



**WEST HANTS REGIONAL MUNICIPALITY**  
**Audit Committee – Meeting Agenda **AMENDED****  
**July 22, 2020, 6:00 p.m.**  
**Virtual Meeting via ZOOM**

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1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Announcements
4. Approval of Minutes – there are no minutes to approve
5. Approval of Agenda, including additions or deletions
6. Presentation(s)
  - (a.) West Hants Audit Plan – Auditors from Kent & Duffett
  - (b.) Town of Windsor Audit Plan – Auditors from Grant Thornton LLP
7. New Business
  - (a.) Approval of Terms of Reference
8. Updates
  - (a.) Director, Financial Services
9. Date of Next Meeting
10. Adjournment



**WEST HANTS REGIONAL MUNICIPALITY**  
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**July 22, 2020, 6:00 p.m.**  
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<b>Present:</b>	Abraham Zebian	Mayor / Committee Chair
	Mark McLean	Councillor, District 3
	Ed Sherman	Councillor, District 7
	Glenn Robinson	Citizen Member
	Jane Davis	Citizen Member
	Carlee Rochon	Director of Finance
	Mark Phillips	Chief Administrative Officer (CAO)
	Andy Forse	Kent & Duffett
	Gloria Banks	Grant Thornton
	Jessica Clahane	Grant Thornton
	Vincent Chau,	Grant Thornton
	Carmen Dewar-Miller	Administrative Assistant

1. **Call to Order**

Committee Chair, Mayor Zebian, called the meeting to order at 6:02 pm.

2. **Declaration(s) of Conflict of Interest**

There were no declarations. Mayor Zebian requested that everyone take a moment to introduce themselves.

3. **Announcements**

There were no announcements.

4. **Approval of Minutes**

There were no minutes to approve as we are a new committee under the new entity, West Hants Regional Municipality.

5. **Approval of Agenda, including additions or deletions**

Director Rochon requested a motion to receive the Kent & Duffett (K&D) presentation (item 6.b. on the agenda), ahead of the Grant Thornton (GT)



**WEST HANTS REGIONAL MUNICIPALITY**  
**Audit Committee Minutes**  
**July 22, 2020, 6:00 p.m.**  
**Virtual Meeting via ZOOM**

---

presentation (item 6. a. on the agenda), as Andy Forse of K&D had another meeting to attend.

**Moved by Citizen Representative Robinson and Councillor Sherman that the agenda be approved with this change in presenting order.**

**Motion Carried.**

**6. Presentations**

(a.) West Hants Audit Plan (see attached letter)

Andy Forse, representing K&D, presented an overview of their audit plan for the former Municipality of West Hants. The audit would have been well underway by now if not for COVID-19. Auditors will be performing two audits, virtual and on-site. The K&D website portal will be used to communicate most of the information and auditors will remain off site for much of the audit. The auditors were on site in late January for preliminary audit testing and work. As in years past they tested internal controls which passed for the 4<sup>th</sup> consecutive year. They will be relying on our internal controls as a means of audit evidence. He praised West Hants Management's effective development and implementation of internal controls. The audit will be risk based and a risk assessment was performed through December to February. No expectation of anything drastically different except for some extra work related to COVID-19 and to West Hants ending as its own entity. Key areas for testing will include management override and accounts receivable existence. There have been no findings of misstatements in past audits. By September, they will have an auditor on site for testing and verification. There is every expectation that they will meet the Sept. 30<sup>th</sup> deadline. Their team will consist of Andy, Beth Crosby and Ashley Hill. Andy wrapped up by asking if there were any questions.

Director Rochon asked Andy to outline the different statements and reports he prepares for the Audit Committee. Andy responded with the following list: an audit on financial statements, the audit on the consolidated entity transition period, financial statements for the Hantsport Fire Department, a hospitality audit, an audit of council expenses and the Region 6 audit.



**WEST HANTS REGIONAL MUNICIPALITY**  
**Audit Committee Minutes**  
**July 22, 2020, 6:00 p.m.**  
**Virtual Meeting via ZOOM**

---

(b.) Town of Windsor Audit Plan (see attached report)

Gloria Banks opened the GT presentation with a review of the Executive Summary. Their approach is to focus on areas of highest risk, looking for errors in financial reporting. They have provided confirmation regarding their independence. The impact of COVID-19 on financial reporting will also be assessed. This report was prepared solely for the audit committee and council and is not for 3<sup>rd</sup> party distribution. The plan is complete, just a matter of settling the dates for the field work to start.

Gloria touched on the difference in audit approach between West Hants and the Town of Windsor due to Windsor having a small accounting group with a segregation of duties issue. This means that testing of internal controls is not possible. They have always done a substantive audit approach on Windsor's year-end balances. Here Gloria references Appendix A of their report as a diagram of their approach.

Gloria took a moment to discuss Amalgamation, specifically a section in the new handbook called "Restructuring Transactions", as this will now be applicable to our organization.

Jessica Clahane took over to discuss the following sections of the report:

- Audit plan and risk assessment
- Audit and other services fees
- Team, timing and communications
- Technical updates – highlights

Gloria commented regarding deferral of all new sections due to COVID-19, and positive changes coming in a couple of years, related to asset retirement obligations and a revised conceptual framework.

Jessica reviewed Appendix A, regarding the roles and responsibilities of this committee, management and the auditors, and the five key phases of their audit approach. There was mention of focus on internal control, quality control and utilization of the IDEA Data Analysis Software.

Jessica and Gloria then opened discussion for questions or concerns.

Citizen Member Robinson asked if GT would be providing any audit reports regarding hospitality or council expenses, as were presented as part of the K&D plan.



**WEST HANTS REGIONAL MUNICIPALITY**  
**Audit Committee Minutes**  
**July 22, 2020, 6:00 p.m.**  
**Virtual Meeting via ZOOM**

---

Gloria responded that the Department of Municipal Affairs had considered making this mandatory but received enough feedback to determine that this decision should be left up to each municipality. The Town of Windsor decided last year that they did not require this as part of their audit.

Citizen Member Robinson then asked as to who would make that decision.

Mayor Zebian deferred to Director Rochon, asking if the plan should move forward "as is", and next year approach it the way its been done in West Hants.

Director Rochon responded that this would be at the prerogative of the committee, as it is an extra level of review. In the past it has been well-received and can be further discussed at the final audit meeting and added to the audit plan for the next RFP.

CAO Phillips mentioned that if this service was added there may be an added cost. He stated that Council and CAO-recorded expenses have evolved to a level of transparency not seen before and were already there for the committee and residents to view as this information has been recorded and posted online for some time now. He will leave to the committee for their consideration.

Mayor Zebian requested that this discussion be brought back to the final meeting.

Director Rochon said she would add it to the RFP as an optional item.

Gloria advised that as the GT fee has increased this year due to COVID-19 and amalgamation, expense and hospitality audits could be included within the current fee structure for this year's audit.

Mayor Zebian stated that he was in favour but deferred to committee members.

Citizen Member Robinson questioned if resources were stretched with two audits on the go at the same time. He stated that if workable and no extra cost, it sounded okay to him.

Mayor Zebian reiterated that these expenses are historically uneventful as people are careful and cognizant of expenses.



**WEST HANTS REGIONAL MUNICIPALITY**  
**Audit Committee Minutes**  
**July 22, 2020, 6:00 p.m.**  
**Virtual Meeting via ZOOM**

---

Councillor Sherman agreed that an added service at no additional expense sounded good to him. Councillor McLean and Citizen Member Davis both agreed as well.

Mayor Zebian deferred to Director Rochon that if not an overburden on staff this should be done.

**7. New Business**

Approval of Terms of Reference (see attached TOR)

Director Rochon asked that the committee approve the Terms of Reference as presented.

Mayor Zebian asked CAO Phillips if he had anything to add but CAO Phillips did not. He then opened the floor to committee members for any further comments.

**Moved by Councillors Sherman and Mclean that the Terms of Reference be approved.**

**Motion carried.**

**8. Updates**

- (a.) Director Rochon requested a motion to receive the audit plan report from GT. Mayor Zebian asked for a motion.

**Moved by Citizen Member Davis and Councillor Sherman that the report be received.**

**Motion carried.**

- (b.) Director, Financial Services Report

Director Rochon presented an overview of current position, status of the audit, upcoming events and operations within the Finance Department. The goal is for committee members to gain the comfort level required to manage risk and assess internal controls as we move forward. Of the five audits being completed this year, three will come before this committee, West Hants, Town of Windsor and Coordinating Committee. The Finance



**WEST HANTS REGIONAL MUNICIPALITY**  
**Audit Committee Minutes**  
**July 22, 2020, 6:00 p.m.**  
**Virtual Meeting via ZOOM**

---

Department is currently in the process of getting the tax bills out and ramping up for the audits.

Our municipal advisor has been notified of our schedule. They are consistently seeing delays in audits due to COVID-19, so they are anticipating that they will see lots of financial statements coming in after the Sept. 30<sup>th</sup> deadline. The municipal advisor is aware that our council date is scheduled for the last Tuesday of October, which is the date our statements will be approved.

Carmen will reach out to schedule two more meetings between now and October 27<sup>th</sup> - one to review the audits, the second to receive presentations from staff relating to former town and municipal policies and their internal control practices surrounding Accounts Payable and cash procedures. We will also have Provincial reports on financial indicators for both the former Town and Municipality as well as our first quarterly financials to review.

Leads assigned as follows; our Financial Analyst will be dealing with the former Town Of Windsor audit, our Manager of Accounting and Financial Reporting will be dealing with the Coordinating Committee and Region 6 audits, and Director Rochon will be overseeing the West Hants audit and assisting with the Coordinating Committee audit.

Director Rochon then opened the floor for questions.

Citizen Member Davis questioned Director Rochon as to findings that would require a forensic audit, the procedures involved and how management would be notified.

Director Rochon referenced the former West Hants Municipality's Whistle-blower Policy, which is still in place until a new policy is created for the new region. A forensic audit would be required if there was indication of fraud brought forward to this committee by a whistle-blower, management or the auditors. We would seek forensic audit services as a forensic audit is more in-depth in the level of testing and work required in the area where the fraud may have occurred.



**WEST HANTS REGIONAL MUNICIPALITY**  
**Audit Committee Minutes**  
**July 22, 2020, 6:00 p.m.**  
**Virtual Meeting via ZOOM**

---

CAO Phillips asked if both auditor groups have access to our financial software?

Director Rochon responded that the auditors get a download from our accounting system as of March 31<sup>st</sup>. They import the information, mimic our entire financial year in their system, then match their trial balance for what they had last year to our ending trial balance for this year.

CAO Phillips remarked that access gives the auditors almost unlimited ability to investigate our records and should provide an added level of confidence regarding their findings.

Director Rochon added that we upload the backup to support journal entries with all notes attached. No entry gets posted without a note.

Mayor Zebian mentioned that the former West Hants Municipality's internal controls are the gold standard, making it difficult for one individual to commit fraud. He enjoys the quarterly updates as they keep residents and council updated on where we stand and has the utmost confidence in people behind the scenes.

Citizen Member Robinson asked CAO Phillips if they had an organizational chart that could be emailed to committee members.

CAO Phillips redirected to Director Rochon, referencing our organizational charts for the new region, which will speak to positions and names. The committee may also be interested in having information regarding signing authority throughout the organization as well as authorized thresholds.

Director Rochon responded that this information will be included at our next meeting as part of our presentations relating to segregations of internal controls. This will speak to the different positions as well as the policies that come into play that impact the financial statements. Related to signing authorities, we will be discussing and breaking down the procurement policies for both the former entities, with examples of how that information flows through the system at different signing authority levels. It will address past positions as they are relevant for the audits but you will also get a sneak peek at the new region-related items so that



**WEST HANTS REGIONAL MUNICIPALITY**  
**Audit Committee Minutes**  
**July 22, 2020, 6:00 p.m.**  
**Virtual Meeting via ZOOM**

---

we can effectively review and critique the financial budgets quarterly, and see how we are doing budget to actual.

Mayor Zebian asked if there was anything further but there was not.

(a.) **Date of Next Meeting**

Carmen will communicate to committee members regarding availability towards the end of August or early September for the next meeting, which will touch on policies and internal controls.

(b.) **Adjournment**

**MOVED by Citizen Member Robinson and Councillor Sherman.**

**Motion Carried.**

Meeting adjourned at 7:06pm

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X

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Abraham Zebian, Chair