

2019 Audit Status Report**Report Purpose**

To provide an update on the 2019 audit and to facilitate communications with the auditors.

Recommendation

None

Our Prioritized Strategic Goals

Goal 2 - Manage, invest and plan for sustainable municipal infrastructure

Report

Ernst & Young LLP (EY) will provide a brief status update on the 2019 year-end audit.

Additionally, EY will be engaging in required communications with Council on fraud. In accordance with Canadian Auditing Standards, these communications are intended to promote effective two-way communication between the auditor and those charged with governance. For the audit of the year ending December 31, 2019, EY would like to discuss any matters of which you believe they should be aware, including, but not limited to:

- Your views about the risks of material misstatements due to fraud, including the risks of management override of controls;
- Your knowledge of any actual, alleged or suspected fraud;
- Your awareness of tips or complaints regarding the County's financial reporting, other matters relevant to the audit (such as violations or possible violations of laws or regulations) or any significant unusual transactions;
- How you exercise oversight over the County's assessment of fraud risks and the establishment of controls to address these risks; and
- Your understanding of the County's relationships and transactions with related parties that are significant to the County and any concerns related to those relationships or transactions.

The responses will be incorporated into the 2019 Audit procedures, as needed. In past audits, questions regarding fraud in Strathcona County were referenced in a letter which Council, along with Corporate Finance, responded and provided to the auditors. Providing a written response is acceptable; however, a discussion is a more conventional approach that better supports effective two-way communication.

Council and Committee History

July 23, 2019 Council appointed EY as the Strathcona County Auditors.

Other Impacts

Policy: n/a

Legislative/Legal: Section 276 (3) of the *Municipal Government Act* requires municipalities to make their financial statements, or a summary of them, and the auditor's report of the financial statements available to the public in a manner the council considers appropriate by May 1 of the year following the year for which the financial statements have been prepared. Section 280 addresses the requirement for a council to appoint an auditor. Section 281 addresses the requirements for the auditor's report.

Interdepartmental: n/a

Master Plan/Framework: n/a