

The Municipality of North Perth

Administrative Process Efficiency Review

Final Report

December 30, 2020



Disclaimer

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Executive Summary

Administrative Process Efficiency Review

Executive Summary

In July 2020, KPMG's Lean Services team was engaged to perform an Administrative Process Efficiency Review of key business process at the Municipality of North Perth, with the objective of reducing process burden and improving customer experience.

Through a combination of KPMG facilitated interactive workshops with staff, Council, and municipal senior leadership, as well as voice of customer/resident survey, the North Perth and KPMG Team developed 7 current state process maps, 52 specific opportunities for improvement, and recommended implementation roadmaps for undefined processes such as the Council / Mayor Escalation process, Records Management, and Recreation Facility Staff Scheduling changes.

Key Processes

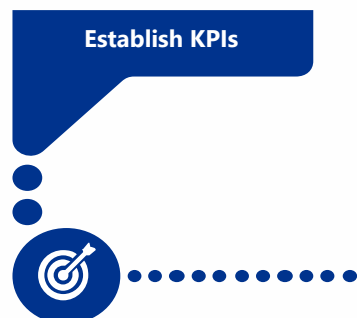


Those findings were aggregated into four key opportunity areas that are designed to focus North Perth's efforts to address gaps in the current state. Informed by evidence and guided by the opportunity areas, the KPMG team leveraged our knowledge of leading practices both in audit and lean six sigma to recommend a prioritized list of improvements and implementation roadmap to fit the needs and desired future state of the Municipality.

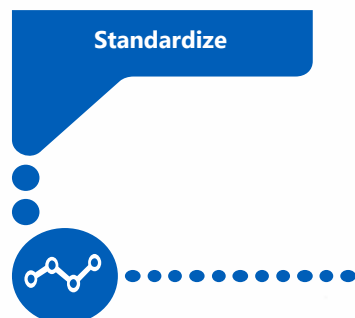
Executive Summary - Solutions

The common themes noted throughout our engagement in each of the workshops completed with staff were: a lack of data to drive decision making and service level outputs, lacking standard work and formal processes, high reliance on paper, and a resistance to change. These common themes have led us to recommend four key solution focus areas to improve service delivery and create staff capacity to spend time on value added work. The solution focus areas are high level, and coupled with the practical improvement opportunities identified through the process mapping exercises, will allow for a shift in how North Perth works and would position the municipality for effective and efficient future operations during this time of unprecedented growth. KPMG's recommended implementation plan is included to provide a roadmap to guide North Perth on next steps.

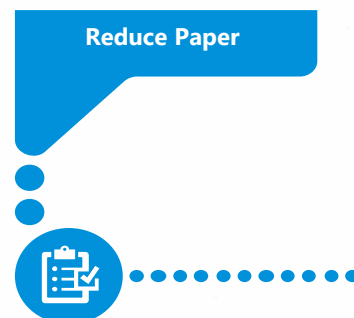
The key solution focus areas listed below are viewed to have the biggest impact:



- **Shine a Light:** gather real time data work outputs and resident satisfaction/complaints into city hall and other metrics
- **Own the Data:** Discuss performance on a regular basis
- **Share:** Create a physical location to share metrics
- **What Adds Value:** Value-Add Work is anything that creates value from the customers' perspective



- **Educate and Identify:** training to all staff regarding standard work should be rolled out across the municipality.
- **Create Standard Work:** this is a way of finding the easiest most repeatable way to achieve results.
- **Develop Operational Level Tools:** develop written operating procedures and formalize action items.



- **Identify Waste in the System:** Ask does this task need to be done? Is it being done in the most efficient way possible?
- **Mistake-Proofing:** Processes must be functioning at optimal level prior to implementation of technology.
- **Modernize:** use electronic comments, document tracking, e-signatures, version control mechanisms.



- **Behavioral Change Management:** Behavioral CM makes organizations ready, willing and able to implement change
- **Communication:** The leadership team should create a narrative around the reason to change.
- **Sustain the Gain:** controls need to be put in place to ensure tasks are completed in the most efficient and effective way to achieve the customer's needs is maintained.



Introduction and Project Scope

Administrative Process Efficiency Review

Project Objectives

I- Background

The Municipality of North Perth (“the Municipality”) is a growing community with a goal to deliver the best rural and urban life to its 13,000 residents. As the fastest growing community in Perth County, the Municipality has engaged KPMG to conduct a Lean review of its administrative processes to reduce process burden and improve customer experience.

II- Objective and Scope

The project will focus analysis on the administrative processes used by the Municipality’s departments (e.g., CAO, Clerks, Building/Planning, Finance, Parks and Recreation, Public Works, Environmental services). Through an analysis of key processes – many of which touch those who live or work, or plan to do either in North Perth, opportunities will be identified to both reduce process burden (with consequent gains in staff time due to greater efficiency), and improve customer experience (e.g., shorter wait times, fewer process steps, greater clarity about what is happening).

In addition, selected staff “champions” will be taught and coached, over the period of the engagement, the necessary tools to enable them to better develop their own solutions and operational and process challenges over time.

The expected outcomes are as follows:

- Identify efficiency gains
- Paper reduction
- Improved document and knowledge management
- Enhanced customer experience
- Improved self-efficacy and productivity of staff

Administrative Process Efficiency Review

Work Plan

This engagement commenced on July 9, 2020, and will be completed when the final report is presented to North Perth Council on or before December 14, 2020. The diagram below depicts the key phases as outlined in the Project Charter and the progress to date.



This report utilizes the data and information collected from the municipality to develop options and recommendations for next steps for consideration by leadership. The activities completed to date include:

- ✓ Review of Project Scope and Timelines and establishment of Project Charter
- ✓ KPMG facilitated discussion with North Perth Senior Management team to solidify desired outcomes and further explore challenges and key issues that are important to the Municipality. Some challenges discussed but not limited to are as follows:
 - Enhance customer service through establishment of a feedback loop for all departments
 - Manage increased demand in services from community growth
 - Improve the efficiency and effectiveness of the budgeting process and strategic planning and hold departments responsible during the fiscal year
- ✓ KPMG facilitated workshops for the following processes:
 - Municipal Drains – Maintenance and Construction
 - Subdivision – Agreements and Construction

Administrative Process Efficiency Review

Work Plan

- ✓ KPMG facilitated workshops for the following processes (continued):
 - Accounts payable – invoice approval and processing
 - Account receivable – billing and cash receipt
 - Records Management / TOMRMS
 - Council / Mayor Escalation
 - Recreation Facility Staff Scheduling
- ✓ KPMG Voice of Customer / Resident's Survey to collect further data on the service levels and feedback of services provided by the Municipality.
 - The survey closed on Friday, November 13th and 74 responses were received
- ✓ Submit final report to the Municipality by December 4th
- ✓ Submission of Final Report and Presentation to Council December 14th



Root Cause & Solution Focuses

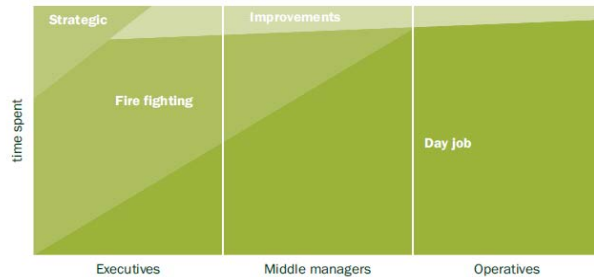
Administrative Process Efficiency Review

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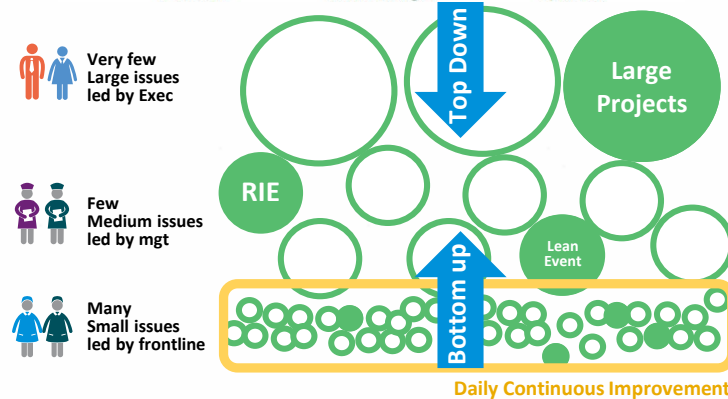
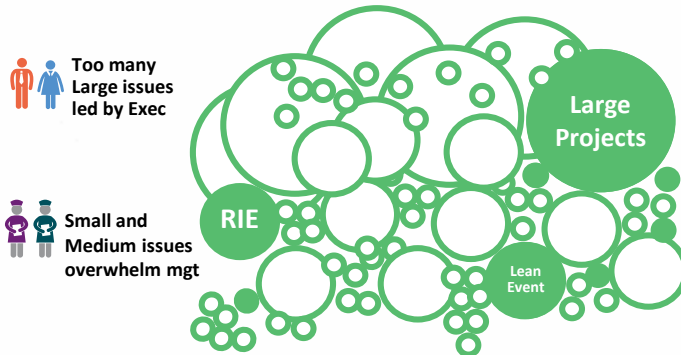
Becoming a More Sustainable Municipality

Many organizations/units strive to become more empowered and engaged through Lean process improvement. The solution focuses on the following slides will start North Perth on a path to process excellence, building lasting change and sustainable improvement.

The typical organisation



The sustainable organisation



Adapted from: "The Toyota" Way Fieldbook, Liker and Meier and KPMG UK

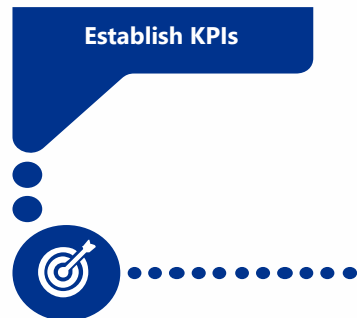
- *Firefighting*
- *Repetitive work*
- *Low-performing*
- *Low morale*

- *Client focus*
- *Priority driven*
- *High-performing*
- *Inspired talents*

Root Cause and Solution Focuses

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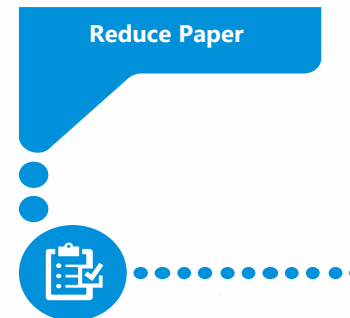
The key solution focus areas listed below are viewed to have the biggest impact:



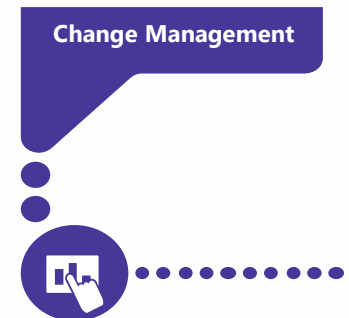
- **Shine a Light:** gather real time data work outputs and resident satisfaction/complaints into city hall and other metrics
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Obtain Data and Establish Key Performance Indicators (KPI's)

Data Drives Behaviour.

Action Steps:

Step 1 – Measuring what you do and how well you do it is absent in current system. This was noted in the feedback received from the resident survey as well as the Council / Mayor escalation process. North Perth should begin to track and collect data on resident issues and complaints and their resolution.

Step 2 - Create a huddle board in a central location to review the data collected on a weekly bases. This will align all staff around the performance metrics and gain collective buy-in for the vision for the future.

Step 3 – Using the data collected on resident complaints and resolutions, create KPI targets for upcoming year and add them to the weekly huddle boards and safety cross.



What adds Value?

Value-Add Work is anything that creates value from the customers' perspective. Typically, a value-added activity must meet three criteria:

- It is something the customer would be willing to pay for if they had to
- It is something "physical" done to change the product or service
- It is something done correctly the first time, without the need for re-work



Shine a Light

Gathering real time data on resident satisfaction and complaints through received phone calls and inquires at the municipal office can provide information required to create continuous improvement to move toward and KPI targets can be developed and implemented.



Own the Data and Share

The municipality's performance could be discussed weekly, at quality board huddles, to review how you are performing against plan. This sharing will build upon the team and collaborative approach. Create a physical location to share the metrics such as a weekly huddle board as well as posting the data on an intra-office dashboard for all staff to see. A dashboard is a powerful tool which provides real time data to the team on their continuous improvement journey. It is a visual report card of what's trending, what's on track, and where adjustments need to be made to improve results.

If you don't know where you are going, any road can take you there ~ Lewis Carroll



Appendix A contains an example of an effective dashboard used by the City of Toronto for tracking and reporting critical COVID-19 metrics in real time, on page 64. Pages 65-67 identify specific tools and visuals that can be used during the weekly team huddles.

Standardize

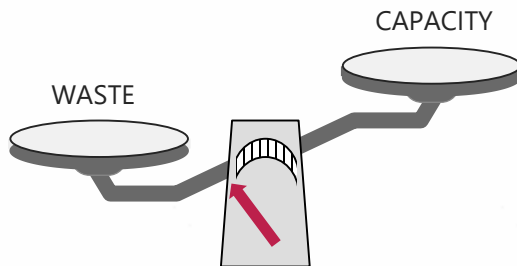
Spending time on errors and re-work is inefficient

Action Steps:

Step 1 – KPMG recommends all staff are trained to identify waste in processes. Lean Six Sigma White or Yellow Belt training for selected staff will be an effective way to begin to foster a culture of sustainable continuous improvement using internal staff versus consultants.

Step 2 – Many of the processes we examined did not have standard work or formalized procedures. Using the process recommendations identified in Appendix B, standardize these processes to eliminate waste and create capacity for staff.

Step 3 – Implement operational tools such as the master Subdivision Agreement and Construction Gantt chart to ensure consistency and sustain results.



Educate and Identify

The best way to reduce waste is to teach staff how to recognize it and give them the taxonomy to communicate it. There are 8 Wastes most commonly identified in processes. An easy way to remember them is by the acronym: DOWNTIME. The 8 Wastes are identified in detail on page 68 in the Appendix. North Perth should consider selecting Champions and further developing their skillset in Continuous Improvement through a Lean Green Belt certification program. Staff should always be thinking about how to make their jobs more efficient and effective, and a culture of continuous learning and focus on quality control should be fostered and developed.



Create Standard Work

Our day is made up of many different tasks that are completed multiple times and by multiple people. As such, there tends to be a lot of variation to complete the same task. Standard work is not about turning people into “robots” but rather a way of finding the easiest most repeatable way to achieve the results desired by the customer. Standard process should be the most efficient, and most effective way to complete the task. When we standardize the standardizable, it provides staff with the additional capacity needed to focus on non-standardized tasks. Repetitive tasks completed in a meaningful manner should be included as a metric on your dashboard.



Develop Operational Tools

Once staff are aware of how waste can buildup within process steps over time, and are able to classify it accordingly, the team can work toward streamlining processes to eliminate waste and improve efficiency. Once work is standardized and consistency in work, timeframes and expectations is established, staff can develop operational level tools for implementation.



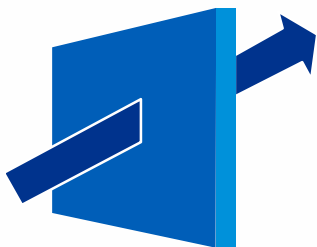
Modernize Paper Based Processes

Action Steps:

Step 1 – We recommend implementing the opportunities for improvement identified in your Accounts Payable/Receivable process before integrating new system capabilities.

Step 2 – Maximize use of your existing technology to create additional efficiency in daily work. Build macros into Excel spreadsheets where manual processing is required, and inquire regarding specialized interface modules between systems.

Step 3 - Create long term IT strategy to ensure integration and communication of existing and new systems moving forward.



Identify Waste in the System

Once staff have become trained in Lean, recognizing and eliminating waste in processes will be prioritized. KPMG and North Perth staff explored the features and benefits of a paperless accounting system. Prior to modernizing paper based process and introducing greater utilization of technology, the first question that must be asked is:

Does this task need to be done? *If the answer is yes,*
Is it being done in the most efficient way possible?



Mistake Proofing

Processes must be analyzed, improved and functioning at an optimal level prior to the implementation of any new technology. This is a very effective way to maintain consistency in the system. A prevention-type system will ensure errors cannot be made.



Modernize

The implementation of standard work and key performance indicators (KPI's) will all support North Perth's move to a more modernized system of working. Through the use of electronic comments, document tracking, e-signatures, and version control mechanisms, errors, re-work, and overproduction in the processes will be eliminated. The reduction in paper-based processes and workflow will also save in hard costs and storage/shredding for the organization.

There are no bad people, only bad processes. ~Dale Schattenkirk



Appendix A contains additional details on solution focuses and specific tools and resources to implement required changes.

Change Management

Action Steps:

Step 1 – Build change management capabilities within the organization. Identify “change champions” who will provide visible leadership throughout the transition and manage the people side of the change.

Step 2 – Create a communication plan for the vision of the organization and the goals for the future. Answer the questions:

- Why is this change important?
- What problem will this change solve?
- What is the risk of not changing?

Ensure timely, proactive and transparent communication to all staff.

Step 3 – Connect the vision for change to the data shared at the weekly huddle boards. This will keep the organization focused on the path forward with a clear understanding of how they are currently performing against plan.



Behavioral Change Management

Behavioral Change Management (BCM) makes organizations, leadership and employees ready, willing and able to implement change. It is through BCM that organizations/leadership invest in realizing that piece of the benefits/return on investment (ROI) that is dependent on employee ownership and capability. Ultimately, this will lead to sustained ROI by upskilling organizations to successfully implement change, whilst carefully managing the well-being of the organization during the transition.



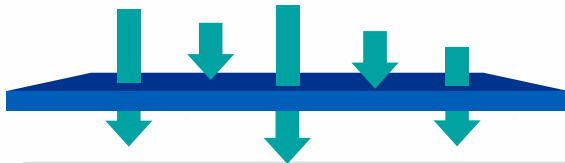
Communication

When staff are missing the “Why” side of the change, the desire and support of the change will be low. An organization changes for one of two reasons, a **burning platform** or a **compelling vision**. The leadership team should create a narrative around the reason to change. This narrative should be succinct, impactful, and be meaningful to everyone. The story is then used by leadership to engage staff as they discuss the reason for implementing continuous improvement. This can be at formal and informal meetings, hallway chats or at the Quality Board Huddles.



Sustain the Gain

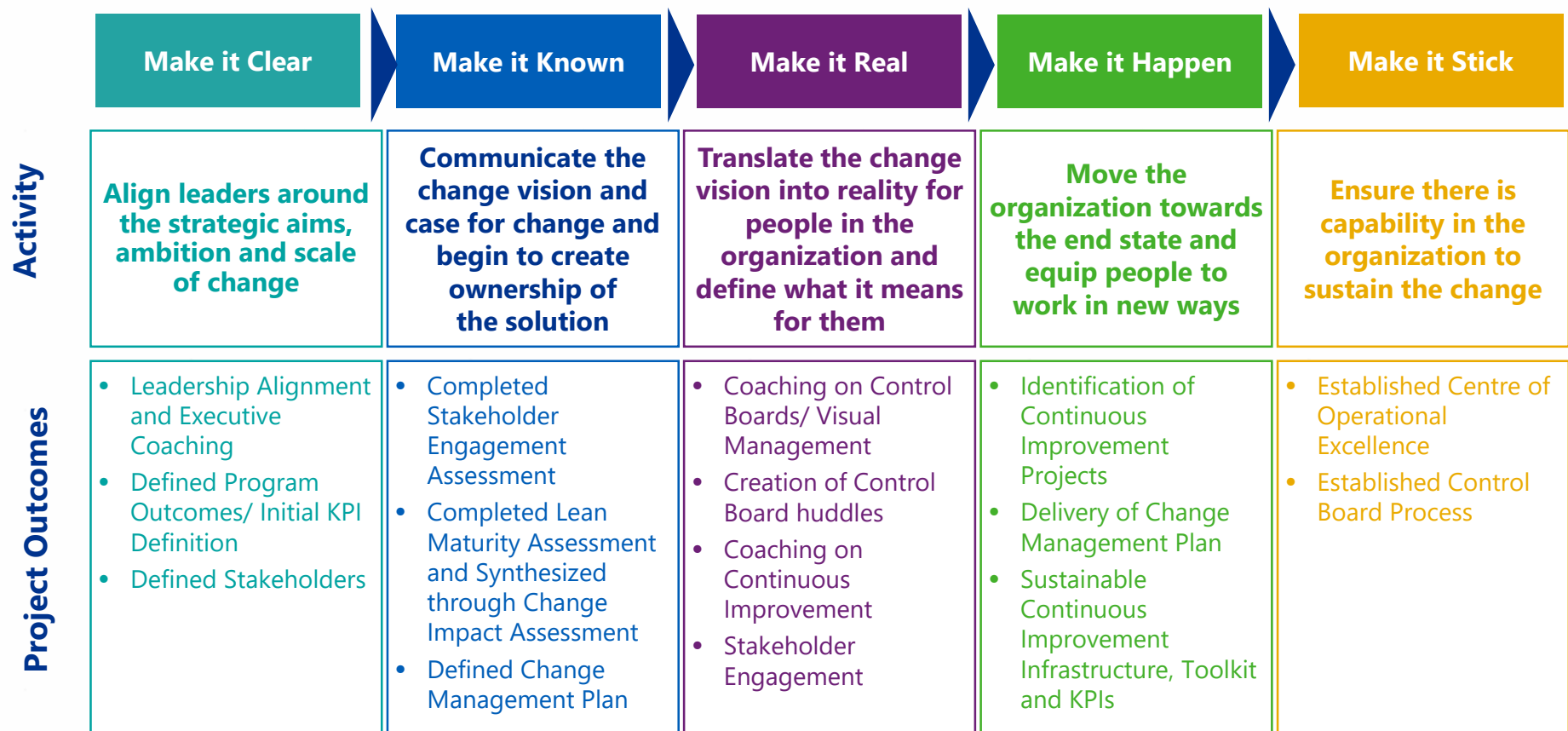
Once a process has been mapped, and waste identified and eliminated, controls need to be put in place to ensure the desired way of completing a task and ultimately the most efficient and effective way to achieve the customer’s needs is maintained. Controls should not be something “added” to the process but rather a part of the continuous improvement cycle. There are many types of controls that can be put into place with some being better than others. The deciding factor for the level of control should always be based on the risk associated with slippage.



Appendix A contains additional details on solution focuses and specific tools and resources to implement required changes.

Change Management

Change is a capability that can be developed rather than simply a workstream. Employing a change management methodology such as KPMG's propriety method below will provide enhanced benefits such as less disruption to the organization during transition, and staff will become more quickly ready, willing, and able to change. Building these change capabilities into the organization will also reduce the risk for future changes, and position the organization to sustain the results and benefits realized.





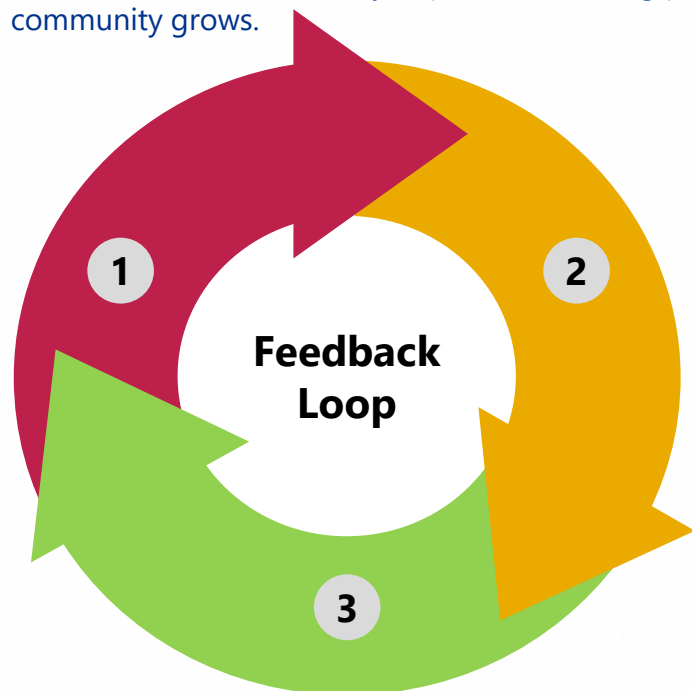
Voice of Customer

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Voice of the Customer

The voice of the customer is an important principle and focus for the Municipality. KPMG gathered data through the use of a resident survey that was made available through North Perth's social media outlets. Over the period of eight weeks (September 24 to November 12) 74 responses were received. This information has provided us insight on the respondents experience of current customer services and processes and given voice to any concerns and opinions, however is not considered representative of resident's sentiments as a whole.

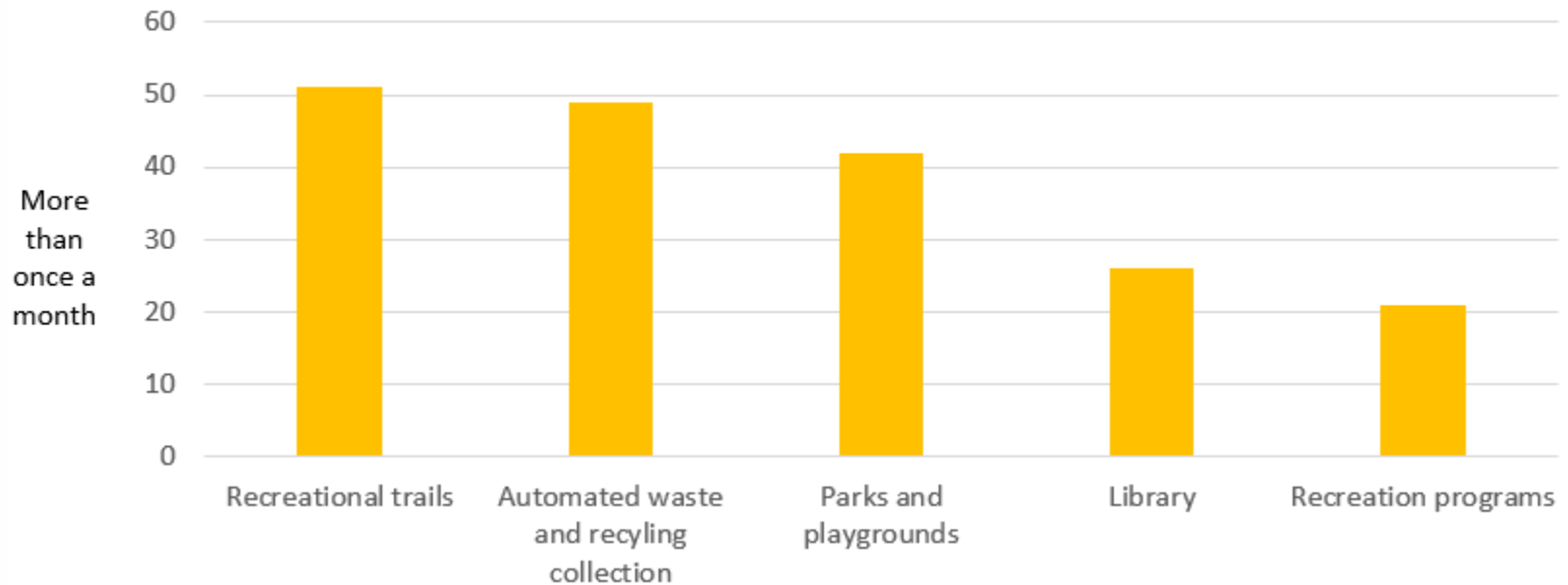
15-19% of respondents noted dissatisfaction with the municipality's acknowledgement of receipt of complaints, update on progress, and resolution of complaint. These resident responses regarding lacking feedback loops and communication with the municipality was also identified in the Council / Mayor escalation process. KPMG has proposed an action plan to close this loop for Council, staff, and the resident. We have proposed North Perth establish a self reporting mechanism and feedback loop to enable the municipality to efficiently and effectively collect data and track resident complaints. This powerful data will allow North Perth to continuously improve its existing processes outside of this engagement, and engage the resident as the community grows.



- 1 Resident Survey**
 - Provides insight on residents' experience of the current process
- 2 Summarize Results**
 - Gives voice to the customer on residents' concerns and challenges
 - Improves residents' experience through proposed recommendations
- 3 Roadmap for Self Reporting and Feedback Loop**
 - Allows residents to report issues giving the Municipality the opportunity to resolve them more timely
 - Maintains a direct connection with residents by providing them with updates on their complaint efficiently
 - Provides direct feedback from the reporter on how complaints were resolved
 - Access to data which can be analysed to identify high priority improvement areas and continuously improve the customer experience

1. Municipal services usage

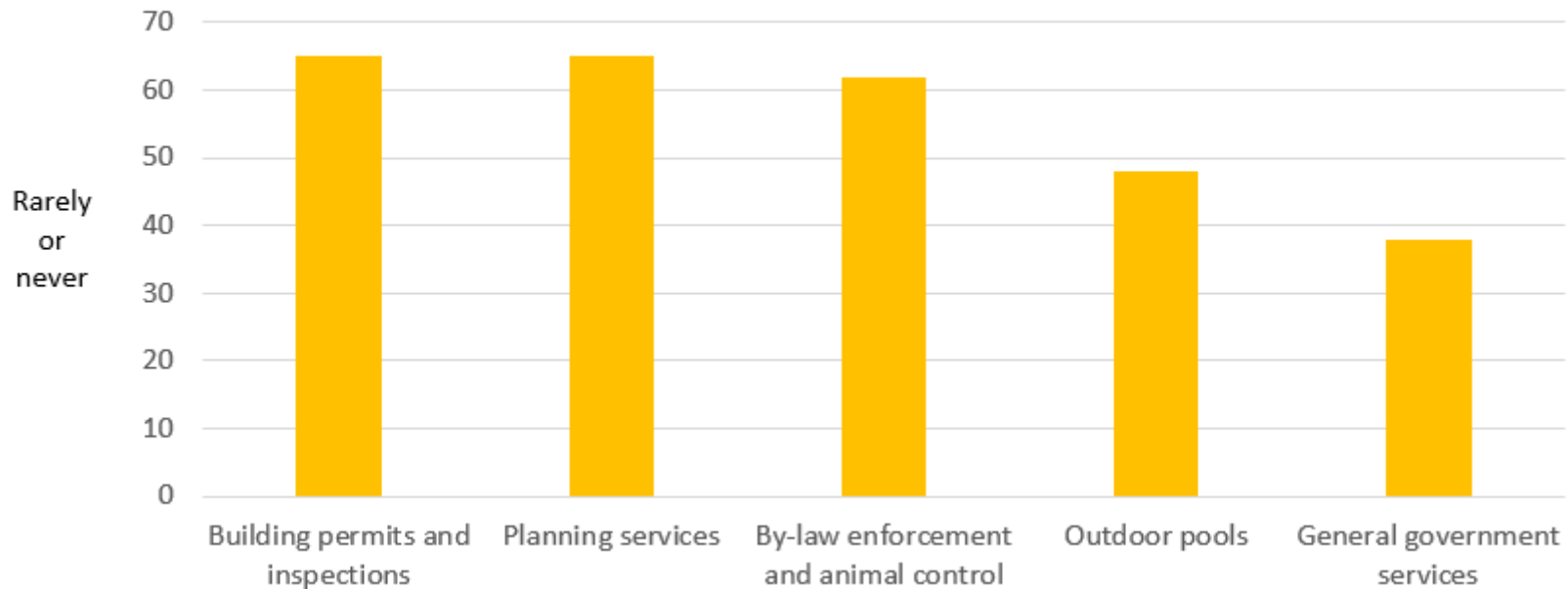
Q1 How often do you typically use the following municipal services?



Recreational trails (69%), automated waste and recycling collection (66%) and parks and playgrounds (57%) are the most often used municipal services at least once a month.

1. Municipal services usage

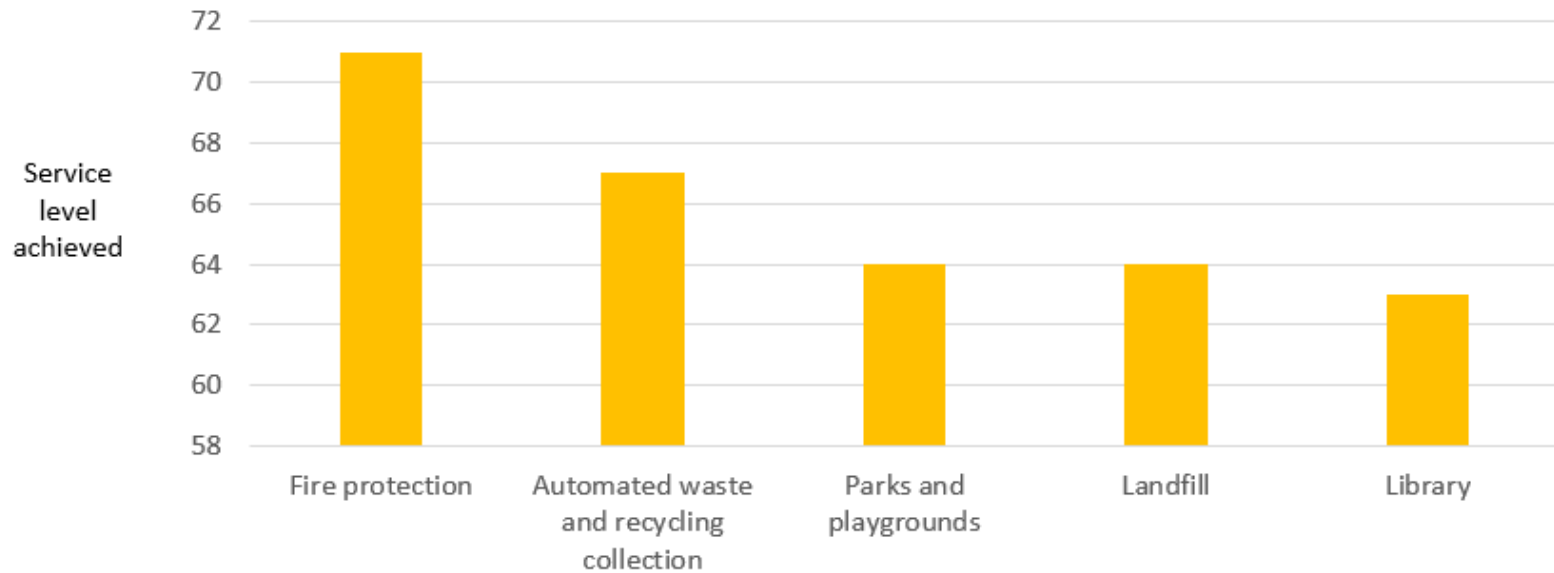
Q1 How often do you typically use the following municipal services?



Building permits and inspections (88%), planning services (88%) and law enforcement and animal control (84%) are the least often used municipal services at rarely or never.

2. Municipal service levels

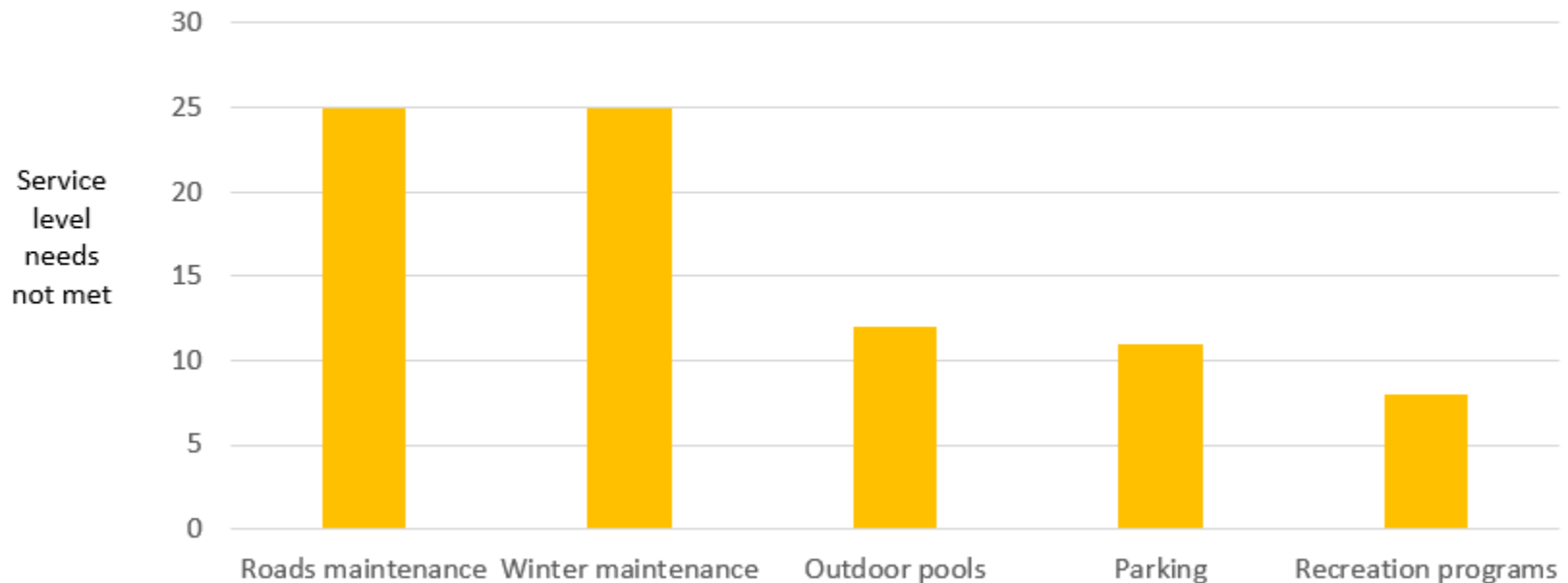
Q2 How is the service level provided to you by following municipal services?



Fire protection (96%), automated waste and recycling collection (91%) and parks and playgrounds (86%) are the municipal services that residents feel service levels meet their needs.

2. Municipal service levels

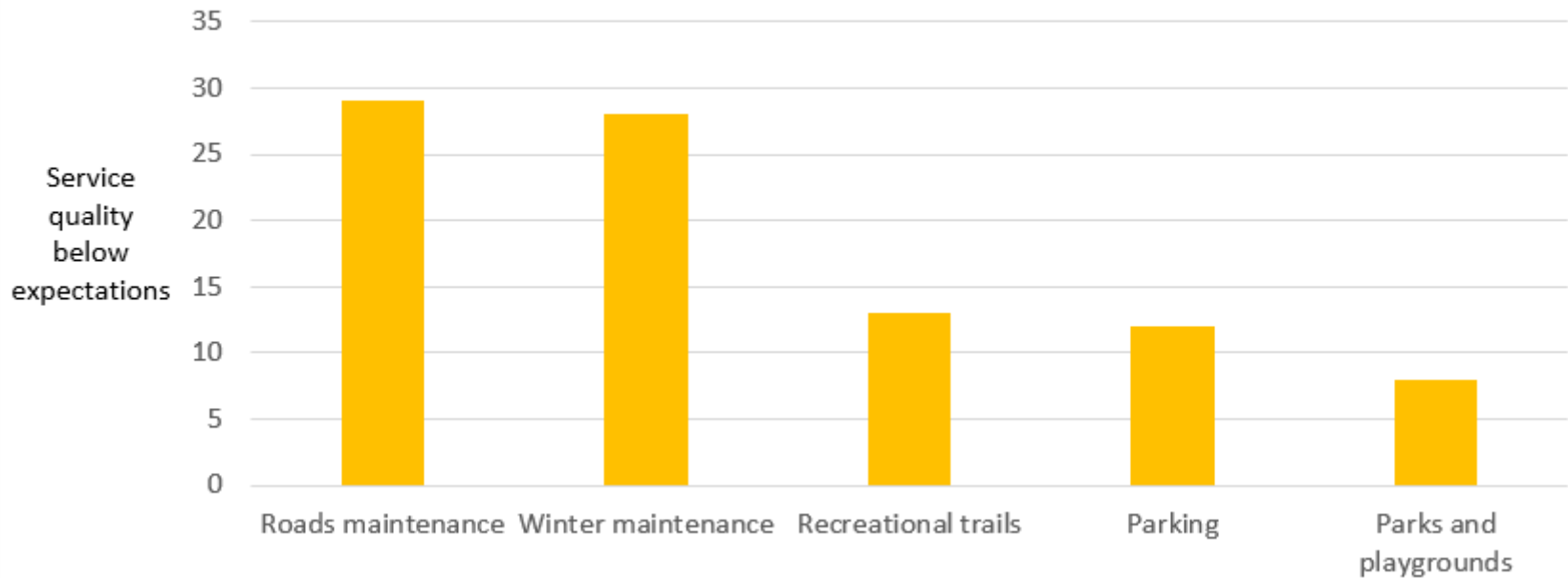
Q2 How is the service level provided to you by following municipal services?



Roads maintenance (34%), winter maintenance (34%) and outdoor pools (16%) are the municipal services that residents feel service levels does not meet their needs. In addition, in the most recent budget survey data collected by the Municipality, approximately 16% of residents felt roads and drainage is the most important concern.

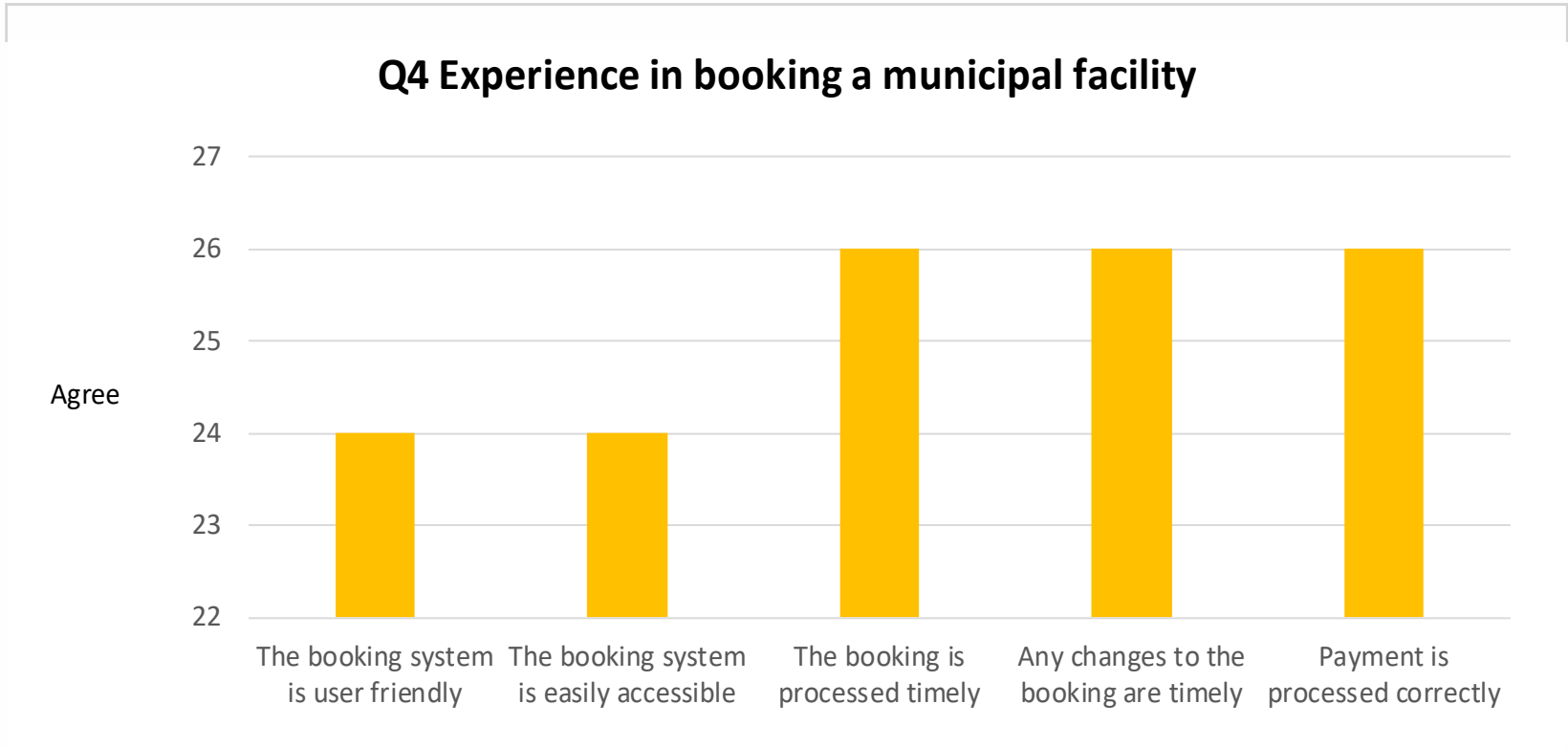
3. Municipal service quality

Q3 How is the quality of service provided to you by following municipal services?



Roads maintenance (39%), winter maintenance (38%) and recreational trails (18%) are the municipal services that residents feel service quality does not meet their expectations.

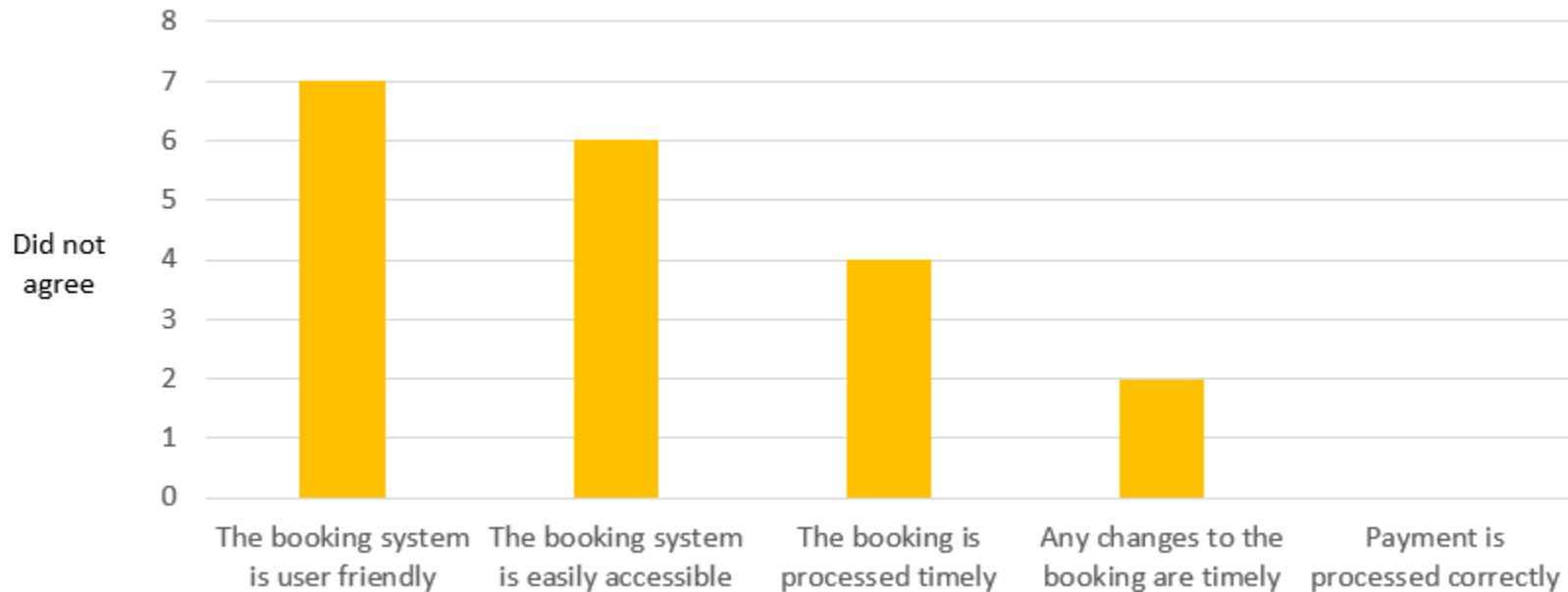
4. Experience in Booking a Municipal Facility



From the 26 residents that have booked a municipal facility, two of them felt that the booking system is not user friendly and easily accessible.

5. Experience in Registering for a Program

Q5 Experience in registering for a program



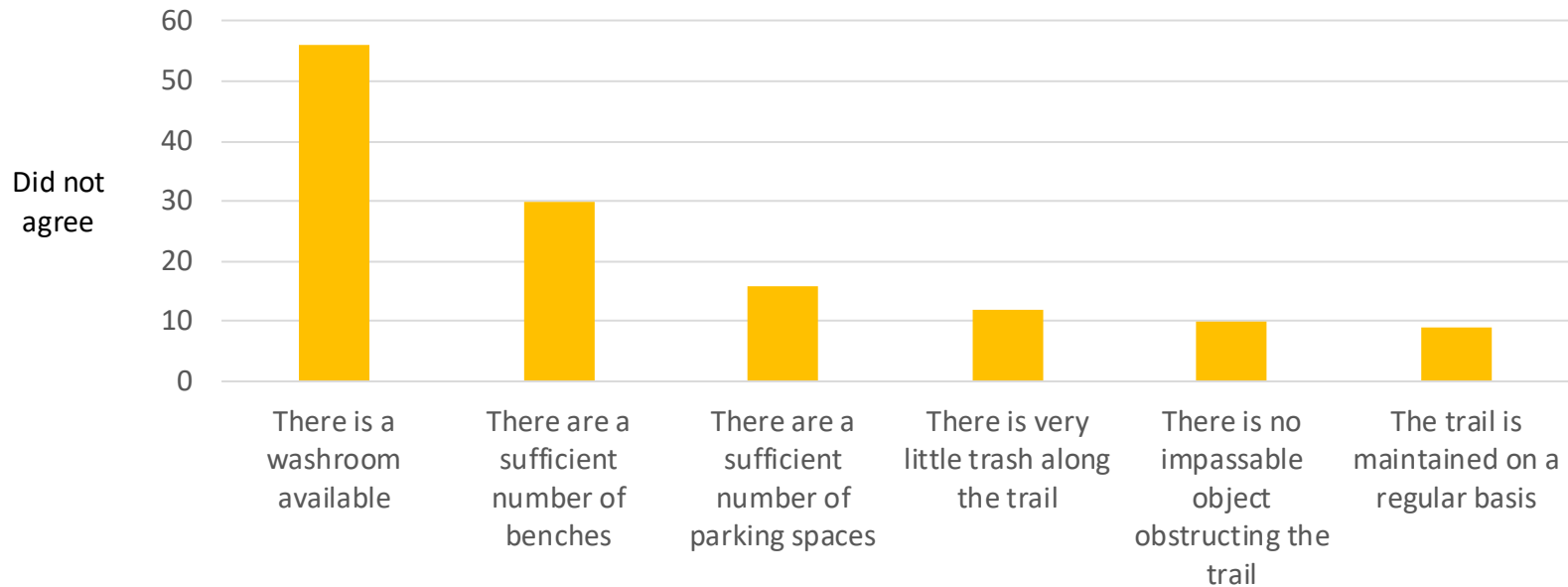
Of the average 29 residents that have registered for a program, a portion felt the booking system is not user friendly (24%), easily accessible (21%), processed timely (14%). In addition, 7% felt any changes to the booking are not timely. Programs surveyed includes recreation, childcare, library and EarlyON programs.

6. Programs registered in the past 12 months

Due to COVID-19 and other factors, most residents did not register for programs within the last 12 months. Of the residents that have registered for a program, these were mainly childcare programs.

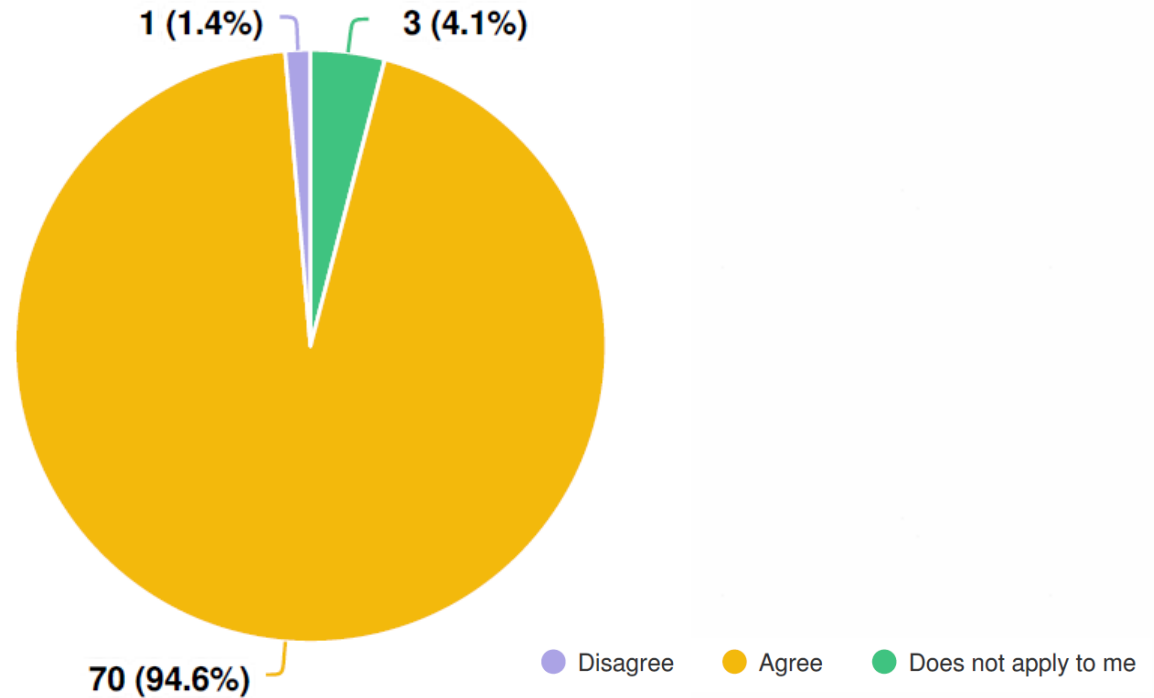
7. Experience on trails

Q7 Experience on trails



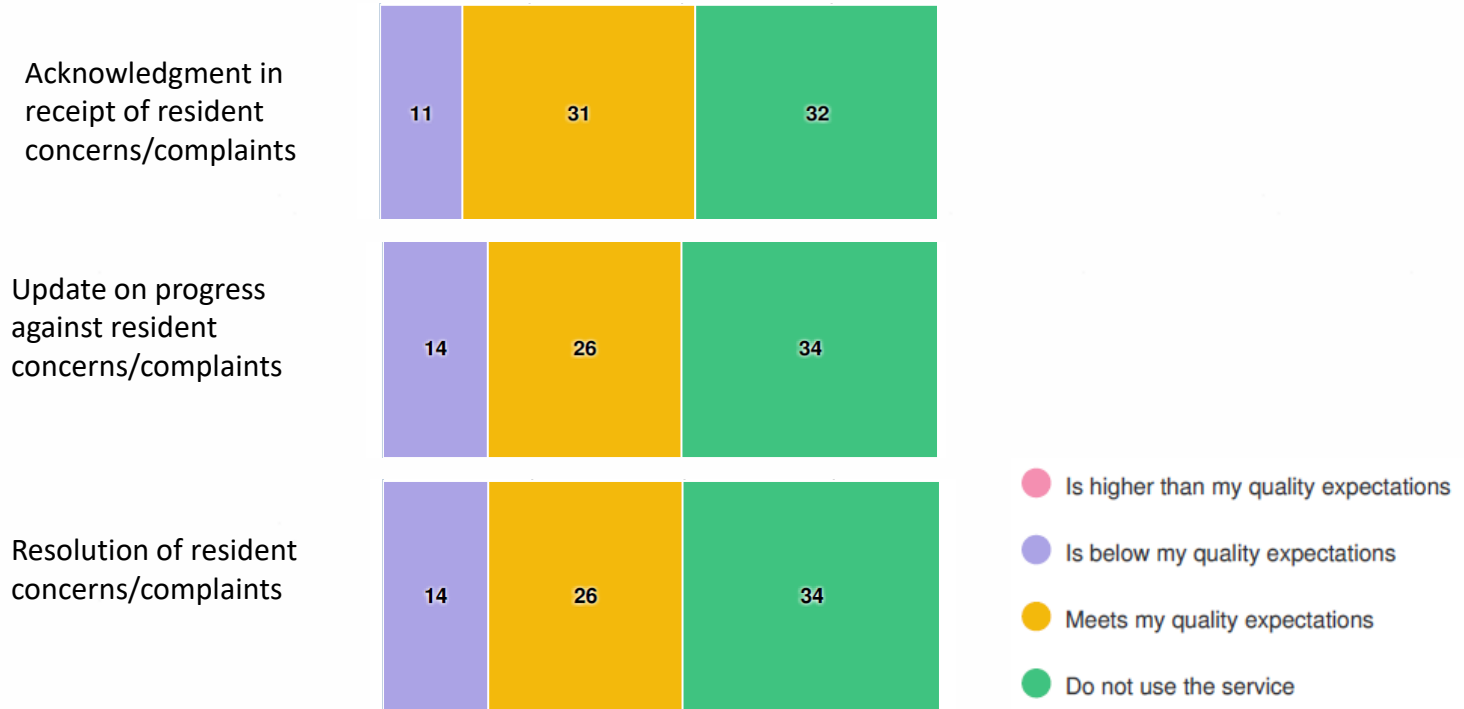
Residents felt that in their experience on trails, there is not a washroom in close proximity (76%), there are an insufficient number of benches (41%) and an insufficient number of parking spaces (22%).

8. Effectiveness of communication on payments to the Municipality



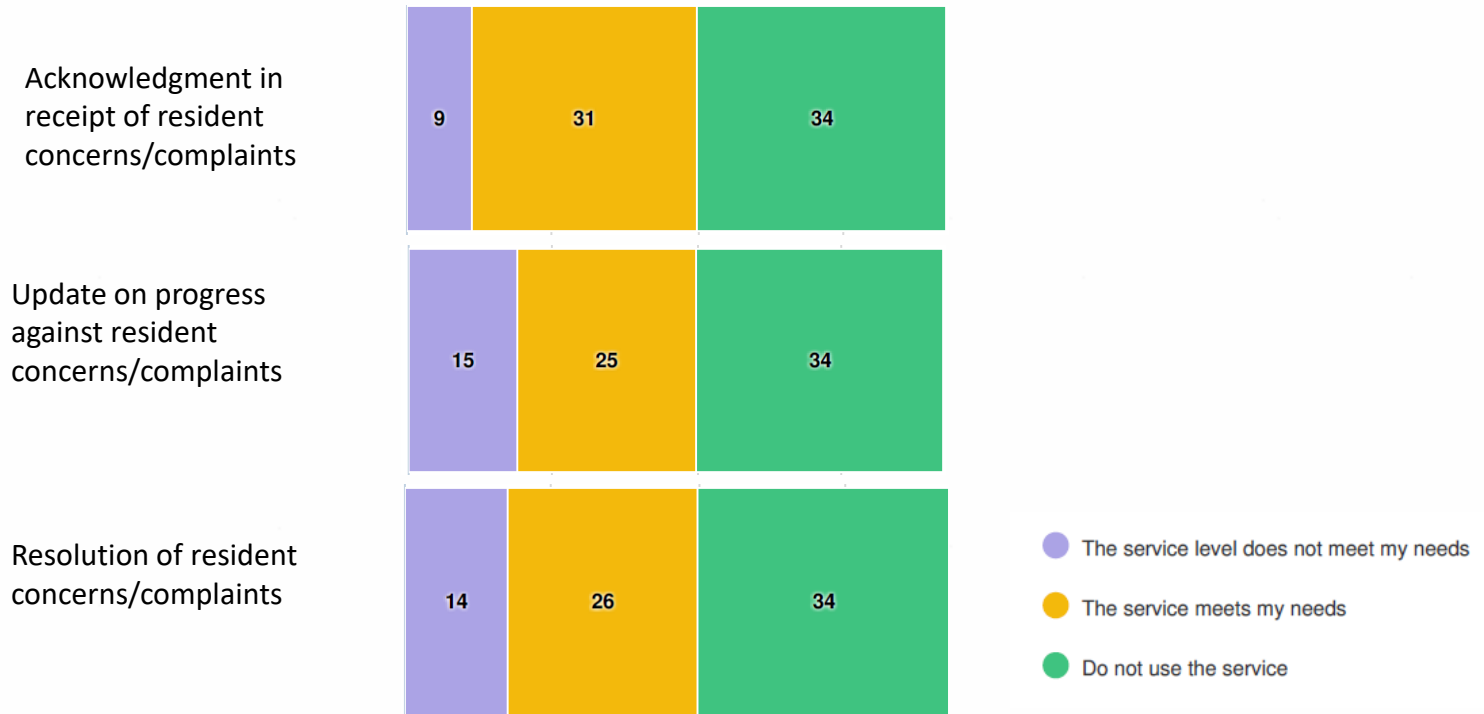
Overall, residents are satisfied with the effectiveness of the communication on payments to the Municipality (i.e. tax, water, accounts receivable bills).

9. Responsiveness of the Municipality's communications



Approximately 15%-19% of residents feel the responsiveness of the Municipality's communication on resident concerns/complaints can be improved. There were no residents who felt the quality has exceeded their expectations.

10. Quality of the Municipality's communications



Approximately 15%-19% of residents feel the quality of the Municipality's communication on resident concerns/complaints can be improved.

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Survey Results

11. Overall Residents' Views



Overall, 72% of residents feel the municipal services are sufficient for their needs. However, approximately 32% of residents feel the Municipality is not well prepared to respond to the growth of the community going forward. In addition, in the most recent budget survey data collected by the Municipality, approximately 12% of residents felt growth, development and sustainability is the most important concern.

Administrative Process Efficiency Review

Survey Results

Overall Findings Summary

- 1 in 3 residents indicated that roads maintenance and winter maintenance are the municipal services that do not meet their needs. In addition, 1 in 3 residents indicated the service quality also does not meet their expectations.
- 1 in 5 residents feel that the booking system to register for a program is not user friendly or easily accessible.
- 3 in 4 residents indicated that there is not a sufficient number of washrooms in close proximity to trails, resulting in a lower quality experience.
- Residents are satisfied with the effectiveness of the communication on payments to the Municipality (i.e. tax, water, accounts receivable bills).
- 1 in 5 residents feel the responsiveness and quality of the Municipality's communication on resident concerns/complaints can be improved. This emphasizes the need for a feedback loop.
- Overall, 3 in 4 residents indicated the municipal services are sufficient for their needs. However, 1 in 3 residents feel the Municipality is not well prepared to respond to the growth of the community going forward.



Desired Future State & Visioning Exercises

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Key Stakeholder Priorities Identified by Senior Leadership

On August 11, 2020 KPMG facilitated a discussion with North Perth Senior Management Team to solidify desired outcomes and further explore challenges and key issues that are important to the Municipality. The Senior Management Team identified the following priorities which are important to stakeholders:



The first two priorities were addressed through our Voice of the Customer survey and 3-step plan for obtaining data from residents and using this data to drive strategic priorities and service levels.

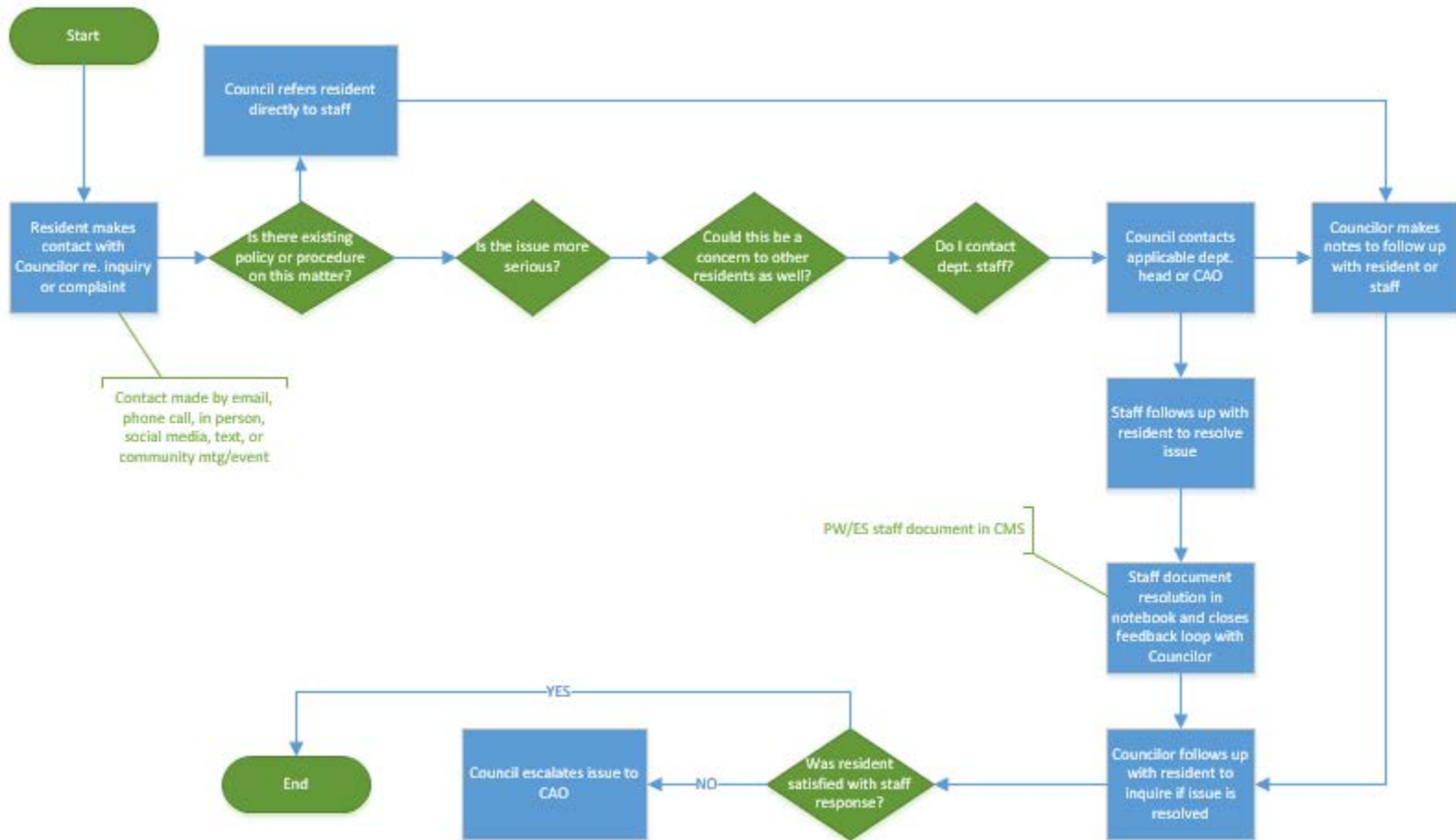
The third priority was investigated further with the Recreation Facility staff team, and the completion of a Force Field Analysis to determine how to manage increasing demand on recreation programs and facilities while maximizing efficient use of existing resources.

Additionally, KPMG facilitated a session with North Perth Council and leadership to complete a deeper dive into the fifth priority, the Council and Mayor escalation process and establish a roadmap for implementation.



Council Mayor Escalation Process

Council / Mayor Escalation Process - Current State Process Map



Administrative Process Efficiency Review

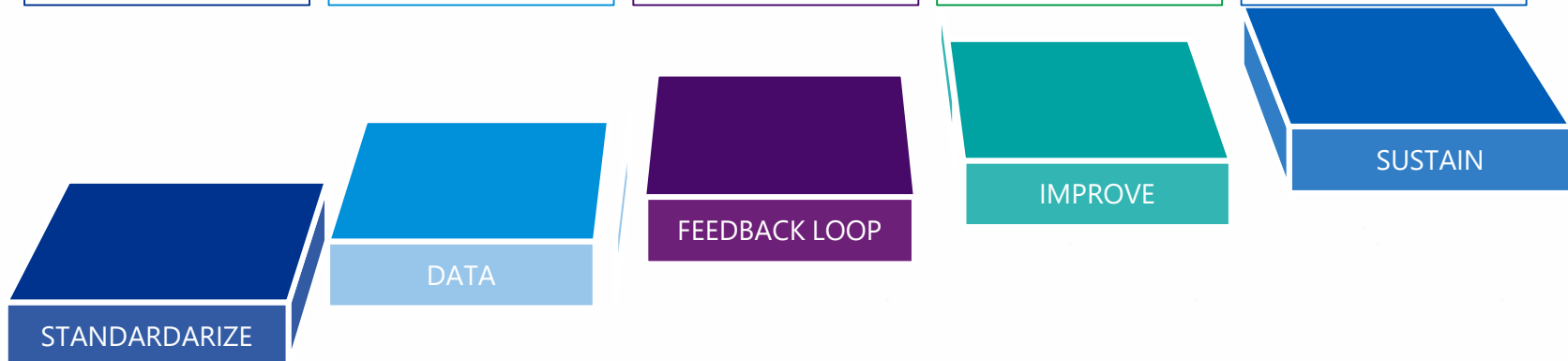
Councilor / Mayor Escalation Process

Current State:

On a day-to-day basis, Councilors engage with the community on a wide range of different issues, such as responding to resident queries and investigating concerns. An effective and efficient process needs to be established for Mayor and Council to escalate resident issues with North Perth staff and leadership, in order to address their constituency needs and seek resolution. This will ensure an open and transparent process between government and administration, with clarity in roles and responsibilities for each stakeholder.

Improvement Roadmap:

Create Standard Work	Data Drives Behaviour	Council & Resident Feedback Loop	Continuous Improvement	Sustain
<ul style="list-style-type: none"> Establish formal chain of command between Council and staff Create criteria to determine seriousness of issue and standard for escalation based on importance Develop standard work for Council and staff 	<ul style="list-style-type: none"> Establish corporate wide resident complaint call management system (CMS) Create opportunity to measure data and progress – how well, how fast, how often Identify repetitive issues (Iceberg Effect) 	<ul style="list-style-type: none"> Establish feedback loop from staff to Council regarding issue resolution Create formal satisfaction survey feedback loop with residents regarding issue resolution 	<ul style="list-style-type: none"> Evaluate effectiveness of existing processes Create a schedule for regular process review 	<ul style="list-style-type: none"> Reinforce successes by including positive feedback from residents in Council record





Accounts Payable Process

Administrative Process Efficiency Review

Accounts Payable / Paperless Process

Current State:

The current process is heavily paper-based, resulting in risks such as duplication of payment when invoice is received by multiple individuals, delayed or late payment due to loss of hardcopy invoice, etc. In addition, a digitization of this process would eliminate inefficiencies such as scanning by multiple individuals and reduce paper waste.

As the Municipality explores a new financial accounting system, there are several features that can play a critical role in digitizing the accounts payable process:

- Submission, approval and storage of invoices through the system resulting in a clear audit trail which limited read-only access can be provided to external auditors to reduce efforts from team to provide supporting documentation
- Automatically generated notifications and reminders to approval for timely payment of invoices
- Automatic matching of purchase order (PO) and invoice to identify discrepancies immediately

Desired Future State:

Staff participants in the Accounts Payable working session identified the following principles for their ideal future state:

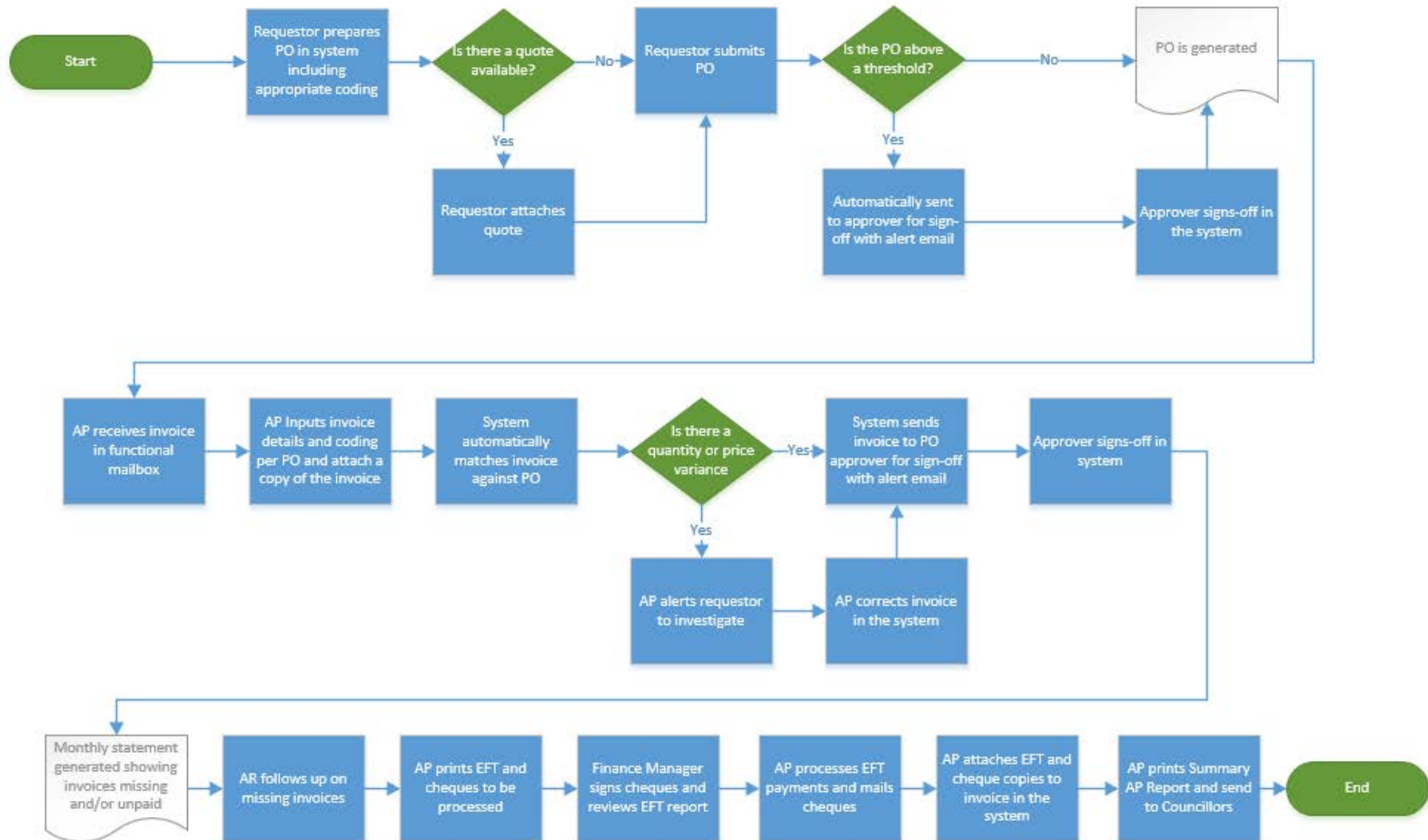
- Overall streamlined process by reducing paper and improving digitalization of the process
- Invoices are electronically sent to right approver for signing
- Invoices are easily retrievable for future reference
- System integration to reduce manual data entry
- Delegation of authority / multiple approvers is streamlined
- Vendors are on board – all invoices received through central inbox
- Standardized electronic filing procedure for invoices over \$10k with three quotes
- Auditors complete their sampling electronically
- Asset management and lifecycle useful life is connected to Finance through system integration

Please see next slide for the road map to the desired future state process.

Administrative Process Efficiency Review

Accounts Payable - Desired Future State

Using a combination of suggestions and ideas from the staff participants in the interactive Accounts Payable / Paperless visioning exercise, in addition to KPMG's expertise in the field, we have created a sample future state process map (below) reflecting best practice, and a framework for North Perth's continuous improvement journey toward the desired future state of a more paperless and digitized financial process.





Records Management Process

Force Field Analysis Methodology

Force Field Analysis was created by Kurt Lewin in the 1940s. Lewin originally used the tool in his work as a social psychologist. Force field analysis is used in many businesses today to help understand the organizations identity and how to change it. The tool is designed to understand what is driving and preventing change from happening. Once the team understands this, then it can focus on what is required to move forward.

Driver's Diagram:

KPMG used this tool for analysis in the **Records Management (pg. 46)** and **Recreation Facility Staff Scheduling (pg. 51)** workshops with North Perth staff. Brainstorming and divergent thinking tools were used to help the staff participants achieve a comprehensive list of driving forces (forces in support of the change) and restraining forces (forces against the change) in both sessions. Driving forces are listed in **green** and restraining forces are listed in **orange**. Scoring criteria was established based on the perceived strength of the driving or restraining forces. On a scale of 1-5, 1 classified as weak and 5 classified as strong, participants in the sessions voted based on their opinion of the perceived strength of each force for or against change, as identified. The median of the scores were taken and included in our analysis.

Interrelationship Diagram (I.D.):

For the **Records Management** workshop, KPMG also utilized an interrelationship diagram (I.D.) (**pg. 47**). An I.D. is an analysis tool that allows a team to identify the relationships among critical issues associated with a process. The tool can also be useful in identifying root causes, even when objective data is unavailable. The analysis helps a team distinguish between issues that serve as drivers and those that are outcomes. Input for the I.D. came from outputs of the Driver's Diagram exercise.

Using the identified forces from the Driver's Diagram as a starting point, KPMG worked through the relationships in sequence with participants. For each pair of issues, participants determined if there is a relationship between the two forces. There does not always have to be a relationship.

For each relationship pair, an arrow head at one end of the line was used to indicate the direction of a cause and effect relationship. The arrow indicates the driver direction. Participants asked the question "does X drive Y or Y drive X". KPMG tallied the driver arrows and recorded the number of arrows going in and going out.

A high number of outgoing arrows indicates that an issue is a driver or possible root cause. A high number of incoming arrows indicates that an issue is an outcome.

The roadmap for implementation on pg. 48 is based on the force identified with the most "outs" and sequential steps were added based on diminishing "out" values. This provided us with the sequential actions to improve the process.

Records Management

Current State:

The Ontario Municipal Records Management System (TOMRMS) is a system for managing paper records and is identified as the ideal system for large collections of paper documents. The primary components of a fulsome and standardized records management system includes: classification / indexing system and naming conventions, retention schedule that abides by current legislative requirements, and policies and procedures for municipal records management. Now more than ever, it's imperative this system is efficient and effective, as Municipal Freedom of Information and Privacy Protection (MIFIPPA) requests are rising annually across the Province, and there is a 30 day compliance requirement to deliver on a request.

The Province defines a record as "any record of information however recorded, whether in printed form, on film, by electronic means or otherwise." Some examples include emails, maps, draft versions of documents, research materials, etc. An efficient and effective records management system is important to North Perth because:

- ✓ It improves the ability to respond to Freedom of Information (FOI) requests in a timely manner
- ✓ Reduces costs to the organization by making searches for records more efficient
- ✓ Reduces risk of privacy breach and reduced reputational risk for violations of legislative requirements

North Perth described the current state of their records management process:

- Works well for Clerks Office
- 15,000 records identified in TOMRMS – (tab fusion program, bar codes on files), accessible to all staff on H drive, staff have varying level of permissions to save and access.
- Difficulty with lack of standard naming conventions
- Lack of clarity regarding policy for destruction of records
- Each dept. storing files individually, each dept. has different retention requirements
- Electronic records could be at risk of security breach
- Permanent records could be missing if Clerk isn't aware of them

Please see next slides for the results of the KPMG facilitated workshops and roadmap for improvement.

Records Management System

Driving Forces



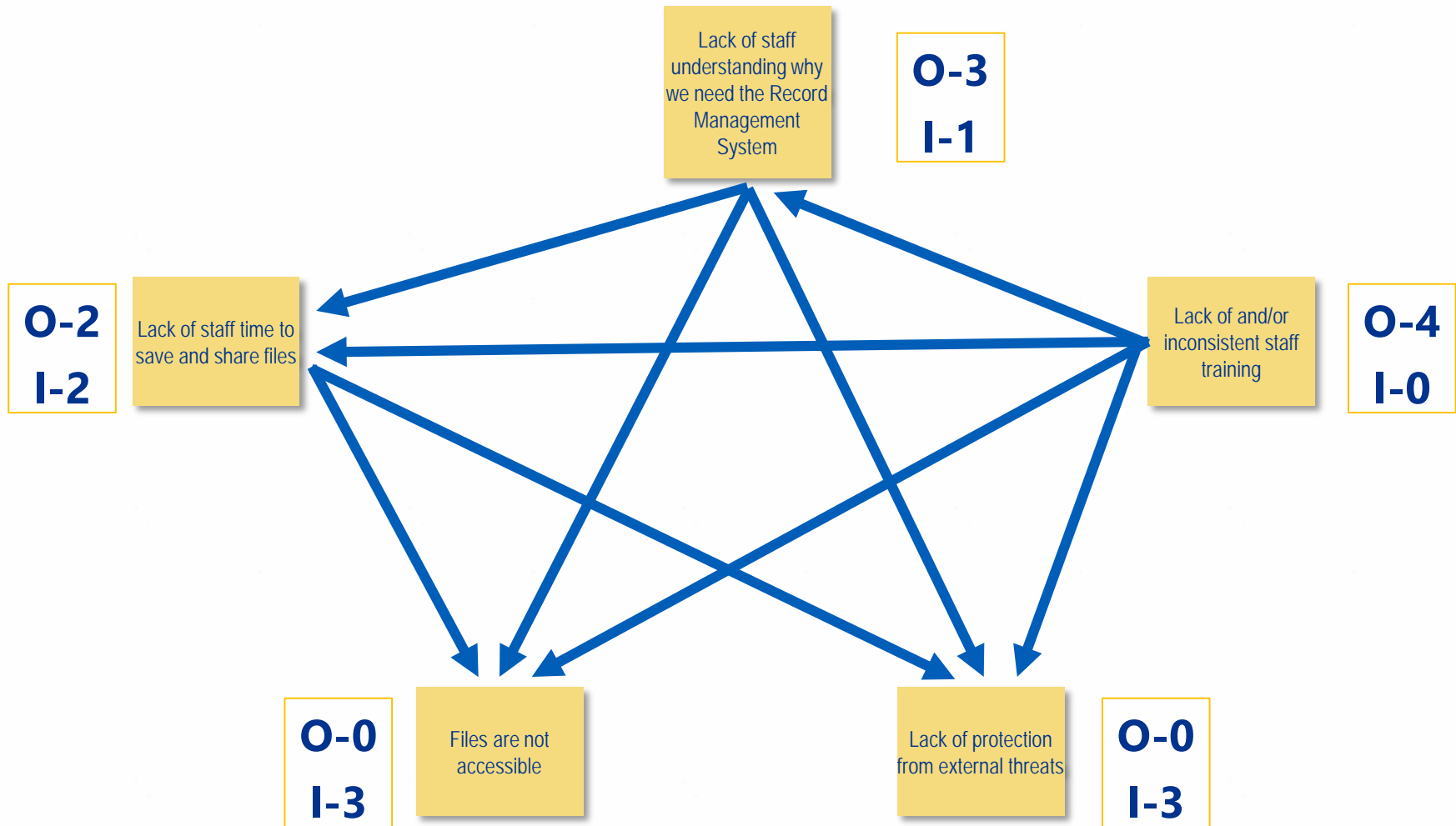
Restraining Forces



At this point, the forces are at an equilibrium. Opportunities for change can be seized, but change management will be critical.



Records Management System



Administrative Process Efficiency Review

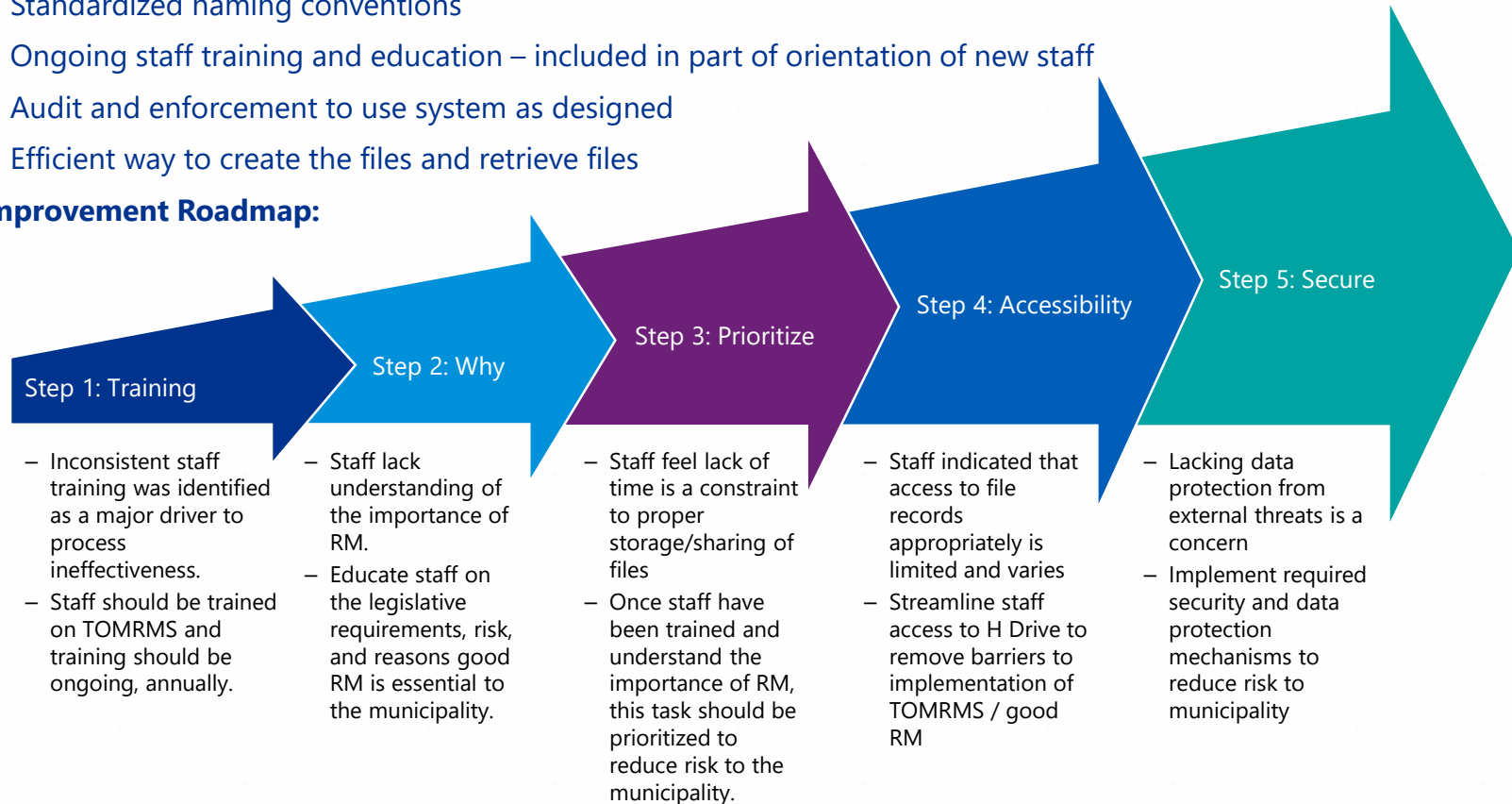
Records Management – Roadmap for Implementation

Desired Future State:

Staff participants in the Records Management (RM) working session identified the following principles for their desired future state:

- Interdepartmental access to key documents
- Standardized naming conventions
- Ongoing staff training and education – included in part of orientation of new staff
- Audit and enforcement to use system as designed
- Efficient way to create the files and retrieve files

Improvement Roadmap:



Aim Statement: North Perth's Record Management system is centralized, accessible, efficient, standardized, clear and understandable, and practiced consistently.



Recreation Facility Staffing

Administrative Process Efficiency Review

Recreation Facility Staff Scheduling

Current State:

As a growing community, the municipality is seeing an increase in demand of services in recreation and facilities management. The municipality faces the challenge of how to manage the increasing demand while maintaining current resources, and evaluating operations to determine if resourcing levels are effective and efficient. Fluidity among Recreation facility staff scheduling was identified by the municipality as a priority in moving toward a more efficient use of existing staff resources.

KPMG conducted an Affinity diagram and Force Field Analysis exercise, obtaining staff input on:

1. Benefits / drivers of shared staff resources among facilities
2. Challenges / constraints of shared staff resources among facilities
3. High level implementation plan – Participants identified priorities that need to be considered in the implementation of new staff scheduling structure.

Desired Future State

We understand North Perth would like to see the following in their desired future state for Recreation Facility Staffing:

- Cohesiveness among facility operations staff
- Improved communication, sharing of ideas
- Cohesive approach to operations and procedures across all facilities
- Standardized levels of service across all facilities
- Shared staff resources between facilities
- More effective and efficient use of staff resources
- Increased availability of local facilities not constrained by staffing limitations
- Appropriate level of staff for demand on services
- Good teamwork and excellent communication
- Residents needs are met

Administrative Process Efficiency Review: Driver's Diagram

Recreation Facility Staff Scheduling

At this point, the driving and restraining forces are very lop-sided. This indicates more upfront work needs to be completed to address understanding the "why". Addressing the human factors and people side of change in this instance will be critical prior to moving ahead with any implementation.

Driving Forces



Restraining Forces



Recreation Facility Staff Scheduling – Reducing Resistance to Change

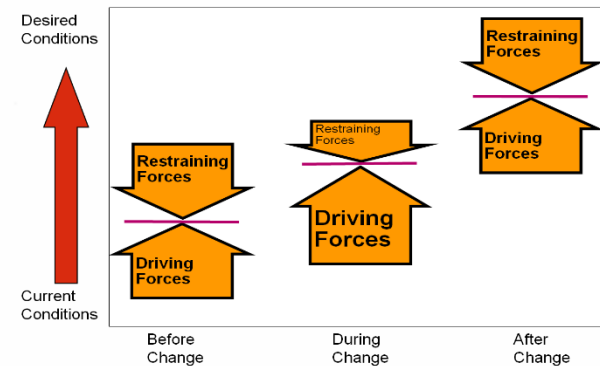
When organizations start down the improvement path they need to look at the system they want to change as well as the people within the system and understand their reaction to this change. Any change initiative will have driving and restraining forces. The driving force is the change itself and the resisting forces are the incongruent systems that currently exist and reinforce the status quo. In other words the incongruent systems that set the norms and behaviors of the people within an organization are the restraining forces. It is hard not to focus on those who appear reluctant to change however, we must remember “there are no bad people, just bad processes”. To make change we must reduce the restraining forces not just try and increase the driving force.

Forces Resisting Change:

- Incongruent organizational systems
- Cost
- Fear of the unknown
- Breaking routine
- Incongruent team dynamics
- Saving face

How to Reduce Resistance:

- ✓ Recognize that change has a personal element
- ✓ Involve the people affected as early as possible
- ✓ Communicate, communicate, communicate
- ✓ Educate the team and people affected



Step 1 - Identify the forces resisting change.

Step 2 - Implement activities that help cultivate the resisting factors so change can take place.

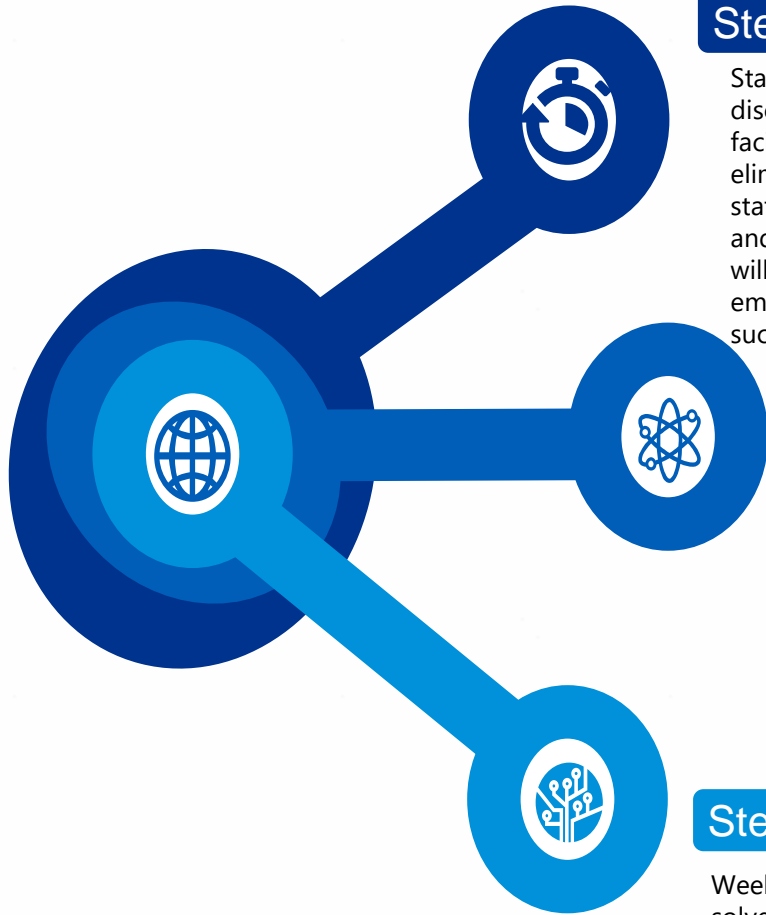
Kurt Lewin created a model to help initiate change which is called *Force Field Analysis*. The model has three steps, Unfreeze — Change — Refreeze. The unfreeze means that a process has to be allowed to change; Change is about allowing the team to engage and create their new environment and refreeze is the new way of doing business.

Recreation Facility Staff Scheduling – What We Heard

Priorities for the successful implementation of change identified by staff participants during the KPMG facilitated session were:

- 1. A vision that works for each community and facility and that is consistent with the overall vision for the municipality** - staff noted the cultural differences at each facility/area and believes any vision for the future should take each building's distinct needs into consideration.
- 2. Compensation for additional travel time and expenses.**
- 3. Standardized work and consistency in each facility operations** – staff noted the desire for consistency and standardization across all facility operations and identified the opportunity to develop pride in ownership over all North Perth facilities rather than just the one in which they are currently located.
- 4. Confidence in new structure** – staff noted the desire for seamless, transparent, and proactive communication from management throughout the change, as well as the desire for consistency in leadership from their managers and supervisors.
- 5. Resource efficiency** – staff identified current limitations to the facility staffing rotation and noted changes may be required to the existing schedule in order to accommodate scheduling at multiple facilities.
- 6. Understanding the 'Why'** – staff believe there is a perceived external issue that regularly prompts management to examine this initiative annually but feel they have been provided no explanation of the problem and what sharing resources between facilities is going to solve.
- 7. Maintain high level of customer service** – staff identified the relationships they have built with primary users at their home facility and want to ensure this high level of customer service is a priority for any implementation of change to current facility staff scheduling model.

Recreation Facility Staff Scheduling – Key Next Steps



Step 1: Collective Ownership

Staff identified a strong sense of pride for the facilities where they work, however there is a disconnect of the team’s collective ownership for the municipality as a whole versus the facility alone. We recommend facilitated workshops to change to collective ownership and eliminate the facility protectionism mindset KPMG observed among the staff. Additionally, staff should be encouraged to make decisions within their span of control and management and supervisors should be engaged to support these decisions and allow staff to grow. This will help to eliminate the “us vs them” approach, create an environment in which staff feel empowered and confident enough to fail forward, resulting in greater staff investment in the success of the municipality overall.

Step 2: Change Management

Our experience tells us that not managing the people impact of change can put up to 60% of initiatives at risk. Early engagement is key to surface and address resistance early on. Change was personal to the participants we consulted in our session. Change champions and leaders within the group should be identified and engaged to reduce resistance to change within the staff team. These leaders need to be visible, influential, and able to communicate why this change is important, what the change will solve, and the risks of not changing. Significant efforts should be spent on communicating the “Why” behind the proposed change to the staff scheduling model so staff become invested in the successful outcomes.

Step 3: Communication

Weekly team huddles should occur at each facility to address issues and concerns of staff, solve problems, and begin to develop metrics for the department. These huddles are different from the staff meetings focused on daily operations and meant to align all staff around the overall vision for the municipality. Staff should take turns each week leading the huddles, and management should attend the huddles on a regular schedule. These huddles will be a key tool to communicate North Perth’s vision for the future, obtain staff input, and generate collective municipal ownership and pride.



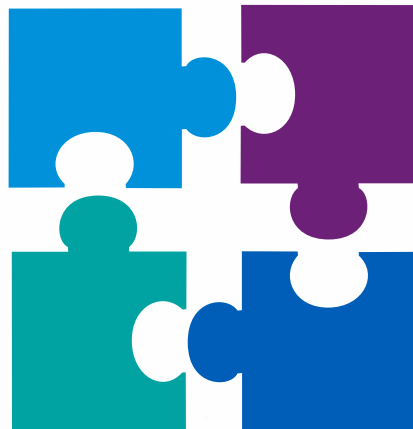
Pulling It All Together

Administrative Process Efficiency Review

Administrative Process Efficiency Review

Path to Independence

KPMG has identified an implementation roadmap that will set North Perth on a path to independence and transformation. Focusing on building key internal capabilities in Lean continuous improvement and change management, North Perth will be well positioned to manage future community growth, staff workload issues, and changing organizational demographics, while also gaining strategic capacity. If North Perth chooses to prioritize and implement all of the opportunities found in this report, the results will be as follows:



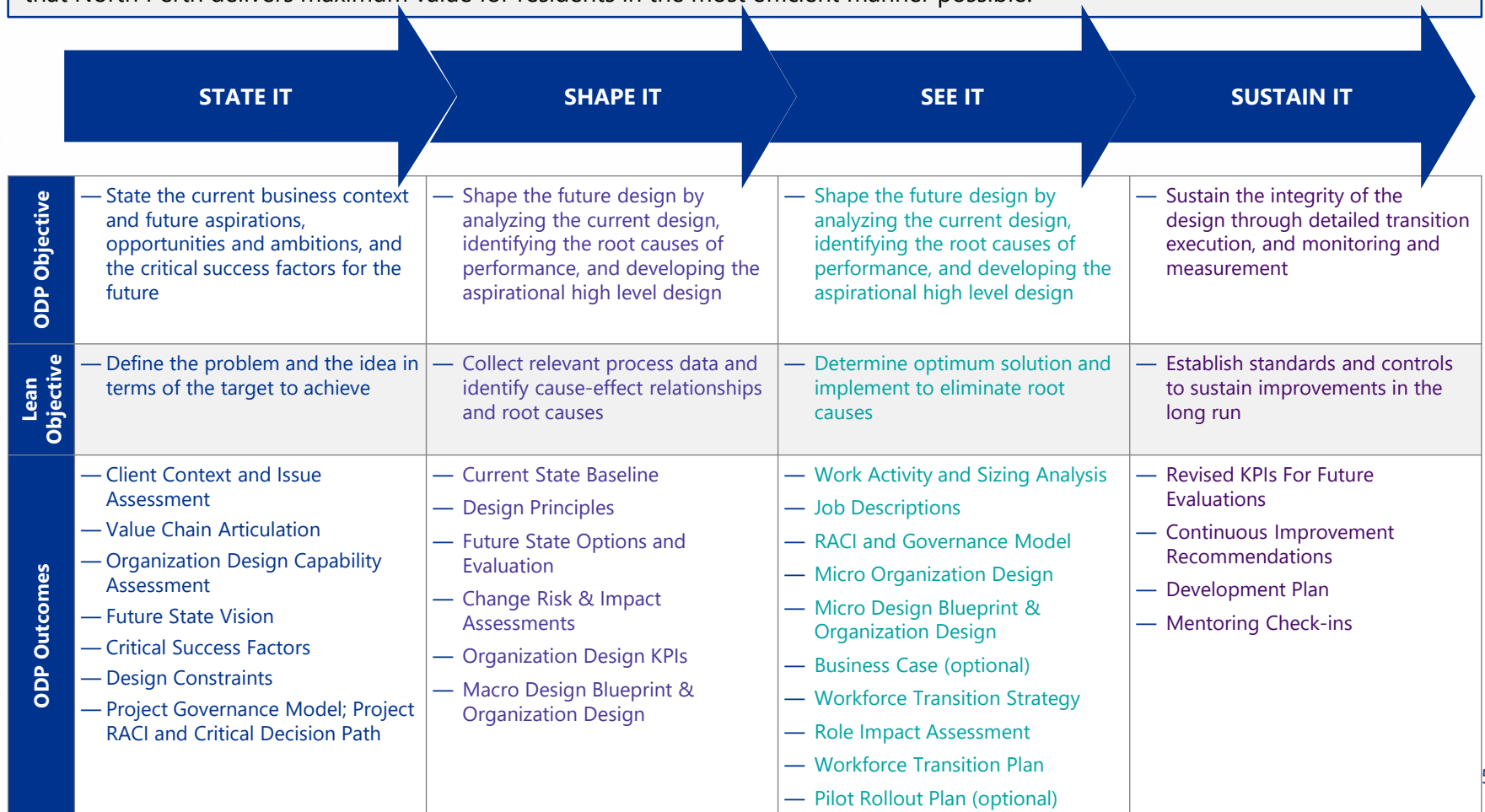
- ✓ Infrastructure to track resident issues/complaints and resolutions and analyze data
- ✓ Key Performance Indicator (KPI) metrics developed, implemented, and monitored at weekly staff huddles
- ✓ Staff that are trained and knowledgeable in Lean principles, able to recognize waste in a process and eliminate it
- ✓ A corporate culture of continuous improvement focused on efficiency and effectiveness in daily work
- ✓ Formalized and standardized processes and procedures that create capacity for staff to focus on higher value work
- ✓ Maximized use of existing technology and operational tools to support efficiency and sustain results
- ✓ A long term IT strategy that ensures integration and communication between existing and future systems which support modernization and increased levels of service
- ✓ Organizational change management capabilities with visible leadership and “Change Champions” that address the people side of change throughout your transformation
- ✓ A clearly communicated vision for the future that engages all staff and residents support

Eighty-five percent of the reasons for failure are deficiencies in the systems and process rather than the employee. The role of management is to change the process rather than badgering individuals to do better. ~ W. Edwards Deming

Administrative Process Efficiency Review

Organizational Design for Performance

The evolution of service provision required to meet the needs of North Perth residents today, as well as the growth expected in the future, will require a proactive approach to organizational design. To optimize strategic capabilities and effective operations of the municipality, KPMG's ODP methodology applies Lean principles and tools to build the infrastructure to support this growth. Organizational structure assessments, change impact assessments, RACI and governance models, among others, deliver tangible results that will embed Lean within your methodologies and daily work, foster a culture of performance and innovation, and ensure that North Perth delivers maximum value for residents in the most efficient manner possible.



Administrative Process Efficiency Review

Proposed Action Plan

Task	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Step 1: Obtain Data and Establish Key Performance Indicators (KPIs) a) Begin to track and collect data on resident inquiries and complaints and their resolution b) Create a huddle board in a central location to review data and metrics with staff on a weekly basis. c) Use the data collected to create KPI targets for the upcoming year and add them to the huddle boards and safety cross.				
Step 2: Standardize a) Train selected staff in Lean Six Sigma White or Yellow Belts to begin to build independence and foster culture of continuous improvement. b) Standardize and formalize procedures examined throughout this review and implement practical opportunities for improvement identified in Appendix B. c) Create and utilize operational level tools to ensure consistency and sustain results.				
Step 3: Modernize Paper Based Processes a) Implement improvement opportunities to streamline processes and eliminate waste prior to any new system implementation. b) Maximize use of existing technology to create additional efficiency in daily work. c) Create long term IT strategy to ensure integration and communication of current and future systems moving forward.				
Step 4: Change Management a) Build change management capabilities within the organization. Identify "change champions" to provide leadership and manage people side of change. b) Create a communication plan for the vision of the organization and goals for the future. Ensure timely, proactive and transparent communication to all staff. c) Connect the vision for change to the data and metrics shared at the weekly huddle boards.				

The above Gantt chart outlines the proposed steps for North Perth focusing on recommended solutions from pages 14-17. We have categorized the proposed action plan into quarters for North Perth consideration and implementation.



Immediate Next Steps

Administrative Process Efficiency Review

Immediate Next Steps

Building on the momentum of this engagement, North Perth should consider the following next steps to achieve real changes:



Engage leadership for support

- Top-down support is critical to the success of transformation
- Consistent and frequent communication required for successful change management strategy

Focus on Quick Wins

- Quick wins are defined as opportunities that are easy to implement, and of high benefit to North Perth
- Quick wins will increase momentum for the project and increase staff buy-in

Roadmap Implementation

- Through the Lean process opportunities identified, an implementation roadmap was established to prioritize highest impact improvements and achieve sustained results



Appendix A:

Specifics to Solution Focuses

Data and Key Performance Indicators (KPI's): Metric Consideration

A relevant measure worth consideration as a consistent metric for focus on customer service and resident satisfaction is Overall Service Effectiveness (OSE).

Overall Service Effectiveness (OSE) is a KPI that measures **availability, performance, and quality.**

OSE allows each function of an organization to understand how they are performing against standard using the cumulative impact of these three workforce factors.

Availability - What slows or stops the work or service from being completed?

North Perth would need to define the relevant activities and planned time to complete for each function of the municipality.

Performance – How quickly we provide our service in relation to a standard or best practice?

North Perth would need to identify the standard time needed to complete each activity defined above and track actual time spent.

Quality – How well we provide our service in relation to a standard or best practice?

North Perth would need to define the required criteria for best practice for each activity defined above and compare final output against these set of standards.

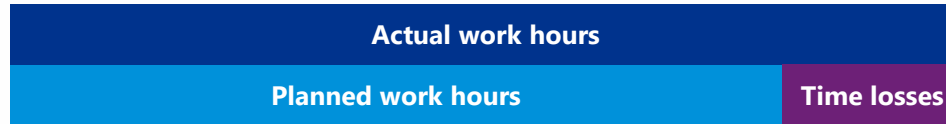
$$\text{Availability} \times \text{Performance} \times \text{Quality} = \text{OSE}$$

OSE is service agnostic – what this means is every function in the municipality could use this measure to understand how they are performing against standard. It would also show if something is off track and allows the team to react in real time to gain support and realign outcomes.

Data and KPI's: Metric Consideration

Overall Service Effectiveness (OSE) is a KPI that measures availability, performance, and quality.

Availability:



Performance:



Quality:



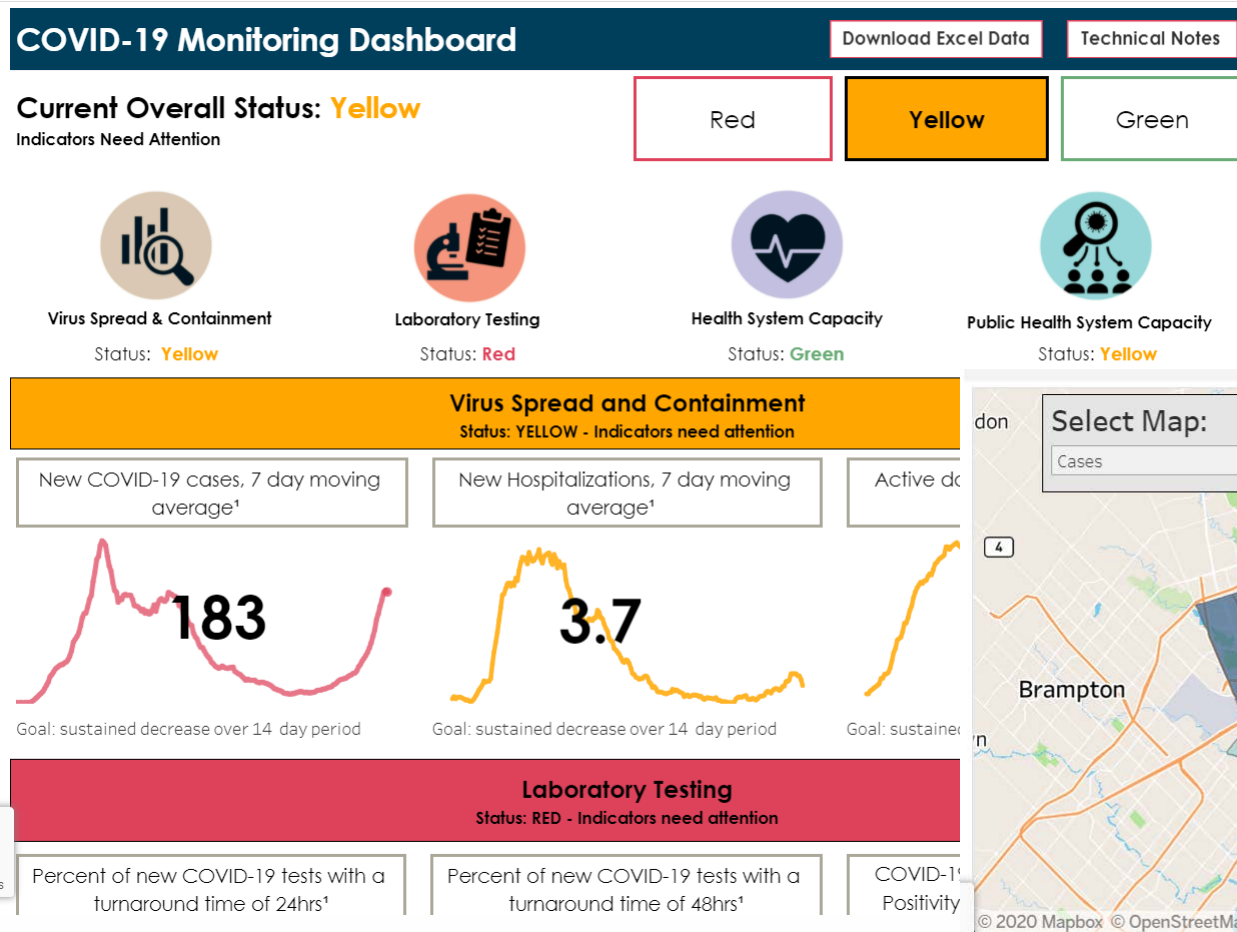
Sample OSE Calculation:



Administrative Process Efficiency Review

KPI Metrics Tracking - Dashboards

Below is a snapshot and link to the City of Toronto COVID-19 tracking dashboard. This is a good example of an effective dashboard, which is interactive, user-friendly, and provides a visual report card of what is trending, what's on track, and what needs additional attention.

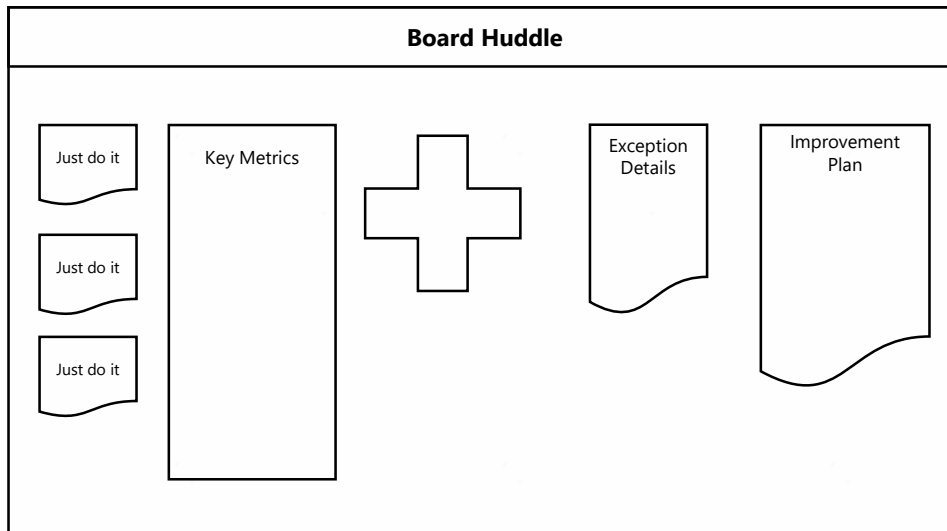


<https://www.toronto.ca/home/covid-19/covid-19-latest-city-of-toronto-news/covid-19-status-of-cases-in-toronto/>

Quality Board Huddles

Quality board Huddles happen once a week.

- The whole North Perth team would attend
- Each department would take a turn leading the huddle
- Huddles take only 5 -10 minutes and focus on exception reporting – what has changed in the past week or what is coming up in the next week
- The goal is to engage the whole team in a quality improvement mindset
- The team would review key metrics to see how they are tracking and if anything needs to be done to stay on track



This and the next two slides show some components of a Quality Board and tools to engage staff in a daily continuous improvement mindset.

Quality Board Huddles- Visual Example Safety Cross Metric

Tools like the Safety Cross are used to visualize where the quality needs to improve.

The Safety Cross can be used to catalog a metric and the number of occurrences in a month.

How to update the Safety Cross

Identify the standard or metric being monitored.

Working in one day intervals, if the metric/standard has not been met, color the square red.

If the metric/standard has been met, color the square green.

How to talk to the group about this metric during the huddle

If the square is green encourage the group to stay focused on achieving the desired standard in a positive way.

If the square is red discuss the nature of the issue and any immediate (just do it's) that could be initiated.

		1	2		
		3	4		
		5	6		
7	8	9	10	11	12
13	14	15	16	17	18
19	20	21	22	23	24
		25	26		
		27	28		
		29	30/31		

Quality Board Huddles - Just Do It (JDIs)

What is its purpose

To support small quick wins and encourage a continual improvement mindset.

How do you use it

During the Quality Board Huddle (QBH) an idea may be presented to the group. The QBH facilitator will give the JDI card to the individual identifying the opportunity. Once the idea is written up someone can take the JDI on or it can be posted to be implemented at a later date.

How to talk to the group about JDI's

JDI's should be initiated on a regular bases. These activities engage all staff in a structure approach to quick wins and strategic alignment.

The team should be encouraged to not take more than two to three weeks to complete a JDI.

Municipality of North Perth			
Just do it			
Brief Description			
Group			
Team Lead			
Sponsor			
Project Timeline			
<input type="checkbox"/>	Define		
<input type="checkbox"/>	Measure		
<input type="checkbox"/>	Analyze		
<input type="checkbox"/>	Improve		
<input type="checkbox"/>	Control		
Process Statistics			
<input type="checkbox"/>	Safety	<input type="checkbox"/>	Process

Administrative Process Efficiency Review

Waste

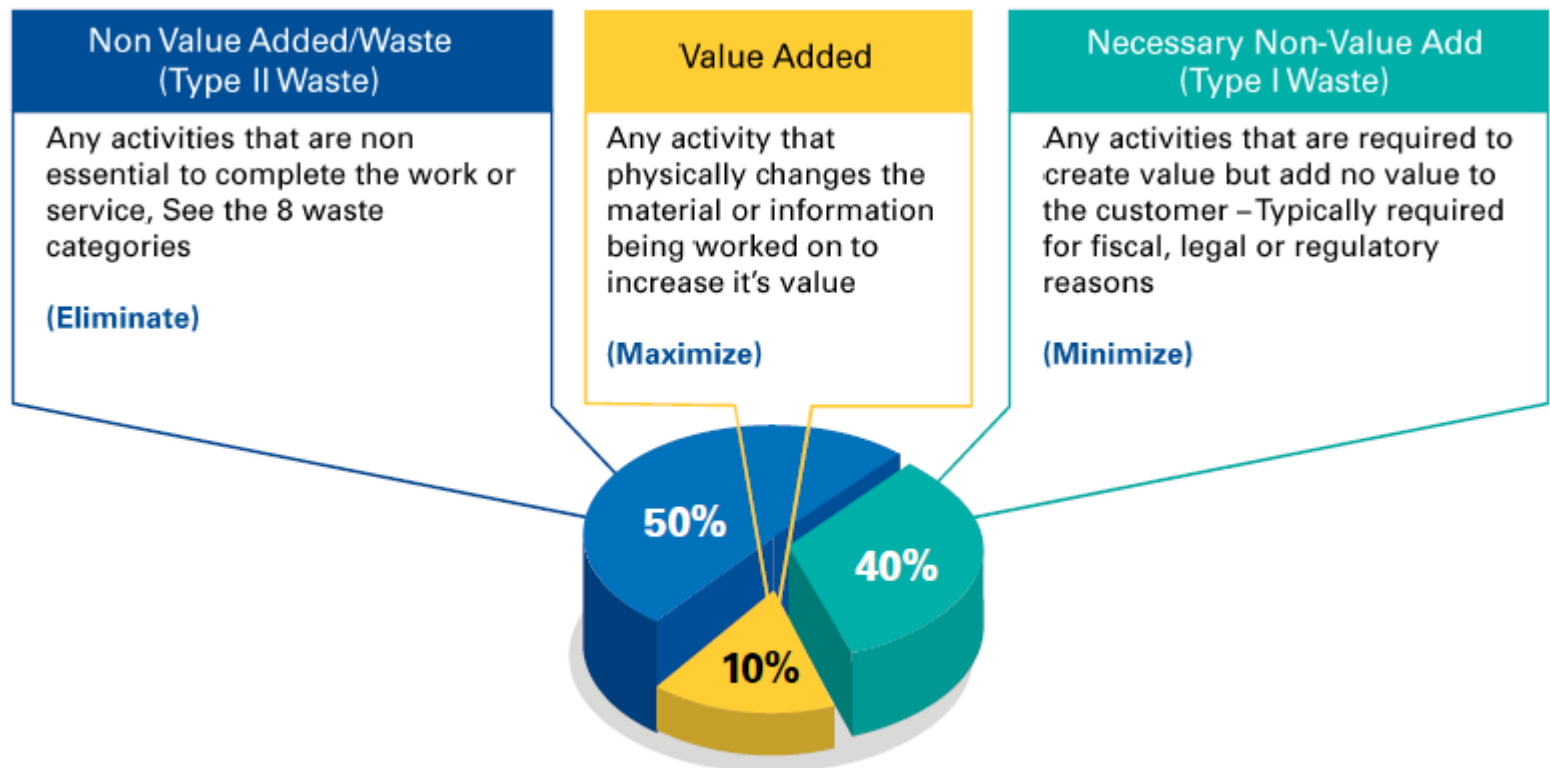
One of the first steps in the Lean journey is to start to “see” the wastes in the process you are aiming to improve. An easy way to remember the 8 Wastes is to remember the acronym: **DOWNTIME**. Eliminating waste and increasing efficiency will create capacity for staff to focus on Value-Add Work.

Type of Waste		Finance Example
Defects – work or services that are not completed correctly the first time; errors	D	Incorrect or missing information on forms, sending information to the wrong department
Overproduction – additional tasks added to the process that add no value and consume resources	O	Producing reports that are not used, excess sign-offs
Waiting – idle time when material, information, people or equipment are waiting	W	Waiting for the ledger to close before completing month end processes, delay in billing or cash collection
Non-utilized Talent – not utilizing the skills of the employees, skilled people involved in administrative tasks	N	Having staff with diverse skill sets and not using them, qualified accountants spending time copying and pasting or retrieving data
Transportation – moving equipment, supplies, or information from place to place	T	Copying information from one spreadsheet to another without materially changing it
Inventory – more material, supplies, equipment, on hand than what is needed; storing, batching, bulking	I	Accounts payable storing invoices
Motion – unnecessary movement by employees to complete an activity, including walking	M	Walking to the printer, walking around the office to find things, searching shared drives for information
Extra processing – Any work completed for the client that was not asked for by the client or that the client does not see value in	E	Spending unnecessary time creating presentations or reports that the client has not requested

Value Add Work

All process activities fall into one of three categories: Value Added, Non-Value Add, and Necessary Non-Value Add. In Lean, we are focused on **eliminating the Non-Value Add activities, which is WASTE**, and **maximizing those activities that add value to the customer = Value Added Work**.

As North Perth's processes are improved and efficiencies are realized, staff can begin to focus on Value Add activities. This new capacity can allow the municipality to maximize existing human resources to accommodate the expedited regional growth in the area and the resulting changes to the way the municipality will have to work in the future. Lean is not a one-time event but rather a journey to continually improve your processes and always strive to supply the customer with value, from their perspective.



Lean Continuous Improvement Training

Lean Six Sigma training is an important component of an effective Continuous Improvement program. A training program should therefore be designed to deliver outcomes as well as increase your staff's knowledge in quality improvement techniques, tools, delivery models, and system redesign.



Workshops
& Delivery

- Tailored training for fundamental Lean concepts

- Tailored to drive 'real life' use of Lean concepts
- Hands-on delivery and application of concepts

- Hands-on delivery and application of concepts
- Mentorship structure and onsite project support

- Targeted Lean concepts for management
- Management's role in Lean
- Lean leadership concepts
- Ongoing coaching

- Builds on Green Belt certification
- Practical application focused
- Coaching and mentorship through high impact project completion



Materials
& Tools

- Basic set of Lean tools for further learning
- Example Lean project templates

- Suite of Lean tools to be used for CI projects
- DMAIC workbook and project examples

- Suite of Lean tools to be used for CI projects
- Lean delivery Passport and Manual including Project Management Tools

- Guidelines of how to lead in a CI environment
- Executive Lean management tools

- Advanced application of Lean methods, tools and templates
- Visual tools and control methods
- Minitab / JMP



CI Culture

- Concepts of how to drive CI through Lean
- How to work with Leaders to support Lean initiatives
- How to fit in a CI culture

- How to support Lean projects and build CI culture in the workplace
- Support White Belt development

- How to lead Lean projects and build CI culture in the workplace
- Support Yellow Belt development

- How to become an advocate for Lean and align with your vision
- How to develop a CI culture in the workplace

- Leadership strategies and managing change
- Facilitating Lean events
- Control methods for sustaining improvements
- Root cause analysis and problem-solving

Process Improvement Methodology

At the core of KPMG's Process Mapping and Lean methodology is a disciplined five-phase roadmap known by the acronym DMAIC which identifies each Project phase: Define, Measure, Analyze, Improve, and Control. While it may appear to be a continuous process (one step following the other), in the process improvement journey, you may end up jumping back and forth between phases.

Outcomes:

- Understand current state
- Creating process improvement teams
- Process maps key processes
- Identify problem statements and root causes
- Identifying key measures

Outcomes:

- Collect baseline measures
- Understand the voice of the customer
- Develop measure plans
- Develop user-friendly measurement sheets

Outcomes:

- Analyze data and metrics to understand the current state
- Create a data story to communicate current state findings
- Present current state in Control Board format

Outcomes:

- Develop strategies to address root causes
- Test improvement strategies using PDSAs cycles
- Measure improvement activities through Control Boards

Outcomes:

- Validate controls implemented
- Develop other controls if needed
- Measure the success of controls through Control Boards



Standard Work

Why use Standard Work?

Our day is made up of many different tasks that are completed multiple times and by multiple people. As such, there tends to be a lot of variation to complete the same task. Standard work is not about turning people into “robots” but rather a way of finding the easiest most repeatable way to achieve the results desired by the customer. Standard process should be the safest, most efficient, and most effective way to complete the task.

A good standard work method would guide one or more of the following “flows”: Customer, supplier, information, tools, supplies, equipment.



Standard Work is a method for defining and standardizing the:

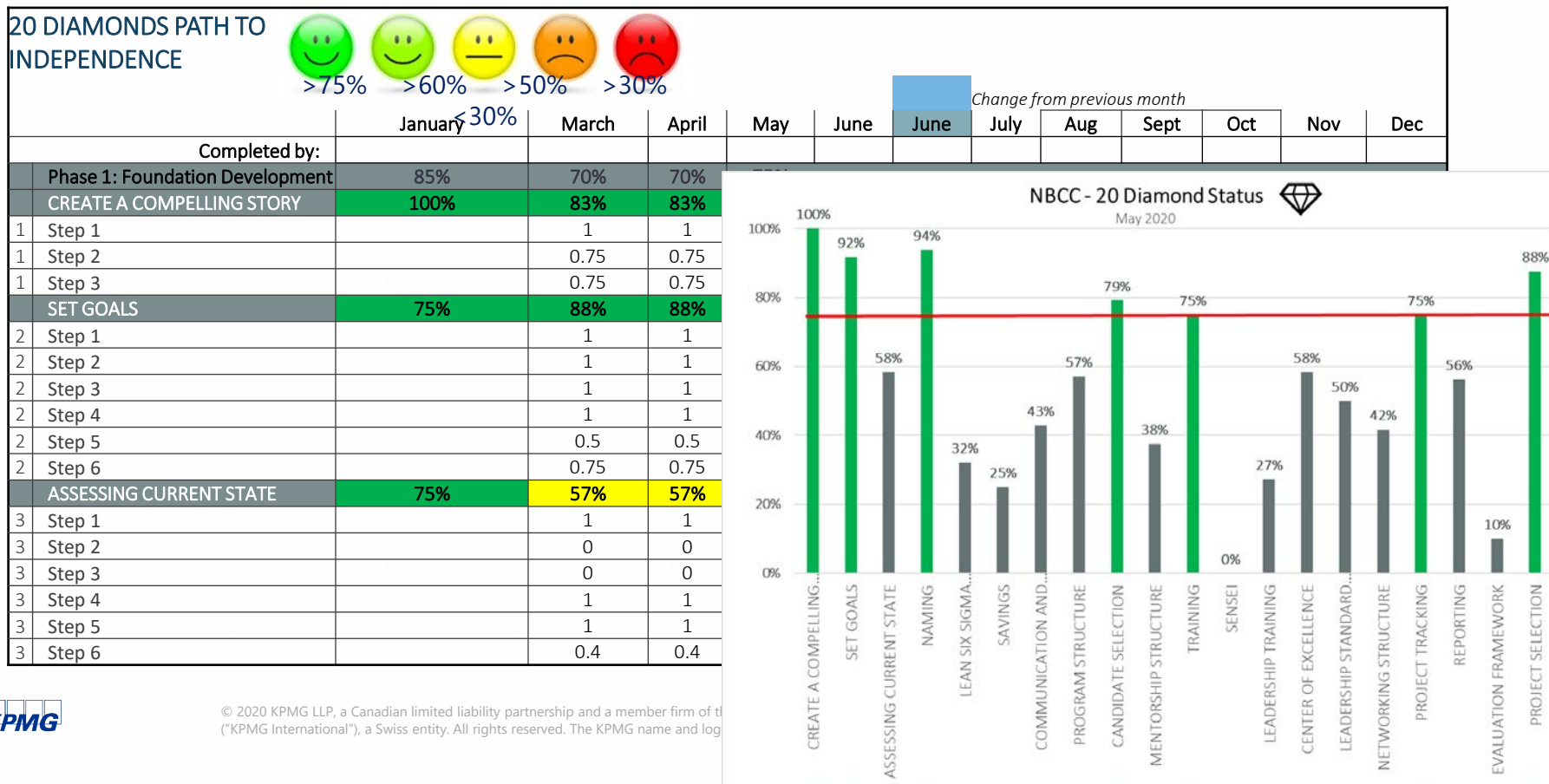
- Sequence,
 - Timing,
 - Supplies,
 - People,
 - Space, and
 - Equipment
- that are used in a particular process.

Standard work answers:

- Who does the work
- What is done
- When should it be done
- How the task should be done
- What to do if there is a problem

Workplan Standard Templates

Below is a screenshot of workbook tool that has been developed for KPMG's 4-Phase implementation of a Lean Management System. The workbook is used in combination with a dashboard as a tool for monitoring trends, metrics, and progress within a workplan. It measures and tracks internal processes (how you do your work) vs the results of your work/deliverables. KPMG recommends North Perth used something similar as a measurement tool for the upcoming year to gather data on resident inquiries/complaints and feedback loops. This will develop your baseline data story from which you can begin to implement the changes recommended in your solution focused areas.



Communication and Engagement

An organization changes for one of two reasons, a **burning platform** or a **compelling vision**. The transition team should create a narrative around the reason to change. This narrative should be succinct, impactful, and be meaningful to everyone. The story is then used by leadership to engage staff as they discuss the reason for implementing continuous improvement initiatives. This can be at formal and informal meetings, hallway chats or at the Quality Board Huddles.

Communicating your vision and implementation plan to the organization is a **critical success factor** and should be considered of priority importance.

Communications to staff and stakeholders should be early and often. It is safe to say that **you can not over communicate**, but it is important that the communication plan is comprehensively built and sequentially deployed.

Key components of a Communication plan:

- ✓ Create a six month plan
- ✓ The first messages to the organization should identify your objective, who supports it, why you are implementing it, and a high level milestones for the next 6 months
- ✓ Each communication should only identify one or two opportunity improvement implementations
- ✓ The communications should build on the past communications and set the direction for the next communication
- ✓ The distribution method should be multi media



Kaizen Event

A “Kai – WHAT?”

A Kaizen event is a deep dive into a process or a system to understand how it works, what isn't working and why, determine how the process can be improved to make it better, and implement changes to eliminate waste and achieve savings.

When to use a Kaizen:

- ✓ When the opportunities to eliminate obvious sources of waste have already been identified through process mapping work
- ✓ When the scope and boundaries of a problem are clearly defined and easily understood
- ✓ When implementation risk is minimal
- ✓ When results can be implemented immediately

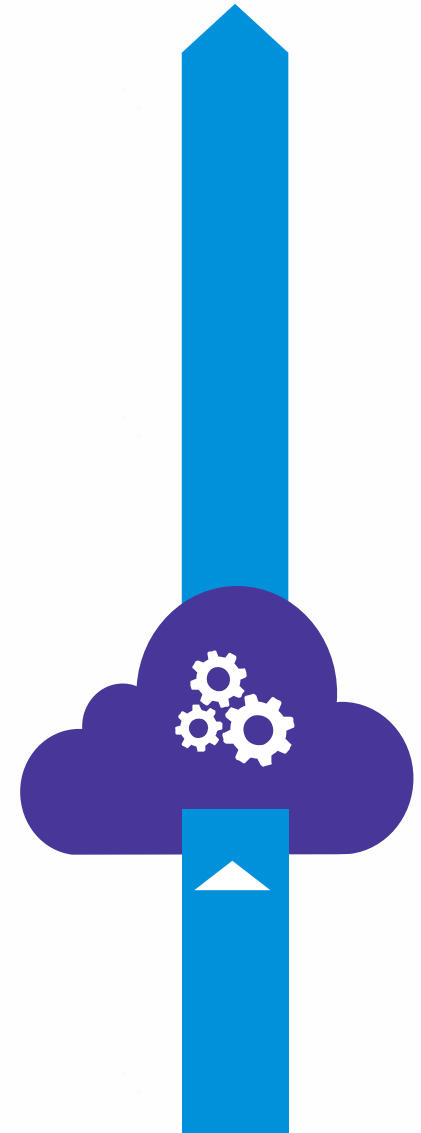
Symptoms are usually a warning that something is wrong; a high-level indication that there is a 'problem'. It is typically an outcome created by the actual problem;

Example: We do not have enough staff that is why we cannot finish our invoicing.

VS

Problem:

The actual problem is that the invoicing is not being completed and the current invoicing process has too many wastes currently slowing it down. This is a high level look at the problem, you need to dig deeper to find the root of the problem which is done through appreciative inquiry and the Lean methodology.



A KAIZEN EVENT will find the ROOT CAUSE of the problem and empower the staff team to find a SOLUTION

Administrative Process Efficiency Review

Sustain the Gain

Once a process has been mapped, and waste has been identified and eliminated, controls need to be put in place to prevent slippage. An effective control will always have some form of these 10 applied.

A fundamental change is the most effective because the environment has shifted from how it was done before.

This is a way of alerting everyone to what and how something should be done. An effective visual control usually has colour coding or pictures accompanying it.

Training ensures everyone that is currently completing a process has the ability to learn the new process, tools or techniques to complete the work

Audits by nature are retrospective so they tell the user something that has already happened. Effective controls are preventative rather than reactive.

Good for training and clarification but as an ongoing control very ineffective and usually difficult to access as required.



This is a very effective way to maintain consistency in the system. A prevention-type system will ensure errors cannot be made.

There are many forms of standard work from visually managed to proceduralized. The key is that the work is completed the same way each time by different people.

This control maintains the process by watching movement of the data points. This creates accountability by following the old adage "what gets measured, gets done".

A check list is very labour intensive and dependent on the user. Many times, checklists are written ambiguously causing the human interaction to "interpret" the intent of the checklist.

Signs quickly become "wall paper". Some signage has positive impact such as direction or location but should not be used past this application.



Appendix B:

Current List of Opportunities

Administrative Process Efficiency Review: Opportunities

Complete List of Opportunities and Questions

Process	Observation / Pain Point	Opportunity for Improvement
Subdivision - Agreement	Not tracking critical dates or timelines at the pre-consultation meeting.	Create master Subdivision Agreement and Construction Gantt chart with critical process steps and associated dates/timelines that can apply to all subdivision applications. Include macro in chart that will update deadlines for entire process based on timing of pre-con meeting for each agreement.
Subdivision - Agreement	Staff noted pre-consultation meeting should be initiated by the County, but this is inconsistent. Additionally, there is no formal process for hand off of complete applications from County to NP.	Meet with County Planning Dept. to establish formal procedure and process steps to standardize subdivision application hand-off to municipality and initiate pre-con meeting with developer.
Subdivision - Agreement	Better communication with Developer required to help educate them on timelines, requirements, etc.	Create info package for Developer and share with them at Pre-Consultation Meeting which includes steps to clear conditions, who to contact at the Municipality for what, key timelines, etc.
Subdivision - Agreement	County Planner prepares report for NP Council with no input from NP staff or review by CAO. No opportunity for additional input on complete application from NP staff prior to County Planner recommendations to Council.	We recommend the process and timelines for the report to North Perth Council from the County Planner be established as part of standardizing the pre-con meeting and hand-off of complete applications to NP. This procedure should include enough lead time for NP staff review of County report and allow for additional input and requested changes by the municipality.
Subdivision - Agreement	Additional conditions added by NP Council not always accepted by County Council.	Perform a post-mortem on previous subdivision agreements and identify trends in additional conditions requested to be added by NP but not accepted by County. Determine if the conditions not accepted by County Council impacted the overall success of the subdivision plan and construction and if so, meet with County Planner/CAO to discuss and propose recommendations for inclusion of standard conditions moving forward.
Subdivision - Agreement	Lack of clarity in process in how Dep Clerk receives draft plan agreement from County; Dep Clerk typically goes looking for it from other NP staff.	In consultation with the County, standardize the procedure for distribution of draft plan agreement to municipality. We recommend the draft plan agreement be submitted to NP through the Deputy Clerk, who will then distribute draft agreement to additional NP staff as required.

Administrative Process Efficiency Review: Opportunities

Complete List of Opportunities and Questions

Process	Observation / Pain Point	Opportunity for Improvement
Subdivision - Agreement	Confusion on who should take lead on next steps re. clearing of conditions – Developer or NP. Additional confusion regarding which next steps to take internally by staff.	Standardize the process for next steps once draft plan agreement has been received by the Deputy Clerk. Clarify process steps and sequences for internal staff. We recommend that NP take the lead on managing the clearing of the conditions, monitoring the subdivision agreement master Subdivision Agreement and Construction Gantt chart tool (as recommended above) to ensure critical process steps and associated deadlines are met by the developer.
Subdivision - Agreement	Agreement can be signed without approved construction drawings increasing risk; design changes can impact cost estimate which impacts amount of securities.	Staff identified there may be an option to proceed with an “approved agreement with conditions,” with final approval of PW required prior to construction; include clause to indicate Manager of Operations must approve revised cost estimates already in agreement to eliminate risk of impact to amount of securities.
Subdivision - Agreement	North Perth staff noted their lack of clarity regarding legitimacy of schedules of agreement and the ability to enforce with the developer.	As recommended above, once the process has been formalized and standardized and communicated in an information package to the Developer, the ability to enforce standardized/formal process will improve.
Subdivision - Agreement	We heard there is no formal communication to the developer regarding securities. The letter to developer outlining additional fees to be collected does not include mention of securities.	Include details regarding securities and insurance in letter from Deputy Clerk to Developers.
Subdivision - Agreement	Developers begin digging prior to approval of agreement due to legacy of lacking enforcement.	Staff noted there could be option to complete a pre-servicing agreement or site plan alteration permit to begin earth moving in advance of signed agreement.
Subdivision - Agreement	Lack of clarity in Finance regarding when to take securities and no formalized process for collection of securities.	Create checklist for all required billing and securities to be taken by finance. Include the collection of fees and securities in master Subdivision Agreement and Construction Gantt chart tool (as recommended above) to track receipt. Proceeding to next step in project plan not permitted until securities are received.

Administrative Process Efficiency Review: Opportunities

Complete List of Opportunities and Questions

Process	Observation / Pain Point	Opportunity for Improvement
Subdivision - Agreement	PW approval of construction drawings not formalized.	Formalize the PW approval of construction drawings as part of establishing a standardized process for subdivision agreements. Include the PW approval of construction drawings in master Subdivision Agreement and Construction Gantt chart tool and ensure clearance letter is not sent to County until PW approval is received.
Subdivision - Agreement	Developers sometimes sell serviced land to Builder under the assumption that Stage 1 approval has already been issued; puts pressure on municipality to approve for new Builder.	Include in Subdivision Agreement that Developers cannot sell prior to Stage 1 Approval.
Subdivision - Construction	No formal communication from Developer regarding completion of Stage and request for release of securities.	Create an application form for developer to complete and submit in order to request release of securities.
Subdivision - Construction	No formalized process in developer repairing deficiencies and subsequent approval.	Include repairs to deficiencies and resubmission by the developer into the master Subdivision Agreement and Construction Gantt chart tool
Subdivision - Construction	Staff noted disconnect between NP internal depts. regarding status of Stages; i.e. Builders requesting building / occupancy permits when previous Stage Clearance not yet issued.	Keep master Subdivision Agreement and Construction Gantt chart tool on shared drive so it is accessible to all staff. Building Dept. staff should reference this tool to determine if required clearances have been issued by PW prior to issuing building/occupancy permits if previous stage not yet cleared.
Subdivision - Construction	Official request form for the partial release of securities are not always completed by developer, sometimes just request via email.	Always require developer to complete the official request form for partial release of securities. Once the subdivision agreement and construction process becomes more formalized and standardized by the municipality, this new culture of compliance and professionalism will result in the developer adjusting their behavior to align with new expectations and process.
Subdivision - Construction	Sometimes there are accounting issues with annual reconciliation of fees.	We recommend that Finance increase the frequency of reconciliation of fees to try to reduce/eliminate accounting issues. A root cause analysis should be completed on previous reconciliation issues to identify the cause of the accounting issues.

Administrative Process Efficiency Review: Opportunities

Complete List of Opportunities and Questions

Process	Observation / Pain Point	Opportunity for Improvement
Subdivision - Construction	Prior to Stage 2 approval, demand for occupancy permits increases as staff receive pressure from Builder, Developer, and Homeowner.	Once the subdivision agreement and construction process becomes more formalized and standardized by the municipality, this new culture of compliance and professionalism will result in the developer adjusting their behavior to align with new expectations and process. Clear and proactive communication from the municipality regarding procedural timelines and required inspections, etc. should be issued to builders and homeowners to ensure expectations are aligned.
Subdivision - Construction	Lack of clarity when water/sewer services are officially assumed by municipality.	We recommend the municipality reference the guidelines outlined in D-5-2 Application of Municipal Responsibility for Communal Water and Sewage Services issued by the Province to determine when to officially assume water/sewer services.
Subdivision - Construction	Large time lag between construction of assets to municipal assumption = entering depreciated assets into AM system.	NP should investigate if As-Builts could be provided to the municipality by the developer upon issuance of occupancy permit, instead of upon end of warranty period. This could eliminate the entering of depreciated assets into the AM system.
Municipal Drains - Construction	TPON uploads cause frustration; paper queues are not on TPON, need to resubmit them to TPON and inform OMAFRA that application has been submitted.	Deputy Clerk to send 3rd reading of By-Law to AR Clerk to submit with application.
Municipal Drains - Construction	Disconnect from Engineers to Town regarding release of Holdback 1 year later.	We recommend the release of holdback should lie with the Engineer responsible for review and approval of payment certificates. This would allow for any risk to be minimized for the municipality and hold the engineer accountable for sign off on the holdback release.
Municipal Drains - Construction	Reconciliation of accounts between NP and the Engineer is time consuming, requiring lots of back and forth.	We recommend the AR Clerk maintain a spreadsheet for each drainage project tracking interest, summary of all costs, and status of payment certificates. Tracking this information in real time could minimize the time consuming back and forth with the engineer at the final assessment.

Administrative Process Efficiency Review: Opportunities

Complete List of Opportunities and Questions

Process	Observation / Pain Point	Opportunity for Improvement
Municipal Drains - Construction	Sometimes up to 2 yrs. between when work is completed and when invoices is received by Owners.	NP could consider adding an interim billing feature for residents so a portion or the majority of the costs for drainage work is invoiced and received prior to final assessment. Any reconciliation of outstanding or overpayments could be adjusted after Council adopts amended by-law.
Municipal Drains - Construction	Electronic approval required within the TPON system; AR Clerk must contact all approvers to log in and approve in system. Additionally, there is a lack of clarity in who submits to TPON –Engineer or AR Clerk; AR Clerk requires all info from Engineer to submit.	We recommend that NP require Engineer to complete TPON application.
Municipal Drains - Construction	Residents not informed of required and regulated timelines for drainage requests and sometimes get frustrated with delays, etc.	Create process map with associated/regulated timelines on website so owners of drainage requests can follow along and be informed regarding timelines.
Municipal Drains - Maintenance	Duplicate names in Wards i.e. Elma, Wallace, etc. required Drainage Superintendent to clarify.	Drainage Superintendent to specify appropriate ward on each invoice prior to submitting to AR Clerk for processing.
Municipal Drains - Maintenance	Previous maintenance file for drain may not be up to date with current proportions. If Engineer has to reassess, will cause delay in bill out to owners.	Upon drainage construction completion and final assessment, establish a feedback loop to ensure drainage file is updated with current proportions.
Municipal Drains - Maintenance	Owners not close to drainage work get confused about their bill.	We recommend NP begin sending map and copy of by-law with bill to landowners.
Accounts Payable	Vendors still send invoices via mail or hand delivery.	Enforce sending of invoices to functional mailbox.
Accounts Payable	Vendors sometimes send invoices to the department head which results in delay in being transferred to AP.	Enforce sending of invoices to functional mailbox.
Accounts Payable	Multiple copies of the invoices can be received by different individuals leading to potential double payment.	Enforce sending of invoices to functional mailbox.

Administrative Process Efficiency Review: Opportunities

Complete List of Opportunities and Questions

Process	Observation / Pain Point	Opportunity for Improvement
Accounts Payable	Unclear process within department on when in the process to print the invoice.	Enforce transfer of invoices electronically throughout the process in line with the digitalization of the AP process.
Accounts Payable	Duplication of effort in approver sending both scanned and hard copy of approved invoice to AP.	Only send electronic copy of approved invoice to AP in line with the digitalization of the AP process.
Accounts Payable	Sometimes invoices do not agree to quote and result in a higher payment being processed based on invoice.	Approver must ensure invoice agrees to quote if applicable prior to approving the invoice. In determining a new financial system to be implemented, automatic matching or attaching the quote to the invoice should be available.
Accounts Payable	Often errors in coding is corrected by the approver.	Compile list of errors most common made to determine next steps on how to eliminate such errors at the preparation step.
Accounts Payable	Often errors in coding are corrected by AP.	Compile list of errors most common made to determine next steps on how to eliminate such errors at the preparation step.
Accounts Payable	Manual AP processing takes two days from AP.	See future state process to digitize the process and eliminate inefficiencies.
Accounts Payable	When invoice is received in hardcopy, AP needs to scan them for capital invoices.	Enforce sending of invoices to functional mailbox.
Accounts Payable	Specific invoices are processed before approval (i.e. utilities) and approval is obtained after.	See future state process on the flow of approval within a system.
Accounts Payable	There is currently no cash management to take discounts into advantage or manages cheque payments of nominal amounts.	Compile list of vendors with discounts based on payment terms compared to last year or last quarter's purchases. Investigate and manage early payment terms to only vendors which would result in a material discount as determined by the department.
Accounts Payable	A third of vendors are not processed through EFT.	Inquire with the list of vendors not processed through EFT whether this is possible. Many vendors are making this available in response to the current COVID-19 environment.

Administrative Process Efficiency Review: Opportunities

Complete List of Opportunities and Questions

Process	Observation / Pain Point	Opportunity for Improvement
Accounts Payable	Invoices are stored for 7 years results in large physical storage of files	See future state process on the storage of invoices in the system.
Accounts Payable	Physical filing of invoices results in inefficiencies for audit when pulling invoices and therefore extends timelines of audit completion.	See future state process on the storage of invoices in the system. Depending on the system, read only access can be given to the auditors and they can locate invoices and support within the system.
Accounts Receivable	Customers can belong to multiple billing groups resulting in them making payments to the wrong billing group.	Enforce payment to proper billing group by increasing the administrative charge and maintain interest on balances improperly paid to other billing groups.
Accounts Receivable	80% of bills are sent via mail resulting in additional time and cost in processing invoices.	Explore customer access of online statement and how to engage customers to select this option.
Accounts Receivable	25% of customers are paying via cheque resulting in additional time and cost in processing payment.	Explore customer access of online payment or automatic payment and how to engage customers to select this option.
Accounts Receivable	Multiple sources of data in different formats received by AR for Landfill, Daycare, Perth Meadow, etc.	Explore options of standardizing data input format to and avoid reformatting through the use of macros in Microsoft Excel.
Accounts Receivable	Billings are processed on different days of the month for monthly billings.	Although this is an observation made by staff, this may facilitate timely billing by spreading different billing responsibilities across the month.



Appendix C:

Current State Process Maps

Process Improvement

We have completed the following current state process maps:

- Subdivision Agreement
- Subdivision Construction
- Municipal Drains Construction
- Municipal Drains Maintenance
- Accounts Payable
- Accounts Receivable
- Council Escalation Process

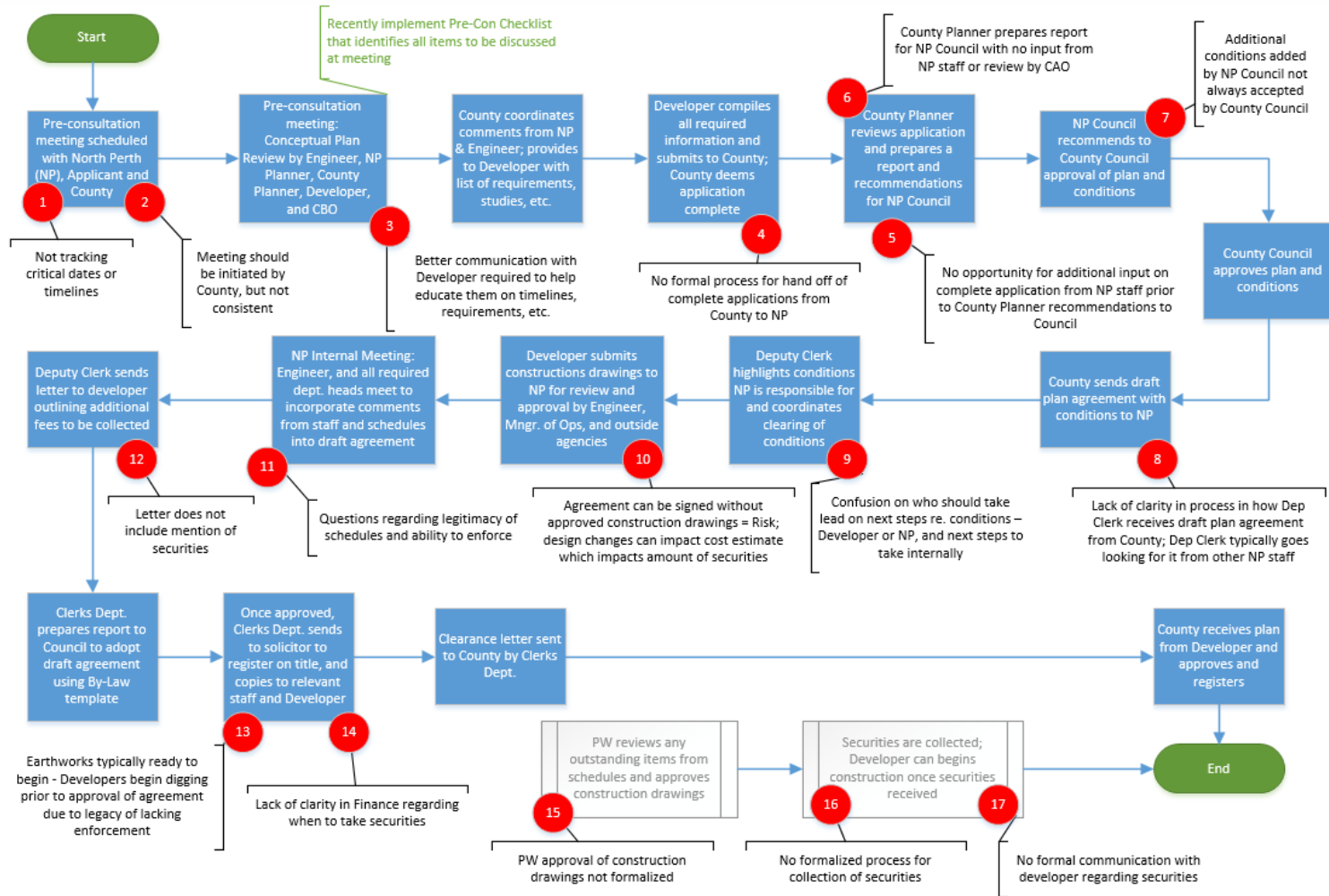
For each process under review, we identified the individual work steps undertaken as part of the process. The maps are outlined in flowchart form and are intended to assist in understanding (i) the individual work steps performed by municipal personnel; (ii) the sequential ordering of the work steps; and (iii) decision points included in the process.

During the facilitated sessions, KPMG and municipal staff work together to identify pain points, potential risk areas, and opportunities for improvement.

Included with the final report are the process maps (Appendix C) with identified opportunities for improvements (Appendix B), as well as potential courses of action that could be adopted by the municipality to address the identified issues.

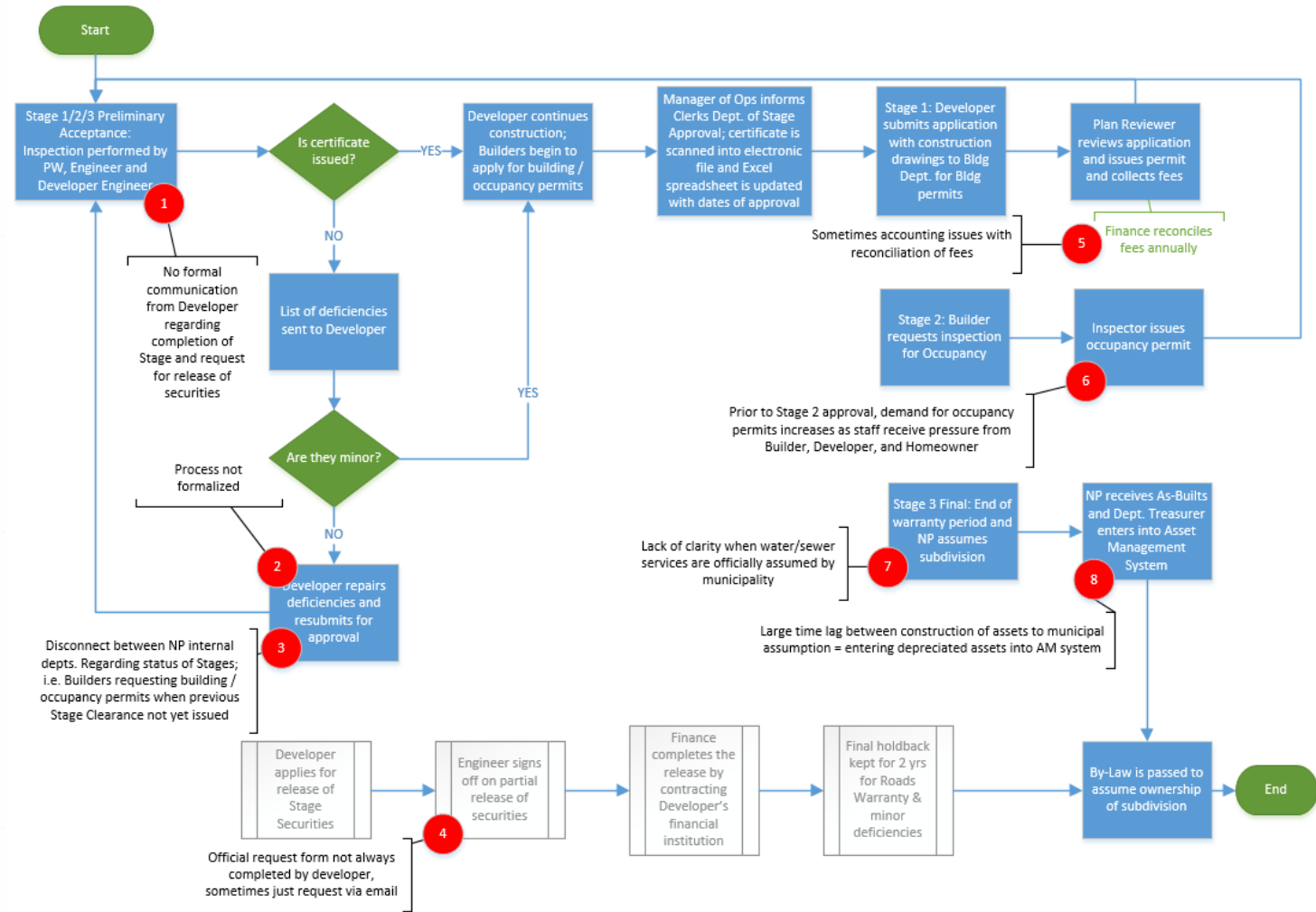
Administrative Process Efficiency Review: Current State Process Maps

Subdivision Agreement

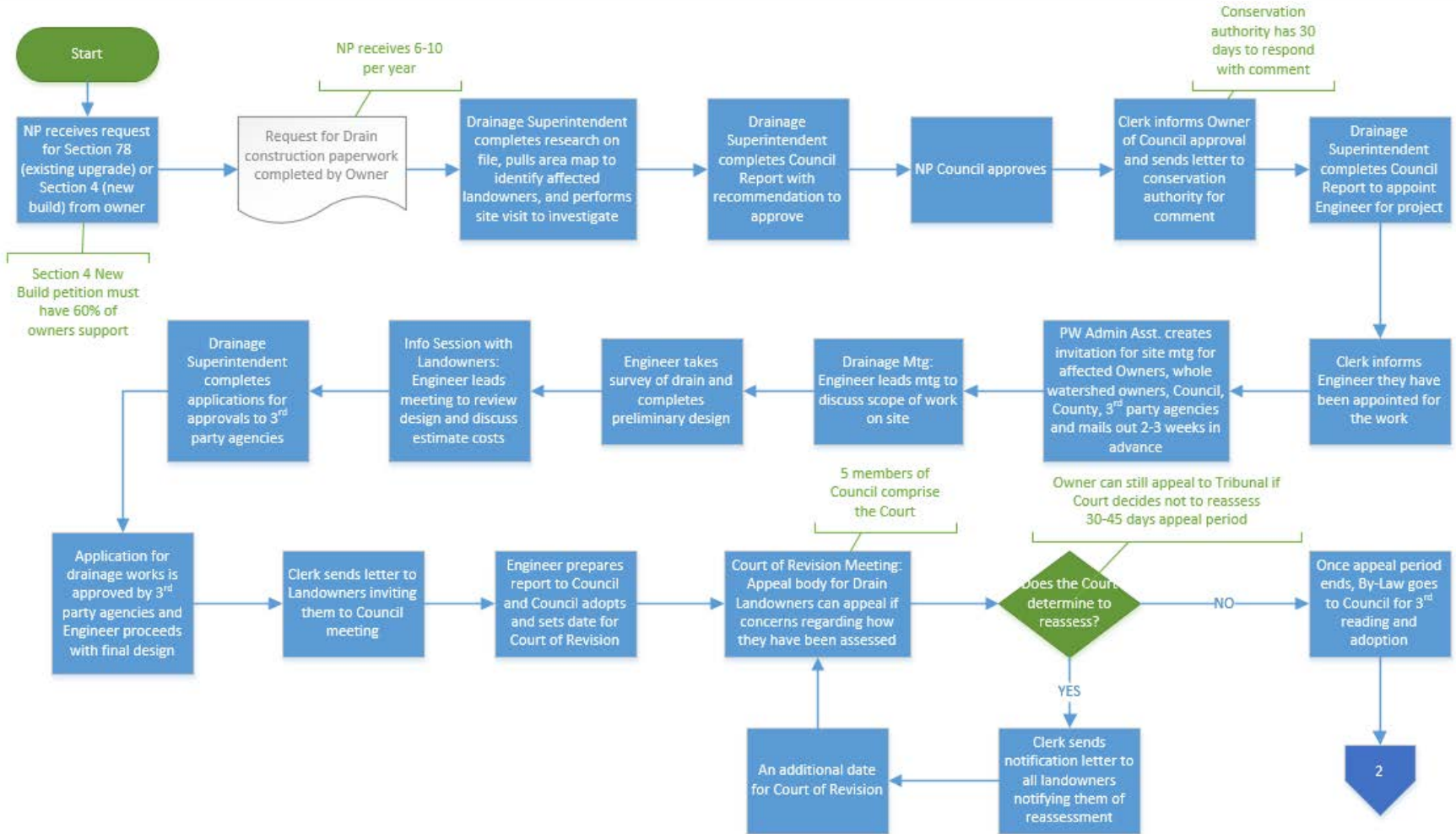


Administrative Process Efficiency Review: Current State Process Maps

Subdivision Construction

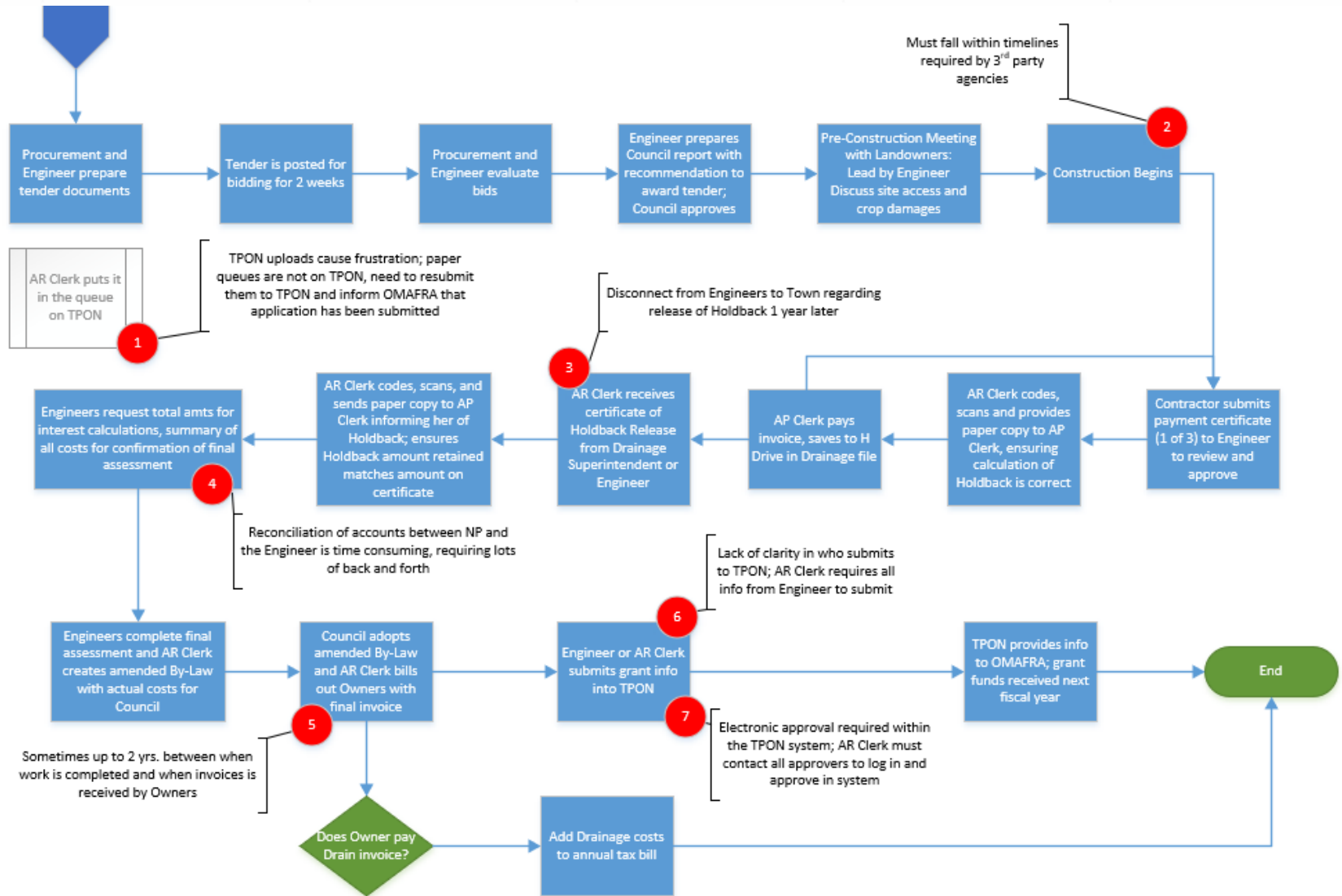


Municipality Drains Construction



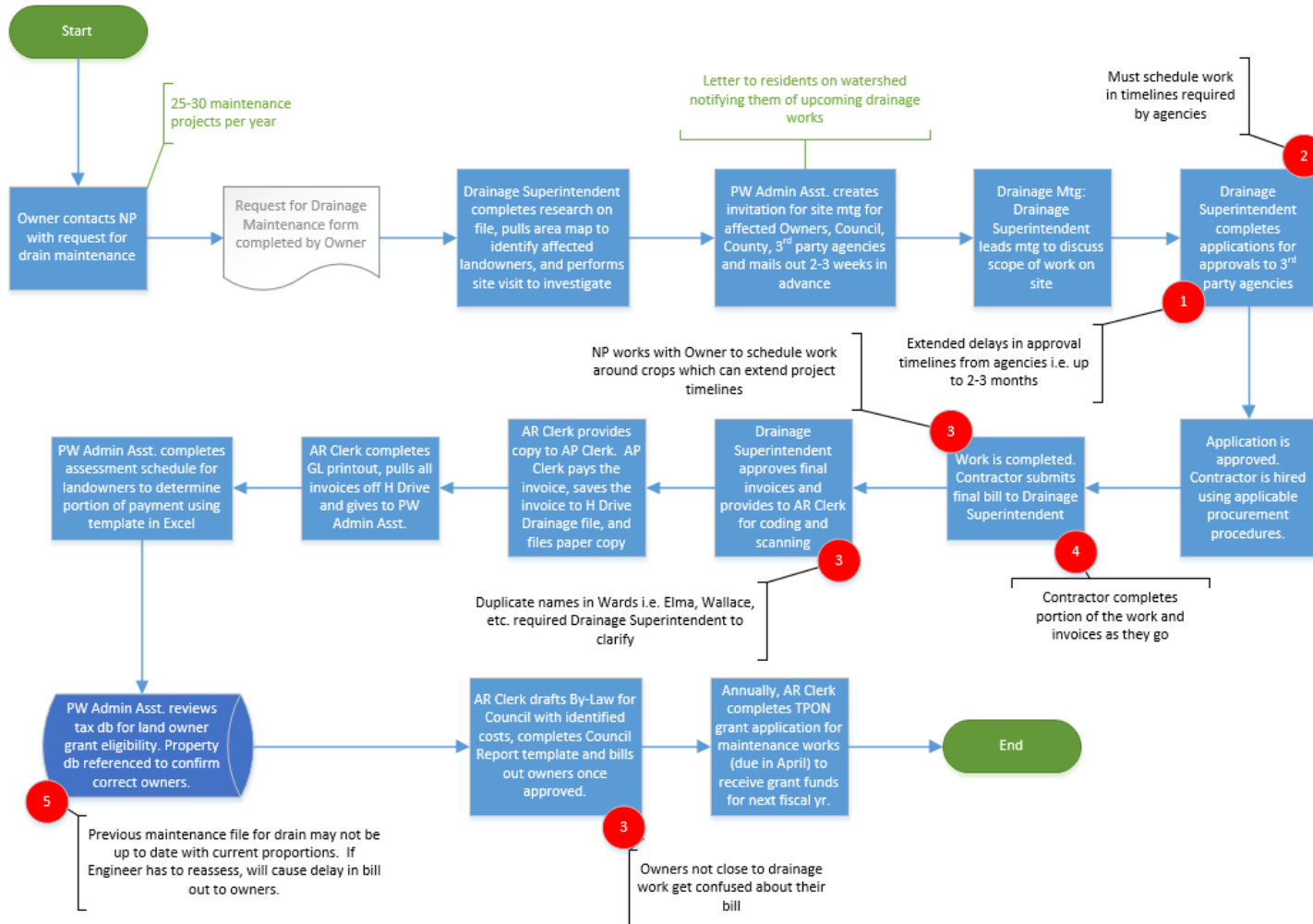
Administrative Process Efficiency Review: Current State Process Maps

Municipality Drains Construction



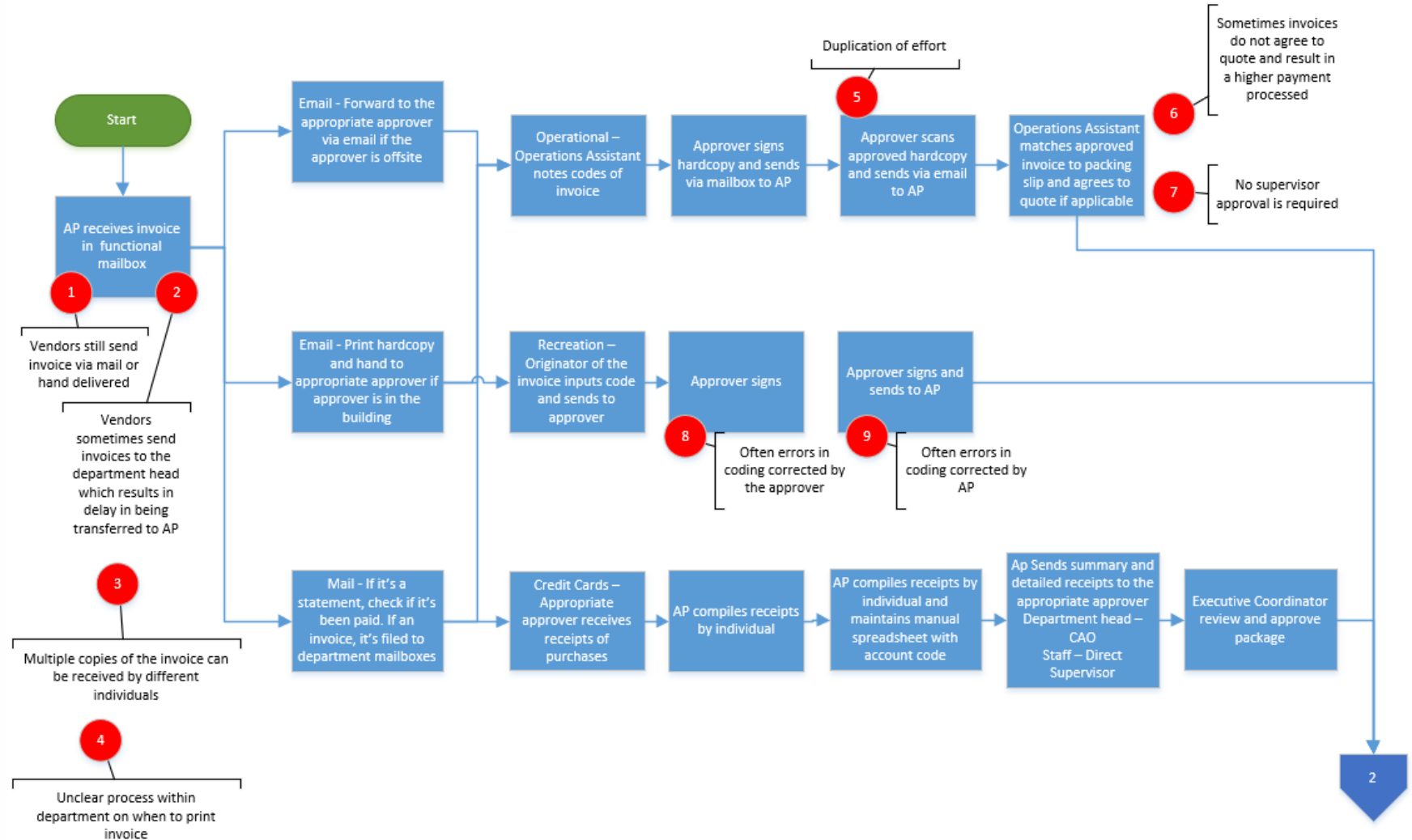
Administrative Process Efficiency Review: Current State Process Maps

Municipal Drains Maintenance



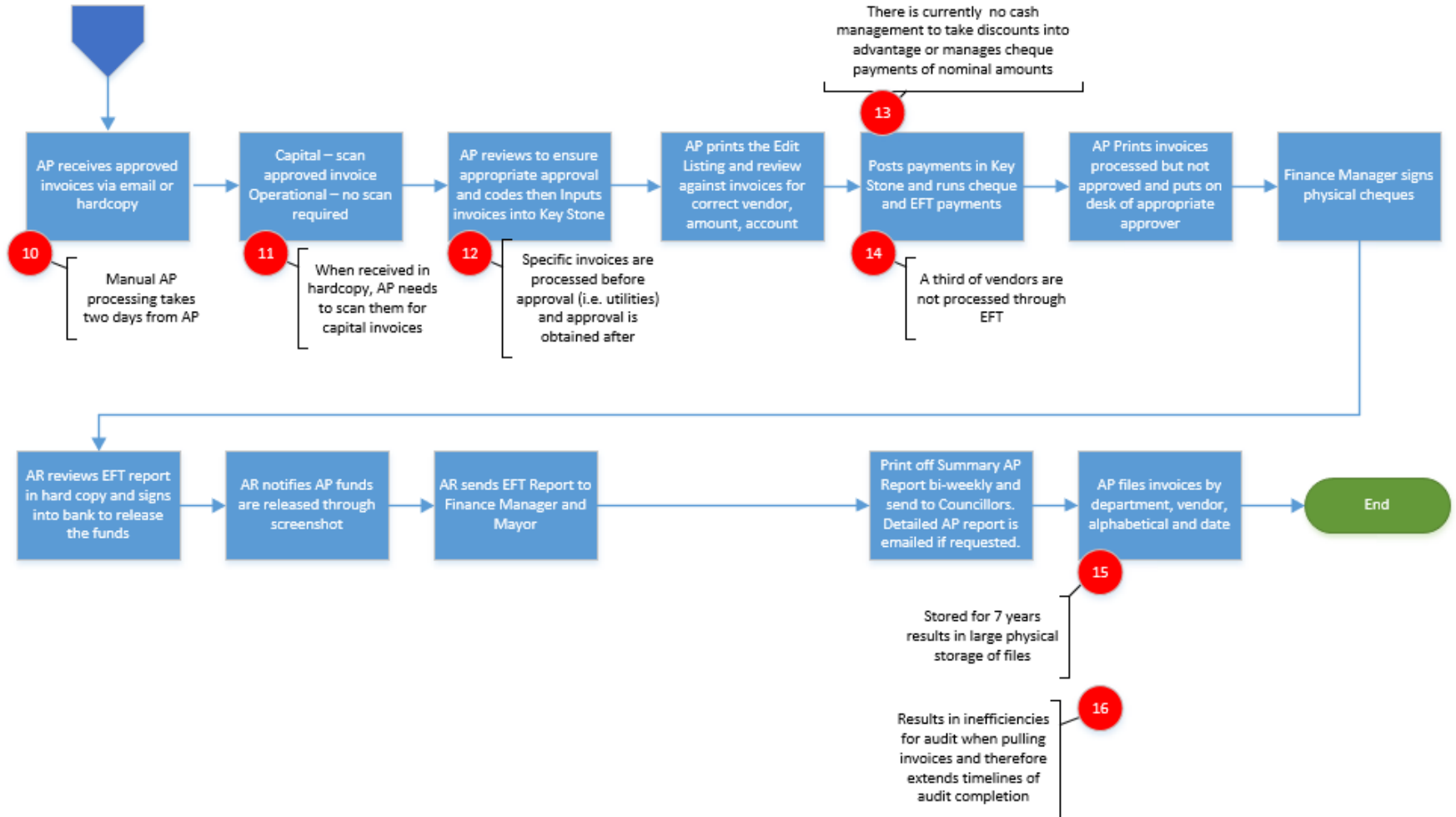
Administrative Process Efficiency Review: Current State Process Maps

Accounts Payable

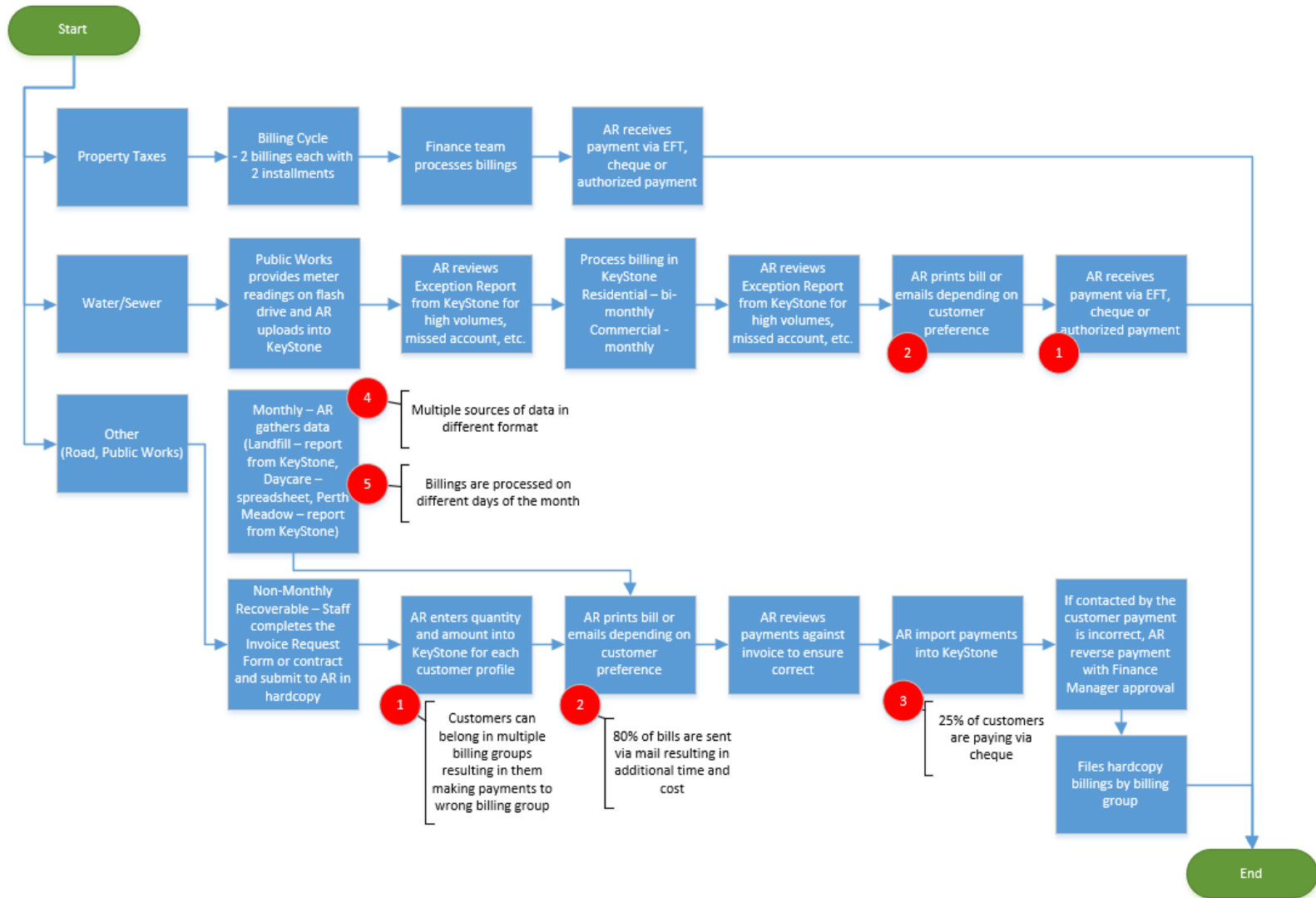


Administrative Process Efficiency Review: Current State Process Maps

Accounts Payable



Accounts Receivable





Appendix D:

Potential Cost Savings from
Identified Improvement
Opportunities

Administrative Process Efficiency Review

Potential Cost Savings from Identified Improvement Opportunities

In July 2020, KPMG's Lean Services team was engaged to perform an Administrative Process Efficiency Review of key business process at the Municipality of North Perth, with the objective of reducing process burden and improving customer experience. Through a combination of KPMG facilitated interactive workshops with staff, Council, and municipal senior leadership, as well as voice of customer/resident survey, the North Perth and KPMG Team developed 7 current state process maps, 52 specific opportunities for improvement, and recommended implementation roadmaps for undefined processes such as the Council / Mayor Escalation process, Records Management, and Recreation Facility Staff Scheduling changes.

Key Processes Included Review

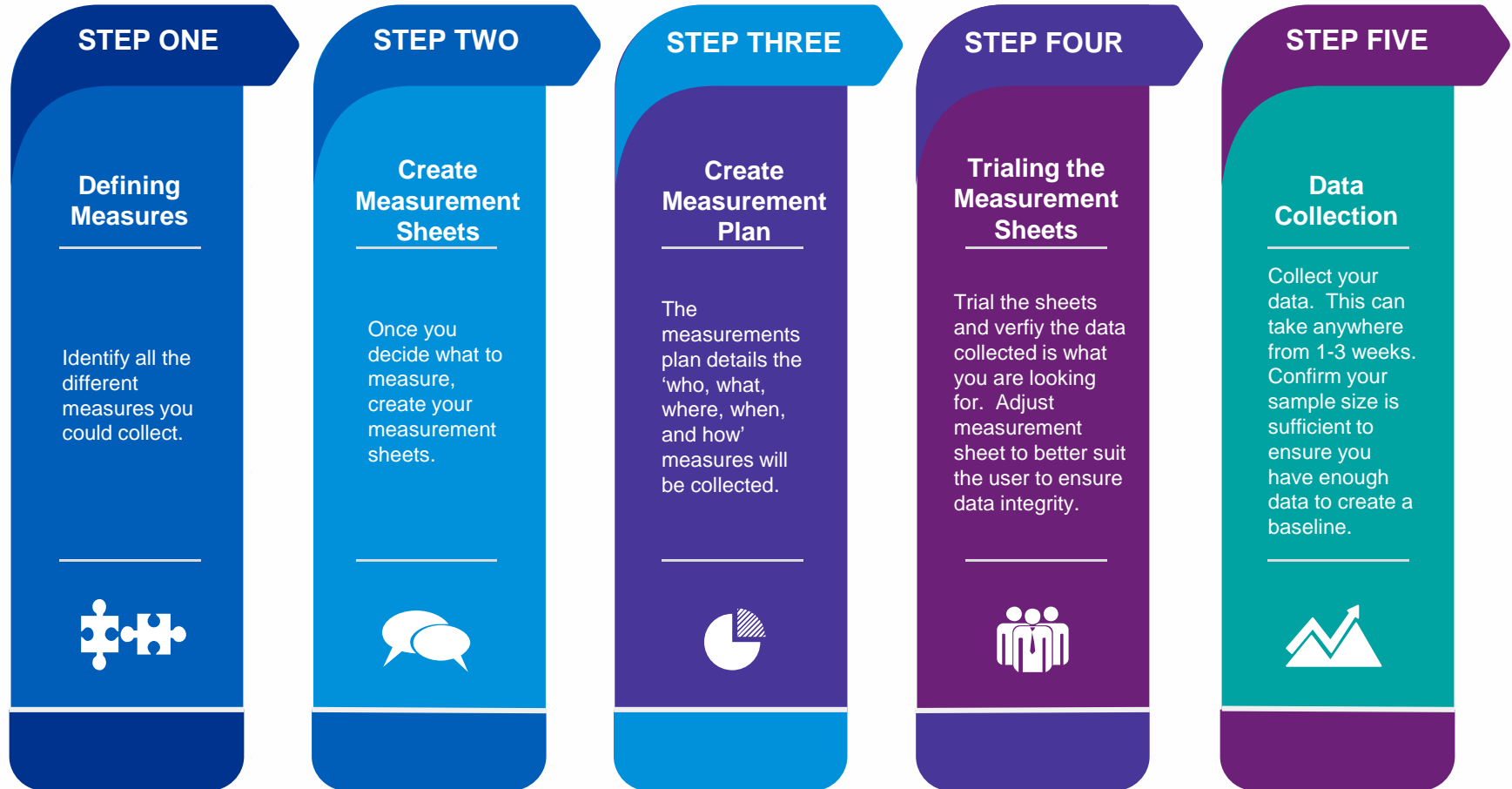


If North Perth chooses to implement all improvement opportunities identified within this review based on KPMG's recommendations, **we estimate the total amount of aggregate time savings to be 1950 hours, or 1 full time equivalent (1 FTE).**

We recommend that North Perth undertake a measurement analysis on each process to determine process/cycle time and/or frequency of incident to validate exact amount of staff time spent on current process steps. Subsequent improvement initiatives can be prioritized based on greatest impact on staff capacity, client wait time, and highest overall potential soft and hard savings.

Measurements Plan

For most measures, you are either measuring a process time or counting the number of times “something” happens (frequency). **Efficiency measures** generally look at the time it takes to complete a process (process time). **Effectiveness measures** look at how well your organization performs a particular process, or can identify the number of defects or errors in a process. There are different styles of measurement sheets, depending on your type of measure.



Administrative Process Efficiency Review

Measurements Plan

Factors to consider when developing measurements:

- When the measurement sheets will be tested. Always test what you develop and make the necessary changes.
- The start and end dates of the measurement collection period. You should know how long you have to measure for to get the right amount of samples.
- Tools being used to collect the measures.
- The dates of the measurement check point. Ensure you check the progress of the data collection so your project is not stalled because you did not get baseline measures.
- Where the measures are being collected. Identify what area, unit, etc. that is participating in.
- What to do with the measurement tools when they are done being filled in and who will fill them in. It is better to have staff fill in the measures as they work versus having someone watch and collect. However, the measurement check points become very important so you can ensure the measures are being collected.

Below is two samples of measurement sheets that can be utilized to measure process time:

Measuring a process time

When measuring process time it's important to clearly define the start and end point of the process. The actual observations can be recorded in a chart similar to the following:

(Note: you can change "observation #" to "date" if that makes more sense for your measure)

Obs. #	Exact Start Time	Exact End Time
1		
2		
3		

Multiple Process Time Data Collection Sheet

Organization													
Facility:													
What is being measured?													
[Enter the process step names here]													
Date	Shift											Comments	
		Start Time	End Time	Start Time	End Time	Start Time	End Time	Start Time	End Time	Start Time	End Time		



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This report has been prepared by KPMG LLP (“KPMG”) for the internal use of The Municipality of North Perth (“Client”) pursuant to the terms of our engagement agreement with Client dated [June 9, 2020] (the “Engagement Agreement”). This report is being provided to Client on a confidential basis and may not be disclosed to any other person or entity without the express written consent of KPMG and Client. KPMG neither warrants nor represents that the information contained in this report is accurate, complete, sufficient or appropriate for use by any person or entity other than Client or for any purpose other than set out in the Engagement Agreement. This report may not be relied upon by any person or entity other than Client, and KPMG hereby expressly disclaims any and all responsibility or liability to any person or entity other than Client in connection with their use of this report .

In performing our procedures, we will be acting as facilitators the Municipality of North Perth in reaching decisions about strategies for your organization. The decisions about the Municipality’s strategies will be made by the Municipality and the ultimate responsibility for these decisions will remain with the Municipality. We will not assume any responsibility of liability for any costs, damages, losses, liabilities or expenses incurred by anyone as a result of the decisions reached or actions taken in connection with the Municipal strategies. In gathering information during our interviews, we intend to rely solely on the information provided by the individuals being interviewed and we will not independently verify the information nor shall we express an opinion as to the accuracy or completeness of the information obtained.

Our analysis and advice will be intended solely for the Municipality of North Perth’s Senior Management’s internal use and may not be edited, distributed, published or relied on by any other person.

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