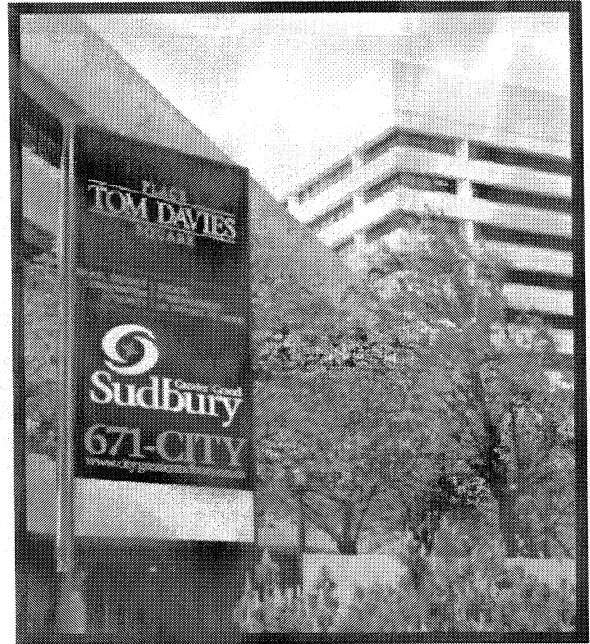


# Agenda

## Ordre du Jour

**Councillor/Conseiller**  
**Ted Callaghan**  
**Chair/Présidente**

**Councillor/Conseiller**  
**Russ Thompson**  
**Vice-Chair/Vice-Président**



**For the**  
**Finance Committee**  
**Meeting to be held**

**Wednesday, March 4, 2009**

**at 4:30 p.m**

**Council Chamber**  
**Tom Davies Square**

**Pour la réunion du**  
**Comité des finances**  
**qui aura lieu**

**mercredi le 4 mars 2009**

**à 16 h 30**

**dans la Salle du Conseil**  
**Place Tom Davies**

## **Finance Committee AGENDA**

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***THIRTY-SECOND MEETING OF THE FINANCE COMMITTEE  
TO BE HELD ON WEDNESDAY, MARCH 4, 2009 AT 4:30 P.M.  
IN THE COUNCIL CHAMBER, TOM DAVIES SQUARE***

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### **COUNCILLOR CALLAGHAN, CHAIR**

***(PLEASE ENSURE CELL PHONES AND PAGERS ARE TURNED OFF)***

The Council Chamber of Tom Davies Square is wheelchair accessible. Please speak to the City Clerk prior to the meeting if you require a hearing amplification device. Persons requiring assistance are requested to contact the City Clerk's Office at least 24 hours in advance of the meeting if special arrangements are required. Please call (705) 674-4455, extension 2471. Telecommunications Device for the Deaf (TTY) (705) 688-3919. Copies of Agendas can be viewed on the City's web site at [www.greatersudbury.ca](http://www.greatersudbury.ca).

### **DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

**PRESENTATIONS****PAGE NO.**

1. Report dated February 25, 2009 from the Chief Financial Officer/Treasurer regarding 2008 Audit Planning Report. **1 - 2**  
**(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)**  
**(AUDIT PLANNING REPORT UNDER SEPARATE COVER)**

► Wayne McDonald, Partner, KPMG

(Our auditors will be presenting the Audit Planning Report with respect to the 2008 year-end. The purpose of the presentation is to provide information to the Finance Committee relating to the activities of the City Auditors in discharging their audit responsibilities.)

**MANAGERS' REPORTS****PAGE NO.**

2. Report dated February 25, 2009 from the Chief Financial Officer/Treasurer regarding Public Sector Accounting Board 3150 - Tangible Capital Assets Status Report. **3 - 7**  
**(RECOMMENDATION PREPARED)**

(This report provides Council with an update on the Tangible Capital Assets project.)

**COUNCILLOR TED CALLAGHAN**  
**CHAIR, FINANCE COMMITTEE**

**FRANCA BORTOLUSSI**  
**COUNCIL SECRETARY**

# Request for Recommendation Finance Committee




Type of Decision											
Meeting		March 4, 2009				Report Date		February 25, 2009			
Decision Requested			Yes	X	No	Priority		X	High		Low
		Direction Only				Type of Meeting		X	Open		Closed

Report Title
2008 Audit Planning Report

Budget Impact / Policy Implication	Recommendation
<input type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

NOT APPLICABLE	FOR INFORMATION ONLY
<input checked="" type="checkbox"/> Background Attached	<input type="checkbox"/> Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Lorella Hayes Chief Financial Officer / Treasurer	 Doug Nadoropzny Acting Chief Administrative Officer

Report Prepared By	Division Review
 Paddy Buchanan Acting Manager of Accounting	

## **BACKGROUND**

In accordance with generally accepted auditing standards, an annual audit plan must be discussed with members of the audit committee. In the absence of an audit committee, the auditor is required to communicate to those with oversight responsibility, which in the case of the City of Greater Sudbury is the Finance Committee. The objective of the Audit Plan is to identify audit areas and systems that will be reviewed during the audit, explain the audit approach to be used, provide information with respect to the scope and timing of the audit and identify specific issues for the year under review.

Our auditors will be presenting an overview of their Audit Planning Report with respect to the 2008 year-end to the Finance Committee on March 4, 2009. The full Audit Planning Report is submitted under separate cover.

Wayne McDonald from KPMG will be presenting on behalf of Collins Barrow / FCR (Freelandt Caldwell Reilly LLP) / KPMG. The purpose of the presentation is to provide information to the Finance Committee relating to the activities of the City Auditors in discharging their audit responsibilities.

# Request for Recommendation Finance Committee




Type of Decision											
Meeting Date		March 4, 2009			Report Date		February 25, 2009				
Decision Requested			Yes	X	No	Priority		X	High		Low
		Direction Only				Type of Meeting		X	Open		Closed

Report Title
PSAB 3150 Tangible Capital Assets Status Report

Budget Impact / Policy Implication	Recommendation
<input checked="" type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

<p>There are sufficient funds in the Tangible Capital Assets funding previously approved.</p>	<p>THAT Council approve the extension of the contract to KPMG LLP Chartered Accountant to provide an accounting manager to assist in the completion of the Tangible Capital Assets Project at an estimated cost of up to \$115,000.</p>
<input checked="" type="checkbox"/> <b>Background Attached</b>	<b>Recommendation Continued</b>

Recommended by the Department	Recommended by the C.A.O.
 Lorella Hayes Chief Financial Officer / Treasurer	 Doug Nadokozny Acting Chief Administrative Officer

Report Prepared By	Division Review
 Paddy Buchanan Acting Manager of Accounting	

## **INTRODUCTION**

With the publication of its 2009 financial statements, the City will report its capital assets on a full accrual basis in accordance with PSAB 3150. This briefing note provides a project status update.

The main tasks for this project are:

- To develop capital asset policies and procedures
- To develop detailed inventory lists of all material capital assets
- Identify the historical cost of these assets
- Depreciate the assets to the present date and calculate net book value

In an earlier report, the estimated replacement value of City owned assets is approximately \$8 billion. For the most part the asset listings are being compiled from scratch as there are very few capital asset databases that contain the required data to meet the requirements of this project.

## **PROJECT STATUS**

### **Project Team**

There are currently three staff working full time on this project under the supervision of a manager and with the support of staff from the operating departments.

In a report to Priorities Committee, October 8, 2008, Council approved a contract with KPMG to provide a full time audit manager for the Tangible Capital Assets Project. In order to complete this project, we require this individual to the end of September. This will cost approximately \$115,000 and there are sufficient funds in the project budget previously approved by Council on June 6, 2007.

## **Software**

The City has acquired a relatively inexpensive software package that is web-hosted to house and organize the data that is required for financial reporting. When it is fully populated this software will provide a comprehensive list of City owned assets and will serve as an excellent starting point for asset management and capital planning.

## **Policies**

An overall capital asset policy has been drafted and is pending finalization.

## **Audit**

The auditors have now been on site twice to audit completed sections of the City's asset inventory. Audits have been completed for opening inventories and valuations of EMS, Fire, Bridges, Transit and Information Technology. To ensure that the approaches to inventory and valuation meet audit standards, the audits will continue throughout the project on a regular and periodic basis.

## **Operating Department Involvement**

The project team consult with the appropriate operating departments to ensure that the assumptions and approach to the inventory and valuation are reasonable and represent the City's practices. All inventory listings upon completion are reviewed by the operating department for completeness and accuracy. The auditors will be requesting representation letters from the operating departments.

## **Status of Asset Category Completion**

1. The inventories and valuations for the following asset categories have been completed and uploaded to the capital asset database (opening balances only) and the software output confirmed.
  - Emergency Services
  - Fire Services
  - Facilities under \$2 million
  - Facilities over \$2 million
  - Bridges
  - Leasehold Improvements
  - Parking Meters
  - Transit



2. The inventories and valuations for the following asset categories have been completed and uploaded to the capital asset database (opening balances only). Once the software company loads the data, the output will be confirmed.

- Information Technology (software at Pioneer Manor remains outstanding)
- Light and medium vehicles

3. The inventories and valuations for the following asset categories are in progress and a percentage complete indicated.

• Pioneer Manor	50%
• Police	25%
• Cemeteries	50%
• Solid Waste	10%
• Libraries	20%
• Traffic Lights	75%
• Traffic Signs	5%
• Street Lights	0%
• Water Meters	75%
• Parking Lots	10%
• Land	60%
• Roads and ancillaries	5%
• Heavy and Unlicensed vehicles	75%

4. Water and wastewater has been contracted out to RV Anderson. The report should be finalized by the end of February and the data will then be uploaded to the database.

5. For those categories of assets where the inventory has been completed, one of the project team members is now assembling the additions and disposals for 2008 and 2009.

6. Social Housing is converting their financial statements to be PSAB compliant and this is expected to be complete by the spring.

## **OUTSTANDING ITEMS**

1. The inventories and valuations in progress need to be completed, uploaded to the capital asset software and confirmed.

2. The additions and disposals need to be identified for 2008 and 2009 and the database updated for same.

3. Completed inventories need to be audited.

4. The financial statements need to be redrafted to conform to PSAB disclosure.
5. Business processes to ensure that capital assets are properly picked up and disposed are required. Since the magnitude of the project is so large the project team is focused on developing the opening inventories and valuations and will manually analyze 2008 and 2009 to pick up additions and disposals. In the long term however business processes will be required so that the organization participates in the recording of capital assets.
6. There will be education and training required around both the accounting for and business processes related to capital assets throughout the organization.
7. Budget implications need to be assessed and budgeting processes revised if required.

## **PROJECT TIMING**

It is anticipated that the inventories and valuations will be complete by the end of August 2009. The last three months of the year will be focused on finalizing the additions and disposal of assets for 2009, recording the assets in the general ledger and redrafting the financial statements. These items should be complete by year end. Year end which takes place between January and May will see the work refined and ready for publication with the financial statements in May 2010