

Minutes of the Finance + Audit Committee Meeting

April 7, 2021 > 2:30 p.m. – 3:30 p.m.

Virtual (Zoom) Meeting

- Present:** Chris White (Chair), Christine Billings, George Bridge, Rodrigo Goller and Ralph Manktelow.
- Regrets:** NONE.
- Staff:** Dr. Nicola Mercer, David Kingma, Chris Beveridge, Rita Isley, Kyle Wilson, Rob Cunnington and Sylvia Muir (Recorder).
- Guests:** Tom Waind and Mike McKinnon (The Ostic Group), and Colin Smith (Frank Cowan Company) and Matthew Betik and Brendan Hall, Auditors (KPMG).
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1. Call to Order

C. White (Chair) called the meeting to order at 2:30 p.m.

2. Disclosure(s) of Pecuniary Interest

There were no declarations of conflicts identified.

3. Approval of Minutes

- Finance + Audit Committee Minutes from Meeting of March 3, 2020.

MOTION: “To approve the Finance + Audit Committee Minutes of March 3, 2021, as presented.”

Moved: G. Bridge

Seconded: R. Goller

CARRIED

4. Presentation(s) #1

Insurance Program Review (Frank Cowan Company)

R. Cunnington introduced Tom Waind and Mike McKinnon from The Ostic Group, and Colin Smith from Frank Cowan Company.

C. Smith advised that Frank Cowan Company is a managing general agent that focuses on public sector insurance and commenced his high-level presentation as follows:

- Key Insurance Coverages – includes: general liability, excess liability, errors and omissions liability, directors’ and officers’ liability, cyber liability, board members’ accident, legal expense, property and equipment breakdown.

- Claims Trends – include: rise in global catastrophic losses; society becoming more litigious; the COVID-19 Pandemic; and Health Care Sector Claims.
- Market Conditions/Pricing – there are two (2) types of insurance markets: (1) Soft Market = Lots of capacity and prices are competitive; and (2) Hard Market = Lack of capacity and agents are more selective on the types of risks they are willing to take on. It was noted that all sectors are going to see increases in this Hard Market.
- Noted “what can be done?” including: increasing deductibles, reviewing coverages and risk management.

R. Goller asked about WDGPH’s loss run. Insurance providers to provide the requested information after the meeting.

(a) MOTION: “That the Finance + Audit Committee makes recommendation to the Board of Health to receive the Insurance Program Review Presentation (Frank Cowan Company), as presented, for information.”

Moved: G. Bridge
Seconded: R. Goller **CARRIED**

(2:53) T. Waind and M. McKinnon (The Ostic Group), and C. Smith (Frank Cowan Company) disconnected from the meeting.

4(a). Finance + Audit Committee Report

BH.04.APR0721.R03 – 2021 Insurance Renewal

D. Kingma introduced and reviewed Finance + Audit Committee Report BH.04.APR0721.R03:

- The cost of this year’s renewal coverage, through Frank Cowan Company, totals \$133,598. This is an increase of **17%** from the 2020 premium of \$114,281 (following a **10%** increase in 2020 from the 2019 premium of \$104,171). There have been no significant changes to coverage or limits compared to 2020. This coverage cost increase is mainly due to a general increase to insurance premiums, across the board for most sectors, including government and not-for-profit, and is comparable with other public health agencies.

(a) MOTION: “That the Finance + Audit Committee makes recommendation to the Board of Health to receive Finance + Audit Committee Report BH.04.APR0721.R03 – 2021 Insurance Renewal, as presented, for information.”

Moved: C. Billings
Seconded: G. Bridge **CARRIED**

(2:56) M. Betik and B. Hall, Auditors (KMPG) arrived.

5. Presentation(s) #2

(a) WDGPH Staff Summary Presentation of 2020 Draft Audited Financial Statements

D. Kingma noted that 2020 was a challenging year for the WDGPH Finance Team in dealing with the extraordinary COVID-19 Pandemic expense activities.

R. Cunnington commenced a brief review of the 2020 Draft Audited Financial Statements, including:

- Auditors' Findings Report presents a clean, unqualified draft audit opinion;
- Statement of Operations and Accumulated Surplus summarizes the organizations activity for the year and compares this to both the current year's annual budget and to the prior year's results:
 - Surplus of \$880,000 – the “final audited” surplus for 2020 is much higher than the surplus noted in our Q4 report due to the differences in reporting “cash” operations compared to “accrual” results.
- Statement of Financial Position (as at December 31, 2020) is a snapshot of the organization's financial position (assets and liabilities) at year-end.
- Notes to the Financial Statements – provide further details and descriptions related to balances noted in the both the statement of financial position and statement of operations; and
- Various Schedules expand on the individual program funding and costs.

Tangible Capital Assets in the amount of \$676,000 was reported as expenditures in the 2020 Q4 report to BOH in March 2021 and have now been capitalized for the 2020 Audited Financial Statements.

(b) KPMG Audit Findings (2020) for WDGPH

M. Betik and B. Hall, Auditors, provided information with respect to KPMG's Audit Findings Report (2020) and highlighted the following:

- There were no changes to the Audit Plan that KPMG previously presented at the March 3, 2021 Finance + Audit Committee meeting.
- KPMG is in a position to table a “clean audit” to the BOH.
- (Page 4) Executive Summary – There were no significant changes regarding KPMG's audit from the Audit Planning Report.
- (Pages 6+7) What's New in 2020 – COVID-19 Pandemic impacted the audit (i.e., shifting of expenses, audit completed entirely remotely, rise in salaries, etc.) but no issues were identified.
- (Pages 8-12) – Audit Risk and Results – Nothing significant to report.
- (Page 13) Other Matters – (i) Noted Vacation Balances - which can present an operational risk for the agency; (ii) Noted Risk of Non-Collection of COVID-19 Expenses (MOH Funding), which has now been rectified; and (iii) Noted ONA Contract, which expired on April 30/20.
- (Page 15) Uncorrected Differences - Nothing significant to report.
- (Pages 16-29) Appendices were touched on.

The Auditors commented that Public Health is in a unique situation within this Pandemic Response and understands the reasoning behind the increased vacation balances and salaries with the redeployment of all staff and extra workloads/demands but, noted that it is an issue to be dealt with post Pandemic. The Auditors thanked the Finance Team for their full cooperation throughout the audit.

(a) MOTION: “That the Finance + Audit Committee makes recommendation to the Board of Health to receive KPMG’s Audit Findings Report (2020) for WDGPH, as presented.”

Moved: R. Manktelow
Seconded: R. Goller CARRIED

(3:21) Dr. Mercer, D. Kingma, K. Wilson and R. Cunnington were placed in the waiting room.

6. Closed Session

- Discussion between Auditor and Finance + Audit Committee, without the presence of WDGPH Management. S. Muir (Recorder) to remain for Closed Session [personal matters about an identifiable individual, including BOH employees].
- Approval of Closed Session Finance + Audit Committee Minutes of March 3, 2021.

(3:21)

MOTION: “To move into Closed Session to hold discussion between Auditor and Finance +Audit Committee, without the presence of WDGPH Management [personal matters about an identifiable individual, including BOH employees], and to approve Closed Session Minutes of March 3, 2021.”

Moved: R. Goller
Seconded: C. Billings CARRIED

Finance + Audit Committee Meeting

April 7, 2021 > 2:30 p.m. – 3:30 p.m.

Virtual (Zoom) Meeting

CLOSED SESSION

Present: Chris White (Chair), Christine Billings, George Bridge, Rodrigo Goller and Ralph Manktelow.

Regrets: NONE.

Staff: Sylvia Muir (Recorder).

Guest(s): Matthew Betik and Brendan Hall, Auditors (KPMG)

CLOSED SESSION MINUTES TO BE PROVIDED UNDER SEPARATE COVER.

(2:26) Returned to Open Session

(2:26) Dr. Mercer, D. Kingma, K. Wilson and R. Cunnington were readmitted to the meeting.

MOTION: “To Ratify the Closed Session Decisions of the April 7, 2021 Finance + Audit Committee meeting.”

Moved: R. Goller
Seconded: G. Bridge **CARRIED**

Motion(s) brought forward from Closed Session:

(a) MOTION: “To approve the Closed Session Finance + Audit Committee Minutes of March 3, 2021, as presented.”

Moved: G. Bridge
Seconded: R. Goller **CARRIED**

7. Finance + Audit Committee Report(s):

BH.04.APR0721.R04 – 2020 Draft Audited Financial Statements

- The 2020 Draft Audited Financial Statements were reviewed in conjunction with the WDGPH Staff Summary Presentation above @ 5(a).

(a) MOTION: “That the Finance + Audit Committee makes recommendation to the Board of Health to receive and approve the 2020 Draft Audited Financial Statements, as presented in Appendix 1 of Finance + Audit Committee Report BH.04.APR0721.R04 – 2020 Draft Audited Financial Statements.”

Moved: C. Billings
Seconded: R. Goller **CARRIED**

BH.04.APR0721.R05 – Compliance Report: Stewardship of Management Operations

D. Kingma introduced and reviewed Finance + Audit Committee Report BH.04.APR0721.R05:

- Due to the entire Agency being redeployed to support WDGPH’s pandemic response effort, the task of updating all policy-related documents has been temporarily suspended. As a result, there are no changes to the Agency’s existing By-Laws, Policies or Procedures to report this year.

(a) MOTION: “That the Finance + Audit Committee makes recommendation to the Board of Health to receive Finance + Audit Committee Report BH.04.APR0721.R06 – Compliance Report: Stewardship of Management Operations, as presented, for information.”

Moved: G. Bridge
Seconded: R. Goller **CARRIED**

8. MOH Update(s)

- Dr. Mercer informed the Committee that WDGPH will continue to be reimbursed for all COVID-19 related expenses into the third quarter, and possibly to the end of 2021. This is good news as WDGPH has doubled the number of nurses on staff to deal with vaccinations and contract tracing.

9. Next Meeting:

- (Wed) November 3, 2021, from 2:30 – 3:30 p.m.

10. Adjournment

The meeting was adjourned at 3:35 p.m.

MOTION: “To adjourn meeting”.

Moved:

C. Billings

Seconded:

R. Goller

CARRIED