



**REVISED**

## **AUDIT COMMITTEE**

### *NOTICE OF OPEN MEETING*

**DATE: TUESDAY, 2016 FEBRUARY 02**

**TIME: 5:00 PM**

**PLACE: Council Committee Room, Burnaby City Hall**

### **A G E N D A**

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|---|--------------------|
| 1. <b><u>CALL TO ORDER</u></b>  |                    |
| 2. <b><u>MINUTES</u></b>  |                    |
| a) Minutes of the Open meeting of the Audit Committee held on 2015 April 07           | 1                  |
| 3. <b><u>REPORTS</u></b>  |                    |
| a) Report from the Director Finance<br>Re: Audit Planning Letter for 2015 Fiscal Year | 5                  |
| 4. <b><u>NEW BUSINESS</u></b>   |                    |
| 5. <b><u>INQUIRIES</u></b>  |                    |
| 6. <b><u>CLOSED</u></b>   |                    |
| Public excluded according to Sections 90 & 92 of the Community Charter                |                    |
| 7. <b><u>ADJOURNMENT</u></b>  |                    |



## **AUDIT COMMITTEE MINUTES**

**Tuesday, 2015 April 07**

An 'Open' meeting of the Audit Committee was held in the Council Committee Room, Burnaby City Hall, 4949 Canada Way, Burnaby, B.C. on Tuesday, **2015 April 07** at 5:00 PM.

### **1. CALL TO ORDER**

PRESENT:	Councillor D. Johnston, Chair Councillor C. Jordan, Vice Chair Mayor D. Corrigan, Member ( <i>arrived at 5:08 p.m.</i> ) Councillor P. McDonell, Member
EXTERNAL AUDITORS (KPMG):	Mr. A.G. Johnston, Client Service & Quality Control Reviewer Ms. N. Adie-MacKay, Engagement Partner Ms. A. Adeleye, Senior Manager
STAFF:	Mr. C. Turpin, Deputy City Manager Mr. L. Chu, Deputy City Manager Ms. D. Jorgenson, Director Finance Mr. B. Klimek, Deputy Director Finance Ms. F. Lee, Senior Internal Auditor Ms. B. Zeinabova, Administrative Officer

The Chair called the Open meeting to order at 5:00 p.m.

### **2. MINUTES**

#### **a) Minute of the Open meeting of the Audit Committee held on 2014 April 14**

MOVED BY COUNCILLOR C. JORDAN  
SECONDED BY COUNCILLOR P. MCDONELL

THAT the minutes of the 'Open' meeting of the Audit Committee held on 2014 April 14 be adopted.

CARRIED UNANIMOUSLY

The Committee received a memorandum from the Director Finance regarding Reporting and Accounting Treatment of Community Benefit Bonus Funds.

The Director Finance provided background information on a recommended change to the reporting and accounting of community benefit bonus funds.

**\*\*Mayor D. Corrigan arrived at the meeting at 5:08 p.m. and took his place at the Committee table.\*\***

It was noted that the City has historically recorded the receipt of community benefit bonus funds (cash contributions-in-lieu) as deferred revenue within the Community Benefit Bonus Fund reserve accounts. These figures were then included as a liability under the 'Development Cost Charges and Restricted Funds' section of the *Statement of Consolidated Statement of Financial Position*.

KPMG has advised that community benefit bonus funds should be recorded as revenue in the year received and have recommended the City adjust the draft 2014 December 31 Financial Statements to reflect this change in practice.

On the advice of KPMG, appropriate adjustments to the City's draft 2014 December 31 Consolidated Financial Statements have been made to meet external audit requirements. The following outlines the major impacts:

#### Statement of Operations and Accumulated Surplus

For 2014, community benefit bonus funds of \$56.4 million have been recorded as revenue which will increase the 2014 year-end annual consolidated surplus by a corresponding amount. This adjustment will also result in the restatement of the 2013 year-end annual consolidated surplus by \$33.4 million reflecting the value of community benefit bonus funds received.

The restatement of the 2013 *Statement of Financial Operations and Accumulated Surplus* will result in an increase of \$53.7 million to the opening 'Accumulated Surplus' balance and an increase of \$87.1 million to the closing balance. The difference of \$33.4 million reflects the value of community benefit bonus funds received in 2013.

#### Statement of Financial Position

The 2013 December 31 'Development Cost Charge and Restricted Funds' balance reflected in the liability section of the Statement of Financial Position has been decreased by \$87.1 million with an corresponding increase in 'Accumulated Surplus'.

As at 2014 December 31, 'Accumulated Surplus' will amount to \$143.5 million or a change of \$56.4 million over 2013. The difference of \$56.4 million reflects the value of community bonus funds received in 2014.

Upon receipt by the Audit Committee of the draft Financial Statements, and recommended adoption by Council, it is further proposed that the reporting of community benefit bonus funds be clearly defined in a financial community benefit bonus fund reserve policy and be forwarded to the Financial Management Committee for review and consideration at the 2015 April 23 meeting.

The Committee requested to move into a 'Closed' portion of the meeting at this time.

**4. CLOSED**

Public excluded in accordance with Sections 90 and 92 of the Community Charter.

MOVED BY COUNCILLOR C. JORDAN  
SECONDED BY COUNCILLOR P. MCDONELL

THAT this meeting do now recess.

CARRIED UNANIMOUSLY

The Open Committee meeting recessed at 5:48 p.m.

MOVED BY COUNCILLOR C. JORDAN  
SECONDED BY COUNCILLOR P. MCDONELL

THAT the Open Committee meeting do now reconvene.

CARRIED UNANIMOUSLY

The Open Committee meeting reconvened at 6:18 p.m. with all members of Committee present.

Normal order of the agenda resumed.

**3. REPORTS**

MOVED BY COUNCILLOR C. JORDAN  
SECONDED BY COUNCILLOR P. MCDONELL

THAT the report be received.

CARRIED UNANIMOUSLY

**a) Report from the Director Finance**  
**Re: 2014 Annual Financial Report**

The Director Finance submitted the 2014 Annual Financial Report and Financial Statements and Notes for the year ended 2014 December 31.

The Director Finance recommended:

1. THAT the Audit Committee recommend Council adopt the City of Burnaby 2014 Annual Financial Report and audited consolidated financial statements for the year ended 2014 December 31.

MOVED BY COUNCILLOR C. JORDAN  
SECONDED BY COUNCILLOR P. MCDONELL

THAT the recommendation of the Director Finance be adopted.

CARRIED UNANIMOUSLY

The Committee requested information regarding 'transfers from federal government' amount – comparison of 2013 and 2014.

Staff undertook to provide the information to the Committee members.

5. **NEW BUSINESS**

There was no new business brought before the Committee at this time.

6. **INQUIRIES**

There were no inquiries brought before the Committee at this time.

7. **ADJOURNMENT**

MOVED BY COUNCILLOR C. JORDAN  
SECONDED BY COUNCILLOR P. MCDONELL

THAT this Open Committee meeting do now adjourn.

CARRIED UNANIMOUSLY

The Open meeting adjourned at 6:22 p.m.

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Blanka Zeinabova  
ADMINISTRATIVE OFFICER

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Councillor Dan Johnston  
CHAIR



Meeting 2016 Feb 02

## COMMITTEE REPORT

**TO:** CHAIR AND MEMBERS  
AUDIT COMMITTEE OF COUNCIL

**DATE:** 2016 January 22

**FROM:** DIRECTOR FINANCE

**FILE:** 6300-20

**SUBJECT:** AUDIT PLANNING LETTER FOR 2015 FISCAL YEAR

**PURPOSE:** To provide the Committee with the planned scope and timing for the audit of the consolidated financial statements of the City for the year ended 2015 December 31.

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**RECOMMENDATION:**

1. **THAT** this report be received for information.

**REPORT**

The City has received the annual audit planning letter from KPMG, the City's external auditors in preparation for the audit of the consolidated financial statements of the City for the year ended 2015 December 31.

**NEW PUBLIC SECTOR ACCOUNTING BOARD STANDARD**

The letter notes that there is a new Public Sector Accounting Board standard that comes into effect in the current year that will impact the 2015 consolidated financial statements. The new standard addresses the requirement of governments to recognize a *Liability for Contaminated Sites PS3260*, should one exist.

Governments are required to recognize a liability for contaminated sites when the government is responsible for, or accepts responsibility for, the contamination, and the contamination exceeds existing environmental standards. The amount recorded as a liability must be able to be estimated and would include costs directly related to the remediation activities and post-remediation costs that are an integral part of the remediation strategy. Management has commenced work to adopt the new accounting standard as it applies to the City of Burnaby.

The annual meeting with our external Auditors is scheduled for 2016 March 31 at 5pm in the Council Committee Room.

Denise Jorgenson  
DIRECTOR FINANCE

DJ:ml

Copied to: City Manager  
City Clerk