

The meeting of the Audit Committee was held on Thursday, June 7, 2018 in the Mulock Room, 395 Mulock Drive, Newmarket.

Members Present: Councillor Hempen  
Councillor Bisanz  
Cristine Prattas, Chair  
Michael Tambosso, Vice Chair  
Terrance Alderson

Regrets: Mayor Van Bynen

Staff Present: R. Shelton, Chief Administrative Officer (1:05 PM to 1:35 PM);  
E. Armchuk, Commissioner, Corporate Services  
T. Kyle, CEO, Newmarket Public Library  
M. Mayes, Director of Financial Services/Treasurer  
D. Schellenberg, Manager of Finance & Accounting  
K. Saini, Deputy Town Clerk, Recording Secretary

Guests: Paula Jesty, Deloitte Canada (1:05 PM to 2:51 PM)  
Pina Colavecchia, Deloitte Canada (1:05 PM to 2:51 PM)

The meeting was called to order at 11:01 AM with Cristine Prattas in the Chair. Audit Committee recessed between 12:05 PM and 1:05 PM.

### **Additions & Corrections to the Agenda**

Moved by: Michael Tambosso  
Seconded by: Councillor Bisanz

1. That the agenda be amended to include matters related to the Committee's accomplishments and audit process.

**Carried**

### **Declarations of Pecuniary Interest**

None.

## **Approval of Minutes**

### **1. Audit Committee meeting minutes of December 11, 2017**

It was noted that the minutes should include "A potential adjustment to the Financial Statements regarding the Building Reserve was noted."

Moved by: Michael Tambosso  
Seconded by: Terrance Alderson

1. That the Audit Committee meeting minutes of December 11, 2017 be approved, as amended.

**Carried**

### **2. Audit Committee (Closed Session) meeting minutes of December 11, 2017**

Moved by: Michael Tambosso  
Seconded by: Councillor Bisanz

1. That the Audit Committee (Closed Session) meeting minutes of December 11, 2017 be approved.

**Carried**

## **Items**

### **3. Terms of Reference Feedback**

The Committee provided staff with feedback on its Terms of Reference. Staff noted that the feedback would be considered during the 2014-2018 Committee Review, which is scheduled to occur in Q1 2019 with the new term of Council.

The Committee noted that their deliverables do not necessarily align with its mandate, and should Council wish to keep the Committee's mandate the same, the deliverables would need to be re-aligned.

There was discussion regarding the procurement process and practices, and whether there was a perception of bias because staff is involved in the selection of the external auditor. Staff noted that the Procurement By-law and processes are being updated and will continue to ensure compliance with any applicable legislation and treaties. It was noted that the updates entail a review of best practices from other public sector entities.

It was suggested that the Council should consider whether the citizen Members of the Committee should be involved in the procurement of external auditors to assist with reducing any perception of bias.

It was also suggested that should Council not wish to involve the citizen Committee Members in this process, that the mandate of the Committee be amended to reflect Council's priorities for the Committee.

Moved by: Michael Tambosso  
Seconded by: Councillor Hempen

1. That should Council wish to maintain the Audit Committee's mandate as per the 2014-2018 term of the Committee, Council consider amending the Committee's deliverables to include:
  - a. Reviewing and making recommendations on external auditor's Request For Proposal scope documents;
  - b. Reviewing and making recommendations on submissions received as part of the evaluation process for external auditor's RFPs; and,
  - c. Meeting periodically with the internal auditors and reviewing their reports.

**Carried**

#### **4. Deloitte's Audit of Town of Newmarket 2017 Financial Statements**

Paula and Pina provided an overview of Deloitte's Representation Letter and audit of the Town's Financial Statements as of December 31, 2017.

There was discussion regarding:

- areas of significant audit risk
- scope of the review
- allowance for adjustments
- internal control matters
- Public Sector Accounting Board accounting standards
- grants
- trust fund accounts and the associated liability of these accounts

It was noted that Deloitte's Management Letter was not received in time for staff to respond. Staff advised that the Town's response would be prepared for the next Audit Committee meeting.

## **5. Town of Newmarket Consolidated Financial Statements**

The Director of Financial Services/Town Treasurer provided an overview of the Main Street District Business Improvement Area Financial Statements, Trust Fund Financial Statements, and Town of Newmarket Consolidated Financial Statements.

There was discussion regarding the Trust Fund Financial Statements and whether the trust fund is required to file a T3 return. Paula advised that she would review this matter and advise accordingly.

There was discussion regarding budget allocation, unbilled user charges, water utilities, capital programs, the Mulock Farm debenture, contingencies.

It was suggested that the budget figures in the Financial Statements be rounded to the nearest thousand to assist with readability.

There were suggestions with regards to the notes in the Financial Statements, and some amendments were made to assist with clarity and readability of the same.

Moved by: Michael Tambosso

Seconded by: Terrance Alderson

1. That the Audit Committee recommends to Council, that the Consolidated Financial Statements year ended December 31, 2017, as amended, be approved.

**Carried**

## **6. Town of Newmarket Main Street District Business Improvement Area Financial Statements**

These statements were reviewed as part of the consolidated statements (item 5).

## **7. Town of Newmarket Trust Fund Financial Statements**

These statements were reviewed as part of the consolidated statements (item 5).

## **8. Financial Statement Discussion and Analysis (FSD&A)**

The document was referred to during the overview of the consolidated statements (item 5).

## **New Business**

### **9. 2014-2018 Term Committee Accomplishments**

There was discussion regarding the Committee's accomplishments, and what items they would present to Council at its upcoming workshop. Cristine advised that she would put together a list of items for the Committee's consideration and that she would be in attendance to present on the Committee's accomplishments.

### **10. Audit Process**

The Committee queried staff about the audit process with Deloitte. Staff noted that they had a positive experience working with Deloitte, and valuable amendments to the financial statements and accompanying notes were made.

## **Closed Session**

Moved by: Councillor Bisanz  
Seconded by: Michael Tambosso

1. That the Audit Committee resolve into a Closed Session to discuss personal matters about identifiable individuals in accordance with Section 239 (2) (b) of the Municipal Act, 2001

**Carried**

The Audit Committee resolved into Closed Session at 2:38 PM.

The Audit Committee (Closed Session) Minutes are recorded under separate cover.

The Audit Committee resumed into Public Session at 2:50 PM.

## Adjournment

Moved by: Councillor Bisanz  
Seconded by: Michael Tambosso

1. That the Audit Committee Meeting adjourn at 2:51 PM.

**Carried**

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Date

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Cristine Prattas, Chair