

The meeting of the Audit Committee was held on Wednesday, October 19, 2016 in the Mulock Room, 395 Mulock Drive, Newmarket.

Members Present: Mayor Van Bynen (8:30 to 9:21 a.m.)
Councillor Bisanz
Councillor Hempen
Cristine Prattas, Chair
Terrance Alderson
Michael Tambosso

Staff Present: R.N. Shelton, Chief Administrative Officer
E. Armchuk, Commissioner of Corporate Services
T. Kyle, CEO, Newmarket Public Library
M. Mayes, Director, Financial Services/Treasurer
D. Schellenberg, Manager of Finance & Accounting
C. Finnerty, Council/Committee Coordinator

Guests: Mr. Michael Jones, BDO Canada LLP (8:30 to 9:33 a.m.)
Ms. Trudy White, BDO Canada LLP (8:30 to 9:33 a.m.)

The meeting was called to order at 8:30 a.m.

C. Prattas in the Chair.

Additions and Corrections to the Agenda

None.

Declarations of Pecuniary Interest

None.

Approval of Minutes

1. Audit Committee Minutes and (Closed Session) Minutes of June 15, 2016.

Moved by: Michael Tambosso

Seconded by: Mayor Van Bynen

THAT the Audit Committee Minutes of June 15, 2016 be approved.

Carried

Moved by: Michael Tambosso
Seconded by: Terrance Alderson

THAT the Audit Committee (Closed Session) Minutes of June 15, 2016 be approved.

Carried

Items

2. Term Appointment.

The Director of Financial Services provided background information.

Moved by: Mayor Van Bynen
Seconded by: Terrance Alderson

THAT the Audit Committee recommends to Council that BDO Canada LLP be appointed as the Town of Newmarket Auditors for a one year term.

Carried

3. Update on Newmarket Risk Assessment Audit.

The Commissioner of Corporate Services provided an overview of the risk assessment activities that have been conducted, including scope of the review, recommendations and impacts associated to risk and vulnerabilities, and to update the risk assessment conducted in 2011. A preliminary summary has been drafted. Departments are currently reviewing the results to ensure consistency in the reporting, though overall, with few departmental exceptions, areas have been identified as low risk. The Chief Administrative Officer advised of further opportunities to use the auditor, in addition to shared resourcing with the N6. It is anticipated that the auditor will attend to provide an overall review of the results, typically at the June meeting. Discussion ensued regarding identification and removal of any identified risks and associated responsibilities and cyber risk.

Moved by: Councillor Bisanz
Seconded by: Terrance Alderson

THAT the verbal update by the Commissioner of Corporate Services be received.

Carried

4. Mr. Michael Jones and Ms. Trudy White, BDO Canada LLP addressed those present with a review of the 2016 Audit Plan and summarized the areas related to Newmarket Hydro Holdings, including communication with their auditor, materiality thresholds and associated components, including the BIA, Library Board, Town and Newmarket Hydro Holdings, areas of interest, planned audit approach, and fraud.

Discussion ensued regarding the audit approach, procedures, areas of risk, including management override, fraud and post-employment benefits. With an understanding of the risks, it is possible to place controls on the risk areas. The audit plan doesn't typically change on an annual basis, if no substantive changes occur to municipal procedures or if there are no incidents. Discussion regarding safe boxes at kiosk locations, e-deposit for cheques, transition to the new bank, gas tax payments, compliance with respect to the gas tax payments, life expectancy of roads infrastructure, life of service for roads and maintenance periods and dollar value of assumed roads, using fair market value, with separate values on the underground and surface, accounting changes for the downtown BIA, using accrued accounting, amendments to the useful life of watermain and sewers in order to coincide the life span used for asset management, any fraud issues reported to the CAO, of which none have been reported, accountability officers, audit timing, which has yet to be finalized, fees, engagement letter, brochure and PSAB updates for 2017.

Discussion ensued regarding monitoring and implementation of PSAB standards, hours on the file by the Manager and Partner, list of audit committee responsibilities, audit Committee not seeing the annual report, to be removed from document, asset replacement fund updates to guidelines, including consolidation and whether that will impact the audit or financial statements, most significant fraud risk – not many, but management override is the most significant risk, though controls are in place, whether the Town's insurance policy is sufficient to handle any theft, management override and whether it's a standard whistleblower.

A review of the engagement letter was conducted.

Discussion ensued regarding materiality, litigation against the Town, service and whether it's exceptional or just checking the box, staff preparation for the audit, discussions regarding RFP preparation for the audit services, need for an RFP, partner rotation policy, have a meeting before June to discuss RFP, joint with N6 or not, feedback on internal auditor, liability of the management selecting the auditor.

Moved by: Michael Tambosso
Seconded by: Terrance Alderson

THAT the presentation by Mr. Michael Jones and Ms. Trudy White, BDO Canada LLP regarding a review of the 2016 Audit Plan be received.

Carried

Closed Session

C. Prattas advised that there was no requirement for a Closed Session.

New Business

None.

Adjournment

Moved by: Terry Alderson
Seconded by: Councillor Bisanz

THAT the meeting adjourn.

Carried

There being no further business, the meeting adjourned at 10:07 a.m.

Date

Cristine Prattas, Chair