



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 (*arrived at 5:08 p.m.*)
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) Minutes 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.

Blanka Zeinabova
ADMINISTRATIVE OFFICER

Councillor Dan Johnston
CHAIR