



## REGIONAL SERVICES COMMITTEE

WEDNESDAY, JANUARY 26, 2011  
6:00 PM / BOARD ROOM  
175 INGRAM STREET

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### DISTRIBUTION:

Regional Services Committee  
Director P. Kent, Chair  
Director R. Hutchins, Vice-Chair  
Director K. Cossey  
Director M. Dorey  
Director L. Duncan  
Director G. Giles  
Director B. Harrison  
Director D. Haywood

Director T. Walker  
Director L. Iannidinardo  
Director K. Kuhn  
Director M. Marcotte  
Director T. McGonigle  
Director I. Morrison  
Director G. Seymour

**Cowichan Valley Regional District**

Warren Jones, Administrator  
Joe Barry, Corporate Secretary

Mark Kueber, General Manager, Corporate Services

**(Agenda Cover Only):**

Ron Austen, General Manager, Parks, Recreation & Culture  
Tom Anderson, General Manager, Planning & Development  
Brian Dennison, General Manager, Engineering & Environmental Services  
Sybille Sanderson, Acting General Manager, Public Safety  
Sharon Moss, Manager, Finance  
Jacob Ellis, Manager, Corporate Planning  
Kate McIntosh, Manager, Human Resources  
Bob McDonald, Manager, Recycling & Waste Management  
Geoff Millar, Manager, Economic Development  
Brian Farquhar, Manager, Parks & Trails  
Kate Miller, Manager, Regional Environmental Policy

Minutes of the Regular meeting of the Regional Services Committee held in the Board Room, 175 Ingram Street, Duncan, BC, on Wednesday, November 24, 2010 at 5:32 pm.

**PRESENT:** Chair P. Kent  
 Vice-Chair R. Hutchins<at 5:50 pm>  
 Directors K. Cossey, M. Dorey, G. Giles, B. Harrison,  
 D. Haywood, L. Iannidinardo, K. Kuhn, M. Marcotte,  
 I. Morrison, T. McGonigle, G. Seymour, and T. Walker

**ABSENT:** Director L. Duncan

**ALSO**

**PRESENT:** Warren Jones, Administrator  
 Joe Barry, Corporate Secretary  
 Mark Kueber, General Manager, Corporate Services  
 Ron Austen, General Manager, Parks, Recreation &  
 Culture  
 Brian Dennison, General Manager, Engineering &  
 Environmental Services  
 John Elzinga, Manager, Island Savings Centre  
 Jacob Ellis, Manager, Corporate Planning  
 Geoff Millar, Manager, Economic Development  
 Kirsten Schrader, Manager, Arts and Culture  
 Kate Miller, Manager, Regional Environmental Policy  
 Dominique Beesley, Recording Secretary

**APPROVAL OF  
 AGENDA**

**It was moved and seconded that the agenda be approved.**

**MOTION CARRIED**

**RESOLVE TO  
 CLOSED  
 SESSION  
 5:33 PM**

**It was moved and seconded that the meeting be closed to the public in accordance with the Community Charter Part 4, Division 3, Section 90, Subsection (1) (g) Litigation.**

**MOTION CARRIED**

**RISE FROM  
 CLOSED  
 SESSION  
 6:03 PM**

**It was moved and seconded that the Committee rise without report and return to the Regular portion of the meeting.**

**ADOPTION OF  
 MINUTES**

**2M1**

**It was moved and seconded that the minutes of the Regular meeting**

**of Regional Services Committee, held October 27, 2010, be adopted.**

**MOTION CARRIED**

**DELEGATIONS**

**D1** Catherine Brandon, Chesterfield Sports Society, provided a presentation and displayed a film about the Cowichan Sportsplex. Ms. Brandon requested a Regional Grant In Aid for 2011 in the amount of \$100,000 towards funding the Sportsplex.

**D2** Lori Iannidinardo, Hilary Abbot and Bruce Stewart, Cittaslow Cowichan Society; provided a presentation about the Cittaslow movement and its principles; and about Cittaslow International from Korea.

Director Iannidinardo noted that Cowichan Bay was designated as an international Cittaslow community in August, 2009.

**D3** Kirsten Schrader, Manager, Arts and Culture, Cowichan Valley Regional District, provided a presentation on a five year strategic plan for the growth and development of arts, culture and heritage in the CVRD.

**7:33 PM** The Committee recessed from 7:33 pm to 7:42 pm.

**D4** Kate Miller, Manager, Regional Environmental Policy, Cowichan Valley Regional District; Tamsin Lyle, Project Engineer, Northwest Hydraulic Consultants Inc. (via teleconference); Dave Devana, Chief Administrative Officer, District of North Cowichan; Warren Jones, Chief Administrative Officer, Cowichan Valley Regional District; Tom Ireland, Chief Administrative Officer, City of Duncan; Cheri Ayers, Cowichan Biologist, Lands Department, Cowichan Tribes; and Clay Reitsma, Assistant Municipal Engineer, District of North Cowichan; provided a presentation on an integrated flood management plan for the Cowichan Valley Regional District.

**7:45 PM** Director Marcotte left the meeting at 7:45 pm.

**8:12 PM** Director Cossey left the meeting at 8:12 pm.

**STAFF REPORTS**

**SR1** Staff Report from the Manager, Regional Environmental Policy dated November 17, 2010, regarding the Cowichan-Koksilah Integrated Flood Management Plan update and Memorandum of Understanding, was considered.

**It was moved and seconded that it be recommended to the Board**

that support be provided for the Cowichan Valley Flood Protection Memorandum of Understanding and that the Chair and Corporate Secretary be authorized to sign the Memorandum of Understanding as attached to the Manager, Regional Environmental Policy's November 17, 2010 Staff Report.

**MOTION CARRIED**

**SR2**

Staff Report from Rachelle Moreau, Planner I dated November 17, 2010, regarding Municipal Green Building Leaders letter of support, was considered.

It was moved and seconded that it be recommended to the Board that the Chair be authorized to sign the Pembina Institute's letter to Provincial Ministries from the Green Building Leader partners, which indicates the Board's support for Provincial initiatives that would improve energy efficiency and renewable energy in homes and buildings across the Province, as attached to Rachelle Moreau, Planner I's November 17, 2010 Staff Report.

**MOTION CARRIED**

**SR3**

Staff Report from the Corporate Secretary dated November 5, 2010, regarding CVRD policy management, was considered.

It was moved and seconded that it be recommended to the Board that the Policies identified in Categories A, B, and C of the Corporate Secretary's November 5, 2010 Staff Report be repealed.

**MOTION CARRIED**

Director Morrison requested that the updated Policies be made available and the Administrator advised that they would soon be put on the internal StaffNet website.

**ADJOURNMENT  
9:00 PM**

It was moved and seconded that the Regional Services Committee meeting adjourn.

**MOTION CARRIED**

The meeting adjourned at 9:00 pm.

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Chairperson

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Recording Secretary

Dated: \_\_\_\_\_

**D1****Request to Appear as a Delegation****Meeting Information**

Request to Address:\*

☐ CVRD Board☒ Committee

If Committee, specify the Committee here:\*

Regional Services Committee

Meeting Date:\*

01/26/11

Meeting Time:\*

6:00 p.m.

**Applicant Information**

Applicant Name:

Judy Stafford

Representing:

Cowichan Green Community

(Name of organization if applicable)

As:

Executive Director

(Capacity / Office)

Number Attending:

3

**Applicant Contact Information**

Applicant Mailing Address:

181 Station St.

Applicant City:

Duncan

Applicant Telephone:

250-748-8506

Applicant Fax:

250-748-8506

Applicant Email:

heather@cowichangreencommunity.org

**Presentation Topic and Nature of Request:**

The Cowichan Green Community would like to make a presentation to the CVRD's Regional Services Committee this January/Feb 2011.

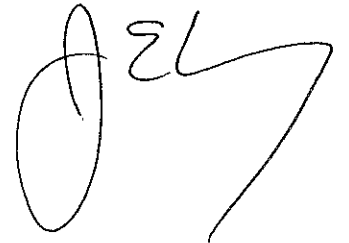
Through the use of a digital story, we would like to showcase our 2010 year in review, highlighting some of our most notable accomplishments.

Please let me know if it is possible to secure a spot on the agenda and, of course, the date and time of the next Committee meeting.

Many thanks,

Heather

REG. SERVICES  
JAN 26



\* indicates required fields.

**D2****Request to Appear as a Delegation****Meeting Information**

Request to Address:\*

☒ CVRD Board☐ Committee

If Committee, specify the Committee here:\*

Regional Services Meeting

Meeting Date:\*

01/25/2011

Meeting Time:\*

2:00

**Applicant Information**

Applicant Name:

Rick Juliusson

Representing:

Cowichan Station Area Association

As:

Director

Number Attending:

4

(Name of organization if applicable)

(Capacity / Office)

1/25/11  
REGIONAL  
SERVICES**Applicant Contact Information**

Applicant Mailing Address:

4505 Bench Road

Applicant City:

Duncan

Applicant Telephone:

250-737-1687

Applicant Fax:

Applicant Email:

Rick@FreeRangeConsulting.ca

**Presentation Topic and Nature of Request:**

To provide an update on the progress and plans for converting the old Cowichan Station elementary school into "The Hub", a community centre.

Note that we would like to present at the January meeting, at whatever date and time are set (I put in random figures because this system demands it).

\* indicates required fields.

**D3****Request to Appear as a Delegation****Meeting Information**

Request to Address:

☐ CVRD Board☐ Committee

If Committee, specify the Committee here:

regional services committee

Meeting Date:

01/26/2011

Meeting Time:

6:00 PM

**Applicant Information**

Applicant Name:

John Craig

Representing:

Nanaimo Airport Commission

(Name of organization if applicable)

As:

Board Member

(Capacity / Office)

Number Attending:

1

**Applicant Contact Information**

Applicant Mailing Address:

box 742, Ladysmith, BC. v9g 1A5

Applicant City:

Ladysmith

Applicant Telephone:

250-245-4578

Applicant Fax:

Applicant Email:

jcraig@shaw.ca

**Presentation Topic and Nature of Request:**

Update on activities and plans re. the Nanaimo Airport

RSC  
JAN 26/11

JEL

**RECEIVED**  
CVRD

DEC 20 2010

Administrative Services





SR1

## STAFF REPORT

### REGIONAL SERVICES COMMITTEE MEETING OF JANUARY 26, 2011

**DATE:** January 19, 2011

**FILE NO:**

**FROM:** Sharon Moss, Manager, Finance Services

**BYLAW NO:**

**SUBJECT:** Cowichan Valley Regional District Audit

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**Recommendation:**

That it be recommended to the Regional District Board that the Audit Service Plan be received and filed.

**Purpose:**

To provide the Committee with a presentation and information from a representative of the Cowichan Valley Regional District's Auditors, Meyers Norris Penny.

**Financial Implications:**

Not applicable.

**Interdepartmental/Agency Implications:**

Our auditors have sent the CVRD their Audit Service Plan pertaining to the Regional District's Audit. Generally accepted auditing practices require that these documents be forwarded to the Committee that oversees the results of the Financial Statements audit. This is an attempt to ensure that you have an understanding of the important issues and decisions that are made during the Audit and Financial Statement preparation process.

**Background:**

The Audit Service Plan is to assist the Board and Management in understanding the audit approach and states that in the Auditor's opinion they are independent from the Regional District. It also explains the terms under which they were hired, and what is expected of them. This document is presented annually. The Regional District awarded the annual audit for a five-year period to Hill & Partners in 2006 when they were the lowest bid in the tendering process. Since awarding the contract, Hill & Partners have merged with a larger national firm called Meyers Norris Penny which will be performing the 2010 audit.

Respectfully submitted by:

Sharon Moss, C.G.A.  
Manager, Finance Division

SM:tk

Attach.

## **Cowichan Valley Regional District**

### **Audit Service Plan**

*Year Ending December 31, 2010*

For presentation to the Board of Directors

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*The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.*

## **1. Introduction**

We are pleased to continue our appointment as auditors of Cowichan Valley Regional District.

This summary Audit Service Plan is for the use of Meyers Norris Penny LLP ("MNP"), the Board of Directors, and members of the Regional District's management and staff, and is designed to document the overall audit strategy and the general arrangements for the conduct of our fiscal 2010 audit.

The plan should assist the Board of Directors and management in understanding the approach to the 2010 audit.

## **2. Audit Objectives and Responsibilities**

### **2.1 Audit Objectives**

The primary objective of our 2010 audit work for the Regional District is to report on the fair presentation of the Regional District's consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles.

Our audit will be conducted in accordance with Canadian generally accepted auditing standards and, at the conclusion of our examination, we will submit to you a report containing our opinion on the consolidated financial statements.

### **2.2 Audit Responsibilities**

Our statutory responsibility as auditors of the Regional District is to report to the Board of Directors whether the annual consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Regional District in accordance with Canadian generally accepted accounting principles. In forming our opinion, the following issues are important:

**2.2 Audit Responsibilities (continued)**

Effective controls	<ul style="list-style-type: none"> <li>- While effective controls may reduce the likelihood of fraud occurring, controls cannot completely eliminate that possibility.</li> <li>- We cannot guarantee that all errors, fraud or illegal acts, if present, will be detected.</li> <li>- We will design our audit to provide reasonable, but not absolute, assurance of detecting errors, fraud or illegal acts having a material effect on the consolidated financial statements as a whole. Absolute assurance cannot be provided because of limitations inherent in controls, including faulty human judgment in decision-making, human error and the possibility of management override or collusion.</li> <li>- We will obtain an understanding of internal controls relevant to the audit, however, not all controls would be relevant to the audit. We will evaluate the design of controls relevant to our audit and determine whether they have been implemented. We will obtain sufficient understanding to identify and assess the risks of material misstatement of the consolidated financial statements and to design and perform further audit procedures. We are not, however, required to determine whether relevant controls are operating effectively.</li> <li>- Although we will provide the Board of Directors with any material information about weaknesses in internal control that have come to our attention, we may not be aware of all the material weaknesses in internal control that do, in fact, exist.</li> </ul>
Inherent limitations in the auditing process	<ul style="list-style-type: none"> <li>- An auditor cannot obtain absolute assurance that material misstatements in the consolidated financial statements will be detected due to factors such as the use of significant judgment regarding the gathering of evidence and the drawing of conclusions based on the audit evidence acquired; the use of testing of the data underlying the consolidated financial statements; inherent limitations of controls described above; and, the fact that much of the audit evidence available to the auditor is persuasive, rather than conclusive in nature.</li> <li>- Because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. While effective controls reduce the likelihood that misstatements will occur and remain undetected, they do not eliminate that possibility. Therefore, the auditor cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.</li> </ul>

	<ul style="list-style-type: none"><li>- The likelihood of not detecting material misstatements resulting from management fraud is greater than for employee fraud, because management is in a position to manipulate records, present fraudulent information or override controls.</li><li>- We will inform the appropriate level of management or the Board of Directors with respect to identified:<ul style="list-style-type: none"><li>- Misstatements resulting from errors, other than trivial errors;</li><li>- Fraud, or any information obtained that indicates that fraud may exist;</li><li>- Evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred;</li><li>- Significant weaknesses in the design or implementation of controls to prevent and detect fraud or error; and</li><li>- Related party transactions that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.</li></ul></li><li>- Our concern as auditors is with material misstatements, and thus, we are not responsible for the detection of misstatements that are not material to the consolidated financial statements taken as a whole.</li></ul>
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To meet these responsibilities in accordance with Canadian generally accepted auditing standards, our audit examination includes:

- 2.2.1** Obtaining an understanding of the entity and its environment, including its controls, in order to identify and assess the risk that the consolidated financial statements contain material misstatements due to fraud or error;
- 2.2.2** Assessing the adequacy of and examining, on a test basis, the key controls over significant transaction streams and over the general organizational and computer environments;
- 2.2.3** Assessing the systems used to ensure compliance with applicable legislative and related authorities pertaining to financial reporting, revenue raising, borrowing, and investing activities;
- 2.2.4** Examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
- 2.2.5** Assessing the appropriateness of accounting principles used and their application; and,
- 2.2.6** Assessing the significant estimates used by management.

As part of our planning process, we will also undertake to inform the Board of Directors of concerns relating to management's implementation and maintenance of controls, and the effects of any such concerns on the overall strategy and scope of the audit. These concerns might arise from the nature, extent and frequency of management's assessments of controls in place to detect fraud and error, and of the risk that the consolidated financial statements may be misstated; from a failure by management to appropriately address material weaknesses in controls identified in prior audits; and, from our evaluation of the Regional District's control environment, and management's competence and integrity.

### **2.3 Management's Responsibilities**

Management is responsible for the preparation and fair presentation of the consolidated financial statements, including the notes thereto, in accordance with Canadian generally accepted accounting principles. This responsibility includes the initial selection of and changes to significant estimates and accounting policies, and the disclosure of sufficient information about the extent and nature of events having an effect on the Regional District, in the preparation of the statements. Management's responsibilities also include the safeguarding of assets; the establishment and maintenance of policies, financial reporting systems and controls, including those designed to prevent and detect fraud and error; and ensuring compliance with applicable legislative authorities.

In accordance with Canadian generally accepted auditing standards, we will request a letter of representation from management at the close of our examination in order to confirm oral representations given to us and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Specifically, we will request written confirmation of significant representations provided on matters that are directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements; not directly related to items that are material to the consolidated financial statements, but are significant, either individually or in the aggregate, to the engagement; and matters relevant to judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements. These representations are used as evidence to assist us in deriving reasonable conclusions upon which our audit opinion is based.

### **2.4 Board of Directors Responsibilities**

The Board of Directors' primary responsibilities include the review and approval of the consolidated financial statements. In order to perform these responsibilities, the Board of Directors should maintain oversight of management to ensure the integrity of accounting and financial reporting systems, and that appropriate controls are in place, including those needed for monitoring risk, financial reporting, and compliance with relevant laws and regulations. The Board of Directors should consider the potential for management override of controls or other inappropriate influences, such as earnings management, over the financial reporting process. Primary responsibility for the prevention and detection of fraud and error rests with both the Board of Directors and management, through the creation and maintenance of a culture of honesty and high ethics, and the establishment of appropriate controls to prevent and detect fraud and error. The Board of Directors should also assume responsibility for the approval of policies and the monitoring of performance areas.



The Board of Directors also plays an important role in the audit planning process by providing information to assist the auditor in updating the auditor's understanding of the entity and its environment, including internal control, and by identifying additional areas of concern for the auditor to consider when undertaking the audit.

Effective discharge of the respective responsibilities of the auditor, management, and the Board of Directors, and maintenance of strong working relationships and open communication between MNP as auditors, and the management and Board of Directors of the Regional District, is directed toward a common duty to provide appropriate and adequate financial accountability, and quality financial disclosure.

### **3. Our Overall Audit Strategy and Materiality**

#### **3.1 Our Plan**

Our overall audit strategy is risk-based and controls-oriented. Assessment and identification of risk is performed continuously throughout the audit process. We focus on the risks that have a potential impact on the financial accounting systems and subsequent financial reporting.

Our overall audit strategy does not, and is not intended to, involve the authentication of documents, nor are our team members trained or expected to be experts in such authentication. Unless we have reason to believe otherwise, we accept records and documents as genuine. The subsequent discovery of a material misstatement resulting from fraud does not, in and of itself, indicate a failure to comply with Canadian generally accepted auditing standards.

#### **3.2 Overall Reliance**

In general, there are three levels of reliance that we can place on controls, or the absence thereof:

- 3.2.1 Low/None** – where controls are weak or absent and reliance therefore cannot be placed on them, or where it is deemed to be more efficient to carry out a high level of direct substantive tests of transactions and balances. Audit evidence is primarily obtained through detailed verification procedures and sufficient substantive tests of details and transactions.
- 3.2.2 Moderate** – where there are some weaknesses in systems application or procedural controls, or where it is deemed to be inefficient to test systems application controls, but where we can test and rely on the management monitoring systems in place to detect and correct material errors in the financial reporting systems. Testing of controls is supplemented with a moderate level of substantive tests of details and transactions.
- 3.2.3 High** – where a high degree of control is in place in the areas of management monitoring controls AND application systems and procedures. Our audit work focuses on testing both management monitoring and application systems and procedures controls, and is supplemented with a low level of substantive tests of details and transactions.

For the 2010 audit, we are planning to place moderate reliance on the Regional District's accounting systems. This level of reliance is the same as in prior year and will involve some substantive tests of transactions and balances. This reliance is based on our 3 year rotation plan of control testing, which is dependent upon your systems having no significant changes. The amount of substantive work will be reduced for cycles where there are controls in place that MNP can test and rely on; this includes the revenues, expenses and payroll cycles.

As part of our audit work we will update our understanding of the entity and its environment, including the controls relevant to our audit of the principal transaction cycles, sufficient to identify and assess the risks of material misstatement of the consolidated financial statements resulting from fraud or error. This will be accomplished through enquiries with management and others within the entity, analytical procedures and observation and inspection. Furthermore, we will consider whether effective controls have been established to adequately respond to the risks arising from the use of IT or manual systems and test the operation of those controls to an extent sufficient to enable us to reduce our substantive work. Our review of the Regional District's controls will not be sufficient to express an opinion as to their effectiveness or efficiency.

### **3.3 Audit Materiality**

Materiality is an important audit concept. It is used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. Specifically, a misstatement or the aggregate of all misstatements in consolidated financial statements is considered to be material if it is probable that the decision of the party relying on the consolidated financial statements, who has reasonable understanding of business and economic activities, will be changed or influenced by such a misstatement or the aggregate of all misstatements. The scope of our audit work is tailored to reflect the relative size of operations of the Regional District and our assessment of the potential for material misstatements in the Regional District's consolidated financial statements. In determining the scope, we emphasize relative audit risk and materiality, and consider a number of factors, including:

- 3.3.1** The size, complexity, and growth of the Regional District;
- 3.3.2** Changes within the organization, management or accounting systems; and
- 3.3.3** Concerns expressed by management.

Judgment is applied separately to the determination of materiality in the audit of each set of consolidated financial statements. The foregoing factors are taken into account in establishing the materiality level. For your information, **we have calculated and propose to use \$500,000 (2009 - \$390,000) as materiality for audit planning purposes.**

### **3.4 Carry forward Effect of Prior Year Differences**

The following differences, identified during our 2009 audit engagement, were not adjusted in the prior year's financial statements. If these differences have not been appropriately recorded in the current year's accounting records, they will result in an ending equity overstatement of \$85,386, unless we obtain evidence during our 2010 audit indicating a change to our prior year's assessment is appropriate.

DESCRIPTION OF UNADJUSTED DIFFERENCE	2010 OPENING EQUITY (UNDER) OVER STATEMENT
Estimate of severance liability at 8% probability of payout	100,000
Difference between gas tax funds accrued and received	(14,614)
<b>Total overstatement of opening equity</b>	<b>85,386</b>

**3.5 Summary of Planned Overall Audit Strategy**

SIGNIFICANT CONSOLIDATED FINANCIAL STATEMENT ITEM	DESCRIPTION OF POSSIBLE RISK	CONTROLS TO BE RELIED UPON	TESTS TO PERFORM
Cash, short-term deposits, and investments	Existence, completeness	None	<ul style="list-style-type: none"> <li>- Agree bank and confirm investments</li> <li>- Vouch outstanding items</li> <li>- Check cut-off</li> </ul>
Accounts receivable	Existence, valuation	None	<ul style="list-style-type: none"> <li>- Agree to subsequent receipts and invoices</li> <li>- Test accruals for reasonability</li> <li>- Check cut-off</li> </ul>
Accounts payable	Completeness	Expenses, purchases and disbursements system	<ul style="list-style-type: none"> <li>- Agree to invoice and payment</li> <li>- Test accruals</li> <li>- Search for unrecorded liabilities</li> </ul>
Other liabilities	Completeness, valuation	None	<ul style="list-style-type: none"> <li>- Agree to payroll records</li> <li>- Test calculations</li> <li>- Test selected individual amounts</li> </ul>
Deferred revenue	Completeness	None	<ul style="list-style-type: none"> <li>- Agree to support and test continuity schedule of activity in the year</li> <li>- Ensure revenue is recognized where appropriate</li> </ul>
Long term debt	Completeness	None	<ul style="list-style-type: none"> <li>- Confirm year end balances to support</li> <li>- Review continuity schedule</li> <li>- Test reasonability of interest expense</li> </ul>
Unfunded liabilities	Completeness, valuation	None	<ul style="list-style-type: none"> <li>- Test calculations and methodology</li> <li>- Verify assumptions</li> </ul>
Tangible Capital Assets	Existence, valuation, rights	Expenses, payables, and disbursements system	<ul style="list-style-type: none"> <li>- Obtain continuity schedule and test significant additions and disposals to support</li> <li>- Recalculate amortization based on TCA accounting policy</li> <li>- Review repairs and maintenance accounts for capital items</li> </ul>
Reserves	Existence, completeness	None	<ul style="list-style-type: none"> <li>- Review continuity schedule</li> <li>- Agree transfers to/from to support and relevant by-law and budget support</li> </ul>

## Audit Service Plan

SIGNIFICANT CONSOLIDATED FINANCIAL STATEMENT ITEM (CONT.)	DESCRIPTION OF POSSIBLE RISK (CONT.)	CONTROLS TO BE RELIED UPON (CONT.)	TESTS TO PERFORM (CONT.)
Other equity	Existence, completeness	None	<ul style="list-style-type: none"> <li>- Review continuity schedule</li> <li>- Agree changes to other sections</li> <li>- Recalculate equity in capital assets</li> </ul>
Revenue – Property taxes	Occurrence, accuracy	None	<ul style="list-style-type: none"> <li>- Perform analytics</li> <li>- Agree by-law rates to support</li> <li>- Agree budget amounts</li> </ul>
Revenue – User fees	Occurrence, accuracy	Revenue, receipts and receivables system	<ul style="list-style-type: none"> <li>- Analytics comparing actual results to budget</li> <li>- Agree user rates to support</li> <li>- Test of controls and transactions</li> </ul>
Revenue – From own sources	Occurrence, accuracy	Revenue, receipts and receivables system	<ul style="list-style-type: none"> <li>- Analytics comparing actual results to budget</li> <li>- Test of controls and transactions</li> </ul>
Revenue – Other	Occurrence, accuracy	None	<ul style="list-style-type: none"> <li>- Analytics comparing actual results to budget and prior</li> <li>- Review for large or unusual items and agree to support</li> </ul>
Expenses	Completeness, accuracy, classification	Expenses, payables and disbursements system	<ul style="list-style-type: none"> <li>- Analytics comparing actual results to budget</li> <li>- Analytics comparing actual results to prior year by function to ensure consistent classification</li> <li>- Review for large or unusual items and agree to support</li> <li>- Test of controls and transactions</li> </ul>
Payroll expenses	Completeness, accuracy, classification	Payroll system	<ul style="list-style-type: none"> <li>- Analytics comparing actual results to prior year by function to ensure consistent classification</li> <li>- Test of controls and transactions</li> </ul>
SIGNIFICANT MANAGEMENT ESTIMATE	DESCRIPTION OF POSSIBLE RISK	CONTROLS TO BE RELIED UPON	TESTS TO PERFORM
Provision for landfill closure and post closure	Completeness, valuation	None	<ul style="list-style-type: none"> <li>- Review continuity schedule prepared</li> <li>- Review assumptions</li> <li>- Recalculate amounts</li> </ul>
Accounts receivable collections	Valuation	None	<ul style="list-style-type: none"> <li>- Review subsequent receipts</li> </ul>
Accounts payable accruals	Completeness	None	<ul style="list-style-type: none"> <li>- Review subsequent payments and unpaid invoices</li> </ul>

## Audit Service Plan

SIGNIFICANT MANAGEMENT ESTIMATE (CONT.)	DESCRIPTION OF POSSIBLE RISK (CONT.)	CONTROLS TO BE RELIED UPON (CONT.)	TESTS TO PERFORM (CONT.)
Amortization expense	Completeness, accuracy	None	- Test reasonability of amortization periods for assets
Accrued sick time	Completeness, valuation	None	- Review sick time continuity and compare estimate to actual use
Accrued severance liability	Completeness, valuation	None	- Review severance probability calculations

### 4. Your Needs and Expectations and the Planned MNP Response

We are committed to providing you with the highest level of professional service, to meet your needs and expectations. Based on our discussions with you, we have identified the following needs and expectations, and have developed our planned service response:

NEEDS AND EXPECTATIONS	RESPONSE
Keep you apprised of new and proposed CICA Handbook pronouncements so we can plan for their effect.	Provide ongoing updates relative to proposed and new accounting pronouncements and assistance in their implementation, to the extent relevant.
Communicate effectively with the Board of Directors	We will attend and participate in appropriate Board of Directors meetings, and will communicate in accordance with CAS 260 <i>Communications with Those Charged with Governance</i> . Those communications include presentation of the Audit Service Plan.
Assign an engagement team that has an understanding of the Regional District and the industry in which it operates.	The engagement team will have the continuity of Terry Shepherd, CA, Cory Vanderhorst, CA, Baljeet Basi, CA, and Yui Sakuma. Members of the team that will bring great knowledge and depth on the accounting, tax and industry levels are Chris Fyfe, CA, and Alladin Versi, FCMA.
Provide ongoing business, taxation and accounting advice, and financial reporting recommendations on unusual transactions, business contracts and arrangements as considered appropriate.	We will assist management as transactions or issues arise and as requested.
Opine on the consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles.	Upon completion of the audit, review draft consolidated financial statements and opine thereon.

### DELIVERABLES

Audit report on the December 31, 2010 consolidated financial statements	Issuance of audit report and audited consolidated financial statements.
Reporting to the Board of Directors in accordance with CAS 260.	We will report on our Audit Service Plan, consolidated financial statement audit opinion and our Audit Findings to the Board of Directors. The Audit Service Plan includes our understanding of your needs and expectations, and our plan to address them.
Management Letter	Identify recommendations to management relative to controls and administrative efficiencies.

## 5. Changes in Reporting Under Canadian Auditing Standards

Effective for periods on or after December 14, 2010, all audit engagements will be required to adopt Canadian Auditing Standards (CAS).

From a financial statement user's perspective, two of the most significant changes that you will see are the content of the auditors' report and the date of auditors' report. These two key changes will be described in detail below.

### A) Independent Auditors' Report

The independent auditors' report is divided into four sections as follows:

- **Introductory Section:** States the title of each financial statement, period covered and the applicable financial reporting framework
- **Management's Responsibility Section:** Describes the responsibilities of those in the organization that are responsible for the preparation of the financial statements. This section of the audit report specifically states that management is responsible for the preparation of the financial statements in accordance with the applicable framework, and for such internal controls as management deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error
- **Auditors' Responsibility Section:** States that the responsibility of the auditor is to express an opinion on the financial statements based on the audit conducted in accordance with generally accepted auditing standards. Those standards require that the auditor comply with ethical requirements, plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement
- **Opinion Section:** States whether the auditor is providing an unmodified audit opinion that the financial statements are prepared, in all material respects, in accordance with the applicable reporting framework. The specific wording will change depending on whether a fair presentation or compliance framework is used

### B) Dating of the Auditors' Report

In accordance with CAS 700 *"Forming an Opinion and Reporting on Financial Statements"* the auditors' report date shall be no earlier than the date at which the auditor has obtained sufficient appropriate audit evidence on which to base the auditors' opinion, including evidence of the following:

- All statements that comprise the financial statements, including the related notes, have been prepared; and
- Those with the recognized authority have asserted that they have taken responsibility for those financial statements.

#### *Recognized Authority*

The identification as to who has the recognized authority to approve the financial statements is a key item and should be determined early in the audit process. In some jurisdictions, law or regulation specifies the necessary approval process and identifies the individuals or bodies (for example, management or those charged with governance) that are responsible for concluding that all the statements that comprise the financial statements, including the related notes, have been prepared. In other jurisdictions, the approval process is not prescribed in law or regulation and the entity follows its own procedures in preparing and finalizing its financial statements in view of its management and governance structures.

#### *Report Date*

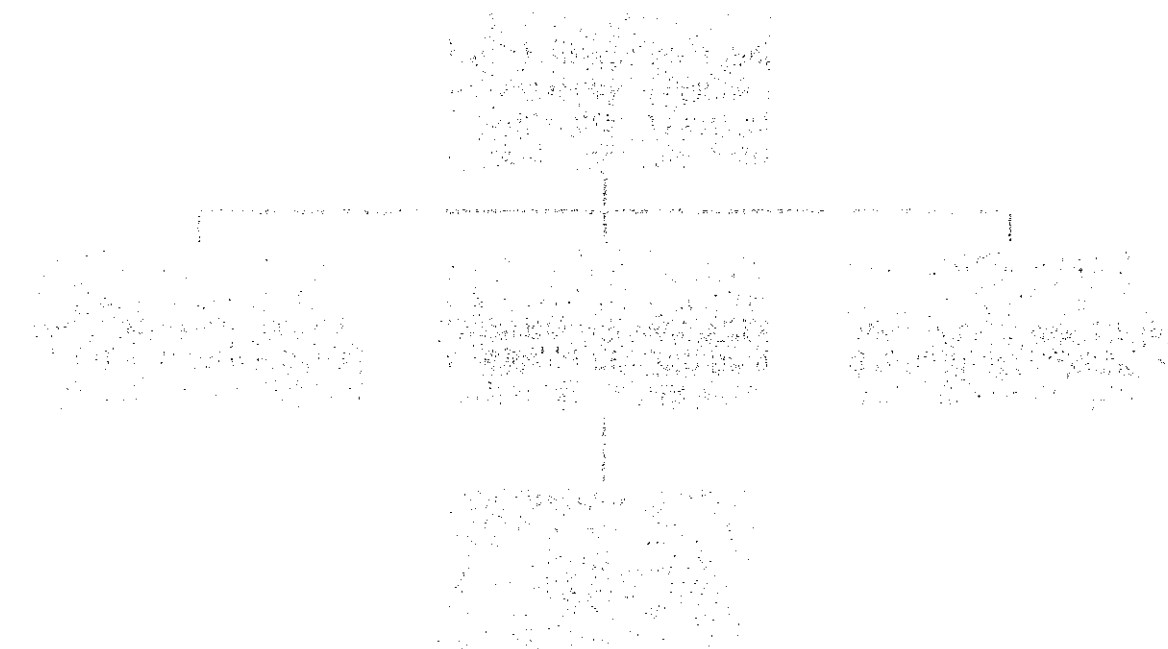
The date of approval of the financial statements for purposes of CAS is the earliest date on which those with the recognized authority determine that all the statements that comprise the financial statements, including the related notes, have been prepared and that those with the recognized authority have asserted that they have taken responsibility for those financial statements. Under CAS, this essentially means that the date of the auditor's report will be no earlier than the date of approval of the financial statements in final form by the board of directors or other similar body.

This is a key change from current Canadian generally accepted auditing standards, under which the auditors' report date is based on the date at which the auditor has substantially completed the audit. Under the new CAS, the auditors' report date will more than likely be at a later date than before, which results in a longer subsequent event period. This, in turn, will impact both the auditor and management in that additional work may be required to ensure that subsequent events up to the audit report date are appropriately disclosed by management and sufficient work is performed by the auditor.



**6. Reporting Requirements, Timetable and the MNP Engagement Team**

COMMUNICATION	DATE
Presentation of 2010 Audit Service Plan to the Board of Directors	December 2010
Interim field work	November 2010
Year-end field work	To be determined
Draft year-end consolidated financial statements to management	To be determined
Report of the 2010 Audit Findings to the Board of Directors	To be determined
Release of final year-end consolidated financial statements	To be determined
Issuance of Management Letter	To be determined
Audit follow-up meeting	To be determined

**Cowichan Valley Regional District  
2010 Audit Team**

Professional standards require that we obtain sufficient information to evaluate complex, difficult, or contentious matters. In that regard, our audit team may also include other MNP professionals whose consultation may be obtained in order to resolve any matters identified during our engagement.

## **7. Audit Hours and Fees**

Our audit hours and fees for the year ended December 31, 2010 are estimated to be the following, exclusive of disbursements and applicable taxes:

	\$
Base audit fee	44,000
Audit efficiency fee reduction	(2,000)
Additional time from change in scope services:	
1. Design and implementation of additional audit procedures as required by new Canadian Auditing Standards	2,000
	<b>\$ 44,000</b>

Please note that the audit efficiency fee reduction is a combination of both our internal review of audit efficiencies as well as having the additional working papers currently being prepared by our team to complete the audit to be completed by your staff. It also includes having the completed financial statements including note disclosures to be sent to us the week before the audit field work to allow for preliminary planning and procedures.

## **8. New and Proposed Reporting and Auditing Developments**

We would like to bring to your attention the following accounting and auditing developments, which may have some impact on your financial reporting.

### **Introduction to CASs**

Canadian Auditing Standards (CASs) were developed as a result of the adoption of International Standards on Auditing (ISAs), developed and issued by the International Auditing and Assurance Board (IAASB). CASs are consistent with the International Framework for Assurance Engagements and are to be applied in the audit of financial statements and other historical information.

When developing CASs, the Auditing and Assurance Board (AASB) recognized that there may be circumstances when it would be appropriate to modify proposed ISAs when adopting them as CASs. The AASB has developed guidelines for identifying the instances when it would consider it appropriate to "Canadianize" the auditing standards.

The effective date for the new CASs will be for audits of financial statements for periods ending on or after December 14, 2010.

### **Agreeing the terms of audit engagements (CAS 210)**

CAS 210, which is based on corresponding International Standard on Auditing ("ISA") 210, has been approved to replace CICA 5110 *Terms of the engagement*.

Significant changes to Canadian standards will include requirements for the auditor to:

- Establish whether preconditions for an audit are present;
- Refuse to accept an audit engagement if:

- Auditor has failed to determine if the applicable financial reporting framework is acceptable;
- Management and those charged with governance have not provided acknowledgement and agreement that they understand their responsibilities;
- Entity imposes a scope limitation that the auditor believes would result in a disclaimer of opinion, unless required by law or regulation;
- Discuss with the entity when the preconditions for an audit are not present and do not accept the audit engagement unless:
  - Specified requirements are met; or
  - Auditor is required by law or regulation to accept the engagement;
- Include in the engagement letter (in addition to descriptions of the responsibilities of management and the auditor):
  - Objective and scope of the audit;
  - Identification of applicable reporting framework;
  - Expected form of any reports to be issued by the auditor;
- Consider, on recurring engagements, whether the terms of engagement require revision, and whether there is a need to remind the entity of the existing terms;
- Determine, if requested, whether it is appropriate prior to completing the audit to change the terms of the engagement to an engagement providing a lower level of assurance, and not to agree if there is no reasonable justification for doing so;
- Agree with management or those charged with governance on changes in the terms of the engagement and confirm this agreement in writing;
- In the event the auditor cannot agree to a change in the terms and is not permitted to continue the original engagement, withdraw from the engagement, unless prohibited by law or regulation, and determine whether there is any obligation to report the circumstances to other parties;
- When law or regulation prescribes audit report wording that is significantly different from CAS requirements, assess whether additional explanation is required in the audit report to mitigate possible misunderstanding about the assurance being provided; if impossible, decline the engagement unless prohibited by law or regulation from doing so.
- Determine whether there are conflicts between recognized financial reporting standards and any additional requirements under law or regulation; if so, discuss with management and those charged with governance the nature of the additional requirements and agree whether the additional requirements can be met either by additional financial statement disclosures or by amending the description of the applicable financial reporting framework in the financial statements; and determine, if neither is possible, whether it is necessary to modify the audit opinion.

### **Quality control for an audit of financial statements (CAS 220)**

CAS 220, based on International Standard on Auditing ("IAS") 220, has been approved to replace the existing CICA Handbook – Assurance Section 5030 *Quality control procedures for assurance engagements*.

Significant differences between existing Canadian standards and CAS 220 are as follows:

- CAS 220 will apply only to audits of financial statements, whereas Section 5030 applies to all assurance engagements;
- CAS 220 will require the auditor to perform specific procedures in an engagement quality control review of listed entities, such as considering:

- The engagement team's evaluation of the firm's independence in relation to the audit engagement;
- Whether appropriate consultation has been undertaken; and
- Whether audit documentation reviewed reflects the work performed on the engagement and supports conclusions.
- CAS 220 will require the engagement quality control reviewer to discuss the engagement with the engagement partner, and will require documentation of the review;
- CAS 220 will require the engagement partner to consider:
  - The results of the firm's latest monitoring process;
  - Whether any deficiencies noted by the firm affect the audit engagement; and
  - Whether any additional procedures are required.
- CAS 220 will require reviews of less experienced team members be completed on a timely basis;
- If the engagement partner changes mid-audit, CAS 220 will require the incoming engagement partner to review the work performed to the date of change to ensure the audit has been planned and performed in accordance with professional standards and regulatory and legal requirements;
- CAS 220 does not include the following, which was included in Section 5030, as these topics are sufficiently covered in CAS 210 Terms of the engagement and CAS 300 Planning an audit of financial statements:
  - Recommendations regarding establishing an understanding of the terms of the engagement; and
  - Recommendations for planning, supervision and review.

CAS 220 will require the engagement quality control review to be completed before the date of the auditor's report, which is different from current standards that require the review to be completed before the issuance of the report.

### **The auditor's responsibilities relating to fraud in an audit of financial statements (CAS 240)**

CAS 240, which is based on International Standard on Auditing ("ISA") 240, has been approved to replace CICA 5135 *The auditor's responsibility to consider fraud*.

In addition to the requirements in IAS 240, CAS 240 retains the following from CICA 5135, which is not in the ISA:

- The requirement for the auditor to communicate:
  - Identified fraud or information indicating that a fraud may exist "on a timely basis" with management rather than "as soon as practicable" as discussed in the ISA;
  - Questions regarding the honesty and integrity of management to the audit committee;
  - Matters that may cause future financial statements to be materially misstated;
- Uses the higher threshold of "material" versus "non-trivial" for communicating to the audit committee misstatements due to fraud involving management/other employees;
- Guidance on communication with a proposed successor auditor; and
- The requirement for the auditor to document the risk of material misstatement due to fraud caused by improper revenue recognition.

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**The auditor's responsibilities relating to laws and regulations in an audit of financial statements (CAS 250)**

CAS 250, which is based on International Standard on Auditing ("ISA") 250, has been approved to replace CICA 5136 *Misstatements – illegal acts*.

Significant differences between existing Canadian standards and CAS 250 are summarized as follows:

- Current Canadian standards make reference to laws and regulations that, if violated, could reasonably be expected to result in a material misstatement in the financial statements. CAS 250 clearly distinguishes between the two categories of laws and regulations as:
  - Laws and regulations generally recognized by the auditor to have a direct effect on the determination of material amounts and disclosures in the financial statements; and
  - Other laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements, but compliance with which may be fundamental to an entity's ability to continue its business or to avoid material penalties.
- Existing CICA 5136 provides recommendations on obtaining knowledge of relevant acts and regulations, obtaining representations from management regarding illegal/possibly illegal acts, and communications with those charged with governance regarding these matters. CAS 250 covers much the same matters, but there would be a significant number of more specific requirements regarding matters that in CICA 5136 are dealt with in application guidance.
- CAS 250 deals in more detail with actions that the auditor should take when non-compliance is identified or suspected.

**Communications with those charged with governance (CAS 260)**

CAS 260, which is based on International Standard on Auditing ("ISA") 260, has been approved to replace CICA 5751 *Communications with those having oversight responsibility for the financial reporting process*.

Significant changes to Canadian standards will include:

- Requirement to confirm auditor independence and disclose relationships that bear on this independence will only be for listed entities rather than all entities;
- Communication of fees for audit and non-audit services will only be required from auditors of listed entities rather than auditors of entities with public accountability; and
- Requirement for **ALL** auditors to meet the guidance in CAS 260, excluding that related to independence communications, where previously auditors of entities without public accountability were only required to consider communicating in accordance with the recommendations in CICA 5751.

Further differences between CAS 260 and CICA 5751 are summarized as follows:

- CAS 260 requires identification of appropriate persons with whom to communicate, or evaluation of whether the persons with whom the auditor has communicated are appropriate persons. CICA 5751 clearly states that the auditor is to communicate with the audit committee or equivalent.
- CAS 260 requires the auditor communicate the form, timing and expected general content of communications. CICA 5751 contains no similar requirement.

- CAS 260 requires communication with those charged with governance on a timely basis. There is no similar requirement in CICA 5751 other than the need to inform the audit committee of material internal control weaknesses as soon as practicable.
- CAS 260 requires evaluation of the adequacy of the two-way communication for audit purposes and when not adequate, requires appropriate action be taken to address the effectiveness of the communication process and to consider the effect on the auditor's assessment of the risks of material misstatements. CICA 5751 contains no similar requirements.
- CAS 260 requires documentation of how and to whom matters required to be communicated have been communicated, and the retention of copies of written communications. CICA 5751 contains no similar specific documentation requirements.

### **Communicating deficiencies in internal control (CAS 265)**

CAS 265, which is based on International Standard on Auditing ("ISA") 265, has been approved to replace CICA 5220 *Internal control in the context of an audit – weaknesses in internal control*.

Significant changes to Canadian standards will include new requirements dealing with:

- The auditor's determination of whether one or more deficiencies in internal control have been identified and if so, whether there are significant deficiencies;
- The need for the auditor to communicate all deficiencies in internal control (other than those that are clearly trivial) identified during the audit to management;
- The need for the auditor to communicate, in writing and on a timely basis, all significant deficiencies to those charged with governance;
- Specific matters to be included in the written communication of significant deficiencies to those charged with governance.

### **Audit evidence regarding specific financial statement account balances and disclosures (CAS 501)**

CAS 501, which is based on International Standard on Auditing ("ISA") 501, has been approved to replace existing Handbook sections:

- CICA 6030 *Inventories*;
- CICA 6560 *Communications with law firms regarding claims and possible claims*; and
- AuG-26 *Applying audit procedures to segment disclosures in financial statements*.

Significant differences between existing Canadian standard CICA 6030 and CAS 501 are as follows:

- CICA 6030 allows the auditor to substitute attendance at the inventory count with other satisfactory procedures (i.e., appointing representative to attend, performing a test count at other than year-end, etc.) if impracticable to attend due to factors such as the nature and location of the inventory. CAS 501 concludes that the matter of general inconvenience to the auditor is not sufficient to support a decision by the auditor to not attend the inventory count;
- CAS 501 provides more explicit requirements regarding the auditor's responsibilities with respect to:
  - The physical count being conducted at a date other than year-end;
  - The auditor being unable to attend the count due to unforeseen circumstances; and
  - Inventory that is under the custody and control of a third party.

Significant differences between existing Canadian standard CICA 6560 and CAS 501 are as follows:

- CAS 501 does not contain the concept that routine matters of an identified type or matters immaterial in the aggregate can be excluded from the communications (but does note that the matters that must be dealt with are only those that give rise to a risk of material misstatement);
- CAS 501 requires the auditor to send an enquiry letter when litigation or claims have been identified or the auditor believes they may exist, while CICA 6560 requires the auditor to use an enquiry letter that addresses outstanding or possible claims;
- CAS 501 provides the option to directly communicate with the entity's external legal counsel through a letter of either general enquiry or specific inquiry, while CICA 6560 requires the use of a specific inquiry letter;
- Both CAS 501 and CICA 6560 deal with meeting with the entity's external legal counsel to discuss their disagreement with the client's evaluation; however, if such a disagreement is resolved, CICA 6560 goes further to require the auditor to request that external legal counsel confirm in writing to him or her the reasonableness of the agreed evaluation;
- CAS 501 addresses situations when management refuses to give the auditor permission to communicate or meet with the entity's external legal counsel, or when external legal counsel is unlikely to respond appropriately or refuses to respond to the auditor's request;
- Due to the significant difference between proposed CAS 560 Subsequent events and CICA 3820 Subsequent events, regarding dating the auditor's report, the requirement for the auditor to obtain audit evidence about the status of litigation claims up to the date of the audit report may result in changes to current practices, policies or methodologies;
- CAS 501 does not contain any requirements or guidance on response letters an auditor can expect from the entity's external legal counsel;
- CAS 501 does not deal explicitly with obtaining consent of the entity's external legal counsel before quoting or referring to response letters as this is a confidentiality issue and not an audit issue. Auditors are still bound by the provincial rules of professional conduct with regard to maintaining client confidentiality;
- CAS 501 does not contain requirements dealing with circumstances when the entity and legal counsel disagree on the valuation of legal claims.

CAS 501 contains less extensive guidance on segment information than AuG-26. Guidance from AuG-26 which will no longer be available under CAS 501 includes:

- The concept of the chief operating decision maker;
- Obtaining management representations that the operating segments are appropriately identified and disclosed;
- Details on analytical procedures that can be performed; and
- Steps the auditor could take if the composition of reportable segments changes.

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### **Auditing accounting estimates, including fair value accounting estimates, and related disclosures (CAS 540)**

CAS 540, which is based on International Standard on Auditing ("ISA") 540, has been approved to replace CICA 5305 Audit of accounting estimates and CICA 5306 *Auditing fair value measurements and disclosures*.

Significant changes to Canadian standards will include:

- Added requirements and application material on the auditor's determination and documentation of misstatements and indicators of possible management bias relating to individual accounting estimates;
- Introduction of risk assessment procedures in accordance with the audit risk model;
- Added requirement for the auditor to review the outcome of accounting estimates made in prior period financial statements;
- Focusing the auditor's work effort not only on accounting estimates that have a risk of material misstatement, but in particular on those that have high estimation uncertainty and may therefore be significant risks requiring special audit consideration;
- Added definition of estimation uncertainty; and
- For an accounting estimate that gives rise to a significant risk, new requirements to consider:
  - How management has assessed the effect of estimation uncertainty by evaluating whether significant assumptions made provide a reasonable basis for the accounting estimate, whether and how management has considered alternative assumptions/outcomes, and why they have rejected them; and
  - Where management has not adequately addressed the effects of estimation uncertainty, whether it is practicable to develop a reasonable range of outcomes with which to evaluate the reasonableness of management's estimate.

### **Related parties (CAS 550)**

CAS 550, which is based on International Standard on Auditing ("ISA") 550, has been approved to replace CICA 6010 *Audit of related party transactions*.

Adoption of CAS 550 will require the auditor to:

- Discuss with the engagement team the susceptibility of the financial statements to material misstatement due to fraud or error resulting from related party relationships and transactions.
- Obtain an understanding of management's controls to identify, account for and disclose related party transactions, and authorize and approve significant related party transactions and significant transactions outside the normal course of business.
- Inspect bank and legal confirmations and minutes of shareholder and those charged with governance meetings for information that may indicate existence of related party relationships or transactions not previously disclosed to the auditor.
- Consider identified fraud risk factors in relation to related parties in assessing the risk of material misstatement due to fraud.
- Treat the following as significant risks:
  - Identified significant related party transactions outside the normal course of business; and
  - Management assertions that related party transactions were conducted on terms equivalent or similar to those in an arm's length or market transaction.



- When the auditor identifies a related party or significant related party transaction not previously identified or disclosed by management:
  - Communicate the newly identified party to the engagement team;
  - Request management identify all transactions with the newly identified party for further evaluation;
  - Inquire as to why the internal controls over identification of related parties and transactions failed;
  - Perform appropriate substantive procedures to respond to risks relating to the newly identified related party or transaction; and
  - When the non-disclosure appears intentional, communicate this information to those charged with governance and evaluate the implications for the audit.
- For identified significant related party transactions outside the normal course of business:
  - When assessing their business rationale, evaluate whether the terms and the manner in which they have been accounted for are consistent with management's explanations; and
  - Obtain evidence that they have been authorized and approved.
- Obtain sufficient appropriate audit evidence to support any management assertion that related party transactions were conducted on terms equivalent or similar to non-arm's length or under normal market conditions and if such evidence cannot be obtained, ask management to correct or delete the assertion.
- Evaluate whether related party relationships and transactions could cause the financial statements to fail to achieve fair presentation.
- Include in the audit documentation the names of identified related parties and, unless otherwise clear, the nature of the related party relationships.

### **Subsequent events (CAS 560)**

CAS 560, which is based on International Standard on Auditing ("ISA") 560, has been approved to replace CICA 6550 *Subsequent events*. The only significant change to Canadian standards that will result from adopting CAS 560 relates to a change in the definition of the auditor's report date. The auditor's report date has previously been defined as the date of substantial completion of the auditor's examination; however, under CAS 560, it will be defined as the date of approval of the financial statements in final form by the directors or other similar body.

### **Going concern (CAS 570)**

CAS 570, which is based on International Standard on Auditing ("ISA") 570, has been approved. The new Section provides guidance on the auditor's responsibility in the audit of financial statements with respect to the going concern assumption used in the preparation of financial statements.

### **Written representations (CAS 580)**

CAS 580, which is based on International Standard on Auditing ("ISA") 580, has been approved to replace CICA 5370 *Management representations*.

Significant differences between CAS 580 and CICA 5370 are summarized as follows:

- CAS 580 only applies to written representations provided in response to an auditor's request, whereas CICA 5370 applies to all representations provided by management, whether written or oral, explicit or implied, solicited or unsolicited.

- CAS 580 distinguishes between two types of written representations – i.e., general written and specific written. There is no similar distinction made in current Canadian standards.
- CAS 580 requires a denial of opinion if a general written representation is not obtained, whereas CICA 5370 allows the auditor to issue either a qualified opinion or disclaimer of opinion.
- CAS 580 requires determination of the relevant parties from whom written representations shall be requested, identifying the CEO and CFO or other equivalent persons as relevant parties. Existing guidance under CICA 5370 requires that written representations be obtained from management.
- Current Canadian standards require written representations for matters that are material to the financial statements, matters that are significant to the engagement, and matters relevant to management's judgments and estimates that are material to the financial statements. CAS 580 does not have a similar requirement to obtain written representations regarding specific assertions embedded in the financial statements, but states that specific written representations be obtained based on professional judgment.

### **The independent auditor's report on general purpose financial statements (CAS 700)**

CAS 700, which is based on International Standard on Auditing ("ISA") 700, has been approved to replace CICA 5400 *The auditor's standard report*, AuG-21 *Canada – United States reporting differences*, and AuG-45 *Legislative auditor's report on financial statements of a federal, provincial or territorial government*. The Auditing and Assurance Standards Board is in discussion with the Office of the Superintendent of Financial Institutions Canada regarding the future of AuG-40 *Auditor's report on the financial statements of federally regulated financial institutions*.

The following is a summary of significant changes to current Canadian standards arising from CAS 700:

- The structure and wording of the auditor's standard report is different from the Canadian report;
- The use of an Other Matter paragraph in the auditor's report when the financial statements have not been prepared in accordance with Canadian GAAP or the GAAP of another established standard-setting organization, which will draw attention to the differences in the frameworks and the reported results;
- Whether the applicable financial reporting framework is a fair presentation framework or a compliance framework will impact the wording of the auditor's report;
- The auditor's report is required to state that auditing standards require the auditor to comply with ethical requirements;
- Requirement for the audit report to be dated no earlier than the date that the auditor has obtained sufficient appropriate audit evidence on which to base an opinion (effectively, the audit report date will be no earlier than the date the financial statements are approved by the board of directors or a similar body);
- Supplementary information that is an integral part of audited financial statements (either by nature or how presented) is to be covered by the auditor's opinion;
- Requirement that the auditor evaluate whether supplementary information presented within the financial statements (but not integral to the financial statements and not covered by the audit opinion) is clearly differentiated from the audited financial statements.

The following items are addressed by CICA 5400, but not CAS 700:

- CICA 5400 provides guidance on the auditor's report on financial statements prepared using the differential reporting options; and
- CICA 5400 provides guidance when there has been a change in accounting principle or in the method of the application of a principle.

### **Emphasis of matter paragraphs and other matter(s) paragraphs in the independent auditor's report (CAS 706)**

CAS 706, which is based on International Standard on Audit ("ISA"), has been approved to replace CICA 5701 *Other reporting matters*.

The following is a summary of significant changes to current Canadian standards arising from CAS 706:

- CICA 5701 does not separately distinguish between an Emphasis of Matter Paragraph and Other Matter(s) paragraphs in the auditor's report. CAS 706 indicates that an Emphasis of Matter paragraph may be used to draw attention to a matter presented or disclosed in the financial statements. An Other Matter(s) paragraph may be used to communicate information relating to matters other than those presented or disclosed in the financial statements;
- When the auditor's report includes an Emphasis of Matter paragraph, CAS 706 requires the auditor to:
  - Include this paragraph immediately after the opinion paragraph;
  - Use the heading "Emphasis of Matter";
  - Include in the paragraph a reference to the matter being emphasized and where to find the relevant disclosures in the financial statements; and
  - Indicate that the auditor's opinion is not modified in respect of the matter emphasized.
- When the auditor's report includes an Other Matter(s) paragraph, CAS 706 requires the use of the heading "Other Matter(s)", and requires this paragraph be placed immediately after the auditor's opinion and any Emphasis of Matter paragraph;

CAS 706 requires that when the auditor expects to include either an Emphasis of Matter or an Other Matter(s) paragraph in the report, that he or she communicate this expectation and the proposed wording to those charged with governance.

### **Assurance on greenhouse gas statement (IAASB Consultation Paper)**

The International Accounting and Assurance Standards Board (IAASB) issued this consultation paper to obtain the views of practitioners and other stakeholders in relation to the IAASB's project to develop an International Standard on Assurance Engagements (ISAE) on *Auditing a greenhouse gas statement*. Comments were invited on the following key issues:

- The engagement partner and the team
  - Skills, knowledge and experience of the engagement partner
  - Multidisciplinary teams
- Number and nature of requirements, and cost and benefit considerations
- Relationship with regulatory requirements
- The assurance process
  - Analytical procedures
  - Internal controls
  - Assertions
  - Materiality
  - Estimates and uncertainty
  - Fraud

- Reporting
  - The assurance report
  - Fair presentation versus compliance frameworks
- Emissions deductions
- Scope 3 emissions
- Types of assurance engagements
  - Direct reporting engagements
  - Level of assurance

Comments were required by February 19, 2010. The effective date of the proposed standard has not yet been specified.

### **GAAP for government organizations (GBEs & GBTOs)**

The Introduction to Public Sector Accounting Standards (the Introduction) has been amended in regards to application to government organizations. Other material in the Public Sector Accounting Handbook (PSA Handbook) has also been revised as a result of the changes. These revisions apply to all government organizations.

The main features of the amendments are as follows:

- When preparing financial statements for their own purposes, government business enterprises (GBEs) will adhere to standards for publicly accountable enterprises in the private sector as determined by the AcSB (i.e., IFRSs) and follow the same transitional provisions (i.e., applicable for fiscal periods beginning on or after January 1, 2011);
- The government business-type organization (GBTOs) classification in the PSA Handbook will be eliminated. Government organizations that were classified as GBTOs will now be categorized as either other government organizations (OGOs) or government not-for-profit organizations (GNFPOs);
- OGOs will determine their most appropriate basis of accounting. OGOs will generally base their financial reporting on the PSA Handbook, however, in certain cases, IFRSs may be a more appropriate basis of accounting. The amended introduction provides factors that would be considered in determining whether IFRSs are the most appropriate basis of accounting;
- The adoption of the PSA Handbook by OGOs will be accounted for by retroactive application with restatement of prior periods to enhance comparability.

The effective date for adoption is for fiscal periods beginning on or after January 1, 2011.

### **Tax revenue (PS 3510)**

CICA Section PS 3510 *Tax revenue* has been approved for inclusion in the Public Sector Accounting Handbook. The new standard is based on the tax revenue principles set out in International Public Sector Accounting Standard, IPSAS 23, *Revenue from non-exchange transactions (taxes and transfers)* for recognition, measurement and disclosure of tax revenue. The main features of this standard are as follows:

- Taxes are to be recognized as an asset and revenue when they meet the definition of an asset, they are authorized (a defined concept) and the taxable event occurs.
- Tax revenue would be recognized by the government imposing the tax, except in purely flow-through arrangements.

- A tax is considered authorized when the effective date of the tax has passed and the earlier of the following has occurred: the related legislation, regulations or by-laws have been approved, or, in the case of jurisdictions where the legal framework allows it, the ability to assess and collect tax has been provided through legislative convention.
- Assets acquired through a tax transaction are measured initially at realizable value.
- Tax revenue should not be reduced by transfers made through a tax system, or grossed up for the amount of tax concessions (which are often referred to as tax expenditures).
- Guidance for identifying and distinguishing between tax concessions and transfers made through a tax system is provided.

The effective date is for fiscal years beginning on or after January 1, 2012. Earlier adoption is encouraged.

### **Government transfers (Third Re-Exposure Draft)**

The second Re-Exposure Draft (RED 2), released in April 2009, proposed to issue revised *Government transfers*, CICA Public Sector Accounting Handbook Section PS 3410. The significant changes from the first Re-Exposure Draft (RED 1) as follows:

- A transferring government is permitted to consider a transfer authorized if it is demonstrably committed to the transfer and final approval of the related legislation, regulation or by-laws occurs before the date the financial statements are completed;
- Consistent with RED 1, operating transfers are recognized as revenue when authorized and eligibility criteria met unless the definition of liability met. RED 2 provides further guidance on the evidence of a liability, which includes consideration of both the transfer terms and a recipient government's actions and communications related to the transfer;
- Unlike RED 1, in RED 2 capital transfers or transfers of tangible capital assets are initially recognized as deferred capital contributions and reported separately from and below non-financial assets on the statement of financial position. The transfers are subsequently recognized in revenue when the related tangible capital assets are recognized in expenses.

In November 2009 PSAB discussed the responses to the RED 2 and determined that there was insufficient support for the RED 2 proposal on recipient accounting for capital transfers. The task force will consider all past and present views of stakeholders for the purpose of developing a position on the critical issue of recipient accounting when developing the third Re-Exposure Draft (RED 3) for the Board's consideration in March 2010. The final standard is expected to be approved in September 2010.

### **Financial instruments (Exposure Draft)**

This Exposure Draft (ED), released in September 2009, proposes to issue a new CICA Public Sector Accounting Handbook Section, *Financial instruments*. This section is to be applied by all levels of government. The main principles are as follows:

- Derivatives and portfolio investments that are equity investments quoted in an active market are to be measured at fair value;
- May designate non-derivative financial assets and financial liabilities to be reported at fair value in cases where more relevant information will result;
- Changes in fair value of a financial instrument are presented in the statement of operations as a remeasurement gain or loss;
- Revenues other than remeasurement gains and expenses other than remeasurement losses should be presented separately in the statement of operations;

- The statement of operations should present the subtotal of surplus/deficit for the period excluding remeasurement gains and losses separately from the total surplus/deficit for the period;
- Disclosure should be sufficient to enable users of financial statements to evaluate the nature and extent of risks arising from financial instruments to which it is exposed at the reporting date; and
- Any adjustment to the carrying amount of applicable assets and liabilities at the beginning of the fiscal year the standard is initially applied should be recognized as an adjustment to accumulated surplus/deficit at that date.

The proposed standard will contain guidance for recognition, measurement, presentation and disclosure of financial instruments for the public sector. The proposed standard will be effective for fiscal years beginning on or after April 1, 2012. Early adoption is encouraged.

### **Liability for remediation and mitigation of contaminated sites (formerly Environmental liabilities) (Exposure Draft)**

The Public Sector Accounting Board ("PSAB") proposes in this Exposure Draft (ED) released in November 2009, to expose *Liability for remediation and mitigation of contaminated sites*, as new CICA Public Sector Accounting Handbook material. The section would apply to all governments and government organizations that base their accounting policies on the Handbook. The main features of this ED are as follows:

- A liability for remediation of contaminated sites should be recognized when:
  - An environmental standard exists;
  - The contamination exceeds the environmental standard;
  - The government is directly responsible or accepts responsibility for remediation of the contaminated site; and
  - A reasonable estimate of the amount can be made.
- If the criteria for the recognition of a liability in PS 3200, *Liabilities*, is met for a voluntary compliance with a non-authoritative policy or guideline, a liability may exist;
- If the existence of a contamination is uncertain, still required to determine whether a liability exists and recognize where appropriate;
- An assessment should be made based upon guidance in PS 3300, *Contingent Liabilities*, if a government's responsibility for remediation of a contaminated site is uncertain;
- The liability for contaminated sites is comprised of the costs directly attributable to remediation activities, net of expected recoveries, based upon the information available at the financial statement date and an estimate of the settlement amount; and
- The liability should be assessed at each reporting date. Any changes in the liability are to be recognized when the revisions are made.

The proposed standard will be effective for fiscal years beginning on or after April 1, 2012. Earlier adoption is encouraged.

### **Foreign currency translation (Exposure Draft)**

This Exposure Draft (ED), released October 2009, proposes to issue revised *Foreign Currency Translation*, CICA Public Sector Accounting Handbook Section PS 2600, which is applicable to all levels of government. The main principles of this ED are as follows:

- 
- There is no longer a scope exclusion for foreign exchange reserves in PS 2600.04; and
  - Any adjustment to the carrying amount of applicable assets and liabilities at the beginning of the fiscal year the amendments are applied should be recognized as an adjustment to the accumulated surplus/deficit at that date.

This proposed amendment will be effective for fiscal years beginning on or after April 1, 2012. Early adoption is encouraged. A government adopts standards contained in the Financial Instruments ED and the amended Foreign Currency standards in the same period.

### **GAAP for government organizations (GNFPOs) (Exposure Draft)**

This Exposure Draft (ED), released March 2010, proposes to incorporate into the CICA Public Sector Accounting (PSA) Handbook, CICA 4400 to 4470 from the CICA Handbook – Accounting (also referred to as the “4400 series”) and to direct government not-for-profit organizations to adhere to the standards for not-for-profit organizations in the PSA Handbook.

The proposed amendments to the *Introduction to Public Sector Accounting Standards* direct government not-for-profit organizations to apply the standards for not-for-profit organizations in the PSA Handbook for fiscal periods beginning on or after January 1, 2012. Comments are requested by July 15, 2010.

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## **8. Auditor Independence**

**8.1.** An essential aspect of all our services to the Regional District is an independent viewpoint, which recognizes that our responsibilities are to the Board. While the concept of independence demands a questioning and objective attitude in conducting our audit, it also requires the absence of financial or other interests in the Regional District. In accordance with our firm's policy, and the Rules of Professional Conduct, which govern our profession, neither MNP nor any of its team members assigned to the engagement or any of its partners, are permitted to have any involvement in or relationship with the Regional District that would impair independence or give that appearance. As auditors, we subscribe to the highest standards and are required to discuss the auditors' independence with the Board of Directors on an annual basis. Under the standard an auditor shall:

- Disclose to the Board of Directors, in writing, all relationships between the auditor and the Regional District that in the auditor's professional judgment may reasonably be thought to bear on our independence;
- Confirm in writing that, in its professional judgment, MNP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of BC as of the audit report date; and,
- Discuss the auditors' independence with the Board of Directors.

### **8.2 Confirmation of Independence**

We are not aware of any other relationship between the Regional District and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence.

We hereby confirm that we are independent accountants with respect to the Regional District. Our draft letter to the Board of Directors discussing our independence, the general form and content of which we expect to provide to the Board of Directors upon the conclusion of our audit, is included as Appendix A to this report.

During the course of the audit, we will communicate any significant new matters that come to our attention that, in our professional judgment, may reasonably be thought to bear on our independence. At the completion of our audit, we will reconfirm our independence.



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**Appendix A – Auditor Independence Letter**

November 22, 2010

Board of Directors  
Cowichan Valley Regional District  
175 Ingram Street  
Duncan, BC V9L 1N8

Dear Members of the Board:

We have been engaged to audit the consolidated financial statements of Cowichan Valley Regional District ("the Regional District") for the year ending December 31, 2010.

CAS 260, *Communications with those charged with governance* ("the Standard"), requires that we communicate at least annually with you regarding all relationships between the Regional District and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

We are not aware of any other relationship between the Regional District and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2010 to \_\_\_\_\_.

Generally Accepted Auditing Standards require that we confirm our independence to the Board of Directors. Accordingly, we hereby confirm that Meyers Norris Penny LLP is independent with respect to the Regional District within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of BC as of \_\_\_\_\_.

This report is intended solely for the use of the Board of Directors, management and others within the Regional District and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours truly,

**MEYERS NORRIS PENNY LLP**

Terry Shepherd, C.A.  
Partner

/wah



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## STAFF REPORT

### REGIONAL SERVICES COMMITTEE MEETING OF JANUARY 26, 2011

DATE: January 18, 2011

FILE No:

FROM: Sharon Moss, Manager, Finance Division

BYLAW No: 3458

SUBJECT: Spring Security Issuing Bylaw

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#### **Recommendation:**

That CVRD Security Issuing Bylaw 3458 be given three readings and adoption.

#### **Purpose:**

To obtain authorization from the Board to approve the Security Issuing Bylaw for the borrowing of funds to upgrade Douglas Hill Water System.

#### **Financial Implications:**

The debt payments for this borrowing will be borne by the property owners within their respective service areas.

#### **Interdepartmental/Agency Implications:**

All borrowing by the Regional District and its member Municipalities must be from MFA and must flow through the Regional District. MFA goes out on the open market and obtains financing twice per year, spring and fall.

#### **Background:**

The Regional District has received the appropriate public approval and has adopted Loan Authorization Bylaws approving this borrowing. The Regional District has 5 years to request funds from the MFA under each Loan Authorization Bylaw which is done through a Security Issuing Bylaw. The identified project requires funds now or will this spring.

Submitted by,

Sharon Moss, C.G.A.  
Manager, Finance Division

SM:tk

Attach.

General Manager Approval:  
  
Signature



## COWICHAN VALLEY REGIONAL DISTRICT

### BYLAW NO. 3458

#### A Bylaw to Authorize the Entering into an Agreement Respecting Financing Between the Cowichan Valley Regional District and the Municipal Finance Authority of British Columbia

**WHEREAS** the Municipal Finance Authority of British Columbia (the "Authority") may provide financing of capital requirements for regional districts or for their member municipalities by the issue of debentures or other evidence of indebtedness of the Authority and lending the proceeds therefrom to the Regional District on whose request the financing is undertaken;

**AND WHEREAS** under the provisions of Section 825 of the *Local Government Act*, the amount of borrowing authorized by the following Loan Authorization Bylaw, the amount already borrowed under the authority thereof, the amount of authorization to borrow remaining thereunder and the amount being issued under the authority thereof by this bylaw is as follows:

L/A Bylaw Number	Purpose	Amount of Borrowing Authorized	Amount Already Borrowed	Borrowing Authority Remaining	Term of Issue	Amount of Issue
3383	Upgrade the Douglas Hill Water System	\$150,000	Nil	\$150,000	20 Years	\$150,000
TOTAL		\$150,000	Nil	\$150,000		\$150,000

TOTAL Financing under Section 825

\$150,000

**AND WHEREAS** the Regional Board, by this bylaw, hereby requests such financing shall be undertaken through the Authority;

**NOW THEREFORE** the Regional Board of the Cowichan Valley Regional District enacts as follows:

#### 1. CITATION

This bylaw may be cited for all purposes as "Cowichan Valley Regional District Bylaw No. 3458 - Security Issuing (Loan Authorization Bylaw No. 3383) Bylaw, 2011".

.../2

2. The Authority is hereby requested and authorized to finance from time to time the aforesaid undertakings at the sole cost and on behalf of the Cowichan Valley Regional District up to, but not exceeding One Hundred and Fifty Thousand Dollars, (\$150,000.) in lawful money of Canada (provided that the Regional District may borrow all or part of such amount in such currency as the Trustees of the Authority shall determine but the aggregate amount in lawful money of Canada and in Canadian Dollar equivalents so borrowed shall not exceed \$150,000. in Canadian dollars) at such interest and with such discounts or premiums and expenses as the Authority may deem appropriate in consideration of the market and economic conditions pertaining.
3. Upon completion by the Authority of financing undertaken pursuant hereto, the Chairperson and Treasurer of the Regional District, on behalf of the Regional District and under its seal shall, at such time or times as the Trustees of the Authority may request, enter into and deliver to the Authority one or more agreements which said agreement or agreements shall be substantially in the form annexed hereto as Schedule A and made part of the bylaw (such agreement or agreements as may be entered into, delivered or substituted hereinafter referred to as the "Agreement") providing for payment by the Regional District to the Authority of the amounts required to meet the obligations of the Authority with respect to its borrowings undertaken pursuant hereto, which Agreement shall rank as debenture debt of the Regional District.
4. The Agreement in the form of Schedule A shall be dated and payable in the principal amount or amounts of monies and in Canadian dollars or as the Authority shall determine and subject to the *Local Government Act*, in such currency or currencies as shall be borrowed by the Authority under Section 2 of this bylaw and shall set out the schedule of repayment of the principal amount together with interest on unpaid amounts as shall be determined by the Treasurer of the Authority.
5. The obligation incurred under the said Agreement shall bear interest from a date specified therein, which date shall be determined by the Treasurer of the Authority, and shall bear interest at a rate to be determined by the Treasurer of the Authority.
6. The Agreement shall be sealed with the seal of the Regional District and shall bear the signatures of the Chairperson and Treasurer.
7. The obligations incurred under the said Agreement as to both principal and interest shall be payable at the Head Office of the Authority in Victoria and at such time or times as shall be determined by the Treasurer of the Authority.
8. During the currency of the obligations incurred under the said Agreement to secure borrowings in respect of "CVRD Bylaw No. 3383 – Douglas Hill Water System Service Loan Authorization Bylaw, 2010", the anticipated revenues accruing to the Regional District from the operation of the Douglas Hill Water System are at any time insufficient to meet the annual payment of interest and the repayment of principal in any year, there shall be requisitioned an amount sufficient to meet such insufficiency.
9. The Regional District shall provide and pay over to the Authority such sums as are required to discharge its obligations in accordance with the terms of the Agreement, provided however, that if the sum provided for in the Agreement is not sufficient to meet the obligations of the Authority, any deficiency in meeting such obligations shall be a liability of the Regional District to the Authority and the Regional District shall make provision to discharge such liability.

10. At the request of the Treasurer of the Authority and pursuant to Section 15 of the *Municipal Finance Authority Act*, the Regional District shall pay over to the Authority such sums and execute and deliver such promissory notes as are required pursuant to said Section 15 of the *Municipal Finance Authority Act*, to form part of the Debt Reserve Fund established by the Authority in connection with the financing undertaken by the Authority on behalf of the Regional District pursuant to the Agreement.

READ A FIRST TIME this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

READ A SECOND TIME this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

READ A THIRD TIME this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Corporate Secretary



**C·V·R·D**

**SCHEDULE "A"**

**to CVRD Bylaw No. 3458**

**C A N A D A**

**PROVINCE OF BRITISH COLUMBIA**

Dollars

**A G R E E M E N T**

**COWICHAN VALLEY REGIONAL DISTRICT**

The Cowichan Valley Regional District hereby promises to pay to the Municipal Finance Authority of British Columbia (the "Authority") at its Head Office in Victoria, British Columbia, the sum of \_\_\_\_\_ (\$\_\_\_\_\_) in lawful money of Canada, together with interest thereon from the \_\_\_\_\_ day of \_\_\_\_\_ at varying rates of interest calculated semi-annually in each and every year during the currency of this Agreement; and payments shall be as specified in the table appearing on the reverse hereof commencing on the \_\_\_\_\_ day of \_\_\_\_\_ provided that in the event of payments of principal and interest hereunder are insufficient to satisfy the obligations of the Authority undertaken on behalf of the Regional District, the Regional District shall pay over to the Authority such further sums as are sufficient to discharge the obligations of the Regional District to the Authority.

DATED at \_\_\_\_\_, British Columbia, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

IN TESTIMONY WHEREOF and under the authority of Bylaw No. 3458 cited as "Cowichan Valley Regional District Bylaw No. 3458 - Security Issuing (Loan Authorization Bylaw 3383) Bylaw, 2011." This Agreement is sealed with the Corporate Seal of the Cowichan Valley Regional District and signed by the Chairperson and Treasurer thereof.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Treasurer



## Staff Report

### Regional Services Committee Meeting of January 26, 2011

**Date:** January 19, 2011  
**From:** J.E. Barry, Corporate Secretary  
**Subject:** CVRD Bylaw No. 3459 – Board Committee and  
Commissions Procedures Amendment Bylaw, 2011

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#### RECOMMENDATION:

That it be recommended to the Board that CVRD Bylaw No. 3459 – Board Committee and Commissions Procedures Amendment Bylaw, 2011 be considered for three readings and adoption.

#### PURPOSE:

To amend the Board Committee and Commissions Procedures Bylaw to include a Question Period on each regular meeting agenda.

#### BACKGROUND:

The conduct of meetings is governed by a Procedure Bylaw as required by the Local Government Act. At the CVRD, there are two procedure bylaws. Board Procedures Bylaw No. 2889, which was adopted in 2006, sets out the proceedings and conduct for regular Board meetings. The "Order of Proceedings and Business" section of this bylaw requires all regular Board meetings to have a Question Period included on the agenda.

Committee and Commissions Procedures Bylaw No. 2922, which was adopted in 2007, sets out the proceedings and conduct for regular Committee and Commission meetings. Section 12 of the Bylaw entitled "Order of Proceedings and Business" does not require Committee or Commission meetings to have a Question Period included on the agenda.

In 2008, the Board of Directors expressed a desire to have consistency between the two bylaws. Although there is no legislative requirement to include a Question Period during a Committee meeting, the Board felt that there should be a Question Period at Committee meetings. As a result, the Board passed resolution #08-033 in January 2008 "that the Committee Procedure bylaw be amended to include a question period".

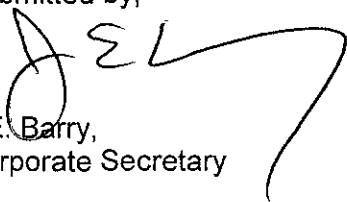
Although the Committee Procedure bylaw didn't require a question period, there was nothing preventing a Committee from adding a question period to their agenda. As a result, the Electoral Area Services Committee added a question period to their agendas even before the

bylaw could be amended. Other Committees did not add a question period to their agendas since they weren't required to do so. Unfortunately, the bylaw amendment didn't come forward and the term of the previous Board ended later in 2008.

In order to maintain a level of consistency between the Board, the Electoral Area Services Committee and all other Committees and Commissions, it is recommended that a Question Period be added to all agendas.

Attached is CVRD Bylaw No. 3459 – Board Committee and Commissions Procedures Amendment Bylaw, 2011 which, if adopted by the Board, will ensure a level of consistency by requiring all Committees and Commissions to include a Question Period.

Submitted by,

  
J.E. Barry,  
Corporate Secretary





## COWICHAN VALLEY REGIONAL DISTRICT

### BYLAW NO. 3459

#### A Bylaw to Amend Board Committee and Commissions Procedures Bylaw No. 2922

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**WHEREAS** the Board of the Cowichan Valley Regional District established procedures for the proceedings and conduct of meetings of Board Committees and Commissions under the provisions of Bylaw No. 2922, cited as "CVRD Bylaw No. 2922 – Board Committee and Commissions Procedures Bylaw, 2007";

**AND WHEREAS** the Board of the Cowichan Valley Regional District wishes to amend the Order of Proceedings and Business to include a Question Period at Board Committee and Commission meetings;

**NOW THEREFORE** the Board of the Cowichan Valley Regional District enacts as follows:

#### 1. CITATION

This bylaw may be cited for all purposes as "**CVRD Bylaw No. 3459 – Board Committee and Commissions Procedures Amendment Bylaw, 2011**".

#### 2. AMENDMENT

That Section 12 - Order of Proceedings and Business be deleted and replaced with the following Section 12:

##### 12. ORDER OF PROCEEDINGS AND BUSINESS

a) The agenda for all regular Committee meetings contains the following matters in the order in which they are listed below:

- (i) Approval of Agenda
- (ii) Adoption of Minutes
- (iii) Business Arising From the Minutes
- (iv) Delegations
- (v) Department Reports/Correspondence
- (vi) Unfinished Business
- (vii) New Business
- (viii) Question Period
- (ix) Closed Session
- (x) Adjournment

READ A FIRST TIME this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

READ A SECOND TIME this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

READ A THIRD TIME this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Corporate Secretary