

# *Cape Breton Regional Municipality*

## **Audit Committee Minutes**

**Wednesday,  
September 29, 2021  
10:00 a.m.  
Via Videoconference**

**Deputy Mayor Earlene MacMullin called the meeting to order.**

**Present:**

Deputy Mayor Earlene MacMullin, Chair  
Councillor Cyril MacDonald  
Councillor Glenn Paruch  
Councillor Steve Parsons, Vice-Chair  
Councillor Lorne Green  
Mark Galley, Citizen Appointee  
Rakesh Kochhar, Citizen Appointee

**Staff:**

Marie Walsh, Chief Administrative Officer  
Jennifer Campbell, Chief Financial Officer  
Deborah Campbell Ryan, Municipal Clerk  
John MacKinnon, Deputy Chief Administrative Officer  
Demetri Kachafanas, QC, Regional Solicitor  
Wayne MacDonald, Director of Engineering & Public Works  
Michael Ruus, Director of Planning & Development  
Deanna Evely, Director of Human Resources  
Bill Murphy, Director of Parks, Grounds, Buildings & Facilities  
Adam MacNeil, Manager of Finance  
Sharon MacSween, Recording Secretary

**Also Attending:**

Mayor Amanda M. McDougall  
Councillor Steve Gillespie  
Councillor Darren O'Quinn

## Summary of Decisions

### Roll Call

#### 1. Approval of Minutes:

**Motion** to approve the Audit Committee Minutes of:

- July 6, 2021

**Motion Carried.**

#### 2. Approval of Agenda:

**Motion** to approve the September 29, 2021, Audit Committee agenda as circulated.  
**Carried.**

#### 3. Presentations:

##### a) Annual Financial Report - Year Ended March 31, 2021:

A presentation was provided by the Chief Financial Officer regarding the Annual Financial Report - Year Ended March 31, 2021.

##### i. Draft CBRM Consolidated Financial Statements for Year Ended March 31, 2021:

##### ii. Draft CBRM Water Utility Financial Statements for Year Ended March 31, 2021:

##### b) Audit Findings Report to the Audit Committee for Year Ended March 31, 2021:

##### c) Draft Management Letter:

**Motion** that a recommendation be made to Council to approve and release the:

- CBRM Consolidated Financial Statements for the Year Ended March 31, 2021
- CBRM Water Utility Financial Statements for the Year Ended March 31, 2021

**Motion Carried.**

**Motion** that a recommendation be made to Council to approve and release the:

- Audit Findings Report for the Year Ended March 31, 2021

**Motion Carried.**

Continued...

**Summary of Decisions (Cont'd)**

**Annual Financial Report - Year Ended March 31, 2021 (Cont'd):**

**Motion** that a recommendation be made to Council to approve and release the:

- Management Letter

**Motion Carried.**

**4. Audit Services – Request for Proposals:**

The finalization of the March 31, 2021, year end audit concludes the 5-year contract with MNP. An RFP will be issued in the coming weeks for the next 5-year term.

**For information only.**

**Adjournment**

## **Roll Call**

### **1. Approval of Minutes:**

#### **Motion:**

Moved by Councillor Cyril MacDonald, seconded by Councillor Parsons, approval of the Audit Committee Minutes of:

➤ **July 6, 2021**

**Motion Carried.**

### **2. Approval of Agenda:**

#### **Motion:**

Moved by Councillor Green, seconded by Councillor Parsons, approval of the September 29, 2021, Audit Committee Agenda as circulated.

**Motion Carried.**

### **3. Presentations:**

#### **a) Annual Financial Report - Year Ended March 31, 2021:**

##### **i. Draft CBRM Consolidated Financial Statements for Year Ended March 31, 2021:**

Jennifer Campbell, Chief Financial Officer, provided and explained the Annual Financial Report presentation for Year ended March 31, 2021, and noted that despite continuous changes due to challenges the Covid-19 during pandemic, there are highlights of the report.

In response to questions by Councillor Parsons, the CFO advised that staff vacancies are presently trying to be filled, but in some cases the process is lengthier due do certificate and training requirements. The CFO also advised a follow up can be provided on where the information on receivables for waste disposal and residential taxes are in the presentation when the Auditor is presenting.

The CFO advised that Council is used to receiving financial statements by Department. To comply with financial reporting by provincial legislation, financials look different as they are reported by government function for FRAM format. She reviewed the categories and the departments falling into the each:

- Government Services
- Protective Services
- Environmental Development
- Transportation
- Environmental Health
- Recreation & Culture

**Continued...**

**Annual Financial Report - Draft CBRM Consolidated Financial Statements for Year Ended March 31, 2021 (Cont'd):**

- Public Health and Welfare
- Educational Services

The CFO advised that with the change being able to follow and how the departments are allocated, and the rearrangement is significant in how fiscal expenditures and conditional transfers are assigned as there cannot be an operating surplus, and surplus funds have and are transferred to operating reserve and net expenses are required to always be \$0.

Jennifer Campbell reviewed and explained legislative requirements, generally accepted accounting principles (GAAP), UARB, and PSAB standards. The CFO continued with the CBRM Operating Report followed by the Capital Fund and Debt Report, including discussion on capital projects, schedule of operating fund, and reserve funds.

In response to a question from Councillor Parsons, the CFO advised there are limits on borrowing duration terms, but borrowing depends on what a municipality can afford. The CFO advised the CBRM can implement an investment policy.

**ii) Draft CBRM Water Utility Financial Statements for Year Ended March 31, 2021:**

The CFO continued with the presentation, noting that the Water Utility follows a special reporting framework as required by the UARB. Each of the individual fund schedules and consolidated statements have also been presented. The CFO continued with presenting the Draft Financial Condition Index.

In response to a question from Councillor Parsons, the CFO advised there will be a follow up with the Legal Department with a value of CBRM surplus assets in the inventory database.

**b) Audit Findings Report to the Audit Committee for Year Ended March 31, 2021:**

Darren Chiasson, CPA, CA, MNP Partner and Business Advisor, provided an overview of the Auditors Report. Darren advised of the process and requirements to issue the Auditors Report for final release.

**c) Draft Management Letter:**

Darren Chiasson, CPA, CA – MNP Partner Business, reviewed the Draft Management Letter to reference improvement opportunities and recommendations, noting the covid pandemic had created challenges. Discussion took place regarding SAP costs and vacation accruals. The CFO provided a summary of revenues to year end compared to prior year.

Continued...

**Annual Financial Report - Year Ended March 31, 2021 – Draft Management Letter (Cont'd):**

The following motions were then put forward:

**Motion:**

Moved by Councillor Cyril MacDonald, seconded by Councillor Paruch, that a recommendation be made to Council to approve and release the:

- CBRM Consolidated Financial Statements for the Year Ended March 31, 2021
- CBRM Water Utility Financial Statements for the Year Ended March 31, 2021

**Motion Carried.**

**Motion:**

Moved by Councillor Paruch, seconded by Councillor Parsons, that a recommendation be made to Council to approve and release the:

- Audit Findings Report for the Year Ended March 31, 2021

**Motion Carried.**

**Motion:**

Moved by Councillor Parsons, seconded by Councillor Cyril MacDonald, that a recommendation be made to Council to approve and release the:

- Management Letter

**Motion Carried.**

**4. Audit Services – Request for Proposals:**

The CFO reviewed the memo, included in the agenda package, and advised that the finalization of the March 31, 2021, year end audit concludes the 5-year contract with MNP. An RFP will be issued in the coming weeks for the next 5-year term and staff will provide these results and a recommendation at a future meeting, to appoint the auditor for the fiscal year commencing March 31, 2022.

**For Information Only.**

**Meeting Adjourned at 11:19 a.m.**

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**Deputy Mayor Earlene MacMullin**  
**Chair**

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**Christa Dicks**  
**Municipal Clerk**  
/slm