



MINUTES OF SPECIAL COUNCIL MEETING
Thursday, October 27, 2022

ATTENDANCE

PRESENT

MAYOR	Genevieve McLeod
DEPUTY MAYOR	Eva Hope
COUNCILORS	Julia Capot Blanc
	Greg Wilson
	Hillary Deneron
	Barbara McLeod
	Derwin Kotchea

STAFF Senior Administrative Officer John W. McKee

The Chairperson (Mayor) took the chair and called the meeting to order at 7:10 pm.

ADOPTION OF AGENDA

Council approved the meeting agenda without changes.

MOTION 2022-54

That the agenda for the special meeting of October 27, 2022, be approved as presented.

Moved: Hillary Deneron
Seconded: Dewin Kotecha
Carried.

DECLARATION OF INTEREST

No conflicts of interest were declared.

ADOPTION OF MINUTES

Council reviewed the minutes of the previous meeting, and no changes were made.

MOTION 2022 - 55

That the meeting minutes of September 1, 2022, be approved as presented.

Moved: Hillary Deneron
Seconded: Greg Wilson
Carried.

NEW BUSINESS

APPROVAL OF FINANCIAL STATEMENTS March 31, 2022

The audited financial statements for the period ending March 31, 2022, were presented to the council.

The SAO reminded the council of the change to full accrual accounting and the differences and the difficulties that the Hamlet has had in meeting the reporting standards.

The SAO briefed the council on the purpose of an annual municipal audit and the requirements of the Hamlet's Act.

The SAO reported to the council on the Fiscal Year 2022 audit conducted by EPR Yellowknife Accounting. This report included a review of the responsibilities of management, the council, and the auditor.

There were two disclaimers of opinion

- Previous balances on current statements
- Inventory

The SAO reviewed the Management Letter from the Auditor and the five observations and implications. In the last two months, a complete reconciliation of the Fluid Master water delivery accounting system has been completed. The requirements for inventory accounting are still an outstanding issue.

The SAO highlighted significant accounting policies noting the change in reporting the waste site liability. Council had the complete financial statements, and the SAO highlighted the revenue and expenditures and balances as well as the balance in each of the funds. It was noted that it is a high cost to provide waste disposal services and that MACA does not offer any subsidies.

MOTION 2022- 56

That the financial statements and audit for the period ending March 31, 2022, be approved as presented.

Moved: Greg Wilson
Seconded: Barbara McLeod
Carried.

APPOINTMENT OF AUDITOR

The SAO briefed the council on the requirements for an audit and the need to appoint an auditor for the 2023 fiscal year. The SAO recommended that Ethan Oatman of EPR Yellowknife Accounting is appointed, and the council concurred.

MOTION 2022- 57

That Ethan Oatman of EPR Yellowknife Accounting is appointed as auditor for the 2023 fiscal year.

Moved: Greg Wilson
Seconded: Eva Hope
Carried.

COST OF LIVING WAGE INCREASE

The SAO presented suggestions: One for a 1.5% increase and one for a 2% increase, effective for the pay period ending December 24, 2022. A spreadsheet with each cost and new pay rates was provided. Council debated the need for a cost-of-living increase and approved a two-percent increase after discussion.

MOTION 2022- 58

That a cost-of-living increase is provided for all hamlet employees, effective for the pay period starting December 25, 2022.

Moved: Eva Hope
Seconded: Dewin Kotchea
Carried.

PERMIT APPROVAL

An application for a Commercial Timber Cutting Permit (FA004399) from Level Up Contracting was reviewed by the council, and after discussion, the decision was made to support the application.

MOTION 2022- 59

That the Hamlet of Fort Liard supports the application (9FA004399) by Level Up Contracting for a Commercial Cutting Permit.

Moved: Derwin Kotchea
Seconded: Julia Capot Blanc
Carried.

BYLAWS

BUSINESS LICENCE

Bylaw 318 - a Bylaw to regulate and control businesses within the municipality was presented in writing and given a third reading. Licenses will be issued on a calendar year.

MOTION 2022- 60

That Bylaw 318 Business License Bylaw receives a third and final reading.

Moved: Barb McLeod
Seconded: Greg Wilson
Carried.

TERMS OF EMPLOYMENT - AMENDMENT

Bylaw 319 – a Bylaw to amend the Terms of Employment and provide a statutory holiday was presented in writing and was given a third reading.

MOTION 2022- 61

That Bylaw 319 Terms of Employment Amendment Bylaw receive a third and final reading.

Moved: Derwin Kotchea
Seconded: Hillary Deneron
Carried.

FACILITY RENTAL RATES

Bylaw 320 – a Bylaw establishing increased rental rates for certain municipal facilities provided by the Hamlet was given the first reading.

MOTION 2022- 62

That Bylaw 320 Facility Rental Rates Bylaw receives the first reading.

Moved: Barbara McLeod
Seconded: Derwin Kotchea
Carried.

Bylaw 320 was given second reading.

MOTION 2022- 63

That Bylaw 320 Facility Rental Rates Bylaw receives the second reading.

Moved: Greg Wilson
Seconded: Derwin Kotchea
Carried.

FINANCIAL AMENDMENT - AMENDMENT

Bylaw 321 – a Bylaw to amend the funds established to record all transactions and balances related to the operations of the Hamlet was given first reading.

MOTION 2022- 64

That Bylaw 321 Financial Administration Amendment Bylaw receives the first reading.

Moved: Eva Hope
Seconded: Derwin Kotchea
Carried.

Bylaw 320 was given second reading.

MOTION 2022- 65

That Bylaw 321 Financial Administration Amendment Bylaw receives the second reading.

Moved: Hillary Deneron
Seconded: Derwin Kotchea
Carried.

TABLED DOCUMENTS

RCMP Report – September 2022
Waste Resource Management Strategy and Implementation Plan

CORRESPONDENCE

Council reviewed correspondence

Update from MLA Shane Thompson re Medical Services provided in B.C.

AGENDA ITEMS FOR THE NEXT MEETING

Services at the Fort Liard Nursing Station
Medical Transportation

AGENDA ITEM INFORMATION

Liquor Restrictions for the Hamlet of Fort Liard

NEXT MEETING

November 17, 2022

ADJOURNMENT

MOTION 2022- 66

That the special council meeting of October 27, 2022, be adjourned.

Moved: Derwin Kotchea
Seconded: Barbara McLeod
Carried.

The meeting adjourned at 9:10 pm.



Genevieve McLeod
Mayor



John W. McKee
Senior Administrative Officer

DOCUMENTS REVIEWED BY COUNCIL

THE MUNICIPAL AUDIT

The purpose of an audit is for an independent third party to examine the financial statements of the Hamlet. This examination is an objective evaluation of the statements, which results in an audit opinion regarding whether the statements have been presented fairly and by the applicable accounting framework, such as generally accepted accounting principles and by any supplementary standards' set out in guidelines issued by the Minister of Municipal and Community Affairs. This opinion enhances the credibility of the financial statements.

Financial statements are intended to report on financial condition as of March 31st each year to ensure accountability and transparency and to assist municipalities with long-term and strategic planning.

Financial statements are a valuable tool for a municipal council and administration to use to report to the residents on the municipal services provided with the resources at their disposal.

Financial statements provide information on a municipality's financial position in terms of its assets and liabilities, net debt, accumulated surplus or deficit, tangible capital assets, and other non-financial assets.

Financial statements also provide a meaningful summary of municipal economic resources' sources, allocation, and consumption, how the period's activities have affected the municipality's net debt, how municipal activities were financed, and how cash requirements were met.

Legislative Requirements and Reporting Standards in the Hamlets Act require that every NWT Hamlet complete an annual audited financial statement, a copy of which must be submitted to Municipal and Community Affairs by June 30 of each year.

The legislation also requires that the Senior Administrative Officer ensure that the hamlet's financial statements are prepared for each fiscal year.

These financial statements must be prepared by generally accepted accounting principles for municipal governments in Canada. The requirements for municipal financial reporting are standardized across Canada and based on the Public Sector Accounting Handbook.

As of 2009, municipal financial statements must be prepared using the net financial assets (debt) model and include reporting of tangible capital assets. This new approach provides a complete picture of a municipality's financial condition.

Each indicator gives the readers of the financial statement information about the status of the municipality's finances. They must include a statement of financial position, a statement of operations, a statement of change in net debt and a statement of cash flow.

Additional supplementary information is provided in schedules and notes to the financial statements.

SOME SECTIONS FROM THE HAMLETS ACT APPLICABLE TO AUDITS

Section 106

1. Council shall appoint an auditor for the Hamlet.
2. The Auditor must be a person entitled to practice under
 - a) The Certified General Accountants Association Act.
 - b) The Institute of Chartered Accountants Act; or
 - c) The Society of Management Accountants Act.

Section 107

1. An auditor shall report annually to the council on the results of their examination of the accounts and financial statements of the hamlet and shall state whether, in their opinion,
 - (i) the financial statements present fairly the financial position as at the end of the fiscal year and the results of financial activities and changes in financial positions for that fiscal year, by an appropriate disclosed basis of accounting consistently applied,
 - (ii) proper books of account have been kept, and the financial statements agree with the books of account, and
 - (iii) the transactions that have come under their notice were made by this Act, the regulations, and the bylaws of the hamlet; and (b) report on any other matter falling within the scope of their examination that, in their opinion, should be commented on.
2. An auditor may require any council member or any employee
 - a) to produce all records kept in respect of the administration of the hamlet; and
 - b) to provide such information and explanations as the auditor considers

Section 108

1. A copy of the hamlet's financial statements and the auditor's reports must be made available to the public.

Under the provisions of the Hamlet Act, R.S.N.W.T., 2003, c.22.

REPORT TO COUNCIL – March 31., 2022 Audit

This Audit was conducted to form an opinion on the financial statements of the Hamlet of Fort Liard as a whole. The supplementary information included on various schedules is presented to provide additional information. Such supplemental information has been subjected to the auditing procedures applied only to the extent necessary to express an opinion in the audit of financial statements taken as a whole.

As required by Section 105 of the Hamlets Act, they report that, in the opinion of the auditor, proper books and records of account have been kept by the Hamlet for the current year, that the financial statements agree in addition to that, and that the transactions that have come under our notice have been, in all material respects, within the statutory requirements of the Hamlet. Further, by section 105 of the *Hamlets Act*, these principles have been applied on a basis consistent with that of the preceding year.

The Auditor has conducted their audit by Canadian generally accepted auditing standards. Their responsibilities under those standards are further described in their report's Auditor's Responsibilities for the Audit of the Financial Statements section. They are independent of the Hamlet and by the ethical requirements that are relevant to their audit of the financial statements in Canada. They have fulfilled our other ethical responsibilities by these requirements. They believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for the opinion below.

The Auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that They identify during our audit.

Responsibilities of Management:

Management is responsible for the preparation and fair presentation of the financial statements by Canadian Public Sector Accounting Standards and such internal control as management determines it is necessary to prepare financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Hamlet's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Hamlet or to cease operations or has no realistic alternative but to do so.

Responsibilities of Council:

Council is charged with governance and overseeing the Hamlet's financial reporting process.

Responsibilities of the Auditor for the Audit of the Financial Statements:

The Auditor's objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement due to fraud or error and to issue an Auditor's report that includes our opinion. Reasonable assurance is an important level of assurance. Still, it is not a guarantee that an audit conducted by Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users based on these financial statements. As part of an audit by Canadian generally accepted auditing standards, Their professional exercise judgment and maintain professional skepticism throughout the audit. The Auditor is also responsible to -

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Hamlet's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hamlet's ability to continue as a going concern. Suppose they conclude that a material uncertainty exists. In that case, they must draw attention in our Auditor's report to the related disclosures in the financial statements or modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. Noted that future events or conditions may cause the Hamlet to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Opinion and The basis for Disclaimer of Opinion

Previous balances on current financial statements:

The Auditor cannot satisfy themselves by alternate means the nature of the discrepancies and to what extent the differences may impact opening balances and transactions. As a result of this matter, They are unable to determine whether any adjustments might have been found necessary in respect of the statement of financial position as at March 31, 2022, and the statements of operations, statement of changes in net financial assets and cash flows for the year then ended including any note disclosures.

Inventory:

The Auditor cannot satisfy themselves concerning the inventory quantities and valuation held on March 31, 2022, and cannot determine whether any adjustments might have been necessary concerning recorded or unrecorded inventories.

Management letter points for the year ended March 31, 2022

Observation and implications	Recommendation
1) Chart of Accounts	
<p>We noted that the chart of accounts under previous management had become disorganized and no longer aligned with financial statement areas, objects and departments.</p>	<p>We understand that current management has tried to redress the issues with the chart of accounts. We suggest that the SAO approve any new account creation before posting; the ability to create new accounts should be restricted to the SAO or a knowledgeable finance officer. Current efforts to correct the chart of accounts should continue. However, please limit the number of new accounts and use supplemental reconciliations to hold additional financial information. Also, ensure that all accounts in Sage have the correct account type, i.e. balance sheet or income statement.</p>
2) Inventory	
<p>We noted that the Hamlet has made great strides in developing an inventory management process, including count sheets, a counting process, and organized inventory storage locations.</p>	<p>We encourage the Hamlet to pay close attention to the acquisition of inventory throughout the year to ensure it is captured as additions to inventory and to ensure the use of inventory is captured. The Hamlet may consider developing a bespoke process for tracking inventory movement. Consider mid-year inventory counts and analysis to ensure that inventory is accurate. Our attendance at the year-end audit is also encouraged.</p>
3) Water Delivery	
<p>We noted during our audit that there was no reconciliation of water delivered as per Fluid Manager and the litres invoiced to customers.</p>	<p>We recommend that the water delivery reports be reconciled monthly to water delivery as per the invoices. Discrepancies should be identified and remedied as soon as possible.</p>
4) Year-end accounting adjustments	
<p>We noted that some year-end accounting adjustments were required, including certain March interest charges on the bank accounts, capital, all additions, and related reconciliations.</p>	<p>We have noted considerable improvement in this area, where the nature of the transactions to be posted is limited to a few areas. Current efforts should continue, and where practical, year-end accounting consultation should be sought to assist.</p>

APPOINTMENT OF AN AUDITOR for the period ending March 31, 2023

Pursuant to provisions of the Hamlets Act 2018, c.17

THE AUDITOR:

- o Ensures compliance with established internal control procedures by examining records, reports, and documents.
- o Verifies assets and liabilities by comparing items to documentation.
- o Completes audit work papers by documenting audit tests and findings.
- o Appraises adequacy of internal control systems by completing the audit questionnaires.

Preparation of Financial Statements

1. The senior administrative officer shall ensure that the financial statements of the hamlet are prepared for each fiscal year.

Requirements of Financial Statements

2. The financial statements must be prepared -
 - a) in accordance with an appropriate disclosed basis of accounting; on a basis consistent with that of the preceding fiscal year or on another disclosed basis;
 - b) in accordance with the generally accepted accounting principles recommended for municipal governments from time to time by the Chartered Professional Accountants of Canada (CPA Canada); and
 - c) in accordance with any supplementary standards or any modifications of the principles referred to in paragraph (c) set out in guidelines issued by the Minister.

Auditor continued Page 2

Content of Financial Statements

3. The financial statements must include a statement showing the amount of compensation, expenses and any other payment made to each council member, or to each member of a committee of council, in sufficient detail that the type of each payment and the total amount of payments made to or on behalf of each member may be determined.

Time of submission

4. The financial statements must be submitted to the Minister no later than 120 days after the end of the fiscal year. S.N.W.T. 2018, c.13, s.93(2).

Auditor

5. Council shall appoint an auditor for the hamlet.
6. No person may be appointed as an auditor if, at the time of appointment or during the current or preceding fiscal year, the person or an employee or partner of the person has been a council member or an officer of the hamlet.

Notice of Appointment

7. A hamlet shall give written notice to the Minister of the appointment or revocation of an auditor, within 30 days after the appointment or revocation.

Compulsory Revocation of Appointment

8. The Minister may, by written notice, require the council to revoke the appointment of an auditor if the Minister considers that the auditor is unable to or has failed to satisfactorily carry out his or her duties under this Act. S.N.W.T. 2018, c.13, s.93(3).

Report of Auditor

9. An auditor shall report annually to the council on the results of his or her examination of the accounts and financial statements of the hamlet and shall -

Auditor continued Page 3

- a) state whether, in his or her opinion, the financial statements present fairly the financial position as at the end of the fiscal year;
- b) the results of financial activities and changes in financial positions for that fiscal year, in accordance with an appropriately disclosed basis of accounting consistently applied;
- c) proper books of account have been kept and the financial statements agree with the books of account;
- d) the transactions that have come under his or her notice were made in accordance with this Act, the regulations and the bylaws of the hamlet; and,
- e) report on any other matter falling within the scope of his or her examination that, in his or her opinion, should be commented on.

Powers of Auditor

- 10. An auditor may require any council member or any employee -
 - a) to produce all records kept in respect of the administration of the hamlet; and
 - b) to provide such information and explanations as the auditor considers necessary.

Location of Audit

- 11. An auditor must conduct in the municipality unless he or she obtains the permission of the council or a judge of the Supreme Court to conduct it elsewhere.

Public Disclosure

- 12. A copy of the hamlet's financial statements and the auditor's reports must be made available to the public.

RECOMMENDATION: EPR Yellowknife Accounting Professional Corporation, Chartered Professional Accountants, Ethan Oatman, CPA, CA be appointed as Hamlet Auditors for the fiscal year March 31, 2020.