



**ACTION**

**Audit Committee  
MINUTES**

**Held Tuesday, November 18, 2008  
City Council Chambers  
11:30 a.m.**

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**PRESENT:** Councillor A. Poirier, Chair  
Councillor D. McCann, Member  
Councillor W. Cuthbert, Member  
Kathleen O’Flaherty, Member  
Cindy Gasparini, Member  
Mayor L. Compton, Ex-Officio  
Councillor C. Van Walleghem  
Councillor R. McMillan  
B. Preisenzanz, CAO  
C. Cordeiro, BDO Dunwoody  
T Thurston, BDO Dunwoody  
K. Brown, Finance & Administration Manager

**REGRETS:** Councillor C. Drinkwalter

**A. PUBLIC INFORMATION NOTICES AS PER BY-LAW NUMBER 144-2007**

N/A

**B. DECLARATION OF PECUNIARY INTEREST**

N/A

**C. CONFIRMATION OF MINUTES**

**Moved by D. McCann, Seconded by L. Compton & Carried:-**

THAT the Minutes from the last meeting held Thursday, July 10, 2008 be confirmed as written.

**D. DEPUTATIONS**

N/A

**E. REPORTS**

**1. 2008 KMTS Audit Discussion**

Claudine Cordeiro provided an overview of the requirement for an audit of the KMTS Entities activity for 2008, including the concept of materiality and how that would be impacted in an audit for only one month of activity. There was some discussion with regards to this requirement.

**RECOMMENDATION:**

THAT the Audit Committee support that a separate audit for the KMTS entities for 2008 activity will not be required in the recognition that the activity will be subject to audit through the City of Kenora’s 2008 consolidated financial statement audit.

**KBrown**

**Recommendation approved.**

**2. Review Investment RFP Responses**

Tracy Thurston provided an overview of the analysis performed on the 24 RFP respondents and the RFP process. It was noted that a number of respondents were disqualified for various reasons, and this information was reviewed in detail with Committee. It was noted that once a firm was disqualified, no further work was done on evaluating those RFP responses. Committee further reviewed the remaining information contained in Section 1 of the package provided by BDO Dunwoody.

Claudine Cordeiro advised that BDO Dunwoody will not make a recommendation as to which firm the City should choose as the successful respondent. Rather, they are providing the City with a summary of key information and recommending items for consideration as the City continues through this process.

The Audit Committee agreed that the determinants used for the purpose of disqualifying respondents to the RFP process, and that the initial shortlist be based on the 10 remaining respondents as outlined in the package provided by BDO Dunwoody.

Committee then reviewed Sections 2 of the BDO Dunwoody package. It was clarified that the rating related to addressing the specifics of the proposal was based on whether or not they addressed the issue as opposed to whether the answer they provided would have rated well based on analysis of the actual factor.

Tracy Thurston then provided an overview of the other considerations included in Section 3 of the BDO package that Committee should consider as they evaluate the RFP responses. Additional factors that should be considered include whether the investment manager would act independently or would be required to have investment activity approved through the City. It was noted that the City's investment policy is flexible enough to allow either direction on this matter.

Claudine Cordeiro recommended that the City make sure that the Custodian has sufficient controls in place to ensure the City's assets are properly safeguarded. She noted that BDO has summarized the data that they felt was important for evaluation purposes. It was recommended that the Committee determine a shortlist and interview the shortlisted respondents. It was agreed that the City would contract with BDO Dunwoody to review the final agreement once a successful respondent was chosen.

Tracy Thurston then provided Council with an overview of the ONE Fund Corporate Bond Fund. It was noted that ONE did not reply to the RFP. While they advised that they would not respond to RFP's, they did provide the City with some comparable information on this fund. There was a

general discussion as to the benefits of investing with more than one money manager, and not leaving the entire portfolio with the ONE fund.

Committee requested that staff provide a weighting of the RFP responses, based on the responses and the information as provided by BDO. The Committee further agreed to contract with BDO Dunwoody to obtain the 5970 reports for the ten firms currently under consideration.

**KBrown**

The Committee confirmed that they were willing to extend the current investment for a period of approximately 30 or 60 days to provide sufficient time to finalize the recommendation related to awarding this RFP. A target of the February 2009 Open Council meeting was set for the recommendation to be made back to Council, with the intent to interview the final short listed respondents in January 2009.

**ITEMS ON HOLD:**

N/A

**OTHER BUSINESS**

**Annual Report for 2007**

It was noted that the City still has been unable to prepare a 2007 annual report as the 2007 KMTS audit has not yet been finalized. It was noted that the City is unable to publish its final 2007 financial statements in accordance with our statutory requirement until such time as the final KMTS statements have been audited and the resulting City consolidated statements have been prepared and approved by Council.

**NEXT MEETING**

- To be determined

The meeting adjourned at 1:25 p.m.