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AUDIT SERVICES BRANCH REPORT

The Audit Committee recommends the adoption of the recommendation contained in the following report, February 23, 2006, from the Director of Audit Services:

1. RECOMMENDATION

It is recommended that this report be received for information by the Audit Committee and Regional Council.

2. PURPOSE

This report provides an update on the activities of the Audit Services Branch since the last Audit Committee meeting.

3. BACKGROUND

On October 11, 2000, the Audit Committee approved the development of the internal audit function through the report of the Chief Administrative Officer.

In 2002, the Finance and Administration Committee approved an additional resource for the Audit Services Branch, which would be funded through a reduction in the consulting budget.

This report was before Audit Committee on November 3, 2005 and deferred. The report has been updated to reflect current information.

4. ANALYSIS AND OPTIONS

4.1. Audit Plan Execution

The Audit Services Branch has been actively executing the approved audit plan and other consulting engagements. A summary of the activities since the previous Audit Committee meeting is outlined in *Attachment 1*.

4.2. Audit Reports Issued

The audit reports issued since the last Audit Committee meeting are:

- Outstanding Audit Recommendations Follow-up Report *(Attachment 2).*
- Corporate Services – Property Services Lease Tracking Audit Report (*Attachment 3*)
- Finance – Treasury Operations Audit Report *(Attachment 4).*

4.3. Local Tier Municipal Interest in Audit Services

A meeting was held with the area Municipal Chief Administrative Officers' group to discuss the provision of audit services. There is interest in the Region providing audit services to some of the local municipalities. A Memorandum of Understanding (*Attachment 5*) has been signed and a senior auditor has been hired. Risk assessments at the local municipalities included in the MOU are in progress and detailed audits will begin by the end of the first quarter of 2006.

5. FINANCIAL IMPLICATIONS

Audit Services Branch will manage its workload within the Audit Budget for 2005.

6. LOCAL MUNICIPAL IMPACT

Audit Services Branch will begin providing audit services during the fourth quarter of this year. Interviews will be held during the end of October.

7. CONCLUSION

Audit Services Branch is continuing to make its presence known throughout the organization through involvement in various projects, steering committees and execution of the approved Audit Plan.

(The attachments referred to in this clause were included in the agenda for the March 2, 2006 Committee meeting.)