



InnPower Corporation Business Process Review

Current State Report

Presented by: MNP LLP

Date: December XX, 2019

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Purpose of the current state assessment

This report presents the current state of 36 InnPower processes under review as part of the Business Process Review project. InnPower undertook this project to review its Finance, Accounting and related processes, make recommendations for improvements and efficiencies, and put in place an action plan to address findings.

InnServices Utilities Inc. (InnServices) was created as an independent business unit in January, 2016, previously existing as an integrated service offering under the Town of Innisfil. The independent entity was created with a shared services agreement that governs the intercompany transactions and shared services between 3 related entities:

- InnServices Utilities Inc.
- InnPower Corporation
- Town of Innisfil

Through its growth as an independent entity, InnPower operations have remained relatively unchanged. It is anticipated results and outputs of this project will provide a basis for change. Results of this phase of the project, will provide important evidence and information for the next phase of the project, which is to confirm enhancements and efficiencies within the individual processes reviewed. Importantly, and to provide the senior executive team with additional perspectives, this report captures opportunities that are broader in scope, based on an analysis of all of the individual processes.

The inventory of processes was determined through an initial review with the Finance team at the outset of the project. In all, 36 processes formed the inventory to be reviewed. As the project got underway, it seemed appropriate to "bundle" processes where there was a community of interest and/or synergy of functions, which in turn allowed for key contributors to come together during the working sessions.

This current state report presents the 36 processes identified by InnPower. The processes are grouped into bundles based on similarities across processes. The process bundles are:

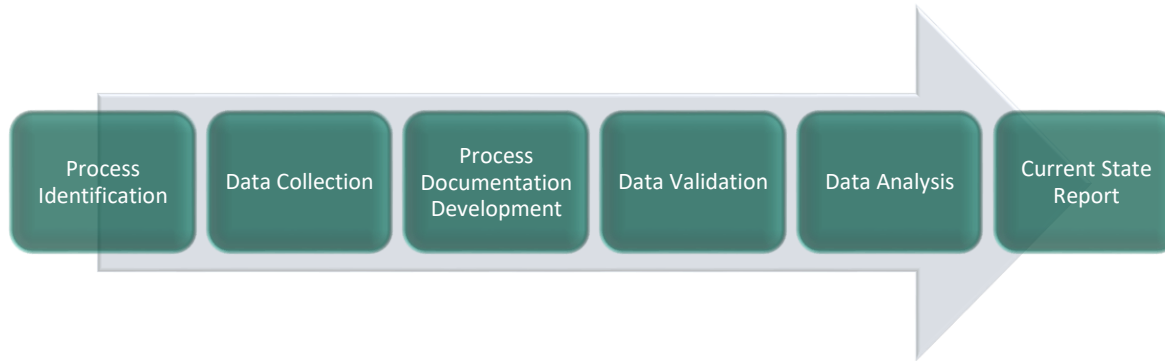
1. Finance and Accounting – the processes in this bundle are conducted by the finance and accounting area.
2. Cross Department – Some processes, and recommended process changes, impact multiple departments within InnPower. Note that these processes changes have been identified in each department which would be impacted by the change.

For each of the processes, all available documentation was gathered, including any existing process documentation, in order to prepare a summary for review during the development of the "as is" process documentation. The output of this work forms the bulk of this report.

Approach

An initial review of the processes was undertaken to develop preliminary data sheets for each process. The processes were then reviewed with representative groups from InnPower through a series of workshops as part of a data collection phase. The output of these workshops resulted in the refinement of the data sheets and enabled the development of process maps for the processes. Finally each data sheet was reviewed with the representative groups for validation of the information contained within the sheets and the process maps. The validated data was then analyzed to identify key issues, impacts and opportunities for change.

The graphic below shows the high-level flow of the approach taken in the development of the current state report.



List of Processes and Bundles

Finance and Accounting

- Accounts Receivable
- Account Reconciliation
- Purchase Orders
- Accounts Payable
- Capital Asset Transactions
- Economic Evaluations
- Procurement for Field Services
- Maintenance Tracking
- Inventory Counts
- Job WIP
- Financial Statements
- Intercompany Reconciliation
- Regulatory Account Reconciliation
- Closing Capital Jobs

Overall assessment

The current state assessment revealed that while there are some concerns with the processes being sub-optimal, there are no “show stoppers” impeding existing InnPower operations. However, the operations within InnPower may be at a limit in terms of capacity and resources. The manual activities within processes coupled with a lack of tools is impacting process efficiency. The existing redundancy within existing processes, and lack of clarity in process ownership has resulted in independent process documentation and distribution, which offers improved process definition, but has not been readily adopted by all impacted areas of the organization.

In addition, and as a result of consistent themes arising during the review and discussions, a number of broader findings were identified that the review team felt would be of interest to the senior management team. They have been classified into six subject headings. For each heading a couple of examples have been provided. The complete list of findings are documented within each process package.

Culture – Culture represents the behavioural aspects and practices embedded within all operations in the organization. As InnPower has grown, the cultural shift to an independent organization has not kept pace. Behaviours and practices that may have been possible in a smaller division of a larger organization can no longer be sustained.

Examples of cultural issues include:

- Tendency to print and file all documentation deemed to be important, although is documentation is also available in the digital document management system, the ERP system, and on the internal network.
- Reliance on AP clerks to manage tasks that could be managed (with less overall effort and issue) by individual departments.
- There is a heavy burden on the financial analysts to rely on manual processes – whereas they could spend more time on analysis

Communication – Communication is another issue that cuts across the organization. Like culture, the communication within the organization has not changed to meet the needs generated by growth. The change in operational elements within InnPower has resulted in a number of redundant and/or inconsistent activities. However, the communications across these parallel activities continues to remain informal resulting in occasional misalignment or collisions between activities.

Examples of communication issues include:

- The need for multiple steps in the Accounts Receivable process – from billing to issuing customer statements and the lack of communication between the ERP system and the billing system

Overall assessment (continued)

Information Management - As operations cut across departments in InnPower, the flow of information needs to be seamless. However, the current state assessment reveals that the gaps in information flow between work groups results in sub-optimal execution of processes.

Examples of information management issues include:

- Security measures can be put in place to manage manual aspects of securing information. This relates to certain approval processes in the workflow as well as with Capital Asset transactions

Knowledge Management – A key aspect of growth within an organization the inherent operational knowledge and the risk of the loss of the knowledge when key personnel leave the organization. This is amplified when the operational processes and policies are not well documented within an organization.

Examples of knowledge management issues include:

- Currently only a limited number of people at InnPower have knowledge of how to navigate the procurement process and are relied upon by other areas of the organization to conduct procurement activities.
- Recently, individuals have taken on additional responsibilities and other functions have shifted without formal documentation

Business Rules and Protocols – There are a number of policies and operational procedures that are documented within InnPower, however over time these operations have either changed making the written rules and protocols outdated, or there is a lack of awareness within the organization resulting in rules and protocols not being followed appropriately.

Examples of issues in business rules and protocols include:

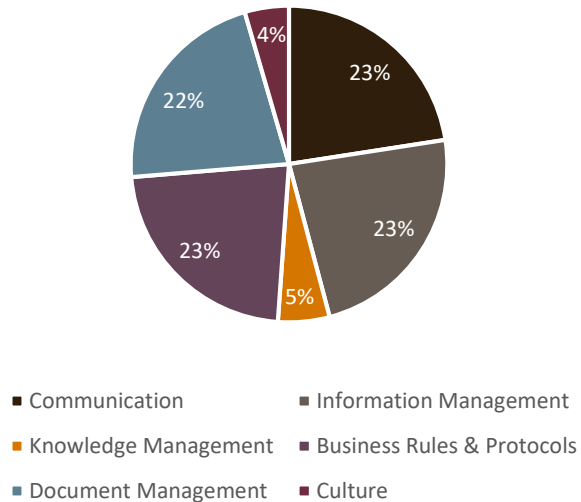
- The calculation of interest on security deposits and finance charges and how often they are applied to accounts
- Maintenance for Building and vehicles are maintained separately from a standardized system

Document Management – The final area relates to the use of paper based documents within InnPower. The use of paper documents provides opportunities for optimization through either digitization or validating the need of the documents in the process.

Examples of document issues include:

- The purchase and payment approval processes are managed both in the ERP and on paper, with file backups happening both manually, as well as in the online document management tool. Many paper records are redundant, while consistent printing, scanning, and filing is time consuming.
- Bank reconciliations are still done on a manual basis

Findings by issue category



The data for this chart was calculated from the key findings table that accompanies each process deck in the appendices. Each key finding was mapped against the key issues and aggregated to develop the graphic.

The analysis of key findings across the processes mapped against the issue categories. This provides an aggregate indicator of how the key issues distribute across the various process.

Information Management and Business Rules and Protocols, emerge as the categories with the highest number of issues. *Communication*, and *Document Management* are salient as well. This provides an indicator to where the future state process design should focus some effort. The frequency of issues across these categories also serves as an indicator for where some the inefficiencies may occur in other processes.

Knowledge Management appears to indicate the low degree of issues across the processes; that said, overcoming these hurdles in an organization is critical to minimize major operational disruption.

The majority of *Culture* related issues will be indirectly addressed through the implementation of process recommendations in other areas.

The next page shows the breakdown of issues by process bundle.

Findings by process bundle (1 of 2)

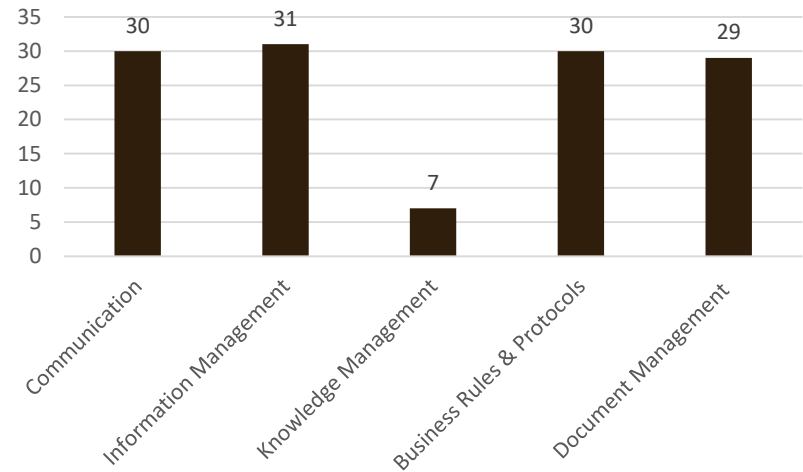
Assessing the issues against the process bundles reveals the largest issue impacts by bundle. Looking at the information at an aggregate level provides an indication of systemic issues within processes of a similar nature and provides guidance for further review of other processes within InnPower.

In Finance and Accounting, the key areas are Communication, Information Management, Business Rules and Document Management. The findings reveal that in these areas, the process inefficiencies stem from poor information exchange, redundant protocols, and the reliance on paper documents. It should be noted that the overall number of recommended changes in Finance is largely due to the fact that recommendations for change in other departments also have a direct impact on the processes within Finance.

In Finance, the largest area of findings for change are within Information Management. Information is managed via multiple sources – the ERP system, online documents, email, paper binders, file folders, storage,

The next area is Communication. The point to note that the lack of communication is due to system limitations – such as between the billing system and the ERP system as well as with the AP approvals.

Findings by Process Bundle



The data for this chart was calculated from the key findings table that accompanies each process deck in the appendices. For each process bundle, the number of issues related to the bundle were tallied and captured in the graphic.

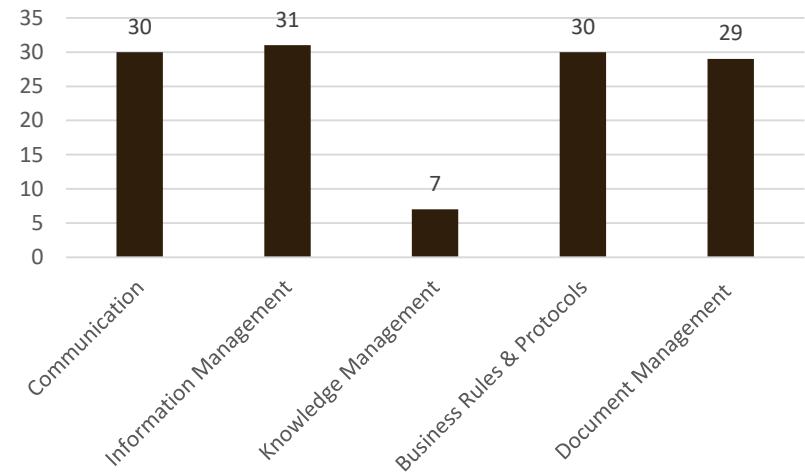
Findings by process bundle (2 of 2)

Business rules and protocols were found to be significant issues in Accounts Payable which is impacted by the Payment Authorization Procedures and in the Capital Asset Transaction Areas.

Document Management changes are required in Accounts receivable, accounts payable and in capital asset management. Manual processes, reconciliations and current processes are heavily reliant upon physical copies of backup, which can produce errors, not only for internal purposes – but even transfer to customer statements.

Process change recommendations which impacted InnPower were identified in Finance and Accounting that would be impacted by the recommended changes. Implementation of these changes will require collaboration and communication between departments and therefore, have generally been noted as requiring a medium or high level of change.

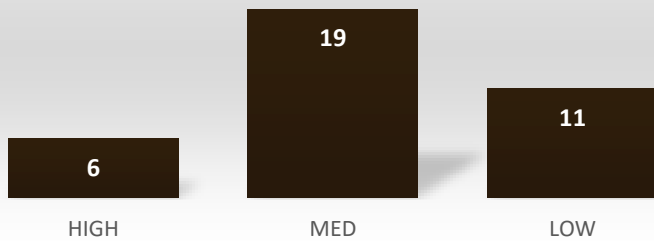
Findings by Process Bundle



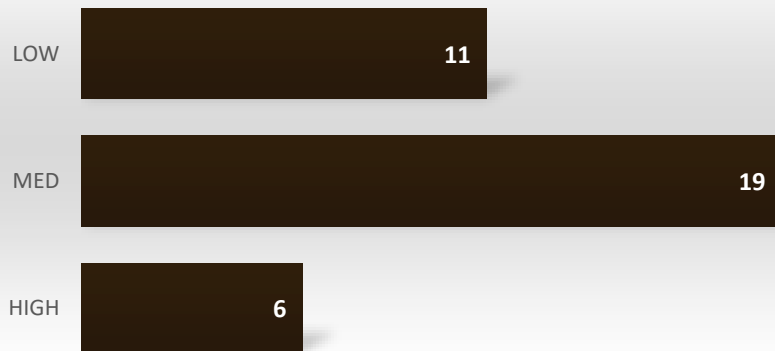
The data for this chart was calculated from the key findings table that accompanies each process deck in the appendices. For each process bundle, the number of issues related to the bundle were tallied and captured in the graphic.

Level of change

Distribution of Level of Change Across Recommendations



Level of Change for Finance



Based on the analysis of the processes, the 36 processes were reviewed for the level of change required within each process. The change was classified in 3 categories – High, Medium, and Low.

- **High** – Processes which require significant process changes or redesign. For example:
 - The introduction of a single system to track billing and receivables or a more regular integration between the two systems
 - Reduction of manual processes requiring a significant amount of resource time and effort
- **Medium** – Processes where limited changes are required to the process activities supported by tools and templates to streamline the process. For example:
 - Using Great Plains to track maintenance of Buildings and Vehicles
- **Low** – Processes which require minor changes or tools and templates to optimize the process. For example:
 - Use Great Plains to reconcile bank accounts.

Of the 36 process recommendations, 6 require a significant amount of change. This is a positive sign for InnPower, as it indicates that of the initial shortlist of processes, less than a quarter require major revision.

The complete list of processes, with level of change and rationale for categorization is presented in Appendix 1.

Summary

InnPower is a critical juncture in its growth path where it requires either a major change to some processes, and/or additional tools and technologies to support other processes. Of the 34 processes reviewed, most recommendations for change have been made, with the majority requiring moderate to low change initiatives to improve overall efficiency.

The current state assessment provides guidance on which processes the next phase (future state design) should address. In addition, the current phase assessment has provided opportunities for improvement across all the processes reviewed. In some instances, the assessment identified best practices already in place within certain areas of the organization – these practices need to be adopted in other areas of InnPower as applicable.

The assessment also provides guidance on where issues may be impacting processes that were not included in the scope of this project. These processes can be assessed and optimized based on the guidance provided through this project.

In the next phase of the project, the processes recommended for further review should be re-designed and an implementation plan developed to optimize the processes.

Appendices

Appendix 1

Process Level of Change

Process Change Recommendation and Rationale - High

Bundle	Process change	Level of Change	Rationale
Finance and Accounting	Payment Authorization Voucher should be replaced with GPworkflow approvals as it is very time consuming.	HIGH	This is an outdated, highly manual process. It could result in vendor payment delays and especially when it requires multi-departmental approvals, obtaining the approval package could take up to 6 days to approve a single invoice for payment.
Finance and Accounting	Use a USD EFT payment as opposed to a USD Draft which will eliminate manual processes and improve efficiency	HIGH	Almost 10 steps are required in order to create a US dollar payment, including physically going to the bank and obtaining a physical bank draft and mailing it to the US Vendor. Again, this can result in payment delays and credit terms with the vendor.
Finance and Accounting	Multi-Department invoices that are very small can be allocated on a % basis or coded by AP if under a certain amount	HIGH	There are recurring, multi-departmental invoices that are processed on a regular basis. Obtaining individual department approvals is very time consuming. If they agree to allocate amounts based on a specific % this results in time savings without major budget / expense implications.
Finance and Accounting	Consider using 3 or 4 security measures for printing cheques rather than 5	HIGH	Currently, there are multiple levels of security required for printing cheques. Eliminating one or 2 steps would allow AP clerks to process payments efficiently. For example, AP clerks could possess a key to the cheques since only higher levels have access to enter a code to print the batch.
Finance and Accounting	Use an electronic ledger for the 5 year period, by subdivision for both letters of credit and Expansion Deposits (payments)	HIGH	Currently these are tracked, manually, in paper files. These should be tracked in customer accounts.

Process Change Recommendation and Rationale - High

Bundle	Process change	Level of Change	Rationale
Finance and Accounting	Integration with Prophix and Harris will reduce time to report and reconcile	HIGH	Currently weekly imports bring information into the reporting system to reconcile billing and AR information. Therefore reports are always skewed. Full, real time integration will reduce the time to reconcile

Process Change Recommendation and Rationale – Medium

Bundle	Process change	Level of Change	Rationale
Finance and Accounting	Reduce Job Billing 10 step process, including making duplicate copies and multiple piles of documents; instead use file nexus to file documents	MED	The result of the Job billing process is one document; the source of those documents should also live in a single space. A backup is necessary, of course, but not multiple copies for multiple purposes. Eliminate redundancy.
Finance and Accounting	AP Invoice Coding should be centralized in Finance, directly on the Invoice	MED	This is especially true for recurring invoices like utilities and cell phone bills. Quick references can be set up for vendors like this for invoice coding, instead of having the department heads code the invoices.
Finance and Accounting	Use an expense management solution to help reconcile credit cards	MED	Reconciling credit card statements is extremely time consuming, especially when matching with receipts. Note: This process change is already underway
Finance and Accounting	Delegate or automate matching process of individual transformers – if it is a possibility	MED	When Transformers are purchased, manual matching is required, by serial number for each transformer. This could take a significant amount of time depending on the number of transformers. As the transformers are large purchases, the process is necessary, but perhaps not by Finance. This could be done in the receiving department.
Finance and Accounting	FAAC process encounters many issues - these should be identified before the FAAC process is run, i.e. reconciling the job before	MED	The Fixed Asset Auto Creator (FAAC) was a modification to Great Plains to help users with the Asset creation process. This modification should be reviewed for errors as a lot of manual intervention is currently required.

Process Change Recommendation and Rationale - Medium

Bundle	Process change	Level of Change	Rationale
Finance and Accounting	Streamline monthly depreciation - investigate why it takes 2 hours to run	MED	Depreciation is run twice monthly – during this time the user does not have access to their device.
Finance and Accounting	Information for building maintenance should be tracked in GP	MED	This information should be tracked in one place – i.e. the ERP system, to ensure accuracy and once source of information
Finance and Accounting	Information for Vehicle maintenance should be tracked in GP	MED	This information should be tracked in one place – i.e. the ERP system, to ensure accuracy and once source of information
Finance and Accounting	Update maintenance information on a regular basis as this can potentially affect the value of the asset	MED	As this is only being recorded on a sporadic basis, potential increases and decreases in asset values may be missed.
Finance and Accounting	Review any service costs, parts being purchased to ensure that it's not covered under the warranty	MED	Prior to ordering services on company owned assets, it should become part of protocol to ensure that warranted parts and labour are not being expensed. In addition, expired warranties should be noted.

Process Change Recommendation and Rationale - Medium

Bundle	Process change	Level of Change	Rationale
Finance and Accounting	Move inventory to Job WIP on a regular basis, rather than when the job is complete	MED	Regular WIP recognition gives a more accurate picture, reduces errors and time to close.
Finance and Accounting	Ensure daily that the correct quantities are posted to the job instead of dealing with discrepancies after the fact	MED	Especially for large jobs, a frequent check to ensure quantities on the job are correct will reduce time at the end of the job. This will also result in more accurate monthly reporting.
Finance and Accounting	Use Prophix to prepare financial statements instead of Jet reports and Excel	MED	Automation will alleviate the need to perform manual checks and balances required when financial statements are prepared in excel.
Finance and Accounting	Have GP direct integration with Harris system (InnPower Customer Service) to reduce time to report, reconcile and close	MED	Integration will address the fact that account balances do not match as there is always a time delay between the two separate systems. As these are affiliate accounts – required to balance, any type of integration will be helpful.
Finance and Accounting	Reduce manual reconciliation for intercompany billing, job billing and capital amounts by having all entities on one ERP system	MED	This is something that all related entities are considering at the moment. The process for implementing a new ERP system has been initialized.
Finance and Accounting	High risk when amounts do not reconcile between sale of power and cost of power; need real time information	MED	Regulatory accounts require a high level of attention; while this is currently being done, there are still elements missing – such as real time data. Proactive and early account reconciliation will alleviate this.

Process Change Recommendation and Rationale - Medium

Bundle	Process	Level of Change	Rationale
Finance and Accounting	Investigate Utilismart to see if the tool can help with the reconciliation	MED	This is a tool used by other Utilities. Any effort should be made to ensure that they are adhering to regulatory standards.
Finance and Accounting	Eliminate manual processes and printing screen shots in favour of GP reports	MED	This is simply a historical procedure and not necessarily a required one. GP should be able to provide the necessary information and reports in order to provide the closing data.
Finance and Accounting	Overall the recommendation is to reduce manual processes and review those that take over 1/2 day per month to complete	MED	Within the medium level process changes, the general consensus is to reduce paperwork and manual work. The ideal state is to automate as much as possible.

Process Change Recommendation and Rationale - Low

Bundle	Process change	Level of Change	Rationale
Finance and Accounting	Eliminate the need to issue manual statements; Investigate GP monthly statements to determine why they are printing blank or incorrect.	LOW	AR statements should never be issued manually. The ERP system should be capable of a basic need to show balances to customers with a \$0, negative or positive balance owing.
Finance and Accounting	Finance Charges need to be blocked for some customers as they do not apply to all	LOW	Some customers, who do not get charged interest, late fees, etc. should be flagged as such. This should be a basic function of the ERP system and should be turned off where charges don't apply.
Finance and Accounting	AR Accruals - these are estimates and could be scanned and documented using file nexus instead of printing and filing multiple copies	LOW	Results in time savings at month end.
Finance and Accounting	Interest on Security Deposits are minimal enough that they can be calculated and applied annually	LOW	This is a time consuming process that is currently done monthly to calculate small amounts of interest earned on deposits – even though they are not paid. This could be done quarterly or annually.
Finance and Accounting	Use GP for Bank Account Reconciliation	LOW	This will allow for automation and help with matching of bank statement items with GL items.
Finance and Accounting	POs are issued on an as needed basis; may want to keep a buffer on hand for high demand times, like winter	LOW	This will help reduce time to react to field service calls.

Process Change Recommendation and Rationale - Low

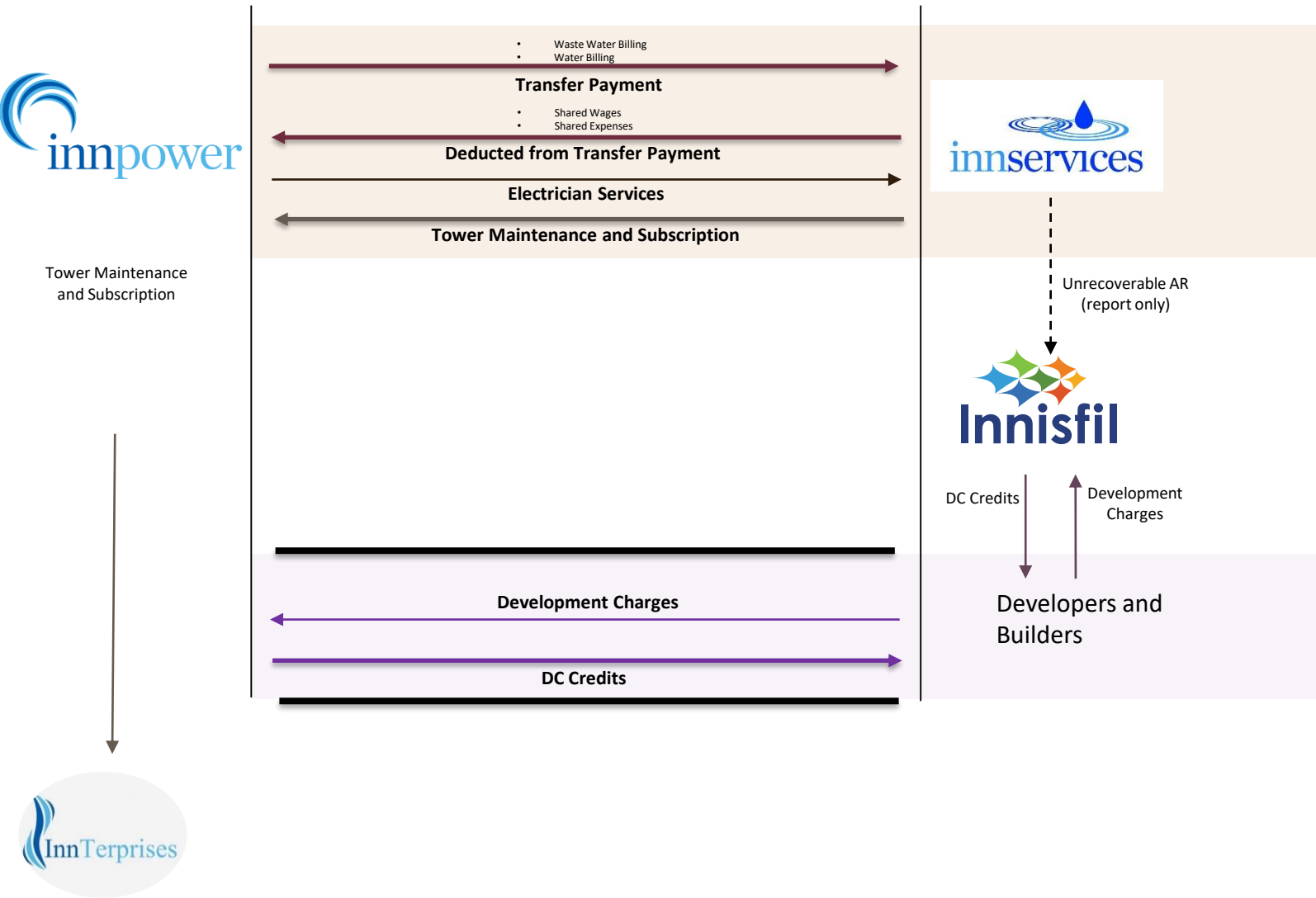
Bundle	Process change	Level of Change	Rationale
Finance and Accounting	Save submitted PO attachments to FileNexus as opposed to printing and filing manually	LOW	This reduces time to print, and manual filing.
Finance and Accounting	When the capital reconciliation is done, as variances occur regularly, they must be communicated to finance at that time	LOW	Variances are known prior to the capital reconciliation, however finance usually finds out after the fact, when attempting to do the reconciliation. Better communication between departments and regular meetings will reduce the time to reconcile.
Finance and Accounting	Streamline process for disposal of assets	LOW	As this process can take up to 2 days at month end, there needs to be a more efficient process, which includes a reduction of paperwork.
Finance and Accounting	Implement a field ticketing system to track calls and materials required	LOW	This is part of field services, but affects finance and accounting because of costs associated with providing the services.
Finance and Accounting	Move to quarterly inventory counts would give a more accurate picture of balances	LOW	This is part of the warehouse, however the information should be communicated to accounting to make inventory adjustments as necessary.

Appendices

Appendix 2

Intercompany Cashflow

Cash Flow Summary



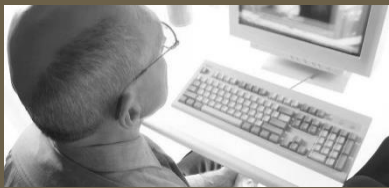
Departmental Overview



Appendices

Appendix 3

Finance and Accounting



BPR Workbook for Review Process for Accounts Receivable
Process Number: IS01
Business Owner: AR Clerk
Date: November, 2019
Version: 001 – in progress

Process Overview – AR Job Cost Billing

Required Resources:

AR Clerk

Tools:

MS Office

Great Plains (GP)

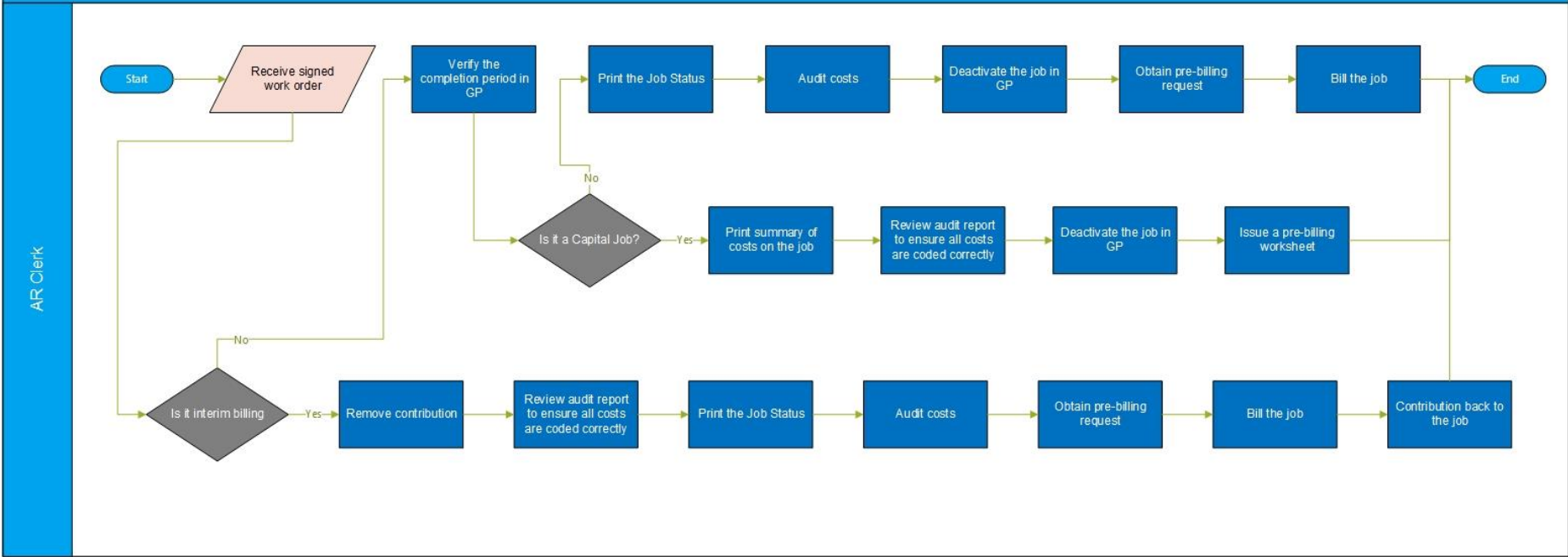
Process Steps:

- Get a signed work order and verify in GP the completion period
- Apply all costs – vehicle, labour, etc
- Print out the Job status, audit costs and then inactivate the job
- Obtain a pre-billing request and then bill the job
- If it's a capital job, print a summary of the costs on the job, review the audit report to ensure all cost codes are there, then issue a pre-billing worksheet to ensure it's ready for billing
- For interim billing, they keep the jobs open in order to continue billing and recover the costs
 - In order to do this, they have to remove the contribution, bill the job and then add the contribution back to the job

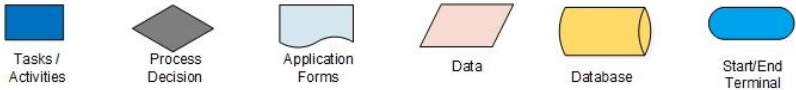
Identified Process Issues

- This is closely related to the FAAC process (Fixed Asset Auto Creator) which must be re-visited entirely as to why the modification is not working
- The process should be streamlined, especially for interim billing

InnPower Current State Finance Processes – AR Job Cost Billing (IP-01)



FILENAME 1. AR JOB COST BILLING (IP-01).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:



Process Overview – AR Job Layout Billing

Required Resources:

AR Clerk

Tools:

MS Office

Great Plains (GP)

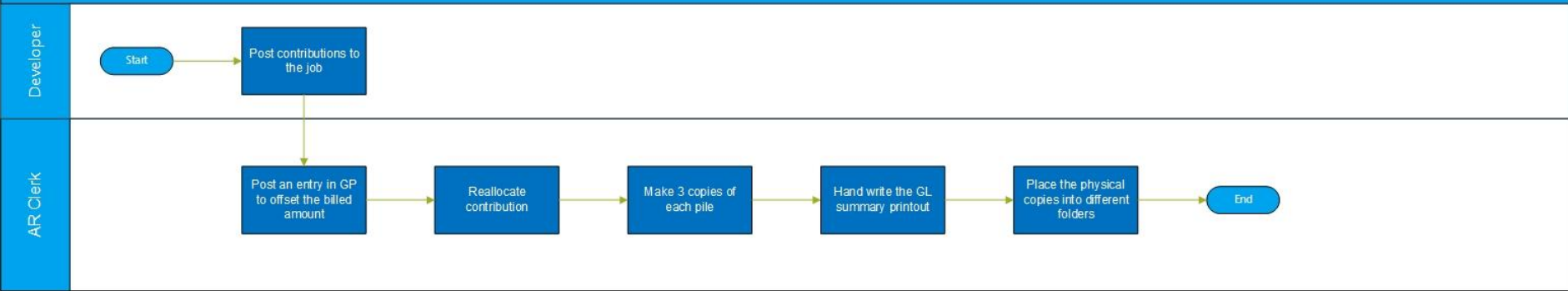
Process Steps:

- Contributions from the developer are posted to the job; an entry is done to offset the billed amount and the contribution is re-allocated
- First, the billing must go to Accounts Payable and then to Accounts Receivable, which is time consuming as they make copies of each pile and hand write the GL summary printout
- Then they make 3 piles and separate the information and place the physical copies into different folders

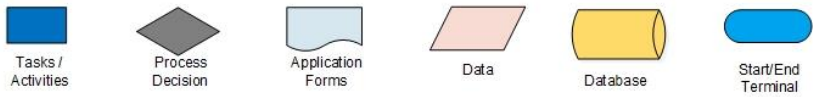
Identified Process Issues

- Eliminate extra file requirements and manual procedures
- Extra entries are being created for contributions

InnPower Current State Finance Processes – AR Job Layout Billing (IP-02)



FILENAME			
2. AR JOB LAYOUT BILLING (IP-02).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:



Process Overview – AR Customer Statements and Finance Charges

Required Resources:

AR Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

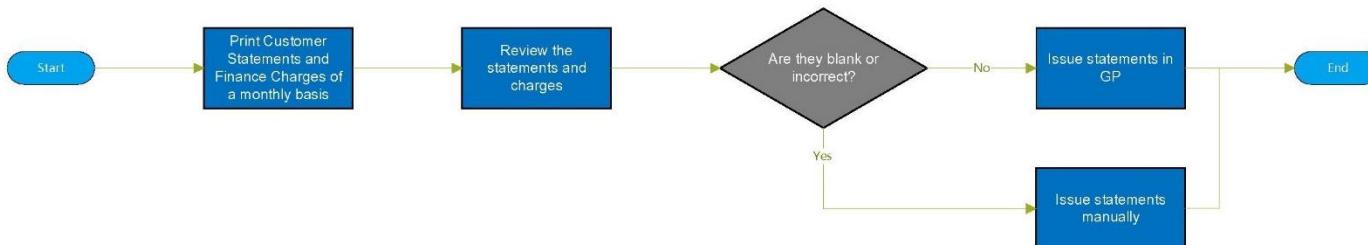
- These are printed monthly
- Must be reviewed, and if they are blank or incorrect the statements must be issued manually

Identified Process Issues

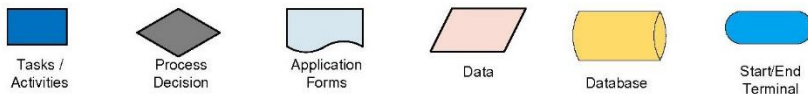
- Identify vendors where finance charges are not applicable and disallow finance charges where they are not – this should be addressed within GP vendor settings
- Issuing customer statements is a necessary business function – reflective of all AR processes. Eliminate manual entries and have a formal review process of the customer statements on a regular basis to identify anomalies
- The source of the error should be identified – whether they are Job entries, FA entries or GL entries.

InnPower Current State Finance Processes – AR Customer Statements and Finance Charges (IP-03)

AR Clerk



FILENAME 3. AR CUSTOMER STATEMENTS AND FINANCE CHARGES (IP-03).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:



Process Overview – AR Miscellaneous Reconciliation

Required Resources:

AR Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

- Paper backup is issued for every dollar amount going in and out of the account, including credit and debit notes they don't need backup for
- This takes up to 3 hours per month to reconcile the miscellaneous AR

Identified Process Issues

- Reconcile these amounts on a quarterly basis as they are not material to the financial statements

InnPower Current State Finance Processes – AR Miscellaneous Reconciliation (IP-04)

NOTE: Reconciliation of Miscellaneous AR takes up to 3 hours per month.

AR Clerk



FILENAME			
4. AR MISCELLANEOUS RECONCILIATION (IP-04).VSDX			
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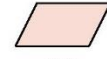
Tasks / Activities



Process Decision



Application Forms



Data



Database



Start/End Terminal

InnPower – Current State Processes (Finance and Accounting)

NOTES:



Process Overview – AR Accrual

Required Resources:

AR Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

- Accruals are done for recoverable jobs that will become due, but not yet invoiced
- They print 2 copies of everything – 1 for the binder and 1 for filing
- Requires arduous copying and pasting,
- Up to 2 hours to prepare the reconciliation

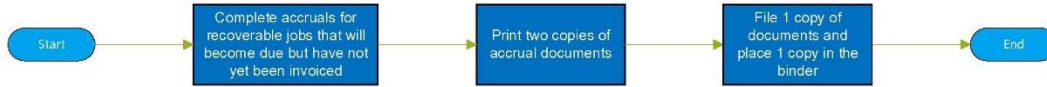
Identified Process Issues

- Utilize Filnexus to keep track of all filing
- Although this is an arduous process, this is necessary to track as a job is either recoverable or not
- Utilize a formal Job WIP reconciliation process, monthly to ensure that the onus is not entirely on the finance department. This should be a combined effort between Engineering and Finance to determine % of completion. Once they determine the correct %, a simple report can be created for AR Accrual entries

InnPower Current State Finance Processes – AR Accrual (IP-05)

NOTE: Preparation of reconciliations takes up to 2 hours.

AR Clerk



FILENAME			
5. AR ACCRUAL (IP-05).VSDX			
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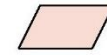
Tasks / Activities



Process Decision



Application Forms



Data



Database



Start/End Terminal

InnPower – Current State Processes (Finance and Accounting)

NOTES:



Process Overview – Interest on Security Deposits

Required Resources:

AR Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

- Calculate the interest owed to the customer for the month on their security deposit
- Create a sales cash receipt on the account
- Instead of paying the customer a credit, they issue a credit note for the amount owing
- The amount of interest calculated and owed on a monthly basis is minimal in relation to the time it takes to calculate and apply it to the account

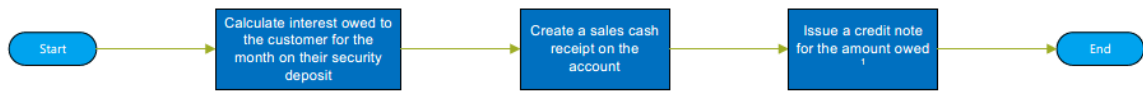
Identified Process Issues

- This can be done on a quarterly or even an annual basis – to save time
- If it is necessary to calculate on a monthly basis, utilize GP to calculate the interest as the deposit is a fixed amount
- Explore recurring journals as an option

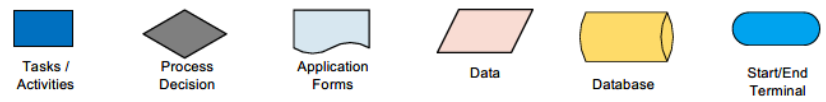
InnPower Current State Finance Processes – Interest on Security Deposits (IP-06)

NOTE: The amount of interest owed to customers on a monthly basis is minimal in relation to the time it takes to calculate and apply the amount to customer accounts.

AR Clerk



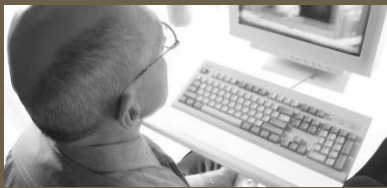
FILENAME 6. INTEREST ON SECURITY DEPOSITS (IP-06).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:
1. Instead of paying the customers a credit, a credit note is issued for the amount owing.





BPR Workbook for Review Process for Accounts Payable
Process Number: IS01
Business Owner: AP Clerk
Date: November, 2019
Version: 001 – in progress

Process Overview – AP Coding (without Purchase Order)

Required Resources:

AP Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

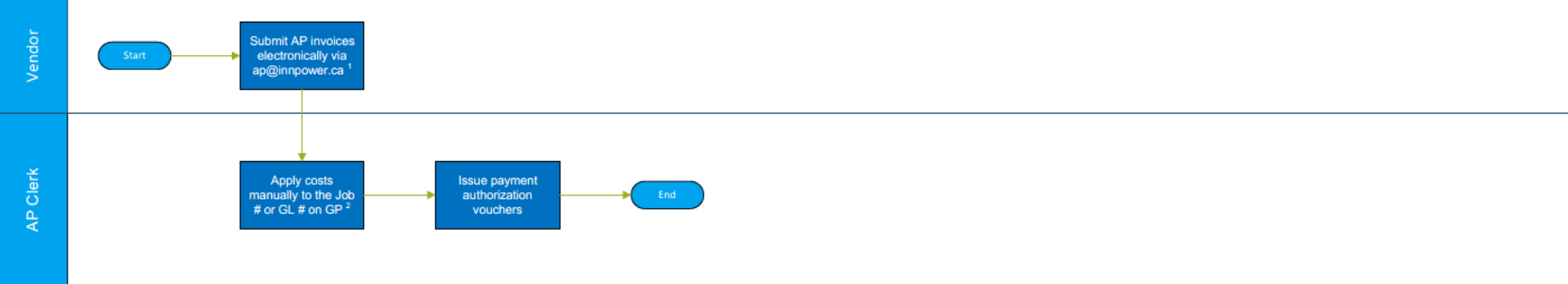
- Vendors submit AP invoices electronically via email: ap@innpower.ca
- Information Entered onto Invoice:
- Document Date, Invoice Number, Vendor ID
- Costs are manually applied to the Job No. or the GL No.
- It's easy to code to the wrong Job number or GL number
- Highest volume is at the beginning of the month (50% of approximately 400 invoices processed on a monthly basis)
- Payment Authorization Vouchers (discussed later)

Identified Process Issues

- Coding of AP invoices should be administered by finance, eliminating errors and rework

InnPower Current State Finance Processes – AP Coding (without Purchase Order) (IP-07)

NOTE: Highest volume of invoices are received at the beginning of the month (~50% of approximately 400 invoices)



FILENAME 1. AP CODING (WITHOUT PURCHASE ORDER) (IP-07).VSDX			
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- 
Tasks / Activities
- 
Process Decision
- 
Application Forms
- 
Data
- 
Database
- 
Start/End Terminal

InnPower – Current State Processes (Finance and Accounting)



NOTES:
 1. AP invoices submitted by vendor contain the following information – document date, invoice number, and vendor ID.
 2. Manual application of costs is prone to errors due to the entry of wrong Job # or GL #.



Process Overview – AP Coding (with Purchase Order)

Required Resources:

AP Clerk
Store Supervisor

Tools:

MS Office
Great Plains (GP)

Process Steps:

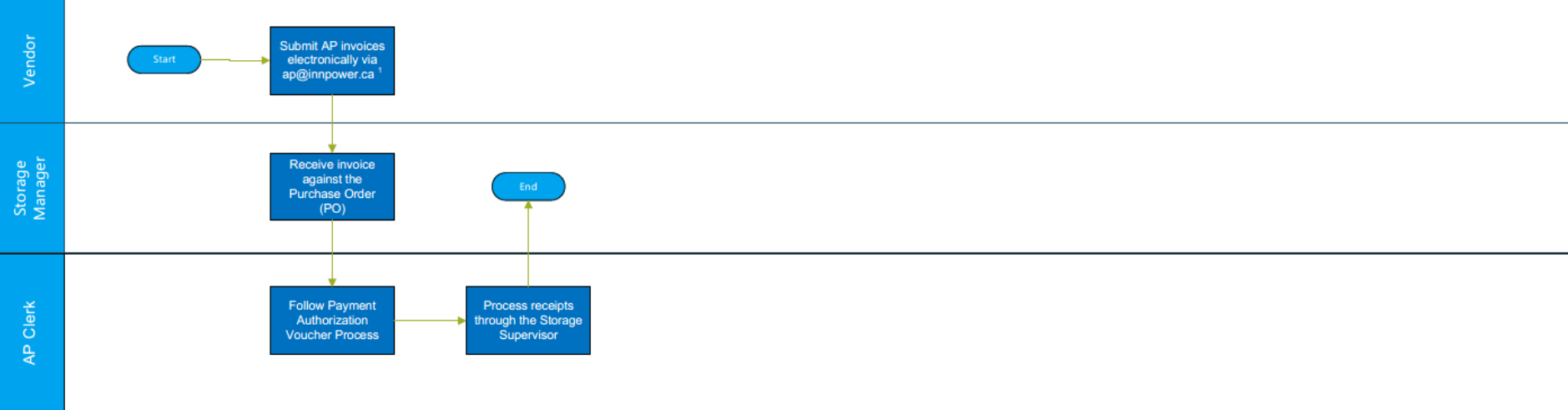
- Vendors submit AP invoices electronically via email: ap@innpower.ca
- Information Entered onto Invoice:
- Document Date, Invoice Number, Vendor ID
- Invoice is given to the Storage Supervisor to receive against the Purchase Order
- Once the Receipt is processed by the Storage Supervisor, it is returned to the Accounts Payable Clerk where the Payment Authorization Voucher Process Follows
- All receipts are processed through the Store supervisor

Identified Process Issues

- These receipts need to be verified approved by the PO requestor as per best practices
- In order to reduce impact and timeline of approvals, this should be done via GP workflow

InnPower Current State Finance Processes – AP Coding (with Purchase Order) (IP-08)

NOTE: Highest volume of invoices are received at the beginning of the month (~50% of approximately 400 invoices)



FILENAME			
2. AP CODING (WITH PURCHASE ORDER) (IP-08).VSDX			
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InnPower – Current State Processes (Finance and Accounting)



NOTES:
1. AP invoices submitted by vendor contain the following information – document date, invoice number, and vendor ID.



Process Overview – Payment Authorization Voucher (with and without purchase Order)

Required Resources:

AP Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

Description: A Payment Authorization Voucher must be completed for each invoice, regardless of whether it has an associated purchase order.

- Fields on the Voucher:
- A list of all departmental approvers – the required approvers must be checked off for the particular invoice;
- Invoice Date
- Posting Date
- Vendor ID
- VRCT#: Voucher # in Great Plains
- Prepared by
- Reviewed by:
- GL Codes
- Amount
- Subtotal
- HST
- Total
- The Payment authorization Voucher process is extremely manual and time consuming
- It can take up to ½ day to finalize a payment voucher for an invoice

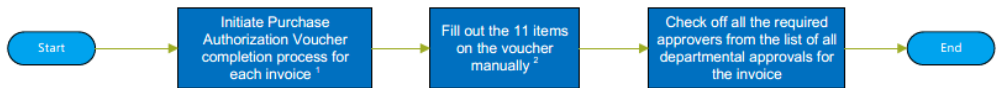
Identified Process Issues

- Eliminating the payment authorization voucher can be replaced by the approval workflow in Great Plains

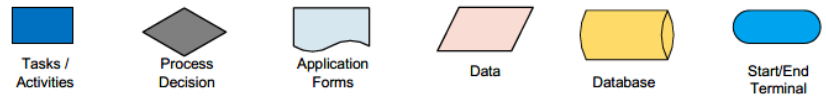
InnPower Current State Finance Processes – Payment Authorization Voucher (w/ and w/o Purchase Order) (IP-09)

NOTE: The Payment Authorization Voucher process is extremely manual and time consuming. It can take up to half a day to finalize a payment voucher for each invoice.

AP Clerk



FILENAME			
3. PAYMENT AUTORIZATION VOUCHER (IP-09).VSDX			
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InnPower – Current State Processes (Finance and Accounting)



- NOTES:**
1. A Purchase Authorization Voucher must be filled out for all invoices, regardless of whether it has an associated purchase order.
 2. Payment Authorization Vouchers contain the following 11 fields that need to be filled, in addition to the list of departmental approvers:
 - 2.1. Invoice Date
 - 2.2. Posting Date
 - 2.3. Vendor ID
 - 2.4. VRCT #: Voucher # In great Plains
 - 2.5. Prepared By
 - 2.6. Received By
 - 2.7. GL Codes
 - 2.8. Amount
 - 2.9. Subtotal
 - 2.10. HST
 - 2.11. Total



Process Overview – US AP Invoice Payment (without Purchase Order)

Required Resources:

AP Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

Description: Approximately 3 or 4 US invoices are processed each month; and not all are PO related.

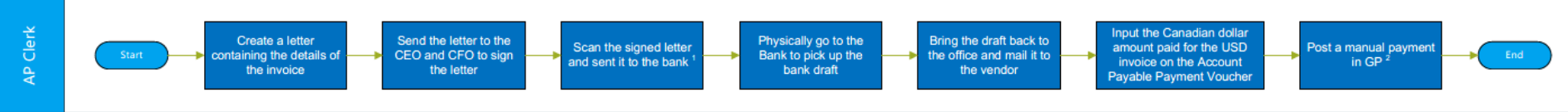
- Create a letter containing the details of the invoice
- Have the letter signed by the CEO and CFO
- Scan the letter and send it to the bank
- The bank will prepare a US Bank Draft
- Accounts Payable clerk will physically go to the bank to retrieve the bank draft
- The draft is brought back to the office and mailed to the vendor
- The Canadian dollar amount used to pay for the US dollar invoice is then put onto the Accounts Payable Payment Voucher
- A manual Payment is posted in Great Plains (Document number is preceded by the letter M)

Identified Process Issues

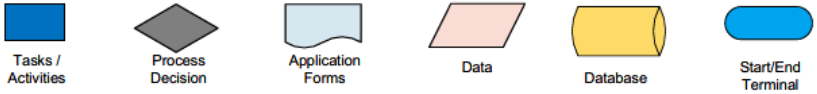
- A US Bank account can be set up for US dollar transactions
- Perhaps use USD EFTs instead of drafts
- Utilize the currency exchange functionality in Great Plains in order to automate the rate calculations

InnPower Current State Finance Processes – US AP Invoice Payment (w/o Purchase Order) (IP-10)

NOTE: Approximately 2 or 4 US invoices are processed each month, and not all are PO related.



FILENAME			
4. US AP INVOICE PAYMENT (WITHOUT PO) (IP-10).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:

1. The bank prepares a US Bank Draft upon receipt of the signed letter from the AP Clerk.
2. The document number is preceded by the letter "M" in GP.



Process Overview – US AP Invoice Payment (with Purchase Order)

Required Resources:

AP Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

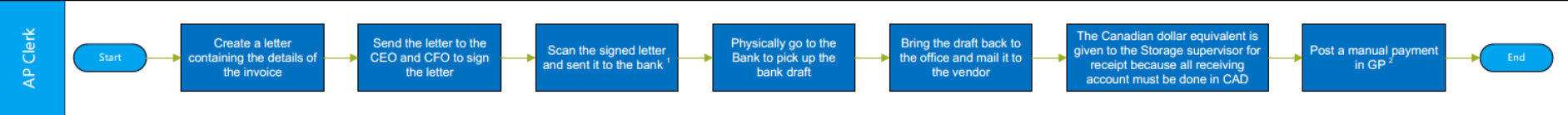
- Create a letter containing the details of the invoice
- Have the letter signed by the CEO and CFO
- Scan the letter and send it to the bank
- The bank will prepare a US Bank Draft
- Accounts Payable clerk will physically go to the bank to retrieve the bank draft
- The draft is brought back to the office and mailed to the vendor
- The Canadian dollar amount used to pay for the US dollar invoice is then put onto the Accounts Payable Payment Voucher
- The new Canadian dollar equivalent is given to the Storage supervisor for receipt because all receiving amount must be done in Canadian Dollars
- A manual payment is made in Great Plains (Document number is preceded by the letter M)

Identified Process Issues

- A US Bank account can be set up for US dollar transactions
- Perhaps use USD EFTs instead of drafts
- Utilize the currency exchange functionality in Great Plains in order to automate the rate calculations

InnPower Current State Finance Processes – US AP Invoice Payment (w Purchase Order) (IP-11)

NOTE: Approximately 2 or 4 US Invoices are processed each month, and not all are PO related.



FILENAME			
5. US AP INVOICE PAYMENT (WITH PO) (IP-11).VSDX			
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InnPower – Current State Processes (Finance and Accounting)



NOTES:
 1. The bank prepares a US Bank Draft upon receipt of the signed letter from the AP Clerk.
 2. The document number is preceded by the letter "M" in GP.



Process Overview – Coding AP invoices for multiple departments Example 1

Required Resources:

AP Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

Description: Some vendors invoices must be coded to multiple departments and GL Accounts. Examples of these types of invoices are Bell Mobility and 407 ETR bills.

- Example 1: Bell Mobility Invoice:

Steps:

- When the Bell Mobility Invoice is received, it has a listing of charges by telephone number
- Each number has a different charge
- If the invoice has 6 different numbers, it must be coded and approved by 6 different departments
- In addition to having 6 department, there is an intercompany charge for an InnServices number
- This process takes 6 hours per month to reconcile, create the spreadsheet and get approvals
- This is a small invoice, around \$2,000, but it takes several hours each month to process as the AP Payment voucher must be approved by 5-6 department heads for signature
- They do this because each department takes ownership of the devices and related costs; they do not want to go over budget

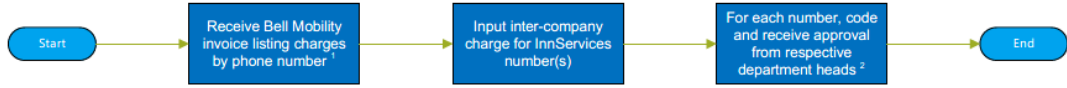
Identified Process Issues

- Multi-Department invoices that are very small can be allocated on a % basis or coded by AP if under a certain amount
- For approvals on these invoices, use the GP approval workflow

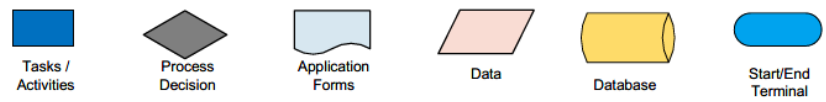
InnPower Current State Finance Processes – Coding AP Invoices for Multiple Departments – Example 1 (Bell Mobility) (IP-12)

NOTE: Some vendor invoices must be coded to multiple departments and GL Accounts. Examples of these types of invoices are Bell Mobility and 407 ETR bills.

AP Clerk



FILENAME			
6. CODING AP INVOICES FOR MULTIPLE DEPARTMENTS - EXAMPLE 1 (IP-12).VSDX			
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InnPower – Current State Processes (Finance and Accounting)



NOTES:
 1. Each phone number included in Bell Mobility's invoice has a different charge.
 2. This process takes 6 hours per month to reconcile, create the spreadsheet and get approvals. This is a small invoice, around \$2,000, but it takes several hours each month to process as the AP Payment voucher must be approved by 5-6 departmental heads for signature. InnService follows this process because each department takes ownership of the devices and related costs, and they do not want to go over budget



Process Overview – Coding AP invoices for multiple departments – Example 2

Required Resources:

AP Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

Description: Some vendors invoices must be coded to multiple departments and GL Accounts. Examples of these types of invoices are Bell Mobility and 407 ETR bills.

- Example 2 : 407 ETR Bills

Steps:

- When the 407 invoice is received, it has a listing of different devices and related charges
- 407 transponders are maintained in accounting and must be signed out
- The reconciliation of the transponder use and date by department must be done on a monthly basis.
- The charges are separated out by transponder, by department
- On some occasions this bill might only be \$200-\$300 however it takes ½ day to get the AP Payment Voucher signed
- Overall, there are approximately 20 to 30 invoices that are coded to multiple departments

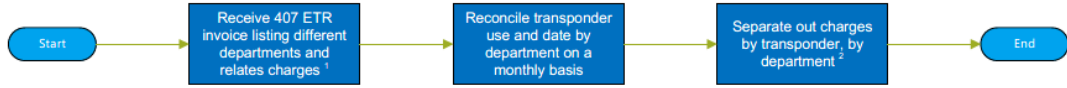
Identified Process Issues

- Multi-Department invoices that are very small can be allocated on a % basis or coded by AP if under a certain amount
- For approvals on these invoices, use the GP approval workflow

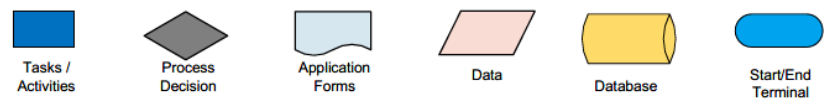
InnPower Current State Finance Processes – Coding AP Invoices for Multiple Departments – Example 2 (407 ETR) (IP-13)

NOTE: Some vendor invoices must be coded to multiple departments and GL Accounts. Examples of these types of invoices are Bell Mobility and 407 ETR bills.

AP Clerk



FILENAME			
7. CODING AP INVOICES FOR MULTIPLE DEPARTMENTS - EXAMPLE 2 (IP-13).VSDX			
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InnPower – Current State Processes (Finance and Accounting)



NOTES:
 1. 407 transponders are maintained in accounting and must be signed out.
 2. On some occasions the 407 ETR bill is only \$200-\$300, however it takes half a day to get the AP Payment Voucher signed. Additionally, there are approximately 20-30 invoices that are coded to multiple departments.



Process Overview – Payment Authorization Voucher Batches

Required Resources:

AP Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

- Two payment batches are issued twice each week – 1 is for a PO related batch and the other is a non-PO related batch
- These batches are sent to the related Approvers
- AP maintains a spreadsheet of all approvers and what invoices they have – this is done so that she can keep track of the invoices and who has them (i.e. if a vendor calls and they need to find the invoice)
- This process takes a minimum of ½ day per batch

Identified Process Issues

- AP should have control of this physical batch – consider eliminating the excel spreadsheet
- Use GP approval workflow for approvals

InnPower Current State Finance Processes – Payment Authorization Voucher Batches (IP-14)

NOTE: This process takes half a day per batch.

AP Clerk



FILENAME			
8. PAYMENT AUTHORIZATION VOUCHER BATCHES (IP-14).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:
 1. The internal invoice approval tracking spreadsheet is maintained so that if a vendor calls about an invoice, the AP clerk can locate the invoice.



Process Overview – AP Cheque Run

Required Resources:

AP Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

- Cheque runs are done every 2 weeks – every 2nd Thursday (some exceptions may apply)
- There may be up to 4 batches of cheque runs. These include:
 - Customer Refund Batch
 - Special cheques for layouts
 - Manual Payment Entry
 - Regular Cheque run
- In Great Plains they select all vendor invoices based on a specific due date; the lines are pulled into the payment journal.
 - Additional payment lines are added if not included in the list
 - Lines are removed from the list if they are not required to be paid
- Once they have the payment batch, the related backup is gathered
 - Backup includes: Approved Payment Voucher, Invoice and receipt (if applicable)
- The batch is printed and the totals are confirmed
- The AP clerk retrieves the exact number of cheques required from the CFO,
- The next cheque number in the series is verified along with the last number needed for the cheque run
- The CFO physically goes to the AP clerk's desk and enters a confirmation code to allow the cheques to print while the AP clerk is at the printer – they ensure that the cheques are never left unattended
- After the cheques are printed the stub is detached from the cheque and attached to the backup
- The CFO and the Finance Manager both go through and check off the invoice and the cheque register
- Once invoices are checked, the cheques are returned to the AP clerk and the cheques are mailed out
- Cheques are pre-signed, this may be the reason for extra security when cheques are printed

Process Overview – AP Cheque Run

Process Steps Cont'd:

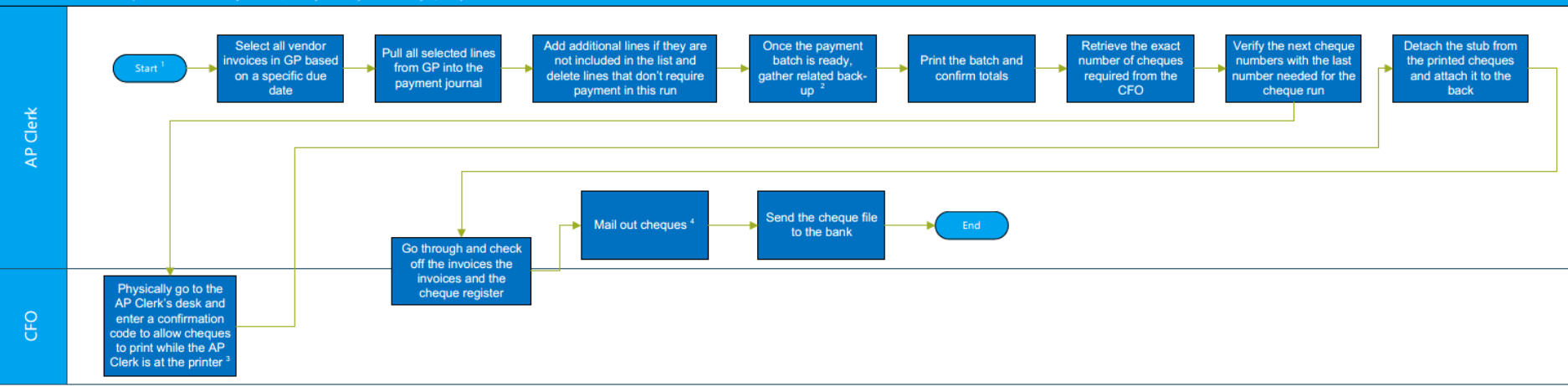
- There are multiple security measures in place for the cheque run
 - The cheques are locked in a cabinet where access is controlled by the CFO
 - A code is required in order to print the cheques
 - Cheques are physically attended during printing
 - The printed cheque amounts are validated against the invoice amounts
 - Cheque files are sent to the bank
- The Finance Manager is the backup to enter the Cheque Print code if the CFO is absent

Identified Process Issues

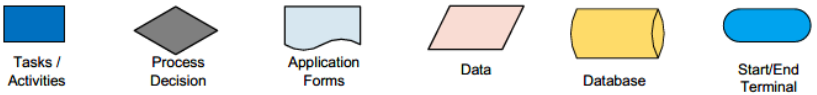
- Allow AP to manage the physical security of the cheques as they cannot be printed without the CFO / Manager Code

InnPower Current State Finance Processes – AP Cheque Run (IP-15)

NOTE: Cheque runs are done every 2 weeks, usually on every 2nd Thursday of every month.



FILENAME			
9. AP CHEQUE RUN (IP-15).VSDX			
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InnPower – Current State Processes (Finance and Accounting)



- NOTES:**
- There may be up to 4 batches of cheque runs. These include:
 - Customer Refund Batch
 - Special Cheque for Layouts
 - Manual Payment Entry
 - Regular Cheque Run
 - The related backup includes Approved Payment Voucher, invoice, and receipt (if applicable)
 - The AP Clerk and the CFO ensure that the cheques are never left unattended.
 - The cheques are pre-signed. This is the reason for extra security when printing the cheques. There are multiple security measures in place for the cheque run:
 - The cheques are locked in a cabinet where access is controlled by the CFO.
 - A code is required in order to print the cheques. The Financial Manager is the backup to enter the code if the CFO is absent.
 - Cheques are physically attended during printing.
 - The printed cheque amount is validated against the invoice amounts.
 - Cheque files are sent to the bank.



Process Overview – Post AP Cheque Process

Required Resources:

AP Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

- After mailing, all backup is scanned into file nexus
- Cheque files are uploaded to the bank for cheque fraud protection; this file is generated from Great Plains
- These are important points to note because the backup is uploaded to file nexus and doesn't have to be manually circulated for approvals.

Identified Process Issues

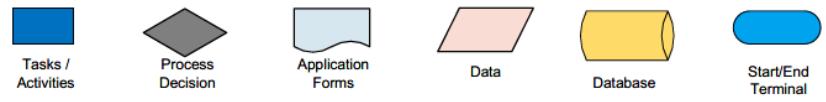
- N/A

InnPower Current State Finance Processes – Post AP Cheque Process (IP-16)

AP Clerk



FILENAME			
10. POST AP CHEQUE PROCESS (IP-16).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:
 1. This an important point to note because the backup is uploaded to file nexus and doesn't have to be manually circulated for approval.



Process Overview – Credit Card Reconciliation

Required Resources:

AP Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

- Currently there are 15 credit cards for 10 departments (this will be changed to 1 corporate card to be used by 15 people) but the same amount of work will be involved
- Each Credit Card invoice is manually coded and entered into Great Plains
- If there is a receipt missing, a special form must be created and submitted for manager sign off
- The AP clerk must maintain a checklist of who has what credit card statement and related receipt
- It takes ½ day to 1 full day per month to reconcile and enter the credit cards.
- Everything is manual
- The AP clerk must maintain a checklist of who has what credit card statement and related receipt

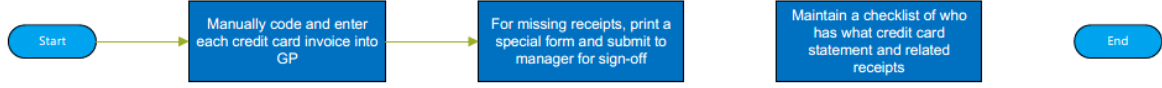
Identified Process Issues

- Expense management system is currently in use to address the above issues, however it should be revisited to ensure that it is working as expected

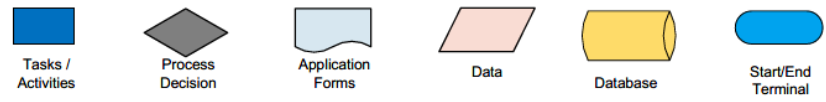
InnPower Current State Finance Processes – Credit Card Reconciliation (IP-17)

NOTE: Currently there are 15 credit cards for 10 departments. This will change to 1 corporate card to be used by 15 people, but the same amount of work will be required. It takes half a day each month to complete this manual process.

AP Clerk



FILENAME			
8. PAYMENT AUTHORIZATION VOUCHER BATCHES (IP-14).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:



Process Overview – Purchase of Transformers

Required Resources:

AP Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

- Purchase order is issued for a block of transformers
- All transformers are identified via transformer code (serial no.) which is compared against a PO and then received
- As they are received, they are entered into Fixed assets and then to WIP
- Dollar values are not brought into WIP, just the item quantity
- The movement from Fixed assets to WIP is manual via a batch
- Transformer codes must be individual matched against the PO before receipt; this is a time consuming process
- Manually transferring the items to Fixed Assets and then to WIP is time consuming

Identified Process Issues

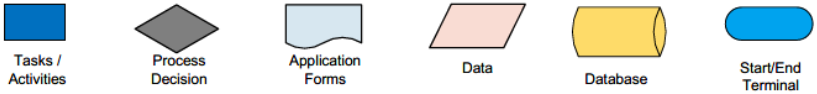
- Consider having this done in the receiving department and have the confirmation of the matching transformer list sent to AP.

InnPower Current State Finance Processes – Purchase of Transformers (IP-18)

AP Clerk



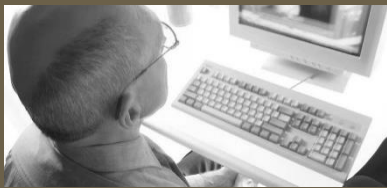
FILENAME 12. PURCHASE OF TRANSFORMERS (IP-18).VSDX			
REVISED 2/6/2020	PAGE 1 OF 1	DRAWN BY SHUBHAM CHHABRA	CREATED BY MNP LLP



InnPower – Current State Processes (Finance and Accounting)

NOTES:
 1. This is a time consuming process.
 2. Dollar values are not brought into the WIP, just the quantity. The movement from Fixed Assets to WIP is manual and done via a batch. This is a time consuming process.





BPR Workbook for Review Process for Capital Asset Transactions
Process Number: IS01
Business Owner: Financial Analyst
Date: November, 2019
Version: 001 – in progress

Process Overview – Creating Fixed Assets for Capital Jobs

Required Resources:

Financial Analyst

Tools:

MS Office

Great Plains (GP)

Process Steps:

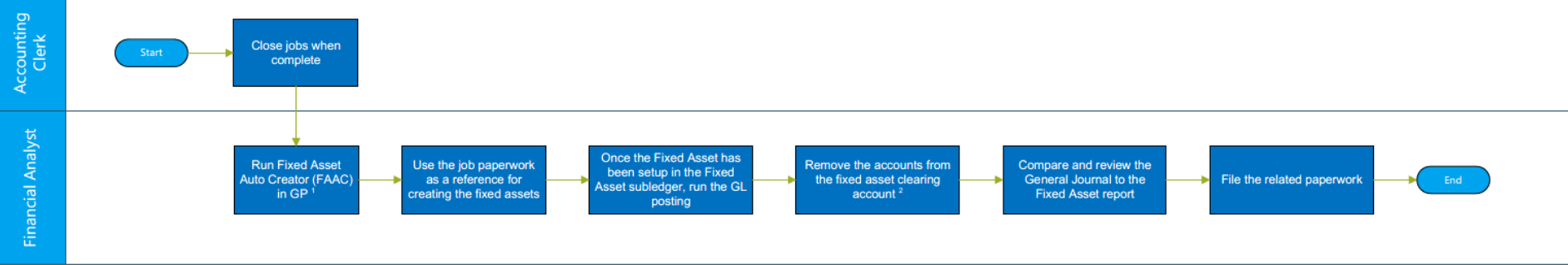
- Once the job is closed by the accounting clerks, the fixed asset auto creator (FAAC) is run in Great Plains
- The job paperwork is used as a reference for creating the fixed assets
- There is a custom Asset auto creator in Great Plains
- There are several scenarios listed in the process documentation on how to deal with multiple errors, which include manual intervention
- Ideally, with no errors the FA will be set up in the FA subledger
- The next step is to run the GL posting and remove the amounts from the fixed asset clearing account
- The amount credited to the fixed asset clearing account should be matched to the total of new fixed assets debited for each batch
- The General Journal is compared to the Fixed asset report and reviewed
- The related paperwork is filed

Identified Process Issues

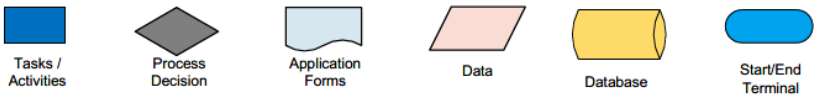
- Process documentation identifies an entire listing of possible scenarios that prevent users from following through with the FAAC process; as there are many issues with the FAAC process, it needs to be revisited
- The FAAC is a customization in GP – investigate the issues with the GP provider to resolve the issues;

InnPower Current State Finance Processes – Creating Fixed Assets for Capital Jobs (IP-19)

NOTE: There are several scenarios listed in the process documentation on how to deal with multiple errors, which include manual iteration.



FILENAME 1. CREATING FIXED ASSETS FROM CAPITAL JOBS (IP-19).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

- NOTES:**
1. There is a custom Asset Auto Creator in GP.
 2. The amount credited to the fixed asset clearing accounts should be matched to the total of new fixed assets debited for each batch.



Process Overview – Monthly Depreciation

Required Resources:

Financial Analyst

Tools:

MS Office

Great Plains (GP)

Process Steps:

- Depreciation is run in Great Plains on a monthly basis
- After depreciation is run, capital reports are updated – in Jet Reports
- This report is run twice per month in order to form estimates on depreciation
- The process takes approximately 2 hours to run in Great Plains
- While the depreciation calculation is running, the computer cannot be used for other purposes
- Updating the Capital reports can be quick or long depending on whether major changes have taken place in the Great Plains Fixed Asset Module
- Major changes to assets can include:
 - Jobs Closed, discrepancies (items posted to a job incorrectly)
 - In these situations, the financial analyst will have to go to the managers to find out why there are discrepancies in the job
 - If changes are made based on new findings, the jet report must be refreshed
- Discrepancies can be found between the GL and the job – these must be adjusted as well, since the job transactions relate to the Fixed Asset
- Constant changes to the report must be made to the Jet report as changes cannot be made in Great Plains
- Depreciation can only be completed after all other postings are complete

Identified Process Issues

- Investigate the source of the slowdown;
- Consider having depreciation run on a separate device – or via a scheduled report when it does not interrupt regular operations

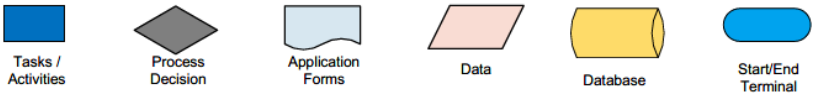
InnPower Current State Finance Processes – Monthly Depreciation (IP-20)

NOTE: While depreciation is running, the computer cannot be used for other purposes.

Financial Analyst



FILENAME			
2. MONTHLY DEPRECIATION (IP-20).VSDX			
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InnPower – Current State Processes (Finance and Accounting)



NOTES:
 1. The capital report on Jet Reporter is run twice a month to form estimates on depreciation. Updating the report can be quick or long depending on whether major changes have taken place in the GP Fixed Asset Module. Major changes to assets can include:
 a. Jobs Closed
 b. discrepancies (items posted to a job incorrectly). In this case the financial analyst will have to go to the managers to find out why there are discrepancies in the job. If changes are made based on new findings, the jet report must be refreshed. Discrepancies can be found between the GL and the job – these must be adjusted as well, since the job transactions relate to the Fixed Asset.
 2. Depreciation can only be completed after all other posting are completed.



Process Overview – Capital Reconciliation

Required Resources:

Financial Analyst

Tools:

MS Office

Great Plains (GP)

Process Steps:

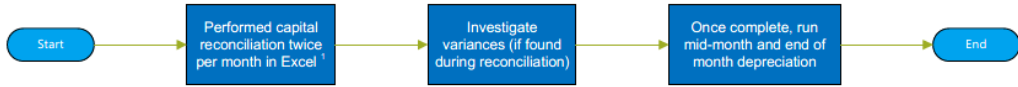
- Run twice per month to ensure that there are no variances; based in excel
- Variances must be investigated – i.e. if something was not posted to a job
- Once all variances are resolved, depreciation is run, mid month and end of month

Identified Process Issues

- As variances occur on a regular basis, they may be known by other departments in advance but not communicated to finance
- Consider regular inter-departmental meetings to reconcile assets posted to a job as this will save time at month end

InnPower Current State Finance Processes – Capital Reconciliation (IP-21)

Financial Analyst



FILENAME			
3. CAPITAL RECONCILIATION (IP-21).VSDX			
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Tasks / Activities



Process Decision



Application Forms



Data



Database



Start/End Terminal

InnPower – Current State Processes (Finance and Accounting)

NOTES:

1. Capital reconciliation is performed twice a month to ensure that there are no variances.



Process Overview – Retirement and Disposal of Assets

Required Resources:

Financial Analyst

Tools:

MS Office

Great Plains (GP)

Process Steps:

- Assets must be disposed of or retired in Great Plains on an Individual Basis
- Each asset data must be printed, adjusted and retired
- This must be done on a monthly basis; it can be as many as 30 disposals per month, each requiring a lot of prep work and backup
- Retirement and disposal of assets alone can take 2 days per month

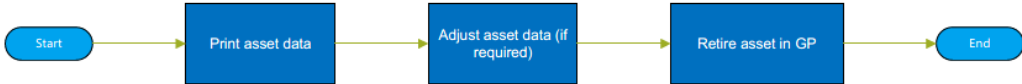
Identified Process Issues

- Identify which portions of acquiring the backup can be eliminated or streamlined; i.e. if the amounts are not material, eliminate the requirement for original copies of the purchase data

InnPower Current State Finance Processes – Retirement and Disposal of Assets (IP-22)

NOTE: Assets must be disposed of or retired in Great Plains on an individual basis. Assets are retired on a monthly basis, with as many as 30 assets disposed per month. This requires a lot of prep work and backup, as such it can take up to two days per month to complete.

Financial Analyst



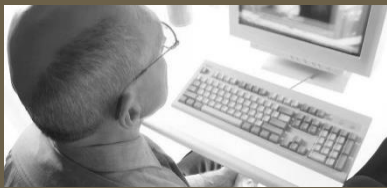
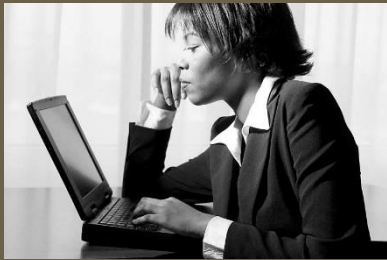
FILENAME			
4. RETIREMENT AND DISPOSAL OF ASSETS (IP-22).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:





BPR Workbook for Review Process for Closing Capital Jobs

Process Number: IS01

Business Owner: Accounting Clerk

Date: November, 2019

Version: 001 – in progress

Process Overview – Closing Capital Jobs

Required Resources:

Accounting Clerk

Tools:

MS Office

Great Plains (GP)

Process Steps:

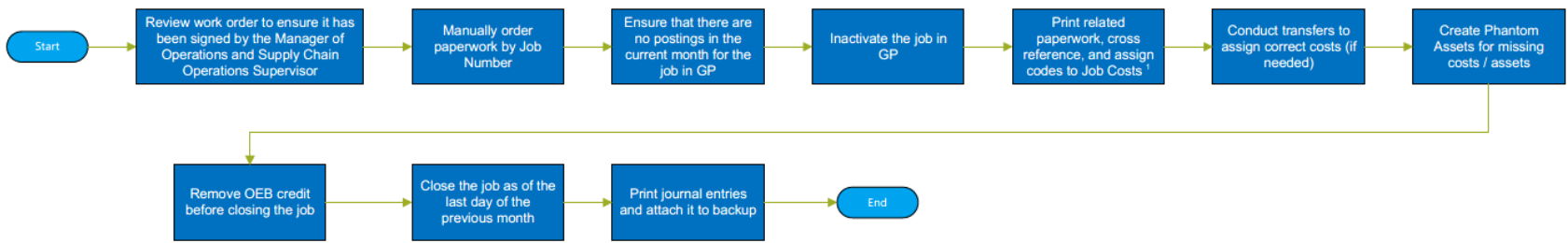
- Ensure that work order is signed by:
 - Manager of Operations and
 - Supply Chain Operations Supervisor
- Manually order the paperwork by Job Number
- Ensure that there are no postings in the current month for the job and inactivate the job in Great Plains
- Print related paperwork (screenshots of cost Codes, job status and audit costs)*, cross reference and assign codes to Job Costs
- Transfers may be required to assign correct costs
- Phantom Assets created for costs / assets that are missing*
- OEB credits must be removed before the job is closed
- Close the job as of the last day of the previous month
- Print journal entries, attach it to backup
- Phantom assets are created for missing costs

Identified Process Issues

- Eliminate ordering the paperwork by job number – it is not a critical process, is it necessary?
- Screen shots are printed instead of job cost reports – investigate to see if there is a report that can print jobs ready to be closed

InnPower Current State Finance Processes – Closing Capital Jobs (IP-23)

Accounting Clerk



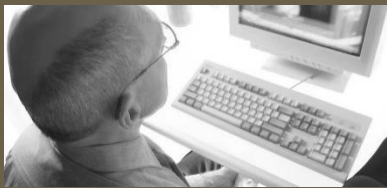
FILENAME			
1. CLOSING CAPITAL JOBS (IP-23).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:
1. Related paperwork includes screenshots of cost Codes, job status, and audit costs.





BPR Workbook for Review Process for Procurement, Maintenance and Inventory

Process Number: IS01

Business Owner: Purchasing (Store Supervisor)

Date: November, 2019

Version: 001 – in progress

Process Overview – Inventory Procurement

Required Resources:

Purchasing

Tools:

MS Office

Great Plains (GP)

Process Steps:

- Annual tenders for the year are sent to vendors – at the beginning of the year
- Vendors send updates on a quarterly basis
- Purchase orders are generated based on what's required
- Orders are signed and emailed to vendors

Identified Process Issues

- During the winter season, consider keeping minimal levels of inventory on hand for major disruptions

InnPower Current State Finance Processes – Inventory Procurement (IP-24)

Purchasing



FILENAME			
1. INVENTORY PROCUREMENT (IP-24).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:



Process Overview – Trouble Calls

Required Resources:

Purchasing

Tools:

MS Office

Great Plains (GP)

Process Steps:

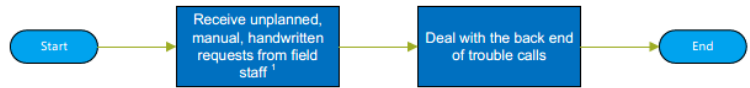
- All requests are unplanned, manual, handwritten requests from the field staff
- Calls take up a lot of time, especially with longer material sheets
- During bad weather they receive a higher volume of trouble calls
- Purchasing has to deal with the back end of it

Identified Process Issues

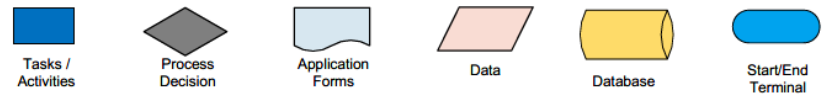
- Consider an integration with the field ticketing system so that purchasing can immediately send out POs for material

InnPower Current State Finance Processes – Trouble Calls (IP-25)

Purchasing



FILENAME			
2. TROUBLE CALLS (IP-25).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:
1. Calls take up as lot of time, especially with long material sheets. During bad weathers they receive a higher volume of trouble calls.



Process Overview – Building and Vehicle Maintenance

Required Resources:

Purchasing

Tools:

MS Office

Great Plains (GP)

Process Steps:

- When maintenance is performed, copies are retained and a maintenance spreadsheet is updated to explain what was done
- Items for the vehicles might include service, costs, vendors, vehicle parts
- Items for the building include snow removal, etc.
- Warranties are reviewed to ensure that they are not paying for costs covered under warranty

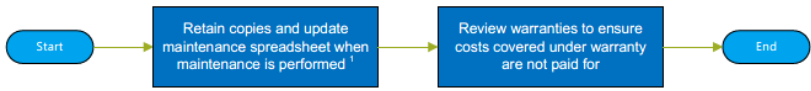
Identified Process Issues

- Use GP to maintain maintenance and service information – especially where it relates to high value assets

InnPower Current State Finance Processes – Building and Vehicle Maintenance (IP-27)

NOTE: InnPower is moving towards quarterly counts.

Purchasing



FILENAME 4. BUILDING AND VEHICLE MAINTENANCE (IS-27).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:
1. Items for the vehicle might include service, costs, vendors, vehicle parts, etc. Items for building might include snow removal, etc.



Process Overview – Inventory Counts

Required Resources:

Purchasing

Tools:

MS Office

Great Plains (GP)

Process Steps:

- Cycle counts are done on all inventory although shipping is very minimal; rather than shipping, inventory is moved to a job
- They are moving towards quarterly counts

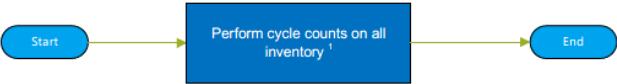
Identified Process Issues

- Conducting quarterly counts would provide a more accurate picture

InnPower Current State Finance Processes – Inventory Counts (IP-26)

NOTE: InnPower is moving towards quarterly counts.

Purchasing



FILENAME			
3. BUILDING AND VEHICLE MAINTENANCE (IS-26).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:
1. Cycle counts for shipping is very minimal; rather than shipping, inventory is moved to a job.



Process Overview – Job WIP

Required Resources:

Purchasing (Store Supervisor)

Tools:

MS Office

Great Plains (GP)

Process Steps:

- When the job is complete, check to see that the correct quantities and inventory have been moved to the job
- Make adjustments if necessary

Identified Process Issues

- Jobs should be looked at regularly, if not daily to ensure that the correct material has been moved to the job in order to prevent further errors being discovered later on in the accounting process

InnPower Current State Finance Processes – Job WIP (IP-28)

Purchasing



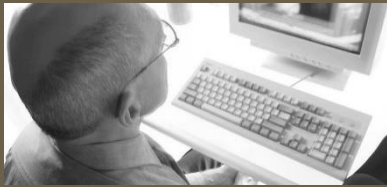
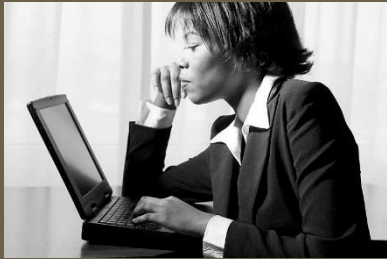
FILENAME 5. JOB WIP (IP-28).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:





BPR Workbook for Review Process for Economic Evaluations
Process Number: IS01
Business Owner: Financial Analyst
Date: November, 2019
Version: 001 – in progress

Process Overview – Economic Evaluations

Required Resources:

Financial Analyst

Tools:

MS Office

Great Plains (GP)

Process Steps:

- There are special projects for each subdivision and each project is different; the financial analyst prepares the model (economic evaluation for specific subdivisions).
- The developer may put in the infrastructure or they may hire InnPower to install it; in the former case, InnPower partially reimburses the developer for the assets
- In order to calculate how much InnPower must pay the developer, they must perform this preliminary evaluation
- Engineering, Finance and Development work together to check and calculate everything for input into the model
- The developer provides an expansion deposit or letter of credits – in case the developer does not continue, the city must continue with the build
- They must also calculate the revenue per house within a subdivision and calculate how much they need to repay the developer for the build
- This process is followed for every subdivision whether it's 2 or 100 houses
- The financial analyst maintains this data
- The builders have 5 years to build a subdivision and manual data must be maintained for this entire time
- Within the 5 year horizon they must ensure that they have the cash available to repay the developers and this must be tracked for each subdivision

Process Overview – Economic Evaluations Cont'd

Required Resources:

Financial Analyst

Tools:

MS Office

Great Plains (GP)

Process Steps:

- The model must be updated every year as data is sent from the Ontario Energy Board
- Some of the manual work has been reduced because they take a letter of credit instead of payment – but the major issue with the developer is – do they repay the developer or reduce the letter of credit?
- Now with the increase of development and community expansion, the data will increase
- They currently have \$10 million in letters of credit

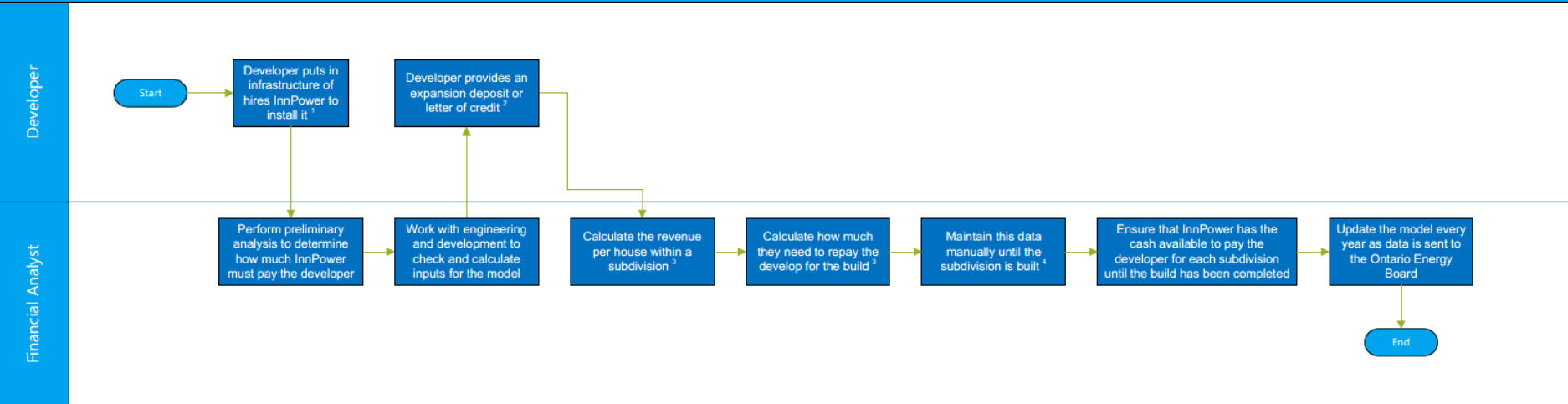
Process Overview – Economic Evaluations

Identified Process Issues

- As these are requirements set by the Ontario Energy Board, internal processes are the only ones that can be addressed
- In order to keep track of data on the letters of credit – this could be set up under a vendor subledger in GP (replacing the manual tracking) for each developer or subdivision; the cash requirements or payouts can be maintained by keeping track of payment terms (long term) and forecasting based on that

InnPower Current State Finance Processes – Economic Evaluations (IP-29)

NOTE: There are special projects for each subdivision and each project is different. The financial analyst prepares the model (economic evaluation for specific subdivisions)



FILENAME			
6. ECONOMIC EVALUATIONS (IP-29).VSDX			
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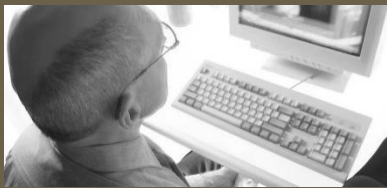


InnPower – Current State Processes (Finance and Accounting)



- NOTES:**
- If the developer puts in the infrastructure, InnPower partially reimburses the developer for the assets.
 - In case the developer does not continue with the build, the city must continue with the build.
 - This process is followed for every subdivision; whether its 2 or 100 houses.
 - The developer has 5 years to build a subdivision.
 - Other Notes:
 - Some of the manual work has been reduced because they take a letter of credit instead of payment – but the major issue with the developer is – do they repay the developer or reduce the letter of credit.
 - Now with the increase of development and community expansion, the data will increase.
 - They currently have \$10<M in letters of credit.





BPR Workbook for Financial Analysis
Process Number: IS01
Business Owner: Financial Analyst
Date: November, 2019
Version: 001 – in progress

Process Overview – Reconciling Balance Sheet Accounts

Required Resources:

Financial Analyst

Tools:

MS Office

Great Plains (GP)

Process Steps:

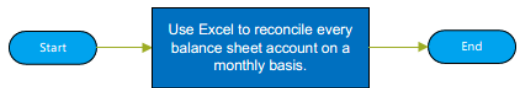
- On a monthly basis they use excel to reconcile every balance sheet account

Identified Process Issues

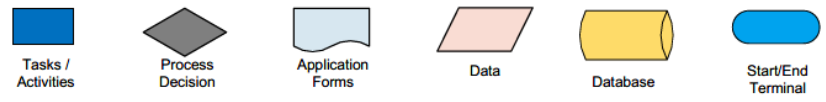
- Balance sheet accounts with small amounts take a significant amount of time to reconcile even though they are not material - perhaps they can be reconciled on a quarterly basis

InnPower Current State Finance Processes – Reconciling Balance Sheet Account (IP-30)

Financial Analyst



FILENAME			
1. RECONCILING BALANCE SHEET AMOUNTS (IS-30).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:



Process Overview – Affiliate Account Reconciliation

Required Resources:

Financial Analyst

Tools:

MS Office

Great Plains (GP)

Process Steps:

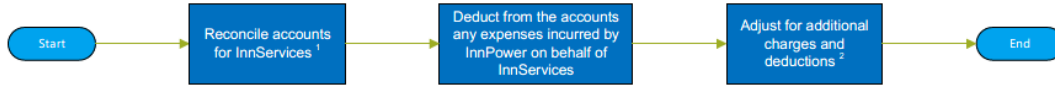
- Reconcile accounts for:
 - InnServices, which includes water payments; they collect water bill payments in Harris and remit to InnServices
 - Deduct from that, any expenses that InnPower has incurred on behalf of InnServices
 - Refer to Cash flow diagram for additional charges and deductions
- Typically, it's an amount owing to Innservices at the end of the month, but there could be a receivable amount
- The process is to manually enter all amounts into an excel spreadsheet, received from InnPower Customer Services
- Customer Service reports are based on balances from Harris and reports the amounts billed
- The balances between the 2 systems will never match as there is a time delay and no direct integration between the two systems

Identified Process Issues

- Integrate Harris with GP in order to address timing issues between Harris and GP cash amounts
- Use GP intercompany functionality to automate intercompany transactions

InnPower Current State Finance Processes – Affiliate Account Reconciliation (IS-31)

Financial Analyst



FILENAME			
2. AFFILIATE ACCOUNT RECONCILIATION (IS-31).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:

- InnPower collects water bill payments in Harris and remit to InnService.
- Refer to Cash Flow diagram for additional charges and reductions.
- Other Notes:
 - Typically, the account includes amount owing to InnService at the end of the month, but there could be a receivable amount.
 - The process is to manually enter all amounts into an excel sheet, received from InnPower Customer Service.
 - Customer Services reports are based on balance from Harris and reports the amounts billed.
 - The balances between the 2 systems will never match as there is a time delay and no direct integration between the two systems.



Process Overview – Regulatory Account Reconciliation

Required Resources:

Financial Analyst

Tools:

MS Office

Great Plains (GP)

Process Steps:

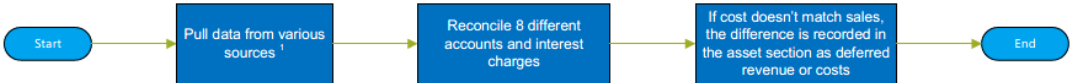
- Pull data from various sources: Billing information from GP, IESO invoices, Hydro 1 invoices, Unbilled reconciliation and Global adjustments
- This reconciliation is done for 8 different accounts and interest charges
- Cost of Power should match the sale of power, but this does not happen; the difference is recorded in the asset section as deferred revenue or costs

Identified Process Issues

- Each year they must justify the deferred revenue and costs to the OEB to collect or refund the amounts to customers
- This takes a very long time to sort through, especially due to the timing differences with the Harris billing system

InnPower Current State Finance Processes – Regulatory Account Reconciliation (IS-32)

Financial Analyst



FILENAME			
3. REGULATORY ACCOUNT RECONCILIATION (IS-32).VSDX			
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InnPower – Current State Processes (Finance and Accounting)

NOTES:
 1. Sources include billing information from GP, ISO invoices, Hydro One invoices, unbilled reconciliation, and global adjustments.

