

DATE: FRIDAY, JANUARY 27, 2023 **MEETING NO. 01-2023**

TIME: 11:03 A.M.

PLACE: MCNAUGHTON ROOM, 3RD FLOOR, CITY HALL
500 DONALD STREET EAST

CHAIR: John Friday

MEMBERS:

Linda Baca
Mayor Ken Boshcoff
John Friday, Chair

**MEMBERS – ELECTRONIC
PARTICIPATION:**

Councillor Shelby Ch'ng, Vice-Chair

AUDITORS:

Ania Berezowski, BDO Canada LLP
Dave Kubinec, BDO Canada LLP

OFFICIALS:

Norm Gale, City Manager
Linda Evans, General Manager – Corporate
Services & Long-Term Care & City
Treasurer
Emma Westover, Director – Financial
Services
Don Crupi, Manager - Internal Audit and
Continuous Improvement
John Tyson, Internal Audit And Continuous
Improvement Analyst
Dana Earle, Deputy City Clerk
Leanne Lavoie, Council & Committee Clerk

1.0 WELCOME AND DISCLOSURE OF INTEREST

General Manager – Corporate Services & Long-Term Care & City Treasurer
Linda Evans called the meeting to order and asked if there were any
disclosures of interest.

Director – Financial Services Emma Westover declared a transparency
disclosure as Committee Member Linda Baca is her cousin. It was noted that
Audit Committee members are volunteers who do not receive any
compensation from the City for their role, nor supervise or direct the work of
Administration. The Director – Financial Services does not direct the Audit
Committee nor vote at that committee. It was further noted that Emma
Westover and Linda Baca are both professional accountants who have rules
of professional conduct dictating their roles and responsibilities to each of the
respective bodies for which they are providing professional services.

There was a roundtable of introductions.

2.0 APPOINTMENT OF CHAIR AND VICE-CHAIR

Deputy City Clerk Dana Earle administered nominations for the positions of Chair and Vice-Chair of the Audit Committee for 2023.

MOVED BY: Mayor Ken Boshcoff
SECONDED BY: Councillor Shelby Ch'ng

WITH RESPECT to the position of Chair on the Audit Committee, we recommend that John Friday be appointed Chair of the Committee for the remainder of the 2023 calendar year, and until such time a replacement has been appointed, as required annually.

CARRIED

MOVED BY: Mayor Ken Boshcoff
SECONDED BY: Linda Baca

WITH RESPECT to the position of Vice-Chair on the Audit Committee, we recommend that Councillor Shelby Ch'ng be appointed Vice-Chair of the Committee for the remainder of the 2023 calendar year, and until such time a replacement has been appointed, as required annually.

CARRIED

The newly-appointed Chair, John Friday assumed the position of Chair for the remainder of the meeting.

3.0 AGENDA APPROVAL

MOVED BY: Linda Baca
SECONDED BY: Councillor Shelby Ch'ng

WITH RESPECT to the January 27, 2023 Audit Committee meeting, we recommend that the agenda as printed, including any additional information and new business, be confirmed.

CARRIED

4.0 CONFIRMATION OF PREVIOUS MINUTES

The Minutes of Meeting 02-2022 of the Audit Committee, held on June 29, 2022, to be confirmed.

MOVED BY: Councillor Shelby Ch'ng
SECONDED BY: Mayor Ken Boshcoff

THAT the Minutes of Meeting 02-2022 of the Audit Committee, held on June 29, 2022, be confirmed

CARRIED

5.0 PROCEDURAL ORIENTATION

Deputy City Clerk Dana Earle provided a PowerPoint presentation and responded to questions relative to the City of Thunder Bay's Procedural By-law, Code of Conduct and accessibility.

Procedural By-law was distributed separately on Monday, January 23, 2023, for information.

Accessibility Training Booklet was distributed with agenda, for information.

Committee members were asked to review the Accessibility Training Booklet, sign to acknowledge they have read and understood the information contained in the document, then return the signed acknowledgement to Council & Committee Clerk Leanne Lavoie.

6.0 TERMS OF REFERENCE & INTERNAL AUDIT CHARTER

Terms of Reference dated May 2022 and Internal Audit Charter, dated May 2022 were distributed with agenda.

Committee Terms of Reference and Internal Audit Charter were reviewed, as required annually. Manager – Internal Audit & Continuous Improvement Don Crupi provided an overview relative to the above noted and responded to questions. It was noted that the Internal Audit three year work plan would be provided for review at the May committee meeting.

MOVED BY: Councillor Shelby Ch'ng
SECONDED BY: Linda Baca

WITH RESPECT to the Committee Terms of Reference & Internal Audit Charter, that the Terms of Reference & Internal Audit Charter, as presented at the January 27, 2023 meeting of the Audit Committee, be accepted.

CARRIED

7.0 AUDIT PLANNING REPORT

Audit Planning Report to the Audit Committee for the year ended December 31, 2022 was distributed with agenda.

Dave Kubinec, BDO Canada LLP provided an overview relative to the above noted and responded to questions.

Highlights of the presentation included:

- Auditor's responsibility with respect to financial statements
- Management letter explanation
- Process for determining materiality
- Groups included in the audit of consolidated financial statements
- New Canadian auditing standards and the impact on audit fees
- Inquiries of management as part of the audit process
- Significant risks and planned responses
- Independence letter to confirm independent audit

There was discussion relative to calling an additional meeting in 2023 for a more in-depth review of financial statements and a closer look at risk management. It was the consensus of committee to include an in-depth discussion at the regular committee meeting in June 2023.

8.0 FINANCIAL REPORTS FORMAT CHANGE

Memorandum from Director – Financial Services Emma Westover, dated January 20, 2023 relative to the above noted was distributed with agenda for information.

Director – Financial Services Emma Westover advised that going forward, the Non-Consolidated Financial Statements and Reserve Fund Update will be replaced with a Year-end Variance and Reserve Fund Update. The format change will eliminate duplication and provide the year-end variance in a format consistent with Q1, Q2 and Q3 variance corporate reports. There will be no change in the presentation of the Reserve Fund Update portion of the report.

9.0 INTERNAL AUDIT OVERVIEW

Internal Audit Overview, dated January 2023 was distributed with agenda for information.

Manager – Internal Audit & Continuous Improvement Don Crupi provided an overview and responded to questions relative to the role of internal auditors, including the following:

- Difference between internal and external auditors
- Types of internal audits conducted
- Process for developing work plan

10.0 ENTERPRISE RISK MANAGEMENT UPDATE

Enterprise Risk Management update, dated January 2023 was distributed with agenda, for information.

Manager – Internal Audit & Continuous Improvement Don Crupi provided an overview and responded to questions relative to the above noted, including:

- Enterprise Risk Management is a structured process designed to identify, assess, communicate and manage potential risks
- Administration evaluated over 80 risks across the corporation and developed a focused risk profile for the City of Thunder Bay
- At the December 19, 2022 Committee of the Whole meeting, a resolution was passed directing Administration to report back with information relative to the feasibility of adding a full time Manager – Enterprise Risk. The report is scheduled for presentation to Council in July 2023.

There was discussion relative to impacts of climate change and the steps being taken to manage the associated risks, including the declaration of a climate emergency, use of key performance indicators, and the work of the City's Sustainability Coordinator.

11.0 EYE ON THE STREET AUDIT SUMMARY REPORTS

Eye on the Street Program Audit Summaries for Q1 – Q4, 2022 were distributed with agenda, for information.

Manager – Internal Audit & Continuous Improvement Don Crupi provided an overview relative to the above noted reports and advised that Eye on the Street is operating as intended, with no concerns.

12.0 NEW BUSINESS

13.0 NEXT MEETING DATE

The next meeting is scheduled for Wednesday, May 3, 2023 at 11:00 a.m. in the McNaughton Room, City Hall.

14.0 ADJOURNMENT

The meeting adjourned at 12:44 p.m.