



Minutes of the Audit Committee Meeting

Place: Oxford Town Hall, Council Chambers and Zoom
Date: Tuesday, December 7, 2021
Chairperson: Councilor Carla Black
Members Present: Councilors Paul Jones and Chrystal McNutt
Public Appointee: Dave Clark and Tracy Black

Regrets: Nil

A quorum was present throughout the meeting.

Staff present: Senior Accountant - Ruthann Brookins and Town Clerk - Linda Cloney (recording secretary)

Guest: Alida Mitchell and Renée d'Eon - Baker Tilly Nova Scotia Inc.

1. Call to Order

Councillor Black called the meeting to order at 6:00 pm.

2. Approval of Agenda

Moved by Councilor Jones and seconded by Councilor McNutt to approve the December 7, 2021, agenda as presented.

Motion Carried

3. New Business

3.1 Draft Statements – for review and recommendation to Council

Alida Mitchell and Renée d'Eon presented to the Committee the consolidated set of financial statements.

Ms. Mitchell presented the Audit Finding Report, this report has been filed with the package.

The Statement of Operations reflects that Oxford has an accumulated surplus of \$15,488 by year end (March 31, 2021). Last year Oxford had a deficit of \$191,154 and staff wanted to present that to the committee.

Councilor Jones asked about long-term debt. In 2021/2022 Oxford will have two long-term debts paid off. In general operating, \$58,500, for a loan taking out for sewer, streets, school enhancement, arena chiller, and to refinance a fire truck. In water operating, \$50,000 in which was a loan to refinance water.

Councilor Jones asked about the doubling of the Canada Community Building Fund (was formally known as Gas Tax Fund) and the Municipal Financial Capacity Grant (also known as the equalization grant) and where it should be allocated in the budget. Staff recommends that the Municipal Financial Capacity Grant go to streets for paving and utilize the Canada Community Building Fund in water capital. This funding would assist the Town to get the Main Street water line project done within another two years.

Ms. D'Eon presented the Internal Control matters that were identified through the audit process:

- **PSB** – Public Service Body Rebate Rate – this is the rate that Oxford gets back on the HST Rebate. 10.273 was the amount used and the correct rate to use is 10.714. Baker Tilly recommends updating that rate. Staff can go back as far as four years to recalculate HST.
- **Cutoff** – Recording some items on a receipt basis, instead of an accrual basis.
- **Capital Asset Amortization rates** – Amortization rates are not in line with applicable handbooks (FRAM for General Capital and NSUARB for Water Capital)
- **Recording Fund Activity** – Activity for some funds not recorded in individual funds but recorded through the Operating funds due to/from. Baker Tilly recommends doing this more regular on a go forward basis to capture a truer snapshot of the financials in real time.
- **Simply** – Simply versions are old and no longer supported. The Town does not appear to have access to admin passwords, limiting functionality and increasing risk.
- **Seldom used balances** – Seldom used balances are not monitored/updated regularly.
- **Segregation of duties** – Segregation of duties deficiencies have been noted relating to control over cash receipts, where the Office Clerk receives and opens all mail and prepares deposits; approving refunds, where the Office Clerk processes the credit note in Town Suite and pays the refund through cheque and creating vendors in the vendor master file, where the Office Clerk creates all vendors. This is usually an issue in many small offices.
- **IT controls** – No specific policies or procedures are in place with respect to oversight of IT operations.
- **AFDA** – No specific policies in place to track outstanding receivables, and no specific policies to record allowance for doubtful accounts.
- **Payroll** – During data analytics testing, it was identified that an error was made in Sage, resulting in an entry being made for vacation pay that was in error. BTNS notes that insufficient controls were in place to prevent and detect the error. The error relates to failing to select the proper box when switching from summer student to full-time.
- **FRAM Requirements** – “FRAM – 5(1)(c)(vii) the tax sale surplus account is appropriately funded as per the Municipal Government Act Section 146(4) which states “Except as provided in this section, no part of the balance may be withdrawn from the tax sale surplus account during the period in which the land may be redeemed”. Information is not tracked.

- **Debenture Applications** – Debentures to MFC applied for using incorrect information; loans from MFC taken for assets that are not complete despite applications indicating they are.
- **Policies** – During review of the audit committee meeting minutes, it was noted that numerous policies were not being followed, such as: Capital Reserve Fund, Operating Reserve Fund, Capital Investments Policy, Debt Management Policy, Tax & Water Collection Policy. Etc. This is consistent with audit work performed around debt and valuation of receivables.
- **Payroll** – During the course of the audit, it was noted that no formal documentation of salaries is maintained.

There was discussion regarding switching completely over into TownSuite or updating the Sage to Sage300. This item is set to be on the next meeting's agenda.

The balances that are currently in TownSuite are not correct. The corrections were never made in TownSuite. The GL's need to be set up in TownSuite correctly.

Recommendation from Ms. Mitchell, you can either pull all of your data from your old system and put it in your new system. Since Oxford does not have admin access with Sage there is no way they can do that here. Whenever Oxford implements a new system, no matter what it is, you are going to have to take the trial balance of April 1 and you are going to put all of those balance sheet accounts in the various funds where you want it. It will be a manual process either way.

It was recommended to start the process in the New Year and look at what system you want to implement and start around the same time Baker Tilly starts the audit next year. Look at how to transition it and go live April 1, 2023.

An estimated budget number for a cost of a consultant to transition Sage into Townsuite \$70,000 to \$100,000.

Moved by Councillor Jones and seconded by Tracy Black to accept the Consolidated and Non-Consolidated 2019/2022 financial statements as it was presented and to recommend to Council for their approval.

Motion Carried

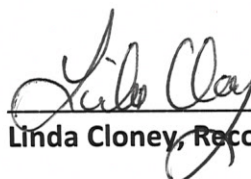
4. Adjournment

At 7:50 pm, moved by Tracy Black that the meeting be adjourned.

Motion Carried.



Carla Black, Chairperson



Linda Cloney, Recording Secretary

