

PELHAM FINANCE AND AUDIT COMMITTEE MINUTES

Meeting #: PFAC-02-2020
Date: Thursday, May 7, 2020
Location: Zoom Meeting

Members Present: Councillor John Wink, Chair
Councillor Marianne Stewart
Bill Crumm
Michael Cottenden

Members Absent: Councillor Ron Kore

Staff Present: CAO, David Cribbs (joined meeting at 5:00pm)
Director of Corporate Services, Teresa Quinlin
Deputy Treasurer, Charlotte Tunikaitis
AA to Corporate Services, Laura Nelson, Secretary

Other: Trevor Ferguson, Deloitte Partner of Audit and Assurance
Nicholas Wittig, Deloitte Audit Staff

1. Call to Order and Declaration of Quorum

Noting that a quorum was present, Chair Wink called the meeting to order at approximately 4:03pm.

2. Approval of Agenda

The Chair requested item 7.3 be added to the agenda. The Committee agreed by consensus to the additional item.

Moved By Michael Cottenden
Seconded By Bill Crumm

THAT the agenda for the May 7, 2020 regular meeting of the Pelham Finance and Audit Committee be adopted, as amended.

Carried

3. Declaration of Pecuniary Interest and General Nature

There were no pecuniary interests disclosed by any of the members present.

4. Approval of Minutes

The March 5, 2020 minutes were approved as revised; with the amendment of the spelling of Bill Crumm's last name.

Moved By Bill Crumm

Seconded By Michael Cottenden

THAT the minutes of the March 5, 2020 and draft revised Terms of Reference, of the Pelham Finance and Audit Committee be approved, as revised.

Carried

5. Business Arising from Minutes

None

6. New Business

None

7. Audit**7.1. Presentation by Trevor Ferguson, Deloitte Partner of Audit and Assurance:
Report to Audit Committee on 2019 Audit**

Trevor Ferguson, Auditor from Deloitte, made a presentation in regards to the Deloitte Audit Results, a copy of which is available upon request in the Clerks office.

The presentation, included but was not limited to, an overall review of the audit process and a summary of the results.

Mr. Ferguson indicated that the audit was conducted remotely as required through physical distancing measures and expressed his delight in how helpful and well-prepared the Finance department was during this process to complete the audit on time as scheduled.

Mr. Ferguson indicated that the audit materiality is set at 5% (approximately \$30,000) and if any transgressions above 5% were discovered he would have brought that information forward to the Committee's attention. No misstatements were identified.

He noted that there is a section titled "Status and Outstanding Matters" that has a couple of items listed but that is only because the financial statements have not been approved by Council yet. Once approved, those items will be cleared.

The Committee had no questions for Mr. Ferguson with respect to his presentation.

Trevor Ferguson made a presentation in regards to the 2019 Pelham Financial Statements, a copy of which is available upon request in the Clerks office.

The presentation, included but was not limited to, a high level overview of the Town of Pelham 2019 Financial Statements. Mr. Ferguson also offered to answer any questions from the Members of the Committee. No questions were asked, however, Councillor Wink commented on the great work by the Treasurer and Deputy Treasurer over the past year in managing the Town's finances. The Treasurer stated that the focus in the Finance department has been to replenish the cash and cost containment.

Moved by Michael Cottenden
Seconded by Marianne Stewart

THAT the Pelham Finance and Audit Committee receive the 2019 Deloitte Report, for information;

Carried

Move to In-Camera

Moved by Bill Crumm
Seconded by Michael Cottenden

THAT the next portion of the meeting be closed to the public in order to consider the following:

239 (2) (b) – personal matters about an identifiable individual, including municipal employees; and

239 (2) (j) – a trade secret or scientific, technical, commercial or financial information that belongs to the municipality or local board and has monetary value or potential monetary value.

Carried

Move out Of-Camera

Moved by Bill Crumm
Seconded by Michael Cottenden

THAT the Pelham Finance and Audit Committee hereby direct the Chair to provide a letter to Council forthwith, indicating:

WHEREAS the Pelham Finance and Audit Committee received the 2019 Deloitte Report, for information;

AND WHEREAS the Pelham Finance and Audit Committee received the 2019 Town of Pelham Consolidated Financial Statements;

NOW THEREFORE, THAT the Committee hereby recommends that Council approve the 2019 Town of Pelham Consolidated Financial Statements.

Carried**7.2. Management Summary**

No discussion regarding Management Summary was had.

7.3. Appointment of Auditors for 2020

A Committee member questioned why the Audit Committee has to appoint a firm when there is a contract set in place. The Treasurer stated that even though there is a contract in place, the auditors must always be appointed as there could have been issues with the audit or the auditor in which case the Committee would have the opportunity to cancel the agreement.

Move to In-Camera

Moved by Bill Crumm

Seconded by Michael Cottenden

Although not stated the Committee entered closed session in regards to section:

239 (2) (b) – personal matters about an identifiable individual, including municipal employees and;

239 (2) (j) – a trade secret or scientific, technical, commercial or financial information that belongs to the municipality or local board and has monetary value or potential monetary value.

Carried**Move out Of-Camera**

Moved by Bill Crumm

Seconded by Michael Cottenden

THAT the Pelham Finance and Audit Committee recommends that Council appoint Deloitte as auditors for the 2020 calendar year.

Carried**8. Operating Financial Report**

The Committee reviewed the Operating Financial Report dated December 31, 2019 as presented by the Treasurer and Deputy Treasurer.

A Committee member questioned the difference between the surplus' of the Financial Statements that were presented by the Auditor and those that the Treasurer presented. The Deputy Treasurer stated that the difference is the accrual versus the modified cash basis.

A Committee member questioned whether the \$100,000 reserve for Covid-19 is enough for the Town of Pelham. The Treasurer stated that the Town is hopeful to receive some federal and provincial funding to alleviate some of the pressure. If the Town doesn't receive any funding, because the Town does not have the cash in the reserves, the deficit would have to be applied in to the 2021 budget.

9. MCC Operating Financial Report

The Committee reviewed the Meridian Community Centre ("MCC") Operating Financial Report dated December 31, 2019.

10. Transit Operating Financial Report

The Committee reviewed the Transit Operating Financial Report dated December 31, 2019.

11. Capital Report

The Committee reviewed the Capital report dated December 31, 2019.

Moved by Bill Crumm
Seconded by Michael Cottenden

THAT the Pelham Finance and Audit Committee receive the Operating, MCC, Transit and Capital reports dated December 31, 2019, for information.

Carried

12. Reserves

The Committee reviewed the Reserve and Reserve Fund Report and Reserves Appendices.

Moved by Michael Cottenden
Seconded by Bill Crumm

THAT the Pelham Finance and Audit Committee receive the Reserves Report and that the Chair include this in his letter to Council to recommend the approval of the surplus allocation to reserves.

Carried

13. Financial Risks

Teresa Quinlin, Treasurer and Director of Corporate Services indicated that there will be a Covid-19 financial report going to Council on May 19th. This report includes information on all revenue sources to reflect the shortfall and other expenses such as cleaning and enforcement. Also included are any staff layoffs, updated projected impact, waived interest fees for April, May and June, and the lost interest revenue.

14. Next Meeting

The Committee discussed the September meeting and suggested meeting sooner to discuss a report to Council on the financial impacts of Covid-19. In response, Mr. Cribbs indicated the Committee can review the report prior to it going to Council and present recommendations and opinions. The next meeting date was scheduled for September 9th; however, it was discussed to meet earlier to not only give input to the financial impact report but also to get a status update on finances for the calendar year. Staff will come back to the Committee with a proposed date for the next meeting.

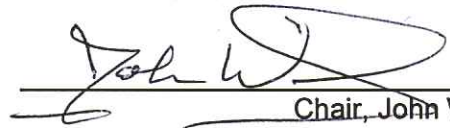
15. Adjournment

Moved by Bill Crumm

Seconded by Michael Cottenden

THAT this Regular Meeting of the Pelham Finance and Audit Committee be adjourned.

Carried


Chair, John Wink
Administrative Assistant to Corporate Services, Laura Nelson