



West Hants
something inspiring awaits

**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda (REVISED)
October 20, 2021, 6:00 p.m.
Via Zoom and Facebook Livestreamed**

1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Announcements
4. Approval of Agenda, including additions or deletions
5. Approval of May 26, 2021 Minutes, including additions or deletions
6. New Business
 - (a.) Audit Presentation (REVISED)
 - (b.) Financial Update to August 31, 2021 (REVISED to include report)
 - (c.) Review of Committee Composition – terms served, member eligibility for reappointment, nominations
 - (d.) Discussion Topic – going forward do we continue to hold Audit Committee meetings virtually or in-person?
7. Date of Next Meeting – January 2022
8. Adjournment



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WEST HANTS REGIONAL MUNICIPALITY
Audit Committee Meeting Minutes
October 20, 2021, 6:00 p.m.
Via Zoom and Facebook Livestreamed

Present: Abraham Zebian	Mayor / Committee Chair
Ed Sherman	Councillor, District 7
Glenn Robinson	Resident Member (<i>joined at 6:42pm</i>)
Jane Davis	Resident Member
Carlee Rochon	Director of Financial Services
Mark Phillips	Chief Administrative Officer (CAO)
Diana Gibson	Manager of Accounting & Financial Reporting
Carmen Dewar-Miller	Administrative Assistant
Andy Forse	Auditor, Kent & Duffett (<i>left at 6:27pm</i>)

- 1. Call to Order** - Mayor Zebian called the meeting to order at 6:02pm
- 2. Declaration(s) of Conflict of Interest** - No declarations
- 3. Announcements** - No Announcements
- 4. Approval of Agenda, including additions or deletions**
Mayor Zebian asked for a motion to approve the agenda
MOVED by Resident Member Davis and Councillor Sherman that the agenda be approved.
Motion Carried.
- 5. Approval of May 26, 2021 Minutes, including additions or deletions**
Mayor Zebian asked for a motion to approve the minutes
MOVED by Councillor Sherman and Resident Member Davis that the minutes be approved.
Motion Carried.
- 6. New Business**
 - a) Audit Presentation
Auditor Andy Forse of Kent and Duffett presented the financial audit results

Mr. Forse thanked Director Rochon and staff for the immense amount of work done within condensed time frames. The audit process started from zero as there was no historical testing available for the new municipal unit. The province has been delayed in sending items such as the FIR (Financial Information Return), which was due Sep. 30.

Mr. Forse explained that an audit is not a judgement on how money is spent. Auditors offer an unqualified opinion (no reservations) on whether financial statements are prepared accurately and fairly so that the users of these statements can make informed decisions based on the information found within. Mr. Forse is happy to report that the West Hants Regional Municipality's financial statements are free from any misstatements.

Mr. Forse noted that the entire Council expenses, including the Mayor and CAO are under \$5000, the lowest he has ever seen.

For Year One, the Auditors conducted thorough testing using many different methods. They look for a high level (95-98%) of assurance. They concluded there was sufficient and appropriate evidence this year, with no evidence of misstatement or possible or actual fraud. They evaluated the internal control system and determined that the controls are designed and operating effectively.

Mr. Forse referenced the Consolidated Statement of Financial Activities, on page three of the Financial Statement, as a page that may cause confusion for non-educated users. West Hants is showing a very large surplus. Residents may have questions regarding this surplus.

The reason for this \$15 million surplus from all funds is mostly due to grants and funding from unusual things like capital items (Sports Complex, COVID funding). These are not budgeted items. Most of the money in this surplus is coming from Safe Restart and the grant for the Sports Complex and being spent on capital projects.

The general operating fund is essentially break even. There was an approximately \$1 million surplus in the water fund. A deficit would indicate that water rates are insufficient, not the case here. Both utilities are properly funded with Windsor's water utility creating the larger surplus. Something to watch, as you want to break even every year unless the surplus is being saved for upcoming capital projects. Good to see that most of the surplus comes from non-budgeted items.

Mr. Forse mentioned that this is a starting point for the new municipal unit and pointed out that the net assets line is reflecting a positive number – 2.8 million dollars. Neither Windsor nor West Hants were in a positive position at the end of last year. There has been a turnaround, primarily due to receiving so much funding through the consolidation process, COVID Safe Restart and some other capital grants.

The municipality has a healthy cash position, much of that in the reserves. Due to grants, the new entity is starting out well-funded. Long-term debt is at a very manageable rate. Liabilities are also manageable - residents should feel comfortable. Reserves are approximately \$18 million. Positive cash position, positive net assets position. A very strong result for year one.

Auditors are expected to offer an opinion in a letter, which will be sent to Director Rochon. This letter contains the auditors' comments towards internal controls. For West Hants Regional Municipality, there is nothing to report. It is common for municipal units to have segregation of duties as a finding for internal control deficiencies due to not having sufficient human resources to segregate all duties of the jobs that need to be done. There is some possible threat for manipulation of the role of Director of Financial Services but there are sufficient compensating controls over risk of lack of segregation of duties. Through testing it was determined that there was no risk of manipulation.

Director Rochon addressed the Consolidation Reserve on page 43. The opening balance of this reserve is the amount remaining from provincial funds received by the Coordinating Committee to manage consolidation. In April a deposit of \$4.75 million was received. \$4 million was earmarked for the Sports Complex and \$750,000 for consolidation expenses such as branding and signage (operating transition). We are still waiting on a response from the province regarding the infrastructure funds piece, so this is not the maximum amount of funds received yet.

Director Rochon requested that the Committee put forward a motion recommending to Council that the Audited Consolidated Financial Statement be approved.

**MOVED by Resident Member Davis and Councillor Sherman that the Audit Committee recommends that Council approve the audited Consolidated Financial Statement ending March 31, 2021 for West Hants Regional Municipality as presented to the Audit Committee.
Motion Carried**

b) Financial Update to August 31, 2021

Director Rochon reviewed this summary of where we are from a financial standpoint to the end of Aug. 31, 2021. This report focused on revenue and expenditure highlights as well as some new items and overall financial implications. (A report to the end of Q2 (September 30th) is not yet completed as it is still being finalized.)

Discussion Points

- Fiscal services in general are projecting to be lower. This section covers education, the Public Housing Authority, PVSC, Corrections and the Regional Library. Biggest variance relates to the education piece.

There is no plan yet for double Equalization. Director Rochon's recommendation is to put it into a reserve similar to the smoothing reserve set up for Hantsport Equalization. Committee Members agree with this recommendation.

- c) Review of Committee Composition – terms served, member eligibility for reappointment, nominations
Per the Audit Committee's Terms of Reference and Council's Meeting and Committee Procedural Policy, Director Rochon will be reaching out to committee members regarding eligibility and reappointments. She will bring this item forward to Council to reappoint or appoint the Audit Committee members for next year
- d) Discussion Topic – going forward do we continue to hold Audit Committee meetings virtually or in-person?

Discussion Points

- Committee is open to proceed either way but in-person is preferred, most would like to return to Council Chambers
- With Zoom, the audio quality is improved, no one is speaking through masks. Per current policy, masks are still required to be worn during in-person meetings
- Public health directives may look different before the next meeting in January
- We can accommodate a hybrid model of zoom and in-person
- In-person is the decision of the Committee

7. Date of Next Meeting – January 2022

Typically, last Wednesday of the month, date to be determined closer to January

8. Adjournment

Mayor Zebian called for a motion to adjourn

MOVED by Councilor Sherman and Resident Member Davis that the meeting be adjourned.

Motion Carried.

Meeting adjourned at 6:48pm

X

Committee Chair