



Minutes of the Audit Committee Meeting

Place: Zoom
Date: Tuesday, January 25, 2022
Chairperson: Councillor Carla Black
Members Present: Councillors 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)

1. Call to Order

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

2. Approval of Agenda

Moved by Councillor Jones and seconded by Councillor McNutt to approve the January 25, 2022, agenda as presented.

Motion Carried

3. Approval of Previous Minutes

3.1 Audit Committee Meetings March 4, 2021, April 27, 2021, May 20, 2021, August 19, 2021, and December 7, 2021.

Moved by Councillor Jones and seconded by Councillor McNutt to approve the March 4, 2021, April 27, 2021, May 20, 2021, August 19, 2021, and December 7, 2021, minutes as presented.

Motion Carried

4. New Business

4.1 Baker Tilly Nova Scotia Inc. Invoices

A copy of the invoices is filed with the Committee Package.

There was a discussion regarding the cost of the audit for this year. This being a setup year, misrepresentations from the previous audit and staff learning the audit process all affected the cost to be higher than anticipated. Baker Tilly explained to staff that the company did not book the Town for all the chargeable time, they had 36% a recovery rate.

There was discussion about looking into a new sage license. Staff will investigate that further. Tracy offered to update Sage.

4.2 Management Letter and Audit Committee Letter

With regards to the management letter, there were recommendations that will need to be followed up before the next audit. Staff will itemize the list of recommendations from the management letter to present to the Audit Committee.

4.3 Accounting Software transition planning

Moved by Councillor Jones and seconded by Councillor McNutt to defer this discussion to a future meeting as a one item agenda.

Motion Carried

4.4 General Operating and Water Operating budgets 21/22

Listed are the highlights of the presentation.

- Deed Transfer tax is high this year due to house sales
- Own Source Revenue is high this year due to the Grants that the recreation commission sought out.
- Interest on taxes is higher this year – this is concerning as more people aren't paying their taxes.
- tax certificates are higher due to house sales
- unconditional transfers is higher due to the doubling of the Municipality Capacity Grant
- The arena is using monies from the COVID Restart fund
- Fuel prices have gone up more than expected
- Health and Safety is higher due to internal decision to prioritize Health and Safety
- Oxford Frozen Foods had a higher water consumption this year. It looks great with revenue but also caused some expenses as we had to update our equipment to provide.
- Under the heading Treatment for Water Operating the numbers are not what was expected. Halfway through the year, staff learned some of the expenses were posted in the wrong GL's and had to be changed. There were also extra expenses with the chlorine treatment due to the high consumption of Oxford Frozen Foods and more water testing that had to be done.
- T & D meters the Town had to order a new water flow meter for plant one at Oxford Frozen Foods
- T&D Maintenance & Services is high due to the budget did not include full cost of manuals (\$3,000) and there were unexpected expenses when replacing watermain on Water Street (\$35,000). There were a few problems while doing a project as in bad weather and low resources.

Staff asked that the Audit Committee to consider as to what our mark should be to consider something capital. There was no further discussion on this. To be discussed at a future meeting.

There was a discussion regarding the Fire Department contingency line and to add this discussion during the review of the budget at the next audit meeting.

There was a discussion regarding Small Tools & Equipment expense line. Staff presented to the Audit Committee the process of approving the invoices. After discussion it was decided that if someone from Council is part of the process the Audit Committee is comfortable with the process presented. Currently the Mayor is part of the approval process when authorizing payment of invoices.

4.5 Reserves

Staff recommended to the Audit Committee to consider placing the Community Building Fund (aka. Gas Tax Funds) in the Water Capital, the Town has water main replacement projects that need to be done soon.

Staff also recommended to the Audit Committee to consider placing the Municipal Capacity Grant (aka. Equalization Grant) into the Town's reserves to pay for paving projects and other capital projects as needed.

The Audit Committee agreed that those two recommendations, mentioned above, would be a good approach.

4.6 Budget Process

Staff also noted to the Committee the concern of inflation costs. This year during the budget we should consider an increase of 3% rather than the usual 2%.

Staff presented the Operating Reserve and the Capital Reserve to consider a review as the amount that needs to be deposited, as recommended by the policies, are not achievable. Together they add up to 40% of our budget.

It was agreed upon that once the staff is finished with year end that the Audit Committee would have a meeting to discuss budget.

4.7 Current Policies: Audit Committee Terms of Reference, Capital Reserve, Debt Management, Financial Forecasting, Multi-year Capital Project, Operating Reserve, Procurement, Purchasing, Tax & Water Collection, and Travel & Expense

The above-mentioned policies are all approved policies. Staff recently learned that the Cash Flow Policy is also an approved policy, as mentioned in 4.8.

Staff have been following the Tax & Water Collection policy and are in position to send out preliminary notices to properties that are in a Tax Sale position, beginning October 1. Staff noted that the Town of Oxford has not had a Tax Sale in years.

Moved by Councillor Jones and seconded by Dave Clark to recommend to Town Council to direct the staff to continue to send arrear notices to customers that have outstanding taxes, send preliminary notices, giving 60 calendar days to pay the account in full, beginning October 1, 2022, and then issue the Notice of Intent no earlier than January 15, 2023, as it is stated in the Tax & Water Collection Policy.

Motion Carried

4.8 Possible Policies: Tangible Capital Assets Policy and Cash Flow Policy

As mentioned in 4.7, the Cash Flow Policy is an approved policy.

The Tangible Capital Assets Policy is a policy that staff would like the audit committee to consider as the amortization of capital assets allocates an expense for the effective utilization and reduction in value of a capital asset during a year's operations. This indicates writing off the cost of the capital asset over its expected life span.

IT Policy, Doubtful Allowance Policies, and Tracking Tax Sale Excess are mentioned in the management letter to be established.

5. Adjournment

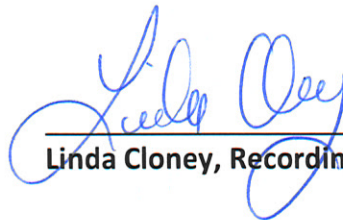
Next meeting date, TBA

At 7:25 pm, moved by Councillor Jones that the meeting be adjourned.

Motion Carried.



Carla Black, Chairperson



Linda Cloney, Recording Secretary