

MUNICIPALITY OF THE DISTRICT OF LUNENBURG  
Minutes of a Special Meeting of  
**AUDIT COMMITTEE**  
Held via Tele and Video Conference  
**Tuesday, September 15, 2020 – 9:00 a.m.**

**ATTENDANCE**

Councillor Claudette Garland, District 6, Chair  
Deputy Mayor Eric Hustvedt, District 1, Vice Chair  
Mayor Carolyn Bolivar-Getson  
Councillor Martin Bell, District 2  
Councillor Lee Nauss, District 3  
Councillor John Veinot, District 4  
Councillor Cathy Moore, District 5  
Councillor Wade Carver, District 7  
Councillor Michael Ernst, District 8  
Councillor Reid Whynot, District 9  
Councillor Errol Knickle, District 10

Regrets: Stanley Rose, Member-At-Large

Staff: Tom MacEwan, Chief Administrative Officer  
Alex Dumaresq, Deputy CAO  
Sherry Conrad, Municipal Clerk  
Elana Wentzell, Director of Financial Services  
Angela Veinot, Manager of Accounting  
Sarah Kucharski, Communications Officer  
Rachel Hiltz, Recording Secretary

**1. CALL TO ORDER**

Councillor Garland called the meeting to order at 9:00 a.m.

**2. APPROVAL OF MINUTES**

**Moved by Deputy Mayor Hustvedt, seconded by Councillor Nauss that the Minutes of July 2, 2019, September 17, 2019 and July 7, 2020 be approved as circulated.**

A discussion was held regarding issues noted in last year's letter. Ms. Wentzell noted that the issue with overwriting donation receipts, and having illegible carbon copies has been fixed. A question also arose about the special engagement audit, which is not obligatory. This item was discussed later in the meeting.

**The motion on the floor was voted on and carried.**

**3. TREASURER'S FINANCIAL STATEMENT REPORT**

Michael Belliveau, Paul Belliveau and Michelle Laird, of Belliveau Veinotte Inc. were in attendance at this time.

Ms. Wentzell reviewed the report titled "Treasurer's Report" (circulated with Agenda).

**4. DRAFT AUDITED FINANCIAL STATEMENTS YEAR END MARCH 31, 2019**

Ms. Wentzell reviewed the Draft Audited Financial Statements for the year ended March 31, 2019 (circulated with Agenda). The following point was noted:

- Salary and benefits increased about 12%, which was significantly higher than the total expense increase. The benefit costs did go up some and there was the transfer to the Public Service Superannuation Plan (PSSP). There are also accruals for staff vacations in this figure. The Auditors explained that they do audit wages by selecting samples and going through them from timesheets to pay stubs, to the bank clearing. Then they go back and determine that hourly and salary rates agree to the personnel file. This also gets traced through the GL. No issues were identified with wages and benefits, and the increase was not a concern. Ms. Wentzell said she would get more detailed information on the increase if required. There was no Council direction in this regard.

**5. INTERNAL CONTROL LETTER**

Mr. Michael Belliveau reviewed the Internal Control Letter. The following points were noted:

- Throughout the audit, the Auditors look at MODL's internal controls and work with staff to ensure the procedures and policies in place are appropriate.
- This year, nothing came forward that was noted in the prior year letter.
- The current risk was due to COVID-19, which significantly changed the operations of MODL, as staff were working remotely. At this time the full impacts of this change are unknown.
- Possible risks from working from home include control procedures, especially for Accounts Payable and cheque signing, and payroll procedures for signing authorities, specifically with digital signatures. Confidentiality is a concern as work moves outside the office. Staff need to be aware of the security of the information they have.
- MODL did have a pandemic plan, which was followed, and day to day operations were able to continue.
- Risk assessments continue to be ongoing. Auditors and staff are always looking for risks within the organization, and coming up with policies and procedures to ensure risk is lowered.
- The special engagement audit, mentioned earlier, was a provincial implemented recommendation, but was not required. This required hiring an outside firm to do a deeper evaluation of the internal controls. The Audit that gets done each year is done at a higher level.

**6. MANAGEMENT LETTER**

Mr. Michael Belliveau reviewed the Management Letter. He noted that the transfer of due to/froms did not happen in March, when the usually do, due to COVID-19, but this was not a concern for the Audit. No fraud was identified.

**7. FINANCIAL CONDITION INDICATORS**

Ms. Wentzell reviewed the Financial Condition Indicators (circulated with Agenda).

A discussion as held regarding MODL's score for "reliance on government transfers". She noted that we have a low score as MODL doesn't get any of the Province's equalization grant, and does not have much dependency on other levels of government to operate. This category does not include gas tax funding, as it only looks at operational funding, which gas tax cannot be used for. Gas tax can only be used for special capital projects.

**8. NEXT MEETING**

The next meeting will be a Pre-Audit Meeting and will be held in July 2021.

**9. ADJOURNMENT**

**There being no further business at 9:48 a.m., it was moved by Councillor Whynot, seconded by Councillor Nauss that the meeting adjourn. Carried.**