

The Audit Committee

The Audit Committee, as a committee of Council, is responsible for overseeing the administrative systems regarding financial accounting, reporting, internal controls, safeguarding of corporate assets, compliance with legal requirements and the effective/efficient use of resources.

The Audit Committee plays a fundamental role for communication between Council, the external auditor and management and facilitates an impartial, objective, and independent review of management practices.

The Audit Committee provides advice and recommendations to the Council on all matters under its responsibility.

The Audit Committee Members

The Audit Committee members for the 2022 fiscal year:

COUNCIL

Steven Erdelyi, Councillor (Chairman)

Mitchell Brownstein, Mayor

Dida Berku, Councillor

Mitchell Kujavsky, Councillor

Lior Azerad, Councillor

ADMINISTRATION

Jonathan Shecter, City Manager

Tanya Abramovitch, Associate City Manager

Nadia Di Furia, Associate City Manager

Angelo Marino, Treasurer

MEMBER OF THE PUBLIC

Mark Bindman

The Audit Committee Meetings

The Audit Committee held seven (7) meetings in 2022 in the following months: February, April (2), July, August, September and November.

The Audit Committee Reporting

The draft minutes of Audit Committee meetings are submitted to the Council (In Committee).

Recommendations made by the Audit Committee must be submitted to Council (In Committee or Council) as separate agenda items requiring formal approval.

The Audit Committee's Action Plan

On an annual basis, the Audit Committee establishes the action plan of specific audit mandates they would like to review. The action plan for the 2022 fiscal year is the following:

1. ANALYSIS/PROJECTIONS FOR FUTURE REDEVELOPMENTS

A sub-committee was created to work on this action plan item. The sub-committee members met on numerous occasions to review the proposals submitted for various redevelopment projects throughout the City and complete a financial analysis of potential revenues based on different scenarios. The sub-committee reported its finding to the Audit Committee at the August and September meetings.

2. REVIEW OF THE OPERATING BUDGET

Setting priorities and reducing operating expenses

Discussions regarding the operating budget were held at various meetings and included the following topics: i) new initiatives that must be considered in 2023; ii) water tax rates; iii) Agglomeration expense estimates and impact on expenses; iv) programs to be reviewed in 2023; and v) maximum amount of long-term debt to borrow in 2023.

A complete review of the operating budget will be completed as part of the Audit Committee action plan in 2023.

3. CONTINUATION OF THE REVIEW OF INTERNAL CONTROL PROCESSES AND THE FOLLOW-UP OF RECOMMENDATIONS RESULTING FROM THE OPTIMIZATION OF RESOURCES AUDIT COMPLETED BY DELOITTE

Review of Internal Controls

Departmental internal controls were presented by the following departments in 2022: Public Safety, Public Works, Recreation and Library. Adequate and effective internal controls remain a priority in mitigating financial risk

Review of optimization of resource audit

The report following the optimization of resource audit was submitted by Deloitte was reviewed by the Committee members at a special meeting in April 2022. The Urban Development Department prepared an action plan for each recommendation made in the audit report and provided a status update of each recommendation at the July and November meetings.

The Audit Committee shall produce an annual report to the Council highlighting activities reviewed and accomplishments throughout the fiscal year. The report shall be posted on the City's website.

Summary of Work Completed in 2022

Review and approval of the following items:

- Audit Committee Terms of Reference—Action Plan for 2022
- 2023 Budget Building Process Timeline
- 2022 Revised Budget at June 30, 2022
- 2022 Revised Budget at September 30, 2022

Review and recommendation of the following items:

- Pre-budget public consultation meeting on the 2023 operating and capital budgets
- Timeline for the sale of immovables for non-payment of taxes—2021
- New procedure related to driveway widening permits (private sidewalks)
- Public information session regarding the new valuation roll 2023–2024–2025
- Credit cards for city purchases
- Draft capital investment budget 5-year plan 2023–2027
- Draft 2023 operating budget

Review and monitoring of the following items:

- Inventory reconciliation and 2021 year-end adjusting entry
- New process for transfer duties invoices
- RBC operating bank account transactions—January to December 2021
- 2021 Operating budget—year-end results
- Water Financial Reserve at December 31, 2021
- Surplus and system reserves balances at December 31, 2021
- Investment Policy report prepared by the City Treasurer for 2021
- MAMH performance indicators (Profile 2020) and debt comparisons
- Water consumption quarterly analysis – 2018 to 2022
- Effect of the new valuation roll for 2023-2024-2025 deposited by the Montreal Evaluation Service
- Request from the City of Montreal re: TECQ and FCCQ grant for the 2021 fiscal year
- Optimization of resource audit to be completed in 2023
- MAMH Financing Program for 2023—long-term debt financing
- Renewal of banking services agreement

Review of Financial Results

The Council members reviewed the 2021 Financial Statements in accompaniment with Deloitte, external auditor, and the City Treasurer. Based on this review and discussions with administration, the Audit Committee was satisfied that the Financial Statements were prepared in accordance with applicable accounting standards and fairly present the City's financial position and results for the year ended December 31, 2021.

Review of Internal Control Systems

The Audit Committee reviewed the importance and effectiveness of internal control systems (including the financial, operational, risk management, and controls designed to detect material fraud) and included the city-wide review of internal controls in the Audit Committee's action plan for 2022. Several departments dealing with financial transactions presented their department's internal controls to the Audit Committee throughout the 2022 fiscal year. Although some controls required revisions, the Audit Committee was satisfied with the effectiveness of the internal controls at December 31, 2022.

Review of Accounting and Financial Reporting

The Audit Committee reviewed, and was satisfied with, the presentation and adequacy of the financial reports prepared by the administration.

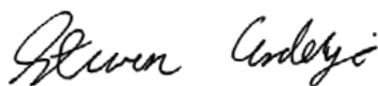
The following reports were reviewed by the Audit Committee at every meeting:

- 2022 Budget report by department
- Capital expenditures projects update
- Budget transfers (monthly)
- Transfer duties (monthly)
- Donations In-Kind - Parks & Recreation
- Donations and financial contributions made by the City
- Working Fund projects update
- Fuel report (monthly)
- Fines and traffic infraction revenue (monthly)
- Municipal taxes' receivables
- Miscellaneous receivables
- Legal and bailiff fees
- Visa Bills (monthly)

Re-appointment of External Auditor

The Audit Committee was satisfied with Deloitte's performance in previous years, its independence, and its objectivity,

and therefore recommended the re-appointment of Deloitte as the City's external auditor for 2022 fiscal year.



Steven Erdelyi

Chairman of the Audit Committee • Côte Saint-Luc, April 21, 2023