KPMG

County of Lanark

Lanark Lodge Administrative Review

Final Report

January 31, 2023

Disclaimer

This report has been prepared by KPMG LLP ("KPMG") for the County of Lanark (the "County") pursuant to the terms of our Agreement with the County dated August 15, 2022 (the "Engagement Agreement").

This report is not intended for general use, circulation or publication. 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 the County or for any purpose other than set out in the Engagement Agreement. If this report is received by any party other than the County, the recipient is placed on notice that this report has been prepared solely for the County's benefit and its own use. KPMG does not authorize the recipient or any other party to rely on this report and any such reliance will be at the recipient's sole risk. Therefore, KPMG shall have no liability or responsibility in respect of the advice, recommendations, or other information in this report to recipient or any other party other than the County.

This report is based on information and documentation that was made available to KPMG at the date of this report. Should additional information be provided to KPMG after the issuance of this report, KPMG reserves the right (but will be under no obligation) to review this information and adjust its comments accordingly. This report and the observations expressed herein are valid only in the context of the whole report. Selected observations and recommendations should not be examined outside of the context of the report in its entirety.

Our review was limited to, and our recommendations are based on, the procedures conducted. The scope of our engagement was, by design, limited and therefore the observations and recommendations should be in the context of the procedures performed. In this capacity, we are not acting as external auditors and, accordingly, our work does not constitute an audit, examination, attestation, or specified procedures engagement in the nature of that conducted by external auditors on financial statements or other information and does not result in the expression of an opinion.

This report may include or make reference to future oriented financial information. Readers are cautioned that since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommended opportunities as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the County. KPMG has not and will not perform management functions or make management decisions for the County.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.

KPMG has no present or contemplated interest in the County nor are we an insider or associate of the County and its management team. Accordingly, we believe we are independent of the County and are acting objectively.

Executive Summary

Lanark Lodge (the "Lodge") is a 163-bed long-term care facility that provides a range of services, including 24-hour nursing care, meals and accommodations, recreational and social services to its residents. Operating under the provisions of the *Fixing Long-Term Care Home Act, 2021, SO 2021, c.39, Sched. 1* (the "Act"), the Lodge fulfills the mandatory requirement for the County of Lambton (the "County") to "*establish and maintain a municipal home*" as per Section 122(1) of the Act.

In support of its delivery of resident care, the Lodge undertakes a variety of administrative processes that contribute towards the ongoing operation of the Lodge, including but not limited to staff scheduling, payroll processing, accounts payable processing and Ministry reporting. In order to enhance the effectiveness and efficiency of these administrative processes, the County has retained KPMG LLP ("KPMG") to undertake a review of the Lodge and its administrative.

Funding for the review is provided by the Province of Ontario through the Municipal Modernization Program, which is intended to "help small and rural municipalities modernize services".

This report outlines the results of our review.

A. Background to the Review

Pursuant to the terms of engagement, the key deliverables associated with the review included the following:

- Service profiles outlining the nature of the activities undertaken by the Lodge;

- Process maps of the Lodge's administrative processes that outline the individual work steps involved in the delivery of the service as well as potential areas for improvement from the perspective of operating efficiencies, customer service enhancements, improved internal controls and risk management/mitigation strategies;

- A comparison of financial and performance indicators with selected long-term care facilities;

- An assessment of the Lodge's requirements for scheduling and payroll processing and existing gaps with its existing systems;

- A business case supporting the benefits and costs associated with a new scheduling and payroll system; and

- A suggested approach for future implementation activities relating to the opportunities identified through the review.

We would like to take the opportunity to acknowledge the assistance and cooperation provided by staff of the Lodge and County that participated in the review and supporting analysis. Reviews such as this require a substantial contribution of time and effort on the part of Lodge and County employees and we would be remiss if we did not express our appreciation for the cooperation afforded to us over the course of our engagement.

Executive Summary

B. Key Themes

Given the nature of our engagement and its intended outcomes, our review did not represent a comprehensive evaluation of the Lodge but rather is focused on areas for potential improvement of its administrative processes. As such, our report contains only limited commentary on both (i) clinical services delivered by the Lodge (i.e. nursing care, social and recreational programming); and (2) positive aspects of its administrative processes identified during the course of our review. For example, the Lodge extensively utilizes the functionality of the PointClickCare program for resident care, reducing the extent of hard copy documentation for patient interactions. At the same time, the Lodge's process for the Resident Assessment Instrument ("RAI") is relatively streamlined and contributes towards an accurate assessment of the Lodge's case mix index.

Based on our experience, we note that certain of the identified areas for potential improvements exist in other long-term care facilities and as such, our findings are not necessarily unique to the Lodge. In addition, the impacts of the ongoing pandemic have resulted in a significant increase in staff turnover (creating pressures on administrative processes) as well as shifting priorities for the Lodge that absorb management capacity and limit the ability to implement continuous improvement related to its administrative processes.

Our report includes a number of so-called key themes, representing areas for potential improvement that can be considered by the Lodge in order to enhance its operating efficiency and effectiveness.

1. The Lodge's administrative processes relating to staff scheduling and payroll are significantly impacted by functional limitations with its existing system ("JBS"), which results in a significant degree of staff time for certain aspects of scheduling and payroll activities:

   - JBS does not have an automated notification process for scheduling needs and as such, staff are required to spend significant amounts of time calling staff in an attempt to fill vacancies. We understand that responsibility for filling staff vacancies rests with the Lodge's administrative staff during business hours, with registered nurses required to contact staff during other periods (evenings, weekends and holidays).

   - JBS is unable to calculate hours for certain categories of pay (responsibility pay, sick leave top ups), requiring payroll staff to enter these amounts manually.

   - JBS is unable to generate exception reports that would identify transactions that fall outside defined parameters. Rather, staff are required to review all information (including correct transactions) as part of their review and payroll processing, increasing the time required to identify and resolve errors.

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2. Aspects of the Lodge's administrative processes rely on hard copy documentation and manual review procedures, which increases the time associated with completion of processes.

   - Staff will print hard copies of each employee timecard multiple times as part of their payroll processing activities;

   - The Lodge's payroll process involves the preparation of eight hard copy packages for review by managers, which are then retained;

   - Documentation for new hires is in the form of hard copy, with managers required to manual sign letters as opposed to using electronic signatures.

3. In certain instances, senior level staff at the Lodge are involved in relatively low-level activities, resulting in a disconnect between the level of staff involved and the value created. For example, the Director is required to key punch data required for Provincial reporting into the Ministry portal, which represents an administrative task that could be performed by other staff. In addition, the County's current policies require the Director to approve all purchases in excess of $5,000, which appears to be a relatively low dollar value threshold for approvals based on a review of approval levels established by other municipalities.

4. In a number of instances, the Lodge's administrative policies are undertaken on an ad hoc basis, with no formally defined policies and procedures in place for key activities such as employee onboarding and management review of financial results, reducing the overall effectiveness of these processes.

C. Potential Courses of Action

In response to the results of the review, the County may wish to consider the following courses of action that are intended to address the areas for potential improvement in the Lodge's performance and operating efficiency.

1. **Implementation of a new staff scheduling and payroll system.** The results of our review have identified significant impacts on the efficiency of the Lodge's administrative processes as a result of functional limitations in its JBS scheduling and staffing system. Accordingly, the County may wish to consider the implementation of a new system that provides for increased automation of processes and enhanced reporting abilities, including the ability to automatically notify staff of scheduling vacancies, allow the schedule to be automatically updated based on staff responses and allow the Lodge to generate custom reports based on user-defined parameters.

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2. **Process redesign.** The Lodge may wish to consider implementing incremental changes to its processes for service delivery in order to increase its overall efficiency and enhance customer service and risk management. In addition, this process redesign should seek to reallocate lower level administrative and clerical tasks from senior personnel to the appropriate level within the Lodge, better matching the cost of undertaking the process with the resultant value, while at the same time ensuring the efficient "hand-off" of work from the Lodge to the County's financial services and human resources, eliminating the potential duplication of work efforts and facilitating the efficient transfer and retention of documents.

   The suggested approach to process redesign could include the following worksteps:

   - Identifying priority areas for redesign;

   - Establishing changes on a pilot project basis and evaluating outcomes; and

   - For projects with positive outcomes, revising job descriptions and other documentation to reflect the revised process.

3. **Policy and process evaluation and revision.** Where key processes such as staff onboarding are undertaken on an ad hoc basis, the Lodge may wish to consider developing formal policies and procedures so as to maximize the effectiveness of these activities. In addition to revising policy and process documentation for the Lodge, the County may wish to consider the evaluation of corporate policies that impact the operating effectiveness of the Lodge (e.g. procurement).

C. Anticipated Benefits

The potential benefits resulting from efficiency gains that could be realized by the Lodge can be in the form of financial benefits, capacity benefits and/or other benefits:

- **Financial benefits** refer to efficiency gains that provide incremental cost savings to the Lodge through reductions in supplies, materials and other operating costs, as well as reduced overtime costs through improved scheduling. We do not anticipate that the identified opportunities for improvement will reduce workload levels to the extent where staff reductions can be supported and as such, have not considered any savings in administrative personnel costs.

- **Capacity benefits** result from workload reductions achieved through efficiency gains, allowing the Lodge's personnel to focus on other activities. Given that this results in a redirection of staff, as opposed to a reduction in staff, capacity benefits do not result in direct cost savings but rather allow the Lodge to focus on more strategic and higher value activities.

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- **Other benefits** include non-quantifiable benefits resulting from changes to the Lodge's administrative processes, including but not limited to:

  - Environmental benefits resulting from the reduced use of paper;

  - Increased employee retention through improved onboarding processes; and

  - Enhanced resident care by reducing administrative demands on front-line.

Based on the results of our analysis, we have calculated the potential financial and capacity benefits to be in the order of $139,000 per year, the majority of which is expected to be derived from the implementation of an automated notification system for staff vacancies and the associated "freeing up" of administrative and nursing staff. Additional benefits are expected to be realized in the form of reduced paper costs and capacity gains for staff through the streamlining of administrative processes.

The achievement of these benefits will necessarily require the County to invest in a new scheduling and payroll system for the Lodge, with an estimated cost (including implementation) of $50,000 to $100,000. Based on the anticipated financial and capacity benefits, the expected "payback period" for the new system is estimated to be one year or less.

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County of Lanark
Lanark Lodge Administrative Review

Introduction

Introduction to the Review

A. Terms of Reference

The terms of reference for our review were established based on KPMG's engagement letter with the County dated August 15, 2022. As outlined in the terms of reference, the overall objective of the review is to enhance the effectiveness and efficiency of the Lodge's administrative processes, in turn contributing towards improved staff utilization, increased value-for-money and enhanced information for improved planning and business decision making.

B. Scope of our Review

In order to achieve these intended objectives, our review included the following work elements:

1. The development of an initial overview of the Lodge's activities, including:

    •   What does the service entail and what is the public policy objective that it seeks to address?

    •   What is the rationale for the County's delivery of the service?

2. A comparative analysis of financial and other indicators for five similar-sized municipal long-term care homes, the intention of which was to provide perspective on potential changes to organizational structure and staffing, as well as to identify areas of potential focus through an analysis of financial and operational performance indicators. A summary of the comparative analysis is included as Appendix A to our report.

3. The development of process maps that provide, in flowchart form, an overview of (i) the individual worksteps performed by Lodge personnel in the delivery of the services selected for review; (ii) the sequential ordering of the worksteps; and (iii) decision points included in the process. In addition, the process mapping process identified areas for potential improvement, including:

    •   Process inefficiencies, which may include duplication of efforts, manual vs. automated processes and the performance of work with nominal value

    •   Client service limitations, representing aspects of the Lodge's operations that may adversely impact on customer satisfaction

    •   Financial risk, representing areas where the Lodge's system of internal controls in insufficient to prevent the risk of financial loss

    •   Reputation risk, consisting of potential areas where the Lodge's processes may expose it to litigation or reputational risk, including areas where existing measures to mitigate risk are considered insufficient

    A total of 13 administrative processes were included in the scope of the process mapping work phase, with process maps included as Appendix B to our report.

Introduction to the Review

4. An assessment of the functional requirements of the Lodge's payroll and scheduling processes intended to identify and prioritize functional requirements for potential technology solutions that will address the Lodge's current and future needs and also rectify current limitations for its existing systems.

5. The development of a formal business case that will quantify the expected benefits and costs associated with strategies identified through the review.

C. Acknowledgements

We would like to acknowledge the assistance and cooperation provided by staff of the Lodge and County that participated in the review. We appreciate that reviews such as this require a substantial contribution of time and effort on the part of participating employees and we would be remiss if we did not express our appreciation for the cooperation afforded to us.

Funding for our review was made available through the Province of Ontario's Municipal Modernization Program.

Overview of Lanark Lodge

Lanark Lodge (the "Lodge") is a 163-bed long-term care facility that provides a range of services, including 24-hour nursing care, meals and accommodations, recreational and social services to its residents.

A. Basis of Delivery

Under the provisions of the *Fixing Long-Term Care Home Act, 2021, SO 2021, c.39, Sched. 1* (the "Act"), all upper tier and single tier municipalities in Southern Ontario are required to establish and maintain a long-term care home, either individually or in conjunction with other municipalities[1]. This legislative requirement establishes long-term care homes as a mandatory municipal service, precluding the County from discontinuing this service.

B. Organizational Structure

The Lodge is structured as one of six departments within the County, with the Director of Lanark Lodge (the "Director") reporting to the County Chief Administrative Officer. From an organizational perspective, the Lodge is structured into five functional units, each headed by a manager or director reporting to Director. Overall, the Lodge employs a total of 269 full and part-time employees (180.87 FTEs), with total operating and capital costs amounting to just under $22 million in 2021. In addition to its own employees, the Lodge also interacts with other stakeholders, including residents and their families and medical staff.

- Resident Council
- Council of Family and Friends

Director of Lanark Lodge

- Medical Director
- Medical Advisory Committee
- Attending Physicians
- Pharmacist

Resident Care	Recreation	Environmental Services	Food Services	Administration
Annual costs - $10.51M	Annual costs - $0.93M	Annual costs - $5.90M	Annual costs - $2.79M	Annual costs - $1.84M
Total staff - 176	Total staff - 16	Total staff - 22	Total staff - 39	Total staff - 15

1   A similar provision was included in the *Long-Term Care Homes Act, 2007, SO 2007, c.8, Sched. 1*, which was the predecessor legislation to the Act.

Overview of Lanark Lodge

C. Service Overview

Included on the following pages are profiles of services provided by the Lodge to its residents and other stakeholders, which are grouped into four broad categories:

- Administration

- Nursing and personal care (i.e. resident care)

- Accommodations (i.e. environmental services, food services)

- Personal support services (i.e. recreation)

In addition to describing the nature of the services and providing details of staffing and operating expenses, the profiles also describe the basis of delivery for the services, which arguably can be grouped into one of four categories, reflecting the rationale for their delivery:

- **Mandatory Services** – Services that are required to be delivered by regulation or legislation

- **Essential Services** – Services that, while not mandatory, are required to be delivered in order to ensure public health and safety and/or the effective functioning of a municipality as a corporate body

- **Traditional Services** – Non-mandatory, non-essential services that are typically delivered by municipalities of comparable size and complexity and for which a public expectation exists that the service will be provided

- **Other Discretionary Services** – Services that are delivered at the direction of a municipality without a formal requirement or expectation, including services that may not be delivered by other municipalities of comparable size and complexity

As noted in the profiles, we have considered all services delivered by the Lodge to be mandatory as the Act is arguably very prescriptive in terms of both (1) the nature of the services to be provided; and (2) the service levels to be delivered by long-term care homes. For example, in addition to establishing the nature of services to be provided, the Act and the associated *Ontario Regulation 246/22: General* (the "Regulation"), prescribe mandatory service levels for long-term care homes, including:

- Minimum hours for nursing and personal care time to be provided by personal support workers, registered nurses and registered practical nurses;

- Minimum frequencies for dietary and bathing of residents; and

- Minimum credentials for designated staff.

Overview of Lanark Lodge

Given the highly prescriptive nature of the Act and Regulation, we suggest that the ability of the County to reduce operating costs through changes to services and service levels is exceptionally limited unless the Lodge is currently exceeding the minimum standards.

Based on our analysis, we note that the Lodge is currently staffing approximately 3.30 hours of nursing and personal care time per week, which is consistent with the Provincial target for 2023. However, we note that the Act requires increases in service levels for nursing and personal care, with the a target of 3.45 hours per resident per day by March 31, 2024, with a further increase to 4.00 hours per resident per day by March 31, 2025. These targets represent increases of 5% and 21% above current staffing levels for 2024 and 2025, respectively, with an estimated cost of up to $2 million annually once target is fully implemented.

Similarly, the Act prescribes frequency and menu requirements for dietary and hydration services and as such, the Lodge will be significantly challenged to mitigate (let alone minimize) inflationary pressures associated with raw food costs, with a total of $647,000 spent on raw food in 2021.

Scheduled Nursing and Personal Care Hours Per Week

Legend: Provincial Target (bar), Actual (Nov 2022) (line)

- 2022: 3.00
- 2023: 3.25
- 2024: 3.45
- 2025: 4.00
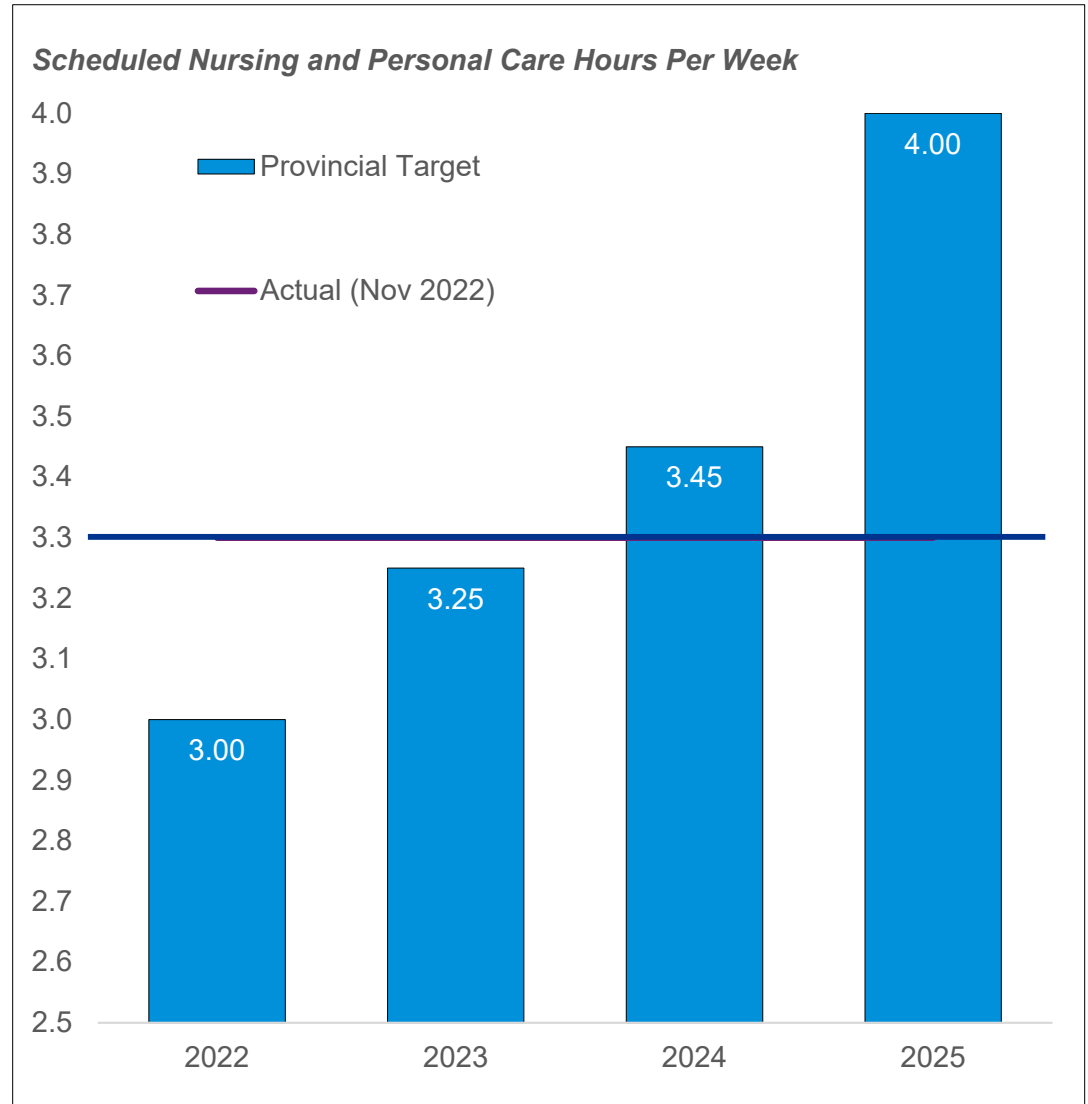
Overview of Lanark Lodge

ADMINISTRATION

Service Overview
Administration is responsible for the overall management and oversight of the Lodge, including administrative tasks relating to scheduling, payroll, billings, budgeting, management of resident trust funds and Ministry reporting. Administration is also responsible for non-clinical aspects of the resident admission process, interactions with the Lodge's Residents' Council, families and other stakeholders. Administration also interacts with various functional departments within the County, including but not limited to Financial Services, Human Resources and Information Technology. Overall, the Lodge's Administration function managed a total budget (operating and capital) of $21.975 million in 2021, with 269 employees under management.

Service Level			
Basis of Delivery	Below Standard	At Standard	Above Standard
Mandatory		●	
Essential			
Traditional			
Discretionary			

Basis for Delivery
Mandatory – Section 76(1) of the Act requires every long-term care home to appoint an Administrator and also establishes other administrative requirements for long-term care homes. In addition, the Regulation prescribes rules for a number of administrative aspects for the Lodge, including but not limited to hours of work for the Administrator, resident admission and wait list maintenance and screening processes for employees and volunteers.

Financial and Personnel Information		
Employee wages and benefits	$	726,959
Operating supplies, services and materials	$	203,778
Allocated County corporate costs	$	355,561
Capital, reserves and debt servicing	$	557,025
Total expenses	**$**	**1,843,324**
Management/non-union staff		13
Unionized staff		3
Total staff		**16**

Overview of Lanark Lodge

NURSING AND PERSONAL CARE

Service Overview

Nursing and personal care ("NPC") is responsible for meeting the assessed needs of the Lodge's residents through the provision of 24-hour nursing and assistance with daily living activities. The Lodge's nursing and personal care services meet the medical and personal care needs of older adults and other residents that are unable to remain in the community due to their medical and physical condition and required level of support. They provide an environment for residents to live and age with dignity, providing reassurance and comfort to their families. Lodge also provides a safe environment for younger residents that are unable to remain in the community due to their medical and physical care requirements.

Service Level

Basis of Delivery	Below Standard	At Standard	Above Standard
Mandatory		●	
Essential			
Traditional			
Discretionary			

Basis for Delivery

Mandatory – Section 11(1)(a) of the Act requires every long-term care home to provide nursing and personal care through an organized program that meets the assessed needs of residents, that includes, at a minimum, (i) three hours of direct care to be provided per resident per day by personal support workers, registered nurses or registered practical nurses (Section 11(4)); and (ii) 33 minutes of direct care to be provided per resident per day by allied health care professionals. In addition to the provisions of the Act, the Regulation also prescribes various minimum service levels for nursing and personal care, including the frequency and type of bathing, oral care, foot and nail care.

Financial and Personnel Information

Employee wages and benefits	$	9,889,190
Operating supplies, services and materials	$	551,665
Allocated County corporate costs	$	–
Capital, reserves and debt servicing	$	–
Total expenses	**$**	**10,440,856**
Management/non-union staff		5
Unionized staff		171
Total staff		**176**

Overview of Lanark Lodge

ACCOMODATIONS (DIETARY, HOUSEKEEPING AND MAINTENANCE)

Service Overview

Accommodations is responsible for the provision of nutrition care and dietary services to residents, representing a key program for resident well-being and quality of life. The Lodge's nutrition services include three meals to residents, with two snacks and three drinks between meals also provided. In addition, Accommodations also is responsible for laundry services, custodial services and facilities maintenance, as well as major capital projects.

Service Level

Basis of Delivery	Below Standard	At Standard	Above Standard
Mandatory		●	
Essential			
Traditional			
Discretionary			

Basis for Delivery

Mandatory – Section 15(1) of the Act requires every long-term care home to establish organized programs for nutritional care, dietary services and hydrations sufficient to meet the daily needs of residents. In addition, Section 19(1) of the Act requires long-term care homes to establish organized programs for housekeeping, laundry and maintenance services.

The Regulation establishes additional standards for accommodation services, including maintenance standards intended to ensure the safety and security of the home, requirements associated with dietary services (e.g. 21-day minimum menu cycle as required under Section 77(1)(a)), and requirements for laundry services.

Financial and Personnel Information

Employee wages and benefits	$	3,234,700
Operating supplies, services and materials	$	1,758,133
Allocated County corporate costs	$	–
Capital, reserves and debt servicing	$	3,271,850
Total expenses	**$**	**8,264,683**

Management/non-union staff	3
Unionized staff	58
Total staff	**61**

Overview of Lanark Lodge

PROGRAM AND SUPPORT SERVICES (RECREATION)

Service Overview

Program and Support Services ("PSS") provide recreational, social and life enrichment programming to the Lodge's residents, enhancing their quality of life and wellbeing.

Service Level

Basis of Delivery	Below Standard	At Standard	Above Standard
Mandatory		●	
Essential			
Traditional			
Discretionary			

Basis for Delivery

Mandatory – Section 14(1) of the Act requires every long-term care home to establish organized programs for recreational and social programs.

The Regulation establishes additional standards for PSS, including the requirement for, and qualifications of, a designed lead for recreational and social programs (Section 72(1),72(2)) and provisions for the communication of activities to residents, including the requirement for residents and family to have input into the development of programming (section (71(2)(d)).

Financial and Personnel Information

Employee wages and benefits	$	777,935
Operating supplies, services and materials	$	148,500
Allocated County corporate costs	$	–
Capital, reserves and debt servicing	$	–
Total expenses	**$**	**926,435**
Management/non-union staff		2
Unionized staff		14
Total staff		**16**

Overview of Lanark Lodge

D. Operational Overview

Consistent with the broader long-term care sector, the Lodge's operations have been significantly impacted by the COVID-19 pandemic (the "Pandemic"), including but not limited to:

- Reduced occupancy due to restrictions on resident movements, with occupancy of resident beds decreasing from almost 99% prior to the Pandemic to below 95% post-Pandemic;

- Discontinuance of the operation of the Lodge's short-stay bed;

- Increased staff overtime;

- Increased staff turnover; and

- Higher operating and capital costs as a result of infection protection and control measures.

Reported Occupancy

Legend: ■ Regular Beds (162) □ Short-Stay Beds (1)

Year	Regular Beds	Short-Stay Beds
2018	98.61%	67.67%
2019	98.99%	62.47%
2020	94.89%	15.34%
2021	94.44%	0.00%

Reported Monthly Occupancy – Regular Beds (Jan 2020 to Dec 2021)

Provincial State of Emergency declared March 17, 2020
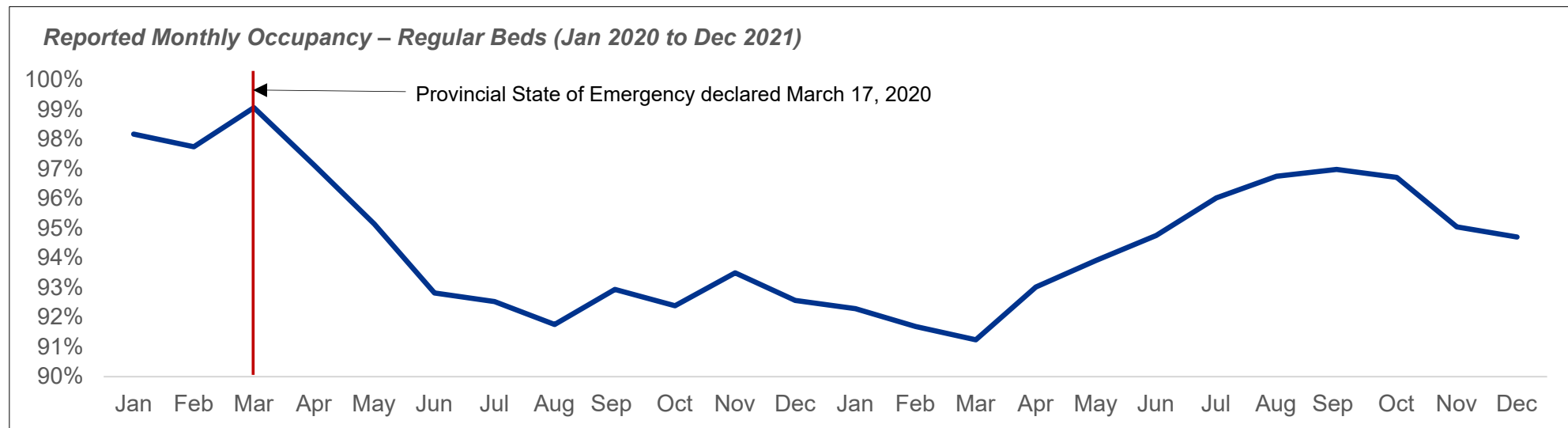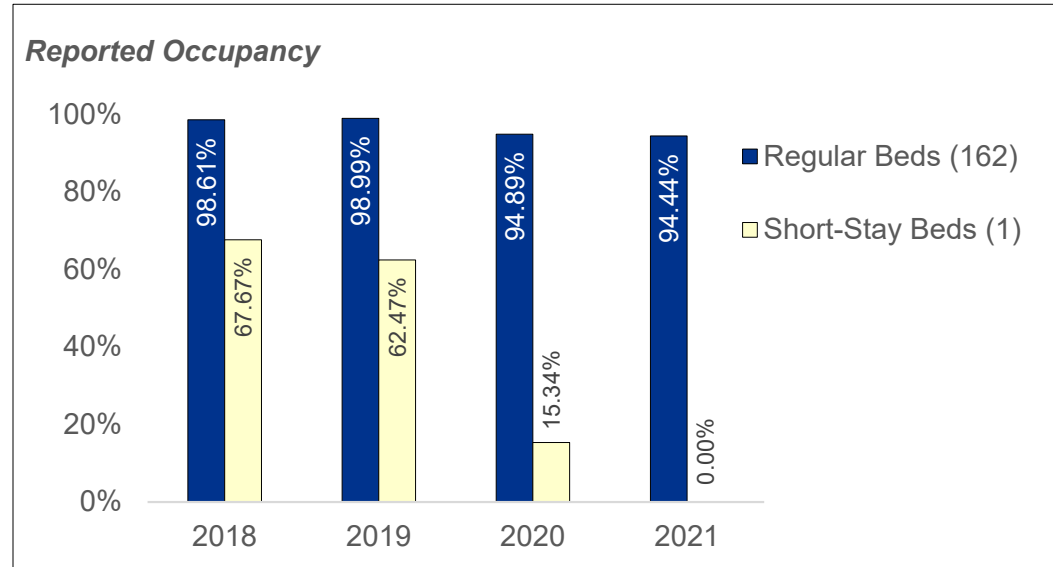
Overview of Lanark Lodge

During 2022, the Lodge is budgeted to spend a total of $20.995 million in operating and capital costs, the majority of which ($15.663 million or 74.6% of total expenditures) on employee wages and benefits. Since 2022, total expenses have increased by approximately $2.5 million annually, primarily due to higher wages and benefits and capital expenditures.

Overall, approximately 53% of the Lodge's expenditures are budgeted to be funded through Provincial subsidies ($11.003 million), with resident fees budgeted to amount to $3.718 million in 2022. The County's 2022 budget also considers a levy requisition of $4.213 million for the Lodge, which has increased by $1 million from 2020.

(in thousands)	2020 (Actual)	2021 (Actual)	2022 (Budget)
Expenditures:			
• Wages and benefits	$14,219	$14,629	$15,663
• Operating supplies, services and materials	$2,894	$2,662	$2,658
• Allocated County corporate costs	$356	$356	$392
• Capital, reserves and debt servicing	$1,031	$3,829	$2,283
Total	**$18,500**	**$21,476**	**$20,996**
Revenues:			
• Provincial subsidies	$10,582	$13,071	$11,003
• Resident fees	$3,751	$3,745	$3,718
• Reserve transfers and other revenue	$963	$1,304	$2,062
Total	$15,296	$18,120	$16,783
Levy requisition	$3,204	$3,855	$4,212

Overview of Lanark Lodge

E. Comparative Analysis

Consistent with the terms of reference for our review, we have undertaken a comparative analysis of the Lodge against selected long-term care facilities with similar characteristics:

- Municipal ownership and operation, which excludes long-term care facilities operated by not-for-profit organizations or private sector companies, as well as municipal long-term care homes managed through third party contracts;

- Single facilities, which excludes municipalities that may realize operating efficiencies through the operation of multiple facilities; and

- Communities with reported population levels (2021 Census) ranging from 40,000 to 70,000 residents.

Based on these considerations, we the following long-term care facilities were selected for inclusion in the comparative analysis.

	Lanark Lodge	Golden Manor	John M. Parrott Centre	Dufferin Oaks Long-Term Care Home	Glen-Stor-Dun Lodge	Grandview Lodge
Municipality	Lanark	City of Timmins	Lennox and Addington	Dufferin	Stormont, Dundas and Glengarry, Cornwall	Haldimand-Norfolk
Population served	66,506	41,145	45,182	66,257	66,792	45,608
Number of beds in operation	163	177	167	160	132	128
Full-time equivalent staff	180.9	174.3	171.6	n.a.	162.3	n.a.
Operating expenses (in thousands)	$18,713	$16,281	$17,347	$18,025	$15,497	$12,363
Levy requisition for operations (in thousands)	$3,080	$3,504	$2,629	$3,344	$1,828	$1,573
Levy requisition for operations and capital (in thousands)	$4,213	$3,581	$2,629	$4,186	$1,912	$2,822

Overview of Lanark Lodge

The results of our comparative analysis, which are summarized in Appendix A, indicate that the County's financial and non-financial indicators are generally within the mid-range of the comparator long-term care facilities and as such, the Lodge does not appear to be an outlier with respect to its financial performance or levy requirement:

- The Lodge's levy requirement for operating purposes (i.e. excluding capital, debt servicing and reserve transfers) is in the mid-range of the comparator facilities (third highest of the six facilities included in the analysis). While there is considerable variability in the operating levy requirement for the homes included in the analysis (which range from $12,289 to $20,900 per bed), this could reflect (1) differences in care requirements for residents, which would impact staffing levels and associated costs; and/or (2) differences in cost allocations for corporate services provided by the municipality as opposed to the facility. We note, for example, that the Lodge is budgeted to incur just under $400,000 in allocated County costs in 2022, which may not be included in the budgeted operating costs for other facilities.

- The Lodge's ratio of full-time equivalent staff to bed in operation (1.1) is consistent with the other facilities included in the analysis (1.0 to 1.2 full-time equivalent staff per bed).

- While the scope of our review did not include an evaluation of the clinical aspects of the Lodge's operations, non-financial quality indicators published by Health Quality Ontario show that, in comparison to the selected comparator facilities, the Lodge has:

  - Lower than average wait times for admission;

  - Lower than average use of antipsychotic medication;

  - Lower than average instances of residents falling; and

  - Lower than average instances of residents with worsened symptoms of depression.

The Lodge's was ranked second highest for other health quality indicators (use of restraint, pressure ulcers, pain) published by Health Quality Ontario.

County of Lanark
Lanark Lodge Administrative Review

Key Observations
and Findings

Key Observations and Findings

Our review involved the development of process maps for selected administrative processes undertaken by the Lodge (which are included as Appendix B to our report) as listed below.

- Resident admissions
- Resident discharge
- Resident charting
- RAI verification
- Ministry reporting

- Scheduling
- Payroll processing
- Recruitment
- Employee onboarding
- Employee departures

- Accounts payable
- Resident billings
- Resident trust funds

As the scope of our review was intended to focus on areas for potential improvements and/or cost reductions, we have not necessarily provided commentary on the numerous positive aspects of the Lodge's operations identified during the course of our review. Rather, our comments and observations have focused on areas for potential enhancement by the Lodge and include the following major arrears identified during the course of our review.

A. Operating Inefficiencies Caused By Limitations In The JBS Scheduling And Timekeeping System

Through the input of the Lodge's front-line staff and management, more than 20 areas for potential improvement were identified, the most significant of which related to functional limitations with the Lodge's current scheduling and timekeeping system (JBS), with Lodge personnel required to invest significant amounts of time to address these limitations.

- JBS does not have an automated notification process for scheduling needs and as such, staff are required to spend significant amounts of time calling staff in an attempt to fill vacancies. We understand that responsibility for filling staff vacancies rests with the Lodge's administrative staff during business hours, with registered nurses required to contact staff during other periods (evenings, weekends and holidays). We further understand that the work required to fill vacancies manually consumes most of the available time for the Lodge's scheduling personnel and essentially diverts up to two registered nurses from clinical activities.

  Given the significant level of staff turnover experienced during the Pandemic, we were advised that staff vacancies are unusually high levels, further increasing the level of work required to address the vacancies. In light of this workload, we understand that staff are essentially scheduling any employees that are willing to fill the vacant shift, which exposes the Lodge to increased overtime costs as staff do not attempt to fill vacancies with employees that would not incur overtime for the shifts. The potential may also exist for the Lodge to contravene the provisions of its collective bargaining agreements as overtime shifts may not necessarily be offered in the manner prescribed by the agreements and the Lodge does not have the capacity to schedule eight weeks in advance as required by its collective bargaining agreements.

  We consider the absence of an automatic notification system for staff vacancies to be the most significant operating inefficiency relating to the Lodge's administration processes.

Key Observations and Findings

- JBS is unable to calculate hours for certain categories of pay (responsibility pay, sick leave top ups). In the absence of this functionality, staff are required to manually review the staff schedule and employee timecards on an employee-by-employee basis in order to determine eligibility (e.g. determine seniority for nursing responsibility pay) and accumulate the hours worked by pay category, after which the data is entered into JBS. This increases the time required for payroll processing while at the same time creating the potential for errors if the data is accumulated incorrectly. Similarly, JBS is unable to maintain banks for certain employee amounts, requiring staff to accumulate this information in MS Excel.

- The Lodge's current payroll processes involve a review of all payroll information on an employee-by-employee basis, which requires staff to review correct information captured by JBS. The review of 100% of payroll data is required as JBS is unable to generate exception reports that would identify transactions that fall outside defined parameters that would be subject to specific review by staff.

B.   Operating Inefficiencies Resulting From The Use Of Manual Work Processes And Hard Copy Documentation

As noted in the process maps, the Lodge's administrative processes demonstrate a high degree of reliance on hard copy documentation, including the filing of multiple copies of the same document, and manual procedures, including manual signing of documents to indicate approval and the requirement for manual as opposed to electronic signatures on correspondence. Some examples identified in the process maps include:

- Staff will print hard copies of each employee timecard multiple times as part of their payroll processing activities – once as part of the initial review of hours worked (which are then reviewed for each employee to ensure the accuracy of the hours worked), with a second printing of employee timecards once the hours worked have been approved, with a third printing of employee timecards for review by management.

- The Lodge's payroll process involves the preparation of eight hard copy packages for review by managers, all of which are retained during the course of processing payroll.

- Administrative staff will produce multiple hard copies of calendars on a recurring basis, as opposed to utilizing electronic formats.

- Documentation for new hires is in the form of hard copy, with managers required to manual sign letters as opposed to using electronic signatures.

Key Observations and Findings

C. High Level Staff Undertake Relatively Low Value Work, Resulting In An Inconsistency Between The Cost of Completing A Function And The Resultant Value

During the course of our review, we noted certain work functions which are considered to be relatively routine and low-level that were the responsibility of senior-level personnel:

- The Director is required to enter data required for Provincial reporting into the Ministry portal, which represents an administrative task that could be performed by other staff.

- The Director is required to approve all purchases in excess of $5,000, which reflects the approval levels established by the County's procurement policy. Based on a review of approval levels for other municipalities, we note that this threshold appears low and as such, requires a greater frequency of approvals by the Director for low-value purchases.

- The Associate Director of Care is responsible for unloading shipments of clinical supplies and delivery supply carts to the floor.

The use of senior-level personnel for low value work could potential erode the capacity of the Lodge to undertake more strategic and/or higher value activities, including continuous improvement (administration), quality improvement (clinical), personnel development, succession planning and longer-term planning.

D. Administrative Processes Performed On An Ad-hoc Or Informal Basis, Reducing Overall Effectiveness

As a result of our procedures, we noted a number of processes that appear to be undertaken on an ad-hoc or informal basis:

- While Managers are responsible for monitoring expenses against budget on a monthly basis, we understand that in certain instances, this review is performed infrequently with no defined thresholds for variance explanations. We were advised that in addition to a general lack of emphasis placed on monitoring expenses, certain Managers may not be familiar with the County's accounting system and as such, do not have the requisite familiarity to review financial results.

- While the Lodge's collective bargaining agreements contain provisions relating to staff onboarding, we understand that the process is generally undertaken on an ad-hoc basis and can vary depending on the functional unit and staff members assigned to support the new employee. We further understand that standardized toolkits for onboarding activities have not been developed and that logistical arrangements (e.g. who meets the new employee on their first day of work) are inconsistent and may not be fully in place at the time of the employee's attendance at the Lodge.

- Performance management, including goal setting and performance reviews, is not consistent, with some functional units undertaken active performance management (e.g. performance discussions with staff every six months), while other functional units performing little to no performance management.

Key Observations and Findings

To a large extent, we attribute the use of ad-hoc and informal processes to the operational pressures resulting from the Pandemic, which have created a combination of (1) increased staff turnover, which has reduced overall resources available for administrative processes; and (2) increased workload due to infection control procedures (including new requirements mandated by the Province) and other changes to the Lodge's operations. As such, the ability of the Lodge to formalize its processes has been significant constrained since the start of the Pandemic in 2019-2020.

County of Lanark
Lanark Lodge Administrative Review

Suggested Courses of Action

Suggested Courses of Action

The results of our review have identified a number of opportunities for potential improvements that, if addressed, are expected to realize enhanced operating efficiencies and great value-for-money for the Lodge and County. In response to these findings, we have developed potential courses of action that can be considered by the Lodge, which are divided into the following categories:

- **New technology strategies,** which involves the implementation of a new scheduling and timekeeping system for the Lodge that would address the identified functionality constraints of JBS.

- **Process focused strategies**, which involve initiatives intended to enhance the operating efficiency and effectiveness of the Lodge's processes through changes to work flows, increased digitization and better alignment between the value of work performed and the level of resources involved in its completion.

- **Policy and process evaluation and revision,** including formalizing processes that are currently undertaken on an informal, ad-hoc basis and ensure that the Lodge and County policy framework supports operational efficiencies and enhanced effectiveness.

The suggested courses of action are included on the following pages.

New Technology Strategies

The results of the review have identified a number of instances where the Lodge's existing system for scheduling and timekeeping lacks the functionality required by the Lodge, the consequences of which include increased staff time for scheduling and payroll processing, higher than necessary overtime costs, potential risk of contravention of the Lodge's collective bargaining agreements and increased frequency of errors. Accordingly, the Lodge may wish to consider implementing a new technology solution for scheduling and payroll processing. While contingent upon the wishes of the Lodge and County, we suggest that the selection and implementation of a new scheduling and timekeeping system could include the following worksteps:

1. **Formally defining the requirements of a new scheduling and timekeeping system**, which would form the basis of a request for proposal document. We have included as Appendix C a summary of potential requirements that could be considered by the Lodge and County, with the highest priority assigned to:

    - The ability to notify staff automatically of scheduling vacancies, thereby eliminating the need for staff to call employees in order to fill schedule vacancies. Similarly, the new system should automatically update the schedule based on staff responses, eliminating the need for staff to fill out the schedule.

    - The ability to automatically calculate eligibility for specific categories of pay (e.g. responsibility pay for registered nurses), through periodic updates of the scheduling and timekeeping system from the County's human resources information system.

    - The ability to produce custom-generated reports based on user defined parameters (e.g. hours worked in excess of xx), which would allow the Lodge to discontinue 100% reviews of selected information in favour of an exception-based/risk-based approach.

    - The ability to generate reports and supporting documents in a screen-readable format, thereby allowing for onscreen review as opposed to reliance on printed copies of reports and other documentation.

2. **Undertaking consultations with other long-term care facilities** to identify their scheduling and timekeeping systems and functionality, which will provide an indication to the Lodge of potential best-in-class technology solutions. We also suggest that, where the long-term care home has recently implemented a new solution, the consultation process be expanded to include a discussion on implementation approaches, including any potential "lessons learned" that could be applicable to the Lodge.

New Technology Strategies

3. **Determine a preferred procurement approach** that considers the need for a single source vs. competitive procurement approach is the jurisdictional review identifies a preferred scheduling and timekeeping system (i.e. a system used by a high percentage of the long-term care homes consulted). The use of a single source procurement would allow the Lodge to accelerate the implementation of the new scheduling and timekeeping system, thereby allowing it to address the current limitations and associated inefficiencies on an accelerated timeline.

To the extent that the Lodge and County choose to adopt a competitive procurement process, the final step would be the completion of a competitive procurement process. We strongly recommend that representatives of the County's information technology, finance and human resources functions participate in all aspects of the procurement process (request for proposal development, evaluation of proponent submissions, demonstration of systems, final determination of a preferred proponent) given the linkages between the Lodge and the County with respect to these functions.

Process Focused Strategies

While the process maps have identified more than 20 areas for potential improvement, the ability of the Lodge to undertake change management on a scale that would address all of the identified areas is limited by existing demands on staff, particularly given the ongoing impacts of the Pandemic. As such, we have suggested the following priority areas of focus for the Lodge with respect to changes to its operating processes.

Priority 1 – Undertaking digitization of documentation and processes

As identified in the process maps, the Lodge's processes are characterized by a high degree of reliance on hard-copy documentation and manual approvals, which increases the time and cost of transaction processing. We suggest that digitization will provide significant benefits from an operating efficiency perspective by modernizing the Lodge's administrative processes through:

- Discontinuing hard copy printing of documents in favour on digital copies while at the same time modify review procedures to be on-screen as opposed to using hard copy documentation

- Implementing the use of electronic signatures as opposed to manual signatures for correspondence

- Replacing manual approvals (print-stamp-sign-scan-email-print-file) with electronic approvals (stamps in PDF versions of documents)

- Confirming documentation requirements where workflows are partially performed by the Lodge and partially by the County, thereby eliminating the need to send hard copy documentation to the County while at the same time eliminating the duplicate filing of documents

Priority 2 – Reassign process responsibilities to better align the level of staff with the level of work being performed

In addition to inefficiencies associated with the Lodge's processes, we note that for certain activities, management-level personnel are involved in relatively low-value tasks, resulting in – for lack of a better term – a misallocation of management personnel, as well as a diversion of management personnel from higher value-added services. In order to align the right people with the right level of work, the Lodge may wish to consider undertaking a reassignment of job functions between management and non-management staff. The realization of potential efficiencies through other strategies is intended to create capacity that will allow for the shift of work from management to non-management personnel.

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Policy and Process Evaluation and Revision

As identified during the course of the review, certain processes may not be as effective as intended given the absence of defined work elements (i.e. standard operating procedures), performance standards and supporting resources (e.g. checklists, training for staff involved in the completion of the process). Accordingly, the Lodge may wish to consider formalizing processes for the following key functions:

- Performance management, including goal setting and performance evaluations

- New employee onboarding

- Management review of monthly financial results

In addition to these activities, the Lodge may wish to consider consultations with the County on changes to corporate policies that would enhance the efficiency of the Lodge (e.g. approval thresholds for procurements).

Transformation Framework

We recognize that the Lodge has limited capacity to undertake continuous improvement activities given the demands imposed on it by the Pandemic. In certain instances, however, the identified inefficiencies can be addressed within a relatively short timeframe, with minimal implementation efforts required on the part of the Lodge. In other instances, however, the Lodge would be required to undertake a much more involved implementation process.

In order to assist with the resolution of major items arising from the review – most notably increasing the use of digitization of the Lodge's administrative processes and formalizing key processes, we have provided a suggested transformation framework that is intended to assist the Lodge in moving from the current state to the intended future state. The suggested transformation framework involves the following work elements:

1. **Establish a formal transformation working group to oversee implementation activities**

The Transformation Working Group ("TWG") is the group tasked with undertaking the planned implementation activities and ensuring movement towards the attainment of the transformation outcomes. Comprised of staff of the Lodge (and potentially other functional units within the County such as information technology and legislative services), the TWG would be responsible for:

- Overall planning for transformation activities (who, what, when);

- Establishing working groups comprised of Lodge personnel that would be responsible for specific initiatives; and

- Monitoring and reporting results to management.

2. **Develop a formal transformation plan**

A formal transformation plan would provide the framework for implementation activities, including outlining (1) key work elements; (2) project timeframes; and (3) protocols for reporting on progress and results. The transformation plan would be the basis for monitoring the Lodge's overall progress on the transformation of its redesign of its processes and policies.

Transformation Framework

3. Establish initiative-specific working groups

In order to assist the TWG with the detailed design of potential changes to the Lodge's processes, we suggest that consideration be given to establishing working groups comprised of Lodge personnel that would be involved in the redesign of specific processes. For example, the Lodge may wish to consider establishing specific working groups for the following initiatives:

- Working Group 1 – Process changes based on the results of the process mapping

- Working Group 2 – Formalization of new employee onboarding processes

- Working Group 3 – Formalization of monthly financial review processes

- Working Group 4 – Formalization of performance management processes

- Working Group 5 – Procurement of new scheduling and timekeeping system

- Working Group 6 – Optimization of processes jointly completed by the Lodge and County

The establishment of the initiative-specific working groups is contingent upon the Lodge generating sufficient internal capacity to support the level of work required. Accordingly, the Lodge may wish to consider a phased approach to implementation, whereby the immediate priority is process changes which "free-up" resources to undertake other implementation activities.

Potential Benefits

The intention of our review is to identify opportunities for enhanced operating efficiencies and other benefits for the Lodge and County as a whole. Our experience demonstrates that potential benefits resulting from these opportunities can be in the form of either financial benefits cost savings or capacity benefits.

- **Financial benefits** refer to efficiency gains that provide incremental cost savings to the Lodge through reductions in supplies, materials and other operating costs, as well as reduced overtime costs through improved scheduling. We do not anticipate that the identified opportunities for improvement will reduce workload levels to the extent where staff reductions can be supported and as such, have not considered any savings in administrative personnel costs.

- **Capacity benefits** result from workload reductions achieved through efficiency gains, allowing the Lodge's personnel to focus on other activities. Given that this results in a redirection of staff, as opposed to a reduction in staff, capacity benefits do not result in direct cost savings but rather allow the Lodge to focus on more strategic and higher value activities.

In addition to these categories of benefits, **other benefits** may also be realized, consisting of non-quantifiable benefits resulting from changes to the Lodge's administrative processes, including but not limited to:

- Environmental benefits resulting from the reduced use of paper;

- Increased employee retention through improved onboarding processes; and

- Enhanced resident care by reducing administrative demands on front-line.

Based on the results of our analysis and as summarized on the following page, we have calculated the potential financial and capacity benefits to be in the order of $139,000 per year.

Potential Benefits

Description	Category	Estimated Annual Benefit
Reduction in office supplies and printing costs due to digitization of documents (estimated at 10% of current annual cost of office supplies)	Financial benefit	$2,000
Reduction in overtime costs resulting from enhanced scheduling system and avoidance of unnecessary overtime (estimated at 10% of current annual overtime cost)	Financial benefit	$36,000
Reduced staff time for scheduling and timekeeping due to automation of vacancy notification and system functionality to manage employee banks and special pay categories (estimated at 0.4 FTE for administrative staff and 0.2 FTE for registered nursing staff)	Capacity benefit	$51,000
Reduced staff time for other administrative processes due to digitization of documentation and approvals, elimination of low-value work processes, improved alignment between value of work and level of staff resources and other enhancements	Capacity benefit	$50,000
Total estimated benefits		$139,000

In order to realize these benefits, the Lodge would be required to implement a new scheduling and timekeeping system, which is estimated to have a one-time cost of between $50,000 to $100,000 (depending on functionality and implementation requirements). Based on the anticipated financial and capacity benefits, the expected "payback period" for the new system is estimated to be one year or less.

County of Lanark
Lanark Lodge Administrative Review

Appendix A
Comparative
Analysis

KPMG

County of Lanark
Lanark Lodge Administrative Review

Appendix B
Process Maps

KPMG

Lanark Lodge

Resident Matters
(Admissions, Charting, Discharge)

Disclaimer

This report has been prepared by KPMG LLP ("KPMG") for the County of Lanark (the "County") pursuant to the terms of our Agreement with the County dated August 15, 2022 (the "Engagement Agreement").

This report is not intended for general use, circulation or publication. 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 the County or for any purpose other than set out in the Engagement Agreement. If this report is received by any party other than the County, the recipient is placed on notice that this report has been prepared solely for the County's benefit and its own use. KPMG does not authorize the recipient or any other party to rely on this report and any such reliance will be at the recipient's sole risk. Therefore, KPMG shall have no liability or responsibility in respect of the advice, recommendations, or other information in this report to recipient or any other party other than the County.

This report is based on information and documentation that was made available to KPMG at the date of this report. Should additional information be provided to KPMG after the issuance of this report, KPMG reserves the right (but will be under no obligation) to review this information and adjust its comments accordingly. This report and the observations expressed herein are valid only in the context of the whole report. Selected observations and recommendations should not be examined outside of the context of the report in its entirety.

Our review was limited to, and our recommendations are based on, the procedures conducted. The scope of our engagement was, by design, limited and therefore the observations and recommendations should be in the context of the procedures performed. In this capacity, we are not acting as external auditors and, accordingly, our work does not constitute an audit, examination, attestation, or specified procedures engagement in the nature of that conducted by external auditors on financial statements or other information and does not result in the expression of an opinion.

This report may include or make reference to future oriented financial information. Readers are cautioned that since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommended opportunities as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the County. KPMG has not and will not perform management functions or make management decisions for the County.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.

KPMG has no present or contemplated interest in the County nor are we an insider or associate of the County and its management team. Accordingly, we believe we are independent of the County and are acting objectively.

Introduction

A. Overview of our engagement

KPMG has been retained by the County of Lanark (the "County") to undertake a review of administrative processes undertaken by Lanark Lodge (the "Lodge").

This report outlines the Lodge's processes with respect to resident matters, including admission, charting and discharge and includes:

- Process maps;
- Identified areas for potential enhancement; and
- Suggested operational changes that could be considered by the County as a means of enhancing operating efficiencies and customer service, improving risk management and addressing potential internal control weaknesses.

Our review relied heavily on the contributions and knowledge of staff of the County and Lodge and we would like to express our appreciation and thanks for the assistance provided to us.

Introduction

B. Our approach

Our review involved a series of facilitated working sessions with staff to identify the individual steps in the process under review, as well as any issues that were perceived as impacting operating efficiencies, customer service, internal controls or risk management.

The approach adopted to review the Lodge's processes reflected the LEAN concept of value-stream mapping. While there are many different definitions of LEAN, we define LEAN thinking as the belief that there is a simpler, better way through a continuous drive to identify and eliminate waste, or inefficiencies and errors, in day-to-day work. It is about making work environments efficient and effective, so organizations can provide higher quality of services to their customers. LEAN helps create time for quality improvement to be part of everyday routine activity.

There are five common principles of LEAN thinking:

1. Value is defined by the ***voice of the client***. If a process or function doesn't create value for the client (recognizing that clients can be internal or external), the question is why is it being performed.

2. LEAN requires that you ***understand your process***. Process mapping allows you to have a picture of your process so that you can begin to make improvements. Without this understanding, it is difficult to have transparency and see where the problems are. It also helps teams gain an understanding of everyone's involvement in the process.

2. LEAN seeks to develop ***flow***, so that products or services move fluidly and without interruptions through the process.

3. LEAN seeks to establish ***pull***, so that activities are undertaken in response to what a client needs when they need it, by reacting to a trigger. This is contrary to how many processes are structured, which involves a push to the next user regardless of whether they are ready or not.

4. LEAN is a means of ***continuous improvement***. When done right, LEAN is not a one-time event but rather a journey to continually improve processes and constantly strive to supply value, from the perspective of the client.

Introduction

LEAN methodologies are intended to help organizations identify and address one of eight typical types of inefficiencies.

Inefficiency	Description	Examples
Defects	Work or services that are not completed correctly the first time.	Departments key in hours worked incorrectly, requiring payroll to fix errors.
Overproduction	Doing more than what is required to complete the task.	Generating reports that are not used by management.
Waiting	Idle time when material, information, people or equipment are waiting.	Waiting for approvals prior to issuing cheques.
Non-utilized talent	Not utilizing all of the skills of employees.	Incurring overtime because staff working in other departments cannot be used.
Transportation	Moving equipment, supplies or equipment from place to place.	Transferring paper files from one location to another rather than using email.
Inventory	Having more material and supplies on hand than what its needed.	Stocking extra stores inventory to prevent stockouts caused by poor order management.
Motion	Unnecessary movement by employees to complete an activity.	Having staff attend meetings in person rather than by video or teleconference.
Extra processing	Spending extra time and effort for an activity, including duplication of efforts.	Developing Excel spreadsheets to track information that is already available in MIS.

Introduction

C. How to read our report

For each component of the Lodge's processes included in this report, we have provided process maps that outline the individual worksteps undertaken as part of the delivery of service. These maps are outlined in flowchart form and are intended to assist in understanding (i) the individual worksteps performed by Lodge and County personnel; (ii) the sequential ordering of the worksteps; and (iii) decision points included in the process.

Potential areas for improvement include:

- Process inefficiencies, which may include duplication of efforts, manual vs. automated processes and the performance of work with nominal value

- Client service limitations, representing aspects of the Lodge's operations that may adversely impact on customer satisfaction

- Financial risk, representing areas where the Lodge's system of internal controls in insufficient to prevent the risk of financial loss

- Reputational risk, consisting of potential areas where the Lodge's processes may expose it to litigation risk and other adverse reputational impacts, including areas where existing measures to mitigate risk are considered insufficient

Glossary of Terms and Abbreviations

JBS   The Lodge's system for staff scheduling and timekeeping

PCC   PointCareClick, the Lodge's system for recording clinical care and other matters relating to residents

GP   Great Plains, the County's financial accounting program

Resident Admission

```
┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐
│ Pre-admission       │     │ Resident and family │     │ Meeting with        │     Consents, complete
│ telephone           │ ──▶ │ members attend      │ ──▶ │ resident and/or     │ ◀── checklist, most in
│ meeting with family │     │ in person           │     │ POA for completion  │     PCC, review meds,
└─────────────────────┘     └─────────────────────┘     │ of nursing package  │     CCAC info printed
                                       │                 └─────────────────────┘
                                       ▼                            │
Admission agreement, trust  ┌─────────────────────┐                 ▼
account documentation,      │ Meeting with        │     ┌─────────────────────┐
OHIP/MD change,        ──▶  │ resident and/or     │     │ Hard copy of        │
consents, policies given to │ POA for completion  │     │ documentation filed │
family/package, pharmacy    │ of financial package│     │ in resident chart   │
package, POA, first page of └─────────────────────┘     └─────────────────────┘
will, void cheque                      │                            │
                                       ▼                            ▼
                            ┌─────────────────────┐     ┌─────────────────────┐
                            │ Hard copy stored in │     │ Patient file stored │
                            │ resident file in    │     │ in conference room  │
                            │ Business Office  ●1 │     │                     │
                            └─────────────────────┘     └─────────────────────┘
```

Resident Charting

PCC is accessed through handheld devices (phones and tablets) and resident interactions documented → Hardcopy documentation prepared for lab, x-ray and physical orders → Quarterly nursing assessment is undertaken for all residents **(2)** → Nurses do coding based on assessments / charts **(3, 4)**

↓

Coding is reviewed and compared to prior assessments to identify potential errors

↓

Resident data uploaded to portal

↓

Quality validation reports received from CAHI

Resident Discharge

```
                    ┌──────────────────────┐    ┌──────────────────────┐    ┌──────────────────────┐
                 ┌─▶│ Census entry recorded│───▶│ Residential financial│───▶│   File reviewed for  │──┐
                 │  │  for last day in PCC │    │    file retrieved    │    │    completeness      │  │
                 │  └──────────────────────┘    └──────────────────────┘    └──────────────────────┘  │
                 │                                                                                     │
┌──────────────┐ │  ┌──────────────────────┐    ┌──────────────────────┐    ┌──────────────────────┐  │
│Resident passes│─┼─▶│  Nurse notifies family│───▶│ Email sent to all staff│──▶│RN forward clinical  │  │
└──────────────┘ │  │                      │    │                      │    │chart/file to Business│  │
                 │  └──────────────────────┘    └──────────────────────┘    │       Office         │  │
                 │                                                           └──────────────────────┘  │
                 │  ┌──────────────────────┐                                                           │
                 ├─▶│  MD completed death  │                                                           │
                 │  │certificate electronically                                                        ▼
                 │  └──────────────────────┘                              ┌──────────────────────┐
                 │                                                        │ Business Office closes│
                 │  ┌──────────────────────┐                              │ charts and doctor     │
                 └─▶│ Pharmacy advised of  │                              │ signs for closure     │
                    │      passing         │                              └──────────────────────┘
                    └──────────────────────┘                                         │
                                                                                     ▼
                                                                        ┌──────────────────────┐
                                                                        │ Closed files retained │
                                                                        │ in basement for ten   │
                                                                        │ years (boxes indicate │
                                                                        │ date of death and     │
                                                                        │ destruction date      │
                                                                        └──────────────────────┘
```

Observation and Potential Courses of Action

	Issue	Potential Course of Action
1	While clinical aspects of resident files are digitized and kept in PCC, financial aspects continue to be documented in paper based files, which increases the time required for document retrieval and potential exposes the file contents to loss or damage.	The Lodge may wish to consider digitizing aspects of its resident files by utilizing scanned copies save on its server.
2	We understand that the Lodge currently does not have a designated RAI coordinator and as such, coding and patient assessments may be subject to underreporting and other errors. Given that case mix index impacts Provincial funding, the absence of this position may have an adverse financial impact on the Lodge and the County's levy requisition.	We understand that the Lodge has proposed a designated RAI coordinator as part of its 2023 budget.
3	While the Lodge has designated two registered practical nurses for coding and assessment, we understand that the current work demands on these staff result in them being diverted to resident care, resulting in potential gaps in coding and assessments (which impacts case mix index and potentially funding). In addition, the use of a centralized model (i.e. designated staff for the entire Lodge) as opposed to a decentralized model creates the potential for a limited knowledge of residents and their care requirements, which in turn may result in an underreporting of their care needs.	The Lodge may wish to consider adopted a revised model for coding and assessment whereby registered staff are responsible for their residents, providing an enhanced understanding of their care requirements and avoiding potential underreporting.

KPMG

Lanark Lodge

Hiring, Onboarding and Departures

Disclaimer

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Our review was limited to, and our recommendations are based on, the procedures conducted. The scope of our engagement was, by design, limited and therefore the observations and recommendations should be in the context of the procedures performed. In this capacity, we are not acting as external auditors and, accordingly, our work does not constitute an audit, examination, attestation, or specified procedures engagement in the nature of that conducted by external auditors on financial statements or other information and does not result in the expression of an opinion.

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This report outlines the Lodge's processes with respect to hiring, onboard and employee departures and includes:

- Process maps;

- Identified areas for potential enhancement; and

- Suggested operational changes that could be considered by the County as a means of enhancing operating efficiencies and customer service, improving risk management and addressing potential internal control weaknesses.

Our review relied heavily on the contributions and knowledge of staff of the County and Lodge and we would like to express our appreciation and thanks for the assistance provided to us.

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Our review involved a series of facilitated working sessions with staff to identify the individual steps in the process under review, as well as any issues that were perceived as impacting operating efficiencies, customer service, internal controls or risk management.

The approach adopted to review the Lodge's processes reflected the LEAN concept of value-stream mapping. While there are many different definitions of LEAN, we define LEAN thinking as the belief that there is a simpler, better way through a continuous drive to identify and eliminate waste, or inefficiencies and errors, in day-to-day work. It is about making work environments efficient and effective, so organizations can provide higher quality of services to their customers. LEAN helps create time for quality improvement to be part of everyday routine activity.

There are five common principles of LEAN thinking:

1. Value is defined by the ***voice of the client***. If a process or function doesn't create value for the client (recognizing that clients can be internal or external), the question is why is it being performed.

2. LEAN requires that you ***understand your process***. Process mapping allows you to have a picture of your process so that you can begin to make improvements. Without this understanding, it is difficult to have transparency and see where the problems are. It also helps teams gain an understanding of everyone's involvement in the process.

2. LEAN seeks to develop ***flow***, so that products or services move fluidly and without interruptions through the process.

3. LEAN seeks to establish ***pull***, so that activities are undertaken in response to what a client needs when they need it, by reacting to a trigger. This is contrary to how many processes are structured, which involves a push to the next user regardless of whether they are ready or not.

4. LEAN is a means of ***continuous improvement***. When done right, LEAN is not a one-time event but rather a journey to continually improve processes and constantly strive to supply value, from the perspective of the client.

Introduction

LEAN methodologies are intended to help organizations identify and address one of eight typical types of inefficiencies.

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	Waiting	Idle time when material, information, people or equipment are waiting.	Waiting for approvals prior to issuing cheques.
	Non-utilized talent	Not utilizing all of the skills of employees.	Incurring overtime because staff working in other departments cannot be used.
	Transportation	Moving equipment, supplies or equipment from place to place.	Transferring paper files from one location to another rather than using email.
	Inventory	Having more material and supplies on hand than what its needed.	Stocking extra stores inventory to prevent stockouts caused by poor order management.
	Motion	Unnecessary movement by employees to complete an activity.	Having staff attend meetings in person rather than by video or teleconference.
	Extra processing	Spending extra time and effort for an activity, including duplication of efforts.	Developing Excel spreadsheets to track information that is already available in MIS.

Introduction

C. How to read our report

For each component of the Lodge's processes included in this report, we have provided process maps that outline the individual worksteps undertaken as part of the delivery of service. These maps are outlined in flowchart form and are intended to assist in understanding (i) the individual worksteps performed by Lodge and County personnel; (ii) the sequential ordering of the worksteps; and (iii) decision points included in the process.

Potential areas for improvement include:

- Process inefficiencies, which may include duplication of efforts, manual vs. automated processes and the performance of work with nominal value

- Client service limitations, representing aspects of the Lodge's operations that may adversely impact on customer satisfaction

- Financial risk, representing areas where the Lodge's system of internal controls in insufficient to prevent the risk of financial loss

- Reputational risk, consisting of potential areas where the Lodge's processes may expose it to litigation risk and other adverse reputational impacts, including areas where existing measures to mitigate risk are considered insufficient

Glossary of Terms and Abbreviations

JBS   The Lodge's system for staff scheduling and timekeeping

PCC   PointCareClick, the Lodge's system for recording clinical care and other matters relating to residents

KPMG

Lanark Lodge

Hiring

Job Postings

Vacancy created → Request for posting created **(1)** → Manager signs to indicate approval **(1)** → Director signs to indicate approval **(2)**

Director signs to indicate approval → Request for posting scanned and emailed to County → Hard copy filed **(1)**

Request for posting scanned and emailed to County → Job posting prepared by County and emailed to HR

Job posting prepared by County and emailed to HR branches into:
- Position posted on County website (external recruitment only)
- One copy posted on employee bulletin board
- One copy printed and filed with active postings **(1)**

Hiring (Internal Candidates)

```
Position posted on employee          Staff complete application          Forms are collected by HR at          HR looks up employee
bulletin board                       form and place in posting           close of competition                  seniority and writes on
                                     box                                                                        application form
         │                                                                                                              │
         ▼                                                    ▼                                                         ▼
MS Excel spreadsheet                                 MS Excel spreadsheet                              Application forms copied if
prepared for position  ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ →  updated for applications                          applicant is applying for
                                                     received                  (3)                     multiple positions
                                                                                                               │
                                                                                                               ▼
                                                                                              Applications are sorted by
                                                                                              seniority and choice
                                                                                                               │
                                                                                                               ▼
JBS updated for change in      Hard copy of letter prepared      Applicant selected based on      HR reviews CBA rules to
employee classification   ◀─   and signed by manager        ◀─  seniority and notified by     ◀─  ensure eligibility of applicant
                    (4)                                          email                             for position
                                      │
         ┌────────────┬──────────────┼──────────────┬──────────────┐
         ▼            ▼                              ▼              ▼
One copy provided to     One copy provided to County      One copy provided union      One copy kept on file along
employee                 along with posting and           along with MS Excel          with posting
                         application                       spreadsheet                            (1)
```

Hiring (External Candidates)

```
┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐
│ HR receives         │     │ Initial review of   │     │ Initial interview   │     │ Interview conducted │
│ applications by     │ ──▶ │ applications        │ ──▶ │ held by telephone   │ ──▶ │ by HR and Manager   │
│ email               │     │ conducted by Lodge  │     │ to pre-screen       │     │                     │
│                     │(5)  │ HR                  │     │ candidates          │     │                     │
└─────────────────────┘     └─────────────────────┘     └─────────────────────┘     └─────────────────────┘
```

- HR receives applications by email (5)
- Initial review of applications conducted by Lodge HR
- Initial interview held by telephone to pre-screen candidates
- Interview conducted by HR and Manager
- References checked for all successful interviewees
- Email sent to unsuccessful candidates ◀ Manager and HR identify successful candidate
- HR prepares letter of offer for signature by manager (1)
- Offer letter is scanned and emailed to applicant
- Electronic copy of returned letter is saved on server
- One copy of returned letter is printed and filed (1)

Observation and Potential Courses of Action

	Issue	Potential Course of Action
1	The Lodge's recruitment processes are characterized by a high degree of hard copy documentation and manual processes: • At several points in the process, the Lodge produces hard copy documents that could be in electronic format. In addition, the Lodge is saving some documents both electronically and in hard copy. • Manager approvals and signatures for letter are obtained physically as opposed to electronically	The Lodge may wish to consider the digitization of documents and approval processes through (1) the use of PDF documents as opposed to hard copies; and (2) the use of electronic stamps/signatures in PDF documents as opposed to manual signatures.
2	The Lodge currently requires the approval of the Manager and Director for internal hires, notwithstanding the fact that internal hirings involve existing (as opposed to new) positions that have already been approved in the Lodge's budget.	In order to streamline the approval process for new hires, the Lodge may wish to discontinue the requirement for Director approval where the recruitment involves existing positions and internal candidates.
3	The Lodge currently does not monitor or follow up on open vacancies that have been unfilled through internal and external recruitment efforts. As a result, the Lodge is subject to ongoing vacancies with associated overtime costs, agency nursing costs and potential impacts on residents, staff and other stakeholders.	Working in conjunction with the County, the Lodge may wish to development a strategy for vacancies that are open for a defined period, which could include more forward approaches to recruitment (e.g. active solicitation, employee referral bonuses).
4	We were advised that the reclassification of employees to their new position is not straight-forward but rather requires staff to manipulate data entered into JBS to provide a workaround, increasing the amount of time required to adjust the JBS data for the internal recruitment.	In order to address this and other functional limitations of JBS, the Lodge may wish to consider implementing a new scheduling and timekeeping system.
5	The County's recruitment processes are currently limited to the County website as well as certain social media platforms. As a result, the potential exposure of open positions may be limited, reducing the number of qualified applicants.	The County may wish to consider utilizing additional platforms (e.g. Indeed) in order to generate greater interest and applications for open positions.

Observation and Potential Courses of Action

Issue	Potential Course of Action
8 The JBS system currently lacks the functionality to track certain types of employee banks (e.g. part-time staff overtime), requiring staff to manually calculate and update these banks. In addition, where JBS does maintain employee banks, we understand that employees are able exceed the usage of time in the banks, resulting in instances where the employees are in negative balances. In these instances, the Lodge may be exposed to a financial loss if the employee leaves their employment prior to the replenishment of the bank.	The maintenance of employee banks is a functionality limitation in JBS that could be addressed in the Lodge implements a new scheduling and timekeeping system.

Lanark Lodge

Onboarding

Onboarding (New Employees)

Applicant accepts position with Lodge

→ Applicant attends Business Office for initial orientation

→ County sets up employee in Human Resources system → County advises Manager and Business Office that set-up process is complete

- Welcome package assembled
- Employee badge created
- Employee is set up in JBS
- IT ticket created for PCC access and County email

Employee is set up in JBS → Scheduling contacts employees to schedule orientation shifts → Scheduling assigns trainer to employee in JBS schedule → Individual attends and works orientation shifts (1)

Probationary Period


```
Report generated showing          Manager reviews listing and
time of service for new hires  →  identifies employees
                                  approaching end of
                                  probationary period
                                            │
                                            ◆
          ┌─────────────────────────────────┼─────────────────────────────────┐
          ▼                                 ▼                                 ▼
Email sent to HR advising of     Manager notifies HR of          Manager meets with
decision to terminate            decision to extend              employee for probationary
                                 probationary period             performance review
                                                                          │
                                                                          ▼
                                                                 Employee and manager sign
                                                                 performance review
```

One copy of performance review provided to employee (2)

One copy of performance review kept in department (2)

One copy of performance review sent to HR (2)

Performance review scanned and emailed to HR (2)

Observation and Potential Courses of Action

	Issue	Potential Course of Action
1	We understand that the Lodge's onboarding process is undertaken on a relatively informal and ad-hoc basis, with limited orientation materials (e.g. checklists), no designated trainers (trainers are selected judgmentally by the schedulers) and an overall lack of procedures (e.g. no standard process for having someone meet new staff upon arrival). As a result, the Lodge is potentially exposed to increased staff turnover in the event that onboarding is less than effective.	The Lodge may wish to consider formalizing its onboard process for new staff, which could include: • The delivery of training to existing staff that serve as trainers • The development of supporting materials (e.g. checklists, training aides) • The development of standard processes for onboarding activities to be undertaken by the Manager, trainers and new staff
2	Aspects Lodge's onboard processes are characterized by a high degree of hard copy documentation, including multiple copies of the same documents kept in hard copy and electronically.	The Lodge may wish to consider the digitization of documents relating to its onboarding processes, including the use of PDF documents as opposed to hard copies and the elimination of multiple filing of the same documents.

Lanark Lodge

Departures

Employee Departures

```
┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐
│ Staff member resigns│ ──> │ Staff member notifies│ ──> │ Manager forwards    │ ──> │ Business Office     │
│                     │     │ manager in writing   │     │ email to business   │     │ prepares formal     │
│                     │     │                      │     │ office and HR       │     │ notice of termination│
└─────────────────────┘     └─────────────────────┘     └─────────────────────┘     └─────────────────────┘

┌─────────────────────┐                                 ┌─────────────────────┐
│ Staff member retires│ ──────────────────────────────> │ Business Office     │
│                     │                                 │ prepares resignation/│
│                     │                                 │ retirement          │
│                     │                                 │ acknowledgement letter│
└─────────────────────┘                                 └─────────────────────┘

┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐
│ Staff member gets   │ ──> │ HR prepares         │ ──> │ Manager signs, dates│
│ fired or involuntary│     │ termination letter  │     │ and returns to      │
│ termination         │     │                     │     │ Business Office     │
└─────────────────────┘     └─────────────────────┘     └─────────────────────┘

┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐
│ One copy filed in   │     │ One copy provided to│     │ One copy provided to│     │ One copy provided to│
│ Business Office     │     │ employee            │     │ union               │     │ County (hard copy)  │
│                     │     │                     │     │                     │     │ and also emailed to │
│                     │     │                     │     │                     │     │ County              │
└─────────────────────┘     └─────────────────────┘     └─────────────────────┘     └─────────────────────┘

┌─────────────────────┐
│ Shifts in JBS are   │
│ cleared based on    │
│ last day of work    │
└─────────────────────┘
```

Observation and Potential Courses of Action

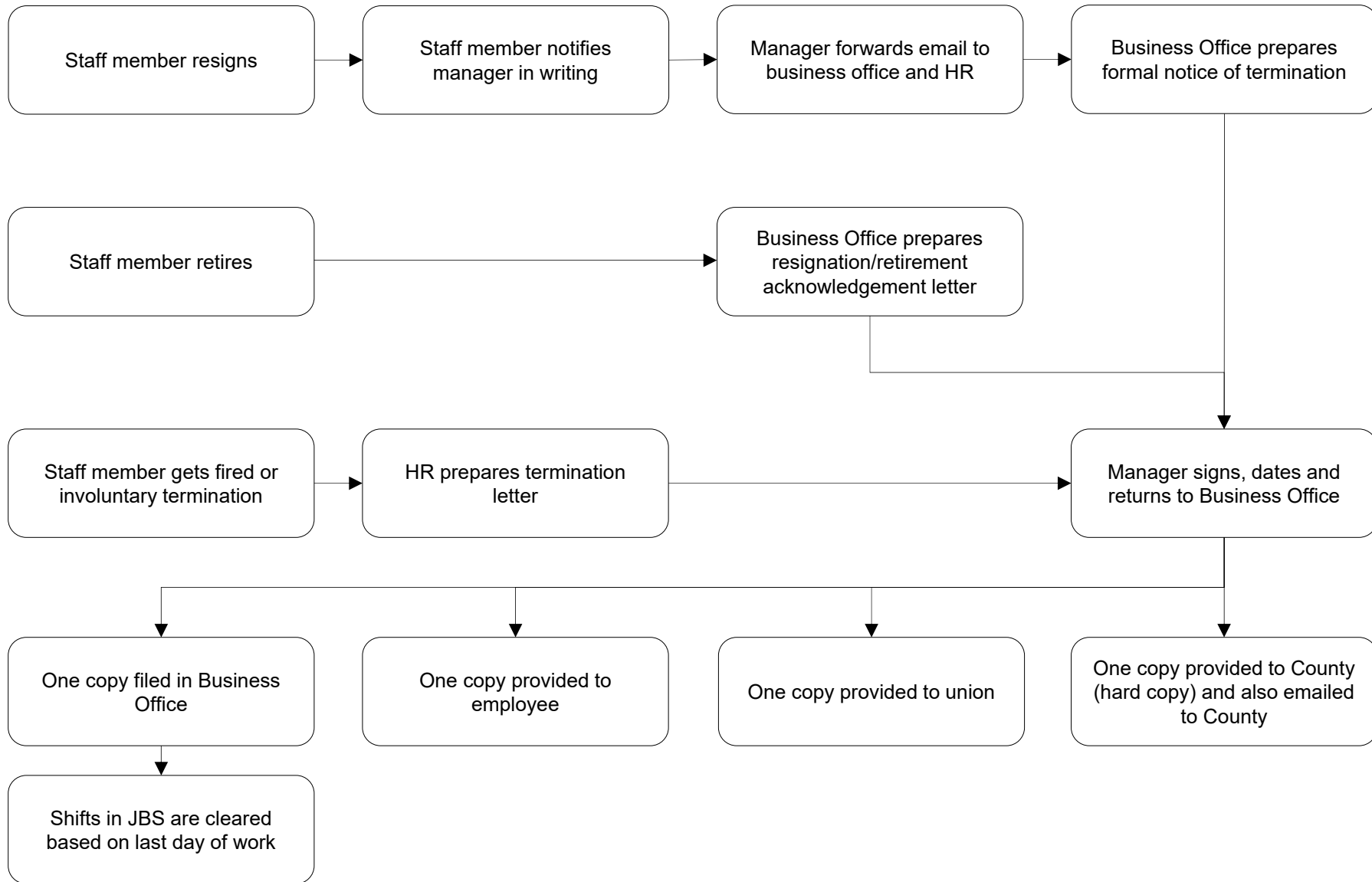| Issue		Potential Course of Action
1	Aspects Lodge's employee departure processes are characterized by a high degree of hard copy documentation and manual processes, including multiple copies of the same documents kept in hard copy and electronically and the requirement for managers to physically sign correspondence.	The Lodge may wish to consider the digitization of documents and approves relating to its employee departure processes, including the use of PDF documents as opposed to hard copies, the elimination of multiple filing of the same documents and the use of electronic signatures.

Lanark Lodge

Scheduling and Timekeeping

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Lanark Lodge

Scheduling

Glossary of Terms and Abbreviations

JBS   The Lodge's system for staff scheduling and timekeeping

Scheduling

```
┌─────────────────────────┐     ┌─────────────────────────┐
│ Current schedule for    │     │ Part-time staff enter   │
│ full-time staff is      │     │ hours of availability   │
│ prepared in JBS based   │ (1) │ in JBS                  │
│ on roll-forward of      │     │                         │
│ schedule template       │     │                         │
└─────────────────────────┘     └─────────────────────────┘
            │                               │
            ▼                               ▼
┌─────────────────────────┐     ┌─────────────────────────┐
│ Preliminary schedule    │     │ Shifts assigned to      │
│ developed showing       │ ──► │ part-time staff that do │
│ vacancies               │     │ not have minimum        │
│                         │     │ number of hours         │
│                         │     │ scheduled               │
└─────────────────────────┘     └─────────────────────────┘
            │                               │
            └──►┌─────────────────────────┐ │
                │ JBS automatically       │ │
                │ assigns shifts to staff │ │
                │ based on availability(2)│ │
                └─────────────────────────┘
```

┌─────────────────────────┐   ┌─────────────────────────┐
│ Staff call employees to │   │ JBS updated for staff   │
│ fill remaining   │ ──► │ filling vacancies   (2) │
│ vacancies   (3) │   │   │
└─────────────────────────┘   └─────────────────────────┘

Staff scheduling involves an eight-week rolling schedule (current two-week schedule plus the upcoming six week period, as required by the Lodge's collective bargaining agreements. Shifts for staff are scheduled based on the following durations:

- Registered nurses .... 12 hours
- Registered practical nurses .... 8 hours
- Personal support workers/health care aides ... 8 hours
- Dietary staff .... 4 or 8 hours
- Other staff .... 8 hours

Observation and Potential Courses of Action

Issue	Potential Course of Action
1 While the Lodge is required to maintain an eight week schedule under the terms of its collective bargaining agreements, it often schedules for a shorter duration (two to four weeks) and as such, it is often in contravention of its collective bargain agreement obligations. We understand that the current workload demands associated with maintaining the schedule, most notably the time spent calling staff to fill vacancies, precludes the updating of the schedule for the required eight-week period.	The current issues relating to the Lodge's scheduling processes reflect functional limitations of the JBS system, with staff required to invest a significant amount of time to resolve (e.g. calling staff to fill vacancies, manually adjusting staff assignments to address overtime considerations). As a consequence, staff do not have sufficient time to meet the Lodge's performance obligations under its collective bargaining agreements and adopt strategies that would reduce overtime costs.
2 While JBS automatically assigns staff to vacancies, it does not consider specific provisions of the Lodge's collective bargaining agreement with respect to overtime. As a result, staff assignments made by JBS will result in overtime costs that would otherwise be avoidable.	Given the significance of these issues and in order to create capacity within the Lodge's scheduling process, the Lodge may wish to consider implementing a new scheduling and timekeeping system that would address the functional limitations of the JBS system, most notably (1) the ability to automatically notify staff (automated call, text and/or email), thereby eliminating the need for staff to call employees; and (2) the ability to consider different aspects of the Lodge's pay structure, including overtime provisions, responsibility pay for registered nurses and other items that are currently being administered manually by Lodge personnel.
3 While the collective bargaining agreement contains provision relating to the order that staff are contacted to fill vacancies, we understand that the current staffing situation of the Lodge has resulted in an approach whereby staff are contacted based on the likelihood of their accepting a vacancy, with the potential for contravening the collective bargaining agreement.	

KPMG

Lanark Lodge

Timekeeping

Glossary of Terms and Abbreviations

JBS   The Lodge's system for staff scheduling and timekeeping

Clock Bin   A digital file containing time data entered by Lodge staff through the swiping of swipe cards

Timekeeping

Time data is listed in Clock Bin, along with notifications of errors and alerts → Clock Bin data is reviewed on screen and identified errors and alerts are cleared **5** → Special pay categories (responsibility pay, sick leave top-up, maintenance on-call hours) are entered into JBS **6** → Time cards are printed for each staff member and reviewed for errors **7**

Employees swipe cards at the beginning and end of their shift

Payroll staff updated JBS based on emails sent from nursing staff

Nursing staff send emails to payroll indicating changes to hours of overtime and other adjustments **4**

Errors on timecards are corrected in JBS

Hardcopies of review package prepared **7**

Review package signed by managers to indicate approval **7**

To next page ← Additional adjustments sent to County for payroll processing **6**

Timekeeping

From previous page

```
Country processes payroll
based on hours from JBS
(flat file upload)
```
→
```
Scheduling staff enter
additional adjustments in
JBS based on information
provided by County
```

```
Review packages
consolidated and filed
```

```
Part-time staff vacation
entitlement calculated
manually
```
8

```
Seniority list printed
```
→
```
Seniority list posted on
bulletin board
```

```
Electronic copy emailed to
human resources
```

Observation and Potential Courses of Action

	Issue	Potential Course of Action
4	We were advised that there is a high frequency of errors in payroll information emailed by nursing staff to scheduling, resulting in scheduling staff having to spent time resolving these errors.	In order to reduce the amount of time required to correct preventable errors, the Lodge may wish to consider collecting data on the frequency, nature and causes of errors made by nursing staffing, which can then be used to provide specific training to staff as a means of mitigating future errors.
5	The errors and alerts listed in the Clock Bin include adjustments made to hours worked that were inputted into JBS based on emails provided by nursing staff. As a result, scheduling staff are required to review these adjustments twice – once when the original email is received from nursing staff and a second time as part of the clearing of Clock Bin errors and alerts – representing a duplication of work effort.	The duplication of work efforts relating to the clearing of Clock Bin errors and alerts, the inability to JBS to automatically calculate certain pay categories, the inability of JBS to automatically track part-time overtime and other employee banks and the ability of employees to have negative positions within banks represent functional limitations of the JBS system which should be addressed in the event that the Lodge chooses to implement a new scheduling and timekeeping solution (as suggested earlier in our report).
6	Due to functional limitations of the JBS system, Lodge personnel are required to manually calculate and input a variety of information into the system for payroll processing, representing an inefficient use of staff time. For example, the determination of responsibility pay for registered nurses requires scheduling personnel to (1) determine the seniority of registered nursing staff with hours worked; (2) determine their eligibility for responsibility pay; and (3) manually enter responsibility pay and the associated meal break into JBS.	
7	The Lodge's timekeeping processes are characterized by a high degree of hard copy documentation and manual approval processes, which increases the time and cost of timekeeping activities. For example, the Lodge currently prints eight copies of the review package, which consists a pay summary, screen shot of the schedule, attendance review report and employee time cards, all of which are physically signed by managers and filed by the Lodge upon the completion of payroll processing.	In order to reduce the time and cost of timekeeping activities, the Lodge may wish to consider the digitization of documents and approval processes through (1) the use of PDF documents as opposed to hard copies; (2) the use of electronic summary reports as opposed to individual time cards; and (3) the use of electronic stamps/signatures in PDF documents as opposed to manual signatures.

Observation and Potential Courses of Action

Issue	Potential Course of Action
8 The JBS system currently lacks the functionality to track certain types of employee banks (e.g. part-time staff overtime), requiring staff to manually calculate and update these banks. In addition, where JBS does maintain employee banks, we understand that employees are able exceed the usage of time in the banks, resulting in instances where the employees are in negative balances. In these instances, the Lodge may be exposed to a financial loss if the employee leaves their employment prior to the replenishment of the bank.	The maintenance of employee banks is a functionality limitation in JBS that could be addressed in the Lodge implements a new scheduling and timekeeping system.

KPMG

Lanark Lodge

Financial Processes

(Accounts Payable, Billings,
Trust Transactions,
Budgeting and Reporting)

Disclaimer

This report has been prepared by KPMG LLP ("KPMG") for the County of Lanark (the "County") pursuant to the terms of our Agreement with the County dated August 15, 2022 (the "Engagement Agreement").

This report is not intended for general use, circulation or publication. 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 the County or for any purpose other than set out in the Engagement Agreement. If this report is received by any party other than the County, the recipient is placed on notice that this report has been prepared solely for the County's benefit and its own use. KPMG does not authorize the recipient or any other party to rely on this report and any such reliance will be at the recipient's sole risk. Therefore, KPMG shall have no liability or responsibility in respect of the advice, recommendations, or other information in this report to recipient or any other party other than the County.

This report is based on information and documentation that was made available to KPMG at the date of this report. Should additional information be provided to KPMG after the issuance of this report, KPMG reserves the right (but will be under no obligation) to review this information and adjust its comments accordingly. This report and the observations expressed herein are valid only in the context of the whole report. Selected observations and recommendations should not be examined outside of the context of the report in its entirety.

Our review was limited to, and our recommendations are based on, the procedures conducted. The scope of our engagement was, by design, limited and therefore the observations and recommendations should be in the context of the procedures performed. In this capacity, we are not acting as external auditors and, accordingly, our work does not constitute an audit, examination, attestation, or specified procedures engagement in the nature of that conducted by external auditors on financial statements or other information and does not result in the expression of an opinion.

This report may include or make reference to future oriented financial information. Readers are cautioned that since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommended opportunities as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the County. KPMG has not and will not perform management functions or make management decisions for the County.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.

KPMG has no present or contemplated interest in the County nor are we an insider or associate of the County and its management team. Accordingly, we believe we are independent of the County and are acting objectively.

Introduction

A. Overview of our engagement

KPMG has been retained by the County of Lanark (the "County") to undertake a review of administrative processes undertaken by Lanark Lodge (the "Lodge").

This report outlines the Lodge's processes with respect to financial processes, including accounts payable, billings, resident trust fund transactions, budgeting and reporting and includes:

- Process maps;

- Identified areas for potential enhancement; and

- Suggested operational changes that could be considered by the County as a means of enhancing operating efficiencies and customer service, improving risk management and addressing potential internal control weaknesses.

Our review relied heavily on the contributions and knowledge of staff of the County and Lodge and we would like to express our appreciation and thanks for the assistance provided to us.

Introduction

B. Our approach

Our review involved a series of facilitated working sessions with staff to identify the individual steps in the process under review, as well as any issues that were perceived as impacting operating efficiencies, customer service, internal controls or risk management.

The approach adopted to review the Lodge's processes reflected the LEAN concept of value-stream mapping. While there are many different definitions of LEAN, we define LEAN thinking as the belief that there is a simpler, better way through a continuous drive to identify and eliminate waste, or inefficiencies and errors, in day-to-day work. It is about making work environments efficient and effective, so organizations can provide higher quality of services to their customers. LEAN helps create time for quality improvement to be part of everyday routine activity.

There are five common principles of LEAN thinking:

1. Value is defined by the ***voice of the client***. If a process or function doesn't create value for the client (recognizing that clients can be internal or external), the question is why is it being performed.

2. LEAN requires that you ***understand your process***. Process mapping allows you to have a picture of your process so that you can begin to make improvements. Without this understanding, it is difficult to have transparency and see where the problems are. It also helps teams gain an understanding of everyone's involvement in the process.

2. LEAN seeks to develop ***flow***, so that products or services move fluidly and without interruptions through the process.

3. LEAN seeks to establish ***pull***, so that activities are undertaken in response to what a client needs when they need it, by reacting to a trigger. This is contrary to how many processes are structured, which involves a push to the next user regardless of whether they are ready or not.

4. LEAN is a means of ***continuous improvement***. When done right, LEAN is not a one-time event but rather a journey to continually improve processes and constantly strive to supply value, from the perspective of the client.

Introduction

LEAN methodologies are intended to help organizations identify and address one of eight typical types of inefficiencies.

Inefficiency	Description	Examples
Defects	Work or services that are not completed correctly the first time.	Departments key in hours worked incorrectly, requiring payroll to fix errors.
Overproduction	Doing more than what is required to complete the task.	Generating reports that are not used by management.
Waiting	Idle time when material, information, people or equipment are waiting.	Waiting for approvals prior to issuing cheques.
Non-utilized talent	Not utilizing all of the skills of employees.	Incurring overtime because staff working in other departments cannot be used.
Transportation	Moving equipment, supplies or equipment from place to place.	Transferring paper files from one location to another rather than using email.
Inventory	Having more material and supplies on hand than what its needed.	Stocking extra stores inventory to prevent stockouts caused by poor order management.
Motion	Unnecessary movement by employees to complete an activity.	Having staff attend meetings in person rather than by video or teleconference.
Extra processing	Spending extra time and effort for an activity, including duplication of efforts.	Developing Excel spreadsheets to track information that is already available in MIS.

Introduction

C. How to read our report

For each component of the Lodge's processes included in this report, we have provided process maps that outline the individual worksteps undertaken as part of the delivery of service. These maps are outlined in flowchart form and are intended to assist in understanding (i) the individual worksteps performed by Lodge and County personnel; (ii) the sequential ordering of the worksteps; and (iii) decision points included in the process.

Potential areas for improvement include:

- Process inefficiencies, which may include duplication of efforts, manual vs. automated processes and the performance of work with nominal value

- Client service limitations, representing aspects of the Lodge's operations that may adversely impact on customer satisfaction

- Financial risk, representing areas where the Lodge's system of internal controls in insufficient to prevent the risk of financial loss

- Reputational risk, consisting of potential areas where the Lodge's processes may expose it to litigation risk and other adverse reputational impacts, including areas where existing measures to mitigate risk are considered insufficient

Glossary of Terms and Abbreviations

JBS   The Lodge's system for staff scheduling and timekeeping

PCC   PointCareClick, the Lodge's system for recording clinical care and other matters relating to residents

GP   Great Plains, the County's financial accounting program

Lanark Lodge

Accounts Payable

KPMG

Accounts Payable


```
┌──────────────────────┐      ┌──────────────────────┐
│ Purchases initiated by│ ──▶ │  Goods are received   │
│      Managers         │      │                    (1)│
└──────────────────────┘      └──────────────────────┘
                                         │
                                         ▼
                                       ◆ (decision)
              Invoice received                    Invoice received
              by Manager                          by Business Office
                   │                                      │
                   ▼                                      ▼
┌──────────────────────┐      ┌──────────────────────────────┐
│ Manager codes and    │      │ Business office codes hard     │
│ signs hard copy of   │      │ copy of invoice and forwards   │
│ invoice        (3, 4)│      │ to Manager for approval    (2) │
└──────────────────────┘      └──────────────────────────────┘
         │                                     │
         ▼                                     ▼
┌──────────────────────┐      ┌──────────────────────────────┐
│ Invoice provided to  │ ◀──  │ Manager signs invoice to       │
│ Business Office      │      │ indicate approval          (3) │
└──────────────────────┘      └──────────────────────────────┘
         │
         ▼
┌──────────────────────┐
│ Business Office       │
│ forwards invoice to   │
│ County for payment    │
└──────────────────────┘
```

Observation and Potential Courses of Action

	Issue	Potential Course of Action
1	We understand that the Lodge currently does not have a formal receiving function and as such, the Assistant Director of Care is required to receive shipments of clinical supplies and other materials, as well as distribute these supplies within the Lodge. This represents a misallocation of resources in that a senior clinical resource is involved in a relatively low-level activity, resulting in a diversion of clinical staff to lower-value work.	The Lodge may wish to consider reevaluating the responsibility for receiving and distributing clinical supplies in order to achieve a better balance between the level of staff involved and the requirements of the task.
2	The Lodge's accounts payable function is currently paper-based, with electronic copies of invoices received by email printed for coding, approval and forwarding to the County for processing. This has the potential to increase the amount of time and cost associated with invoice processing.	The Lodge may wish to consider digitizing its accounts payable processes, including utilizing PDF formats for invoices and electronic stamps/signatures as evidence of approval.
3	Under the County's procurement policy, the Director is required to approve all invoices in excess of $5,000. Given the relatively small value of these invoices and the fact that the majority have likely been approved as part of the Lodge's budget process, this requirement (1) requires high-value staff to perform low value work; and (2) represents a duplication of effort where expenditures have already been approved through the budget.	The procurement policy is a corporate policy established by the County and as such, cannot be changed by the Lodge. However, the Lodge may wish to discuss potential revisions to the policy and approval thresholds in order to enhance the efficiency of the approval process.
4	We understand that Managers will sometimes incorrectly code expenses, which requires staff to investigate the nature of the expenses and adjust the Lodge's financial records, increasing the time required for completion of financial processes.	In order to reduce the frequency of coding errors, the Lodge may wish to consider providing periodic training to Managers on general ledger coding and other financial aspects associated with the Lodge's operations.

KPMG

Lanark Lodge

Billings

Billings

```
┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐
│ Rate determined     │     │ Rate agreement      │     │                     │     │ Billing are         │
│ with CCAC,          │ ──▶ │ signed at move in   │ ──▶ │ Resident set up in  │ ──▶ │ prepared on a       │
│ determined by       │     │ meeting             │     │ PCC                 │     │ monthly basis, in   │
│ Ministry            │     │                     │     │                     │     │ arrears             │
└─────────────────────┘     └─────────────────────┘     └─────────────────────┘     └─────────────────────┘
                                                                                               │
                                                                                               ▼
                                                                                    ┌─────────────────────┐
                                                                                    │ Review census       │
                                                                                    │ entries in PCC to   │
                                                                                    │ confirm billings    │
                                                                                    └─────────────────────┘
                                                                                               │
                                                                                               ▼
┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐
│ Run journal entry   │     │ Accounts receivable │     │ Billing transactions│     │ "Generate           │
│ report in           │ ◀── │ balances in PCC     │ ◀── │ are compared to     │ ◀── │ transactions" and   │
│ PCC                 │     │ compared in total   │     │ census for accuracy │     │ print               │
│                     │     │ to GP        (1)    │     │                     │     │                     │
└─────────────────────┘     └─────────────────────┘     └─────────────────────┘     └─────────────────────┘
          │
          ▼
┌─────────────────────┐     ┌─────────────────────┐
│ Billing days are    │     │ Journal entry       │
│ entered into        │     │ report forwarded to │
│ MS Excel            │     │ County for posting  │
│                     │     │              (2)    │
└─────────────────────┘     └─────────────────────┘
          │                           ▲
          ▼                           │
┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐
│ Total billings are  │     │                     │     │ Resident billing    │     │ Packages are mailed │
│ recalculated and    │ ──▶ │ Post billing in PCC │ ──▶ │ statements are      │ ──▶ │ or delivered to     │
│ compared to journal │     │                     │     │ printed and bundled │     │ resident or         │
│ entry report from   │     │                     │     │ with trust          │     │ designated          │
│ PCC          (1)    │     │                     │     │ statements and      │     │ representative      │
└─────────────────────┘     └─────────────────────┘     │ newsletter          │     └─────────────────────┘
                                                        └─────────────────────┘
```

Billing Pre-Authorized Payments

```
┌─────────────────────┐      ┌─────────────────────┐      ┌─────────────────────┐      ┌─────────────────────┐
│ Resident provides   │      │ PCC generates PAP   │      │ Business Office     │      │ Business Office     │
│ void cheque and     │ ───► │ report (electronic) │ ───► │ reviews PAP report  │ ───► │ emails County       │
│ completes PAP       │      │                     │      │ for accuracy        │      │ indicating review   │
│ application on      │      │                     │      │                     │      │ of PAP report       │
│ admission           │      │                     │      │                     │      │                     │
└─────────────────────┘      └─────────────────────┘      └─────────────────────┘      └─────────────────────┘
                                                                                                  │
                                                                                                  ▼
                                                                                       ┌─────────────────────┐
                                                                                       │ County processes    │
                                                                                       │ PAPs                │
                                                                                       └─────────────────────┘
```

Observation and Potential Courses of Action

Issue	Potential Course of Action
1 The Lodge's billing processes include certain reconciliations that may be of limited value given the automated nature of the billing process and the integration of data between PCC and GP.	The Lodge may with to discontinuing the identified procedures as a means of reducing the time required to complete billings.
2 Currently, the Lodge's resident billing process is undertaken by the Business Office, with the County responsible for posting revenue transactions into GP. We understand, however, that the County has access to PCC as well, which could provide the opportunity for greater operating efficiencies and/or capacity gains by reallocating billing functions between the Lodge and County.	The Lodge may wish to investigate the potential benefits of realigning responsibilities for resident billings, with the County assuming a greater portion of the work elements.

![KPMG](KPMG logo)

Lanark Lodge

Resident Trust
Transactions

Trust Account Set Up

Business Office meetings with resident and family

Financial POA signed — 1

Services selected (e.g. hairdressing, telephone, cable) and signed form for consent — 1

Trust account set up in PCC

Funds transferred to trust account (cash, cheque, or e-transfer)

Funds kept in locked vault — 2

Deposit recorded in PCC

Print cash receipts report from PCC weekly

Business Office reconciles to funds on hand

Funds and summary sent to County

Trust Account Resident Withdrawals

```
┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐
│ Resident or POA     │     │ Business Office     │     │ Two copies of       │     │ Receipt signed by   │
│ requests funds      │ ──► │ confirms funds are  │ ──► │ receipt printed     │ ──► │ resident and person │
│                     │     │ available and       │     │                     │     │ distributing cash   │
│                     │     │ records withdrawal  │     │                     │     │                     │
│                     │     │ in PCC              │     │                     │     │                     │
└─────────────────────┘     └─────────────────────┘     └─────────────────────┘     └─────────────────────┘
```

One copy of receipt kept in cash box

Resident provided with receipt plus funds from cash box

Cash box report and hard copy of receipts forwarded to County **1**

Withdrawals reconciled to receipts

Business Office prints cash box report from PCC

County records trust fund withdrawals in GP

Cashbox report and receipts are returned to Business Office and filed by date **1**

Statements printed monthly from PCC and bundled with billing and resident newsletter

Trust Account Resident Charges

Invoice received from hairdresser → Charges entered into resident account in PCC → Invoices entered into GP by Business Office → Invoices coded and forwarded to County for payment

1

User report generated in PCC for telephone, internet and cable charges →

Observation and Potential Courses of Action

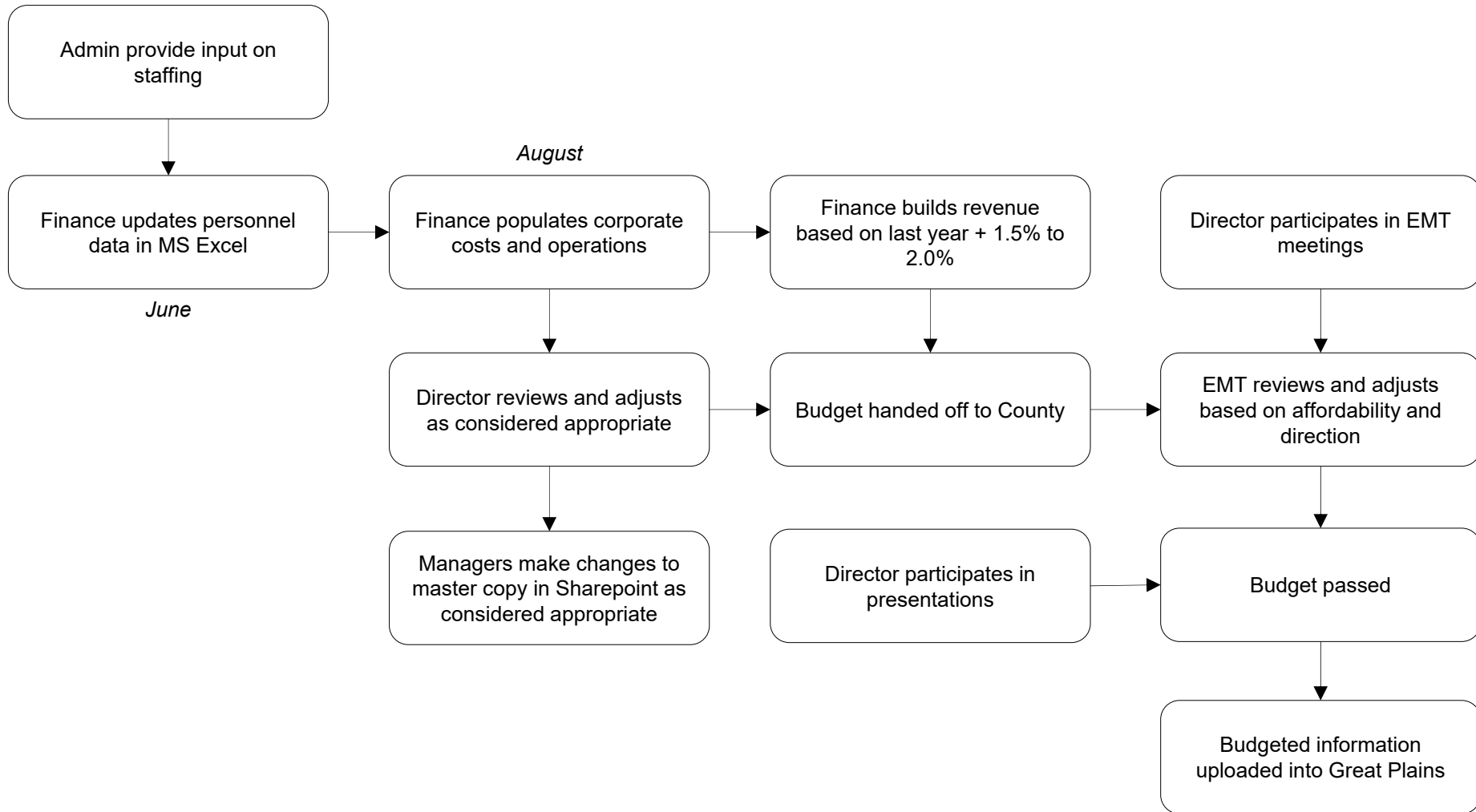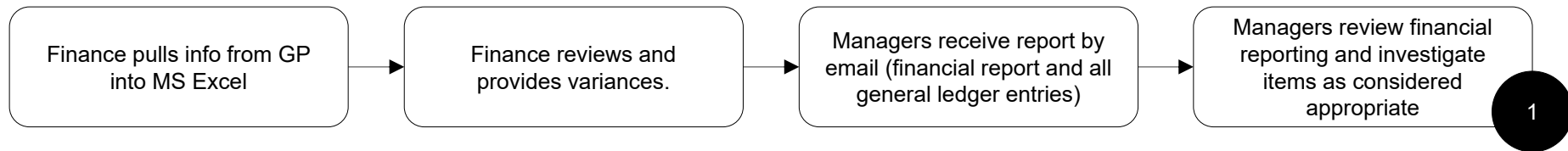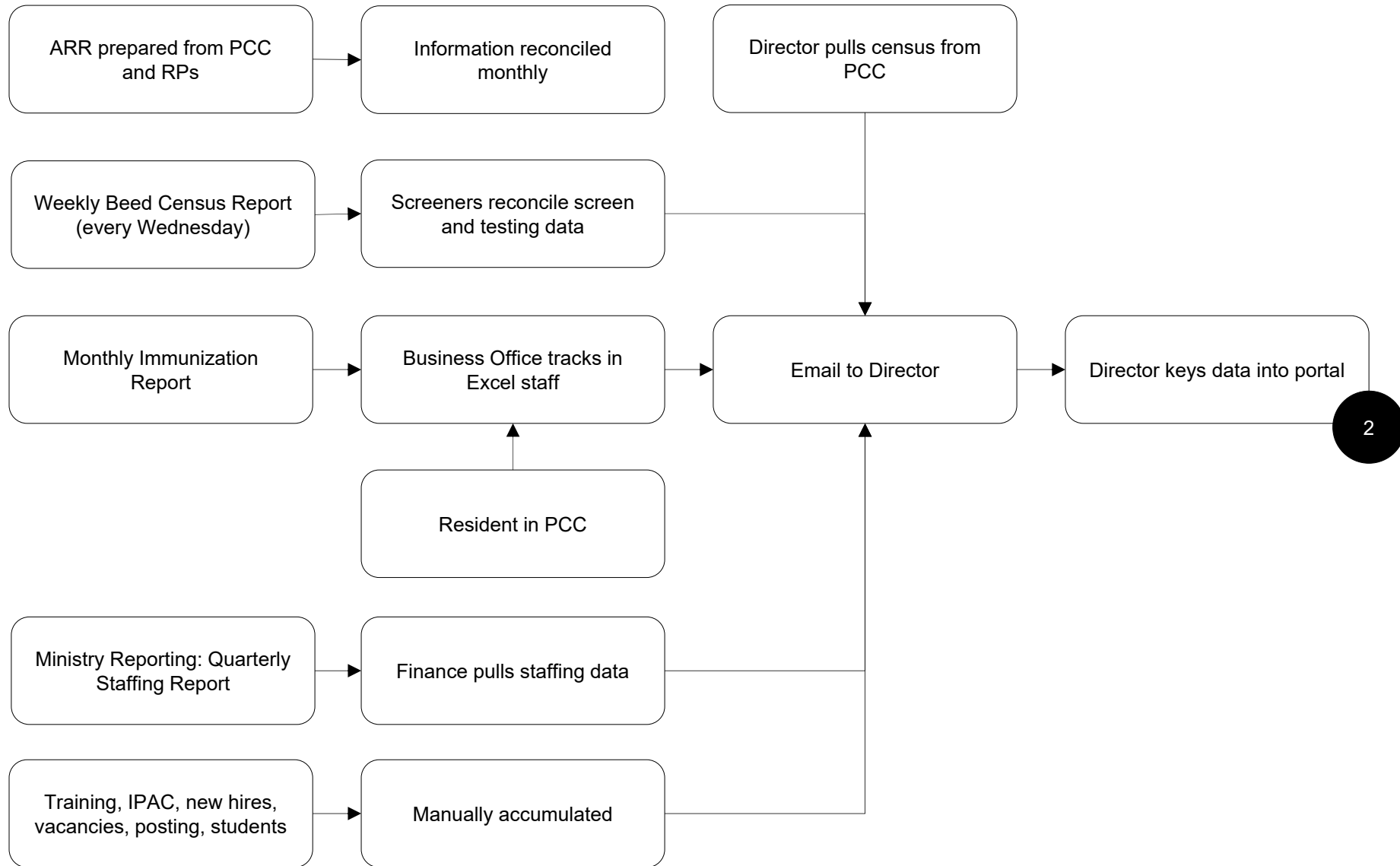| Issue		Potential Course of Action
1	The Lodge's processes for trust account transactions involves a degree of paper documentation associated with agreements, consents, evidence of trust withdrawals and payment of invoices on behalf of residents. The use of hard copy documentation has the potential to increase the overall cost of trust administration (e.g. printing costs), as well as lead to potential inefficiencies in areas such as document retrieval.	The Lodge may wish to consider digitizing aspects of its trust administration processes, specifically through the scanning and digital storage of hard copy documents.
2	During the course of the process mapping session, we were advised that the cash box is kept in a locked vault with restricted access. However, visual inspection of the vault indicated that it was unlocked and could be entered by any individual present in the Business Office.	In order to ensure the custody of cash and prevent the misappropriation of funds, the Lodge may wish to consider ensuring that funds are kept under lock at all times.

KPMG

Lanark Lodge

Budgeting and Reporting

Budgeting

Admin provide input on staffing

August

Finance updates personnel data in MS Excel

June

Finance populates corporate costs and operations

Finance builds revenue based on last year + 1.5% to 2.0%

Director participates in EMT meetings

Director reviews and adjusts as considered appropriate

Budget handed off to County

EMT reviews and adjusts based on affordability and direction

Managers make changes to master copy in Sharepoint as considered appropriate

Director participates in presentations

Budget passed

Budgeted information uploaded into Great Plains

Internal Financial Reporting

| Finance pulls info from GP into MS Excel | → | Finance reviews and provides variances. | → | Managers receive report by email (financial report and all general ledger entries) | → | Managers review financial reporting and investigate items as considered appropriate |

1

Shows:
- *YTD actual*
- *YTD budget (monthly pro-ration)*
- *Variance*

Ministry Reporting

ARR prepared from PCC and RPs → Information reconciled monthly

Director pulls census from PCC

Weekly Beed Census Report (every Wednesday) → Screeners reconcile screen and testing data

Monthly Immunization Report → Business Office tracks in Excel staff → Email to Director → Director keys data into portal

Resident in PCC

Ministry Reporting: Quarterly Staffing Report → Finance pulls staffing data

Training, IPAC, new hires, vacancies, posting, students → Manually accumulated

2

Observation and Potential Courses of Action

	Issue	Potential Course of Action
1	While Managers are responsible for their departmental budgets, we understand that the level of review is inconsistent within the Lodge, with some managers undertaking little to no review of the monthly financial reports. As a result, it is possible that financial matters of significance may not be identified or addressed in a timely manner, with financial implications to the Lodge.	In order to enhance the level of financial oversight of its operations, the Lodge may wish to consider the following courses of action: • Providing financial training to managers in order to increase their ability to review financial information and identify areas of potential concern • Incorporating key performance indicators into the monthly financial reporting provided by the County that will readily identify potential concerns to managers for follow-up • Incorporating discussion on financial performance and budget variances into management meetings
2	The Lodge's Ministry reporting processes require the Director to accumulate data for Ministry submissions, with the Director also required to input data into the Ministry portal. This represents an instance of senior-level staff performing clerical work, resulting in a disconnect between the cost of the resources used vs. the value derived.	In order to maximize the contributions of the Director towards higher-value and strategic activities, the Lodge may wish to consider revising the process for Ministry reporting such that clerical tasks are undertaken by the Business Office as opposed to the Director.

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