



BC Municipal Readiness for Tangible Capital Assets

Survey Results

Presented by: Paul Murray



Who responded?

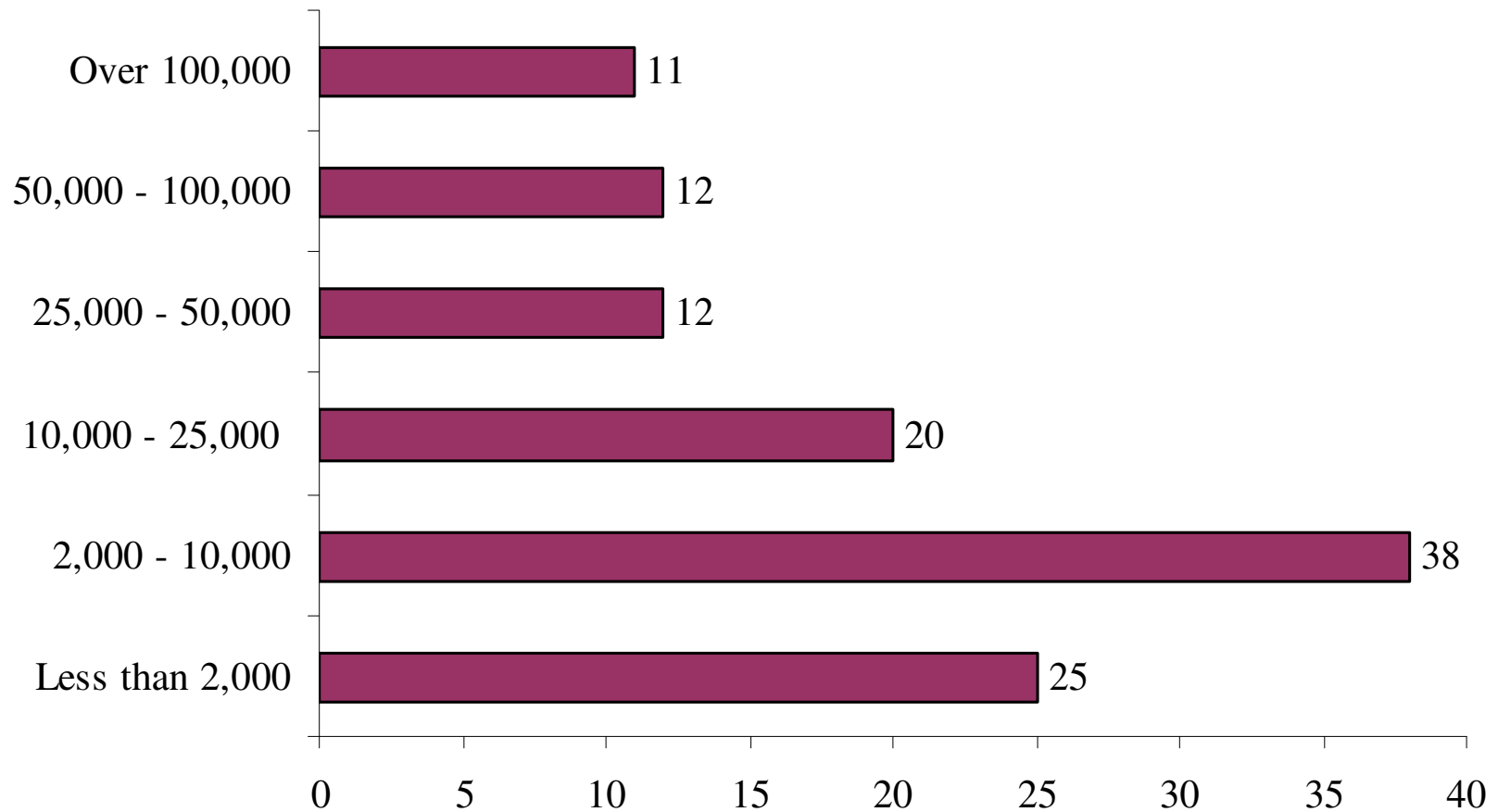
- 118 respondents
 - 99 Municipalities
 - 18 Regional Districts
 - 1 responded for both a muni. and an R.D.

(2006 Survey: 82 responses)

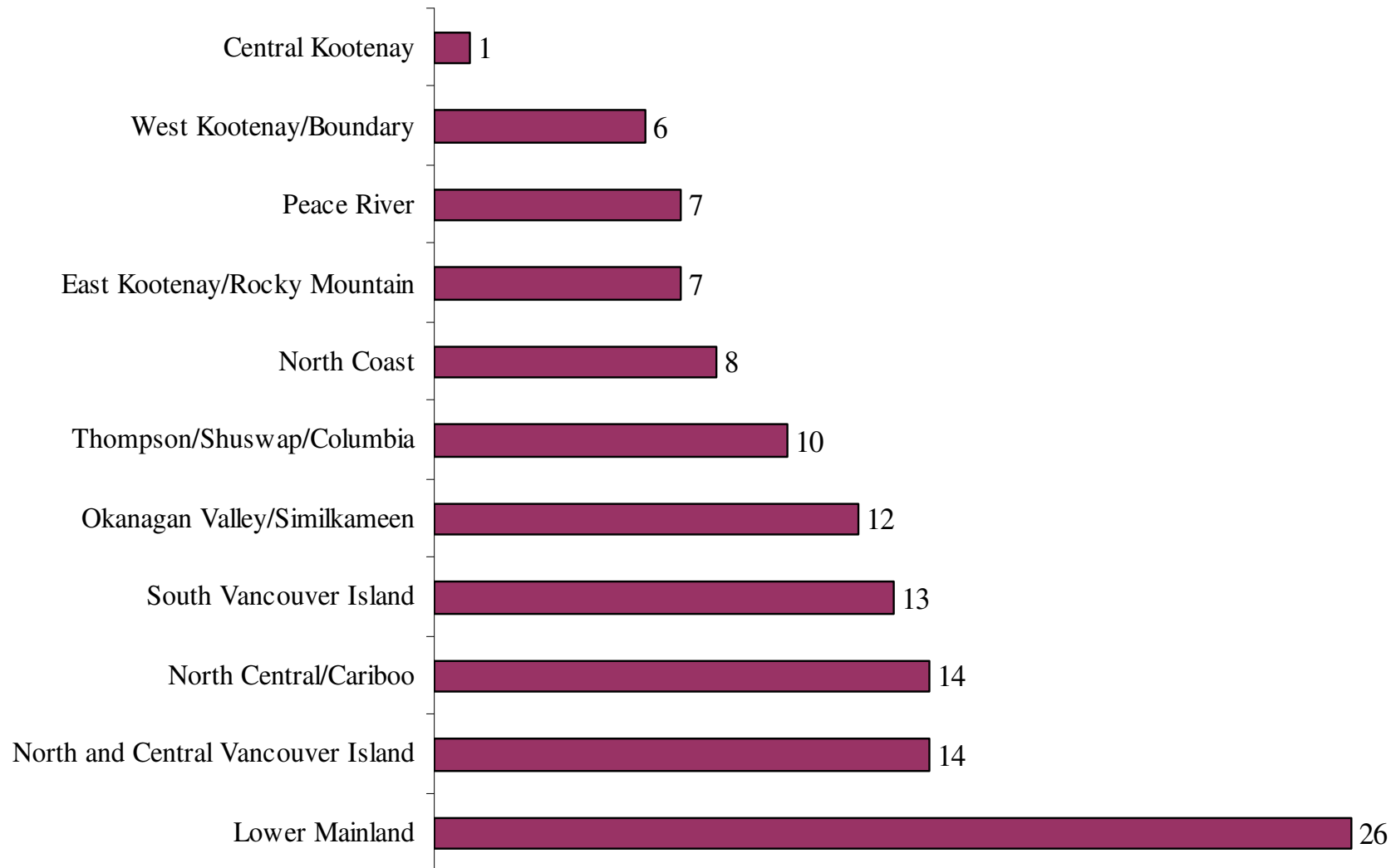
(2008 Ontario survey: 198 responses)

Who responded?

■ Population:

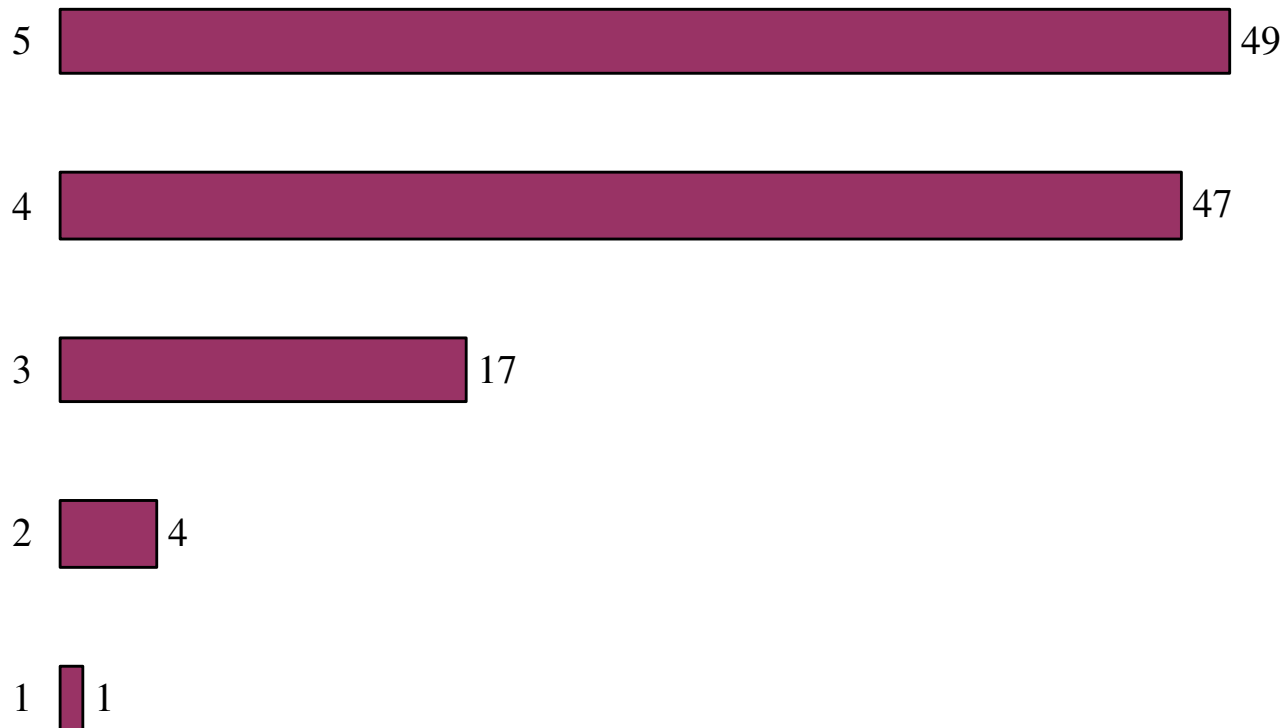


Who responded?



To what extent are you familiar with PSAB's changes to accounting for tangible capital assets?

[1 = not familiar, 5 = very familiar]



Familiarity with PSAB changes

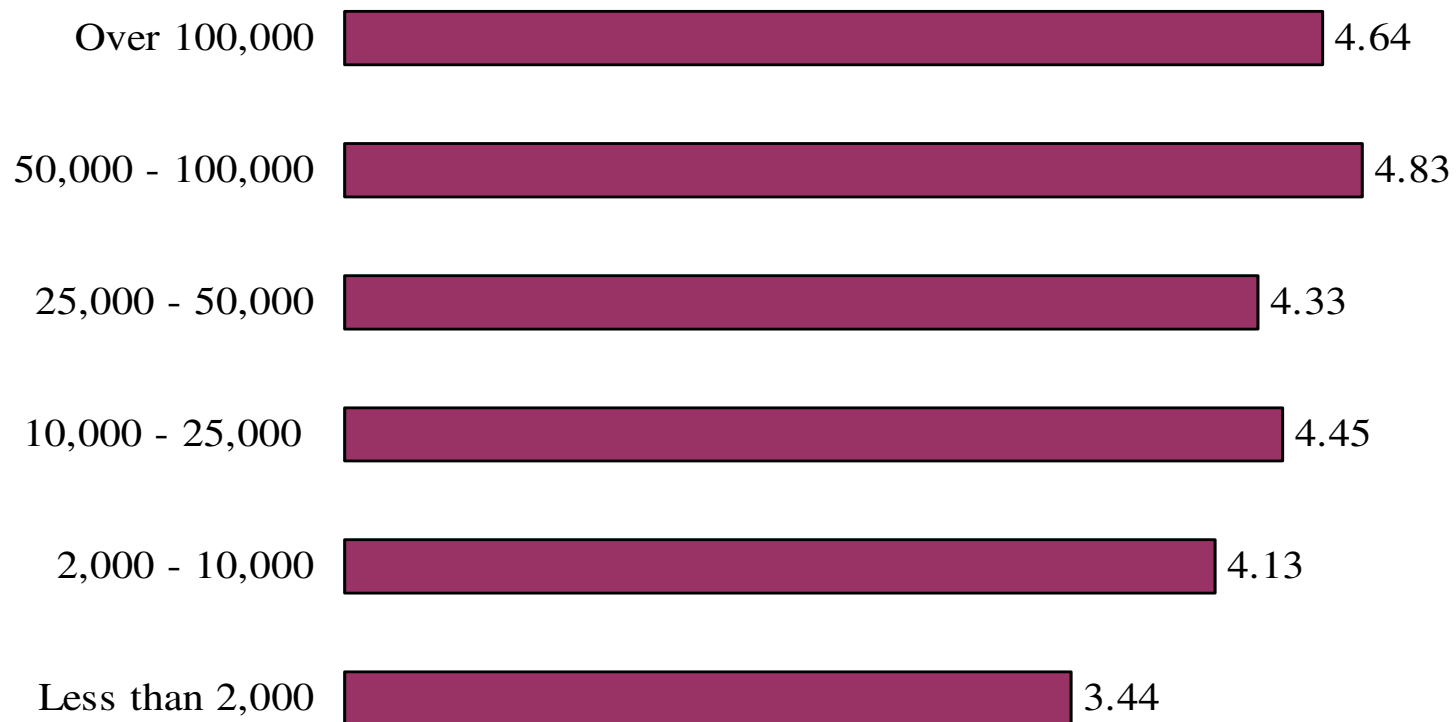
- 82% are fairly or very familiar
 - only 39% in 2006

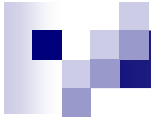
- only 4% are not at all or slightly familiar
 - 24% in 2006

- Average familiarity rating is 4.18.
 - this number is lower for smaller organizations
 - B.C. was 3.21 in 2006
 - 2008 Ontario survey: 4.13

Familiarity with PSAB changes

- by organization size:

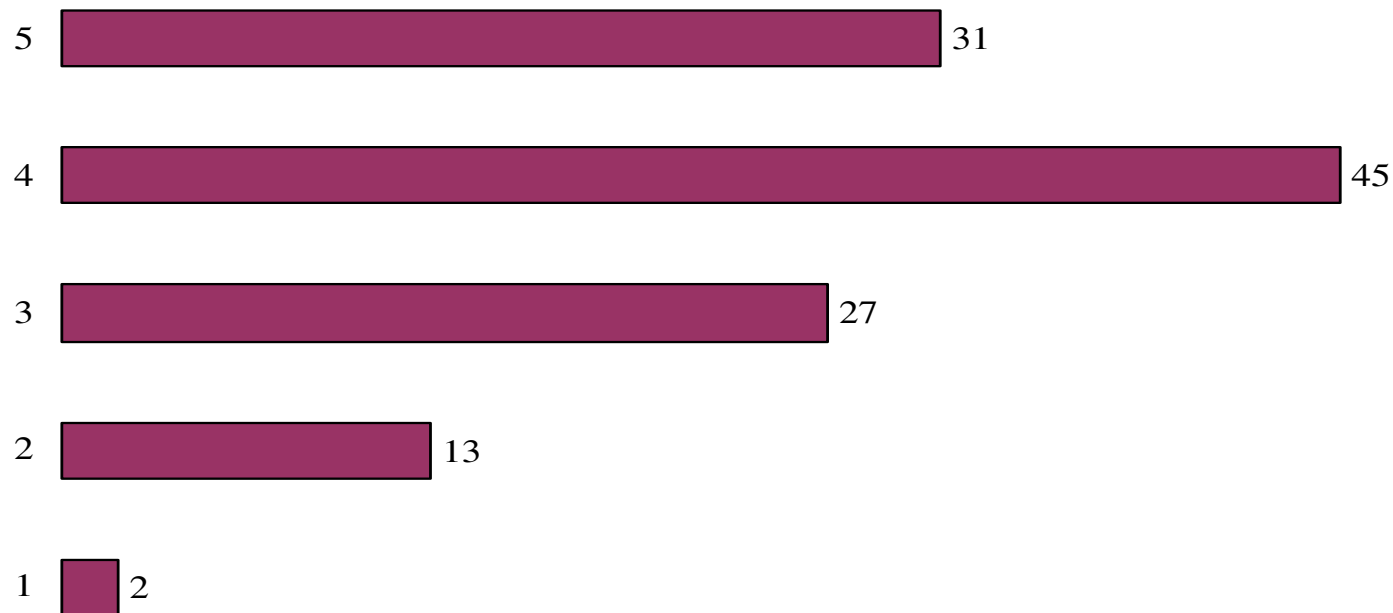




Project Communication

To what extent has there been discussion of the need to get ready? [1 = no discussion, 5 = extensive discussion]

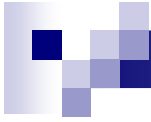
1. With the senior management team:



Project Communication

With senior management team:

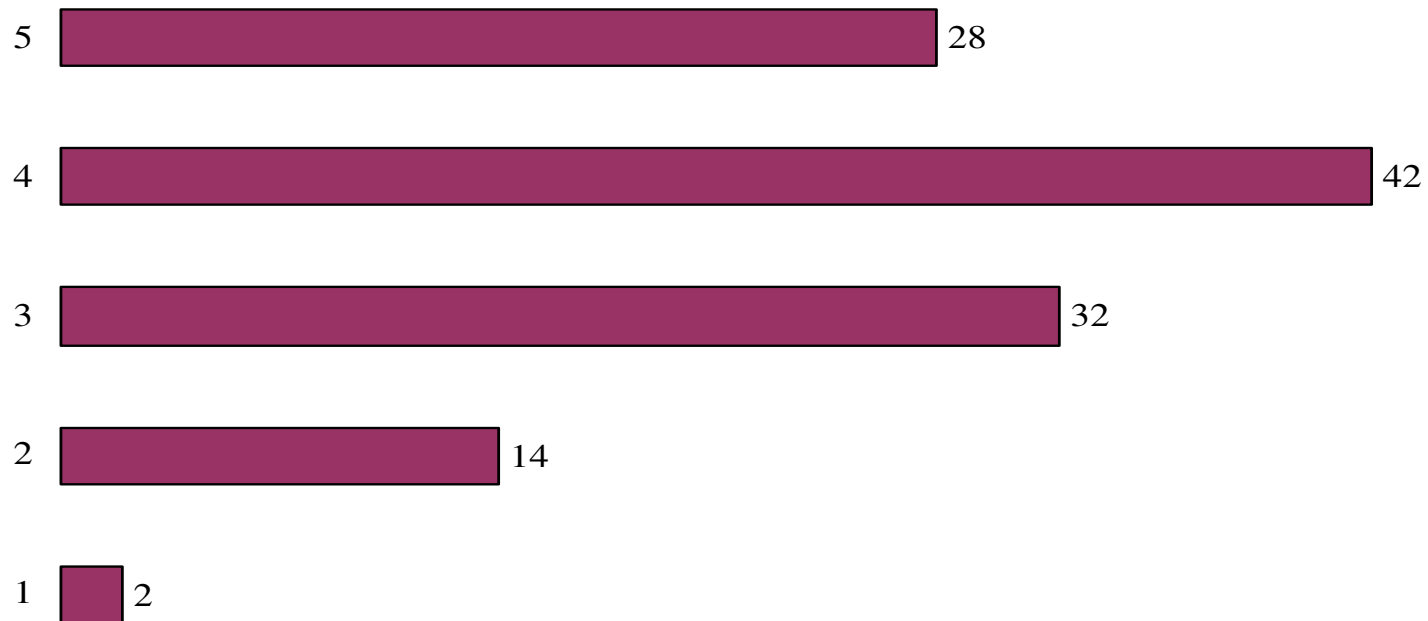
- 64% have had high levels of discussion with senior management.
- only 13% have had a low level of discussion.
- Ontario is slightly ahead of us:
 - High level: 73%
 - Low level: 9%



Project Communication

To what extent has there been discussion of the need to get ready? [1 = no discussion, 5 = extensive discussion]

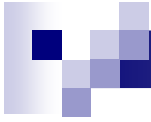
2. With the auditors:



Project Communication

With auditors:

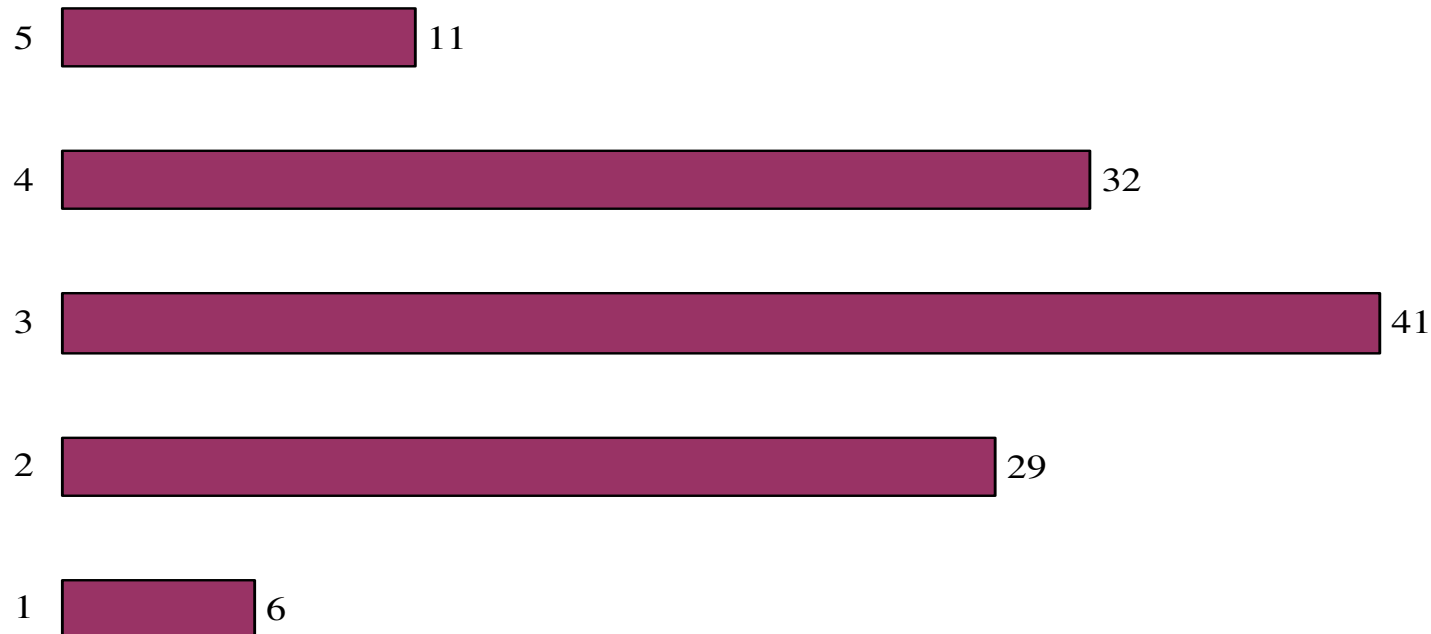
- 60% have had high levels of discussion with their auditors.
- only 14% have had a low level of discussion.
- Ontario is slightly ahead of us here too:
 - High level: 66%
 - Low level: 13%



Project Communication

To what extent has there been discussion of the need to get ready? [1 = no discussion, 5 = extensive discussion]

3. With municipal Council/Regional District Board:



Project Communication

With municipal Council/Regional District Board:

- Only 36% have had high levels of discussion with their Council/Board.
 - (Ontario: 44%)

- Only 43% have submitted a written report to Council on the resources required to comply with the new rules.
 - This is much higher than in 2006, but still less than half!
 - Ontario = 61%

- Given the timeframe, and the difficulty in acquiring resources, **THIS SHOULD RECEIVE PRIORITY!**
 - There are good examples out there.

Project Communication

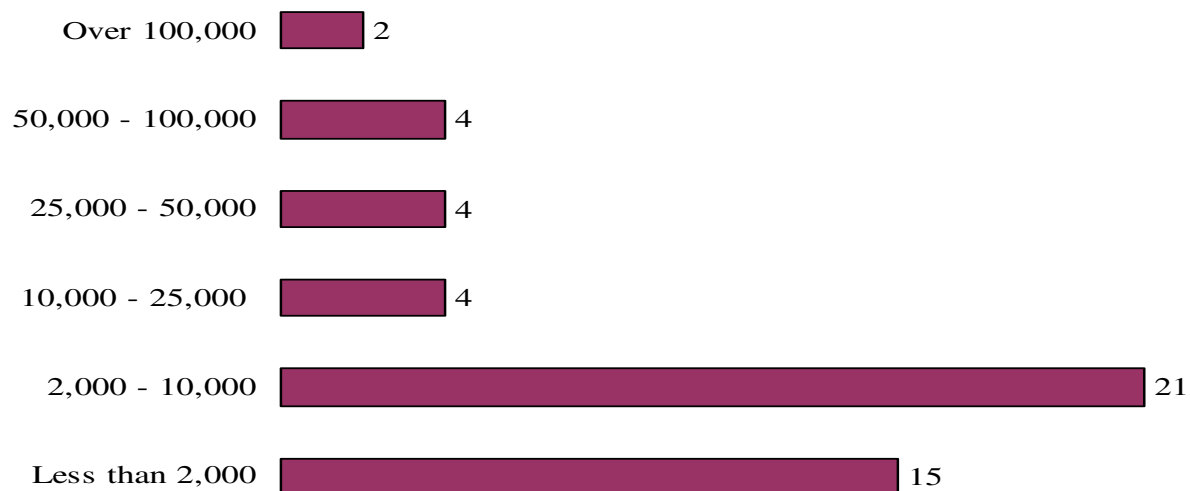
Are you working with other municipalities on the PSAB TCA project?



- 57% of respondents are collaborating with others.
- What does collaboration mean?
 - Info-sharing meetings?
 - Sharing consultants/staff?

Project Communication

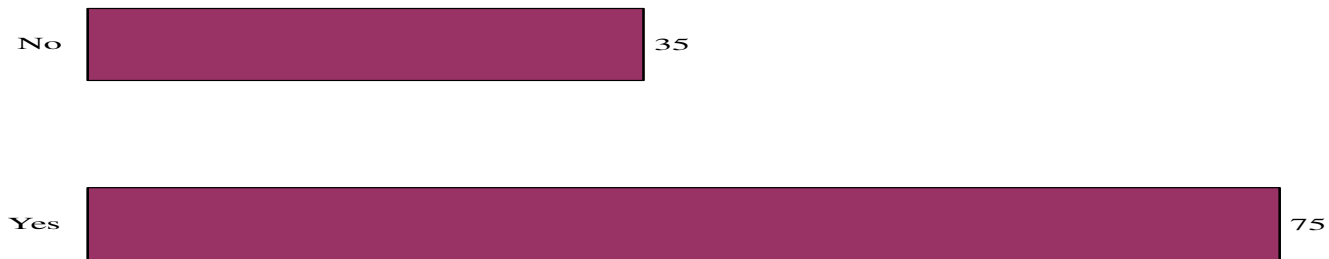
■ Who is not collaborating?



- A disproportionate number are smaller communities.
- Likely geographic and resource challenges.

Project Funding

- Has additional funding been allocated?

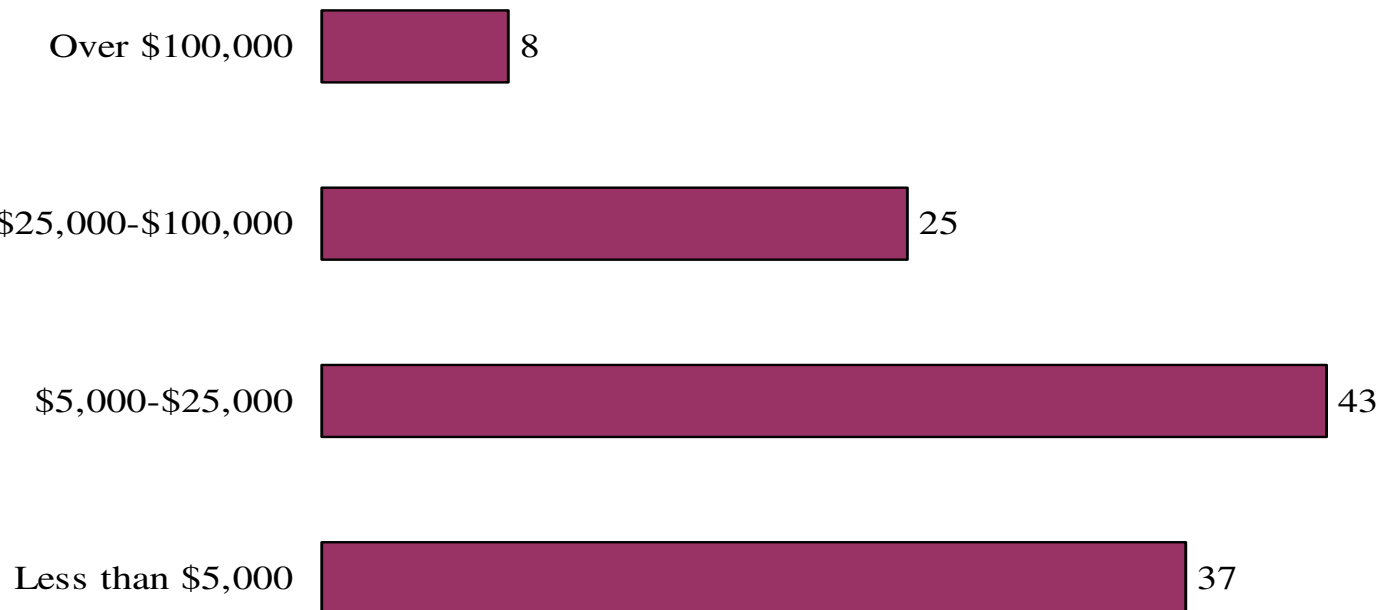


- 68% of respondents have already allocated funding for this project.
- Based on the next question, the majority of the “No’s” expect to allocate funding later.

Project Funding

Estimate the amount of resources expected to be allocated to implementation in total:

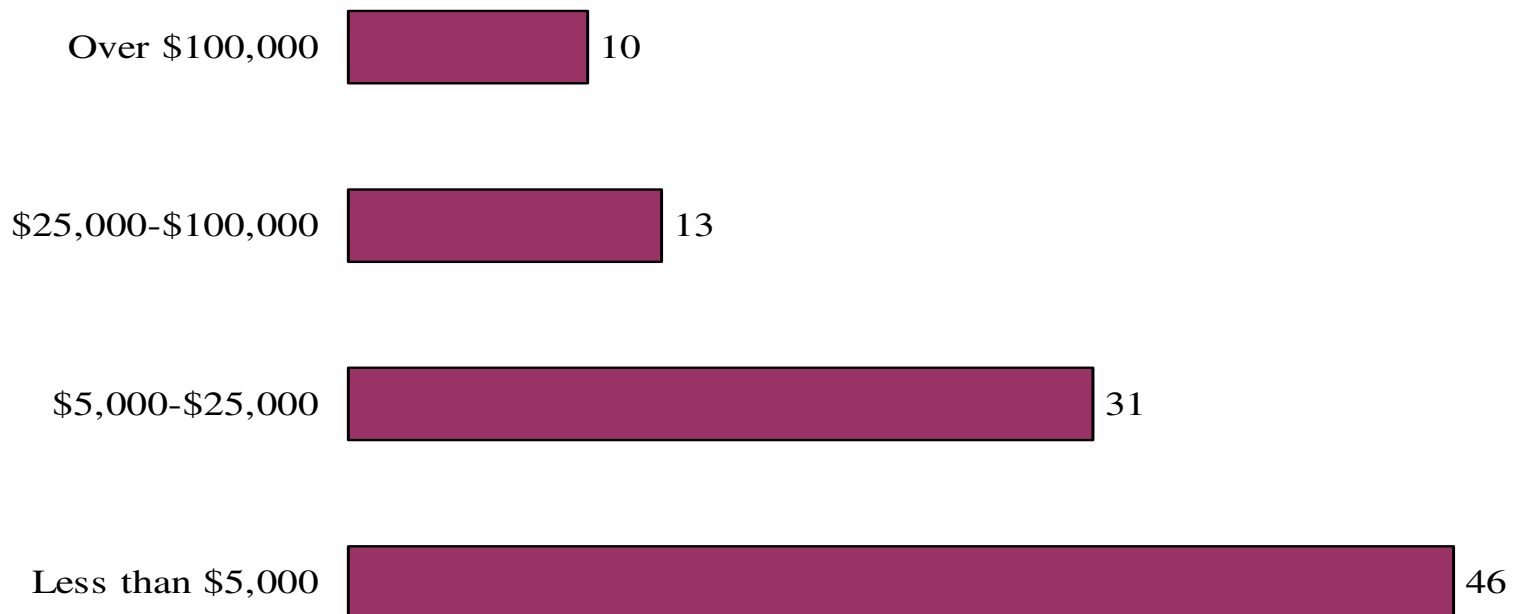
- Staffing:



Project Funding

Estimate the amount of resources expected to be allocated to implementation in total:

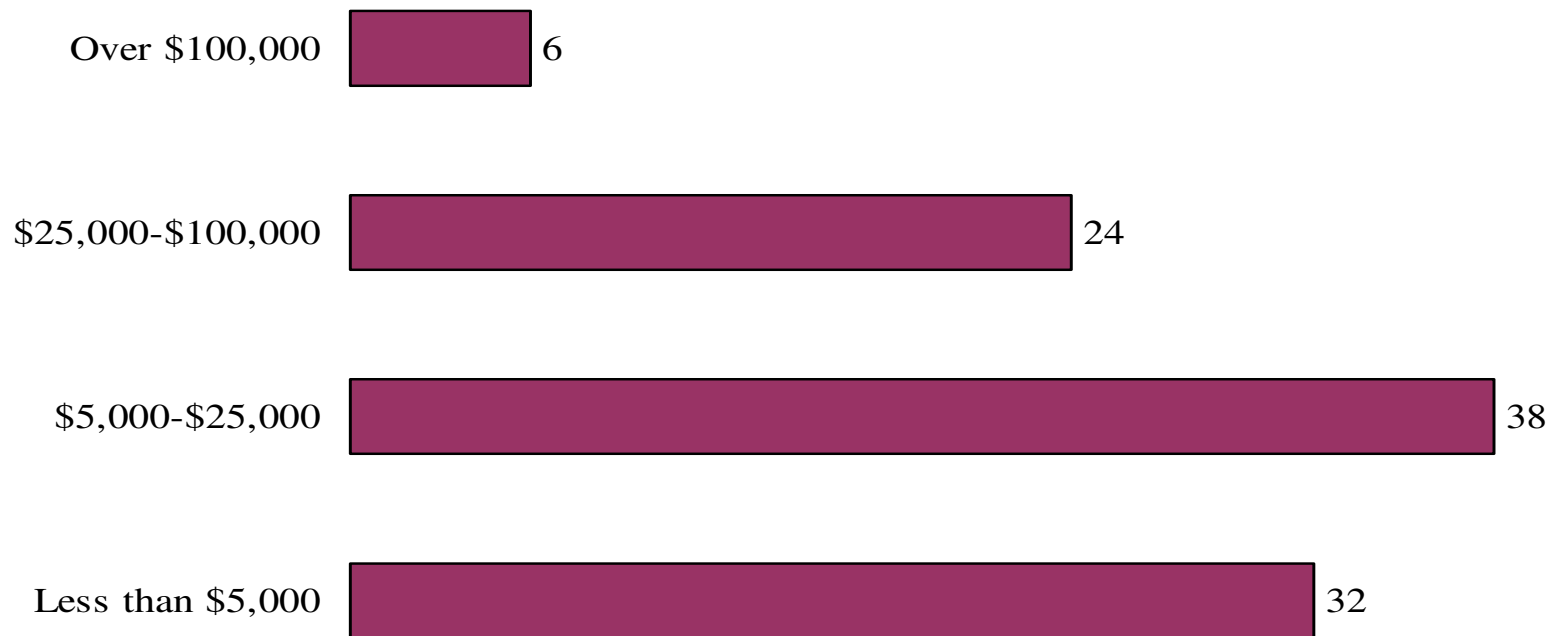
- Information Technology:



Project Funding

Estimate the amount of resources expected to be allocated to implementation in total:

- Consultants:



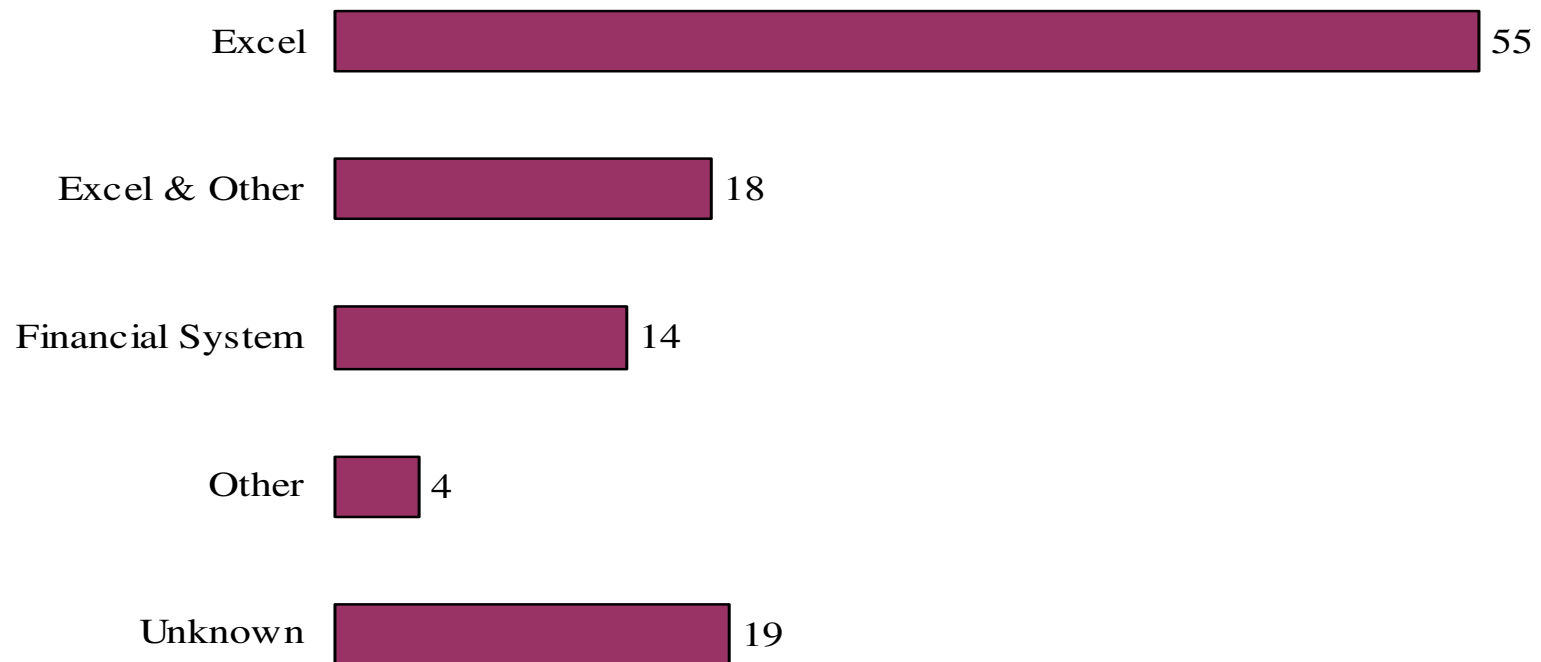
Project Funding

- Expected spending very much dependent on size of local government.
 - most orgs. over 50,000 expect to spend well over \$100K.
 - those that aren't already have IT solutions in place.
 - orgs. between 25-50,000 expect to spend approx. \$100K.
 - most orgs. under 2,000 expect to spend less than \$10K.
 - 46% of respondents expect to spend less than \$5K on I.T.



Information Technology

What I.T. solution(s) is the municipality using (or planning to use) to come up with opening balances for TCA?

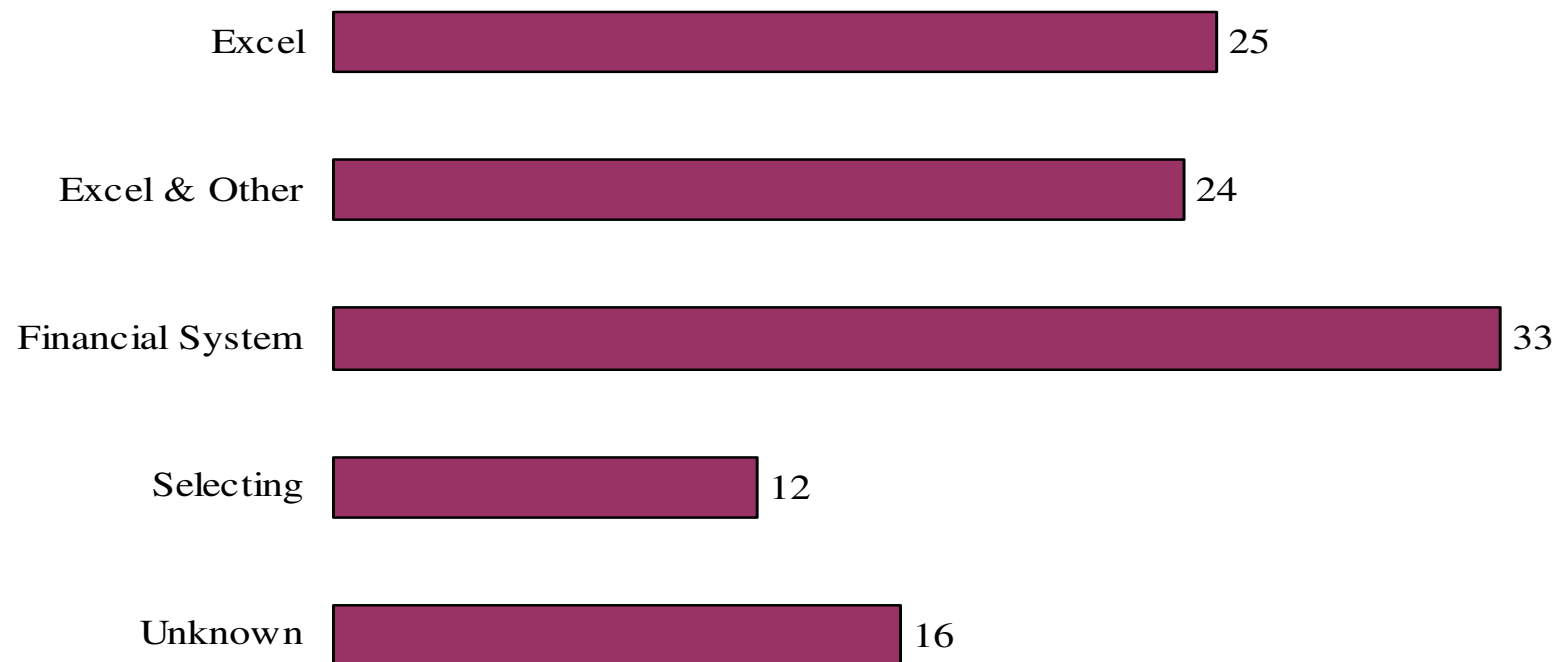


Information Technology

- Spreadsheets are the overwhelming choice for compiling opening balances.
 - 60% of those who have decided will be using spreadsheets exclusively.
 - 80% will be using spreadsheets in conjunction with other tools.
 - only 15% will be using their financial system.

Information Technology

What I.T. solution(s) are you planning to use to track additions to TCA on an ongoing basis in 2009 and beyond?



Information Technology

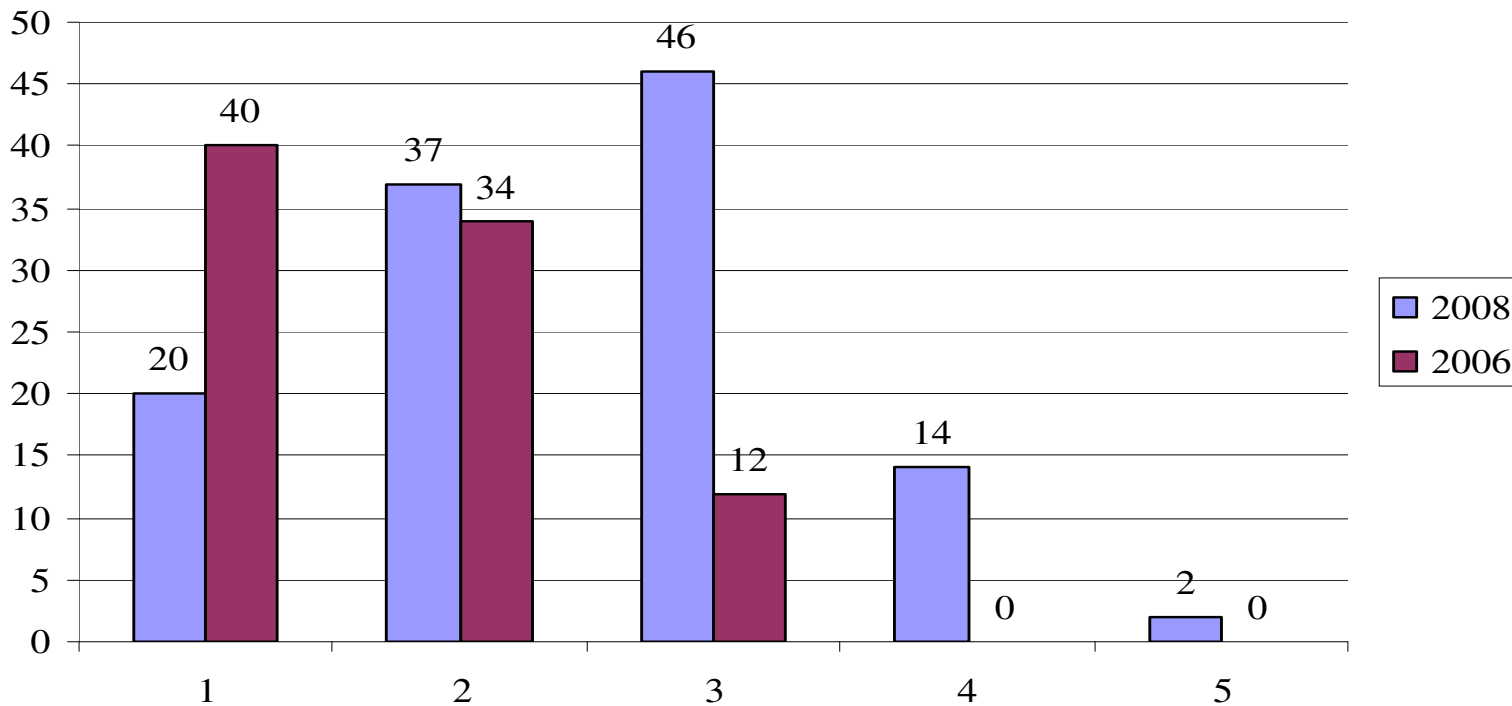
- Financial Systems are more popular for ongoing tracking after 2009.
 - 35% of those who have decided will be using their financial systems.
 - an additional 13% are still selecting, and will likely use financial systems as well.
 - 27% are planning to use spreadsheets exclusively.
 - 26% are planning to use spreadsheets in conjunction with other solutions.

- 52% of those who have decided will be using the same solution for both opening balances and ongoing tracking.
 - 48% will be using different tools for the 2 tasks.

Project Readiness

In general terms, to what extent is your municipality ready for TCA accounting?

[1 = not ready, 5 = very ready]



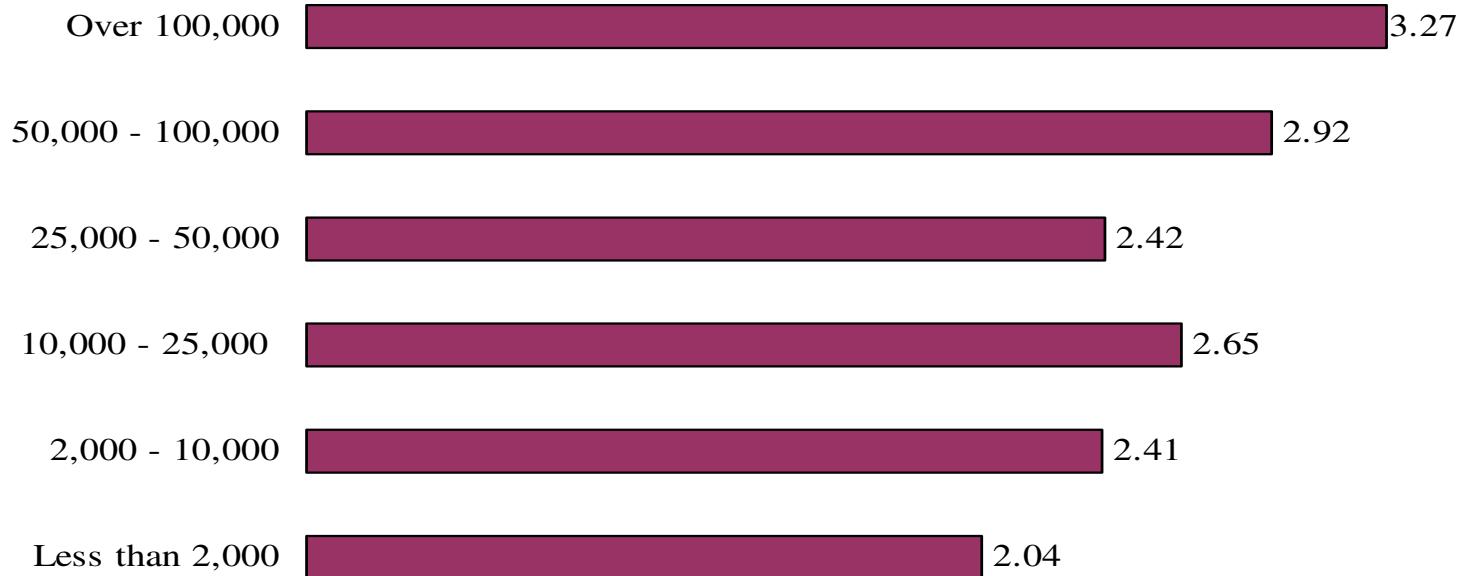
Project Readiness

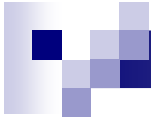
- Although much progress has been made, there is still a long way to go.
 - in 2006, 86% of respondents were at 1 or 2.
 - in 2008, only 48% are still at 1 or 2.
 - most (52%) are half way or beyond.
 - Ontario is slightly ahead – 59% at 3 or higher.

- “average” readiness is 2.5 – exactly halfway?
 - Ontario average is 2.69.

Project Readiness

- Readiness for TCA is highly correlated to local government size.
 - Smaller govts. are having a harder time.
 - average ratings by population:

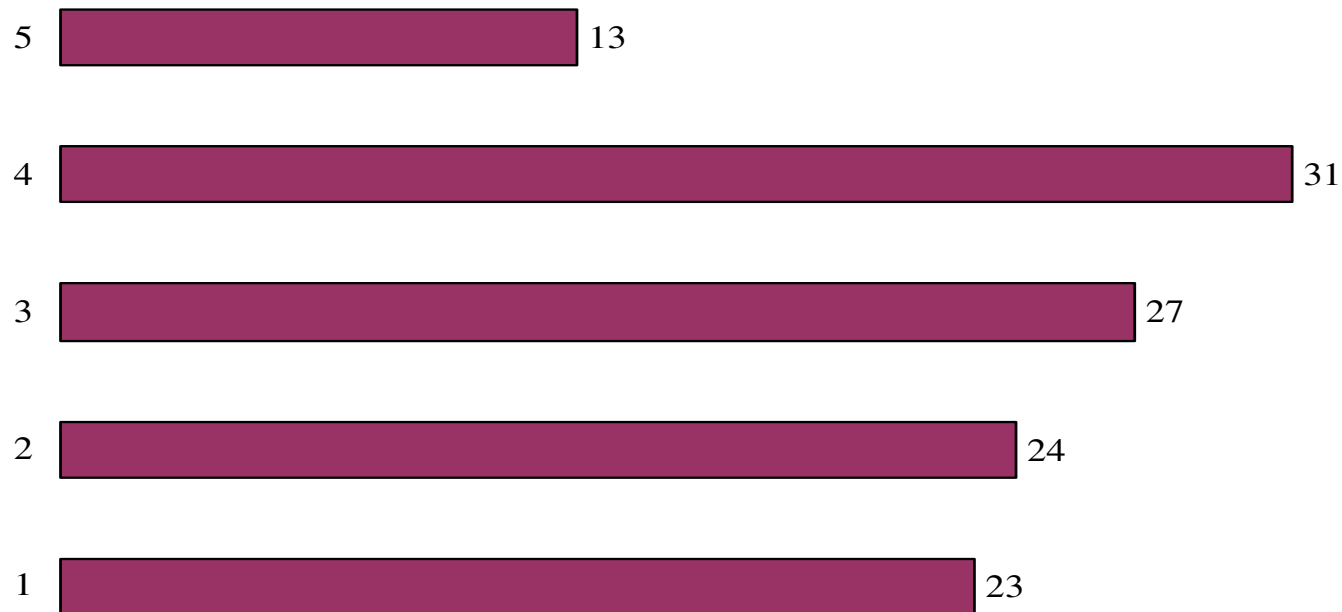




Project Readiness

In more specific terms, to what extent has your local gov't. completed each of the following elements of the TCA project? [1 = not started, 5 = fully completed]

1. Accounting Policies:

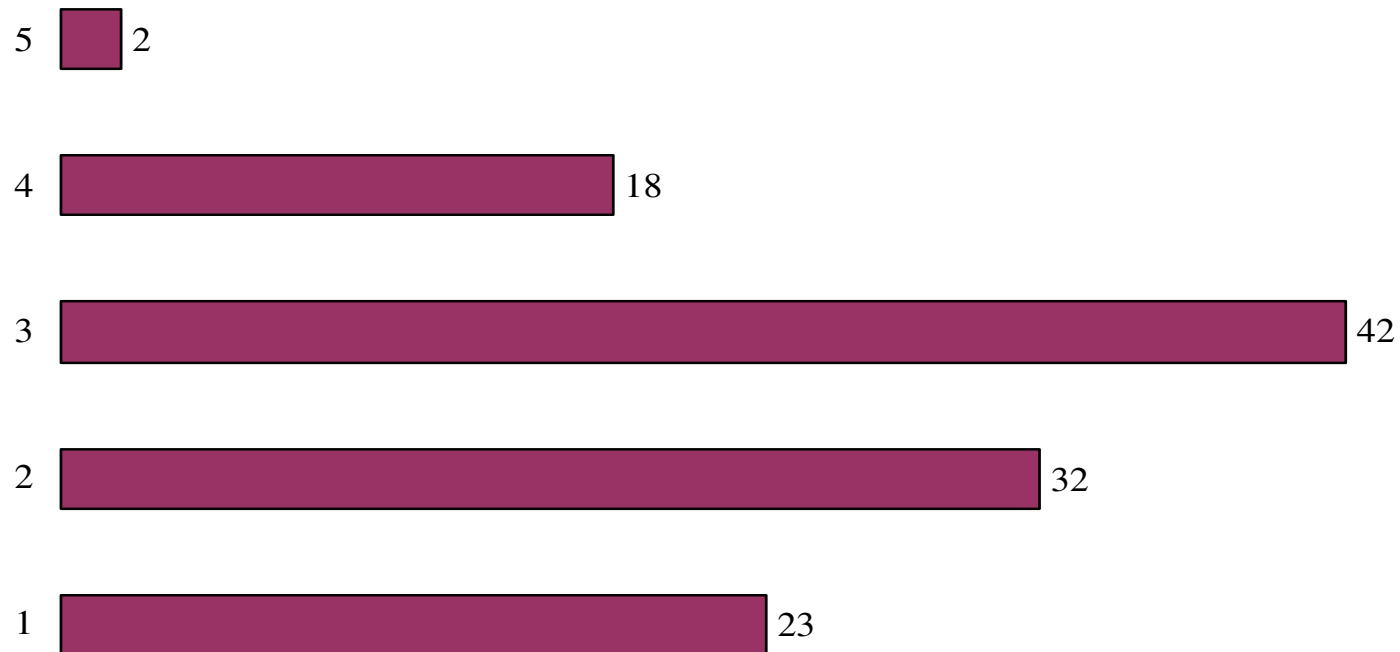




Project Readiness

In more specific terms, to what extent has your local gov't. completed each of the following elements of the TCA project? [1 = not started, 5 = fully completed]

2. Inventory of Assets:

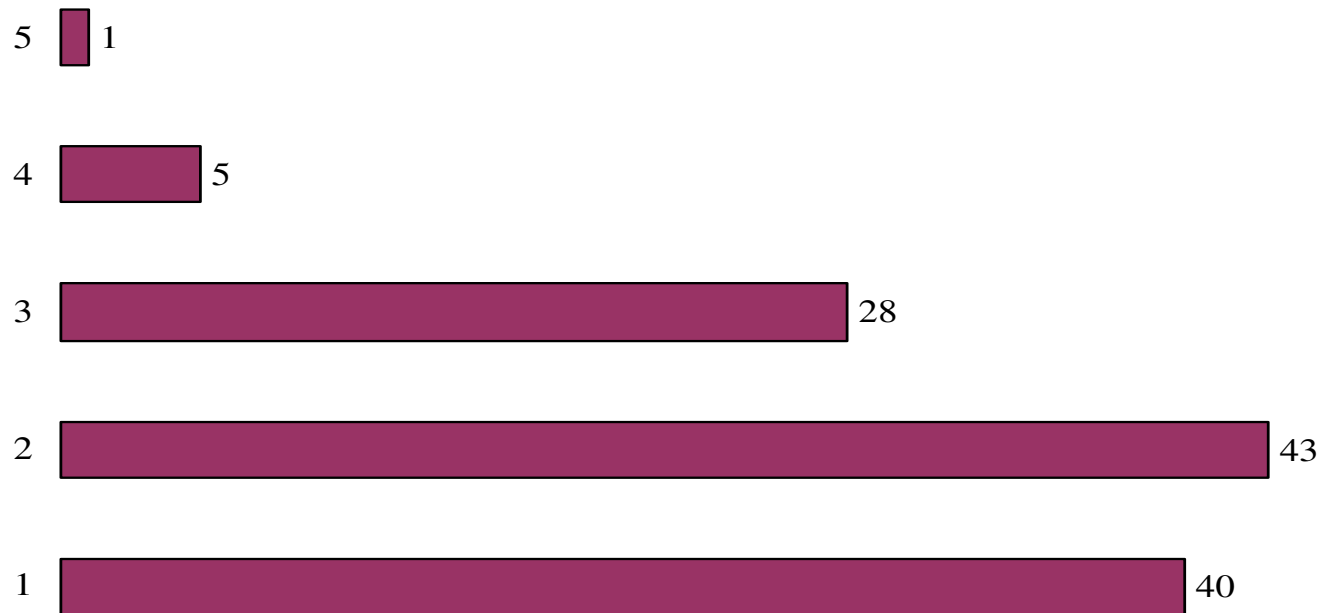




Project Readiness

In more specific terms, to what extent has your local gov't. completed each of the following elements of the TCA project? [1 = not started, 5 = fully completed]

3. Valuation of Assets:

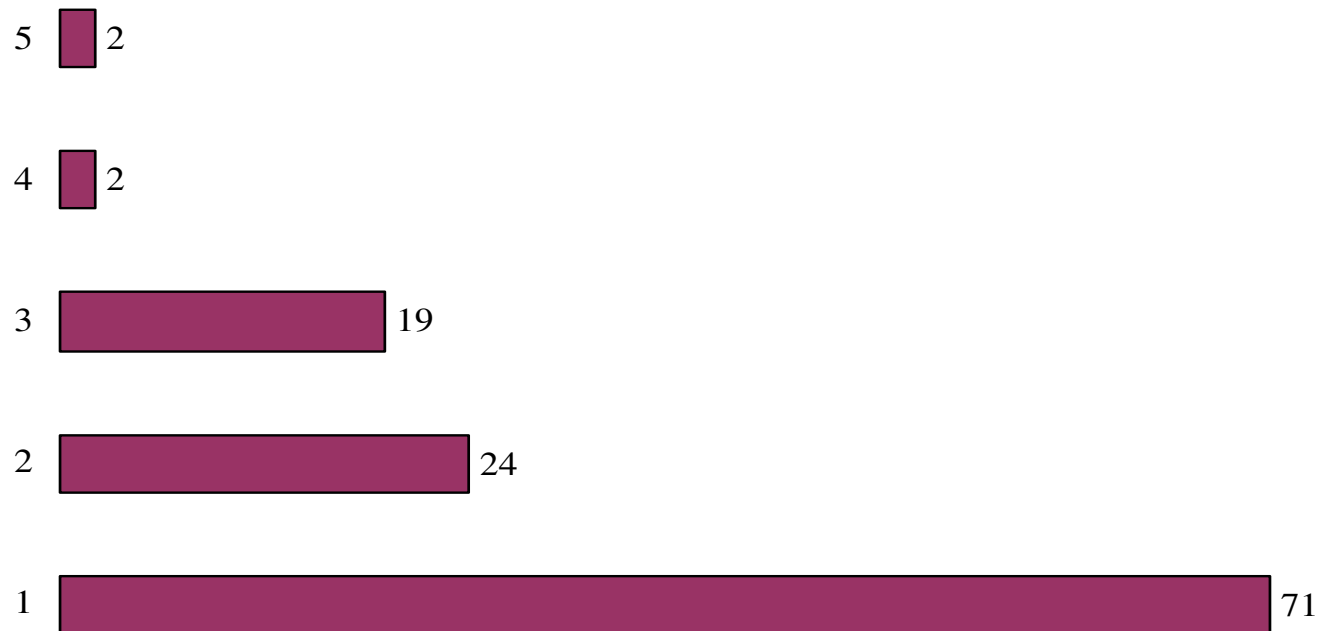


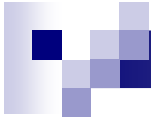


Project Readiness

In more specific terms, to what extent has your local gov't. completed each of the following elements of the TCA project? [1 = not started, 5 = fully completed]

4. Amortization of Assets:





Project Readiness

In more specific terms, to what extent has your local gov't. completed each of the following elements of the TCA project? [1 = not started, 5 = fully completed]

5. Final Project Report:



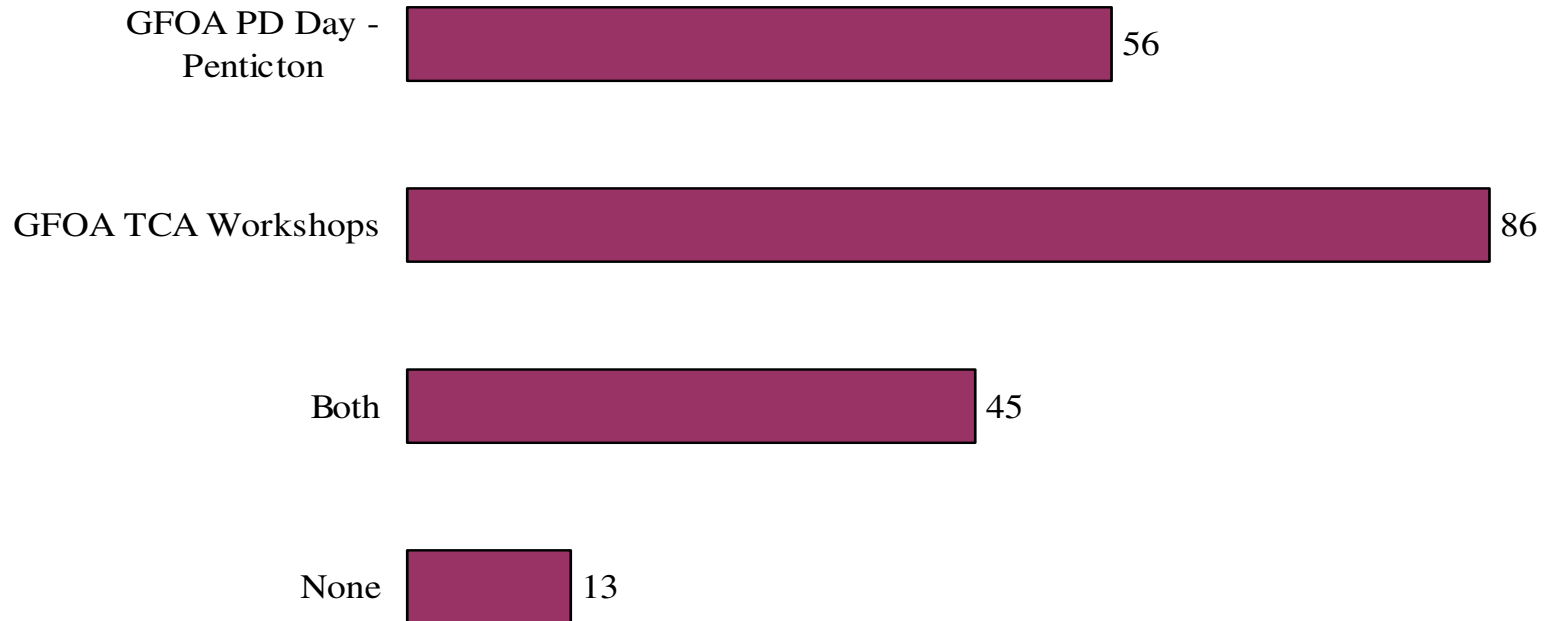
Project Readiness

- Most people seem to be well on their way on Accounting Policies, with 60% at 3 or higher.
- Only 53% are at 3 or higher on Inventory.
- 71% are at 1 or 2 for Valuation of Assets.
- 80% are at 1 or 2 for Amortization.
- It is difficult to say for certain whether Valuation and Amortization are problematic, or whether it is just too early in the process.
 - Open-ended comments seem to indicate that these areas are problematic to many.
- B.C. and Ontario project readiness are almost identical.



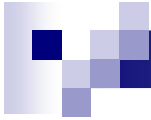
PSAB Training

What PSAB training have you or your staff attended?



PSAB Training

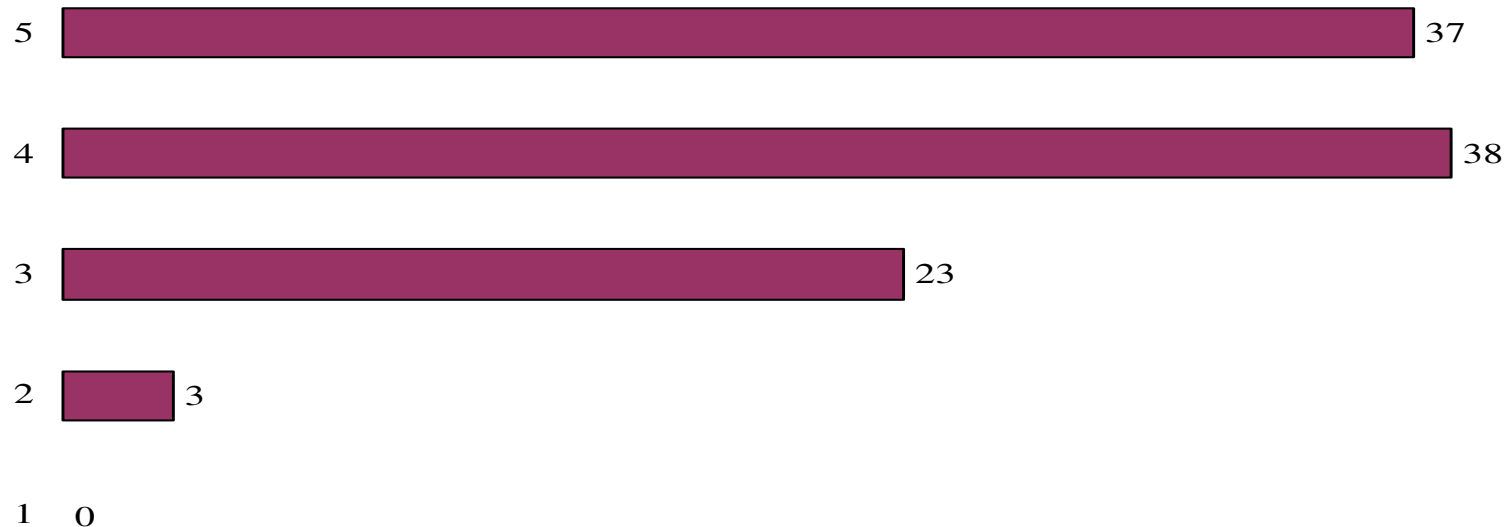
- The vast majority of respondents have taken some of the training offered through GFOA.
- Of the 13 respondents who have not taken any training, 10 are less than 2,000 population, other 3 are in 2,000-10,000 range.
- Other training opportunities pursued include:
 - Regional working group meetings
 - BCIT seminars
 - Auditor-hosted sessions
 - GFOA Boot Camp
 - On-line resources



PSAB Training

How useful have you found the GFOABC training?

[1 = not useful, 5 = very useful]



- The vast majority of respondents have found the training to be very useful.

TCA Challenges

What are the main challenges that you are facing or anticipate?

- A long list of common (and expected) challenges.
- 2 main challenges clearly emerge from responses:
 - **TIME**
 - **RESOURCES**
- Many, especially but not only smaller organizations, are finding it difficult to fit this into already demanding workloads.
- Resources – staff and financial – are also difficult to obtain.

TCA Challenges

Long list of common challenges:

■ Project components:

- Inventory, valuation, depreciation, policy

■ Organizational:

- Council, CAO, Engineering Depts.,
- Alignment of interests & objectives
- Coordination & communication

TCA Challenges

Long list of common challenges:

- **Change management:**
 - Finding right accounting/asset management systems
 - Change in budgeting practices
 - Working with between auditors
- These challenges are very much in line with 2006 B.C. survey, and also with recent Ontario survey.
- **YOU'RE NOT ALONE!**

Support

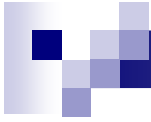
What additional forms of support are you looking for?

- 3 main themes:
 - Additional guidelines
 - Additional resources
 - Support from Ministry

Comments

We would welcome any further information that you feel would be helpful to us.

- Some original and relevant comments:
 - Let's not drop TCA concerns too quickly at GFOA. Concerned with the "Beyond TCA" theme – we are definitely not beyond it yet.
 - Thought we were rolling along pretty good a year or so ago, but with everything we have to do we can see it will be difficult to meet the required timeline.
 - GFOA Alberta website has very informative package (gfoa.ab.ca)
 - The KISS Principle works well (Keep It Simple, Stupid)



Thank you for your valuable input!

It will help GFOA B.C. to focus our efforts
to better assist and support you.