



**Audit Committee Meeting
Minutes**

**Monday, February 12, 2007
Main Committee Room
4:30 PM**

018

PRESENT:

Mayor David Ryan
Councillor Dickerson
Councillor McLean
Councillor O'Connell

ALSO PRESENT:

G. Paterson - Director, Corporate Services & Treasurer
J. Halsall - Manager, Internal Audit & Control
K. Senior - Manager, Accounting Services
D. Shields - Deputy Clerk
A. Payne - Audit Analyst

GUESTS:

P. Jesty, Deloitte & Touche
P. Colavecchio, Deloitte & Touche

(I) ELECTION OF CHAIR

Moved by Councillor Dickerson

That Councillor McLean be appointed as Chair of the Audit Committee.

CARRIED

(II) ADOPTION OF MINUTES

Moved by Mayor Ryan

That the minutes of the meeting held on Tuesday, October 3, 2006 be adopted.

CARRIED



**Audit Committee Meeting
Minutes
Monday, February 12, 2007
Main Committee Room
4:30 PM**

010

(III) PRESENTATIONS

1. Audit Plan for Year Ending December 31, 2006

An overview of the Audit Plan for the Year Ending December 31, 2006 was given by Paula Colavecchio of Deloitte & Touche. Ms. Colavecchio indicated that the financial reporting responsibilities of Deloitte & Touche are as follows:

- Perform a cost-effective audit in accordance with Canadian generally accepted auditing standards
- Assess accounting principles and financial statement disclosures
- Review key management control systems and processes and assess audit risk
- Report opportunities for improvements in control processes
- Express an opinion on the fairness of presentation of the financial statements
- Provide industry expertise to support the risk-based audit approach

Ms. Jesty noted that reviewing various reports and making opinions from those reports complete these actions. She also noted that if, during the course of an audit, observations are made with regard to the following they would bring it to the City's attention:

- Significant weaknesses in internal control relating to the preparation of the financial statements.
- Illegal acts
- Non-compliance with regulatory requirements
- Significant transactions inconsistent with the ordinary course of business, including fraud or possible fraud
- New significant accounting principles or policies and other related items

Ms. Jesty noted that the rules of professional conduct requires that Deloitte and Touche maintain an Independent relationship with the City of Pickering and confirm that they continue to be independent under the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Discussion ensued with respect to the role and need of an Audit Committee. Based on the discussion, the Director, Corporate Services & Treasurer was Requested to provide information on how the Audit Committee was formed.



**Audit Committee Meeting
Minutes**

**Monday, February 12, 2007
Main Committee Room
4:30 PM**

020

Moved by Mayor Ryan

That the presentation from with respect to the Audit Plan for Year Ending December 31, 2006 be received.

CARRIED

2. Role of Internal Audit

James Halsall, Manager, Internal Audit & Control provided a powerpoint presentation on the role of the Internal Auditor. Mr. Halsall noted that like the External Auditor the Internal Auditor also needed to be independent. He stated that the objective of the internal audit function was to work co-operatively with management and staff to improve the economy, efficiency, and effectiveness of risk management, control and governance processes. He stated that he reports directly to the Director, Corporate Services & Treasurer and where necessary reports directly to the Audit Committee and/or Chief Administrative Officer. Mr. Halsall noted that the Internal Audit function would follow the Standards for the Professional Practice of Internal Audit and the Code of Ethics adopted by the Institute of Internal Auditors.

Questions ensued with respect to the internal audit and corresponding workplan.

The Director, Corporate Services & Treasurer stated that Internal Audits have been noted on a three-year work plan and once the exercise was completed it would be presented to the Audit Committee.

Based on the discussion, it was requested that the Audit Committee see updates on the work plan, specifically where we are in the plan and what we've done to date. Mr. Paterson stated that he could supply that information for the next meeting.

Moved by Councillor O'Connell

That the presentation of the Role of Internal Audit be received.

CARRIED



**Audit Committee Meeting
Minutes
Monday, February 12, 2007
Main Committee Room
4:30 PM**

021

3. Discussion re Audit Committee

This matter was discussed earlier in the meeting.

(IV) OTHER BUSINESS

1. Letter from Ministry of Municipal Affairs and Housing
Advising May 31, 2006 Filing Requirements

Moved by Mayor Ryan

That the letter from Ministry of Municipal Affairs and Housing advising of the May 31, 2006 filing requirements be received.

CARRIED

2. Discussion ensued with Audit Committee members and the Auditors with respect to the reporting relationship of the Internal Auditor, specifically If the Internal Auditor should report directly to the Chief Administrative Officer instead of the Director, Corporate Services/Treasurer when completing audits on the Corporate Services Department – Finance Division.

Moved by Mayor Ryan

That a letter of direction regarding the reporting process for audits within the Finance Department be sent to the Chief Administrative Officer.

CARRIED

(V) ADJOURNMENT

The meeting adjourned at 6:40 pm.