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AUDIT SERVICES BRANCH REPORT

The Audit Committee recommends the adoption of the recommendation contained in the following report, May 21, 2004, from the Chief Administrative Officer:

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 to develop the internal audit function by approving 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:

- Property Services Audit *(Attachment 2).* A number of recommendations have been completed by the Property Services Branch as well as a Strategic Accommodation Plan. The status of the outstanding recommendations will be completed for the November Audit Committee Report as part of the Outstanding Audit Recommendations.
- Outstanding Audit Recommendations Follow-up Report *(Attachment 3).*

4.3. Local Tier Municipal Interest in Audit Services

A meeting was held with the area Municipal CAO's 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 June 2004 with budget approvals at the local municipal level. The service will be fully funded by local municipalities.

5. FINANCIAL IMPLICATIONS

Audit Services Branch will manage its workload with the approved Audit Budget for 2004.

6. LOCAL MUNICIPAL IMPACT

There is a definite interest in the Audit Services Branch providing audit services to some of the local municipalities who cannot justify a full time resource for auditing at this point in time. The services will continue to be investigated and a Memorandum of Understanding has been drafted. Final demand for services will be confirmed through the 2004 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 (*Attachment 4)*.

(A copy of the attachments referred to in the foregoing has been forwarded to each Member of Council with the June 17, 2004 Audit Committee agenda and a copy thereof is on file in the Office of the Regional Clerk.)