



**MINUTES**

Virtual Meeting Via Zoom

Finance and Administration  
Advisory Committee Meeting

March 28, 2024

**MEMBERS PRESENT**

Janet Mason, Chair  
Roy Huetl, Vice Chair  
Allison Vereyken  
Andrew Kendrick  
Jeff Atkinson  
Paul Kehoe

**MEMBERS ABSENT**

Allan Hubley  
Cathy Curry  
Mary Lou Souter  
Richard Kidd

**STAFF PRESENT**

Sally McIntyre, General Manager  
Stacy Millard, Treasurer  
Scott Lawryk, Property Manager  
Dana Doughty, Finance Assistant  
Kelly Hollington, Recording Secretary

**GUESTS**

Chris Clarke, KPMG  
Lori Huber, KPMG

J. Mason called the meeting to order at 1:02 p.m. C. Clarke and L. Huber from KPMG introduced themselves to the committee. J. Mason welcomed C. Clarke and L. Huber and noted that this was MVCA's first audit with KPMG.

**Declarations of Interest (Written)**

Members were asked to declare any conflicts of interest and informed that they may declare a conflict at any time during the session. No declarations were received.

**Agenda Review**

J. Mason noted that there were no additions to the agenda.

**FAAC24/03/28 - 1**

**MOVED BY: J. Atkinson**

**SECONDED BY: R. Huetl**

**Resolved, that the agenda for the March 28, 2024 Finance and Administration Advisory Committee meeting be adopted as presented.**

**“CARRIED”**

## **MAIN BUSINESS**

1. Approval of Minutes: Finance and Administration Advisory Committee Meeting, November 28, 2023.

J. Mason noted no questions or comments in regards to the minutes from November 28, 2023.

### **FAAC24/03/28 - 2**

**MOVED BY: A. Kendrick**

**SECONDED BY: J. Atkinson**

**Resolved, that the minutes of the Finance and Administration Advisory Committee Meeting held on November 28, 2023 be received and approved as printed.**

**“CARRIED”**

2. Financial Statements, (S. Millard)

S. Millard explained that the new auditor, KPMG, required MVCA to prepare and present the financial statements. She overviewed the report structure and presented key points from the Statement of Financial Position:

- Financial Assets including cash in the bank, GICs and receivables were down \$322,113 from 2022.
- Financial Liabilities including payables, deferred revenue and long-term debt were down \$251,329 from 2022
- Non-Financial Assets including Capital Assets and a small portion of prepaid expenses were up \$418,637 from 2022. This is largely due to prepaid expenses including a quarter of MVCA’s annual insurance premium, with coverage spanning two fiscal years.
- The Accumulated Surplus was \$7,177,426 at the end of 2023, up \$347,853 from 2022.

S. Millard noted that MVCA increased its investments in GICs by \$1.6 million to take advantage of better interest rates. She explained that the increase in Capital Assets is primarily due to investments in dam safety measures and the Kashwakamak Lake Dam Class EA. She noted that the new Asset Retirement Obligations (ARO) was set up with \$61,936 in estimated costs to deal with hazardous materials in buildings at the Mill of Kintail at the end of their useful life.

S. Millard reviewed the Statement of Operations and noted the split between Capital and Operating activities. The Operating Surplus was \$189,367 and the Capital Surplus was \$158,486, for a combined Annual Surplus of \$347,853 in 2023. She overviewed the end-of-year balances in reserves and noted the creation of three new reserves in 2023 to provide for Category 2 Operating, Category 3 Operating and Category 3 Capital reserves. She highlighted new notes to the financial statements including:

- Note 12 that provides a breakdown of expenses by type.
- Note 18 which explains pension benefits related to OMERS.
- Note 19 which outlines new accounting standards adopted in 2023.

S. Millard identified an apparent inconsistency in figures that was brought to her attention by J. Mason: Note 8 lists the total balance for Tangible Capital Assets as \$7,893,010 and note 10 lists the total accumulated surplus of Tangible Capital Assets as \$7,845,181. L. Huber explained that the difference is due to net book value of the ARO that was added to the asset. The ARO addition does not impact the investment because it sits as a liability. J. Mason thanked J. Huber for the explanation. S. Millard suggested amending Note 10 Accumulated Surplus to include the explanation of the ARO. J. Mason agreed. S. McIntyre suggested that a text-based note be added to Note 8 Tangible Capital Assets to explain the discrepancy in figures. J. Mason agreed that a text-based note would be appropriate.

**FAAC24/03/28 - 3**

**MOVED BY: R. Huetl**

**SECONDED BY: A. Kendrick**

**Resolved, That the Finance and Administration Advisory Committee receive and recommend that the Board of Directors approve the 2023 Audited Financial Statements as amended; and direct that they be posted and distributed in accordance with Section 38 of the Conservation Authorities Act.**

**“CARRIED”**

**3. Auditors Report, (Lori Huber & Chris Clarke, KPMG)**

L. Huber stated that the audit was complete, subject to the present conversation with the Finance and Administration Advisory Committee and the acceptance and approval of the Financial Statements by the Board of Directors. She explained that KPMG begins with a sector-specific risk-assessment to identify where there would be greater risk of material misstatement occurring. An audit plan and approach were developed to mitigate the risks identified. She highlighted significant changes to the 2023 audit including the changing of external auditors and the adoption of new accounting standards, which included accounting for Asset Retirement Obligations (ARO). She noted that many conversations were had to ensure the standard was

appropriately implemented. She explained that MVCA management estimated abatement costs to decommission Mill of Kintail buildings and that the amount will be the base for future years.

L. Huber stated that KPMG did not identify any significant deficiencies in internal control over financial reporting.

C. Clarke described recommendations for improvements:

- Adding a signature with time stamp to all journal entries and bank reconciliations to ensure adequate audit trail of approval and review.
- Periodic review of the vacation and time in lieu accrual balances on an employee by employee basis to ensure proper amounts are recorded in the general ledger.
- Deemed dispositions be recorded to ensure accurate tangible capital asset records and that cost and accumulated amortization balances are disclosed in the financial statements.
- Consistently follow policy in regard to capitalization thresholds for individual items.
- Periodic review of developer deposits to determine if amounts are eligible for refund or written-off into income.

C. Clarke noted that the second heading on page 13 of the report should read: Developer Deposit Tracking rather than Vacation & time in lieu accruals.

He commented that KPMG provided guidance and support to management on required disclosures in accordance with the financial reporting framework along with the adoption of new accounting standards for 2023.

He highlighted the recommendation that funds from the Mississippi Valley Conservation Foundation occur in a timely manner to clear the Conservation Authority's receivables.

He noted that part of the onboarding process includes an assessment of independence, which will be re-assessed annually to ensure KPMG remains objective and independent of the organization.

He overviewed the management representation letter that will be signed by S. McIntyre and S. Millard once the Board has approved the Financial Statements including a summary of corrected audit misstatements.

He explained that the only specific matter to report in regards to audit quality was in regards to client preparedness: there was a delay in delivery of key financial records and KPMG provided guidance and support in regards to the new accounting standards adopted in 2023. He noted that these issues are common for first-year audits.

J. Mason asked why not-for-profits employ statement of financial position rather than a balance sheet. S. Millard commented that a balance sheet can be provided internally. L. Huber

explained that Not-for-profits report under a different type of generally accepted accounting principles and a different financial reporting framework that is unique to government organizations.

A. Kendrick asked why the risk assessment doesn't include non-financial items like climate change. He expressed concern that climate change is a significant risk for the ARO. L. Huber agreed that climate risk is a business risk but not necessarily a financial statement risk related to the audit and financial reporting at this time. She noted that the financial reporting framework does not include climate risk but that it will likely be added to the reporting framework in coming years.

#### 4. Employee Manual Amendments, Report 3406/24, (S. McIntyre)

S. McIntyre explained that MVCA's *Employee Manual* contained conflicting language that made it unclear and difficult to administer. She highlighted the recommended changes including:

- Removal of the term "Standby Pay" with clarification of the "On Call Pay" section. Proposed amendments to the "On Call Pay" include an increase in compensation and cash compensation for work performed on statutory holidays instead of time-in-lieu.
- The addition of a description of function and compensation for the "Duty Officer". She highlighted the importance of monitoring the watershed system on a daily basis.

J. Mason suggested separating the specified rate of \$25/shift to allow for annual adjustments to pay to be made without changes to the policy itself. S. McIntyre noted that the rate could be added to the wage-band table. S. Millard commented that the wage stays static for a period of time, and has not been increased on an annual basis in the past. S. McIntyre commented that the rate is in line with other Conservation Authorities but has a history of not being increased. She commented that an amendment can be made to add this to the wage schedule with a commitment to be increased by a fixed amount each year to ensure fairness to the employees in the position.

J. Mason asked what the committee thought of this amendment. A. Kendrick agreed that removal of this language from the employee manual simplifies matters, he noted it could be added to mileage allowances. He expressed support in amending the wage description. S. Millard commented that \$25 roughly represents 1 hour of pay for the position, she suggested removing the wage amount and leaving the description as "the equivalent of an hour of pay".

A. Vereyken expressed support for applying the annual cost-of-living adjustment to this amount. J. Atkinson expressed support for amending the language to replace a fixed wage of \$25 to "the equivalent of 1 hour of pay". S. McIntyre commented that this amendment would improve the consistency between the description of compensation for 'On Call' and 'Duty Officer'. J. Mason summarized that the committee was supportive of amending the language to be consistent so things are referenced in terms of 'hours of pay'.

A. Kendrick asked if there is an estimate for how much this will cost in the budget moving forward. S. Millard responded that not in regards to the switch to paying for the statutory holiday, it is not frequent that staff are called to work on statutory holidays. She noted that the 'On Call' compensation structure is already in place. S. McIntyre commented that typically, if an operation is happening on a weekend, it is being done at the behest of Ontario Power Generation (OPG), who is billed for staff time.

**FAAC24/03/28 - 4**

**MOVED BY: J. Atkinson**

**SECONDED BY: A. Vereyken**

**Resolved, That the Finance and Administration Advisory Committee recommend that the Board of Directors approve amendment of the *Employee Manual* as amended and set out in report 3406/24.**

**“CARRIED”**

5. Removing Operational/Redundant Items from MVCA's Employee Manual, Report 3407/24, (S. McIntyre)

S. McIntyre highlighted the items proposed for removal and explained that they are procedures, forms or agreements that don't belong in a policy document because they change over time. She summarized that this is the next step in the disentangling of operational matters from Board policy matters. Several items being removed are addressed in the *MVCA Health and Safety Manual*.

J. Mason asked if all MVCA employees have equal access to the *Health and Safety Manual* and the *Employee Manual*. S. McIntyre responded that all staff have access to the *Health and Safety Manual* and also receive training on it as part of the onboarding process.

J. Mason noted no further questions or comments.

**FAAC24/03/28 - 5**

**MOVED BY: P. Kehoe**

**SECONDED BY: R. Huetl**

**Resolved, That the Finance and Administration Advisory Committee recommend that the Board of Directors approve removal of various redundant or conflicting policies and operational elements from the *Employee Manual* as set out in report 3407/24.**

**“CARRIED”**

**ADJOURNMENT**

**FAAC24/03/28 - 6**

**MOVED BY: R. Huetl**

**SECONDED BY: P. Kehoe**

**Resolved, That the Finance and Administration Committee meeting be adjourned.**

**“CARRIED”**

The meeting adjourned at 1:58 p.m.

K. Hollington, Recording Secretary