

MUNICIPALITY OF THE DISTRICT OF LUNENBURG
Minutes of a Meeting of
AUDIT COMMITTEE
Held in Council Chamber, 210 Aberdeen Road, Bridgewater, NS
Tuesday, July 2, 2019 – 9:00 a.m.

ATTENDANCE

Councillor Michael Ernst, District 8
Mayor Carolyn Bolivar-Getson
Deputy Mayor Martin Bell, District 2
Councillor Eric Hustvedt, District 1
Councillor Lee Nauss, District 3
Councillor John Veinot, District 4
Councillor Cathy Moore, District 5
Councillor Claudette Garland, District 6
Councillor Wade Carver, District 7
Councillor Reid Whynot, District 9
Councillor Errol Knickle, District 10

Staff: Sherry Conrad, Municipal Clerk
Elana Wentzell, Director of Financial Services
Sarah Kucharski, Communications Officer
Rachel Hiltz, Recording Secretary

1. CALL TO ORDER

Elana Wentzell, Director of Financial Services, called the meeting to order at 9:00 a.m.

Ms. Wentzell introduced Stanley Rose, Member-At-Large, for the Audit Committee.

2. NOMINATION AND ELECTION BY BALLOT – CHAIR & VICE CHAIR

[Audit Committee, Terms of Reference, Section 3.4]

Ms. Wentzell called for nominations, by ballot, for the position of Chair. Those nominated were: Councillors Bell, Knickle, Ernst, Garland, Whynot, and Hustvedt.

Councillors Knickle, Whynot, Bell, and Ernst declined their nominations.

On the first ballot, **Councillor Garland** was elected as the **Chair**.

Councillor Garland, called for nominations, by ballot, for the position of Vice Chair. Those nominated were: Councillors Hustvedt, Knickle, Bell, and Stanley Rose.

Councillor Knickle declined his nomination.

On the second ballot, **Councillor Hustvedt** was declared **Vice Chair**.

Moved by Councillor Whynot, seconded by Councillor Carver that all ballots be destroyed. Carried unanimously.

3. AUDITOR PRE-AUDIT PRESENTATION/DISCUSSION

Michael Belliveau and Paul Belliveau of Belliveau Veinotte Inc. were in attendance at this time. They discussed the upcoming audit for MODL. The following points were noted:

- There are regulations under the Financial Reporting and Accounting Manual (FRAM) which must be followed by the Municipality. This is a great resource for Councillors to understand the accounting requirements for MODL.
- There is a new hospitality policy.
- An annual review of expenses and remuneration must take place.
- There is a recommendation to have a special purpose engagement audit, one in every four years. This is not a requirement. This type of audit is more in depth and would have more recommendations come out of it.
- The auditors will examine the financial statements and internal controls.
- This year, the auditors will focus on a few items from the last audit, including:
 - There were a few cheques that did not have two signatures and new processes were put in place to ensure this doesn't happen.
 - Donation receipts have carbon copies and staff were overwriting mistakes, making it difficult to read the copies. Any errors must be voided and a new receipt written.
 - Petty cash is now locked and secured with minimum staff access.
- New this year will be the Lahave River Straight Pipe Replacement project. The auditors will be looking at this new project separately.
- Field work will start September 3, with the final meeting scheduled for September 17, 2019.
- The audit fee for this year is \$23,970, but there may be additional costs related to the LaHave River Project.
- The auditors use a materiality rate of 1.5% of property tax revenue for sample size testing, however, if they see any irregularities they will look into smaller amounts.

4. STAFF REPORTS:

4.1 Finance Department

4.1.1 Financial Condition Indicator Results

Ms. Wentzell reviewed the report titled "Financial Condition Indicator Results" (circulated with Agenda). A discussion was held and the following points were noted:

- The only item of concern is the 5-Year Budget Accuracy. There are times when project plans do not become available, are delayed due to funding partnership timing, or revenue estimates are too conservative. MODL has always had surpluses as a result, which are put into reserves.
- Property tax revenue may be an issue, as there has been an aging and declining population for this area. MODL is working on projects, such as rural internet and the development of Exit 12, to try and encourage people to move and work in the area. Also,

there will be a new census report coming out which may show that populations are not decreasing.

- MODL has some reliance on a single business, as Michelin is a major company in the area, employing many MODL residents.
- MODL's general government expenses are 24% and the rural average is 15%. It was noted that MODL has a large geographic area, which may attribute to higher travel expenses. Ms. Wentzell advised that she could get the breakdown of other units to compare.

5. IN CAMERA

At 9:37 a.m., it was moved by Councillor Nauss, seconded by Mayor Bolivar-Getson that the Audit Committee go *In Camera* with Belliveau Veinotte Inc. concerning the external audit under Section 22(2)(c) of the *Municipal Government Act*. Carried.

Staff members removed themselves from the meeting.

Audit Committee *In Camera* in session.

At 9:58 a.m., it was moved by Deputy Mayor Moore, seconded by Mayor Bolivar-Getson that the Audit Committee come out of *In Camera* and return to open session. Carried.

Audit Committee in session.

10. NEXT MEETING

11. ADJOURNMENT

There being no further business at 9:58 a.m., it was moved by Deputy Mayor Moore, seconded by Mayor Bolivar-Getson that the meeting adjourn. Carried.