

City of Maple Ridge
Audit & Finance Committee

October 3, 2017
5:00 PM
Blaney Room

Chairperson: Councillor Masse
Committee Members: Mayor Read; Councillors C. Bell; K. Duncan; G. Robson; T. Shymkiw;
C. Speirs

Staff: Chief Administrative Officer: P. Gill
GM – Public Works & Development F. Quinn
GM – Community Dev. Park & Rec K. Swift
Manager of Accounting: C. Nolan
Manager of Financial Planning T. Thompson
Manager Sustainability & Corporate Planning L. Benson

Recording Secretary: Amanda Gaunt

AGENDA

1. *Approval of agenda*
2. *Approval of minutes of July 18, 2017*
3. *Financial Update*
4. *Appointment of Auditors*
5. *Adjournment*

“Original signed by Catherine Nolan”

*Agenda submitted by: C. Nolan, CPA, CGA
Manager of Accounting*

City of Maple Ridge

Audit & Finance Committee Meeting Minutes

July 18, 2017

The Minutes of the Audit and Finance Committee Meeting held in the Blaney Room of the Municipal Hall, 11995 Haney Place, Maple Ridge, BC on Monday, July 18, 2017 at 5:00 p.m.

PRESENT

Committee Members

Councillor Masse, Chair
Councillor Bell
Councillor Duncan
Councillor Robson
Councillor Shymkiw
Councillor Speirs

Municipal Staff

F. Quinn, Acting Chief Administrative Officer/General Manager
Public Works & Development Services
P. Gill, General Manager Corporate & Financial Services
K. Swift, General Manager Parks, Recreation & Culture
C. Nolan, Manager of Accounting
CK Lee, Acting Manager of Financial Planning/Finance Analyst

Attending via phone

Mayor Read

Guests

Ron Wallsmith	Community Services Board of Directors
Graham Plant	Consultant CPA Development
Clive Williams	Community Services Board of Directors
Vikki Kipps	Community Services Executive Director
Stuart Mont	Community Services Director of Finance

The meeting was called to order at 5:00 p.m.

1. **Approval of the Agenda**

It was moved and seconded

That the agenda for the July 18, 2017 Audit & Finance Committee meeting be approved as circulated.

CARRIED

2. **Approval of minutes of May 29, 2017**

It was moved and seconded

That the minutes of the Audit & Finance Committee of May 29, 2017 be adopted as circulated.

CARRIED

3. ***Community Services Development Proposal***

Staff report dated July 18, 2017 recommending that staff be directed to develop a program to provide assistance to the Community Services Council project following the framework of the recently expired Town Centre Incentive Plan.

Mr. Gill introduced the staff report and reviewed information that was presented at the May 29 Audit & Finance Committee meeting. Representatives from the Community Services Council spoke to their development proposal and some of the related costs.

It was moved and seconded

That the staff recommendation be amended to provide assistance to the Community Services Council project by changing the framework of the recently expired Town Centre Incentive Plan to increase the exemption on DCC's from 10% to 20% and to increase the time frame for tax exemptions from 3 years to 5 years.

WITHDRAWN

It was moved and seconded

That staff be directed to develop a program to provide assistance to the Community Services Council project following the framework of the recently expired Town Centre Incentive Plan.

CARRIED

4. ***Facilities Funding Model***

Staff report dated July 18, 2017 recommending that the Financial Plan be amended to include capital projects, operating costs and associated funding as outlined in the report titled "Funding Model for Council endorsed Parks and Recreation Facilities" and that a separate Loan Authorization Bylaw be prepared for each project.

It was moved and seconded

That the Financial Plan be amended to include the capital projects, operating costs and associated funding, as outlined in the report "Funding Model for Council endorsed Parks and Recreation Facilities" dated July 18, 2017, and brought forward for Council's consideration; and further

That a separate Loan Authorization Bylaw be prepared for each project and brought forward for Council's consideration.

CARRIED

5. ***Adjournment*** – 6:05

TO: Councillor Bob Masse
and Members of the Audit & Finance
Committee
FROM: Manager of Accounting
SUBJECT: Financial Update - 2017

MEETING DATE: 3-Oct-2017
FILE NO:
MEETING: Audit & Finance

EXECUTIVE SUMMARY:

This report provides an update on financial activities to the end of August 2017. While forecasts of year-end results have not been provided, information about emerging trends has been included. By the end of August, the majority of the city's revenues have been realized and expenses are in line with financial plan targets. If all activities in the Financial Plan adopted in May are completed we will see a draw on General Revenue Surplus of approximately \$650,000. Indications are that year end results will be favorable in comparison to planned results. A preliminary update of financial results for 2017 will be provided in the first quarter of 2018.

RECOMMENDATION:

None required – information only.

DISCUSSION:

The purpose of this report is to provide the Audit & Finance Committee with an update on financial performance and information regarding emerging trends for 2017 in the General Revenue Fund. The report is based on information as at the end of August and focusses on some of the key items that typically contribute to year-end results.

Forecasts of year-end results have not been provided, although indications are that results will be favourable in comparison to the financial plan. The City's normal business cycle results in revenues being realized in the first half of the year with expenses being recorded more evenly, but with the majority recorded in the latter half of the year.

As noted above, by the end of August the majority of the City's revenues for the year have been realized through the property tax levy. Other items to make note of regarding our revenues include the following:

- Building permit revenues at the end of August are \$2.8 million, ahead of financial plan targets of \$2.46 million for the year.
- Investment earnings are trending ahead of financial plan targets as at the end of August. It should be noted, that the size of our investment portfolio (\$183 million) is driven in part by timing differences between planned and actual delivery of capital projects. Should we see this timing difference begin to close we will see a corresponding drop in investment earnings.
- The sale of the first phase of town centre lands completed in June resulting in proceeds of \$1.582 million. As per Council direction, the monies from the sale of these lands are being directed toward the development of artificial turf fields.

- Gaming revenues are expected to exceed financial plan targets and will be directed to reserves in accordance with Council's policy.
- The Financial Plan includes an expected \$300,000 in revenue from gravel sales that will not be realized in 2017. There is work underway to determine if there is an economic benefit to further developing the site.

On the expense side, costs are below budget, as expected at this time of year. Some key items we continue to monitor include:

- The progress toward various studies & projects. These items are often carried forward from prior years as the work can span a number of years. Variances in these accounts can create the appearance of savings, but as the unspent budgets are transferred to reserves at year-end they do not contribute to bottom line savings.
- A number of areas will see some savings in salaries due to vacancies.
- Overall costs in the Fire Department. This is one of our largest cost centres and the department takes care to ensure costs are within the overall budget envelope each year. To date there is nothing to indicate they will not be able to achieve this in 2017.
- Borrowing for Fire Hall #4 will not be entered into this year resulting in savings on principal & interest of \$800,000. Funding for this comes from the Fire Department Capital Acquisition Reserve and the monies will remain in the reserve until needed.
- As in previous years, we will likely see some savings for the RCMP contract costs. In line with practice, a portion of these savings will be transferred to the Police Services Reserve to provide for future costs.
- Overall, costs in Parks, Recreation & Culture are in line with expectations at the end of August. The decision to keep the Leisure Centre open this year, in advance of the shutdown for renovations, could impact final results for the facility but if current trends continue we expect to be within financial plan targets for the year.
- Costs for snow removal exceed the financial plan targets as a result of the higher than normal volume of snow received in the first quarter of 2017. Forecasters are already warning that we may see another year of higher than normal snow accumulations, if forecasts are correct, costs will continue to increase. The Snow Removal Reserve is available to help offset higher than normal costs.

CONCLUSIONS:

Overall financial results are in line with expectations at the end of August, with the majority of our revenues received and expenses lagging slightly. The Financial Plan adopted in May would result in a draw on General Revenue Surplus of approximately \$650,000 if all activities were completed as planned. At this time, indications are that results will be favorable in comparison to financial plan expectations. An update on preliminary 2017 results will be provided to the Audit & Finance Committee in the first quarter of 2018.

"Original signed by Catherine Nolan"

Prepared by: Catherine Nolan, CPA, CGA
 Manager of Accounting

"Original signed by Paul Gill"

Concurrence: Paul Gill, CPA, CGA
 Chief Administrative Officer

TO: Councillor Bob Masse
and Members of the Audit & Finance
Committee
FROM: Manager of Accounting
SUBJECT: Award of Audit Services Contract

MEETING DATE: 3-October-2017
FILE NO:
MEETING: Audit & Finance

EXECUTIVE SUMMARY:

The City issued a Request for Proposals (RFP) for audit services in July (RFP-F17-59) and received four submissions. Staff reviewed the proposals in accordance with the evaluation criteria contained in the RFP and is recommending that the contract be awarded to BDO Canada LLP as their proposal represents overall best value to the city

The proposal is within the annual budget envelope and will result in a reduction of overall costs for audit services.

RECOMMENDATION:

That the Audit & Finance Committee recommend to Council that the contract for audit services be awarded to BDO Canada LLP.

DISCUSSION:

a) Background Context:

The City last issued an RFP for audit services in 2001 with BDO Canada LLP being the successful proponent. Since that time the contract with BDO has been extended a number of times to address a need for audit continuity through the implementation of various complex new accounting standards.

The Audit & Finance Committee last recommended an extension of the contract with BDO May of 2014 through to the end of the 2016 audit. That was completed in May of this year and an RFP for audit services was issued in July.

The City received four proposals in response to the RFP from the following proponents:

- BDO Canada LLP
- KPMG
- MNP
- PWC

The evaluation criterion was designed to determine the best overall value to the City and the evaluation process was conducted in two phases. All four proposals were evaluated on the basis of technical expertise and price with the top two proponents proceeding to the second phase.

At the completion of the first evaluation phase, BDO Canada LLP and KPMG were identified as the top two proponents.

The second evaluation phase was designed to determine which of the top two proponents was best able to communicate complex financial matters in clear, easily understood language.

Our evaluation concludes that BDO Canada LLP, our existing auditors, represent overall best value for the city.

b) Interdepartmental Implications:

The City's auditor interacts with most City departments in order to complete their work. A decision to change auditors would mean that the new firm would need to familiarize themselves with the systems and processes in place at the City. This would result in a significant increase in the amount of time that City staff from all departments needs to spend with various members of the audit team.

c) Business Plan/Financial Implications:

The recommendation of staff is to award the contract for audit services to BDO Canada LLP. Their proposal is within the annual budget envelope and will result in a reduction in overall costs for audit services.

d) Policy Implications:

Issuing an RFP for Audit Services is in line with the City's purchasing policy. The responsibilities of the Audit & Finance Committee include recommending to Council the appointment of the City's external auditors.

e) Alternatives:

The Committee could choose to not follow the recommendation of staff and award the contract for Audit Services to KPMG. This is not recommended as their proposal did not represent the best overall value to the City.

CONCLUSIONS:

After evaluating the four proposals received in response to the City's RFP for audit services the evaluation committee is satisfied that the proposal received from BDO Canada LLP offers the best overall value to the City. The proposal is within the annual budget envelope and offers a reduction from previous costs.

"Original signed by Catherine Nolan"

Prepared by: Catherine Nolan, CPA, CGA
Manager of Accounting

"Original signed by Paul Gill"

Concurrence: Paul Gill, CPA, CGA
Chief Administrative Officer