
ATTENDING

Mayor Jeff Cantwell, Councillor Wendy Donovan, Councillor Dan Sparkman, Heather Hill, John MacKay, Interim CAO Brian Smith, Director of Financial Services Mike MacLean

ABESENT WITH REGRET

CALL TO ORDER

Mayor Cantwell called the meeting to order at 10:00

1. APPROVAL OF AGENDA

Prior to approval of agenda, the Committee considered recording the meetings to allow posting them on the Town's website for public access. By consensus it was agreed to record the meetings, starting with this first meeting.

There was discussion whether to add a review of the Terms of Reference for the Committee. It was agreed to add this to the discussion under Item 4.

Agenda approved as circulated.

2. INTRODUCTIONS

Each committee member gave a brief introduction.

3. SELECTION OF CHAIR

There was a brief discussion involving the pros/cons of the Chair being a council member or citizen member. John MacKay offered to take on the role of Chair.

**IT WAS REGULARLY MOVED AND SECONDED THAT JOHN MACKAY BE APPOINTED AS CHAIR.
CARRIED**

Heather Hill offered to take on the role of Vice Chair.

**IT WAS REGULARLY MOVED AND SECONDED THAT HEATHER HILL BE APPOINTED AS VICE CHAIR.
CARRIED**

4. 2013/14 OPERATING PLAN REVIEW

Director MacLean read the Objective included in the Audit and Finance Committee Terms of Reference. He then summarized a number of key functions that will be covered by the Committee:

- Meet with Town Auditors at least once a year to review results of audit, and possibly prior to the start of the annual audit to discuss the scope of the upcoming audit.
 - Quarterly meeting to review Operating Plan and budget variance report prior to report going to Council.
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- When applicable, review specific financial issues that come up, e.g. the list of bad debts to write off (Item 6 on the agenda).
- Review any financial policies being amended/developed before changes go before Council.

There was a question regarding confidentiality of the information discussed by the Committee. It was noted that an “in camera” session could be utilized if a topic fell within the guidelines of the MGA. It was agreed that Director MacLean would send out a copy of the Committee Terms of Reference, MGA section dealing with Audit Committees, calendar of meeting dates, along with contact information for each committee member.

The Committee proceeded to review the 2013/14 Operating Plan, with an emphasis on the financial numbers. The layout of the Plan is with the narrative of projects/priorities at the front of the document, followed by the financial numbers shown first as a global summary and with supporting division summaries attached. In addition to the formal Operating Plan/Budget document, the committee was also provided the more detailed departmental breakdown for each division. The layout works as follows:

- Global Summary of Revenue and Expenses
 - Division Summaries - the total of all departments comprise the totals in the Global Summary
 - Department level detail – Each Division can have one or more departments.

Each level of reporting (Global, Division, and Department) has the same revenue/expense layout. In each case, the net operating surplus (deficit) is reported.

During review of the divisions and departments discussion included:

- What role does the committee have in reviewing the numbers. The new By Law Enforcement Department was used as the example for this discussion. Generally the approach will be to review the Departmental variances and seek clarification of significant variances.
- Fire Protection Rate and the relationship between the Water Utility, Town, and Utility and Review Board. It was clarified that the Water Utility invoices this cost according to formula approved by the NS Utility and Review Board (UARB). On the Town side, the expense is included in the Fire Services section because it relates to the hydrant system which is in place for fire protection services.
- Contracted Services and what types of costs were included in this heading. It was noted that this line can cover any service that, rather than using Town employees, another organization provides the service. This could cover anything from contractors repairing roads to the RCMP providing police service.

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- Tourism costs and where they are included. Noted this forms a Department within the Community Development Division.
 - Recreation fees and full versus partial costs recoveries and how does the County cost share in this area. This is an example of an area that the Committee might look at if Council wanted to review the approach taken to set program fee levels.
 - Museum costs and the Town's contribution to those costs.
 - Role of the Municipal Auditor General (MAG) versus the Town's Audit Committee. It was noted that the MAG is a provincial initiative that will occur regardless of how each Town sets up its own audit committee. The Town's committee will carry out its duties annually while the MAG will review specific municipalities very few years, i.e. they will spread review of the municipal units in Nova Scotia over a four or five year period.

5. 2012/13 YEAR END FINANCIALS

- a) Director MacLean noted that the audit of the 2012/13 records will begin on Monday, June 3rd. The goal is to have finalized financial statements ready for approval in July. The Audit Committee would review first, with the statements going to the July 23rd Council meeting for approval.
- b) Director MacLean noted that the 2012 Internal Control letter from last year's audit was included as reference for committee members as the process moves forward with the current year audit (fiscal 2012/13).

6. BAD DEBT WRITE-OFFS, WATER/SEWER RECEIVABLES

Director MacLean reviewed his report noting that this list continued the process started two years ago of cleaning up old/inactive accounts receivable accounts. The list includes over 300 accounts, totalling over \$20,000 with almost half coming from service provided before the year 2000.

Some discussion took place regarding next steps to take in order to minimize bad debts.

- The Chair inquired whether this might be an area where a policy should be developed. Points raised included the fact that policy, by way of UARB approved regulations, already exists.
- The list includes a couple of more recent inactive accounts (2013 was noted) and the question of whether these should be written off was discussed. Although falling in the current calendar year, it was noted that the list is comprised of inactive accounts as of March 31, 2013. The accounts with service ended in calendar 2012 and 2013 will be reviewed and where warranted, sent to a collection agency for additional follow up.
- There was additional discussion about the role of collection agencies and how that works.
- It was agreed that the next meeting agenda could include an update on what steps are being taken to minimize bad debts.



IT WAS REGULARLY MOVED AND SECONDED THAT THE REQUEST FOR DECISION – BAD DEBT WRITE OFF BE FORWARDED TO COUNCIL FOR APPROVAL. CARRIED

7. NEXT MEETING DATE

It was agreed that the next meeting date would be Thursday, July 18 starting at 3:00 p.m.

The main item on the agenda will be the audited year end financial statements. If time permits, the first quarter variance report will also be reviewed.

8. ADJOURNMENT

IT WAS REGULARLY MOVED AND SECONDED THAT THE MEETING BE ADJOURNED. CARRIED.

Action Items

- 1) RFD – Bad Debt Write-Offs to go to forward to June 4th Council meeting.
- 2) Terms of Reference, MGA audit committee section, and committee member contact list to be circulated to all members of Audit Committee
- 3) Collection Process update to be brought to next Audit Committee meeting.