

If you require this information in an alternate format, please contact the Accessibility Coordinator at accessibility@northumberland.ca or 1-800-354-7050 ext. 2327



Report 2024-031

Report Title: 2023 Audit Planning Report and Audit Engagement Letter

Committee Name: Finance and Audit

Committee Meeting Date: March 5, 2024

Prepared by: Matthew Nitsch
Director of Finance/Treasurer
Finance

Approved by: Jennifer Moore, CAO

Council Meeting Date: March 20, 2024

Strategic Plan Priorities: Innovate for Service Excellence
 Ignite Economic Opportunity
 Foster a Thriving Community
 Propel Sustainable Growth
 Champion a Vibrant Future

Recommendation

“That the Finance and Audit Committee, having considered Report 2024-031 ‘2023 Audit Planning Report and Audit Engagement Letter’, recommend that County Council authorize the Warden and Deputy Warden to sign the acknowledgement in the Audit Planning Report on behalf of Northumberland County Council.”

Purpose

To provide Council with confirmation that the County is conducting its operations ethically and with integrity and that staff have demonstrated the corporate values set out in the 2023-2027 Strategic Plan. As well, staff are aware of key County policies.

Background

Each year the external auditors provide the County with a formal audit plan and audit engagement letter that sets out the responsibilities of all parties. Specifically, it speaks to:

- Auditor Independence
- Responsibilities of the Auditor
- Council Members' Responsibilities
- Audit Approach
- Illegal Acts, Fraud, Intentional Misstatements and Errors
- Related Party Transactions
- Significant Accounting Principles and Policies
- Risk
- Materiality, and
- Audit Procedures

This information is standard and presented to all municipalities as part of the annual audit process.

Given the size and scope of County operations, one person cannot have a detailed understanding of the entire internal controls system. Therefore, all managers and directors were asked to sign a representation letter for the 2023 fiscal year which confirmed that the staff in their respective departments are trained on Human Resources, Financial and Health & Safety policies and demonstrate the County's core values. Further, they confirmed that departments have appropriate policies, procedures and internal controls in place. Additionally, if managers/directors observed any actions or behaviours that were not in compliance with the corporate expectations then appropriate actions were taken to resolve the issue and any significant items were reported to senior management as necessary. There was also an opportunity to identify any significant control breaches that occurred during the year.

Consultations

The Managers and Directors were advised of the new representation letter process in December 2015 and discussions were held to ensure a consistent understanding of the intent and responsibilities of those that were being asked to sign the letter.

During the review process, there were no internal control concerns or significant control breaches identified by any department.

Legislative Authority / Risk Considerations

The representation letter process reinforces the internal control review processes already in place through the annual audit. An annual audit is required by the *Municipal Act*.

Discussion / Options

N/A

Financial Impact

There is no direct financial impact.

Member Municipality Impacts

N/A

Conclusion / Outcomes

That the County did not identify any significant control concerns in 2023 and that staff represent that a strong control environment is in place.

The Auditors require two Council representatives to sign an acknowledgement as to awareness of any frauds, illegal acts or management override of internal controls at the County.

Attachments

1. Report 2024-031 ATTACH 1 '2023 Northumberland Audit Planning Report'
2. Report 2024-031 ATTACH 2 '2023 Northumberland Audit Eng Letter'
3. Report 2024-031 ATTACH 3 '2023 Internal Representation Letter Signed by CAO'