world suggest that RoP has an opportunity to increase efficiency and improve the quality of services provided

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### Key success factors

- ▶ Sustained and engaged governance, executive support and leadership is critical, particularly given various initiatives underway in RoP and the constantly changing regulatory environment
- ▶ Benefits will be dependent on investments in transformation; investments are required in people, processes and technology
- ▶ Focus on program and change management is required from the onset of the transformation
- ▶ Make a strong and committed launch; optional participation will not work. All finance functions and program areas must participate and contribute
- ▶ Process improvement and standardization is fundamental and the primary source of quality improvement; it must therefore be tackled first. Automation of standardized processes will provide incremental benefits
- ▶ Run service delivery as a business; focus on accountability, measure efficiency and customer satisfaction, and continue to deliver value; delivering cost savings alone will not be enough to generate sustainable success
- ▶ Implement comprehensive service standards and/or Service Level Agreements (SLAs) which are clear, and sufficiently specific on operational outcomes and realities

# 5

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## Appendix – Detailed Approach to the Future State Design



## Background and Approach

The business model design ties together several deliverables and components of the design phase. Multiple inputs contribute to the development of this deliverable

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Information used to develop the Business Model Design was sourced from the following project work items:





## Background and Approach

The business model design speaks to each component of the business model; changes are proposed to address challenges identified during the maturity assessment




### Finance Service Delivery Model

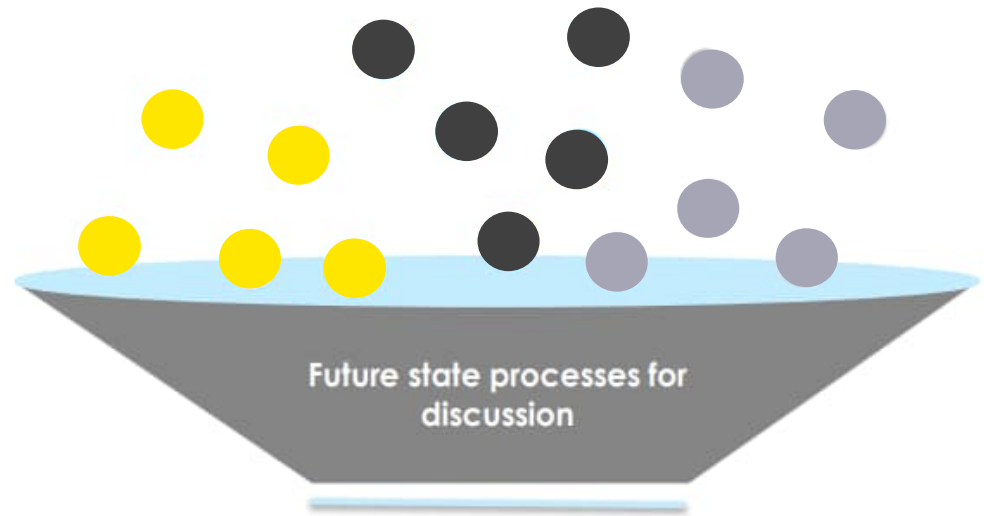


## Background and Approach

Outcomes from the Current State Assessment, Future state processes and Finance and Procurement leading practices were leveraged to inform the design of the future state process

### Future State Inputs

-  Outcomes from the Current State Assessment  
Workshops, 1-on-1 interviews and follow meetings were conducted Finance and clients of Finance to identify current state processes and pain points to be addressed in the Future state
-  Future state processes  
Future state processes provided by the ERP team were used to form the basis for the process and technology/data dimensions of the model
-  Finance and Procurement Leading Practices  
Leading practices observed across Public Sector organizations were incorporated into the suggested model where possible and practical



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