



WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Minutes **AMENDED**
February 3, 2021, 6:00 p.m.
Virtual Meeting via ZOOM

Present: 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 Financial Services
Mark Phillips	Chief Administrative Officer (CAO)
Diana Gibson	Manager, Financial Reporting
Carmen Dewar-Miller	Administrative Assistant

1. Call to Order

Mayor Zebian called the meeting to order at 6:07 pm.

2. Declaration(s) of Conflict of Interest

No declarations.

3. Announcements

No announcements.

4. Approval of Minutes, including additions and deletions

Mayor Zebian asked for a motion to approve the meeting minutes taken on October 22, 2020.

MOVED by Councillor Sherman and Councillor M. McLean that the minutes be approved.

Motion Carried.

5. Approval of Agenda, including additions or deletions

Mayor Zebian asked for a motion to approve the agenda.

MOVED by Councillor Sherman and Councillor M. McLean that the agenda be approved.

Motion Carried.

6. Presentations

- (a.) Recommendation Report for Auditing Services – presented by Ms. Diana Gibson, Manager of Accounting and Financial Reporting. Ms. Gibson

reviewed the report, which recommended that the Auditing Services tender be awarded to Kent & Duffett Chartered Accountants, offering a five-year contract.

There was a question from Councillor M. McLean regarding whether the respective size of the two companies vying for the auditing services contract was taken into consideration in determining the awarding of the contract. It was discussed between Ms. Gibson and Director Rochon and it was determined that both companies were well-established with no concern regarding risk, and that both offered equal numbers of personnel to work on the audit process.

Councillor M. McLean then asked whether it would not make sense going forward to align with the larger-scale company due to it being easier for them to go after and reclaim money owed. Director Rochon responded that she agrees with Councillor M. McLean's statement that it is easier to get money back from a larger organization, but the contract to be put in place would include a penalty for default of either of the parties (Municipality or auditing service), and liability insurance would provide a safeguard in the event of a bankruptcy filing.

Councillor M. McLean asked about the liability comparison between the two companies. Ms. Gibson stated that there was an insurance coverage amount that both companies had to meet in order to be considered which entailed a two-million-dollar threshold.

Citizen Member Davis asked if a five-year contract was an industry standard or was that something arbitrarily chosen by the Region. Ms. Gibson stated that this was typical practice.

Mayor Zebian asked how many years Kent & Duffett had been doing the audits for the former West Hants Municipality. Director Rochon replied that they provided service for four years and added that Grant Thornton provided service for the former Town of Windsor for the past 10 years.

MOVED by Councillor Sherman and Citizen Member Davis that the Audit Committee recommends that Council award a contract to Kent & Duffett Chartered Accountants to perform annual auditing services for West Hants Regional Municipality and the two Water Utilities (West Hants and Windsor), and to perform annual financial statement compilation services for Hantsport Fire Department for fiscal year ends March 31, 2021, through to March 31, 2025.

Motion Carried.

- (b.) Information Report – Quarterly Budget Report, month ending December 31st, 2020 – presented by Director Rochon.

Councillor M. McLean asked Director Rochon if she had the numbers for how much more tax base would be coming to the Municipality due to deed transfer taxes, as now those properties would be taxed at a higher rate due to the cap? Director Rochon did not have that number at hand and stated that depending on when properties were sold, they would be reflected in our 2020/21 tax roll that we receive from PVSC. It would not reflect anything in December, January, February or March. She is seeing from the reports that we are looking at roughly a 3% increase in our taxable assessment base.

PVSC is scheduled to come in and do a presentation for Council on our assessment roll and will also touch on cap, as well as look forward to the future year, including the impact of COVID-19. Director Rochon does see a positive trend in the assessment roll that she received this year and will be presenting those facts to Council.

Councillor M. McLean asked a follow-up question regarding when a property is sold, and the taxes start to come in at the new cap, if that was to happen and you pay that higher tax, would you pay that tax rate for the whole year, or only the months of the tax year that you owned it? Director Rochon replied that it would be dependent on timing. If you sell your house in December, note that due to their legislative due date, PVSC do their cut off at the end of November. The sale may not necessarily be reflected through the Registry of Deeds to PVSC yet, so you might not actually have an adjustment on your cap, or adjustable tax balance until the next fiscal year. The tax rates are set using the assessment value in assessment roll we receive in December. Adjustment in assessment and cap would come from PSVC but can sometimes take time to catch up.

(At this point, Mayor Zebian advised that Councillor Sherman had to step away from the meeting for a family emergency.)

Citizen Member Davis added as follow-up to Councillor M. McLean's questions, that it should be clarified that some properties sold may not fall under the cap, as they may not have had the cap applied.

Director Rochon then took a moment to review some new items included on her report.

Mayor Zebian had a question regarding the 94.3% of revenue recorded at this point. What is the difference between recorded and actual revenues coming in? Director Rochon responded that it is actual revenue that we have received and recorded.

This points to an improved collection rate over past years. Collection techniques are working. Our FIR has been filed and we have been getting questions from the province – they are pleased with level of attention and detail being given to this process.

Mayor Zebian questioned the firefighting expenses being up roughly \$500K. Director Rochon replied that this is directly related to the hydrant fee invoice from 2019/20 that prompted the recommendation to use the former West Hants' surplus funds to cover.

Mayor Zebian also asked why our insurance is almost two and a half times higher? This is the result of changes and areas where policies were reflected. We are in the process of reviewing the entire consolidation of the two insurances. This is something that could potentially result in an RFP in the new year.

Mayor Zebian mentioned that sewer revenues are up significantly, almost \$300,000. Is this attributed to people using more water? Director Rochon advised that there is an accrual entry that will be coming from that sewer revenue which will result in a bit of a decrease from the former municipalities and towns because we had to record the invoices that we sent out in April into the former companies.

Increased revenues can be attributed to a number of factors including all of the revenue sources from the sewer utility, so if there are any special fees or special services similar to the water utility, like public hydrants or sprinklers, that is all considered revenue, not just consumption and base charge revenue.

Mayor Zebian stated that we are projecting a healthy, successful year with a \$600K surplus.

Director Rochon finished by noting that on the last page of the report, two lines not normally included had been added to the package, and she reviewed these lines.

CAO Phillips wanted to emphasize and clarify that the fire protection expenditure was not firefighting as far as operations, fuel and trucks, but related to fire hydrants.

7. Updates

- (a.) Director of Financial Services Update – Director Rochon mentioned that there are a number of projects underway right now with Council, the most interesting for Audit Committee to be aware of would be a report going to Committee of the Whole next week regarding a decision on Dial-A-Ride. Depending on what Council decides, there may be an information report requiring discussion regarding audit implications. That would be something discussed at this table and we would come to a consensus with the application of the accounting standards. We would then be able to support Council with that decision as well as inform our auditors when we meet with them regarding audit planning. We may need to call for a meeting in March on this as it has been requested to include as a line item in our budget.

Director Rochon advised that as of tomorrow the last of the financial data from our former companies will be transitioned and we will now be operating out of one financial company, instead of three. A large undertaking but so far, a successful transition with support from Diamond which involved taking all the closing balances and mapping them into the region. The auditor will require this mapping to confirm our opening balances and will be commenting on this in their report.

Councillor M. McLean asked whether the requests for grants have gone up from last year? Director Rochon advised that when the CAO and Community Development Director were reviewing grant applications, they applied a lens of "is this consistent with what they got last year" to ensure a fair and equitable process. There were some adjustments at the Council table and she can provide report if required.

CAO Phillips asked if Councillor M. McLean meant would this year look the same as last year with regard to the amount of funding being requested? Might there be a huge increase? Director Rochon explained that in the grant policy there was a threshold that Council approved in November, which limits us to 1% of the taxable revenue generated for general services. Whatever that taxable amount is, once we go through budget deliberations, we can only issue grants up to that 1% threshold.

8. Date of Next Meeting

Carmen will reach out if a meeting is required in March. Otherwise, the next meeting will be scheduled after Director Rochon meets with the auditors and once Council approves the auditing contract. They will set a timeline and schedule their session with Audit committee to do their audit planning.

9. Adjournment

Mayor Zebian called for a motion to adjourn the meeting.

MOVED by Councillor M. McLean and Citizen Member Davis that the meeting be adjourned.

Motion Carried.

Meeting adjourned at 6:49 pm

X

Abraham Zebian, Chair