



TO: GENERAL COMMITTEE

SUBJECT: VALUE FOR MONEY SERVICE AUDIT REPORT

WARD: ALL

PREPARED BY AND KEY CONTACT: M. MIFSUD, MANAGER OF ACCOUNTING AND FINANCIAL REPORTING

SUBMITTED BY: C. SMITH, ACTING CHIEF FINANCIAL OFFICER AND TREASURER

GENERAL MANAGER APPROVAL: C. SMITH, ACTING CHIEF FINANCIAL OFFICER AND TREASURER

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That Deloitte’s Value for Money Service Audit Report be received for information.
2. That the recommendations regarding the capital allocation method be considered by staff in the negotiation of the new Municipal Services Management Agreement with the County of Simcoe.

PURPOSE & BACKGROUND

3. The City of Barrie (“City”) has a Municipal Services Management Agreement (“Agreement”) with the County of Simcoe (“County”) related to the management, governance, performance, cost sharing, and reporting associated with the delivery of Long-Term Care, Paramedic Services, and various social assistance programs including Ontario Works, Children and Community Services, and Social Housing Services. The City of Orillia (“Orillia”) is also a party to the Agreement.
4. The County is responsible for managing the delivery of services, administering funding arrangements with the Province and/or Federal government, and administering the cost sharing arrangements. The County is accountable to the Province, the two separated cities of Barrie and Orillia, and local taxpayers for the management of these services. The City and Orillia share in the total cost of each service delivered to the municipalities within the County and the separated cities.
5. The current Agreement encompassed a five-year term from January 1, 2018 until December 31, 2022, however the terms of the Agreement allow it to remain in place until a new agreement is in force.
6. On January 31, 2024, Council approved Motion 24-G-009 as follows:

That staff undertake the following actions prior to any renegotiations taking place with the County of Simcoe for the Shared Services Agreement and report back to General Committee by the end of September 2024:
 - a) A review of the Agreement to ensure its in alignment with the City Council’s Strategic Priorities; and
 - b) A value for service audit of the past 3 years of the County’s Financial information, with funding of up to \$50,000 being allocated from the Council Strategic Priorities Reserve to undertake this.

7. On March 20, 2024, staff provided Council with a memo detailing that an invitational procurement process would be initiated with the following scope requirements:

Perform a value for service assessment of the past 3 years of the County's financial information specific to the Municipal Services Management Agreement between the City of Barrie and the County of Simcoe, which should include the following:

- i. Assess compliance with the service level agreement between the County and the City in relation to actual costs allocated in the past 3 years (2021 to 2023) and required performance reporting;
 - ii. Assess that Provincial and Federal grants or other revenues received by the County in the past 3 years (2021 to 2023) have been appropriately and proportionally allocated to services provided within the City of Barrie in relation to the demands throughout the County and two separated cities;
 - iii. Assess, using benchmarking data from other like sized communities or separated cities, whether the City is receiving comparable value for service for the regional services provided under the Municipal Services Management Agreement;
 - iv. Assess and make recommendations on the cost sharing methodology for a future service level agreement, in line with provincial guidelines and requirements, with the objective of reaching a fair and reasonable partnership between the County and the City. Include a review of the proposed capital allocation method suggested by the County.
8. Deloitte was the successful bidder. Deloitte's Value for Money Service Audit Report is attached as Appendix A.

ANALYSIS

9. Deloitte performed eight procedures to address the four scope objectives.
10. To assess compliance with the Agreement in relation to costs allocated and required performance reporting, Deloitte compared the City's share of the costs to the total costs incurred by the County for each shared service, and interviewed key stakeholders at the County to understand and document the processes they are taking to ensure vendors are compliant with their contracts.
11. Deloitte concluded that the County is compliant with the Agreement's cost sharing arrangement and has processes in place to monitor third-party vendor compliance with contracts or legislation.
12. To determine whether grant and other revenues have been accurately allocated to City services, Deloitte compared the City's share of the grants to the total grants received by the County for each shared service, analysed each shared service's administrative costs compared to total costs, and compared the proportion of each shared service the City received to the proportion the City paid (in relation to the County and Orillia).
13. Deloitte concluded that the County is compliant with the Agreement in terms of actual grants allocated, administrative costs range from 1.1% - 7.2% of total costs depending on the shared service, and the City appears to be receiving more than expected levels of service in comparison to the cost sharing percentage they are paying for Paramedic Services, Community Services and Social Housing.
14. To determine whether the City is receiving comparable value for the services provided under the Agreement, Deloitte conducted a comparator analysis of similar services in other municipalities.

15. Deloitte concluded that it appears the County has lower costs than the comparator municipalities for providing Paramedic Services, Community Services, and Social Housing. With respect to Ontario Works and Children Services and the two comparator regions, the County has lower costs than one and higher costs than the second. Municipally funded Long Term Care beds are more accessible within the County with a higher number of beds in comparison to population than the two comparators.
16. To assess the cost-sharing method and provide recommendations for a future Municipal Services Management Agreement, Deloitte reviewed the cost sharing methodology used for the current Agreement against leading practices in line with Provincial guidelines and requirements. They also reviewed proposed capital allocation methods in relation to the benefits and drawbacks to the City.
17. Deloitte concluded that the current cost sharing methodology embraces a number of leading practices of centres of excellence and/or shared service models. The allocation of costs using a combination of weighted taxable assessment and/or caseloads, allows for an efficient cost sharing methodology for all parties under the Agreement. Deloitte provided an assessment of each capital allocation method for consideration in the next Agreement.

ENVIRONMENTAL AND CLIMATE CHANGE MATTERS

18. There are no environmental or climate change matters related to the recommendation.

ALTERNATIVES

19. As the Report is being presented for information purposes only, there are no alternatives presented for paragraph 1 of the motion. There is one alternative available for consideration by General Committee for paragraph 2 of the motion:

Alternative #1

General Committee could choose not to direct staff to consider the recommendations regarding the capital allocation method in the negotiation of the new Municipal Services Management Agreement with the County of Simcoe.

This alternative is not recommended as it is important to evaluate the impacts of the different capital allocation method options.

FINANCIAL

20. There are no direct financial implications to the City.

LINKAGE TO 2023-2026 STRATEGIC PLAN

21. The recommendations included in this Staff Report support the following goals identified in the 2022-2026 Strategic Plan:
 - Responsible Governance



APPENDIX "A"

Deloitte's Value for Money Service Audit Report