

*The University of Western Ontario  
Department of Political Science  
Master of Public Administration, Local Government Program*

PA 9912b

**Financial Management in Local Government**

**Course Outline  
Winter Term  
2020**

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**Office hours:** By appointment before or after class. Any questions sent by email will be answered within approximately 12 hours, and likely sooner.

**OWL:** Students should familiarize themselves with the course (PA9912b) content on the electronic Western course management system OWL. All assignments must be submitted to the email address of the instructor [bellchamber@sympatico.ca](mailto:bellchamber@sympatico.ca)

**TIMETABLE & LOCATION**

Three weekends: Friday 3:00 – 7:00 PM and Saturday 9:00 AM – 4:30 PM:

**January 17,18;  
February 21, 22;  
April 3, 4.**

All classes will be held in **room 4255 SSC** (Social Science Centre).

**COURSE OBJECTIVES**

This course follows the textbook, particularly for the first session, but will be supplemented with current materials dealing with government financial management including scholarly and other articles and reports.

These items, or links to them will be distributed at the first class session. They will form the basis for both class lectures and student individual and group projects.

The objective of the course is to give students an understanding of the basic elements of public sector financial management. It will demonstrate that financial considerations play a role in virtually every local government activity.

Specifically the course will cover:

- ✓ How the financial planning cycle of local government impacts both

- operational and policy decisionmaking.
- ✓ How to understand and interpret financial information using
    - Basic accounting principles
    - Financial Statements
  
  - ✓ The elements of sound financial management in local government
    - Resource allocation
    - Effective budget management
    - Management control systems
    - Elements of fiscal management for all leaders in local government
  
  - ✓ Elements of financial accountability both within local government and out to the public
    - Reporting
    - Accountability
    - Internal and external oversight
    - Financial Considerations in Strategic Decisions

This course is not designed to train one to become an accountant! The primary goal is to give students the knowledge of how to work with finance professionals in the organization to the benefit of the organization and the inhabitants of the jurisdiction.

Additionally, it is designed from a practitioners' viewpoint and is intended to equip both the mid-career manager and the full-time academic student with skills in financial management.

The course is predicated on the assumption that the majority of class members will be those pursuing a career in local government management or as an elected official.

### **INSTRUCTIONAL STYLE AND EXPECTATIONS**

- The instructional style is interactive and participative. It will involve a blend of lecture, group discussion and group work. *The individual participation grade focuses on the student's contribution to the learning of others. This participation grade component is not designed to favour those with more direct experience in local government. For example even a question asking for clarification has the potential to add to the understanding of not only the person posing the question but also others in attendance.*
  
- It is expected that students will complete the assigned materials, **prior to each class** so that rewarding knowledge transfer can occur as we discuss concepts and in-field applications.

## **REQUIRED TEXTBOOKS**

Graham, Andrew. Canadian Public Sector Financial Management, 2<sup>nd</sup> Edition. (Kingston, Canada, Queen's University, School of Policy Studies, 2014)

Additional readings will be handed out in class from time to time or made available through the Local Government Library.

## **COURSE REQUIREMENTS AND EVALUATION**

- Assignment #1:** In class multiple choice quiz (January 18) 3:30 – 4:00 p.m. (15%)
- Assignment #2:** Asset Management Analysis group project, individual submissions (Feb 20). (30%)
- Assignment #3:** Financial Analysis Presentation (April 3&4). (25%)  
(Assignment 3 is a group presentation/assignment and grade)
- Assignment #4:** Financial Analysis written submission (April 6) (15%)  
(Assignment 4 is a group written assignment and grade)
- Participation:** Quality of learning of others (Participation in class) (15%)

**Note:** All assignments should be submitted in WORD format to the instructor, 11 point font - double-spaced by the date and time stated. This is to facilitate in document commenting for the ease of the student learning experience.

### **Assignment #1: In class quiz January 18 (15%)**

- The quiz will be administered at the end of class .
- The quiz will consist of multiple-choice questions based on the readings of the Introduction, the January 17 and 18 lectures and of Chapters 1, 2, 3 and 4 of the textbook.

### **Assignment # 2: An analysis of the impact on selected municipal services of Asset Management Planning for Municipal Infrastructure O.Reg 588/17(25%)**

The task will be:

- To analyze the requirements and impact of *O.Reg 588/17 Asset Management Planning for Municipal Infrastructure* .  
<https://www.ontario.ca/laws/regulation/r17588>
- Each group will select one type of infrastructure asset.
- The individual student submissions are to indicate the data analysis and milestones at each step of the Regulation's timetable for a municipality to which all components of the Regulation apply
- The analysis needs to incorporate discussion of possible impacts to operating and capital budgeting
- Further details of the assignment will be discussed at the January 17 session
- **Students should also read O. Reg 588/17 at least in a cursory fashion before January 17.**
- **Submissions cannot not exceed 10 typewritten pages 11 font, double- spaced (although supporting exhibits, charts, graphs, tables can be attached if deemed appropriate).**
- **Due February 20 at 3:00 p.m.\*\***

**Assignment # 3: Group Assignment – Complete a comprehensive Financial Management Analysis – April 3 & 4 (in class presentation) (25 %)**

- The group will assume the role of an external agency, similar to a bond rating agency, assessing the financial health and prospects of a municipality for an investor and the impact that financial analysis might have on that investor..
- Municipalities will be pre-selected and data sources identified.
- More discussion on the assignment will occur at sessions 1 and 2.

**Assignment # 4: Financial Management Analysis written by and submitted by each group including reflections from the in-class feedback from April 3 & 4**

**Due: April 11 (5:00 p.m.) (15 %)**

- Maximum length: 15 pages – double spaced 11pt font (not including appendices or bibliography)

**Participation: (15%)**

- No grades are assigned for attendance but no participation grades can be assigned if you are not in attendance.
- The course is designed to be interactive and participative.
- Quality of contribution enhancing the learning experience for your colleagues is more important than number of comments.

*It is the student's responsibility to submit his or her own original written material in courses.*

*Late assignments will receive a 2% penalty for each day and will not be accepted 10 days following the due date.*

## **Weekly Topic Schedule and Readings:**

### **WEEK 1: The Public Sector and the Accounting Context (January 17,18)**

#### **FRIDAY**

- Introductions
- Overview of the course: What is this course about? What is expected?
- Review of Course Outline & Explanation of Assignments
- Financially literate Manager and Organization
- Public Sector Accounting Principles
- Financial accounting and management accounting
- Users of the Accounting information
- Quality of Accounting Information
- Defining Accounting & Accounting Cycle
- Key terms: assets, liabilities, revenue, expenditure, equity (cumulative surplus/deficit), net assets
- Debits and Credits: Tools to Balance the Equation
- Building Blocks of Financial Statements

#### **SATURDAY**

- Q&A
- More Financial Statements:
  - Balance Sheet/Statement of Financial position (What is our position – at point in time?)
  - Income statement/Statement of Operations (How did we do in compared to plans over period?),
  - Changes in Financial Position
  - ... And don't forget the Notes to the Reader as they will describe some elements the numbers cannot.
- Basic Ratios
- Accrual accounting and non-cash transactions
- Management discussion and analysis
- Relationship of Financial Statements to external reporting (audited statements) and internal (management statements)
  - **January 18: In class multiple choice test of readings: Introduction & Chapters 1,2,3,4 and lecture – 15% of final grade**

#### **Readings:**

#### **Graham, Andrew. Canadian Public-Sector Financial Management (2<sup>nd</sup> Edition)**

**Introduction:** pages 2-8

**Chapter 1:** Financial Management in the Public Sector

**Chapter 2:** Public Sector Accounting Principles

**Chapter 3:** Financial Statements

**Chapter 4:** Accrual Accounting and Budgeting

Give a preliminary reading to:

<https://www.ontario.ca/laws/regulation/r17588>

## WEEK 2: The Budgeting Context (February 21, 22)

### FRIDAY

- Overview of Week 1 – Q&A
- Budgets - What they do and how they do it? Why do we budget? Where is policy in the scenario?
- Types of Budgets
- Planning and the budgeting cycle
- Operational Budgets
- Revenue and workload forecasts in budgets
- Cost analysis and forecasting

### SATURDAY

- Managerial control – the concept
- Management control frameworks and control process
- Risk and risk management: Heart of the Control Process
- Control procedures and policies
- Public Sector Financial Management Context: who, what, why, roles.
- Relationships of the budget to Economic planning and policy.
- Property Taxation , User Fees, and Public Perceptions – lecture and group discussion
- Review Assignment # 2 (submit electronically to OWL format) **Due: Feb 20 at 3:00 p.m.- 30% of final grade**
- Review of Assignment # 3 (group assignment - in class presentation Saturday April 4) **Due: April 11 at 9:00 a.m. – 25% of final grade**

### Readings:

**Handouts:** Property Taxation, User Fees and Public Perception

**Chapter 5:** Budgets: What They Are and What they Do?

**Chapter 6:** Planning and Budgeting

**Chapter 7:** Capital Planning & Budgeting

**Chapter 8:** Taking It Back: Reallocation and Budget Cutting

**Chapter 9:** Managerial Control

Students are advised to read all Chapters above although the lecture and discussion will not deal with all aspects of each as some components are more relevant to other levels of government.

## **WEEK 3: Implementation and Accountability Context ( April 6,7)**

### **FRIDAY**

- Overview of Week 2: Q&A
- Review Assignment #2
- Property Taxation , User Fees, and Public Perceptions Continued

### **SATURDAY**

- Q&A
- Objectives of effective budget management monitoring and control
- Crucial relationship between Line Manager and Financial Advisor
- In-year versus plan management
- Variance analysis and its importance
- Presentations Financial Management Analysis Assignment #3
  
- Final review Assignment # 4 Group written submissions of Financial Management Analysis as presented in class on April 7. (submit electronically to instructor. **Due: April 11 at 5:00 p.m. 15% of final grade**)

### **Readings:**

***Chapter 10: Cash Management: In-year budget management and monitoring***

***Chapter 10: Confirming Control: Accountability and Reporting***

***Appendix 4: Internal Control Checklist***