

ISSUE 104  
September 2018

 **GFOABC**  
Better Together.

# DOLLARS *AND* \$ENSE **PERSPECTIVE**



## MESSAGE FROM OUR PRESIDENT

On behalf of the GFOABC Board, I am pleased to announce the appointment of Kala Harris as our new executive director. Kala has been with GFOABC since 2016, starting as the program manager and more recently leading the design and delivery of our new education framework. Kala is the right person at the right time as we focus on collaborating with our partners and moving forward with new ideas to support our membership. Kala will get things started by leading the Board through a strategic planning process this November. We're all very excited about the possibilities of working with Kala and Erica Christie, our Operations Manager, over the next year.

We're excited about our new course offerings including a new Quarterly Investment Forum (September 18), Asset Management Workshop (September 24-25), and our upcoming Fall PD (November 19-20). The Education Committee is in discussions on refreshing materials for long-term financial planning and development cost charges and are exploring "financing affordable housing" as we listen and work to offer greater value to our membership.

With an eye on improving our planning process, we are in the early stages of designing our first annual report for next year's AGM. The report will focus on GFOABC's new education framework, engaging our membership and establishing metrics for success.

Last but not least, we continue to collaborate with our strategic partners including CPABC, AMBC, LGMA, and GFOA US & Canada. Our External Relations committee is getting results as we've recently entered into an agreement with GFOA and CNAM, with funding from FCM, to develop a National Asset Management Skills Map/Competency Framework for Canadian Communities.

With so much going on I'm grateful for the opportunity to lead and can't think of a better time to do it. Please feel free to connect with me anytime to share your thoughts on how we're doing.

**RICK DANYLUK, *President***

### BOARD OF DIRECTORS

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## MESSAGE FROM OUR EXECUTIVE DIRECTOR

Having served as program manager over the better part of two years, I am truly honored to now be introducing myself to you as the new executive director of GFOABC and equally excited to have the opportunity to be leading GFOABC as we prepare to embark on our next chapter.

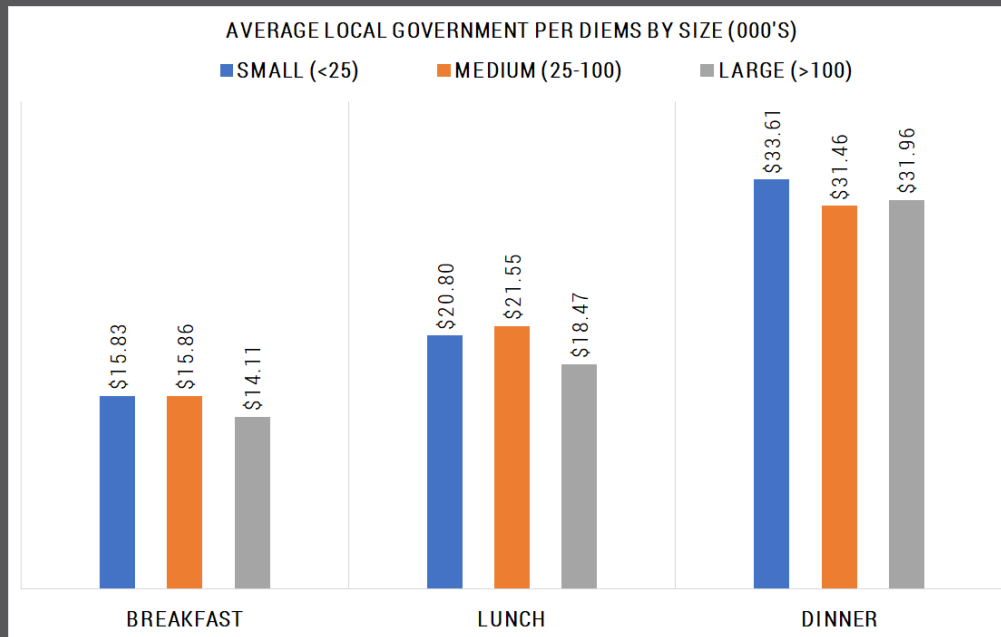
In November, the Board of Directors and staff will meet in Victoria to undertake the development of our new strategic plan. As the new executive director, I believe that we have never been more prepared to set out the strategic priorities that will guide our work for the next three years.

Many operational and programmatic improvements have been made here at GFOABC over its current strategic planning period in our continuing efforts to meet our strategic priorities including the redevelopment of the online member's forum, the creation of an annual membership survey and, most recently, the development of an education framework, which will play an important role in our upcoming strategic planning session.

The next few months will be busy ones here at GFOABC. In addition, to strategic planning, we have our upcoming asset management workshop at the end of September just ahead of the Asset Management BC conference, as well as our Fall PD workshops in Vancouver in November. I hope we will see many of you then.

As I sign off on my first executive director's newsletter report, I would like to take this opportunity on behalf of GFOABC to express my appreciation to our members, sponsors and exhibitors for the continued support of our work.

**KALA HARRIS, *Executive Director***



You can find the full report at the [GFOABC website](#).

## PSAB RELEASES TWO DOCUMENTS FOR COMMENT FOR A REVISED CONCEPTUAL FRAMEWORK AND REPORTING MODEL



The Public Sector Accounting Board (PSAB) seeks feedback on the following two documents that propose changes to the current conceptual framework and reporting model, impacting PSAB's stakeholders for decades to come:

Statement of Concepts, "[A Revised Conceptual Framework for the Canadian Public Sector](#)"

Statement of Principles, "[A Revised Reporting Model for the Canadian Public Sector](#)"

### WHAT IS THE OVERALL IMPACT OF THESE CHANGES?

The proposed changes will lead to:

1. a revised conceptual framework with ten chapters that would replace Sections PS 1000, *Financial Statement Concepts* and PS 1100, *Financial Statement Objectives*; and
2. a revised financial statement presentation standard that would replace Section PS 1201, *Financial Statement Presentation*.

Both the proposed conceptual framework and reporting model are centered around the concept of accountability. The proposals for a revised conceptual framework were developed using an accountability lens and include new guidance with additional clarity. And, the proposals for a revised reporting model seek to increase the understandability and accountability value of financial statements.

For more information on the proposals visit [www.frascanada.ca/psabbigprojects2018](http://www.frascanada.ca/psabbigprojects2018).

### PSAB WANTS TO HEAR FROM YOU

Comments are due on November 28, 2018.

Stay up-to-date on this project's progress via the [Concepts Underlying Financial Performance project page](#).

# WHAT'S HAPPENING AT GFOABC



## QUARTERLY INVESTMENT FORUM

GFOABC  
In partnership with MFABC  
Municipal Finance Authority of BC

INVESTORS' FORUM WEBINAR | REGISTER NOW

SEPTEMBER 18 9:30AM | FREE FOR MEMBERS

The Investors' Forum webinar, sponsored by the MFA, is an opportunity to receive information on the current market environment for those responsible for investing public funds.

ASSET MANAGEMENT | SOLD OUT!

SEPTEMBER 24 & 25

This interactive 2-day comprehensive workshop will focus on the finance officer's role in the asset management process from the framework to the capital plan and long term financial plan integration.



## ASSET MANAGEMENT

2-Day Workshop



## PROPERTY TAXATION & ASSESSMENT

ARE YOU RESPONSIBLE FOR THE PROPERTY TAXATION FUNCTION IN YOUR MUNICIPALITY?

12 ONE-HOUR SESSIONS  
EVERY THIRD WEDNESDAY OF THE MONTH

GFOABC.CA/EVENTS

TAX AND ASSESSMENT

12 MONTH WEBINAR SERIES | REGISTER NOW

Twelve great webinars at one great price. Next webinar is September 19, 2018.

Late registrations will receive all handouts and recordings to date.

SPECIAL COLLECTORS' FORUM—SPECULATION TAX

September 26 | SAVE THE DATE!

REGULAR COLLECTORS' FORUM

October 24 | 9:00 AM | REGISTER

Please submit your round table questions to [doug.stein@shaw.ca](mailto:doug.stein@shaw.ca).



## Quarterly COLLECTORS' FORUM WEBINAR

EXCHANGE INFORMATION, DISCUSS CURRENT ISSUES AND HEAR FROM OTHER AGENCIES

NO CHARGE FOR MEMBERS

EVERY THREE MONTHS  
ON THE FOURTH WEDNESDAY OF THE MONTH

GFOABC.CA/EVENTS



## Fall PD PROGRAM

Every November GFOABC is pleased to bring you two full days of professional development. You have the options of selecting one of two concurrent workshops held each day.

COMING SOON

EACH COURSE RUNS FROM 8:30AM—4:30PM  
CONTINENTAL BREAKFAST AND LUNCH ARE INCLUDED

GFOABC.CA/EVENTS

FALL PD | NOVEMBER | REGISTER NOW

- Debt Financing
- Ethics and Leadership
- Procurement & Capital Asset Development Case Study - NEW!
- Reserves
- Property Tax 203: Assessment Appeal Process
- Property Tax 302: Policy & Setting Tax Rates - NEW!

# BOOT CAMP

*Back to Basics*



## *"I DISCOVERED BOOT CAMP 2018 JUST IN TIME!"*

There is no fixed entry route in becoming a local government finance officer. Positions are filled by candidates with diverse experience and education. Hence, the need for basic training or Boot Camp! With an MBA degree, CPA designation and public sector work experience, I was hired as the Finance Manager (CFO in-training) for the Central Coast Regional District (CCRD) this spring. On-the-job training provides daily insight to the position but I felt I needed to gain a more comprehensive and systematic understanding of my role, and quickly at that, to be confidently sworn in as the CFO in September. I discovered Boot Camp 2018 just in time!

Departing Bella Coola in the midst of a Provincial State of Emergency brought on by wildfires, I was already feeling anxious. My flight was cancelled because of the smoke so I drove 14 hours, made the midnight ferry with 3 hours to spare before class – at 7 AM! Having missed the previous evening's introductions, my teammates nevertheless showed great understanding and welcomed me into the Yellow Team.

Boot Camp was intensive both in long days and in the content. Many of my questions were answered and equally as important were the research resources provided to assist me in becoming more independent after the course was completed.

In addition to the lectures, the opportunity to network with my classmates became very valuable. In many cases they were more than willing to share their experiences and information. Chris Calder, a CPA, CA and General Manager of Financial Services with the Regional District of Fraser-Fort George was so helpful during the week and has continued to provide me with assistance for a CCRD presentation at an upcoming convention.

Instructors at the Boot Camp on financial management are designated professional accountants with hands-on experience in local government. They not only taught the courses with great preparation but have continued to help me with specific requests after camp ended. In other words, they walk the talk:

Tanya Garost, CFO from District of Lake Country sent me her budget information as a good guideline for preparing our budget at the CCRD;

Christopher Paine, Director of Finance from City of Colwood provided me with information related to refining our financial reporting system;

Emily Lewis, Manager of Financial Planning & Accounting from City of Abbotsford sent me her newly developed policies for her municipality, and;

Kevin Bertles, CAO/CFO from City of Armstrong responded to a policy question I asked of him before the Boot Camp ended.

Boot Camp provides no-frill style accommodation in student dorms. The program budget is focused on delivering content over long training hours. I found myself totally engaged in 14-hour days from 7:00 AM to 9:00 PM. Every hour was crafted with informative content. Fond memories and professional relationships developed from Boot Camp will long live in my heart. The troopers are talented, creative, and fun people who can put on a comedy skit pieced together in just a few hours and have everyone laughing – who said accountants can only do numbers!

### **FROM ROSE, (YE QING), LIU, MBA, CPA, CMA | CHIEF FINANCIAL OFFICER**



Rose Liu joined CCRD with more than 20 years of experience in private and public organizations. She earned her Master of Business Administration (MBA) at the University of Alberta in 2008 and Chartered Professional Accountant (CPA) designation in 2011. Rose has been focusing on a career development path of professional accountant with leadership skills of strategic planning, leading change, and ethics.



# SUMMIT AT QUADRA VILLAGE

## PART 1: 2018 INNOVATIVE IDEA AWARD PROFILE

On behalf of the Capital Regional Hospital District (CRHD) Board of Directors, Chief Administrative Officer Robert Lapham, and all the staff supporting the CRHD, we were honored to receive the Government Finance Officers Association of BC (GFOABC) 2018 Innovative Idea Award in recognition of the Summit at Quadra Village project.

The Award recognizes originality and creativity of a program or project that has overall significance to local government in British Columbia. The program or project must provide significant financial or technical advancement with proven cost benefits to the community, and has garnered some form of recognition from the municipal sector.

The CRHD was nominated and won for cultivating and leading the innovative multi-partnership solution between Island Health (Vancouver Island Health Authority) and the Municipal Financing Authority of BC (MFABC) in construction of a new \$86M, 320 unit long-term care facility near Quadra Street and Hillside Avenue in Victoria. With the current Oak Bay Lodge and Mt Tolmie facilities nearing the end of their economic and functional lifespan, and renewal of the existing buildings cost prohibitive, a new solution benefiting all parties was incubated. The Summit at Quadra Village will be a state-of-the-art long-term care facility that will deliver quality care for residents in small house and neighbourhood clusters. The Summit will provide onsite hemodialysis, accommodate an Adult Day Program, and provide a safe working environment for caregivers.

Amidst uncertain long-term economic conditions, the innovative agreement, which includes a 25 year fixed rate private debt issuance, and in turn, a matching 25 year operating lease with revenue to support debt servicing, operating costs and capital reserve funding was developed. The fixed rate borrowing was a first for MFABC and sets a path forward for other local governments in the province to explore this financing vehicle.

In addition to providing guaranteed revenue and cost certainty to the

taxpayer, the CRHD will retain ownership of the Summit at Quadra Village. The project has been a catalyst to a fundamental shift in the financial structure of the CRHD; from a capital granting agency to a health facility ownership entity providing sustained health service delivery to the region.

The project has also garnered significant interest from other local governments across the province. Members of the CRHD Executive Leadership Team have met with several regional districts detailing the architecture of this unique agreement. In addition, MFABC in partnership with CRHD staff have presented the financing model at the GFOABC annual conference both in 2017 and due to high demand, again in 2018.

We would like to recognize and thank our partners, both Island Health and MFABC, the GFOABC Board for recognizing our project, and all the dedicated staff supporting the CRHD in advancing this important project for our region.

### NELSON CHAN, MBA CPA CMA | CHIEF FINANCIAL OFFICER



Nelson Chan is the chief financial officer for the Capital Regional District, Capital Regional Hospital District and Capital Region Housing Corporation. He has more than 20 years of experience in executive leadership and strategy, business transformation and tactical implementation in both the public and private sectors.

*This is the first article of a three part series profiling the 2018 Innovative Idea Award winners. The theme for the 2019 conference is Strategy and Innovation. Please contact GFOABC if you have an innovative financing idea you would like to share.*



# PERFORMANCE AUDITS

## A SHORT OVERVIEW OF THE WORK WE DO

We're happy to provide GFOA-BC members with a series of articles aimed at giving an overview of the learnings of our performance audit work and an ongoing summary of what we're finding in our current audits. We intend all of this to assist you in the work that you do.

Some GFOA-BC members are likely already familiar with performance audits, while others likely are not. That's why we're starting with a short overview of the work we do in completing an audit of a local government.

Our performance audits follow the same professional auditing standards as are required in a financial audit, but the focus of a performance audit and its outcomes are quite different. A performance audit looks at the efficiency, effectiveness and economy (not necessarily all three in each audit) of local government operations. It's a focus on 'how' you do what you do.

Typically, our audits are broader in scope than most financial audits of a local government. The planning and research we do may vary for each topic and involves determining a specific scope and criteria, as well as building subject matter expertise. This phase may take us several months. The planning work may even continue during the beginning of the audit examination work itself as we adapt our approach based on what we find.

It is difficult to accurately estimate how long a performance audit may take, as this depends in part on the scope and complexity of the topic, as well as the volume of information we may need to review. Recently, several audits we completed took between six months to a year.

Initially, we may have staff on-site at the local government to perform examination work for anywhere from several days to a few weeks, including time for interviews with staff and elected officials. We do a large part of our examination work once we get back to our office, reviewing materials, often seeking input as needed from local government staff. We may also contact the local government to clarify

some of our findings or do further examination work if needed. A useful outline of the four phases of our audit process and what to plan for is available on our website (<https://www.aglg.ca/audit-process-2/>).

We try to minimize the time demands we make of local government staff by preparing and sharing lists of information we may need to see in advance, trying to schedule meetings efficiently and generally trying to minimize the demands we make of staff, while also making sure we get the information we need to complete an accurate and fair performance audit. While there's no doubt that a performance audit requires effort from local government staff, our feedback from auditees over the last few years has been very positive as to our approach in working with them.

*Our next article will be a summary of the past work we have completed. Later installments will focus on our work on two current audit topics: Emergency Management and Clean Drinking Water.*

### GORDON RUTH, FCPA, FCGA



Gordon was previously the Executive Vice President of Certification and Operations for the Chartered Professional Accountants of BC. Mr. Ruth was also the Chief Executive Officer for the Certified General Accountants of BC for almost five years. He has held several positions in the public sector, ranging from the federal government to BC Hydro. He spent 15 years with the Greater Vancouver Regional District (now Metro Vancouver) where he became the Chief Financial Officer and helped steward the financial affairs of this regional federation of municipalities.





# THE MFA'S INVESTING CORNER



## INVESTING IN AN INCREASING INTEREST RATE ENVIRONMENT

Some MFA Pooled Fund investors have expressed concerns about holding the MFA Intermediate and MFA Bond pooled funds in a rising interest rate environment. At first glance, these concerns seem legitimate. Given the bond investments in these two funds have an average life of approximately 1 year and 2.5 years respectively, it is certainly true that their performance would suffer, in the short term, when interest rates rise.

However, more often than not, a flight to cash by fixed income investors results in underperformance compared to holding longer-term, fixed income investments throughout the cycle. While one may experience short-term unrealized capital losses by holding bonds, rising interest rates are beneficial to bond investors in the long run because the income they generate in the form of coupon payments reinvested at new, higher, interest rates serve to offset short-term unrealized capital losses.

Not only do investors who sell immediately after an interest rate hike forgo this future expected outperformance, but they also are crystalizing what was merely a loss on paper. This is particularly true for the MFA Intermediate and MFA Bond funds, as these maintain short duration profiles and hold a large mix bonds in a variety of maturities. These funds were designed to provide the opportunity to recoup small unrealized capital losses due to the rise of general interest rates. This goal aligns with the return objective of most local governments who desire options to invest their permanent reserves over longer-term horizons. If your investment time horizon is longer than the duration of the MFA Bond fund, rising rates should ultimately benefit you no matter how large the rate increase.

The key question to ask yourself in picking the appropriate duration of fixed income investments is "What is my investment horizon?", or, "When do we need the money?". A good rule of thumb is to pick a bond fund (or an individual bond) for which your time horizon equals or exceeds fund's duration. If the investments you make may need to be liquidated at any time then one should invest in a cash-like instrument such as a deposit account or the MFA Money Market fund.

I want to underscore that the same bond math principles apply to both a portfolio of securities (for example the MFA Bond Fund, with 2.5 years

duration) and a single bond holding with the same duration (for example, a Government of Ontario bond with 2.5 years duration). There is no difference from a financial perspective. A 1% sudden increase in interest rates would result in the same paper loss of 2.5% for both investments. While the accounting for both investments may be different (pooled bond funds are marked-to-market, while a single bond may be held at either fair value or amortized cost), accounting considerations should never influence one's investment decisions.

The MFA Intermediate and Bond pooled funds are well designed for the needs of BC local government investors. They are intended for those investors with longer time horizons. They allow easy access to a low-cost, diversified, and professionally managed portfolio of corporate and government bonds. Maximizing returns for the longer term while using these funds, however, requires sticking to a plan, remembering the objectives and time horizons of one's portfolio, and to not get unduly influenced by short term results by selling and crystalizing short term losses.



**PETER URBANC** was appointed CAO of the Municipal Finance Authority in January 2016. Prior to joining the MFA, Peter spent over 20 years in Canada and overseas as a provincial treasurer, pension plan trustee and investment banker.

### INVESTORS' FORUM WEBINAR

September 18th 9:30am PT – FREE TO MEMBERS

Please submit your round table questions to Shelley Hahn at [Shelley@mfa.bc.ca](mailto:Shelley@mfa.bc.ca) in advance of the webinar.

[REGISTER NOW](#)

# PARTNERING WITH NONPROFITS TO SOLVE THE SOCIAL HOUSING CRISIS

*Summarized from GFOABC Presentation by Kristine Simpson, BDO Canada LLP and Shayne Williams, Lookout Housing and Health Society*

Social housing is a significant issue for many vulnerable residents in British Columbia and should be a top priority for municipal governments. Many communities across the province are experiencing these trends due to increased population, higher housing costs, lack of subsidized housing, or cuts in other social services. While housing is primarily a social issue, the financial concerns must be considered as well.

Politics dominate the conversation around social housing, but political motivations should not drive the solutions. Budgetary concerns are often cited as a main barrier to identifying workable solutions, but with some political courage, minimal municipal investment can be combined with provincial funding to achieve significant positive outcomes.

If not handled correctly, unsuccessful attempts to solve the social housing crisis could cost a municipality in the following ways:

- **Reputation/credibility:** Failed attempts to deliver a social housing solution could damage the public's trust in elected officials and administration
- **Time:** A significant investment of time can be sunk into an unsuccessful project
- **Dollars:** There is both the loss of taxpayer dollars and lost opportunities related to alternative initiatives

## DEVELOPING A STRATEGY TO SERVE THE COMMUNITY

Collaboration is key to a successful strategy – non-profits and municipalities are best poised to work together to successfully serve the community. BDO works with many non-profits who successfully advocate for the best results, while building partnerships with other organizations in a more agile and innovative manner than municipalities working independently. The non-profit's expertise can create a successful housing facility that also focuses on safety for residents, alignment with other service providers, and access to basic needs such as transportation, food, and medical services.

From a financial standpoint, a partnership with non-profits helps to leverage various levels of government funds. For example, if the municipality makes a small investment, such as selling, donating or leasing the land, the provincial or federal government will often help with

the capital cost of the building and some or all of the ongoing operational costs.

Municipalities typically do not have the same depth of on-the-ground connections with the people in need of public services. Non-profit housing experts work in the communities on a daily basis and have the expertise for best serving the public. This ensures that every dollar invested is making the highest impact in the community. Different communities have varying needs and constraints. One size does not fit all, and it is important to explore the options to get a good fit.

## BDO'S HOLISTIC APPROACH

To help those who are struggling to obtain necessary services, the solution must go beyond simply building a social housing facility, but including the wraparound services as well. BDO supports a holistic approach with emphasis on long-term outcomes. We focus on providing assistance through all phases from strategic planning, developing new business cases, through to the bookkeeping, auditing, and filing tax forms. For full version of the article, please visit [www.bdo.ca](http://www.bdo.ca)

## KRISTINE SIMPSON CPA, CA | PARTNER, BDO CANADA



Kristine has over 20 years of experience in accounting, audit, tax, and advisory services for the not-for-profit and public sector. Her non-profit client experience includes entities focused on housing and shelter; arts, culture, and education; family and children welfare. She specializes in helping clients to optimize strategic

planning, operational improvements, and innovative funding models.

Kristine and her team provide assistance with regulatory and legislative reporting requirements and compliance as it relates to non-profit service providers. Kristine focuses on working with multi-stakeholder organizations to increase financial transparency, improve accountability and governance controls, and manage public perceptions.

Twitter: <https://twitter.com/krislsimpson>

LinkedIn: <https://ca.linkedin.com/in/kristinesimpson>



# IMPROVE YOUR INTERNAL CONTROLS TO LOWER AUDIT FEES

If you're a typical finance department, discussions about Internal Controls are probably not part of your daily work day. In our experience, accounting teams start thinking and discussing Internal Control when they have:

1. found an alarming incidence of error in their business processes
2. are subjected to a performance audit (if they are a local government)
3. heard of another organization falling victim to fraud

Outside of these scenarios, the strength of internal controls systems doesn't often get a lot of finance's attention while they take care of payroll, budgeting, management reporting, financial reporting and so much more.

There is a large, but often overlooked reason to focus on your internal controls system, an opportunity to reduce audit fees.

## AUDIT FEES INCREASE WITH POOR INTERNAL CONTROLS

Poor internal controls and/or poor documentation of existing controls directly lead to increased audit fees. Why?

Auditors must increase the amount of testing performed (sample size) when they determine that internal controls can not be relied upon ([International Standard on Auditing - 530 Audit Sampling](#)) to reduce audit risk to an acceptable level ([International Standard on Auditing - 330 Auditor Responses to Assessed Risk](#)).

Specifically:  
"Deficiencies in the control environment, however, have the opposite effect; for example, the auditor may respond to an ineffective control environment by: • Conducting more audit procedures as of the period end rather than at an interim date. • Obtaining more extensive audit evidence from substantive procedures. • Increasing the number of locations to be included in the audit scope."

The evidence of this direct relationship between audit fees and internal controls abounds. In December 2016, the [Financial Executives Research Foundation \(FERF\) survey](#) of more than 6,000 organizations found that reviews of internal controls continue to be one of the three major driving factors behind rising audit fees:

- More than 20% of the respondents that had audit fee increases cited a "review of manual controls from [Public Company Accounting Oversight Board] inspections."
- Companies that cited ineffective internal controls as adding to audit fees experienced a 5.1% median increase, almost two percentage points higher than the median increase for all other filers.

## 3 RECOMMENDATIONS TO REDUCE AUDIT FEES

In their follow-up article "[Mitigating Increases in Audit Fees](#)" the FERF interviewed preparers and auditors to understand causes and develop recommendations. Several recommendations focused specifically on Internal Controls improvements that drive lower audit fees including:

1. **Align key controls with key risks:** Ensuring the organization has strong controls to address the most significant risks will give management and auditors increased confidence.
2. **Document internal controls:** If an organization has very light or poorly organized documentation, or hasn't thought through all the branches in a process, attestation becomes difficult for the auditor – and more costly for you.
3. **Evaluate the latest technology:** External and internal auditors are both [using data analytics and continuous controls monitoring technology to increase audit quality, work smarter and potentially reduce costs.](#)

There are many great reasons to focus on improving your organizations' internal controls. Lower Audit fees is another good one.

**JAMIE BLACK** is President of F.H. Black & Company Incorporated. For the last 20 years, he has consulted and trained finance officers, auditors & accountants in government, higher education, and corporations throughout Canada and the U.S. His work focuses on increasing finance department efficiency & effectiveness through the implementation of technology & best practices.





# COLLECTORS' CORNER

## TAX SALE AND "ESCHEAT"

If a property that is subject to tax sale is owned by a company or corporation, then it's possible you will encounter "escheat". The Business Corporations Act S344 states that if a corporation is dissolved, land owned by the corporation at the time of its dissolution escheats or forfeits to the Crown pursuant to the Escheat Act. What causes a company to be dissolved? A company can voluntarily dissolve itself but also, if after two consecutive years the company fails to file an annual report, BC Registries may dissolve the company. However, the Escheat Act S4 states that if, within 2 years from the date of its dissolution, a corporation is revived under any Act, the revival has effect as if the land of the corporation had not escheated to the government, and the land vests back in the corporation. Back to the Business Corporations Act – S364 states that a company that is restored is deemed to have continued in existence as if it had not been dissolved. How does this affect tax sale?

Land owned by a company that has been dissolved and thus escheated to the Crown cannot be sold at tax sale. What to do? If you have a property with delinquent taxes that is owned by a company, first do a Companies Search to determine the status of the company, the corporate office address and name/address of the directors. Regardless of whether the company is dissolved, we still want to collect the outstanding taxes. Scenario 1 - If the status of the company is "active", you can proceed with the normal tax sale process. Scenario 2 - If the status has been "inactive" for less than 2 years, I recommend not taking the property to tax sale until the 2 year revival period is over. Scenario 3 - if the status has been

"inactive" for more than 2 years? If the property is sold at tax sale and subsequently not redeemed, Land Titles will not transfer the ownership of a property that has escheated to the Crown without first receiving a letter of non-objection from the Province (Resource, Environment and Land Law Group, Legal Services, Ministry of Attorney General). The question at this point is what would happen if the Province refused to issue the letter of non-objection thus retaining ownership of the property that was previously sold at tax sale and not redeemed? Therefore I recommend applying for the letter of non-objection from the Province prior to taking the property to tax sale. Points to note: 1. The Province does not proactively check if a company is dissolved. Therefore, the taxes may have been paid though the company had been dissolved for many years. 2. Unless there is a reason, the Province does not initiate a transfer of title to the Province. 3. There is no direction as to who applies for the letter of non-objection from the Province.

### SPECIAL COLLECTORS' FORUM—SPECULATION TAX

SEPTEMBER 26 | SAVE THE DATE!

### REGULAR COLLECTORS' FORUM

OCTOBER 24 | 9:00 AM | [REGISTER](#)

**FREE FOR MEMBERS**



**DOUG STEIN** has worked in municipal finance for over 30 years. In 2011 he retired from his position as Manager of Revenue Services for the District of Saanich. Doug has been very involved with the Collectors' Forum, is a GFOABC Life Member and a CPA, CMA. **JOIN** Doug in Vancouver for [Fall PD](#).

# THANK YOU SPONSORS



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