

**Audit and Budget Committee Meeting  
Wednesday, June 26, 2019  
9:30 a.m.  
Ball's Falls Centre for Conservation  
Glen Elgin Room  
3292 Sixth Avenue, Jordan, ON**

**A G E N D A**

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**COMMITTEE MEMBERS:** G. Zalepa (Chair), S. Beattie, D. Bylsma (ex-officio), R. Foster, D. Huson, (ex-officio), J. Metcalfe, Bill Steele, B. Wright

**1. WELCOME FROM THE CHAIR**

**2. ADOPTION OF AGENDA**

- a) Addition of items
- b) Change in order of items
- c) Adoption of agenda

**3. DECLARATIONS OF CONFLICT OF INTEREST**

**4. PRESENTATIONS (and/or Delegations)**

**5. BUSINESS FOR INFORMATION**

**6. BUSINESS FOR CONSIDERATION**

- a) Minutes of the Audit and Budget Committee Meeting dated April 15, 2019
- b) Report No. A&BC-04-19 RE: Report on 2020 Budget Assumptions

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**7. NEW BUSINESS**

**8. ADJOURNMENT**



**NIAGARA PENINSULA CONSERVATION AUTHORITY (NPCA)  
AUDIT AND BUDGET COMMITTEE  
MEETING MINUTES**

Monday, April 15, 2019  
9:30 a.m.  
Ball's Falls Centre for Conservation  
Glen Elgin Room  
3292 Sixth Avenue, Jordan, ON

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- MEMBERS PRESENT:** D. Bylsma (ex-officio)  
D. Huson, (ex-officio) (departed 11:32 a.m.)  
J. Metcalfe  
B. Wright
- MEMBERS ABSENT:** G. Zalepa
- OTHERS:** S. Beattie  
R. Foster  
T. Insinna  
B. Steele  
S. Plugers, KPMG
- STAFF PRESENT:** G. Wood, Chief Administrative Officer  
G. Bivol, Interim Clerk  
R. Bisson, Community Engagement Manager  
A. Christie, Manager Strategic Initiatives and Capital Assets  
D. MacKenzie, Director, Watershed Management  
J. Wallace, Finance Manager

The Chief Administrative Officer called the meeting to order at 9:30 a.m. with an introduction of attendees followed by a vote on the following two motions.

## **1. ELECTIONS OF CHAIR AND VICE CHAIR**

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### **1.1 Election of a Chair**

Recommendation No. A&BC 01-19

Moved by Board Member Wright

Seconded by Board Member Metcalfe

**THAT** the following member of the NPCA Board of Directors be hereby appointed as Chair of the NPCA Audit and Budget Committee: Gary Zalepa.

**CARRIED**

1.2 Election of a Vice Chair

Recommendation No. A&BC 02-19

Moved by Board Member Wright

Seconded by Board Member Huson

**THAT** the following member of the NPCA Board of Directors be hereby appointed as Vice Chair of the NPCA Audit and Budget Committee: John Metcalfe.

**CARRIED**

Vice Chair Metcalfe assumed the chair for the remainder of the meeting.

## 2. ADOPTION OF AGENDA

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2.1 Addition of Items – None.

2.2 Change in Order of Items - It was requested by staff that Item 6.4 Draft Terms of Reference – Audit and Budget Committee be brought forward to be addressed prior to Item 4. Presentations.

Recommendation No. A&BC 03-19

Moved by Board Member Wright

Seconded by Board Member Metcalfe

**THAT** the NPCA Audit and Budget Committee agenda be amended to address Item 6.4 Draft Terms of Reference – Audit and Budget Committee prior to Item 4. Presentations.

**CARRIED**

2.3 Motion to Adopt Agenda

Recommendation No. A&BC 04-19

Moved by Board Member Wright

Seconded by Board Member Bylsma

**THAT** the NPCA Audit and Budget Committee agenda dated April 15, 2019 be adopted as amended.

**CARRIED**

## 3. DECLARATIONS OF INTEREST

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There were no declarations of pecuniary interest.

## 6. BUSINESS FOR CONSIDERATION

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6.4 Draft Terms of Reference - Audit and Budget Committee

Recommendation No. A&BC 05-19

Moved by Board Member Bylsma

Seconded by Board Member Wright

**THAT** the Terms of Reference be amended to denote a minimum of five members on the Audit and Budget Committee.

**CARRIED**

Recommendation No. A&BC 06-19

Moved by Board Member Wright

Seconded by Board Member Bylsma

**THAT** the following members of the NPCA Board of Directors be hereby recommended for appointment to the NPCA Audit and Budget Committee: Stewart Beattie, Bill Steele and Rob Foster.

**AND THAT** any further members of the Committee be determined at the next Board meeting.

**CARRIED**

Recommendation No. A&BC 07-19

Moved by Board Member Wright

Seconded by Board Member Bylsma

**THAT** the Draft Terms of Reference – Audit and Budget Committee be approved as amended and forwarded to the NPCA Board of Directors for approval.

**CARRIED**

## 4. PRESENTATIONS (and/or Delegations)

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### 4.1 Presentation by KPMG - Scott Plugers

4.1.1 Audited 2018 Financial Statements (Draft) – Mr. Plugers provided an explanation of the financial statements. Discussion ensued. Ms. Wood noted that this would be the final audit involving John Wallace, NPCA Financial Manager pending his forthcoming retirement. She thanked Mr. Wallace for his dedication and service to the organization.

4.1.2 Audit Findings Report for the year ended December 31, 2018 – Mr. Plugers provided an overview of the document.

Recommendation No. A&BC 08-19

Moved by Board Member Wright

Seconded by Board Member Huson

**THAT** the Audited 2018 Financial Statements (Draft) and the Audit Findings Report for the year ended December 31, 2018 submitted by KPMG be received.

**CARRIED**

## 5. BUSINESS FOR INFORMATION

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There were no items for information.

## 6. BUSINESS FOR CONSIDERATION

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- 6.1 Report No. A&BC-01-19 RE: Forensic Accounting and Human Resources Audit – Discussion ensued.

Recommendation No. A&BC 09-19

Moved by Board Member Wright  
Seconded by Board Member Bylsma

**THAT** Audit and Budget Committee Report No. A&BC 01-19 regarding the Board of Directors' request for a Forensic Accounting and Human Resources audit be received.

**THAT** the Audit and Budget Committee recommends to the Board of Directors that their request for a forensic accounting audit be reviewed subsequent to the May 3, 2019 presentation from the Auditor General.

**AND THAT** the Audit and Budget Committee requests that the issues of a human resources audit be referred to the CAO for a report back to the Board of Directors.

**CARRIED**

- 6.2 Report No. A&BC-02-19 RE: Budget Report for Years 2016-2019 – J. Wallace presented his report and members posed questions. Discussion ensued.

Recommendation No. A&BC-10-19

Moved by Board Member Huson  
Seconded by Board Member Wright

**THAT** Report No. A&BC-02-19 regarding the Budget Report covering years 2016-2019 be received for information.

**CARRIED**

- 6.3 Report No. A&BC-03-19 RE: Draft Proposed Budget Process – 2020 Budget

Recommendation No. A&BC-11-19

Moved by Board Member Metcalfe  
Seconded by Board Member Wright

**THAT** Report No. A&BC-03-19 regarding Draft Proposed Budget Process – 2020 Budget be received.

**AND THAT** the Proposed Budget Process for the 2020 budget be recommended to the Board of Directors for approval.

**CARRIED**

## 7. NEW BUSINESS

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There were no new business items.

## 8. ADJOURNMENT

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Recommendation No. A&BC-12-19  
Moved by Board Member Wright  
Seconded by Board Member Metcalfe

**THAT** the NPCA Audit and Budget Committee be hereby adjourned at 12:08 p.m..

**CARRIED**

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J. Metcalfe,  
Committee Vice Chair

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Grant Bivol,  
Interim Clerk to the Authority

**Report To:** Audit and Budget Committee

**Subject:** 2020 Budget Assumptions

**Report No:** A&BC-04-19

**Date:** June 26, 2019

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**RECOMMENDATION:**

THAT Report No. A&BC-04-19 regarding the recommended budget assumptions for the 2020 budget **BE APPROVED** for use in the development of the 2020 Budget, subject to approval by the Board of Directors.

**PURPOSE OF THIS REPORT:**

The purpose of Report No. A&BC-04-19 is to seek the Audit and Budget Committee's approval of the 2020 budget assumptions to support the development of the budget. The assumptions to be approved are for inflation, cost of living adjustment (COLA) and additional funding for growth. To provide context and perspective, this report also provides funding assumptions to ensure the Audit and Budget Committee has relevant comparable information to guide their decision on the budget assumptions.

**BACKGROUND:**

Staff has gathered comparators on projected 2020 budgeted cost of living adjustment (COLA) from municipalities and other conservation authorities (CA). Staff has also gathered information on the historical and projected consumer price indexes (CPI). This information is summarized in the attachment and averages for CA's, municipalities and all indices calculated.

**DISCUSSION:**

The assumptions chosen will have a direct impact on programs funded by NPCA's municipal partners through applied levies. The 2020 budget process incorporates consultation with partner municipalities of Niagara, Hamilton and Haldimand.

Staff recognize the need to balance a reasonable inflation rate and COLA for staff. Staff are recommending a 1.5% adjustment for COLA, which is in line with other CA's and municipalities, and a 2.00% inflation rate, which is the Bank of Canada's target rate. These assumptions are expected to be in line with other municipalities in the watershed for 2020.

The 2020 budget assumptions include an increase to staff complement of 4 positions (FTE) to support organizational realignment, restoration, planning and compliance efforts.

Staff will review the proposed increases for 2020, in light of the other pressures such as the reduction of Ministry of Environment, Conservation and Parks (MECP) funding.

It should be noted that as a result of Bill 108 – *More Homes, More Choice Act, 2019*, the following programs and services have been classified as mandatory, translating to a reconfiguration of the funding mechanism from Provincial support to municipal levy:

- Source water protection
- Management of CA owned lands
- Natural hazards

**RELEVANCE TO AUTHORITY POLICY:**

NPCA is required to prepare annual budgets as part of the fiscal control and financial responsibilities of the organization. The budget is also used in the audit process for evaluation by the external auditing firm. Annual audits are required as per Section 38 of the *Conservation Authorities Act*.

**FINANCIAL IMPLICATIONS:**

Per diems and mileage will be provided to the Audit and Budget Committee members and staff salaries, which are currently within the 2019 budget will cover staff costs to prepare the budget and consult with partner municipalities.

**RELATED REPORTS AND APPENDICES:**

- Appendix 1: Comparators for 2020 Budget
- Appendix 2: Recommended Assumptions and Targets

**Authored by:**

**Submitted by:**

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Lise Gagnon  
Director, Corporate Services

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D. Gayle Wood, BES, CMMIII  
Interim CAO / Secretary-Treasurer



## Appendix 1 - Comparators for 2020 Budget

### COLA

Municipalities	2020 CUPE agreement	2021 CUPE agreement	2022 CUPE agreement
Niagara	1.50%	1.50%	1.40%
Hamilton	1.60%	1.60%	1.60%
Haldimand	1.75%	1.75%	1.95%
Conservation Authorities	2020 COLA	2019 COLA	2018 COLA
Hamilton	1.50%	1.50%	1.50%
Grand River	1.50%	1.50%	1.50%
Halton	1.75%	1.75%	1.50%
Averages	2020		
Municipalities	1.62%		
Conservation Authorities	1.58%		

### Inflation

Statistics Canada (All-items)		March 2018 to March 2019 Actual	Mar 2017 to Mar 2018 Actual	Mar 2016 to Mar 2017 Actual
		1.90%	2.30%	1.60%
Trading Economics (Forecast)	2020 Forecast			
	2.10%			
Bank of Canada	2020 Inflation Target	2019 March Actual	2018 Q4 Actual	2017 Q4 Actual
	2.00%	1.90%	2.10%	1.80%
Focus Economics	2020 Forecast	2019 March Actual	2018 Q4 Actual	2017 Q4 Actual
	2.00%	1.90%	2.10%	1.80%

[Statistics Canada. Table 18-10-0004-13 Consumer Price Index by product group, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse, Yellowknife and Iqaluit](#)

<https://tradingeconomics.com/canada/inflation-cpi>

<https://www.bankofcanada.ca/rates/indicators/capacity-and-inflation-pressures/>

<https://www.focus-economics.com/country-indicator/canada/inflation>

**Appendix 2 - Recommended Assumptions and Targets**

2020 Budget		Comment	Total Impact
			Inflation
COLA	1.50%	OPSEU Collective Agreement	\$ 85,400
Growth		Increase to staff complement	\$ 375,000
		<b>Total Base &amp; New Pressures</b>	<b>\$493,000</b>