

Audit Committee Minutes

Present:

Chairperson – Councillor Gill
Councillor Hunt
Councillor Steele

Absent:**Staff Present:**

City Manager
Deputy City Manager
General Manager, Finance & Technology
Manager, Financial Services
Manager, Budget Services
Corporate Audit Manager
Deputy City Clerk, Legislative Services

KPMG Staff Present:

A. Johnston, KPMG
K. Simpson, KPMG
B. Hui, KPMG

A. ADOPTION OF MINUTES**B. INTRODUCTIONS****C. REVIEW BY GENERAL MANAGER, FINANCE AND TECHNOLOGY****1. Corporate Report No. Fo10 – Terms of Reference for the Internal Audit**

The General Manager, Finance and Technology submitted a corporate report informing the Audit Committee of the Terms of Reference (TOR) that has been developed for the City's Internal Audit Division.

The General Manager, Finance and Technology was recommending receipt of the report as information.

It was

Moved by Councillor Steele

Seconded by Councillor Gill

That the Audit Committee receive Corporate

Report Fo10 as information.

Carried

The following was clarified during the review of the corporate report:

- Three of the audit staff positions (Internal Audit Manager and two Internal Auditors) are required to undertake intensive internal audit work. The Commodity Tax Specialist is a long-standing position that has been assigned to the Internal Audit Division.

- These positions are required to meet the demand of the audit plan and to demonstrate that the City is taking appropriate measures to ensure that internal processes are functioning well.

2. Corporate Report No. F011 – 2010 Annual Financial Report

The General Manager, Finance and Technology submitted a corporate report to provide the Audit Committee with information about the results of the audit of the City of Surrey 2010 financial statements.

The General Manager, Finance and Technology was recommending approval of the recommendations outlined in her report. An explanation of the variances between the “Budget” amounts and year end “Actuals” pertaining to both Revenue and Expenses was provided by the General Manager, Finance and Technology. Recent changes to the form of the Financial Statements were highlighted (i.e. Tangible Capital Assets, Financial Statement Presentation, and Post-Retirement Benefits).

Future reporting requirements are being monitored by staff. Staff have reviewed the City’s three controlled government organizations which are consolidated into the City’s accounts (Surrey Public Library, Surrey City Development Corporation and Surrey Homelessness & Housing Society) for possible changes to their reporting presentation in view of recent changes by the Public Sector Accounting Board (PSAB) and are of the opinion that the only potential for change may be with the Surrey City Development Corporation. The City will be required to adopt “government transfers” reporting requirements, effective April 1, 2012. Effective January 1, 2014, the City will be required to recognize a liability associated with the remediation of environmental contamination on City-owned sites where the contamination exceeds the prescribed environmental limits.

The following was clarified during the review of the corporate report:

- Greater Vancouver Transportation Authority (GVTA) is noted as a developer at this point; this will be moved to “government transfers” in 2011 with the adoption of the new reporting requirements;
- Variation in Expenses Budget and Actuals for Parks, Recreation and Culture warrants a detailed explanation of the difference in the report;
- Asset Disposal and Contingency is under “Other” within General Government is not solely Public Works, as it pertains to corporate-wide expenses related to buildings and technology;
- Concern expressed with PSAB requirement to use the term “Annual Surplus” for the recording of excess revenue over expenses;
- On “Contribution (to)/from reserves” the advance planning aspect of capital works projects are not part of the capital program, as the planning components reflect higher-level work, such as the Ten (10) Year Servicing Plan;
- Taxation Revenue Table (page 34), the “Less Transfers from other governments” should be corrected to state “Less Transfers from Other Authorities;”

- Transfers from Other Governments Table (page 39), should delineate exactly where the funding has originated from within the Province of BC; and,
- Subsequent Events (page 41), information should be provided to Council via memorandum relative to the City having obtained new debt instruments totaling \$100 million.

It was
Moved by Councillor Hunt
Seconded by Councillor Steele
That the Audit Committee:

1. receive Corporate Report Form as information; and
2. authorize staff to include this report on the agenda for the next Regular Meeting of City Council.

Carried

D. MOTION TO HOLD A MEETING IN A CLOSED SESSION

It was
Moved by Councillor Hunt
Seconded by Councillor Steele
That the Audit Committee close the meeting
at 11:07 a.m. to the public pursuant to Section 90 (1) (c) and (d) of the *Community Charter*,
which states:

“A part of a council meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:

- (c) labor relations or other employee relations;
- (d) the security of the property of the municipality”

a Closed Audit Committee Meeting will be held at City Hall, 14245-56 Avenue, Surrey, BC
in the Councillor’s Boardroom on Monday, May 2, 2011.

Carried

D. OTHER BUSINESS (continued)

It was
Moved by Councillor Hunt
Seconded by Councillor Steele
That the Audit Committee now reconvene.
Carried

The meeting reconvened at 11:22 am.

E. RECOMMENDATION TO RECEIVE AND APPROVE THE 2010 AUDITED FINANCIAL STATEMENTS

It was Moved by Councillor Hunt
Seconded by Councillor Steele
That the Audit Committee recommend that
the 2010 Audited Financial Statements be received and approved by Council.
Carried

F. DISCUSSION OF FUTURE COUNCIL MEETINGS, DATES AND FORMAT

1. Regular Council – Public Hearing

- (a) Receive Audit Committee Recommendations
- (b) Receive 2010 Annual Financial Report

It was Moved by Councillor Hunt
Seconded by Councillor Steele
That the Audit Committee recommend that
the Audit Committee Recommendations and the 2010 Annual Financial Report be
received by Council at the May 9, 2011 Regular Council Public Hearing.
Carried

2. Regular Council – Public Opportunity for Questions and Comments

It was Moved by Councillor Hunt
Seconded by Councillor Steele
That the Audit Committee recommend that
public opportunity for questions and comments relative to the 2010 Annual
Financial Report be held by end of June 2011.
Carried

In response to a query, staff confirmed the published financial statements will
include the tables provided in the notes to the consolidated financial statements.

G. OTHER BUSINESS

H. ADJOURNMENT

It was

Moved by Councillor Hunt

Seconded by Councillor Steele

That the Audit Committee meeting do now

adjourn.

Carried

The Audit Committee meeting adjourned at 11:26 am.

Claudia Jesson, Deputy City Clerk

Councillor Gill, Chairperson