

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 2023 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 (retired)

Andry Rafolisy, Treasurer

MEMBER OF THE PUBLIC

Mark Bindman

The Audit Committee Meetings

The Audit Committee held six (6) meetings in 2023 in the following months: February, April, June, 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 2023 fiscal year is the following:

1. Operating budget—review of City programs to optimize use of facilities and/or generate sustainable savings in the local budget.

A sub-committee was created to work on this action plan item. The sub-committee members met on numerous occasions to review the budget categories one by one, department by department, and completed a financial analysis of potential savings on local budget by reducing budget items in the nice-to-have category. The sub-committee reported its recommendation to the Audit Committee and the Council, which was applied for the 2024 budget preparation.

2. Treasurer—support to ensure a smooth transition of responsibilities.

The City hired Treasurer Rafolisy in May 2023 in preparation of the retirement of Treasurer Marino who retired officially on June 2023.

Treasurer Marino supported Treasurer Rafolisy on all Finance duties and ensured a smooth transition of responsibilities throughout the year for the budget preparation, the audit and the financial report, and he has stayed on as the Director of the IT department.

3. Optimization of resource audit (2022 fiscal year)—monitor the audit process and follow-up of recommendations resulting from the optimization of resources audit.

The value-for-money audit (optimization of the resources) was held in 2023 for the rental of City facilities managed by the Recreation Department. The external auditors (Deloitte) worked jointly with the Recreation and Finance team. The auditors deposited and presented their report and recommendations during the extended Audit Committee meeting held on March 26, 2024.

Their final report was tabled at the April 8 Council meeting and was sent to the Commission Municipale du Québec for publication on their website.

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 2023

Review and approval of the following items:

- Audit Committee Terms of Reference—Action Plan for 2023.
- 2024 Budget Building Process Timeline.
- 2023 Revised Budget at June 30, 2023.
- 2023 Revised Budget at September 30, 2023.

Review and recommendation of the following items:

- Pre-budget public consultation meeting on the 2024 operating and capital budgets.
- Timeline for the sale of immovables for non-payment of taxes—2022.
- New credit cards and limit increases for city purchases.
- Draft capital investment budget 5-year plan 2024-2028.
- Draft 2024 operating budget.

Review and monitoring of the following items:

- Inventory reconciliation and 2023 year-end adjusting entry.
- New process for transfer duties invoices – modification of rates for calculation.
- RBC operating bank account transactions – January to December 2023.
- 2023 Operating budget – year-end results.
- Agglo quote-part estimate for 2024.
- Water Tax rate.
- Water Financial Reserve at December 31, 2023.
- Water consumption Tariff Scenarios.
- Surplus and system reserves balances at December 31, 2023.
- Investment Policy report prepared by the City Treasurer for 2023.
- Procedure related to Drive-way-Sidewalk widening Report.
- MAMH performance indicators (Profile 2022) and debt comparisons.
- Water consumption quarterly analysis – 2018 to 2023.
- 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 2023 fiscal year.
- Optimization of resource audit to be completed in 2024 for the Recreation rental process.
- MAMH Financing Program for 2024—long-term debt financing.
- Renewal of banking services agreement.
- Contestation List—Ville de Montréal.

Review of Financial Results

The Council members reviewed the 2022 Financial Statements in conjunction 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, 2022.

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 2023. One department (Urban Planning) dealing with financial transactions presented their department's internal controls to the Audit Committee throughout the 2023 fiscal year. Although some controls required revisions, the Audit Committee was satisfied with the effectiveness of the internal controls at December 31, 2023.

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:

- 2023 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).
- Water consumption 2018-2023.
- Municipal taxes receivables.
- Miscellaneous receivables.
- Legal and bailiff fees.
- Visa Bills (monthly).

Appointment of External Auditor for 2023 – 2027

The City went for a call for tender for a 5-year contract for the audit of both the financial report of the City and the Pension plan. 3 accounting firms bid: Deloitte, Raymond Chabot Grant Thornton and MNP. After recommendation of the Selection Committee, the Council approved Deloitte's bid, as the lowest conforming bidder, for the fiscal years 2023 to 2027.



Steven Erdelyi, Chairman of the Audit Committee

Côte Saint-Luc, April 12, 2024