

## THE MUNICIPALITY OF LAMBTON SHORES

**Report TR 02-2022**

**Meeting Date: February 1, 2022**

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

**RECOMMENDATION:**

**THAT** Report TR 02-2022 regarding the Audit Questionnaire be received; and

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

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**SUMMARY**

This report is being provided to Council to explain the administrative procedures within Lambton Shores. Further, this report provides the 2021 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 2021 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 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.

As we move to a more electronic process many suppliers are now emailing invoices to which more than one staff member has access to for processing and follow-up.

#### 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.

#### General Journal Entries

For any journal entries required, a Financial Assistant creates them and provides the entry and backup to the Treasurer 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 offices and seasonal businesses that accept cash payments. These processes are monitored by the Finance Department and the supervisor of the pertinent area.

#### 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 in to 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.

### **ALTERNATIVES TO CONSIDER**

None

### **RECOMMENDED ACTIONS**

That staff report 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

Attached:

-Audit Questionnaire