



# The Corporation of the Municipality of Arran-Elderslie

## Staff Report

Council Meeting Date: November 4, 2024

Subject: SRFIN.24.16 2023 Audit

Report from: David Munro, Interim Treasurer

Appendices:

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### **Recommendation**

Be It Resolved that Council hereby,

1. Receives report SRFIN.24.16 for information regarding the delay in the 2023 Financial Audit by BDO, and the expected extra expense.

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### **Report Summary**

The 2023 Audit has been delayed. This delay will result in some of our grants being delayed. There will be extra expenses from BDO required to complete the 2023 Audit. As of the writing of this report, there is \$7,700 additional billing so far and there will be more, but BDO has not estimated the amount at this point.

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### **Background**

The Municipal Act requires that every municipality complete a detailed set of financial statements, of which a copy must be sent to the Ministry of Municipal Affairs & Housing. Additionally, the yearly financial statements must be audited by an independent and certified third-party auditor. All financial statements are created in accordance with standards set forth by the Public Sector Accounting Board, as well as Generally Accepted Accounting Principles.

Financial statements provide information on a municipality's financial activities and balances for the period. Financial statements also provide information on a municipality's financial position in terms of its assets and liabilities, its net financial

resources (called net debt), accumulated surplus or deficit, and its tangible capital assets and other non-financial assets.

Financial statements reflect the outcomes of activities that create revenue and incur expenses to determine whether the municipality operated in a surplus or a deficit for that period. Financial statements also provide a meaningful summary of the sources, allocation and consumption of municipal economic resources, how the activities of the period have affected the municipality's net debt, how municipal activities were financed, and how cash requirements were met.

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### **Analysis**

The 2023 Audit has had starts and delays caused by both BDO and Arran-Elderslie. BDO has experienced some resource challenges. Arran-Elderslie did not complete all the year-end spreadsheets and journal entries required by BDO.

When asked by BDO, Arran-Elderslie responds in a timely fashion to provide supporting spreadsheets, documentation, etc.

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### **Link to Strategic/Master Plan**

6.4 Leading Financial Management

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### **Financial Impacts/Source of Funding/Link to Procurement Policy**

Grants may be delayed because of the delayed audit, but will not be lost. Extra billing by BDO will be less than the 2022 Audit extra billing, but more than budgeted by \$10,000 plus.

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Approved by: Emily Dance, Chief Administrative Officer