

EQUITY CREDIT UNION INC.

**Minutes of the Audit Committee Meeting
July 20, 2022**

A meeting of the Audit Committee of Equity Credit Union Inc. was held on Wednesday, July 20, 2022. In compliance with public health Covid-19 regulations, this meeting was held with all participants located remotely and attending the meeting by way of a Microsoft Teams connection.

Present: Jeannine Wilson Chair
 Bill Downing Director
 John Loreto Director

 Larry Biancolin Chair, Board of Directors, ex officio
 Tom Dimson Chief Executive Officer
 Louise Robichaud Finance Manager

by invitation, Carol Lewis Recording Secretary

Regrets: Art Jessop Director (due to business)

1. CALL TO ORDER

Ms. Wilson presided as Chair and, the meeting being duly constituted, called the meeting to order at 7:04 p.m. It was agreed that the meeting would be recorded by MicroSoft Teams.

2. MINUTES OF THE PREVIOUS MEETING

The minutes of the May 18, 2022 committee meeting had been received and reviewed by the committee. There were no errors or omissions.

3. ACTION ITEMS FROM PREVIOUS MINUTES

Action #1: Provide the Assessment of Adequacy of Staff to Fulfill the Credit Union’s Accounting and Financial Responsibilities document in the Audit Committee’s meeting package.
Action by: Ms. Robichaud. **Complete**

Action #2: Send the FSRA Audit Committee self-assessment form to the committee members.
Action by: Ms. Wilson. **Complete**

Action #3: Request an engagement letter from Baker Tilly for 2022.
Action by: Ms. Wilson. **Complete**

Ms. Wilson stated that her e-mail sent to Ms. Jones at Baker Tilly had gone into her spam folder. She advised however that Mr. Dimson had signed Baker Tilly's engagement letter on January 4, 2022. It was noted that it was for the 2021 audit year. The timing of receiving the auditor's letter was discussed which Mr. Loreto stated should be prior to the beginning of the audit year. Mr. Downing recalled that the previous auditor, MNP, had presented their schedule of fees after they were appointed and early in May. Mr. Dimson recalled that, generally, the previous auditor's letter of engagement was received in May or June.

With regard to Baker Tilly's schedule of fees for the upcoming year Ms. Wilson stated that she had been informed by Ms. Jones that Baker Tilly would not accept any changes in fees unless the credit union's scope of work was changed.

Action #4: Follow up with Baker Tilly for the External Auditor's audit plan.
Action by: Ms. Wilson. **Complete**

This action was addressed as part of action #3.

Action #5: Send the Audit Committee's terms of reference to the committee members for their review and input.
Action by: Ms. Wilson. **Complete**

Ms. Wilson had received positive responses from all committee members. They will be reported at the Board of Directors meeting on July 27th.

Action #6: Send the particular terms of reference to all committees for their review and updating if necessary.
Action by: Mr. Dimson. **Complete**

This action had been addressed at a previous Board meeting.

4. BUSINESS ARISING FROM PREVIOUS MINUTES

There were no items of business arising from previous minutes.

5. INTERNAL AUDITOR'S REPORT, SECOND QUARTER 2022

The Internal Auditor's report for the second quarter of 2022 carried out on June 6th and 7th had been received for review prior to the meeting. Mr. Loreto referred to bank reconciliations under Findings and

asked about the status of the unreconciled amounts at the end of the previous year, 2021. Ms. Robichaud advised that they had been written off in December 2021.

Referring to page 5, inactive/dormant accounts under Observations, item #2 indicated that broker accounts, term deposits, GICs, TFSAs and RRSPs were removed from the inactive list due to the long-term nature of the accounts and, because interest is posted to them on an annual basis, they are not inactive. Ms. Robichaud stated that the inactive list is reviewed daily as to whether they should or should not be on the list and whether they need to be adjusted or were adjusted. It was stated that there is no difference between member accounts and broker deposit accounts.

Referring to page 3, item 3, the committee discussed the use of “bait” (fake) cash at the teller stations which is recorded and maintained by Management and used in the event of a robbery. Mr. Dimson explained the purpose of such cash stating that it is handed back at the end of the day as part of the individual teller’s cash.

6. QUARTERLY CHECKLIST REVIEW

The following review covers the checklist as indicated for Q3.

1. Check the policy log: complete.
2. Check risk management of appropriate operations (e.g., loans, investments): complete.
3. Review that surprise cash counts are done (2-3) to ensure they are performed and signed by a supervisor: complete.
4. Review bank reconciliation: complete.
5. Review Internal Auditor’s report to ensure adequate process: complete.
6. ERM report to the Board: complete.
7. Submit minutes of the Audit Committee to the Board: complete.
8. *In camera* session as needed: complete.
9. Review draft of last year’s financial statements: complete Q1.
10. Audit Committee to conduct self-assessment: incomplete. Mr. Dimson undertook to confirm that the committee members’ self-assessments had been completed and submitted to him.

Action #1: Confirm receipt of Audit Committee self-assessments from the committee members.
Action by: Mr. Dimson.
13. Conduct an annual assessment of the Internal Auditor’s and External Auditor’s performance: complete. Ms. Robichaud had provided the survey she had sent to the committee members and the

results had been provided in the members' meeting packages. She advised that the summary scoring for the External Auditor was about the requirements; there were no issues.

The summary of the scoring regarding the Internal Auditor's assessment had been included in the meeting package. Ms. Robichaud stated that they indicated a point lower than expectations which indicated at this point that the committee was to determine an action plan for improvement and communicate it to Mr. Jones. She questioned whether this had already been done and was advised that it had not. It had also been discussed that an action plan would be given to the Internal Auditor and that the committee would go to tender. Mr. Downing stated that in the past the Internal Auditor was sent a letter regarding his performance if deemed to be below the required standard. It was left that an action plan for improvement would be sent.

Action #2: Determine an action plan for the Internal Auditor's improvement.
Action by: Audit Committee.

31. Review personal expense reports submitted by Directors and Management to ensure appropriate approval: incomplete. Mr. Dimson stated that he had not received any expense reports from Directors but had some from Management.

Action #3: Meet to sign expense reports.
Action by: Mr. Dimson, Mr. Downing.

32. Review findings and recommendations of any reviews by outside agencies: complete. There were none.
33. Review "key man" insurance to ensure it is adequate: complete. It was questioned whether "key man" insurance is in place. Mr. Dimson stated that it is in place and will renew in September 2022. The limit is \$260,000 which he stated is adequate and the committee agreed.
34. Audit Committee assessment of the Chair: complete. This item had been completed earlier in Q2.

7. NEW BUSINESS

There were no items of new business.

8. OTHER BUSINESS

There were no items of other business.

9. TERMINATION OF MEETING

The business of the meeting having been completed, the Chair adjourned the meeting at 7:29 p.m.

10. IN CAMERA MEETING

An *in camera* meeting was not required.

Jeannine Wilson, Chair
CL/cl

John Loreto

Date: _____

Date: _____

EQUITY CREDIT UNION INC.
Audit Committee Meeting, July 20, 2022

LIST OF MOTIONS

No motions were put forward at this meeting

LIST OF ACTION ITEMS

Action #1: Confirm receipt of Audit Committee self-assessments from the committee members.
Action by: Mr. Dimson.

Action #2: Determine an action plan for the Internal Auditor's improvement.
Action by: Audit Committee.

Action #3: Meet to sign expense reports.
Action by: Mr. Dimson, Mr. Downing.

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