



## Finance Committee

Date: Monday, February 4, 2013

Place: Anderson Room  
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair  
Councillor Chak Au  
Councillor Derek Dang  
Councillor Ken Johnston  
Councillor Bill McNulty

Absent: Councillor Linda Barnes  
Councillor Evelina Halsey-Brandt  
Councillor Linda McPhail  
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 4:00 p.m.

### MINUTES

It was moved and seconded

*That the minutes of the meeting of the Finance Committee held on Monday, February 4, 2013, be adopted as circulated.*

**CARRIED**

1. **2012 AUDIT ENGAGEMENT**

(File Ref. No. 03-0950-03/2013-Vol 01) (REDMS No. 3767882)

Andrew Nazareth, General Manager, Finance and Corporate Services, joined by Jerry Chong, Director, Finance, made reference to two questions, posed by the City's auditor, in connection to the City's Management's process for identifying and responding to fraud risks and explained how the new Canadian Auditing Standards require the auditor to ask these questions directly to City Council rather than staff as in past practices.

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It was moved and seconded

- (1) *Richmond City Council provides effective oversight of management's process for identifying and responding to fraud risks, including program and controls to prevent, detect and deter fraud and ensure compliance with regulatory requirements by:*
  - (a) *having established a Finance Committee, which is responsible for oversight and includes all members of Council;*
  - (b) *Directing, reviewing and approving the annual operating, capital and utility budget individually, which form the basis of the 5 Year Financial Plan and expenditure bylaw;*
  - (c) *approving the 5 Year Financial Plan and the bylaw which sets the expenditure limits and the amounts to be collected from taxation;*
  - (d) *approving the tax rate bylaw, which sets the amount that the City collects from each respective taxation class;*
  - (e) *receiving reports which require Council approval concerning any real estate purchases or disposals and any award of contracts that are in excess of \$500,000;*
  - (f) *establishing policies that govern procurement, budget amendments, budget and 5 Year Financial Plan, financial signing authorities and investments, specifically the following:*
    - (i) *3001 - Budget Amendment Policy;*
    - (ii) *3104 - Procurement Policy;*
    - (iii) *3105 - Construction Management Projects;*
    - (iv) *3703 - Investment Policy;*
    - (v) *3707 – Long Term Financial Management Strategy;*
    - (vi) *3708.01 - Expense Reimbursement Procedures; and*
    - (vii) *3709 - Financial Signing Authorities (spending authority);*
  - (g) *creating the Administration and Compliance Division, which includes Business Advisory and Compliance sections and strengthens internal controls;*
  - (h) *through Council's Planning Committee, reviewing all planning matters, including development agreements, re-zoning applications and any monetary exchanges or negotiated consideration (density bonus, land exchanges etc.);*



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- (i) receiving financial information reports each quarter, which include information on:
  - (i) procurement activity, awards and contracts over \$25,000;*
  - (ii) the current investment balance and the amounts placed with respective financial institutions and information as to whether Council's investment policy has been adhered to;*
  - (iii) the City's actual financial results by department in comparison to the amounts budgeted, which includes explanations concerning significant variances;*
  - (iv) the amounts of revenues received through development applications, building permits, business license, gaming and developer contributions;*
  - (v) the current reserve balances; and*
  - (vi) the amounts spent with respect to capital projects;**
- (j) receiving the City's annual audited financial statements which are prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA) and which are reviewed by the City's external auditor. Upon presentation of the audited financial statements, the City's external auditors communicate any issues that arise concerning fraud and non-compliance with laws and regulations, internal control deficiencies, any significant accumulated uncorrected misstatements, and any significant difficulties encountered during the audit;*
- (k) receiving on an annual basis the Statement of Financial Information (SOFI), which must be prepared in accordance with the Financial Information Act. The SOFI is made available for public viewing by June 30 each year and is accessible for the following three years. Information contained within the SOFI includes Council remuneration and expenses, employee remuneration in excess of \$75,000 and expenses and schedule of suppliers and goods in excess of \$25,000; and*
- (l) receiving the City's Annual Report, which includes the City's goals and objectives for the coming year and progress with regard to the preceding year's goals and objectives. The report also includes a set of the audited financial statements. The report is presented at a public meeting before June 29th in each year and is made available for public inspection at least 14 days prior to that meeting; and*

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- (2) *Richmond City Council is not aware of any instances of actual, suspected or alleged fraud within the current fiscal year, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets.*

The question on the motion was not called, as a discussion ensued about an incident of fraud that took place at a City community centre in 2011. Staff noted that subsequent to the incident, the City and its internal auditor have been involved in drafting procedures and an educational program which will be extended to the associations, and pointed out that the motion on the floor applied to the current fiscal year.

The question on the motion was then called, and it was **CARRIED**.

2. **5 YEAR FINANCIAL PLAN (2013 - 2017) BYLAW 8990**

(File Ref. No. 12-8060-20-8990) (REDMS No. 3761056-v7)

Andrew Nazareth, General Manager, Finance and Corporate Services, noted that the 5 Year Financial Plan incorporates the 2013 Operating, Capital, and Utilities Budgets, as well as one-time expenditures as previously approved by Council. He further noted that the Corporate Facilities Program is not included in the 5 Year Financial Plan as that program will be considered separately.

A discussion then ensued about:

- various sources of revenue, including restrictions on the use of, and past uses of funds from Gaming Revenue;
- the City of Richmond in comparison to the rest of the province in terms of Gross Domestic Product (GDP);
- the future economic impact in the event that there is a decrease in immigration; and
- the City's economic development in terms of business licensing.

It was moved and seconded

***That:***

- (1) *the 5 Year Financial Plan (2013 – 2017) as presented in the staff report titled 5 Year Financial Plan (2013 – 2017) Bylaw 8990 dated February 4, 2013 by the Director, Finance, be approved;*
- (2) *the 5 Year Financial Plan (2013–2017) Bylaw No. 8990 be introduced and given, first, second, and third readings; and*
- (3) *staff undertake a process of public consultation as required in Section 166 of the Community Charter.*

**CARRIED**

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**ADJOURNMENT**

It was moved and seconded

*That the meeting adjourn (4:17 p.m.).*

**CARRIED**

Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Monday, February 4, 2013.

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Mayor Malcolm D. Brodie  
Chair

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Shanan Sarbjit Dhaliwal  
Executive Assistant  
City Clerk's Office