



PELHAM FINANCE AND AUDIT COMMITTEE MINUTES

Meeting #: PFAC-06/2020
Date: Wednesday, November 25, 2020
Location: Zoom Meeting

Members Present: John Wink, Chair
Wayne Olson
Bill Crumm
Michael Cottenden

Members Regrets: Ron Kore

Staff Present: Teresa Quinlin
Charlotte Tunikaitis
David Cribbs (4:03pm)
Belinda Ravazzolo
Mayor Marvin Junkin

Other: Trevor Ferguson, Deloitte

1. Call to Order and Declaration of Quorum

Noting that a quorum was present, the Chair Wink called the meeting to order at approximately 4:00p.m. He noted that Councillor Stewart has stepped down from the Committee and Councillor Olson has agreed to fill that position.

2. Approval of Agenda

The Chair requested that item 7.1 Deloitte Audit Plan Presentation be moved up on the agenda to be discussed after item 4.0.

Moved By Michael Cottenden
Seconded By Councillor Olson

THAT the agenda for the November 25, 2020 regular meeting of the Pelham Finance and Audit Committee be adopted, as amended.

Carried

3. Declaration of Pecuniary Interest and General Nature

None.

4. Approval of Minutes

October 28, 2020

A member of the committee requested that some comments he stated through email prior to the meeting be added to the minutes of the October 28, 2020 meeting.

Moved By Councillor Olson

Seconded By Michael Cottenden

THAT the minutes of the October 28th, 2020 Pelham Finance and Audit Committee be approved with amendments.

Carried

5. Business Arising from Minutes

5.1. Roundabout Question at Station Street and Port Robinson Road for extension to Kunda Park and Forest Park

Teresa Quinlin informed the Committee that there is not an approved roundabout plan for Station Street and Port Robinson Road. Any plan for a roundabout would be required to go to Council for approval and none has been approved at this time.

Moved By Michael Cottenden

Seconded By Councillor Wayne Olson

THAT the Committee receive Teresa Quinlin's verbal presentation for information.

Carried

6. New Business

None.

7. Audit

7.1. Deloitte Audit Plan Presentation, Trevor Ferguson, Partner

Trevor Ferguson presented the Committee with the Audit Plan for the 2020 Year End stating that although the document looks different from in the past, the content is very similar due to there being no substantive changes in audit standards and no changes in the accounting standards that are affecting the audit in the 2020 Year End. Given that the document was sent out in advance, Mr. Ferguson welcomed any questions and just gave a brief overview of the document.

Mr. Ferguson noted one small change to the engagement letter with a small clause entirely related to COVID-19.

Mr. Ferguson pointed out that the reporting threshold is \$36,000, therefore if Deloitte identifies any misstatements greater than \$36,000; they will be bringing it to the Committee as part of their year-end audit. He went over the audit strategy to address the assessed risks of material misstatement due to fraud. Mr. Ferguson asked the Chair to ask the Committee if they have any concerns concerning a sense of risk of fraud or questioning the handling of the finances of the Town. The Committee had none.

One of the biggest things affecting the audit this year is COVID-19. Auditing in a remote environment presents significant challenges however, they don't expect any this coming year as last year's audit was completed remotely as well and considered it one of their smoothest as the Town's responses were done in a timely manner.

Mr. Ferguson briefly went over some areas of audit risks that will require special audit consideration. He stated that there is a new audit standard this year around audit accounting estimates but noted that it will not have any impact on the audit this year as Deloitte was already in compliance with the revised CAS 540 standard.

Councillor Olson asked if a management letter would come to the Committee. Trevor stated that if one was presented, it would go to management first. If they had any comments they would talk to management about them first for verification and response and that would be included as part of their year-end results reporting to the Committee. Most concerns were IT related and very insignificant; not enough to require a management letter.

A member had a question about the COVID impact section wondering how does using Spotlight to overlap with some standard testing make the audit more wholesome and complete. Mr. Ferguson stated that Spotlight is used for analytics mainly for journal entry

testing, mostly ensuring that they have a complete set of journal entries. They have not used it on the Town's audit yet.

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 presentation by Trevor Ferguson, Partner from Deloitte regarding the 2020 Year End Audit Service Plan, for information;

NOW THEREFORE, THAT the Committee hereby recommends that Council receive the 2020 Year End Audit Service Plan, for information.

Carried

7.2. Review Goals and Priorities for 2021 and Set Meeting Dates

Teresa Quinlin reviewed the Goals and Priorities that were determined by the Committee at the beginning of the year and wanted to the Committee to look to see if everyone was still in agreement with the timeline.

One member stated that he was interested in simplifying financial information from the MCC for the public and removing "Fall 2020" in the Goal #2 section as he felt it was ongoing.

The CAO stated that the analysis of the financial risk Council was hopeful the Committee would examine, however, the Risk Management Framework piece could be taken on by the new Town Solicitor who is starting in January. The CAO suggested removing it from the task list and then it would be taken care of in-house. It could then come back to the Committee for consultation by the Town Solicitor through presentation. The responsibility for this committee is to review the financial risk.

A committee member agreed that it should be a staff-led initiative and will eventually need to go to Council; whether it needs to come back to this Committee is up to Council.

Ms. Quinlin questioned whether anything about the budget needs to be added. Agreed by the committee to not have a separate bullet for the budget as it is part of reporting.

Moved By Councillor Wayne Olson

Seconded By Bill Crumm

**THAT the Committee receive and approve the proposed 2021 Goals and Priorities
AND approve the following dates for future 2021 meetings:**

- February 10, 2021
- May 5, 2021
- June 9, 2021
- October 27, 2021
- November 24, 2021

Carried

7.3. 2021 Annual Report

Ms. Quinlin has requested feedback from the Committee regarding the 2021 Annual Report as staff prepare for the year-end. She noted that the final version is on the Town's website, which includes recommendations from the Committee. In order to incorporate any further suggestions or comments, please send recommendations to Ms. Quinlin by the early part of January.

- 8. Operating Financial Report to September 30, 2020**
- 9. MCC Operating Financial Report to September 30, 2020**
- 10. Transit Operating Financial Report to September 30, 2020**
- 11. Capital Report**

11.1. 2020 Third Quarter (Jul 1 – Sep 30, 2020)

Ms. Quinlin indicated that the Operating, MCC and Transit Financial reports were emailed to the Committee in advance on November 13th. She asked the Committee if they had any questions about the reports. No questions brought forward for staff regarding the reports.

Moved By Michael Cottenden

Seconded By Bill Crumm

THAT the Committee receive the Operating Financial Report, the MCC Operating Financial Report, the Transit Operating Report and the Capital Report for information.

Carried

12. Reserves

12.1. 2020 Transfers to Reserves

Ms. Quinlin stated a report will be going to Council for the December 7th meeting. She wanted to make sure that the report that went to the ministry to receive extra funding was not netted against any work not COVID related. Through the report, the Treasurer is seeking authority to transfer non-COVID-19 excess of revenues over expenses to reserves as part of the year-end procedures.

Part of the Reserve policy states that the Treasurer should be looking for strategic ways for the adequacy of the reserves and this is a strategic way not to offset COVID-19 expenses against Town's savings or additional revenues.

A Committee member questioned what would happen if the Town does not receive the Safe Restart Phase 2 funding. The Treasurer stated that in the absence of the additional COVID funding, the reserve transfers indicated in the report would have to be reduced to offset the COVID-related operating pressures. If funding does come through, the money will go into the reserves.

A Committee member questioned the whereabouts of the three items that were approved outside of the budget but not funded. The Deputy Treasurer indicated that those unbudgeted items were included in the year-end forecast. The Treasurer added that not all those items would be materialized this year.

The Deputy Treasurer indicated that the Town needs the extra revenues to offset the future expenses that they relate to and is hoping to receive the Safe Restart return funding to offset the COVID expenditures.

Moved By Bill Crumm
Seconded By Wayne Olson

THAT the Committee receive the 2020 Transfers to Reserves for information.

Carried

13. Financial Risks

13.1. COVID-19 Update – December 31, 2020 Projection

The Committee reviewed the December 31, 2020 projection along with the Reserve Transfer report under agenda item 12.1.

Moved By Michael Cottenden

Seconded By Councillor Wayne Olson

THAT the Committee receive the COVID-19 Update Report for information.

Carried

14. Unfinished Business

Councillor Olson questioned why there is only \$175,000 for supplemental taxation revenues in the budget this year, when in the past there has been \$350,000. The Treasurer stated that in years past, the amount was actually lower than \$175,000. They are being conservative with the amount due to the unpredictability and would rather come in over than short. The Deputy Treasurer shared the Calculated and Actual Assessment Growth chart and explained that another factor considered in preparing the budget is the total value of building permits issued in recent years, because assessment growth tends to follow a similar pattern with a 1-2 year lag.

Councillor Olson wanted to confirm the amount for the total gross tax levy, which the Treasurer confirmed.

Councillor Olson stated that he was impressed with Finance department and their work of the financial reporting, annual report and timing of it all. He suggested the Town enter into an avenue to be recognized for their efforts. The Treasurer stated they have submitted their Annual Report to the Government Financial Officers' Association for review and are waiting to hear back.

15. Next Meeting – February 10, 2021**16. Adjournment**

Moved By Bill Crumm

Seconded By Councillor Wayne Olson

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

Carried



The meeting was adjourned at approximately 5:10pm.

A handwritten signature in black ink, appearing to read "John Wink", is written over a horizontal line.

Chair, John Wink

A handwritten signature in blue ink, appearing to read "Belinda Ravazzolo", is written over a horizontal line.

Executive Assistant to the CAO and Mayor, Belinda Ravazzolo