

Audit Committee Orientation

December 3, 2021

Aileen Giesbrecht
City Clerk

Stacey Padbury
Chief Financial Officer and
Deputy City Manager, Financial and Corporate Services

Hoa Quach
City Auditor, Office of the City Auditor

Quick Orientation

Office of the City Clerk - Audit Committee

Financial Services

Office of the City Auditor

Governance

- Standing Committee established under Bylaw 16097
- Membership
 - Mayor
 - 4 Councillors
 - 2 Public Members (one of whom must hold a professional accounting designation)
- Mayor is Chair
- Vice Chair is elected
- Quorum - 3 Councillors and 1 Public Member

Audit Governance Relationships



Mandate

Receives reports from:

- City Auditor
- External Auditor
- Administration on matters relating to:
 - Financial statements
 - Enterprise Risk Management
 - Internal controls
 - Fraud, misconduct and policy compliance
 - Other matters as directed by Council

General Authority

- Request report from City Auditor or Administration on matters within its mandate and approved budgets (s. 6)
- Approves the Annual Auditor work plan (if within approved budget) (s.9)
- Recommend to Council any other work to be completed by the City Auditor (s. 15)
- What can Audit Committee do with a report? (s. 7)
 - Receive it for information
 - Send it to Council with or without recommendations
 - Request additional information on the report

Audit Committee Meetings

- Must be held in public
- Committee can decide to hear from Speakers
- Discussion can be held in private under FOIP s. 16-29
- Decisions **MUST** be made in public

Financial Services

Roles and Responsibilities

- ✓ Lead the Corporate Accounting and Reporting for the City including preparation of:
 - The City's Audited Financial Statements
 - Annual Report
 - Financial Report to Citizens
 - Internal corporate performance reporting for both capital and operating programs
- ✓ Implement and maintain sound fiscal policies and procedures
- ✓ Design and uphold strong internal controls to ensure integrity of financial information and safeguarding of assets
- ✓ Accurate and timely recording of transactions
- ✓ Ensure Legislative financial compliance

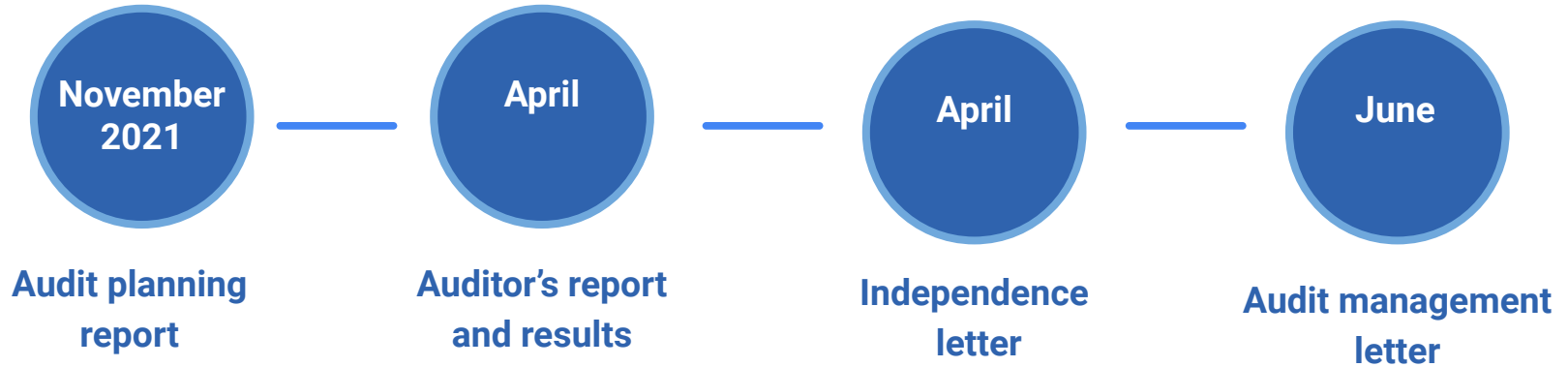
Reporting to Audit Committee

- ✓ Audited Consolidated Financial Statements with Management Discussion and Analysis
- ✓ External audit management letter including management's response
- ✓ Communication on any new accounting requirements or changes
- ✓ Responses to inquiries from Audit Committee
- ✓ Annual Assessment of the External Auditors
- ✓ Approval of External Auditor's non-audit service requests

External Auditors

- Tender for 5 year External Auditor
- Audit Committee recommended KPMG LLP
- Council approved and appointed KPMG LLP for 5 years beginning 2020

External Auditor Reporting



Approval of Non-Audit Service Requests

- Non-audit service request from the External Auditor must be pre-approved
 - > \$100,000 approved by Audit Committee
 - < \$100,000 approved by Administration

Office of the City Auditor

Edmonton

Office of the City Auditor

Roles and Responsibilities

Bylaw 12424, City Auditor Bylaw

- City Auditor is accountable to Council
- City Auditor is responsible for all internal auditing activities within City Programs and City Agencies
- City Auditor has all the powers, duties and functions as delegated by Council
- City Manager will provide administrative support to the City Auditor

Office of the City Auditor

Audit Duties

- 10 (1) The City Auditor is responsible for all internal auditing activities within City Programs and City Agencies including:
 - (a) independent, objective assurance and consulting activities designed to add value and improve the City's Programs;
 - (b) assisting the City to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes; and
 - (c) coordination of fraud investigation activities within City Programs or City Agencies.

- 16 (1) Council may instruct the City Auditor to conduct a Special Project involving any Program or Civic Agency.

Public Accountability and Transparency

1. City Auditor is independent of Administration and is accountable to City Council through Audit Committee.
2. Responsible for all internal audit activities within City Programs and City Agencies.
3. Activities of the City Auditor enhance accountability through open and transparent practices.
4. Professional standards help ensure the accuracy and completeness of reports.

Public Accountability and Transparency

Continued

5. Audit reports include management responses to audit recommendations and follow-up process in place to ensure that City Auditor recommendations are acted upon.
6. City Auditor operates under a public reporting protocol.
7. Unrestricted access to all information required during the conduct of any project.
8. City Auditor also manages the City's Fraud and Misconduct Hotline.

Key Administration Contacts

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? **Questions?**