



**SUBJECT: Aldershot Village Business Improvement Area Update**

**TO: Audit Committee**

**FROM: Finance Department**

Report Number: F-32-22

Wards Affected: Not applicable

File Numbers: 430-01

Date to Committee: September 12, 2022

Date to Council: September 20, 2022

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**Recommendation:**

Receive and file finance department report F-32-22 providing an update on Aldershot Village Business Improvement Area (Aldershot BIA) 2021 financial statements and review of internal control policies and procedures.

**PURPOSE:**

**Vision to Focus Alignment:**

- Deliver customer centric services with a focus on efficiency and technology transformation

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**Background and Discussion:**

At the April 13, 2022 meeting of the Audit Committee, a verbal update was provided related to a 2021 audit matter corresponding to the Aldershot BIA. As a result, the 2021 financial statements for the Aldershot BIA were not included as part of the overall City's 2021 financial statements as reported to Audit Committee on June 8, 2022 (report F-23-22). The City's financial statements for 2021 are not impacted by the unaudited Aldershot BIA financial statements given that the Aldershot BIA operations are not material to the consolidated statements of the City.

The objective of this report is to provide Audit Committee with the completed Aldershot BIA 2021 audited financial statements for information purposes.

In addition to the Aldershot BIA financial statements Audit Committee also endorsed at its May 11, 2022 meeting the following recommendation from report CM-16-22 which was approved at Council on May 17, 2022;

“To Direct the City Auditor in conjunction with the Chief Financial Officer to engage directly with the Aldershot Village BIA to offer support for a review of their internal control policies and procedures related to financial management and report back upon completion.”

This report will also provide an update on the status of this direction.

### **2021 Audited Financial Statements**

The approved 2021 Financial Statements for the Aldershot BIA are attached in Appendix A. The external audit was performed by Colin Gray Professional Corporation who express an unqualified opinion on the financial statements. The Aldershot BIA's financial statements are prepared in accordance with Canadian public sector accounting standards for local government entities as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The fees for the external audit are funded from the Aldershot BIA's budget.

### **Review of Internal Control Policies and Procedures**

The City Auditor working in conjunction with Finance reviewed the draft Financial Policy and Financial Protocol documents prepared by the Aldershot BIA and provided interim feedback in early May 2022. That advice was received by the Aldershot BIA Finance Committee and subsequently recommended to and approved by their Board of Directors on May 22, 2022.

The City Auditor contacted ten Business Improvement Area organizations in Southern Ontario including: Downtown Burlington BIA, Kerr Village BIA, Bronte Village BIA, Downtown Milton BIA, Waterdown BIA, Ancaster Village BIA, Downtown Georgetown, Clarkson BIA, Streetsville BIA and Port Credit BIA. These organizations graciously provided their respective financial policies which were used to benchmark against the Aldershot BIA's financial policy and protocol documents. Furthermore, literature from the Ontario Business Improvement Area Association (OBIAA) was reviewed and included in the analysis to further refine and improve the Aldershot BIA Financial Policy.

Recommendations for improving the Financial Policy and Protocol documents were delivered to the Aldershot BIA Executive Director and Treasurer for their consideration in August. Further to these recommendations, the City Auditor re-wrote the Aldershot BIA's Financial Protocol to be consistent with the City's Standard Operating Procedures template and developed a net new Purchasing Standard Operating Procedure. These documents will be provided to the Aldershot BIA Board for their final approval.

## **Financial Matters:**

### **Total Financial Impact**

The cost of the review of the Aldershot BIAs internal control policies and procedures in terms of City staff time and resources will be absorbed by the City's operating budget. Time and resources will not be charged back to the Aldershot Village BIA.

### **Source of Funding**

Not applicable.

### **Other Resource Impacts**

Not applicable.

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## **Climate Implications**

Not applicable

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## **Conclusion:**

The 2021 Aldershot BIA financial statements and update on the review of their internal control policies and procedures are presented for Audit Committee's information.

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Respectfully submitted,

Michelle Moore

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## **Appendices:**

A. Final 2021 Financial Statements – Aldershot BIA

**Report Approval:**

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.