

**MINUTES OF THE AUDIT COMMITTEE**  
**Tuesday, February 28 @ 9:30 AM**  
**City Hall Council Chambers | 4850 Argyle Street, Port Alberni, BC**

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**PRESENT:** Councillor C. Solda, Chair  
Councillor D. Dame  
Councillor T. Patola

**STAFF:** S. Smith, Director of Development Services | Deputy Chief Administrative Officer  
A. McGifford, Director of Finance  
S. Darling, Deputy Director of Corporate Services  
T. Feltrin, Receptionist

**GALLERY:** 2

**A. CALL TO ORDER & APPROVAL OF THE AGENDA**

The meeting was called to order at 9:32 AM.

*MOVED AND SECONDED, THAT the agenda be approved as printed and circulated.*  
**CARRIED**

**B. ADOPTION OF MINUTES**

*MOVED AND SECONDED, THAT the minutes of the Audit Committee meeting held on November 28, 2022, be adopted.*

**CARRIED**

**C. UNFINISHED BUSINESS**

The Director of Finance provided additional information requested at the November 28, 2022 Audit Committee meeting.

- Line 27156 & 27173 – Glenwood Centre/Children’s Programs  
*Increase in revenue – offsetting revenue reflective of increase in services.*
- Asset Management Grant  
*The grant was fully spent in June 2022 and completed. The Financial Plan will reflect future asset management work required.*

*Members inquired as follows:*

- Who does this work for us?  
*Currently the Deputy Director of Finance. The City purchased the software to support tracking and maintenance of assets, the financial plan reflects new resources to support asset management in 2023.*

**D. QUARTERLY ANALYSIS OF MAYOR AND COUNCIL TRAVEL + DEVELOPMENT EXPENSES**

The Director of Finance provided an overview of Mayor and Council travel and development expenses up to December 31, 2022.

*Members inquired as follows:*

- What happens to the surplus of funds?  
*The underspent will be assigned to reserves or to other projects in the 2023 budget.*

**E. REPORTS**

***General Fund - Revenue***

The Director of Finance provided a summary of the General Revenue Fund as follows:

- Changes in Prisoner Expense Recovery – appears to be a change in process – staff will look at what has changed over the years.
- Line 14434 Residential Solid Waste – Will audit the services against what is being picked up.
- Line 14550 Planning Administration – Revenue is over, do to selling material and equipment that is on the Somass site.
- Line 14600 – The revenue in this line item is lower due to leases dropping and loss of a larger Harbour Quay tenant.
- Line 14810 – Museum Sales & Service – increase was due to additional grant received.
- Line 15190 – Vacant Bldg. Registration Permit Fees – owner of a vacant building paid for a permit in 2021 but none in 2022.

*Members inquired as follows:*

- In the past prisoners have been given frozen food, has this changed?  
*To be confirmed by the Director of Finance at future meeting.*
- Line 14310 Public Works Service Charge – why did it drop?  
*The revenue and expenditures will need to be matched in our year end processes. We are reviewing the deposits with the Engineering and Public Works department to ensure the correct revenue is recognized. Actuals will likely be closer to budget.*
- Line 15190 – Vacant Bldg. Registration Permit Fees – what are we doing with vacant buildings?  
*Director of Development Services responded – we are looking at vacant buildings that are left in a derelict fashion and exploring other options to make them compliant.*

***General Fund - Expenditures***

The Director of Finance provided a summary of the General Fund - Expenditures as follows:

- Line 21216 Bylaw Enforcement – this line is over budget due to the construction costs of the Public Safety Building.
- Protective Services – The contract costs are higher with the new Collective Agreement. Typically we would see a surplus, which would go into a protective services fund. We took the surplus from protective services to fund Community Policing. The Emergency Reserve Fund is virtually at nil as we populate the budget with current costs.
- Fire Protection – overage is driven by overtime.
- Vehicle maintenance is up in part due to age of vehicles.
- Line 23121 Engineering Consulting Services – is overbudget, but adjustments still need to be made and reviewed to confirm these are not capital in nature.
- Roads and Streets – We under spent on some projects and other projects weren't completed in 2022 and will carry forward into 2023 if required.
- Line 26132 Consulting Services – OCP – Somass – offsetting revenue from salvage will cover the additional costs in this line item.
- Line 27173 Children's Programs – have increased in costs but there is a reflective increase on the revenue side of the ledger.

Director of Finance requested a recess at 10:38 am.

Committee resumed its meeting at 10:42 am with the return of the Director of Finance.

*Members inquired as follows:*

- Line 22140 Parking Enforcement – do we have parking enforcement?  
*We haven't had parking enforcement since 2020 as the pandemic began. It is a contract service historically; the City will look at the best way to deliver the service in the future as the need requires the service delivery.*
- Was the reserve fund used to fund Community Policing? We incurred costs in 2017, have we paid those yet?  
*Yes, this has been the practice to use Emergency Fund to fund Community Policing. The RCMP retroactive wage costs is approximately \$1.2M from 2017 to 2021.*  
*Will the Public Safety Building pay back the amount of funding it borrowed?*  
*No, that was not the direction given by Council.*
- We have body cameras coming, where will that be funded from?  
*Line 22121 – Police Services Contract, in the year that those cost start.*
- This requires a deeper discussion, perhaps we should defer Protective Services to a CoW meeting?  
*A report will be coming to Council to support understanding of Protective Services.*

**Sewer Revenue Fund Update**

The Director of Finance provided a summary of the Sewer Fund Revenue and Expenses as follows:

- Sewer fund is directly linked to the water usage.
- Operational costs of new treatment facility, there are some line items that were more than expected. Staff are working with the Consulting Engineer to review operational processes for efficiency.

*Members inquired as follows:*

- How do you determine the sewer accounts?  
*The costs are allocated based on the activities being undertaken by staff.*

**Water Revenue Fund Update**

*No additional information was requested by the Committee.*

**Capital All Funds Update**

*Members inquired as follows:*

- Account 485620 | Council Chambers – A/V upgrades?  
*Yes, this project has been completed in early 2023.*
- Account 485627 | Replace Garage Door Openers (7)?  
*This hasn't occurred at this time and the budget remains the same.*
- Transportation | These were budgeted in 2022, do we need to re-budget in 2023?  
*With the new procurement policy, costs still cannot exceed more than 10% without bringing back to Council for approval.*

- Paving | Some projects were not completed in 2022, do we have a back-up plan to complete these?  
*We may need to bring some projects back to Council, currently working with the Director of Engineering to provide updates to the current Financial Plan.*
- Traffic Upgrades | Is there any figures that show how the budget has changed?  
*When we have changes to the budget we would be required to bring that back to Council.*
- Are these numbers recorded or reported somewhere else?  
*No, not outside the Financial Plan.*
- Storm | 6<sup>th</sup> Avenue Project  
*Some work that was done on this project wasn't in the budget, but needed to take place and was more advantageous to undertake to improve storm water creation.*

The Director of Finance provided a summary of other accounts:

- City Hall Window Replacement project – completed.
- Child Care Spaces – Grant – projected started and planned to complete in 2023.
- McLean Mill – we could look at different way to report out expenditures to support Committee's understand of the cost. Specific segment reporting that rolls up all items for McLean Mill.
- Connect the Quays – adjustments are being made to the project.
- Sewer Capital – Sewer Treatment Plant is up and operating. We have scheduled some work to remove solids from the old lagoon.
- Water Capital – 6<sup>th</sup> Avenue Project over budget – Director of Engineering to bring back a report to Council.
- Water Meter report is outstanding and coming to Council.

**F. VENDOR CHEQUE REGISTER REPORT**

The Director of Finance provided an overview of the vendor cheque register report from November 1, 2022 – January 31, 2023.

- Payments to Barkley Sound Community Choir?  
*The Director of Finance will look into this item.*
- Payments to Fraser Valley Refrigeration?  
*The Director of Finance will look into this item.*

**G. INVESTMENTS REPORT**

The Director of Finance provided a verbal overview of the City's investment portfolio as of December 31, 2022.

**H. OTHER COMPETENT BUSINESS**

**I. QUESTION PERIOD**

David Wiwchar inquired about expenditures under General Fund – Expense | Other Common Services | Line 23881 – Training Program?

*Public Works employees went through a training program – the amount is for staff time and contractor expenses.*

Roland Smith inquired as follows:

- Raymond James report, it has been more detailed in the past, could we see this detail provided in the future?  
*Will seek out prior reports and follow up at future meeting.*
- Police – previously Inspector Hunter explained why we shouldn't defund police officer positions.  
*The City has budgeted for 34 officers for many years, the practice of committing to 34 and funding 32 has been done since 2017. Consecutive years with large surplus show that budgeting for the full 34 was over taxing. Council of the day supported the shift understanding that the Emergency Reserve could be used if we did see full utilization of the budget in future years.*
- Is the emergency reserve fund at \$0?  
*No.*
- Public Safety Building – did the funds come out of the emergency reserve fund? How much.  
*Yes, the funding to support the purchase and renovations came for the Emergency Reserve per Council direction.*
- Line 54431 – Water Connections – budgeted revenue 240% increase in water connections. How did we have so many water connections  
*New development.*
- Why are there no sewer connection revenues?  
*Contractors are responsible for all expenses on all new development and this will be reviewed within the year end reconciliations, some deposits may not be recognized at time of report.*
- McLean Mill – Cost have been stated at approximately \$331,953 in the annual audited Financial Statements for 2021, yet the expenditures are lower at year end amounts in the Audit Committee reports.  
*With no details on this specific item (in the moment), but with an understanding what is included in the audited financials, it may be the amortization of assets at the Mill that makes the difference between the two reports. Director of Finance will confirm at next meeting.*

**J. ADJOURNMENT**

*MOVED AND SECONDED THAT the meeting be adjourned at 11:30 am.*

**CARRIED**

CERTIFIED CORRECT



Councillor Cindy Solda, Chair