



Regional Municipality of Waterloo

Audit Committee

Minutes

Wednesday, May 13, 2015

2:02 p.m.

Room 217

150 Frederick Street, Kitchener, Ontario

Present were: Chair S. Strickland, T. Galloway, G. Lorentz and K. Seiling

Members absent: K. Redman

Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”

None declared.

Presentations

a) Elaine Read, Deloitte LLP - Outline of 2014 Audit Findings

E. Read provided a summary of the audit report, noting that the audit is substantially completed; any outstanding items are noted in the report. She stated that there are no corrected misstatements in the audit and some uncorrected misstatements. She advised that there are no significant deficiencies, only some minor control issues which have already been discussed with the management team and there were no instances of fraud or illegal acts found during the audit. Deloitte will be issuing a standard unmodified opinion for the 2014 audit.

A. Cross, Deloitte LLP, outlined the review of significant audit risks, including the risk of revenue misstatements and tangible capital assets. He stated that there were no issues with the revenue stated, including the revenue for the Light Rail Transit (LRT) project and that tangible capital assets were properly reported.

The Committee reviewed the Summary of uncorrected financial statement misstatements and inquired about the capital project costs expensed instead of 1871380

capitalized. E. Read stated that the misstatements will remain as unadjusted errors for 2014 and that discussions have taken place with management regarding future adjustments. Staff advised that the misstatements were as a result of the timing of when a particular asset came into service, is considered to be immaterial and will be corrected in 2015. Staff will review the types of questions being asked of project managers in future regarding when a project is complete and assets come into productive use.

Reports – Finance

a) COR-FSD-15-10, Annual Financial Statements

Craig Dyer, Chief Financial Officer, provided highlights of the staff report, noting the distinction between budget and financial statement documents. He stated that, for example, reserve transfers are excluded and amortization is included in the financial statements, per the Public Sector Accounting Board (PSAB) standards.

In response to a Committee question about the Region's Accumulated Surplus on the Statement of Financial Position, he explained that the surplus is comprised of the undepreciated value of capital assets and a balance in reserves and reserve funds.

C. Dyer advised that the other two (2) financial statements relate to the Sinking Fund and the Trust Fund, the latter of which supports Sunnyside Home in accordance with the "Long-Term Care Homes Act".

C. Dyer responded to Committee questions regarding compensation expenses and communication of the financial statements.

The Committee commented that the financial statements should clearly differentiate between the Rapid Transit project and the LRT, and ensure that information about the Rapid Transit project includes details about both the LRT and the aBRT. It was suggested that information about the aBRT should be included in notes referring to the Rapid Transit project; staff will review and amend the Notes to clarify.

Moved by T. Galloway

Seconded by G. Lorentz

That the Regional Municipality of Waterloo approve the Consolidated Financial Statements, the Sinking Fund Financial Statements, and the Trust Fund Financial Statements, all for the fiscal year ending December 31, 2014, as amended.

Carried

Motion to Go Into Closed Session

Moved by T. Galloway

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Seconded by K. Seiling

That a closed meeting of the Audit Committee be held on Wednesday, May 13, 2015 at 2:40 p.m. in Room 217 at 150 Frederick Street in accordance with Section 239 of the Municipal Act, 2001, for the purposes of considering the following subject matters:

- a) the security of the property of the municipality
- b) personal matters about an identifiable individual, including municipal employees

Carried

Motion to Reconvene into Open Session

Moved by T. Galloway

Seconded by G. Lorentz

That the meeting reconvene into open session.

Carried

Other Business

- a) LRT Audit Plan

In response to a Committee inquiry about how information about the LRT Audit Plan will be communicated to members of Council, C. Dyer stated that staff will discuss this matter with Deloitte and determine the most appropriate course of action.

Adjourn

The meeting adjourned at 2:55 p.m.

Committee Chair, S. Strickland

Committee Clerk, S. Natolochny