

THE MUNICIPALITY OF LAMBTON SHORES

Report TR 08-2024

Council Meeting Date: April 9, 2024

TO: Mayor Cook and Members of Council
FROM: Janet Ferguson, Director of Financial Services
RE: Audit Questionnaire

RECOMMENDATION:

THAT Report TR 08-2024 regarding the Audit Questionnaire be received; and

THAT the municipal auditors be informed that Council is aware of the Municipality's administrative fiscal management processes and have no suspicion or knowledge of fraud and error.

SUMMARY

This report is being provided to Council to explain the administrative procedures within Lambton Shores. Further, this report provides the 2023 annual fraud and error questionnaire received from the auditor that Council must respond to.

BACKGROUND

BDO Canada LLP are the auditors for the Municipality of Lambton Shores. As part of their annual audit they send a letter asking the Council about fraud, suspected fraud and risks of such. This report will provide Council with written information to support an answer to the 2023 audit questionnaire.

Lambton Shores has various controls in place to minimize the risk of fraud or error. The following outlines activities and policies that support our administration:

Accounts Payable

The majority of invoices are now received electronically to an email address that is monitored by 3 staff persons. The opening of mailed invoices and processing of invoices are completed by two different staff members. Invoices are approved by the various Department Heads or Area Managers prior to entry into the financial system. The Treasurer or Deputy Treasurer reviews the invoice and coding prior to payment being released. Cheques require two signatures and payments over \$25,000 must be signed by the Mayor or Deputy Mayor and one staff member. This two-tier approval is also completed for direct deposit payments. Further, for those vendors requesting the direct

deposit method of payment, the banking information is confirmed by two people before payments are processed.

Invoices and Mailing

Creation of and mailing of invoices are done by different staff members to support the separation of duties required for financial transactions. This is for tax, utility, drain, fire and miscellaneous billings.

Collections

There are collection procedures in place for staff to follow for the various billings and in rare occasions, a collection agency will be used.

General Journal Entries

For any journal entries required, a Financial Assistant creates them and provides the entry and backup to the Director of Financial Services prior to entry in the financial system. The entries and posting are completed by two separate people.

Cash Handling

The Lambton Shores Finance Department has internal controls in place to deal with cash handling for the various operational areas such as the office, marina and parking.

Cheque Processing

There remains several customers that pay their accounts with a cheque. To improve processing efficiency and to minimize possible errors, cheque scanners are used for depositing directly into the municipal bank account.

General

Detailed financial statements are reviewed monthly by Lambton Shores Department Heads and CAO to ensure revenues and expenses are within the approved budget.

I am pleased to report that staff is not aware of any fraud against Lambton Shores. If fraud was suspected, staff would report it to their immediate supervisor or Department Head. The issue would be investigated and reported to the CAO.

Council is required to respond in writing to the attached Questionnaire. If Council has no concerns, then staff will prepare the responses similar to the past years. (attached)

ALTERNATIVES TO CONSIDER

None

RECOMMENDED ACTIONS

That Report TR 08-2024 be received and Council provide direction to answer the Audit Questionnaire.

FINANCIAL IMPACT

There is no financial impact by accepting this report nor for responding to the questionnaire. All costs associated with the audit process were included in the annual budget.

CONSULTATION

BDO Canada LLP