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AUDIT SERVICES BRANCH REPORT

The Audit Committee recommends the adoption of the recommendations contained in the following report, February 17, 2005, 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.

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.

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)*.
- SDMT Bank Reconciliations Audit Report (*Attachment 3*)
- Disaster Recovery Plan Test 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 has been drafted.

Confirmation of the demand for services will be finalized in fall 2004 with budget approvals at the local municipal level. The service will be fully funded by local municipalities. As at the time of writing this report, three of the four interested Municipalities have indicated they have budget approvals. We are awaiting the last Municipality's approval. Once this has been received, the MOU will be signed and the recruiting process will begin.

5. FINANCIAL IMPLICATIONS

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

6. LOCAL MUNICIPAL IMPACT

There is a definite interest in the Audit Services Branch to provide audit services to some of the local municipalities who cannot justify a full time resource for auditing at this time. A Memorandum of Understanding has been drafted and the services will continue to be investigated. Final demand for services will be confirmed through the 2005 budget processes at the local municipal level.

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 3, 2005 Committee meeting.)