

**Municipality of Chatham-Kent**  
**AUDIT COMMITTEE MEETING**  
**Wednesday, June 24, 2020 @ 12:00 pm \*VIA SKYPE**  
**MINUTES**

**Committee Members:**

- Mayor Darrin Canniff
- Councillor Melissa Harrigan
- Councillor Karen Kirkwood-Whyte
- Councillor Brock McGregor
- Councillor Doug Sulman, Chair

**Other:**

- Elaine Read, Deloitte
- Francesca Liberatore, Deloitte

**Administration:**

- Don Shropshire, CAO
- Gord Quinton, Chief Financial Officer
- Matt Torrance, Director, Financial Services
- Brock Priddle, Manager, Corporate Accounting
- Joanne Trombley, Administrative Assistant

**1. Call Meeting to Order**

The Chair called the meeting to order at 12:00pm.

**2. Chatham-Kent John D. Bradley Convention Centre 2019 Financial Results**

The Chief Financial Officer reported that the audited statements for the Centre are not yet available due to time delays as a result of COVID19, however they are expected within the next two months. Financially they are in line with what we expected for 2019, however there will be issues meeting their revenue targets in 2020. Convention Centres are on the Provincial closure list and it is unknown when this will change. Bookings are currently being cancelled on a month by month basis, and it is difficult to provide assurance for bookings into the future.

The temporary homeless shelter approved by Council in April, currently resides within the Centre and has created some problems and obstacles for future bookings. Concerns from area businesses have been received. The CFO advised that in his estimate, the financial impact of COVID19 for 2020 could be in the area of \$250,000 (deficit). It will become more clear when we receive the quarterly financial report after June 30. In response to a question, the CFO advised that the shelter will occupy the space until another suitable location can be found, but could be up to a total of 18 months, and of course the longer the shelter occupies the Centre, the more revenue will be lost to bookings. There was considerable discussion on the long term effects of keeping the shelter at the Centre for any length of time, not only financially but also for imaging. The facility is a \$12M asset that is unable to be marketed for its intended purpose.

*Motion to receive the report. Moved by CI Kirkwood-Whyte / Seconded by Mayor Canniff. Carried*

**3. Value Added Tax Review RFP Results**

The Manager, Corporate Accounting, reported that Deloitte was awarded the RFP for the Value Added Tax (VAT) Review, which is a comprehensive review of our historical HST ITC (Input Tax Credit) and rebate claims. These claims are reviewed for compliance with CRA regulation, and to ensure the Municipality has recovered everything to which it is entitled. The cost of the service will be contingent on the amount recovered, and it is estimated that \$100,000 in recoveries will be achieved, of which our cost will be 15%. This is a five year contract, beginning July 2020 tentatively. The Manager highlighted the many reasons why Deloitte was the successful bidder.

*Motion to receive the report. Moved by Mayor Canniff / Seconded by CI Harrigan. Carried*

**4. BIA Update**

The Director of Financial Services reported on the continual struggle to acquire the necessary information from the BIAs to complete annual audits. All 2018 audits are now complete with the exception of Blenheim, which should be finished this week. For the 2019 audits, Chatham, Wallaceburg and Ridgetown have been responsive to auditor requests. Wheatley has provided no support, and Blenheim has not yet started. Dresden has required intervention by municipal staff, where by the 2nd quarter levy disbursement was held due to a lack of response to both auditor and municipal staff communications. Wheatley may also require intervention, however the group has discussed the matter at their June meeting so things appear to be back on track.

Motion to receive the report. Moved by CI Kirkwood-Whyte / Seconded by CI McGregor. Carried

**5. Employee Fraud**

The Director of Financial Services advised there was nothing to report, as at June 15, 2020. Motion to receive. Mayor / Karen. Carried

**6. Payments to Vendors Owned by Council Members**

The Director of Financial Services reported on activity for the period January 1 to June 16, 2020. Payments totalling \$11,644 were made to businesses owned by CI Hall, CI Wright, CI Bondy and CI Authier.  
Motion to receive the report. Moved by CI Kirkwood-Whyte / Seconded by CI Harrigan. Carried

**7. Presentation of 2019 Audited Financial Statements**

Our auditors with Deloitte joined the meeting at 12:20pm. The Director of Financial Services advised that members were sent the draft reports by email last evening. It was noted that due to COVID19, the work process was more difficult this year, in addition to having a number of new employees in the accounting division.

The auditors reviewed the Report to Audit Committee and highlighted specific areas of interest and matters requiring attention. The Director of Financial Services affirmed that there were no known fraud risks and there is nothing to report on the matter. Three significant audit risks were identified and reviewed. The management override of controls sampling and testing is still in progress by the auditors but will be complete by the time the financial statements are presented to Council. The auditors have recommended a review of practices related to the submission of Council and Mayor expense reports to ensure the reporting of expenses in the proper period.

Motion to receive the report to the Audit Committee and the 2019 Audited Financial Statements, and recommend the approval of the statements to Council pending the resolution of outstanding items. Moved by Mayor Canniff / Seconded by CI Kirkwood-Whyte. Carried

**8. Next Meeting - 3:30 pm on Monday, June 29****9. Adjournment**

Motion to adjourn. Moved by CI Harrigan / Seconded by CI McGregor. Carried

The meeting adjourned at 1:00 pm.

**10. 2019 Corporate Surplus**

Subsequent to the meeting, the Director of Finance reported to the Committee a 2019 corporate budget surplus of \$3.76 million.