

The meeting of the Audit Committee was held on Tuesday, June 11, 2013 at 8:00 a.m. in the Mulock Room, 395 Mulock Drive, Newmarket.

Members Present: Mayor Van Bynen  
Councillor Di Muccio  
Councillor Hempen  
M. Holland  
C. Prattas  
M. Foerster

Staff: R.N. Shelton, Chief Administrative Officer  
M. Mayes, Director, Financial Services/Treasurer  
L. Lyons, Deputy Clerk

Guest: P. Duggan, Director/Audit Services – Regional Municipality of York  
(8:05 to 8:27 a.m.)  
T. White, BDO Canada LLP, CA – Manager

The meeting was called to order at 8:05 a.m.

M. Holland in the Chair.

### **ADDITIONS TO THE AGENDA**

The Director of Financial Services/Treasurer advised of corrections to the order of items distributed being the material contained on Pages 3.5 to 3.9 should be discussed before the material contained on Pages 3.1 to 3.3. He also advised of an additional Management Letter to be included within Item 3 of the agenda.

**Moved by C. Prattas**  
**Seconded by M. Foerster**

**THAT the page numbers corrections and order of material for discussion as referenced above under the Additions portion of the agenda be received.**

**CARRIED**

### **DECLARATIONS OF INTEREST**

None.

1. **AUDIT COMMITTEE MINUTES – JUNE 11, 2013 – ITEM 1**  
**AUDIT COMMITTEE MINUTES**

Audit Committee Minutes of October 23, 2013 and June 19, 2013.

An amendment was made within Item 3 of the Audit Committee Minutes of October 23, 2012 with respect to the 2012 Audit Plan by replacing the word “Board” with the word “Standard” as related to the Public Sector Accounting.

**Moved by C. Prattas**  
**Seconded by Mayor Van Bynen**

**THAT the Audit Committee Minutes of October 23, 2013, as amended, and June 19, 2012 be approved.**

**CARRIED**

2. **AUDIT COMMITTEE MINUTES – JUNE 11, 2013 – ITEM 2**  
**INTERNAL AUDIT UPDATE**

Mr. P. Duggan, Director of Audit Services, Region of York provided a summary of reviews conducted since the last update and outlined Audit Services’ upcoming work plan. The following topics were discussed:

Regional Audit Services Memorandum advising that said department will provide services to the N6.  
Health and Safety Audit – Records Management – detailed records for different locations across Town  
Procurement – Sign-off on consensus scoring sheet

Mr. Duggan advised of some upcoming projects within the Audit Services division being:

Waste Management Contract Review  
Baseline of Insurance Benefits  
Water Audit  
Overtime Controls

He further advised of the first draft of the Phase 1 Request for Proposal – Financial Sustainability Consulting. Discussion ensued regarding full detailed reports being available to all Audit Committee members and current practices of reporting out.

3. **AUDIT COMMITTEE MINUTES – JUNE 11, 2013 – ITEM 3**  
**REVIEW OF 2012 FINANCIAL STATEMENTS**

The Director of Financial Services/Treasurer and Ms. Trudy White, BDO Canada provided a verbal update of the review of the 2012 Financial Statements for the Town of Newmarket Consolidated Statements, Town of Newmarket Trust Fund Statements and Main Street District Business Improvement Area Statements.

Discussion ensued regarding the Newmarket Tay Power Distribution overcharge of clients and the adjustments made.

The Director of Financial Services/Treasurer advised that at the request of the Town's Auditor that the gasoline tax monies and Engineering fees for Subdivisions and Site Plan Application fees are now being treated as obligatory reserve funds – deferred revenue until earned.

Ms. White, Manager, BDO Canada LLP reviewed the summary of unadjusted misstatements. The Director of Financial Services/Treasurer advised that the items all related to timing and will be reflected in the 2013 fiscal year.

The Director of Financial Services/Treasurer also advised that the Management Representation Letter dated June 20, 2013 from BDO Canada LLP will be signed by the delegated authority signing officer (CAO) one for each audit, Town, Trust Fund and BIA.

Ms. White reviewed the Management Summary Letter dated June 17, 2013 from Mr. M. Jones, BDO Canada LLP and provided a verbal update that the internal audit progressed relatively smoothly with the following noted concerns:

- Information Technology internal controls – access rights/segregation of access rights and periodic review of access rights duties should occur
- Payroll Master Files
- Building Permit Fees and Planning Fees Review

The Director of Financial Services/Treasurer advised acceptance of the comments provided and will be furnishing a response to BDO Canada LLP.

Queries regarding tangible capital assets were brought forward for discussion. The Director of Financial Services/Treasurer provided information regarding tangible capital assets/replacement values/statistics and reflections of accrued book values.

Further queries were brought forward regarding investment policies and strategies.

The Director of Financial Services/Treasurer provided an overview of the financial statements. Discussion ensued regarding capital carry-over funds and examples of such. The following matters were brought to the attention of the Director of Financial Services for further review.

- Page 20 – Standard Clause regarding Lawsuits
- Page 21 – Pension Agreements
- CYFS Pension Deficits

A suggestion was made to have all Financial Statements available to the public.

**Moved by Mayor Van Bynen  
Seconded by C. Prattas**

**THAT the Audit Committee resolve into closed session pursuant to Section 239 of *The Municipal Act, 2001* as amended, for the purpose of discussing labour relations or employee negotiations.**

**CARRIED**

The Audit Committee resolved into a Closed Session at 9:45 a.m.

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

The Audit Committee resumed into public session at 9:47 a.m.

**Moved by Councillor Hепен  
Seconded by C. Prattas**

**THAT the Town of Newmarket's Draft 2012 Consolidated Financial Statements, Management Letter, Trust Fund Financial Statements and Main Street District BIA Financial Statements, Representation Letter dated June 20, 2013 and Summary Letter dated June 17, 2013 from Mr. M. Jones, BDO Canada LLP be received;**

**AND THAT the Audit Committee recommend to Council that the Town of Newmarket's Draft 2012 Consolidated Financial Statements, Trust Fund Financial Statements and Main Street District BIA Financial Statements, as amended and endorsed by the Audit Committee be approved.**

**CARRIED**

### **NEW BUSINESS**

None.

The next scheduled meeting of the Audit Committee is Tuesday, October 29, 2013 at 8:00 a.m. in the Cane Room.

**Moved by M. Foerster  
Seconded by Councillor Hепен**

**THAT the meeting adjourn.**

**CARRIED**

There being no further business the meeting adjourned at 9:47 a.m.

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Date

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Mark Holland, Chair