



**AUDIT COMMITTEE MEETING
Town Hall – Council Chambers
Thursday, May 21st, 2026
2:00 p.m.**

AGENDA

1. Approval of the Agenda
2. Approval of the Minutes – October 9th, 2025
3. New Business:
 - 3.1 Committees of Council Policy
 - 3.2 Audit Committee Policy
 - 3.3 Election of Chair
 - 3.4 Election of Vice Chair
4. Audit Planning Report - BDO Canada - Edele Oakey & Lauren Vail
5. Date for Next Meeting
6. Adjournment

A regular meeting of the Middleton Audit Committee was held at the Town Hall on Thursday, October 9, 2025, at 9:00am.

PRESENT

Chairing the meeting, Chair Sandra Fournier, Vice Chair Patricia Leslie, Resident, Sylvester Atkinson, CAO Ashley Crocker, Interim Director of Finance/Contract Accountant, Kevin Matheson and Recording Secretary, Dayle Crook

Regrets: Councillor Bernadette Knapp, Resident, Dao Bui

CALL TO ORDER

Chair Sandra Fournier called the meeting to order at 9:00am.

1. APPROVAL OF AGENDA

251009.01 It was moved and seconded to approve the agenda as circulated. **Motion carried.**

2. APPROVAL OF THE MINUTES

It was moved and seconded to approve the minutes of August 18, 2025, as presented. **Motion carried.**

3. Final Update on 2024-25 Audit Costs – Ashley Crocker, CAO

CAO Ashley Crocker spoke to the final cost of the 2024-25 fiscal audit. Audit costs for fiscal 2024-25 were finalized at \$34,403; \$248 over budget.

4. Management Update on Internal Controls**4.1 User Access Rights Policy – Kevin Matheson**

Interim Director of Finance, Kevin Matheson explains that staff have been working with the Town's IT consultant, Jeff Hanshaw, to remedy outstanding user access rights issues that were identified in the 2024-25 audit process. A new front desk user login has been created and scheduled to be active in coming weeks. A policy will be brought forward to the audit committee in the coming months.

5. NEW BUSINESS**5.1 RFD 058-2025 Award of RFQ for Audit Services & Appointment of Auditor – Kevin Matheson**

Interim Director of Finance, Kevin Matheson discussed the outcome of staff scoring for BDO Canada LLP and Doane Grant Thornton.

Of noted, included:

- While Doane Grant Thornton has substantially higher hourly rates, they have a much lower estimate of time needed to complete the audit
- BDO Canada LLP based time budget on the past three years of doing the Town's audits, indicating there were no issues on part of the Town (in prior years) that incurred extra hours
- Future audit cost subject to increase due to software migration (Microsoft Dynamics GP being phased out in 2029; currently researching new ERP options) - additional costs estimated between \$4-\$6k.
- Doane Grant Thornton based their time budget on similar sized municipal audits; adjusting of fieldwork hours (and cost) reflected on scorecard to bridge gap between proposed audit work requirements between firms
- Scoring was 5 points in BDO Canada LLP's favor

251009.02 It was moved and seconded that the Audit Committee recommend that Council award the RFQ for Audit Services covering a five-year period for fiscal years ending March 31, 2026, through March 31, 2030, to BDO Canada LLP for an estimated amount of \$200,786 plus non-recoverable HST and further appoint BDO Canada LLP as the municipal auditor for the same fiscal periods. **Motion carried.**

6. DATE FOR NEXT MEETING

Next meeting is to be determined.

7. ADJOURNMENT

It was moved to adjourn at 9:18am.

Sandra Fournier, Chair

Dayle Crook, Recording Secretary

COMMITTEES OF COUNCIL POLICY	
Effective Date 2023.11.21	Approved by Council 2023.11.20

1.0 Purpose

To ensure that all Committees of Council adhere to a common standard of operation.

This policy outlines standard general functions for all Committees of Council to ensure sufficient and appropriate personnel to fulfil committee mandate, and to ensure clear and consistent processes.

Individual Committees of Council will also have policies and procedures that outline specific mandate(s), goals or objectives, and other governmental requirements.

2.0 Committees of Council

2.1 The following Committees of Council must adhere to the procedure laid out below:

- 2.1.1** Accessibility Advisory Committee
- 2.1.2** Audit Committee
- 2.1.3** Community Centre and Fire Hall Committee
- 2.1.4** Planning Advisory Committee
- 2.1.5** Source Water Protection Advisory Committee
- 2.1.6** Any other committee, panel, or board struck by council

2.2 All committees report to Council.

3.0 Terms of Reference

3.1 Every Committee of Council shall have a committee-specific policy that defines its Terms of Reference and must include:

- 3.1.1** Purpose/Mandate
- 3.1.2** Composition
 - Total number of committee members
 - Quorum
 - Requirements/expertise of committee members
- 3.1.3** Frequency of Meetings
- 3.1.4** Other duties, responsibilities, regulations, or requirements as necessary

4.0 Notice of Meetings

- 4.1** A notice of a meeting shall be posted on the Town's website for each meeting at least one week before the meeting date.
- 4.2** Where a committee has regularly scheduled meetings, a single notice stating the scheduled dates may be posted.
- 4.3** If a meeting is changed a special notice shall be posted stating the new date. Such a notice shall be posted a week in advance where possible.
- 4.4** Notice of Emergency meetings shall be posted as soon as the date is set.
- 4.5** All committee meetings shall be open to the public.

5.0 Agendas and Minutes

- 5.1** The agenda for any meeting of a Committee of Council shall be posted on the Town's website and circulated to Committee Members as soon as it is finalized.
- 5.2** The draft minutes of any meeting will be circulated to Committee Members at the same time as the agenda for the next meeting.
- 5.3** Approved minutes will be posted to the Town's website as soon as possible after approval.
- 5.4** All Committees of Council must maintain minutes of Council.

6.0 In-Camera Sessions

- 6.1** In camera discussions may only be held for the following topics:
 - 6.1.1** Acquisition, sale, or lease of municipal property
 - 6.1.2** Minimum price to accept at tax sales
 - 6.1.3** Personnel matter
 - 6.1.4** Labour relations
 - 6.1.5** Contract negotiations
 - 6.1.6** Litigation
 - 6.1.7** Legal advice
 - 6.1.8** Public security
- 6.2** To encourage attendance during regular, public sections of meetings, Committees of Council should hold in-camera items until the end of the meeting.
- 6.3** The minutes shall reflect the time an in-camera session began and concluded and under which of the eight possible topics the discussion fell.

7.0 Vacancy and Membership Application Process

- 7.1** All vacant committee positions will be advertised on the Town’s website and social media and will include description of committee, its purpose, membership term, and directions to apply.
- 7.2** Applications are to include a resume and/or a detailed letter describing how the applicant’s experience and education are relevant to the committee’s purpose. Where an applicant does not have significant experience and/or education, they should clearly demonstrate a willingness to learn and an interest in the committee’s subject matter.
- 7.3** Applications are to be submitted to Chief Administrative Officer or a designated staff person. The Chief Administrative Officer will discuss the application with the Committee Chair before making a recommendation to Council for appointment.

8.0 Chair and Vice Chair

8.1 Election

- 8.1.1** Annually, at the first meeting of the calendar year, every committee shall elect a Chair and Vice Chair.

8.2 Role of Chair

- 8.2.1** Lead the meeting
- 8.2.2** Getting through the agenda in the allotted time
- 8.2.3** Involve everyone
- 8.2.4** Reach decisions
- 8.2.5** Ensure committee members follow the Code of Ethics
- 8.2.6** Maintain civility and order within the meeting which may include:
- Conflict resolution between members
 - Removal of member from a meeting
 - Recommendation to remove member from committee

8.3 Role of Vice Chair

- 8.3.1** Assume all the above duties of Chair when the Chair is absent

9.0 Term of Membership

- 9.1** The standard term of membership for any Committee of Council is one year unless other legislative regulations apply.
- 9.2** Maximum length of membership
- 9.2.1** The standard maximum length of membership is five consecutive years.

9.2.2 Members may reapply to join the same committee after a two-year period of no involvement in that committee. The maximum length of membership would again be five consecutive years.

9.3 Each committee can opt for all member term lengths to be the same, or a mix of term lengths to encourage diversity as well as consistency in transition/succession planning.

9.4 Committee members shall be appointed by Council.

9.5 Committee members will serve without pay.

9.6 Termination of membership

9.6.1 Members may terminate their membership at any time by submitting written notice to the committee Chair and/or Chief Administrative Officer.

9.6.2 Committees may terminate a member's membership by majority vote upon:

- The member's absence from three consecutive meetings without valid notice
- The member's inability to adhere to the Code of Ethics
- After applying remedial measures, the member still does not contribute to or participate in committee activities or decisions.

9.6.3 If a Committee terminates a member's membership, notification must be sent to the Chief Administrative Officer and Council.

10.0 Code of Ethics

10.1 General

10.1.1 The Town believes that the proper operation of municipal government requires that committee members:

- be independent of any external influences or pressures
- be impartial and responsible to the citizens of the Town
- should not use their position for personal advantage

10.1.2 No committee member shall grant any special consideration, treatment, or advantage to any citizen beyond that which is available to every other citizen.

10.1.3 All committee members must abide by the Code of Ethics section of this policy and sign an accompanying declaration form.

10.2 It is the responsibility of all committee members to:

- 10.2.1** Uphold and carry out the policies and bylaws of the Town, as well as applicable Federal and Provincial laws, to foster and enhance respect for government.
- 10.2.2** Promote a high standard of morality and to discharge faithfully the duties as a committee member, regardless of personal considerations and interests.
- 10.2.3** Be loyal to the objectives expressed by the citizens and the programs developed to attain those objectives.
- 10.2.4** Adhere to the terms of reference and responsibilities established as the standard for their positions.
- 10.2.5** Never exceed their authority, breach the law, or ask others to do so.
- 10.2.6** Work in full cooperation with other public officials and employees unless prohibited from doing so by law or by officially recognized confidentiality of their work.

10.3 Conflict of Interest

10.3.1 No committee member shall engage in any business or transaction or have a financial or personal interest, direct or indirect, which is incompatible with the proper discharge of their official duties in the public interest or would tend to impair their independence of judgment or action in the performance of their duties as a committee member. Personal, as distinguished from financial interest, includes an interest arising from blood or marriage relationships or close business or political association.

10.3.2 Specific conflicts of interest are listed below for the guidance of committee members.

- **Incompatible Employment:** No committee member shall engage in or accept private employment or render service for private interests when such employment of service is incompatible with or would tend to impair their independence of judgment of action in, the performance of their duties as a committee member.
- **Disclosure of Confidential Information:** No committee member shall, without proper legal authorization, disclose confidential information concerning the property, government, or affairs of the Town, nor shall they use such information to advance the financial or other private interest of themselves or others.

11.0 Decision Making

11.1 Decisions will be made by a majority vote of the members present providing quorum has been met.

12.0 Repeal

12.1 A Policy known as A.3.6 Committees & Panels – Notice and Procedures dated April 6, 1999, is hereby repealed.

I, Ashley Crocker, **Chief Administrative Officer of the Town of Middleton**, do hereby certify that the Policy, of which the foregoing is a true copy, was duly passed at a duly called meeting of the Town Council of the Town of Middleton held on the 20th day of November 2023.

Ashley Crocker

Chief Administrative Officer

Policy Adoption	
Date of 7-day notification to Council	November 6, 2023
Date of Approval	November 20, 2023

AUDIT COMMITTEE POLICY	
Effective Date 2023.11.21	Approved by Council 2023.11.20

1.0 Purpose/Mandate

The purpose of the Audit Committee is to provide advice to Council on matters relating to audit and finance of the municipality. The Committee fulfills the legislative requirements as outlined in Section 44 of the Municipal Government Act (MGA).

The Committee increases both the reliability and credibility of financial reporting, enhances the independence of external auditors, and influences the overall corporate “tone” for quality financial reporting, risk controls, and ethical behaviour.

2.0 Composition

2.1 Total number of committee members

2.1.1 Minimum of five (5) to a maximum of (7)

2.2 Requirements/expertise

2.2.1 At least two (2) members are Town residents not elected or employed by the Town. In instances in which qualified town residents cannot be found, other qualified applicants may be considered.

2.2.2 Possess or acquire accounting, auditing, financial reporting and/or finance expertise.

2.3 Quorum

2.3.1 The standard measure for quorum shall be 50% plus 1 of the total number of committee members unless otherwise defined in this policy.

3.0 Frequency of Meetings

3.1 Audit Committee meetings will coincide with the stages of the audit:

3.1.1 The first meeting should be before the commencement of the audit. The Committee will review the program and the estimated fee.

3.1.2 The second meeting should take place after the completion of the audit. The Committee will review the annual finance report and management or internal control letter.

3.1.3 There will be no limit to the number of meetings; the Committee shall convene whenever circumstances demand.

4.0 Duties, Responsibilities, Applicable Legislative Requirements

4.1 Audit Committee meetings are open to the public and suggestions and recommendations of the Committee are made available to the public.

4.2 The Committee has unrestricted and complete authority to delve into any affair of the Town. It has full access to staff reports and full access to management and the auditor.

4.3 The Committee must maintain minutes of meetings and annually report to Council on how the committee has performed its duties and met its responsibilities.

4.4 The following list represents the duties and responsibilities of the Audit Committee. However, the Committee may be assigned such other matters as determined by Council to be the duties of the Audit Committee.

4.4.1 Financial Statements

- Review audited financial statements in depth with management and the external auditor. If satisfied they fairly present the financial position and results of operations, recommend approval by Council.
- Review any potential changes in accounting principles and practices.

4.4.2 Audit

- Procure the audit in accordance with the requirements on procurement.
- The scope of the audit should include fair basic financial statements, individual funds, and component units. The audit contract should stipulate that the auditor conforms to generally accepted auditing standards found in the CPA Handbook. Enter into multiyear agreements with independent auditors (at least five years). Undergo a full competitive process in selecting the independent auditor. The auditor's ability to perform a quality audit should be the principal decision-making factor.
- Recommend to Council the change of the municipal auditor if management questions the competence of the incumbent and the committee confirms the view. The recommendation to appoint a new auditor would follow an adequate inquiry into the auditor's competence and reputation.
- At an initial meeting, the Committee should discuss the roles and responsibilities of the auditor and the Committee, as well as the auditing procedure to avoid misunderstandings at a later date. Committee members should be educated regarding their role and responsibilities.
- Review the auditors' risk assessments and overall audit plans.
- Discuss the extent, timing and completion of the audit including the level of materiality to be used.

- Review estimated and final audit fee.
- Promote cooperation between management and the auditor. Review the problems and restrictions encountered by the auditor and degree of cooperation received.
- Discuss whether a letter of engagement and/or a letter of representation exist as part of the audit file.
- Oversee the resolution of audit findings.
- Assess the auditors' performance.

4.4.3 System of Internal Control

- Discuss with the auditor the internal control systems and any recommendations for improvements; obtain and review a management letter; obtain management response to the recommendations from prior years.
- Monitor processes for management's identification and control of key corporate financial and regulatory risk.
- Inquire into any activities or transactions that may be illegal, questionable, or unethical, and into the municipality's control procedures that ensure such activities are being guarded against.
- Monitor compliance with the corporate code of conduct and regulatory requirements.
- Review the overall reasonableness of CAO and Council member expenses.
- Review adequacy of staffing in relation to both number and competence for accounting and financial responsibilities.

5.0 Repeal or Amend

5.1 A Policy known as Audit Committee Terms of Reference dated January 21, 2019, is hereby amended.

I, Ashley Crocker, **Chief Administrative Officer of the Town of Middleton**, do hereby certify that the Policy, of which the foregoing is a true copy, was duly passed at a duly called meeting of the Town Council of the Town of Middleton held on the 20th day of November 2023.

Ashley Crocker

Chief Administrative Officer

Policy Adoption	
Date of 7-day notification to Council	November 6, 2023
Date of Approval	November 20, 2023

Town of Middleton

Audit planning communication to the
Audit Committee for the year ended
March 31, 2026

START



JBDO



To the Audit Committee of Town of Middleton

We are pleased to provide you with this planning communication to highlight and explain key issues which we believe to be relevant to the audit of Town of Middleton (the “Town”) financial statements for the year ended March 31, 2026.

The enclosed planning communication includes our approach to your audit, the significant risks we have identified and the terms of our engagement. At the year-end meeting, we will provide you with a copy of our draft audit opinion and discuss the nature, extent and results of our audit work. We will also communicate any significant internal control deficiencies identified during our audit and reconfirm our independence.

Our audit and therefore this communication will not necessarily identify all matters that may be of interest to the Audit Committee in fulfilling its responsibilities. This communication has been prepared solely for the use of the Audit Committee and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We look forward to completing our draft audit report opinion and discussing our conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP





Table of Contents

1	Your dedicated BDO audit team	4
2	Audit timeline	5
3	Auditor's responsibilities	6
4	Significant risks and planned responses	8
5	Planned scope	10
6	How we audit financial statements	11
7	Our audit approach	12

Your dedicated BDO audit team



Lauren Vail, CPA
Engagement Partner

T: (782) 355-0227
E: LVail@bdo.ca



Edele Oakey, CPA
Manager

T: (709) 999-0208
E: eoakey@bdo.ca



Angela Wu
In-Charge Accountant

T: (782) 355-0256
E: awu@bdo.ca

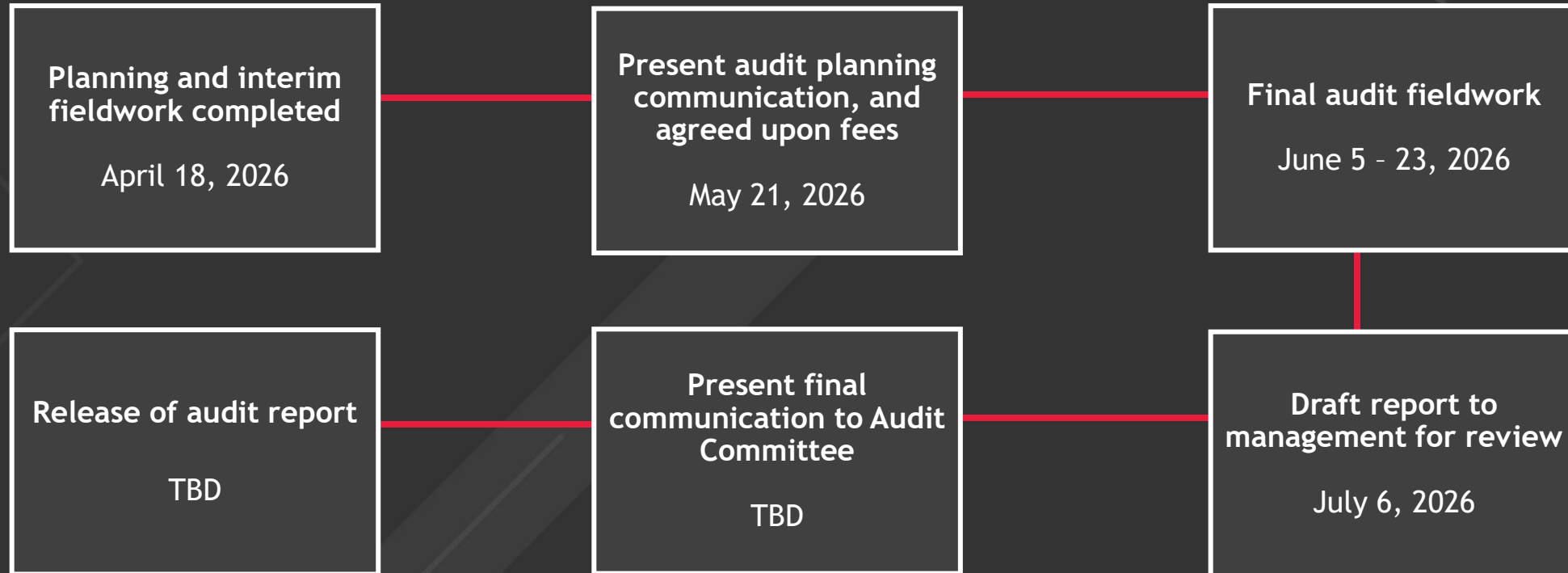
Our independence



We have complied with relevant ethical requirements and are not aware of any relationships between the Town of Middleton and our Firm that may reasonably be thought to bear on our independence.



Audit timeline





Auditor's responsibilities: financial statements

We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management, with oversight by those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as confirmed in our engagement letter attached as Appendix A to this letter, is set out below:

Year-End Audit Work

- ▶ Work with management towards the timely issuance of the financial statements, and consents for offering documents.
- ▶ Provide timely and constructive management letters. This will include deficiencies in internal control identified during our audit.
- ▶ Present significant findings to the Audit Committee including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.



We are required to obtain an understanding of the system of internal control in place in order to consider the adequacy of these controls as a basis for the preparation of the financial statements, to determine whether adequate accounting records have been maintained and to assess the adequacy of these controls and records as a basis upon which to design and undertake our audit testing.

We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.



Auditor's responsibilities: fraud

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

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

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

Throughout our planning process, we performed risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the Town's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and made inquiries of management regarding:

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

We are not currently aware of any fraud affecting the Town. If you are aware of any instances of actual, suspected, or alleged fraud, please let us know.



Significant and elevated risks and planned responses

We have identified the following significant risks that require special audit consideration. These risks were identified based on our knowledge of the Town, our past experience, and input from management and the Audit Committee.

While improper revenue recognition is generally considered a significant fraud risk, BDO has determined that this risk is low for the Town due to the lack of complexity of these transactions or lack of opportunity to engage in such practices.

Financial statement areas	Risks noted	Audit approach
Management override of controls	<p>Management is in a unique position to perpetrate fraud because of the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. For the Town’s management team in particular, the following incentives are applicable:</p> <ul style="list-style-type: none">• The Director of Finance approves all manual journal entries prepared by the accounting staff and maintains the FS spreadsheet. No additional approval is performed by the CAO. The Director of Finance could therefore post high-level entries without approval that could be erroneous or fraudulent.• The Town’s goal is to align actual figures with budgeted figures. Because entries posted by the Director of Finance are not approved by the CAO, entries could be made to help financial statements appear in alignment with budget.	<ul style="list-style-type: none">• Test key controls surrounding approvals and access management within accounting systems to ensure they are designed and implemented appropriately; and• Test journal entries prepared by or authorized by super users and entries that exhibit characteristics of audit interest.



Additional risks and planned responses

We have identified the following additional risks that require special audit consideration. These risks were identified based on our knowledge of the Municipality and input from management.

Financial statement areas	Risks noted	Audit approach
Recognition of government transfers	There is a risk that government transfers revenue has not been recognized in accordance with PS 3410, Government Transfers	<ul style="list-style-type: none"> • Confirm all government transfers from senior levels of government; and • Review communications with senior levels of government and/or listing of all capital projects in progress to determine if revenue is appropriately recognized in accordance with PS 3410.
Cut-off of purchases and accounts payable/accruals	There is a risk that expenses and related liabilities are not recorded in the correct period in accordance with applicable financial reporting standards.	<ul style="list-style-type: none"> • Perform search for unrecorded liabilities by examining subsequent disbursements and supporting documentation. • Assess completeness of accrued liabilities through review of post year-end payments and inquiry with management.
Improper recognition of taxation revenue	There is a risk that revenue, particularly taxation revenue, is not recognized in accordance with applicable financial reporting standards due to potential management bias or override.	<ul style="list-style-type: none"> • Develop expectations for taxation revenue based on underlying drivers and compare to recorded amounts. • Perform procedures to assess completeness and existence of revenue through analytical review and supporting documentation.

Materiality

We determined preliminary materiality to be \$200,000 based on 4% of budgeted expenses.

Misstatements are considered to be material if they could reasonably be expected to influence the decisions of users based on the financial statements.

Our materiality calculation is based on the Town's preliminary results. If actual results change significantly, we will communicate those changes to the Audit Committee as part of our year-end communication.

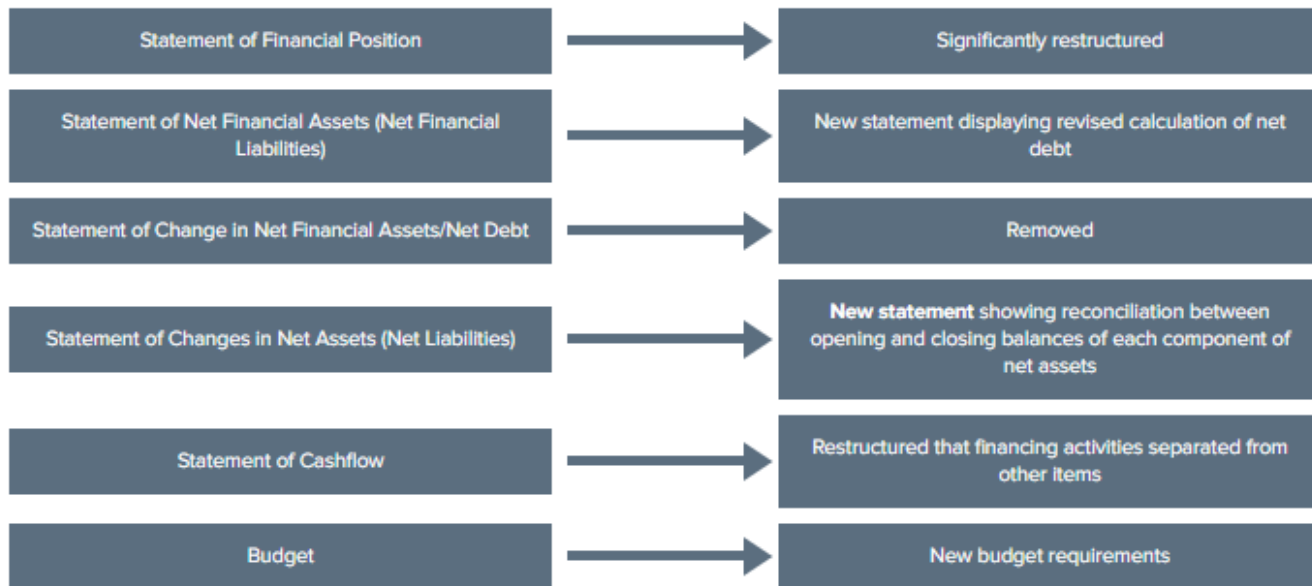
We will communicate all corrected and uncorrected misstatements identified during our audit to the Audit Committee, except those we determine to be 'clearly trivial,' which are defined as misstatements below 5% of preliminary materiality, which is calculated at \$10,000.

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



Section PS 1202 - Presentation of financial statements

Section PS 1202 - *Presentation of Financial Statements* is effective for annual reporting periods beginning on or after April 1, 2026 with **retrospective** application required. This new reporting model is being implemented to better support the preparation of understandable financial statements.



Statement of Net Financial Assets (Liabilities)

- Will illustrate the assets available to meet future financial liabilities and/or additional financial assets required to settle liabilities incurred.

Statement of Net Financial Assets (Liabilities)

- Liabilities will not be split between financial and non-financial
- New third component “accumulated other” will be added to the net asset/liability indicator

Budget

- When budget information is not prepared or approved, this fact must be disclosed on the face of the statements
- Amended budgets may be used in specific circumstances