

Corporation of the Village of Cobden

By-law # 85 - 19

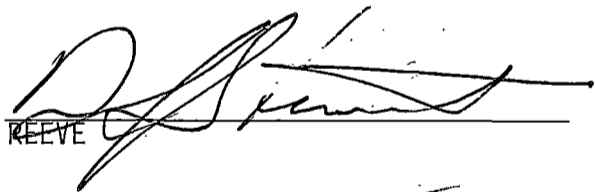
Being a by-law to authorize the execution of an agreement between the Corporation of the Village of Cobden and the Ministry of Municipal Affairs

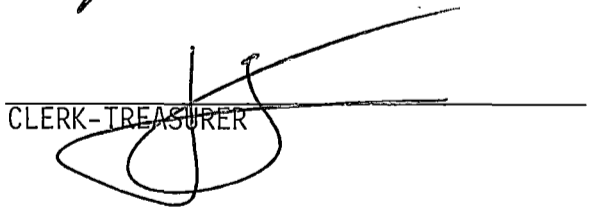
WHEREAS the municipality has indicated interest in the implementation of the Basic Accounting Package (BACPAC) as sponsored by the Ministry of Municipal Affairs

NOW THEREFORE, the Council of the Corporation of the Village of Cobden enacts as follows:

1. That the Reeve and Clerk of the Corporation are hereby authorized to execute an agreement hereto annexed as Schedule "A" to this by-law between the Corporation of the Village of Cobden and the Ministry of Municipal Affairs for the purpose of implementing the Basic Accounting Package sponsored by the Ministry of Municipal Affairs.
2. That Schedule "A" hereto annexed be and is hereby part of this by-law.

Read a first, second and duly passed upon the third reading this
10th day of September 1985.


REEVE


CLERK-TREASURER

MUNICIPALITY'S AGREEMENT

THIS AGREEMENT made in triplicate this 10th day of September , 1985.

BETWEEN:

HER MAJESTY THE QUEEN, in right of
the Province of Ontario as
represented by the Minister of
Municipal Affairs,
hereinafter referred to as the
"Ministry",

OF THE FIRST PART,

AND:

The Corporation of the Village of Cobden
hereinafter referred to as the
"Municipality",

OF THE SECOND PART.

WHEREAS as part of the Ministry's initiative to assist municipalities to improve and standardize their record-keeping and information flow, the Municipality has undertaken the implementation of the Basic Accounting Package (hereinafter referred to as "BACPAC") project, hereinafter called the "Project"; it being understood and agreed however, that where there is a conflict or discrepancy between any term or condition in this Agreement and that of the BACPAC Check List marked "Appendix A" and attached hereto, the term or condition of this Agreement shall prevail;

AND WHEREAS the Municipality by by-law No. 85-19 passed on the 10th day of September , 1985, has authorized the Reeve and the Clerk-Treasurer of the said Municipality to execute this Agreement on behalf of the Municipality;

NOW THEREFORE WITNESSETH THAT in consideration of the premises and covenants contained herein the parties agree as follows:

1. It is agreed that the Municipality will undertake the Project in accordance with the estimate of fees and expenses attached hereto and marked "Appendix B" and forming part of this Agreement.
2. It is agreed that the Completion Date of the Project shall be the 30th day of June , 1986 on or before which date the Municipality shall have reviewed all of the chapters set out in the BACPAC manuals including those with respect to year-end reporting which may not or cannot take place until the first four to six months of 1986. It is further agreed however, that the Completion Date may be unilaterally extended by the Ministry in its absolute discretion.
3. (a) The Municipality agrees to provide the Ministry with periodic reports as support for the Ministry's payments and to ensure that BACPAC is being implemented. The reports will be in the form as set out in "Appendix A".

(b) The interim report will be required on or before the 31st day of January , 1986. The final report will be required by the Completion Date.

- (c) It is further understood and agreed that the Ministry in its absolute discretion may find the reports referred to in (a) and (b) of this section to be unacceptable and may request further explanation as it considers appropriate.
4. It is agreed that the Ministry will contribute the lesser of the total cost of the Project or Five Thousand Dollars (\$5,000.00) which sum shall be allocated in the following manner:
- (a) A payment of up to Two Thousand Five Hundred Dollars (\$2,500.00) may be made by the Ministry upon receipt and approval by the Ministry of the Municipality's interim report.
- (b) A further sum of up to Two Thousand Five Hundred Dollars (\$2,500.00) or the unpaid balance due and payable under this Agreement may be made by the Ministry when it is satisfied that implementation by the Municipality has been completed.
- (c) If the Ministry, in its absolute discretion, finds the implementation by the Municipality to be incomplete, the Ministry may then reduce the sum payable to the Municipality pursuant to clause (b) of this section and the Ministry, upon making this payment, may then declare this Agreement to be terminated pursuant to section 8.
- (d) Notwithstanding the total cost of the Project, the said Five Thousand Dollars (\$5,000.00) payable by the Ministry may be applied both to professional fees and other expenses, specifically charges for one-write systems including boards, storage trays and related stationery and other stationery including journals and ledgers.
5. The Municipality shall submit invoices with supporting information to the Ministry in a form satisfactory to the Ministry.
6. The Ministry shall receive copies of all reports including copies of the systems and procedures documentation and copies of reports generated, charts of accounts and other documents prepared by or for the Municipality in the course of carrying out the Project and the Ministry may make this documentation available at no charge to any other municipality in the Province to assist those other municipalities in the installation of their own systems.
7. The Municipality shall indemnify and save harmless the Ministry from and against all claims, actions, losses and expenses, costs or damages of every nature and kind whatsoever which may be occasioned as a result of the negligence of the Municipality or any consultant or agent retained by the Municipality in connection with the Project.
8. The Ministry may at any time by written notice suspend or terminate this Agreement.
9. Any notice herein provided for or given hereunder if given by the Ministry to the Municipality shall be sufficiently given if mailed to the Municipality by prepaid registered post addressed to:

Village of Cobden
P.O. Box 40
Cobden, Ontario
K0J 1K0

10. Any notice herein provided for or given hereunder if given by the Municipality to the Ministry shall be sufficiently given if mailed to the Ministry by prepaid registered post addressed to:

Marcia Sypnowich
Director
Field Services Branch
Ministry of Municipal Affairs
11th Floor, 777 Bay Street
Toronto, Ontario
M5G 2E5

11. Any notice shall be deemed to have been given on the date of mailing. Either the Ministry or the Municipality may at any time give notice in writing to the other of any change of address of the party giving such notice and after the giving of such notice the address therein specified shall be deemed to be the address of such party for the giving of such notice thereafter.

12. This Agreement or any portion hereof shall not be assigned without the consent in writing of the Ministry.

13. This Agreement supersedes all previous Agreements, arrangements or understandings between the parties, whether written or oral in connection with or incidental to the Project.

14. This Agreement shall be deemed to have come into force and effect on the 10th day of September, 1985.

IN WITNESS WHEREOF Marcia Sypnowich, Director, Field Services Branch, has, on behalf of the Minister of Municipal Affairs, on behalf of the Province of Ontario hereunto set her hand, and Dave Stewart, Reeve and Daniel Gatien, Clerk-Treasurer, on behalf of the Municipality, have hereunder set their hands.

SIGNED, SEALED AND DELIVERED)
IN THE PRESENCE OF:)

Witness)

On behalf of the Minister of
Municipal Affairs)

Witness)

On behalf of the Municipality
David Stewart, Reeve)

Witness)

On behalf of the Municipality
Daniel Gatien, Clerk-Treasurer)

BACPAC CHECKLIST

(name of municipality)

This checklist is designed to ensure that all the major elements of BACPAC have been implemented to the satisfaction of the municipality and the Province.

A "no" answer to any point requires an acceptable explanation as to why a particular item has not been implemented.

	<u>YES</u>	<u>NO</u>
<u>Chapter 1010 - Accounting Activities</u>		
1. The three basic activities have been explained and understood:		
- bookkeeping	_____	_____
- accounting	_____	_____
- auditing	_____	_____
<u>Chapter 1020 - Double Entry Bookkeeping</u>		
2. The following have been explained and understood:		
- double entry concept	_____	_____
- rules for debits and credits	_____	_____
- dual entries for interfund transfers	_____	_____
<u>Chapter 1030 - Bases of Accounting</u>		
3. The following have been explained and understood:		
(i) Bases of Accounting:		
- cash	_____	_____
- accrual	_____	_____
- modified accrual	_____	_____
- encumbrance or commitment	_____	_____
- concept of cash versus accrual	_____	_____
(ii) Classification and reporting of revenues and expenditures by:		
- function	_____	_____
- subfunction or activity	_____	_____
- object and sub-object	_____	_____
- source of financing	_____	_____
<u>Chapter 1040 - Fund Accounting</u>		
4. The principles, purposes and effects of fund accounting have been explained and understood particularly regarding:		
- revenue fund	_____	_____
- reserve funds	_____	_____
- capital fund	_____	_____
- trust funds	_____	_____
- dual entries for interfund transfers	_____	_____
- requirements for interfund borrowings	_____	_____
<u>Chapter 1050 - Basic Journal Entries for Municipal Purposes</u>		
5. The following have been explained and understood:		
- types of entries unique to municipalities	_____	_____
- the specific examples and account numbers used	_____	_____
- the 'T' account postings and trial balance tapes	_____	_____
<u>Chapter 1060 - Books of Original Entry</u>		
6. (i) The purpose, use and types of books of original entry have been explained and understood:	_____	_____

	<u>YES</u>	<u>NO</u>
(ii) The recommended minimum number of books have been designed, installed, and are operating effectively:		
- cash receipts	_____	_____
- cheque register	_____	_____
- payroll journal	_____	_____
- collector's roll	_____	_____
- tax receipts	_____	_____
- general journal	_____	_____
other (specify)	_____	_____
-	_____	_____
-	_____	_____
(iii) The use of one-write systems has been investigated and the following one-write systems installed: (Specify books of original entry and ledgers (Chapter 1070))		
-	_____	_____
-	_____	_____
-	_____	_____
-	_____	_____
-	_____	_____
(iv) The books are balanced and posted monthly to the general ledger accounts	_____	_____
(v) Postings are made to individual accounts in the sub-ledgers as soon as possible:		
- taxes receivable	_____	_____
- tax arrears	_____	_____
other (specify)	_____	_____
-	_____	_____
-	_____	_____

Chapter 1070 - Ledgers

7. (i) The purpose, use and types of ledgers and sub-ledgers have been explained and understood.	_____	_____
(ii) The recommended minimum number of ledgers have been designed, installed, and are operating effectively:		
- general ledger for each fund	_____	_____
- taxes receivable	_____	_____
- tax arrears	_____	_____
other ledgers and sub-ledgers (specify)	_____	_____
-	_____	_____
-	_____	_____
-	_____	_____
-	_____	_____
(iii) The general ledger account numbers are consistent with the BACPAC model chart of accounts.	_____	_____
(iv) Ledgers and sub-ledgers are balanced monthly.	_____	_____
(v) Penalties and interest on tax arrears are calculated and charged to individual accounts:		
- monthly	_____	_____
- quarterly	_____	_____
- yearly	_____	_____

	<u>YES</u>	<u>NO</u>
<u>Chapter 1080 - Trial Balances</u>		
8. (i) The purpose, use and types of trial balances have been explained and understood.	_____	_____
(ii) The five basic reporting structures ('A' to 'E') have been explained and understood and a format adopted.	_____	_____
(iii) The three types of adjusting entries have been explained and understood:		
- worksheet	_____	_____
- general	_____	_____
- internal fund	_____	_____
(iv) A general ledger trial balance is prepared each month.	_____	_____
(v) The steps to locate errors in a trial balance have been explained and understood.	_____	_____
 <u>Chapter 2010 - Cash Receipts</u>		
9. The following have been explained, understood and implemented:		
(i) recording procedures	_____	_____
(ii) control features (specify exceptions)	_____	_____
-	_____	_____
-	_____	_____
-	_____	_____
-	_____	_____
-	_____	_____
-	_____	_____
 <u>Chapter 2020 - Cheque Disbursements</u>		
10. The following have been explained and understood:		
(i) flow of documentation	_____	_____
(ii) recording procedures	_____	_____
(iii) control features	_____	_____
 <u>Chapter 2030 - Petty Cash Fund</u>		
11. (i) The purpose, use and types of petty cash funds have been explained and understood.	_____	_____
(ii) The following have been explained, understood and implemented:		
- policy decisions on use	_____	_____
- procedures to establish and reimburse	_____	_____
- control features	_____	_____
 <u>Chapter 2040 - Cash Management Procedures</u>		
12. The following have been explained, understood and implemented:		
- advantages of effective cash management	_____	_____
- steps to improve cash management	_____	_____
- monthly bank reconciliation	_____	_____
- investment opportunities	_____	_____
- requirements for interfund loans	_____	_____
- steps to improve cash flow through tax billing and collection procedures	_____	_____
- statute references and bulletins	_____	_____
 <u>Chapter 2090 - Internal Control</u>		
13. (i) The purpose, objectives and types of internal control have been explained and understood.	_____	_____

	<u>YES</u>	<u>NO</u>
(ii) The following areas of responsibility have been reviewed, explained and understood:		
- municipal staff and council	_____	_____
- essential features of internal control	_____	_____
(iii) The external auditor:		
- reviews and evaluates internal control	_____	_____
- submits a management letter	_____	_____
- discusses recommendations with council	_____	_____
(iv) An effective system of internal control has been implemented	_____	_____

Chapter 3010 - Taxation

14. The following have been explained and understood:		
- purposes for which mill rates are required	_____	_____
- amounts to levy for each purpose	_____	_____
- allocations to other bodies	_____	_____
- assessment base used	_____	_____
- mill rate calculations and differentials	_____	_____
- recording procedures for taxes levied	_____	_____
- tax billing requirements:		
. interim	_____	_____
. final	_____	_____
- statute references and bulletins	_____	_____

Chapter 3020 - Payroll

15. The following have been explained and understood:		
- preparation and maintenance of a payroll journal and earnings record	_____	_____
- recording and posting of payroll information	_____	_____
- recording of employer's share of contributions	_____	_____
- use of a payroll clearing account	_____	_____
- preparation of T-4 slips	_____	_____
- control procedures	_____	_____

Chapter 3030 - Capital Transactions

16. (i) The purpose and objectives of a capital budget have been explained and understood.	_____	_____
(ii) The following have been explained and understood relative to capital transactions:		
- approvals required	_____	_____
- determination of costs	_____	_____
- methods of capital financing	_____	_____
- capital budget formats	_____	_____
- accounting procedures	_____	_____
- control of financing requirements	_____	_____
(iii) The municipality prepares:		
- a capital budget	_____	_____
- a five-year capital forecast	_____	_____

Chapter 3090 - Budget Preparation

17. (i) The basic procedures essential to effective budget preparation have been explained, understood and implemented.	_____	_____
(ii) The following have been explained, understood and implemented:		
- preparation of detailed estimates	_____	_____
- adoption of a budget format	_____	_____

	<u>YES</u>	<u>NO</u>
- compatability with the general ledger chart of accounts	_____	_____
- requirements for local boards	_____	_____
- allocations to other bodies	_____	_____
- mill rate calculations	_____	_____
- budgetary control procedures	_____	_____
- budget calendarization	_____	_____
- capital budgets	_____	_____
- reserve and reserve fund budgets	_____	_____
- statutory requirements for surpluses/deficits	_____	_____
 <u>Chapter 7010 - The Municipal Auditor</u>		
18. (i) The different nature of the three main services provided by the auditor have been explained and understood:		
- bookkeeping	_____	_____
- accounting	_____	_____
- auditing	_____	_____
(ii) The role of the auditor is clearly understood, and the following have been explained and considered:		
- appointment, duties and rights	_____	_____
- engagement letter	_____	_____
- general preparation for the audit	_____	_____
- specific requirements for:		
. interim audits	_____	_____
. year-end audits	_____	_____
- periodic meetings to discuss the results of the audit and any other matters	_____	_____
 <u>Chapter 7020 - In-Year Financial Reporting</u>		
19. (i) The purpose, use and benefits of in-year reports have been explained and understood.	_____	_____
(ii) The following have been explained, understood and implemented concerning preparation of reports:		
- preparation on a monthly basis	_____	_____
- adjustments required (cash to accrual)	_____	_____
- inclusion of all funds and activities	_____	_____
- preparation of calendarized budgets	_____	_____
- formats based on user needs	_____	_____
- review of variances	_____	_____
- other internal reports	_____	_____
 <u>Chapter 7030 - Cash Flow Reporting</u>		
20. (i) The purpose, benefits and types of cash flow reports have been explained and understood.	_____	_____
(ii) The following have been explained, understood and implemented:		
- purpose, preparation and use of:		
. calendarized budget on the accrual basis	_____	_____
. calendarized cash flow budget	_____	_____
- preparation of daily (weekly) cash summaries	_____	_____
- preparation of monthly cash management report	_____	_____
- difficulties in preparing cash budgets	_____	_____
- inclusion of cash flows for all purposes	_____	_____
- types of report formats	_____	_____

	<u>YES</u>	<u>NO</u>
<u>Chapter 7040 - Year-End Financial Reporting</u>		
21. (i) The purpose and types of year-end reports have been explained and understood.	_____	_____
(ii) The following have been explained and understood concerning year-end reports:		
- responsibility for preparation	_____	_____
- five basic steps for year-end close	_____	_____
- review of examples given	_____	_____
- formal year-end reports required	_____	_____
- auditor involvement	_____	_____
- publication of reports	_____	_____
- statutory requirements	_____	_____

<u>Chapter 8090 - Bibliography</u>		
22. The list of publications has been reviewed and acquisitions recommended.	_____	_____

<u>Model Chart of Accounts</u>		
23. (i) The chapters on the chart of accounts have been reviewed, explained and understood.	_____	_____
(ii) A chart of accounts has been designed and implemented.	_____	_____
(iii) A copy of the chart of accounts is attached.	_____	_____

INTERIM REPORT

Date

Municipal Treasurer

Date

Consultant

FINAL REPORT

Date

Municipal Treasurer

Date

Consultant

Appendix B
H. NEIL BRADBURY
CHARTERED ACCOUNTANT
545 PEMBROKE ST., WEST
PEMBROKE, ONTARIO
K8A 5P2
—
PHONE (613) 735-3642

June 6, 1985

Corporation of the Village of Cobden,
Main Street, Box 40,
COBDEN, Ontario
K0J 1K0

Dear Sirs:

Enclosed please find a proposal for revisions to the municipality's accounting and reporting systems and an estimate of my time requirements.

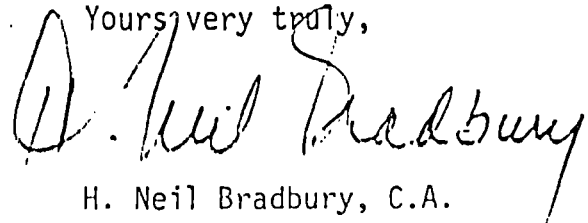
Based upon the attached time requirements, I would estimate that my fees and expenses would be:

Time charges	\$ 3,920
Other expenses for travel, supplies and other incidental costs	<u>400</u>
Total estimated fee:	<u>\$ 4,320</u>

Please be assured that I would make every effort to minimize the time requirements and, hence, fee charges. In an effort to assist the municipality, I have based my estimate on a hourly rate below that normally charged for special services of this nature.

I would be pleased to answer any questions which you might have concerning the services which I have proposed in this letter.

Yours very truly,



H. Neil Bradbury, C.A.

HNB/kb
Encl.

VILLAGE OF COBDEN
PROPOSAL FOR REVISIONS TO
ACCOUNTING SYSTEMS

	<u>Estimated Number of Hours</u>
Review of current accounting procedures to identify areas requiring improvements	7
Restructuring of general ledger chart of accounts	14
Revisions to current books of original entry	7
General assistance in accounting and bookkeeping procedures and controls, general ledger use and monthly reconciliations	35
Assistance with respect to the implementation of accounting procedures and controls concerning other funds of the municipality including the Athletic Association and Waterworks	 21
follow up and support to staff subsequent to the implementation of changes to the present system	 <u>14</u>
Total Estimated Number of Hours	<u>98</u>