Audit and Administration Committee
MINUTES
1:00 p.m.
Wednesday, October 17, 2007

Committee Room 207
Hamilton Convention Centre
Hamilton, Ontario

Present: Chair C. Collins
Vice-Chair M. Pearson
Councillors B. Bratina, B. Clark, R. Powers and T. Whitehead

Absent: B. Morelli, City Business

Also Present: R. Male, Acting General Manager, Finance and Corporate Services
A. Pekaruk, Director of Audit Services
B. McMullen, Finance and Corporate Services
Irene Sturgeon, City Clerk’s

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

The Clerk advised that correspondence had been received from Grant Thornton outlining the Transitioning of City of Hamilton Audit Team Responsibilities and that a copy of this correspondence would also be included in the next Council agenda.

The Audit and Administration Committee received the correspondence and approved the agenda as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.
(c) **ROLE OF THE AUDIT COMMITTEE**

Thane MacKenzie, Partner, Grant Thornton, introduced himself and the members of the Grant Thornton Audit Team to members of Committee; James Brennan, C.A. and Melanie Dugard, C.A.

Thane MacKenzie and Melanie Dugard made a PowerPoint presentation to the Committee and provided an overview of the following:

- Role of the Audit and Administration Committee
- Role of the External Auditor
- Current Mandate
- Best Practices
- Other Considerations
- Red Flags
- Planning the Audit
- Required Communication

A copy of the presentation was circulated to members of Committee.

(d) **ROLE OF INTERNAL AUDITOR**

Ann Pekaruk, Director of Audit Services, reviewed the Role of the Internal Auditor with members of Committee. She explained that the Internal Audit activity has a mandate to assist the City to identify risks and evaluate the adequacy and effectiveness of controls encompassing the governance, operations and information systems of the City. Ms. Pekaruk also distributed a hand-out that reviewed the Mission & Scope, Independence, Authority, Responsibilities, Audit Program and the Standards of the Audit Practice.

(e) **ROLE OF MANAGEMENT**

Brian McMullen, Manager of Accounting Services, made a PowerPoint presentation to the committee regarding the Role of Management. He provided an overview of the following:

- Responsibility of the Treasurer
- Financial Administration
- Relationship with both the Internal & External Auditors
- Financial Statements:
  - GAAP (Generally Accepted Accounting Principles)
  - Communication of Financial Information
  - Reporting Entity

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- Use of Estimates
- Accrual Basis of Accounting
- Future Changes to Municipal Financial Reporting

A copy of the presentation was circulated to members of Committee.

(f) QUESTIONS & ANSWERS

A discussion regarding the presentations ensued and the following questions and/or concerns were raised:

- Clarification of the difference between internal and external audits
- Value for Money Audits
- Current report format to Committees – could there be a better format when reviewing for compliance?
- Is the Committee advised of how many audits are conducted each year
- How do they know the external auditors are asking the right questions?
- Whistle-blowing policy to protect the employees
- Reporting structure of the Internal Auditor

Direction was provided to the internal auditor to include in the annual report the number of audits that are conducted each year.

Direction was also provided to finance staff to develop a reporting mechanism (ie. possibly a monthly report) to members of the Audit and Administration Committee respecting compliance of statutory requirements and remittance (ie. G.S.T. and payroll taxes etc).

(h) ADJOURNMENT (Item 13)

The Audit and Administration Committee adjourned at 2:30 p.m.

Respectfully submitted,

Councillor C. Collins, Chair
Audit and Administration Committee

Irene Sturgeon
Legislative Assistant
October 17, 2007