



Corporation of the Municipality of Temagami

Memo No.
Memo 2024-M-192

Memorandum to Council

Subject: Compliance and Oversight of Cemetery Fund

Agenda Date: November 14, 2024

Attachments:

RECOMMENDATION

WHEREAS the Municipality of Temagami is responsible for managing funds related to cemetery operations, including perpetual care contributions, in accordance with the Funeral, Burial, and Cremation Services Act, 2002 (Ontario);

BE IT RESOLVED, THAT Council accepts Memo 2024-M-192 as presented;

THEREFORE, BE IT RESOLVED, THAT:

1. A dedicated bank account for cemetery funds shall be established with RBC to ensure proper segregation and compliance with statutory requirements.
2. The Treasurer shall ensure all revenues and expenditures related to cemetery operations are processed exclusively through this dedicated account.
3. A Chartered Professional Accountant (CPA) shall be engaged to:
 - 3.1. Review historical transactions to identify and calculate discrepancies in cemetery funds.
 - 3.2. Certify the reconciliation process and confirm the correct amount to be transferred to the dedicated account.
4. The Treasurer shall ensure the transfer of reconciled funds into the new dedicated account following CPA certification.
5. Cemetery fund management shall be incorporated into the annual audit process to ensure compliance with the Funeral, Burial, and Cremation Services Act, 2002 and align with future audit cycles.

EXECUTIVE SUMMARY

The Municipality of Temagami currently lacks a segregated bank account for cemetery-related funds, as required under the Funeral, Burial, and Cremation Services Act, 2002 (Ontario). This report identifies compliance and fund management gaps and recommends measures to ensure statutory compliance and financial integrity.

LEGISLATIVE COMPLIANCE REQUIREMENTS

Under the Funeral, Burial, and Cremation Services Act, 2002:

- Segregated Accounts:
 - Cemetery funds, including perpetual care contributions, must be deposited in a trust account separate from general municipal accounts (Section 53(1)).
 - Investment income earned must be exclusively used for cemetery purposes (Section 54(1)).
- Annual Financial Reporting: Section (40) of the Act mandates cemetery operators to prepare audited financial statements for trust accounts or funds, including:
 - Opening and closing balances.
 - Revenues, such as perpetual care contributions and investment income.
 - Expenditures for cemetery maintenance.
 - A compliance statements.

FINDINGS

- No Dedicated Account: Cemetery-related transactions are integrated into the general municipal accounts, violating the Act's requirement for fund segregation.
- Historical Gaps: Incomplete reconciliation of perpetual care contributions has led to discrepancies in fund allocations and balances.
- Audit Deficiencies: The 2020–2023 audit reports lack specific certifications related to cemetery funds, risking non-compliance.

MUNICIPAL BEST PRACTICES

Examples of compliance in Ontario municipalities:

- City of Hamilton: Detailed reporting on cemetery trust funds in audited financial statements.
- City of Niagara Falls: Transparent reporting of "Cemetery Perpetual Care" funds, including financial positions and changes.
- Municipality of North Perth: Comprehensive disclosures of cemetery trust fund activities.

Recommendations

- Open a Dedicated Bank Account:
 - establish an RBC account for all cemetery-related revenues and expenditures.
 - Ensure all transactions are processed exclusively through this account.
- Conduct a CPA-Led Financial Review:
 - Engage a CPA to audit historical transactions and identify discrepancies.
 - Certify the reconciled amount for transfer to the segregated account.
- Transfer Reconciled Funds:
 - Following CPA certification, transfer the reconciled funds to the new account.
 - Document the reconciliation and transfer process in a CPA-certified report.
- Integrate Cemetery Funds into Annual Audit:
 - Amend the external audit scope to include cemetery fund compliance.
 - Require the auditor to certify compliance in the annual report.

NEXT STEPS

- Immediate Actions:
 - Open the RBC account.
 - Engage a CPA for the financial review.
 - Reconcile and transfer funds to the segregated account.
- Annual Audit Integration:
 - Include cemetery fund compliance in the 2024 audit scope.
 - Require certification of compliance with the Act.
- Reporting and Oversight:
 - Present a CPA-certified reconciliation report to Council.
 - Establish mechanisms for ongoing compliance review during annual audits.

CONCLUSION

Adopting these recommendations will address compliance and fund management gaps, ensuring alignment with the Funeral, Burial, and Cremation Services Act, 2002. Council approval is required to implement these measures and establish a sustainable framework for cemetery fund governance.

Respectfully Submitted

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