



# VILLAGE OF HARRISON HOT SPRINGS

## NOTICE OF MEETING AND AGENDA

### REGULAR COUNCIL MEETING

ELECTRONIC ATTENDANCE AND PARTICIPATION WILL NOT BE AVAILABLE.  
THE REGULAR COUNCIL MEETING WILL BE CONDUCTED IN-PERSON ONLY

**Date:** Monday, December 6, 2021  
**Time:** 7:00 p.m.  
**Location:** Council Chambers, Memorial Hall, 290 Esplanade  
Avenue, Harrison Hot Springs, British Columbia

#### 1. CALL TO ORDER

Meeting called to order by Mayor Facio.  
Acknowledgment of Sts'ailes traditional territory.

#### 2. INTRODUCTION OF LATE ITEMS

#### 3. APPROVAL OF AGENDA

#### 4. ADOPTION OF COUNCIL MINUTES

(a) THAT the Regular Council Meeting Minutes of November 1, 2021 be adopted.

Item 4(a)  
Page 1

#### 5. BUSINESS ARISING FROM THE MINUTES

#### 6. CONSENT AGENDA

- |                                       |  |
|---------------------------------------|--|
| i. Bylaws                             |  |
| ii. Agreements                        |  |
| iii. Committee/<br>Commission Minutes |  |
| iv. Correspondence                    |  |

#### 7. DELEGATIONS/PETITIONS

(a) IBI Group – Attila Hertel  
Re: Parking Master Plan

Item 7(a)  
Page 7

(b) Upanup – Gretchen Tardif  
Re: Village Website Redesign

Item 7(b)  
Page 9

#### 8. CORRESPONDENCE

(a) Letter dated November 2, 2021 from Jennifer Todd  
Re: Request for permanent washroom facility at Spring Park

Item 8(a)  
Page 11

#### 9. BUSINESS ARISING FROM CORRESPONDENCE

## 10. REPORTS OF COUNCILLORS, COMMITTEES, COMMITTEE OF THE WHOLE AND COMMISSIONS

### Councillor Hooper

- Agassiz Harrison Historical Society
- Fraser Health
- Fraser Valley Regional Library Board (Alternate Municipal Director)

### Councillor Palmer

- Fraser Valley Regional Library Board (Municipal Director)
- Kent Harrison Joint Emergency Program Committee
- Public Art Committee

### Councillor Piper

- Corrections Canada Citizen's Advisory Committee
- Harrison Agassiz Chamber of Commerce
- Kent Harrison Joint Emergency Program Committee
- Tourism Harrison

### Councillor Vidal

- Agassiz Harrison Healthy Communities
- Fraser Valley Regional District Board (Alternate Municipal Director)
- Fraser Valley Regional District Hospital Board (Alternate Municipal Director)

## 11. REPORTS FROM MAYOR

## 12. REPORTS FROM STAFF

- (a) Report of Planning Consultant – November 25, 2021  
Re: Official Community Plan Review Consultation Strategy

Item 12(a)  
Page 12

### Recommendations:

That Council adopt the above referenced OCP consultation plan, and  
That Council authorize the release of the Building Awareness Report.

- (b) Report of Financial Officer – November 30, 2021  
Re: 2021 Audit Plan

Item 12(b)  
Page 17

## 13. BYLAWS

- (a) Report of Deputy Chief Administrative Officer/Corporate Officer – October 26, 2021  
Re: Amendments to Council Procedure Bylaw No. 1164, 2021

Item 13(a)  
Page 47

### Recommendation:

THAT Council Procedure Bylaw No. 1173, 2021 be given first, second and third readings.

## 14. NEW BUSINESS

## 15. QUESTIONS FROM THE PUBLIC (pertaining to agenda items only)

## 16. ADJOURNMENT

4(a)

**VILLAGE OF HARRISON HOT SPRINGS  
MINUTES OF THE REGULAR MEETING OF COUNCIL**

**DATE:** Monday, November 1, 2021

**TIME:** 7:00 p.m.

**PLACE:** Council Chambers, Memorial Hall  
290 Esplanade Avenue, Harrison Hot Springs, BC

**IN ATTENDANCE:** Mayor Leo Facio  
Councillor Samantha Piper  
Councillor Ray Hooper  
Councillor Gerry Palmer  
Councillor Michie Vidal

Chief Administrative Officer, Madeline McDonald  
Deputy Chief Administrative Officer/CO, Debra Key  
Planning Consultant, Ken Cossey

**ABSENT:**

*Recording Secretary: T. Kafi*

**1. CALL TO ORDER**

Mayor Facio called the meeting to order at 7:00 p.m.  
Mayor Facio acknowledged the traditional territory of Sts'ailes

**2. INTRODUCTION OF LATE ITEMS**

None

**3. APPROVAL OF AGENDA**

Moved by Councillor Palmer  
Seconded by Councillor Vidal

THAT the agenda be approved.

**CARRIED  
UNANIMOUSLY**  
RC-2021-11-01

**4. ADOPTION OF COUNCIL MINUTES**

Moved by Councillor Palmer  
Seconded by Councillor Vidal

THAT the Regular Council Meeting Minutes of October 18, 2021 be adopted.

**CARRIED  
UNANIMOUSLY**  
RC-2021-11-02

**5. BUSINESS ARISING FROM THE MINUTES**

None



*Village of Harrison Hot Springs  
Minutes of the Regular Council Meeting  
November 1, 2021*

**6. CONSENT AGENDA**

- i. Bylaws
- ii. Agreements
- iii. Committee/Commission Minutes
- iv. Correspondence

**7. DELEGATIONS/PETITIONS**

None

**8. CORRESPONDENCE**

None

**9. BUSINESS ARISING FROM CORRESPONDENCE**

None

**10. REPORTS OF COUNCILLORS, COMMITTEES, COMMITTEE OF THE WHOLE AND COMMISSIONS**

**Councillor Hooper**

- Agassiz Harrison Historical Society – no report
- Fraser Health
  - Attended a CRN Zoom meeting “Your Communities Future – How to Achieve Population Level Change” on October 19, 2021
  - Attended a CNIB Zoom meeting and training on Wireless Wednesday and talk Friday on October 20, 27 and 29, 2021
  - Took part in a webinar held by Alzheimer Society of BC on October 20, 2021
  - Attended a Zoom meeting with Tamarack Institute on Ending Working Poverty in BC on October 20, 2021
  - Attended a Zoom meeting held by LGBTQ2 on October 29, 2021
- Fraser Valley Regional Library Board (Alternate Municipal Director) – no report
- Attended Public Hearing Open House on October 20, 2021
- Attended an AGM of the Foundry on October 25, 2021

**Councillor Palmer**

- Fraser Valley Regional Library Board (Municipal Director)
  - Attended Board meeting on October 20, 2021
- Kent Harrison Joint Emergency Program Committee – no report
- Public Art Committee – no report

**Councillor Piper**

- Corrections Canada Citizens Advisory Committee
  - Attended Zoom meeting on November 1, 2021
- Harrison Agassiz Chamber of Commerce – no report
- Kent Harrison Joint Emergency Program Committee – no report
- Tourism Harrison – no report

*Village of Harrison Hot Springs  
Minutes of the Regular Council Meeting  
November 1, 2021*

**Councillor Vidal**

- Agassiz Harrison Healthy Communities
  - Attended Zoom meeting on October 21, 2021
- Fraser Valley Regional District Board (Alternate Municipal Director) - no report
- Fraser Valley Regional District Hospital Board (Alternate Municipal Director) – no report
- Attended the Public Hearing for 511 Lillooet Avenue on October 20, 2021
- Attended the Lower Mainland Local Government Association Executive meeting on October 21, 2021
- Attended Virtual Parking Master Plan information session on October 27, 2021
- Attended webinar on Challenging Islamophobia in Local Governments with Columbia Institute on October 28, 2021

**11. MAYOR'S REPORT**

- Reported on the passing of Dr. Laughlin McIntosh from Agassiz
- Attended Fraser Valley Regional Hospital District Board open meeting.
  - Viewed a Presentation by Liz Harris regarding an update on the status of projects of the Fraser Valley Health Care Foundation
- Attended Fraser Valley Regional District Board of Directors Open Meeting
  - Delegation from the Mission Community Cycling Coalition presented a proposal for the development of a greenway on the Dewdney and Nicomen Island dykes.
- Reported that Doug Sidhu was elected to Council in a bi-election in Abbotsford
- Reported on the Fraser Valley Regional District Metro 2050 plan and future population growth in the Fraser Valley
- Reported that Tourism Harrison will proceed with the Lights by the Lake event which will be on display from November 20, 2021 to January 10, 2022
- Reported on receiving the First Legion Poppy on October 27, 2021 and that there will be no formal gathering at the Agassiz High School or a Parade for Remembrance Day.

**12. REPORTS FROM STAFF**

- (a) Report of Deputy Chief Administrative Officer/Corporate Officer – October 25, 2021  
Re: 2022 Regular Council Meeting Schedule

**Moved by Councillor Vidal**

**Seconded by Councillor Palmer**

THAT the proposed Regular Council meeting schedule for 2022 be approved.

**CARRIED  
UNANIMOUSLY**  
RC-2021-11-03

*Village of Harrison Hot Springs  
Minutes of the Regular Council Meeting  
November 1, 2021*

- (b) Report of Deputy Chief Administrative Officer/Corporate Officer – October 25, 2021  
Re: Appointment of Fraser Valley Regional Library Board representative and alternate for 2022

**Moved by Councillor Vidal**

**Seconded by Councillor Hooper**

THAT Council appoint Councillor Gerry Palmer to fulfil the role as municipal director for the Fraser Valley Regional Library Board for 2022; and

THAT Council appoint Councillor Samantha Piper to fulfil the role as alternate municipal director for the Fraser Valley Regional Library Board for 2022

**CARRIED  
UNANIMOUSLY**

*RC-2021-11-04*

- (c) Report of Planning Consultant – October 26, 2021  
Re: Request for an amendment to Development Permit DP05/18 (120 Esplanade Avenue)

**Moved by Councillor Piper**

**Seconded by Councillor Vidal**

THAT Council approve the request to amend Development Permit DP 05/18 issued to Goldwell Developments Incorporated Inc. No. 0986866 for land legally described as Lot B, Section 13, Township 4, Range 29, West of the 6<sup>th</sup> Meridian, New Westminster District Plan BCP 27775.

**CARRIED  
OPPOSED BY COUNCILLOR HOOPER**

*RC-2021-11-05*

**13. BYLAWS**

None

**14. NEW BUSINESS**

**15. QUESTIONS FROM THE PUBLIC (pertaining to agenda items only)**

Questions from the public were entertained.

*Village of Harrison Hot Springs  
Minutes of the Regular Council Meeting  
November 1, 2021*

**16. ADJOURNMENT**

**Moved by Councillor Palmer**  
**Seconded by Councillor Piper**

THAT the meeting be adjourned at 7:28 p.m.

**CARRIED**  
**UNANIMOUSLY**  
*RC-2021-11-06*

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Leo Facio  
Mayor

---

Debra Key  
Corporate Officer





## VILLAGE OF HARRISON HOT SPRINGS

### Request to Appear as a Delegation

In order to make a presentation to Council at a Council Meeting, you are required to submit a written request to the Corporate Administration Department no later than 12:00 p.m. on the Wednesday before the regular meeting. The request can either be a copy of this completed form or a separate letter that you have written which contains the information requested on this form. All requests must be accompanied with background information which will be included in the agenda package. You can submit your request in person, by mail at PO Box 160 Harrison Hot Springs, BC V0M 1K0, fax at 604-796-2192 or e-mail at [admin@harrisonhotsprings.ca](mailto:admin@harrisonhotsprings.ca).

The Corporate Administration Department will advise you when you are scheduled to appear before Council. Council meetings commence at 7:00 p.m. in the Village Council Chambers at 495 Hot Springs Road, Harrison Hot Springs, BC.

You are limited to a maximum of 10 minutes to present your material, regardless of the number of presenters in your delegation.

Date: <u>October 5, 2021</u>	Requested Meeting Date: <u>November 15, December 6</u>
Organization Name (if applicable): <u>IBI Group</u>	
Name of Presenter: <u>Attila Hertel</u>	
Name of Applicant if Other than Above: _____	
Contact Phone Number & E-Mail: <u>416 596 1930 ext 61263 attila.hertel@IBIGroup.com</u>	
Mailing Address with Postal Code: _____	
Audio/Visual requirements: <u>Zoom, share screen</u>	
Topic: <u>Parking Master Plan</u>	
Action you wish Council to take: <u>Receive information</u>	
_____	
_____	





## VILLAGE OF HARRISON HOT SPRINGS

### Request to Appear as a Delegation

In order to make a presentation to Council at a Council Meeting, you are required to submit a written request to the Corporate Administration Department no later than 12:00 p.m. on the Wednesday before the regular meeting. The request can either be a copy of this completed form or a separate letter that you have written which contains the information requested on this form. All requests must be accompanied with background information which will be included in the agenda package. You can submit your request in person, by mail at PO Box 160 Harrison Hot Springs, BC V0M 1K0, fax at 604-796-2192 or e-mail at [admin@harrisonhotsprings.ca](mailto:admin@harrisonhotsprings.ca).

The Corporate Administration Department will advise you when you are scheduled to appear before Council. Council meetings commence at 7:00 p.m. in the Village Council Chambers at 495 Hot Springs Road, Harrison Hot Springs, BC.

You are limited to a maximum of 10 minutes to present your material, regardless of the number of presenters in your delegation.

Date: November 2, 2021 Requested Meeting Date: December 6, 2021

Organization Name (if applicable): Upanup

Name of Presenter: Gretchen Tardif

Name of Applicant if Other than Above: \_\_\_\_\_

Contact Phone Number & E-Mail: Direct (250) 508-7613 gretchent@upanup.com

Mailing Address with Postal Code: \_\_\_\_\_

Audio/Visual requirements: Zoom, share screen

Topic: Village Website Redesign

Action you wish Council to take: Receive information

BY EMAIL AND BY HAND

November 2, 2021

Mayor Leo Facio  
495 Hot Springs Road  
Harrison Hot Springs, BC  
V0M 1K0

Dear Mayor Facio:

I am writing to advocate for the establishment of a permanent washroom facility at Spring Park. I want to draw your attention to the need by sharing my observations with you.

Over the course of the past six years, I have been fortunate to play tennis several times a week. This has given me many opportunities to see the limitations of the current washroom facility at Spring Park. The park is well utilized and has become increasingly busy, especially over the course of the pandemic. The current portable washroom is insufficient, given the significant increase in young families and more tennis, pickleball and ball hockey players using the park. The increased usage of the portable washroom is evident by the condition it is in by the time it is pumped out. It is a very unwelcome experience. Hand sanitizer is available though there is not a proper sink. A sink is needed as families often eat at the picnic tables without a place to wash. I have seen little ones get scraped and there is no water for a clean- up. The size of the cubicle does not permit two people to be inside. When little ones "need to go" parents cannot go inside with them. They are not able to close the door to provide a child with privacy while adequately assisting them inside. In addition to the increase usage, we are fortunate to have a climate where year- round use of the park is an option. The portable washroom has now been removed and so currently there is no washroom facility available.

Spring Park is a beautiful, well utilized space, increasingly enjoyed by children, young families, and tennis and pickle ball players alike. I hope that Mayor and Council will consider that it is time for a permanent washroom facility at Spring Park.

Please do not hesitate to contact me should you have questions or concerns.

Respectfully,

Jennifer Todd

604 701 9492

RECEIVED  
NOV 02 2021  
BY VILLAGE OF HARRISON HOT SPRINGS

8(a)

FILE #	DATE
0220 01	Nov 2/21
<input type="checkbox"/> CAO	<input type="checkbox"/> INFRA
<input type="checkbox"/> DCAO/CO	<input type="checkbox"/> PW
<input type="checkbox"/> FO	<input type="checkbox"/> OTHER
<input type="checkbox"/> ACCOUNTS	<input checked="" type="checkbox"/> MAYOR
<input type="checkbox"/> COMM SERV	<input type="checkbox"/> COUNCIL
ITEM	A B C
COUNCIL AGENDA	
DATE	Nov 15/21
INITIAL <input type="checkbox"/>	
ITEMS: A-REQ, ACTION:	
B - INFO - W/REP;	
C - INFO ONLY	

## VILLAGE OF HARRISON HOT SPRINGS



## REPORT TO COUNCIL

TO: Mayor and Council

DATE: November 25, 2021

FROM: Ken Cossey, MCIP, RPP  
Planning Consultant

FILE: 3900-001

**SUBJECT:** The Official Community Plan Review Consultation Strategy**ISSUE:**

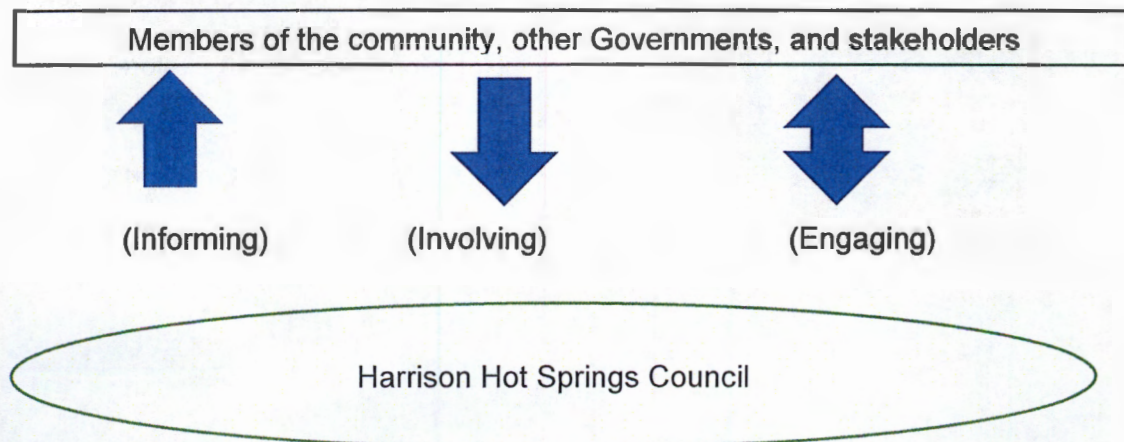
Review of the Building Awareness Report and the outlining of the Official Community Plan consultation strategy.

**BACKGROUND:**Purpose and function of an OCP

An Official Community Plan (OCP) is a comprehensive policy document designed to guide the physical, environmental, economic, social and cultural development of the Village. Whether you are a large or small municipality, the OCP provides the big picture, in that it expresses the community's vision and is a blueprint for future development. The OCP should showcase the municipality, encouraging investors to invest, visitors to visit, and non-residents to relocate. It should be visual, attractive, and thorough in its presentation of goals, objectives and policies and it must align with provincial interests to foster responsible growth. Finally, the vision and the goals of the OCP should be set up in such a manner that the success of the vision and the goals can be measured at some point in the future, to see if the OCP is achieving its goals.

Consultation models

While there are many definitions on what consultation is, as outlined in the model below, the better approach is to set up a system that involves and engages the participants. Please note the direction of the arrow is the information flow.







## OVERALL ENGAGEMENT APPROACH

Understanding that the world is currently in a state of transformation and uncertainty as we move through this COVID-19 experience, we have devised preliminary engagement strategy options that considers opportunities for both face-to-face and online engagement programming. The option to convert face-to-face engagement with online techniques where social distancing is a necessity has been included. While we intend to work closely with the Village's project manager to finalize the engagement strategy, we suggest utilizing a combination of engagement techniques to educate, and engage, and excite the citizens of Harrison Hot Springs:

- ✓ **Village's Website** - To build awareness, inform the community about the process, demonstrate the ease of participation, and update community on various project stages, results, and engagement opportunities, as well as to maintain project excitement, momentum, and transparency.
- ✓ **Advertising** - To create awareness and promote the project and engagement events. This could include the local newsletter in addition to direct mail to the members, and local businesses.
- ✓ **In-person Pop-Up Events** (Online Version Possible) – At key stages in the engagement process we will set up a booth at various locations around the community to raise awareness about the project, the process and engage members on what they value about the community, their hopes for Harrison Hot Spring's future and other important input driven components of the project. These events would have to be carefully considered and comply with all health requirements around COVID-19.



- ✓ **Displays** - To be set-up as directed by the Villages' project team. Handouts can also be made available to accompany these displays and direct citizens to online engagement information and opportunities.



**Online Survey** - To engage citizens on what they value about the community and their hopes for the future of the Harrison Hot Springs and to explore big picture ideas.

- ✓ **Workshops** (Online or in person) - to engage in targeted discussions and identify issues and opportunities.

- ✓ **Workbooks** (Online or in person) - To encourage members to consider policy directive options.

#### Consultation and Engagement requirements

Consultation is an important factor on the development of the OCP, and Council must provide one or more opportunities for consultation, as per sections 475 and 476 of the *Local Government Act*. Please note that this is required outside of the public hearing process. As per section 475, the Village must also consider what consultation must take place with persons, organizations and authorities it considers will be affected by the updated OCP.

In addition to the above suggested consultation strategy, input should be provided from the following agencies or governments through the following process:

#### Letter and the suggestion for a follow up stakeholder meeting and presentation

1. Tourism Harrison River Valley
2. Harrison Agassiz Chamber of Commerce

#### Letter and a suggestion for follow up government to government meetings and presentations, at key points throughout the process

1. Sts'ailes First Nation – this would also include a presentation on what an Official Community Plan is and the sharing of the Village's Building Awareness Report. The first draft of the OCP will be shared with Sts'ailes First Nation and the Planning Consultant will make a presentation to the Council and answer questions.

#### Letter only

1. Agricultural Land Commission
2. District of Kent
3. Fraser Cascade School District
4. Fraser Valley Regional District
5. Fraser Health
6. Ministry of Transportation and Infrastructure
7. Harrison Hot Springs Fire Department
8. RCMP

#### Presentation to the APC

- 1/. As directed by Council, staff will prepare a presentation for the APC, as and when required. A report will be presented to Council outlining what will be presented before any APC meeting has been set up.

The Council can add or delete to this list as required.

**RECOMMENDATIONS:**

1. That Council adopt the above referenced OCP consultation plan, and
2. That Council authorize the release of the Building Awareness Report.

**Respectfully submitted:**

**REVIEWED BY and Concurrence  
with the RECOMMENDATIONS**

Ken Cossey

Ken Cossey, MCIP, RPP,  
Planning Consultant

Madeline McDonald

Madeline McDonald  
Chief Administrative Officer





## VILLAGE OF HARRISON HOT SPRINGS

### REPORT TO COUNCIL

TO: Mayor and Council

DATE: November 30, 2021

FROM: Tracey Jones-Piron  
Financial Officer

FILE: 1680-20

SUBJECT: 2021 Audit Plan

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As part of our agreement with BDO Canada LLP, our Village auditors, have provided an audit planning report for Mayor and Council.

The report is presented for Council's information.

Respectfully submitted:

REVIEWED BY:

Tracey Jones-Piron

Tracey Jones-Piron  
Financial Officer

Madeline McDonald

Madeline McDonald  
Chief Administrative Officer



# VILLAGE OF HARRISON HOT SPRINGS

## AUDIT PLANNING REPORT TO THE MAYOR AND COUNCIL

December 1, 2021 for presentation on December 6, 2021

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## EXECUTIVE SUMMARY

We are pleased to provide this Audit Planning Report to assist you in fulfilling your oversight responsibilities with respect to our audit of the financial statements the Village of Harrison Hot Springs (the "Village") for the year ending December 31, 2021. A summary of our report is as follows:



### Your BDO Audit Team

Brian Szabo, CA, CPA will be the lead on the engagement team, supported by Manager Kayla Northcote and subject matter experts as deemed necessary. Please refer to page 4 for contact information should you have any questions or concerns regarding the financial statement audit.



### Timeline

See the [Audit Timeline](#) section of the report for the detailed milestones.



### Audit Focus

Our audit is focused on risks specific to your business and key accounts. Specifically, we have identified the following areas on which to focus:

- ▶ Management Override of Internal Controls
- ▶ Recognition of Revenue
- ▶ Staff Salaries
- ▶ Tangible Capital Assets and Accumulated Amortization
- ▶ Employee Future Benefits
- ▶ COVID-19



### Materiality

We have determined that preliminary materiality for the current year audit will be based on expenditures. Preliminary materiality is \$128,000 for the year ending December 31, 2021.



### Engagement Objectives

Our overall responsibility is to form and express an opinion on the financial statements. The performance of this audit does not relieve management or those charged with governance of their responsibilities. Please see the attached engagement letter in [Appendix A](#) for specific details regarding the scope of our work.



### Fraud Discussion

Through our planning process, and prior years' audits, we have developed an understanding of your oversight processes. We are not currently aware of any fraud affecting the Village. Please see [Appendix C](#) for clarification of the auditor's responsibilities for detecting fraud.

If you are aware of changes to processes or are aware of any instances of actual, suspected or alleged fraud affecting the Village, we request that you provide us with this information.

## YOUR DEDICATED BDO AUDIT TEAM

In order to ensure effective communication between the Mayor and Council and BDO Canada LLP, the contact details of the engagement team are outlined below. We attempt to provide continuity of service to our clients to the greatest extent possible in accordance with mandated partner rotation rules. Should rotation be required for key members of the engagement team, we will discuss this matter with the management and determine the appropriate new individual(s) to be assigned to the engagement based on particular experience, expertise and engagement needs.

NAME	ROLE	PHONE NUMBER	EMAIL
Brian Szabo, CPA, CA	Engagement Partner	604-646-3389	bszabo@bdo.ca
Darren Taylor, CPA, CA	Indirect Tax Partner	604-443-4725	dtaylor@bdo.ca
Kayla Northcote, CPA	Assurance Manager	236-700-0115	knorthcote@bdo.ca

## AUDIT TIMELINE

The following schedule outlines the anticipated timing of the audit of the financial statements of the Village.

As part of the year end Mayor and Council meeting, we will provide the Mayor and Council with a copy of our draft audit opinion, discuss our findings, including significant estimates utilized by management, accounting policies, financial statement disclosures, and significant transactions completed during the year. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.





## SIGNIFICANT AUDIT RISKS AND PLANNED RESPONSES

Based on our knowledge of the Village's business, our past experience, and knowledge gained from management and the Mayor and Council, we have identified the following significant risks; those risks of material misstatement that, in our judgment, require special audit consideration.

Significant risks arise mainly because of the complexity of the accounting rules, the extent of estimation and judgment involved in the valuation of these financial statement areas, and the existence of new accounting pronouncements that affect them. We request your input on the following significant risks and whether there are any other areas of concern that the Mayor and Council has identified.

AREAS OF FOCUS	RISKS NOTED	AUDIT APPROACH
<b>Management Override of Internal Controls</b>  <i>(Mandatory audit risk)</i>	Management is in a unique position to perpetrate fraud because of the ability to directly or indirectly manipulate accounting records and to prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	Test the design and implementation of controls over journal entries and other fraud risk areas.  Review of transactions recorded in the various ledgers for unusual or non-recurring adjustments not addressed by other audit procedures.  Test a sample of journal entries for appropriateness and documentation.  Review material/unusual transactions for business rationale.
<b>Revenue Recognition</b>  <i>(Mandatory audit consideration)</i>	We have rebutted the risk of fraudulent revenue recognition as permitted under auditing standards. Nevertheless, there continues to be a risk of revenue being recorded in the incorrect period, as accounting standards are complex and subject to variation in application.	User fee and taxation revenues streams have revenue recognition issues which will be reviewed in accordance with revenue recognition standards.  Grant funding received will be confirmed through a review of agreements, which ensures that the amounts recorded exist. We will also ensure the revenue is recorded accurately in accordance with the settlement of any stipulations.

AREAS OF FOCUS	RISKS NOTED	AUDIT APPROACH
<b>Staff Salaries</b>	A significant single type of expenditure that covers many employees and departments. This figure is often of particular interest to financial statement users of public sector entities.	<p>Application of computer audit testing to analyze payroll transactions in the year is a key step to identify unusual payroll relationships for testing.</p> <p>We will also test controls perform and analytical review of staff salary and benefits.</p>
<b>Tangible Capital Assets and Accumulated Amortization</b>	Useful life estimates will need to be regularly evaluated to determine if they are still accurate. This involves a high level of estimation and coordination of the finance department with other departments.	<p>We will review policies on procurement for major projects and perform review of actual expenditures to approved budgets.</p> <p>We will also test a sample of asset acquisitions during the year to ensure they were accounted for appropriately under relevant accounting standards.</p>
<b>Employee Future Benefits</b>	A complex area that requires much estimation and reliance on actuarial experts.	<p>An actuarial valuation was last performed as at December 31, 2018.</p> <p>Management will obtain a new valuation report effective for December 31, 2021.</p>



## MATERIALITY



Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances and include an assessment of both quantitative and qualitative factors and can be affected by the size or nature of a misstatement, or a combination of both.

Preliminary materiality was determined to be \$128,000, based on 3% of estimated total expenses.

Our materiality calculation is based on the Village's prior year results. In the event that actual results vary significantly from those used to calculate preliminary materiality, we will communicate these changes to the Mayor and Council as part of our year end communication.

We will communicate all corrected and uncorrected misstatements identified during our audit to the Mayor and Council, other than those which we determine to be "clearly trivial". Misstatements are considered to be clearly trivial for purposes of the audit when they are inconsequential both individually and in aggregate.

We encourage management to correct any misstatements identified throughout the audit process.



## APPENDIX A: ENGAGEMENT LETTER



Tel: (604) 688-5421  
Fax: (604) 688-5132  
www.bdo.ca

BDO Canada LLP  
Unit 1800 Royal Centre  
1695 West Georgia Street, P.O. Box 11101  
Vancouver, BC  
V6J 3P3

Direct Line: 604-646-3389  
E-mail: bszabo@bdo.ca

October 25, 2021

Village of Harrison Hot Springs  
Attention: Ms. Tracey Jones-Piron  
PO Box 160  
495 Hot Springs Road,  
Harrison Hot Springs, BC  
V0M 1K0

Dear Tracey:

We understand that you wish for us to continue as the auditors of Village of Harrison Hot Springs for its fiscal year ended December 31, 2021 and subsequent years.

We are pleased to perform the engagement subject to the terms and conditions of this Agreement, to which the attached Standard Terms and Conditions form an integral part. The definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement. This Agreement will remain in place and fully effective for future years until varied or replaced by another relevant written agreement.

Brian Szabo, CPA, CA will be the Engagement Partner for the audit work we perform for you. The Engagement Partner will call upon other individuals with specialized knowledge to assist in the performance of services.

### Our Role as Auditors

We will conduct our audit(s) in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements prepared in accordance with Canadian public sector accounting standards are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by you, as well as evaluating the overall financial statement presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, whether by fraud or error, may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making our risk assessments, we consider internal control relevant to your preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your internal controls. However, we will communicate to you concerning any significant deficiencies in internal controls relevant to the audit of the financial statements that we have identified during the audit.



We will also communicate matters required by professional standards, to the extent that such matters come to our attention, to you, those charged with governance and/or the board of directors.

#### Reporting

Our audit will be conducted on the basis that the financial statements have been prepared in accordance with Canadian public sector accounting standards.

Our independent auditor's report will be substantially in the form set out in Canadian Auditing Standard (CAS) 700. The form and content of our report may need to be amended in the light of our audit findings. If we are unable to issue or decline to issue an audit report, we will discuss the reasons with you and seek to resolve any differences of view that may exist.

#### Role of Management and Those Charged with Governance

You acknowledge and understand that you have responsibility for:

- (a) the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards. The audit of the financial statements does not relieve you of your responsibilities;
- (b) such internal controls as you determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- (c) providing us with:
  - access, in a timely manner, to all information of which you are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - additional information that we may request for the purpose of the audit;
  - unrestricted access to persons within the entity from whom we determine it is necessary to obtain audit evidence;
  - financial and non-financial information (other information) that will be included in document(s) containing financial statements and our audit report thereon prior to the date of our auditor's report. If it is not possible to provide all the other information prior to the date of our auditor's report, you are responsible for provision of such other information as soon as practicable; and
  - written confirmation concerning representations made to us in connection with the audit. If appropriate and adequate written representations are not provided to us, professional standards require that we disclaim an audit opinion.

#### Financial Statement Services

We will obtain your approval, if during the course of our engagement we:

- (a) prepare or change a journal entry; or
- (b) prepare or change an account code or a classification for a transaction.



As agreed, we will provide assistance in the preparation of the financial statements.

These services create a threat to our independence. We, therefore, require that the following safeguards be put into place:

- (a) that you create the source data for all accounting entries;
- (b) that you develop any underlying assumptions for the accounting treatment and measurement entries; and
- (c) that you review and approve the draft financial statements, including the notes to the financial statements.

#### Tax Services

Our audit is conducted primarily to enable us to express an opinion on the financial statements. The audit process is not designed to provide us with a full understanding of your tax situation and in particular, to allow us to determine whether the entity has specific tax compliance issues. We understand that you are not looking to BDO to provide you with any guidance or advice in regard to tax planning or compliance.

#### Additional Services

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

#### Fee Estimation

Our fees will be in accordance with our proposal dated September 13, 2021 and will be billed as the work progresses.

We will notify you on a timely basis if there are any circumstances we encounter which could significantly affect our initial estimate of professional fees.

We reserve the right to suspend our Services if any of our invoices become delinquent. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent.

Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

#### Standard Terms and Conditions

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. The Standard Terms and Conditions include clauses that limit our professional liability.

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.



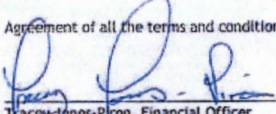
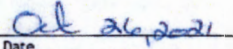


It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

*BDO Canada LLP*  
Chartered Professional Accountants  
BJS/nk/mt

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

   
Tracy Jones-Paton, Financial Officer Date

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it. A complete copy of the signed engagement letter should be returned to us.



### **Appendix 1 - Standard Terms and Conditions**

#### **1 Overview and Interpretation**

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services. To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

**This Agreement** - these Standard Terms and Conditions, the letter to which they are attached, any supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years

**Services** - the services provided or to be provided under this Agreement

**We, us, our, BDO** - refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

**You, your** - the party or parties contracting with BDO under this Agreement, including the party's or parties' management and those charged with corporate governance. You and your does not include BDO, its affiliates or BDO Member Firms

**BDO Member Firm or Firms** - any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

**Confidential Information** - information that contains identifying features that can be attributed to you or individual personnel

#### **2 BDO Network and Sole Recourse**

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.

2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above as if they were a party to this Agreement.

#### **3. Respective Responsibilities**

3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.



- 3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.
- 4 **Working Papers and Deliverables**
- 4.1 **Ownership** - Any documents prepared by us, or for us, in connection with Services belong solely to us.
- 4.2 **Oral advice and draft deliverables** - You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.
- 4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.
- 4.4 **Reliance by Third Parties** - Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you. Items of possible interest to a third party will not be addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.
- 4.5 **Consent to use the Report** - Nothing in this Agreement shall be construed as consent to the use of our report in connection with a continuous disclosure document, a public or private offering document, an annual report or any other document and we expressly do not provide such consent. If you request consent for the use of our report, we will consider, at the relevant time, providing consent and any conditions that we may attach to such consent. Our consent must be in writing.
- 4.6 **Consent requests** - In order to provide consent, professional standards require that we read the other information in the related document and consider whether such information is materially inconsistent with the related financial statements. Any consent request must be made on a sufficiently timely basis to allow us to consider your identification and resolution of events occurring in the period since the date of our report, and to obtain updated written representation letters. Such procedures will be performed at your cost and will be documented in a separate engagement letter.
- 5 **Confidentiality**
- 5.1 We agree to use Confidential Information provided by you only in relation to the Services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation or professional obligation. We may, however, give Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services. Any party to whom we subcontract work will be required to keep Confidential Information confidential either by professional obligation or contract with us. Any BDO Member Firms or other subcontractors we use will be bound by the same confidentiality obligations.
- 3.2 BDO shall be entitled to include a description of the work we render to or for you in marketing and research materials and disclose such information to third parties, provided that all such information will be made anonymous and not associated with you. Additionally, we may analyze information on an industry or sector basis for internal purposes or to provide industry/sector wide information to our clients or potential clients.





You consent to our using information obtained from you in this way provided that the outputs therefrom will not contain any identifying features that can be attributed to you.

#### **6 Independence**

- 6.1 Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to our clients in the performance of our Services. We will communicate to you any relationships between BDO (including its related entities) and you that, in our professional judgment, may reasonably be thought to bear on our independence.

#### **7 Offers of Employment**

- 7.1 Any discussions that you, or any party acting on your behalf, have with professional personnel of our Firm regarding employment could pose a threat to our independence. Your recruitment of an engagement team member from the current or prior year's engagement may compromise our independence and our ability to render agreed Services to you. Engagement team members may include current and former partners and staff of BDO, other BDO Member Firms and other firms who work under our direction. Therefore, you agree to inform us prior to any such discussions so that you and we can implement appropriate safeguards to maintain our independence.

#### **8 Professional and Regulatory Oversight**

- 8.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.
- 8.2 Certain regulatory bodies may also have the right to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law, we will advise you of any such investigation request or order prior to providing our working papers.
- 8.3 You agree to reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order or other legal process.

#### **9 Privacy and Consents**

- 9.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:
- (a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and
  - (b) we will hold all personal information in compliance with our Privacy Statement.



#### 10 Electronic Communications

- 10.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.
- 10.2 By signing this Agreement, you provide BDO with express consent to communicate with you and your employees, as applicable, electronically, including sending BDO newsletters, publications, announcements, invitations and other news and alerts that may be of interest to you. You and your employees may withdraw such consent at any time by contacting BDO at [www.bdo.ca/unsubscribe](http://www.bdo.ca/unsubscribe).

#### 11 Limitation of Liability

- 11.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.
- 11.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.
- 11.3 You agree that BDO shall in no event be liable to you for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:
- (a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and
  - (b) \$25,000.
- 11.4 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
- 11.5 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.
- #### 12 Indemnity
- 12.1 To the fullest extent permitted by applicable law and professional regulations, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitor's fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:



- (a) a misrepresentation by a member of your management or board of directors, regardless of whether such person was acting in your interest;
- (b) the Services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you, failing which, the matter may be referred to dispute resolution in accordance with the terms of this Agreement.

### 13. Alternative Dispute Resolution

- 13.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement or the Services provided hereunder through good faith negotiations.
- 13.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation pursuant to the National Mediation rules of the ADR Institute of Canada Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties mutually agree upon shall be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada Inc. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the National Arbitration Rules.

### 14. Limitation Period

- 14.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.
- 14.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.
- 14.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

### 15. Québec Personnel

- 15.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. Any limitation of liability clauses in this Agreement shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.



**16 Termination**

16.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).

16.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

**17 Governing Laws**

17.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of British Columbia in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

**18 Survival**

18.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

**19 Force Majeure**

19.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

**20 Assignment**

20.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

**21 Severability**

21.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.

Version number 202109

## APPENDIX B: INDEPENDENCE LETTER

We will conform our independence in writing as part of our reporting to you on the results of our audit.

## APPENDIX C: RESPONSIBILITIES

It is important to understand the responsibilities of management, of the external auditor, and the responsibilities of those charged with governance (i.e. Mayor and Council). BDO's responsibilities are outlined below and within the annual engagement letter attached as [Appendix A](#) to this letter. The oversight and financial reporting responsibilities of management and Mayor and Council are also summarized below.

### AUDITOR'S ENGAGEMENT OBJECTIVES

Our overall objective is to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position, financial performance and cash flows of the Village in accordance with Canadian public sector accounting standards.

Year-End Audit Work	Other Information
<ul style="list-style-type: none"> <li>▶ Work with management towards the timely issuance of financial statements.</li> <li>▶ Provide timely and constructive management letters. This will include deficiencies in internal control identified during our audit.</li> <li>▶ Present significant findings to the Mayor and Council including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Read the other information included in the Village's Annual Report to identify material inconsistencies, if any, with the audited financial statements.</li> </ul>
	Year-Round Work
	<ul style="list-style-type: none"> <li>▶ Consult regarding accounting, income tax and reporting matters as requested throughout the year.</li> </ul>



## AUDITOR'S RESPONSIBILITIES FOR DETECTING FRAUD

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- ▶ Identifying and assessing the risks of material misstatement due to fraud;
- ▶ Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- ▶ Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

### Fraud Risk Assessment Procedures

- ▶ Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- ▶ Management's process for identifying and responding to the risks of fraud in the Village, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- ▶ Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the Village; and
- ▶ Management's communication, if any, to employees regarding its view on business practices and ethical behaviour.



### Response to Assessed Fraud Risks

- ▶ Inquire of management, the Mayor and Council, and others related to any knowledge of fraud, suspected fraud or alleged fraud;
- ▶ Perform disaggregated analytical procedures and consider unusual or unexpected relationships identified in the planning of our audit;
- ▶ Incorporate an element of unpredictability in the selection of the nature, timing and extent of our audit procedures; and
- ▶ Perform additional required procedures to address the risk of management's override of controls including:
  - Testing internal controls designed to prevent and detect fraud;
  - Testing the appropriateness of a sample of adjusting journal entries and other adjustments for evidence of the possibility of material misstatement due to fraud;
  - Reviewing accounting estimates for biases that could result in material misstatements due to fraud, including a retrospective review of significant prior years' estimates; and
  - Evaluating the business rationale for significant unusual transactions.



## RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE

- ▶ Oversee the work of the external auditor engaged for the purpose of issuing an independent auditor's report.
- ▶ Facilitate the resolution of disagreements between management and the external auditor regarding financial reporting matters.
- ▶ Review the financial statements before the Village publicly releases this information.

## MANAGEMENT RESPONSIBILITIES

- ▶ Maintain adequate accounting records and maintain an appropriate system of internal control for the Village.
- ▶ Select and consistently apply appropriate accounting policies.
- ▶ Prepare the annual financial statements in accordance with Canadian public sector accounting standards.
- ▶ Safeguard the Village's assets and take reasonable steps for the prevention and detection of fraud and other irregularities.
- ▶ Make available to us, as and when required, all of the Village's accounting records and related financial information.



## APPENDIX D: BDO RESOURCES

BDO is a leading provider of professional services to clients of all sizes in virtually all business sectors. Our team delivers a comprehensive range of assurance, accounting, tax, and advisory services, complemented by a deep industry knowledge gained from nearly 100 years of working within local communities. As part of the global BDO network, we are able to provide seamless and consistent cross-border services to clients with global needs. Commitment to knowledge and best practice sharing ensures that expertise is easily shared across our global network and common methodologies and information technology ensures efficient and effective service delivery to our clients.

### BDO SUSTAINABILITY

BDO can help you seize the opportunities, mapping the qualitative and quantitative changes necessary to position your organization as a leader in ESG.

From in-depth Advisory services to leading-edge data and AI solutions, BDO can help you transform your business for transformative times, identifying, implementing and integrating sustainability initiatives and ESG compliance.

Please access the Sustainability Services Centre at the following link:  
<https://www.bdo.ca/en-ca/services/advisory/sustainability/overview/>

### BDO INSIGHTS

BDO Canada has curated articles on a number of topics and across industries in our BDO Insights page (<https://www.bdo.ca/en-ca/insights/>). Articles can be filtered by industry or service area. In particular the following topical articles have been added for our public sector clients in relation to the current environment:

- [SECTION PS 3041 - PORTFOLIO INVESTMENTS](#)
- [SECTION PS 1201 - FINANCIAL STATEMENT PRESENTATION](#)

Please follow the above links to access the articles.



## APPENDIX E: CHANGES IN ACCOUNTING STANDARDS WITH POTENTIAL TO AFFECT THE VILLAGE OF HARRISON HOT SPRINGS

*The following summarizes the status of new standards and the changes to existing standards as of the fall of 2020. The Appendix also reviews Exposure Drafts, Statements of Principles, Projects and Post Implementation Reviews that provide information on the future direction of CPA Public Sector Accounting Handbook.*

### NEW STANDARDS NOT YET IN EFFECT

#### **Section PS 3400 Revenue (effective years beginning on or after April 1, 2023 - date revised due to COVID)**

This section is related to revenue recognition principles that apply to revenues of governments and government organizations other than government transfers and tax revenue.

The Public Sector Accounting Handbook has two Sections that address two major sources of government revenues, government transfers and tax revenue. Revenues are defined in Section PS 1000, Financial Statement Concepts. Recognition and disclosure of revenues are described in general terms in Section PS 1201, Financial Statement Presentation.

This section addresses recognition, measurement and presentation of revenues that are common in the public sector.

It is less complex than the comparable new IFRS standard, although generally consistent in philosophy.

This new Section will be effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

#### **Section PS 3280, Asset Retirement Obligations (effective years beginning on or after April 1, 2022 - date revised due to COVID)**

This new Section establishes standards on how to account for and report a liability for asset retirement obligations. The main features of the new Section are:

- An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs associated with a tangible capital asset controlled by the entity increase the carrying amount of the related tangible capital asset (or a component thereof) and are expensed in a rational and systematic manner.
- Asset retirement costs associated with an asset no longer in productive use are expensed.
- Measurement of a liability for an asset retirement obligation should result in the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date.
- Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset (or a component thereof), or an expense, depending on the nature

- of the re-measurement and whether the asset remains in productive use.
- A present value technique is often the best method with which to estimate the liability.
- As a consequence of the issuance of Section PS 3280:
  - editorial changes have been made to other standards; and
  - Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability has been withdrawn.

This Section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.

Section PS 3270 will remain in effect until the adoption of Section PS 3280 for fiscal periods beginning on or after April 1, 2022, unless a public sector entity elects earlier adoption.

This is one of the most significant new standards in years and will require considerable staff time in most entities to prepare for compliance. BDO has tools and resources to assist in this regard including our ARO Implementation Checklist.

## Financial Instruments Narrow Scope

### Amendments

**(effective years beginning on or after April 1, 2022)**

As the name implies, these amendments are quite narrow in scope and will not impact many entities.

The amendments are intended to:

- clarify how to deal with financial instruments intended to maintain orderly conditions for the circulation of the Canadian dollar (will impact Federal Government only)
- change treatment of bond repurchases such that will not always be an immediate extinguishment of debt

- clarifies and simplifies certain transitional provisions

The Final Standard was issued in March 2020.

## PS 3160 Public Private Partnerships (effective years beginning on or after April 1, 2023)

This project has been underway since 2014 and is nearing completion. PSAB is currently deliberating feedback received on the exposure draft which closed at the end of February 2020.

The exposure draft recommends the following:

- an asset would be recorded when the public sector entity controls:
  - the purpose and use of the infrastructure;
  - access to the infrastructure; and
  - any significant interest accumulated in the infrastructure when the public private partnership's term ends.
- asset to be recorded at cost/fair value -- usually based on present value of future payments related to construction/acquisition of asset
- record liability at same amount as asset
- liability a financial liability when cash/asset consideration, but if non-financial consideration may be:
  - a non-financial liability such as unearned revenue
  - or if no performance obligations may be immediate recognition of proceeds from grants of rights for use
- where a liability is recorded, it should be reduced as performance obligations are settled
- fairly detailed disclosure requirements



The Public Private Partnerships standard, Section PS 3160, was approved in December 2020. The standard was included in the PSA Handbook in April 2021, and is effective for fiscal years beginning on or after April 1, 2023. For the City, this means the year ending December 31, 2023 is the first year that the standard must be followed.

## **Purchased Intangibles: Narrow Scope Amendments**

This project came together quickly as a result of a submission to the Public Sector Accounting Discussion Group. An Exposure Draft was issued in November 2019 and comments closed January 31, 2020. It is expected that PSAB will approve the amendments in fall 2020.

The main features of these amendments will be to:

- remove the recognition prohibition on purchased intangibles from Section PS 1000;
- remove the disclosure requirements from Section PS 1201 relating to purchased intangibles not recognized; and thus,
- allow for the recognition of purchased intangibles in public sector financial statements.

PSAB approved final amendments to the Handbook and a new guideline, PSG-8, Purchased Intangibles, at its September 2020 meetings. The final standard was issued in November 2020 and is effective for fiscal years beginning on or after April 1, 2023. For the City, this means the year ending December 31, 2023 is the first year that the standard must be followed.



## CONSULTATION PAPERS AND INVITATIONS TO COMMENT

### Concepts Underlying Financial Performance

This project includes both the "Conceptual Framework" and "Reporting Model" related to it.

The existing Conceptual Framework found in Sections PS 1000, Financial Statement Concepts and PS 1100, Financial Statement Objectives will be replaced by 10 new chapters. Because the Conceptual Framework is used to develop generally accepted accounting principles (GAAP) but is not considered GAAP itself, there is not expected to be immediate impact from the introduction of the Conceptual Framework. It will, however, influence future Standards development so it is important that the concepts and principles be understood and considered.

Further a new Reporting Model will come along to amend and/or replace PS 1201, Financial Statement Presentation. It is expected that the new Reporting Model will allow better flexibility for application of PSAS to financial statements of government organizations and general improvements to aid understanding of financial statements. In particular, potential options for presentation of endowment investments and related fund balances.

PSAB deliberated the feedback received on the initial Statement of Concepts and Statement of Principles and developed two exposure drafts (one for a revised conceptual framework and one for a revised reporting model), with two accompanying bases for conclusions documents, and two other exposure drafts outlining the resulting consequential amendments.

These documents were issued on January 11, 2021 and the comment deadline was June 30, 2021.

PSAB is currently deliberating the feedback on the four exposure drafts related to this project (The Conceptual Framework for Financial Reporting in the Public Sector, Consequential Amendments Arising from the Proposed Conceptual Framework, Financial Statement Presentation, Proposed

Section PS 1202 and Consequential Amendments Arising from Financial Statement Presentation, Proposed Section PS 1202).

### Review of International Strategy

On May 5, 2020, PSAB voted to approve "Option 2 - Adapt IPSAS principles when developing future standards," as described in Consultation Paper 2, "Reviewing PSAB's Approach to International Public Sector Accounting Standards." This decision resulted from extensive consultation with Canadian stakeholders. The Board initiated the project through its 2017-2021 Strategic Plan, "Review of PSAB's Approach to International Public Sector Accounting Standards."

Option II: Adapt IPSAS principles when developing future standards. PSAB would continue to develop PSAS, but future standards would be based on principles in existing individual IPSAS as each is considered by PSAB. The Board would establish a "Criteria for Modifying Principles" document to provide guidance on when departures from IPSAS principles in a standard under consideration are permitted. The Board's conceptual framework and financial reporting model would continue as the foundation for Canadian public sector generally accepted accounting principle (GAAP). So, a departure from principles in an individual IPSAS would be required if they conflict with the Board's framework or model. Changes to GAAP under this option would occur prospectively, and the Board's due process would be modified to incorporate the Criteria for Modifying Principles. Given that future PSAS would be based on principles in existing individual IPSAS, there would be an increased focus toward influencing the principles under development for new IPSAS.

## Government Not-for-Profit Strategy

When government not-for-profits were brought into the PSA Handbook they were given the option of applying PSAS standards or PSAS standards in conjunction with the “4200 Series” of standards that mirror Part III of the CPA Handbook. It was always recognized that the 4200 Series was likely a stop-gap measure with additional NPO-specific standards being brought into the “regular” PSA Handbook. The need to review the GNFP strategy become more urgent with several provinces mandating that their organizations not use the 4200 series.

This is a difficult area because of the fact that many GNFPs operate quite differently than governments do and therefore do not fit well into a government financial reporting model. Moreover, not-for-profit organizations that are not government controlled follow different standards than GNFPs do (particularly those GNFPs that do not use 4200 series) which makes comparisons between some entities difficult.

PSAB has recognized the issues facing the GNFP sector and has created a GNFP Strategy Committee to guide it through a process of developing improved guidance for GNFPs. Retired BDO partner Bill Cox is the Chair of this committee. The committee issued its first Consultation Paper in May 2019 which was mostly fact-finding. A second consultation paper issued in January 2021 included options and a recommended strategy. The recommendation is for GNFPs to go “full PSAS” but that as part of this process the existing PS 4200 standards will be reviewed on a standard by standard basis. Each existing 4200 standard will either be brought in to amend or supplement PSA standards or be discarded.

The comment deadline for this consultation paper was extended from May 12, 2021 to June 30, 2021 and PSAB is currently deliberating the feedback received.

## Employment Benefits

The existing Employee Benefits standards in PS 3250, Retirement Benefits and PS 3255, Post-employment Benefits are some of the older standards currently existing in the PSA Handbook. Quite frankly, they have not kept pace with the changes that have occurred in the industry. New concepts such as “Target-Benefit Plans” and “Shared-Risk Plans” do not fit in neatly to existing standards.

In recognition of the wide scope of review required to modernize these standards, PSAB had broken initial review into three different sections:

- Deferral Provisions (Invitation to Comment issued in November 2016)
- Discount Rate Guidance (Invitation to Comment issued in November 2017)
- Non-Traditional Pension Plans (Invitation to Comment issued in October 2018)
- The first exposure draft, “Employee Benefits, Proposed Section PS 3251”, and the accompanying Basis for Conclusions, was issued on July 28, 2021.
- The first phase of this multi-phase standard is focused on the topics of deferral provisions and discount rate guidance. Future phases will focus on non-traditional pension plans and other issues.
- Deferral provisions updated under the Exposure Draft propose that revaluations of the net defined benefit liability (asset) be recognized immediately on the statement of financial position within the net defined benefit liability(asset) and the accumulated other component of net assets. Deferral and amortization of actuarial gains and losses would no longer be used. Further, it is proposed that plan assets would be measured at market value.
- Discount rate guidance from PSAB proposes that a public sector entity would assess the funding status of a post-employment

benefit plan to determine the appropriate discount rate by considering the proportion of the current and projected plan assets balance compared to projected benefit payments, and the unique circumstances and characteristics of their post-employment benefit plan.

- The comment deadline for the first Exposure Draft was November 25, 2021.

### **PSAB's Draft 2022-2027 Strategic Plan**

The Strategic Plan sets out the following broad strategic objectives that help guide PSAB in achieving its public interest mandate over a multi-year period -

- Develop relevant and high-quality accounting standards
- Enhance and strengthen relationships with stakeholders
- Enhance and strengthen relationships with other standard setters
- Support forward-looking accounting and reporting initiatives

Feedback on PSAB's next Strategic Plan closed for comment October 6, 2021.





## VILLAGE OF HARRISON HOT SPRINGS

### REPORT TO COUNCIL

**TO:** Mayor and Council **DATE:** October 26, 2021  
**FROM:** Debra Key, Deputy Chief **FILE:** 0530-01  
Administrative Officer/Corporate Officer  
**SUBJECT:** Amendments to Council Procedure Bylaw No. 1164, 2021

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**ISSUE:** Amendments to Council Procedure Bylaw No. 1164, 2021

#### **BACKGROUND:**

On October 18, 2021 Council approved amendments to the Council Procedure Bylaw to allow for open meetings of Council to be conducted electronically or in a hybrid fashion to include both in-person and electronic attendance.

#### **DISCUSSION:**

Amendments have been made to the Council Procedure Bylaw to allow for Regular Council or Special Council meetings to be conducted by means of electronic or other communication facilities, including provisions to enable participants to hear, or watch and hear the meetings at a specified place.

Provisions have also been amended to reflect how meeting notices will be posted indicating the way meetings will be conducted either in person and/or electronically or other communication facilities. Provisions have also been inserted that indicates how a Council member can be temporarily removed from the meeting if such member has declared a conflict of interest while attending and participating an electronic meeting.

Finally, Section 16 (a) has been deleted as Councils are not required to include procedures for public hearings in their procedure bylaws. Under the *Local Government Act*, new legislation came into effect amending the public hearing procedures, including the provision that enables local governments, at their discretion, to hold electronic public hearings.

As required under section 124(3) of the *Community Charter*, public notice was given on November 5, 2021 and November 12, 2021 in accordance with section 94 of the *Community Charter*.

**RECOMMENDATION:**

THAT Council Procedure Bylaw No. 1173, 2021 be given first, second and third reading.

Respectfully submitted:

REVIEWED BY:

Debra Key

Debra Key  
Deputy Chief Administrative Officer/CO

Madeline McDonald

Madeline McDonald  
Chief Administrative Officer

**A bylaw to amend Council Procedure Bylaw No. 1164, 2021**

**WHEREAS** under Sections 124 (1) of the *Community Charter*, Council must by bylaw establish the general procedures to be followed by Council and Council Committees in conducting their business,

**AND WHEREAS**, Council of the Village of Harrison Hot Springs has deemed it advisable to amend Council Procedure Bylaw No. 1164, 2021;

**NOW, THEREFORE**, the Council of the Village of Harrison Hot Springs in open meeting assembled enacts as follows:

**1. CITATION**

This Bylaw may be cited for all purposes as the Village of Harrison Hot Springs "Council Procedure Amendment Bylaw No. 1173, 2021".

**2. AMENDMENTS**

(a) "Council Procedure Bylaw No. 1164, 2021" is hereby amended by deleting Sections 3 (i) through to (k) under Meetings of Council and replacing the following Sections:

- (i) Regular Council or Special Council meetings may be conducted in person or by means of electronic or other communication facilities;
- (j) If the meeting is held electronically, the facilities must enable the meetings' participants to hear, or watch and hear the meeting at a specified place; except for any part of the meeting that is closed to the public; and a designated municipal officer must be in attendance at the specified place;
- (k) Council members who are unable to attend open Regular or Special meetings in person may participate in the meeting by means of electronic or other communication facilities; except for any part of the meeting that is closed to the public, and the facilities must enable the public to hear, or watch and hear, the participation of the member;
- (l) Council members participating electronically are deemed to be present at the meeting and must act and vote accordingly;



- (m) If at the time a meeting is called and it is declared to take place electronically, then all members attending and participating electronically, must use the computer software as specified by the Village in order to attend and participate;

Said provisions of the Bylaw are further amended by renumbering the remaining Sections accordingly.

- (b) "Council Procedure Bylaw No. 1164, 2021" is hereby further amended by deleting Sections 4 (b) (i) under Agenda, and replacing the following Sections:

- (b) Pursuant to section 127 of the *Community Charter*, the Corporate Officer must give public notice of the time, place and date of a Council meeting by way of:

- (i) posting a notice at the public notice posting places stating the way in which the meeting will be conducted either in person or by means of electronic or other communication facilities indicating the place where the public may attend to hear, or watch and hear, the proceedings that are open to the public.

- (c) "Council Procedure Bylaw No. 1146, 2021" is further amended by inserting under 7 Conflict of Interest, a new section (b) after (a) as follows:

- (a) If a member of Council is attending and participating in a meeting by way of electronic means or other communication facilities and the member declares a conflict of interest, the Corporate Officer will have the member temporarily removed from the meeting by disconnecting and placing the member in the virtual waiting room.

Said provisions of the Bylaw are further amended by renumbering the remaining Sections accordingly.

- (d) "Council Procedure Bylaw No. 1146, 2021" is further amended by deleting Section 15(a), (i) and (ii) under Special Meetings of Council and replacing the following Sections:

- (a) Except where notice of a special meeting is waived by unanimous vote of all Council members under Section 127 (4) of the *Community Charter*, at least twenty-four hours before a special meeting of Council, the Corporate Officer must give advance notice of the special meeting in accordance with Section 127 (2) of the *Community Charter* by:

- (i) posting a notice at the public notice posting places stating the way in which the meeting will be conducted either in person or by means of electronic or other communication facilities indicating the place where the public may attend to hear, or watch and hear,

the proceedings that are open to the public; and a designated municipal officer must be in attendance at the specified place.

- (e) "Council Procedure Bylaw No. 1146, 2021" is further amended by deleting Section 16 (a) under Public Hearings and Public Information Meetings and renaming the Section 16 as Public Information Meetings.

Said provisions of the Bylaw are further amended by renumbering the remaining Sections accordingly.

**THIS BYLAW** may not be amended or repealed and substituted unless Council first gives notice in accordance with section 94 of the *Community Charter*.

In Compliance with section 124(3) of the *Community Charter*, public notice was given November 5, 2021 and November 12, 2021 in accordance with section 94 of the *Community Charter*.

#### **READINGS AND ADOPTION**

READ A FIRST TIME THIS      DAY OF NOVEMBER, 2021

READ A SECOND TIME THIS      DAY OF NOVEMBER, 2021

READ A THIRD TIME THIS      DAY OF NOVEMBER, 2021

ADOPTED THIS      DAY OF DECEMBER, 2021

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Corporate Officer