

# Audit Committee Report 2021 FISCAL YEAR

## 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 2021 fiscal year:

### COUNCIL

Steven Erdelyi, Councillor (Chairman)

Mitchell Brownstein, Mayor

Dida Berku, Councillor

Mitchell Kujavsky, Councillor

Lior Azerad, Councillor (November – December)

### ADMINISTRATION

Jonathan Shecter, City Manager

Tanya Abramovitch, Associate City Manager

Nadia Di Furia, Associate City Manager

Angelo Marino, Treasurer

### MEMBER OF THE PUBLIC

Vacant

## The Audit Committee Meetings

The Audit Committee held six (6) meetings in 2021 in the following months: February, April, June, July, September, and November.

## The Audit Committee's Action Plan

The Audit Committee establishes the action plan of specific audit mandates they would like to review on an annual basis. The action plan for the 2021 fiscal year is the following:

### 1. OPTIMIZATION OF RESOURCE AUDIT

#### Mandate and follow-up of the optimization audit for the issuance and reconciliation of Urban Planning permits

Due to provincial safety measures, the optimization of resource (value for money) audit started later than expected (October 2021). The results and recommendations of the audit were presented to the Audit Committee in April 2022.

### 2. INTERNAL CONTROL PROCESS

#### Assess the effectiveness of existing controls for various departments

Financial Services presented specific internal controls for the department and general existing internal controls for the City. A review of internal controls in other departments was postponed into the 2022 fiscal year.

### 3. 2022 OPERATING BUDGET RECOMMENDATIONS

#### Provide guidelines to determine possible recurring sustainable budget savings learned during 2020 (due to COVID pandemic)

The Committee discussed the budget reductions applied in 2020, however, after a review it was determined that very few budget reductions were recurring or sustainable without reducing services to taxpayers.

## 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 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 2021

### Review and approval of the following items:

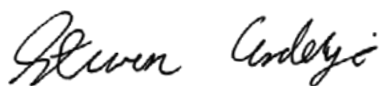
- 2020 Year-end External Audit Plan presented by Denis Hérard (Deloitte)
- Provision for tax contestations at December 31, 2020
- Audit Committee Terms of Reference—Action Plan for 2021
- 2022 Budget Building Process Timeline
- 2021 Revised Budget at June 30, 2021
- 2021 Revised Budget at September 30, 2021

### Review and recommendation of the following items:

- Awarding option years for external audits (2021 and 2022) to Deloitte
- Hold a public pre-budget consultation meeting on the 2022 budget
- 2020 timeline for the sale of immovables for non-payment of taxes
- Compensation for City Services for Non-Taxable Properties for the 2021 year
- Draft capital investment budget 5-year plan 2022 – 2026
- Draft 2022 operating budget

### Review and monitoring of the following items:

- Inventory reconciliation and 2020 year-end adjusting entry
- RBC operating bank account transactions—January to December 2020
- 2020 Operating budget—year-end results
- Water Financial Reserve at December 31, 2020
- Surplus and system reserves balances at December 31, 2020
- Water filter rebates processed
- Investment Policy report prepared by the City Treasurer for 2020
- MAMH performance indicators (Profile 2019) and debt comparisons
- City of Montreal Agglomeration year-end results at December 31, 2020
- Outstanding receivable balances for Recreation programs
- Request from the City of Montreal re: TECQ and FCCQ grant for the 2020 fiscal year
- City of Montreal Budget Perspective 2022 – 2024
- Tempo permit requests made in 2021
- MAMH Financing Program for 2022—long-term debt financing
- New taxation invoice format for 2022
- ShapeElectric charging station grant for 2021 and recommendation for 2022



Steven Erdelyi

Chairman of the Audit Committee • Côte Saint-Luc, April 29, 2022

## Review of Financial Results

The Council members reviewed the 2020 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, 2020.

## 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). The city-wide review of internal controls was included in the Audit Committee's action plan for 2021. Although the review was started in the 2021 fiscal year, the Audit Committee was not able to express an opinion of the effectiveness of the internal controls at December 31, 2021. Internal controls will be reviewed in more details in the 2022 fiscal year.

## 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:

- 2021 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 2021 and 2022 fiscal years.