



Audit Committee Meeting
Agenda

Date: September 12, 2022
Time: 3:30 p.m.
Location: Hybrid meeting- virtual and Council Chambers, City Hall
Contact: Committee Clerk, Suzanne.Gillies@burlington.ca, 905-335-7777, x 7862

Pages

1. Declarations of Interest:

2. Delegation(s):

Standing committee and City Council meetings are held using a hybrid model, allowing members of Council, city staff and the public the option of participating remotely or in-person at city hall, 426 Brant St. Requests to delegate to this hybrid meeting can be made by completing the online delegation registration form at www.burlington.ca/delegate, by submitting a written request by email to the Office of the City Clerk at clerks@burlington.ca or by phoning 905-335-7600, ext. 7481 by noon the business day before the meeting is to be held.

It is recommended that virtual delegates include their intended remarks, which will be circulated to all members in advance, as a backup to any disruptions in technology issues that may occur. If you do not wish to delegate, but would like to submit correspondence, please email your comments to clerks@burlington.ca. Any delegation notes and comments will be circulated to members in advance of the meeting and will be attached to the minutes, forming part of the public record.

3. Consent Items:

Reports of a routine nature, which are not expected to require discussion and/or debate. Staff may not be in attendance to respond to queries on items contained in the Consent Agenda.

3.1. Evaluation of external auditors (F-26-22)

Receive and file finance department report F-26-22 providing an evaluation of the external auditors.

1 - 3

- 3.2. Financial highlights for the period ended June 30, 2022 (F-28-22) 4 - 11
Receive and file finance department report F-28-22 providing financial highlights as at June 30, 2022.
- 3.3. Aldershot Village Business Improvement Area Update (F-32-22) 12 - 26
Receive and file finance department report F-32-22 providing an update on Aldershot Village Business Improvement Area (Aldershot BIA) 2021 financial statements and review of internal control policies and procedures.
- 3.4. Summary of In-Progress Management Action Plans (CA-07-22) 27 - 31
Receive and file office of the city auditor report CA-07-22 providing a summary of the Management Action Plans in progress as identified in Appendix A.
- 3.5. Quarterly Dashboard for Office of the City Auditor (CA-08-22) 32 - 35
Receive and file office of the city auditor report CA-08-22 providing a quarterly dashboard of City Auditor Key Performance Indicators (KPI's).

4. **Regular Items:**

5. **Confidential Items:**

Confidential reports may require a closed meeting in accordance with the Municipal Act, 2001. Meeting attendees may be required to leave during the discussion.

6. **Procedural Motions:**

7. **Information Items:**

8. **Staff Remarks:**

9. **Committee Remarks:**

10. **Adjournment:**



SUBJECT: Evaluation of external auditors

TO: Audit Committee

FROM: Finance Department

Report Number: F-26-22

Wards Affected: not applicable

File Numbers: 430-04

Date to Committee: September 12, 2022

Date to Council: September 20, 2022

Recommendation:

Receive and file finance department report F-26-22 providing an evaluation of the external auditors.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation
-

Background and Discussion:

The evaluation categories were defined as follows:

- Independence, Objectivity and Professionalism
- Quality of the engagement team
- Communication and interaction with the external auditor
- Quality of service

The matrix for the Audit Committee places more focus on independence and objectivity as well as communication while that for management is more focused on quality of the engagement team and quality of service.

Generally, Audit Committee members and management rated the performance as “meeting expectations”. Management appreciated the auditors support of completing the audit in a virtual environment for the second year, and the timely and open communication of any issues encountered. Comments from Audit Committee included a desire for increased discussion on auditing issues to help broaden the committee’s understanding of the matter. As well it was noted that sharing views on potential business issues/risks and improving internal controls were significant to the committee. The importance for the City to review its own assessment for potential risks of fraud was also noted.

The annual external audit for the 2021 yearend was completed successfully. Staff and the external auditors continue to work together to act on improvement opportunities for the external audit process and addressing the areas of significant importance noted by committee.

Financial Matters:

In addition to an evaluation of the external audit, another area of oversight for the Audit Committee is a review of the annual audit fees as well as any additional management consulting or other engagements undertaken by the Audit firm on behalf of the City.

Fees, inclusive of HST, paid to the audit firm from August 2021 to December 2021 were \$28,250 which encompasses the 2021 interim external audit billing and final billings for the 2020 external audit. Fees paid from January 2022 to July 2022 total \$83,055 and are related to the external audit final billings (including various local boards). Amounts related to the external audit are in accordance with the pricing schedule in the response to RFP-222-15.

Total Financial Impact

External audit fees are included as part of the City’s annual operating budget.

Source of Funding

Not applicable

Other Resource Impacts

Not applicable

Climate Implications

Not applicable

Conclusion:

Report F-26-22 provides information on the evaluation of the external auditor's performance for the 2021 yearend audit. Finance staff will continue to work closely with the external auditors to improve effectiveness and efficiency of the annual audit process.

Respectfully submitted,

Michelle Moore

Controller and Manager of Financial Services

905-335-7600 Ext. 7535

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.



SUBJECT: Financial highlights for the period ended June 30, 2022

TO: **Audit Committee**

FROM: **Finance Department**

Report Number: F-28-22

Wards Affected: not applicable

File Numbers: 440-01

Date to Committee: September 12, 2022

Date to Council: September 20, 2022

Recommendation:

Receive and file finance department report F-28-22 providing financial highlights as at June 30, 2022.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

The Audit Committee's terms of reference indicate that it will review and recommend for approval the annual audited consolidated financial statements of the City and will review quarterly financial performance throughout the year. To assist the Audit Committee with this responsibility report F-28-22 will present key financial highlights for the quarter ended June 30, 2022. The significant impact of the Covid-19 pandemic in the last 2 years has reinforced the importance of consistent monitoring of financial performance.

On an annual basis the Consolidated Financial Statements of the City of Burlington are presented to the Audit Committee for their recommendation to Council to approve. The City's financial statements are prepared in accordance with Canadian public sector accounting standards. These standards in some instances differ with the way the City reports on its daily operations which can make review of the financial statements

challenging. This report will present financial results from an operational perspective for the period ended June 30, 2022.

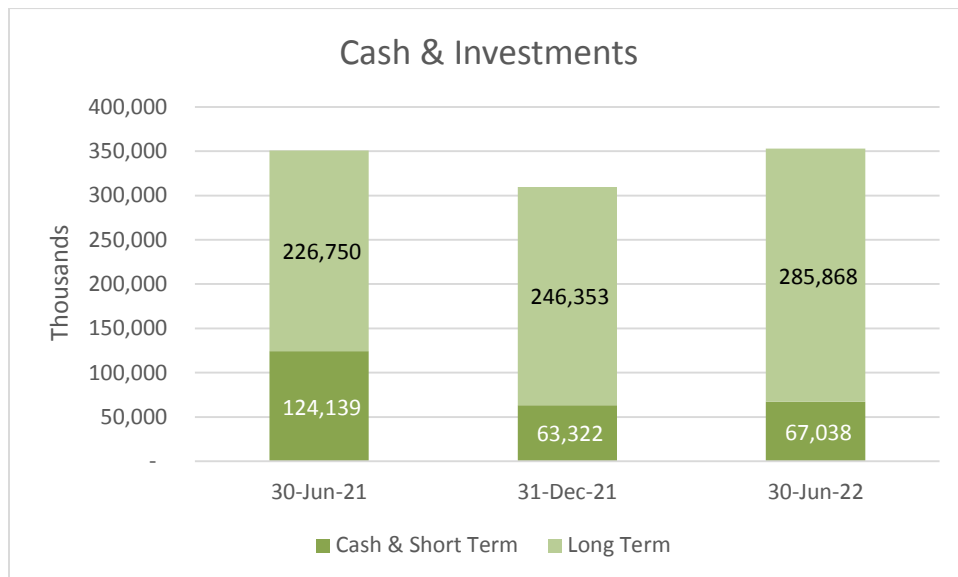
Statement of Financial Position

The statement of financial position is the City's balance sheet. It presents information on the assets, liabilities, and the accumulated surplus of the City.

Assets

Key assets for the City include cash and investments, accounts receivable and taxes receivable.

Cash and investment holdings reflect the City's cash flow position and investment strategy given current market conditions. Funds are allocated to maximize investment income, retain an appropriate level of liquidity, and respond to economic forces that influence the investment environment while maintaining a balanced portfolio in line with the City's investment policy. The following chart breaks down the balances of these categories as at December 31, 2021 (unconsolidated), June 30, 2021, and June 30, 2022:



Accounts receivable as at June 30, 2022 was approximately \$15.1 million. The equivalent accounts receivable balance as at June 30, 2021 was approximately \$10.3 million. The increased balance in 2022 is due to a large receivable balance from the Region of Halton related to capital road projects.

Taxes represent the key revenue source the City uses to fund its service delivery. Taxes receivable are recorded when billed. The City issues bills twice a year, in

January and May. These bills represent four installments which are due in February, April, June, and September. Taxes receivable balance at June 30, 2022, was approximately \$146.1 million as compared to \$144.2 million reported at June 30, 2021.

Liabilities

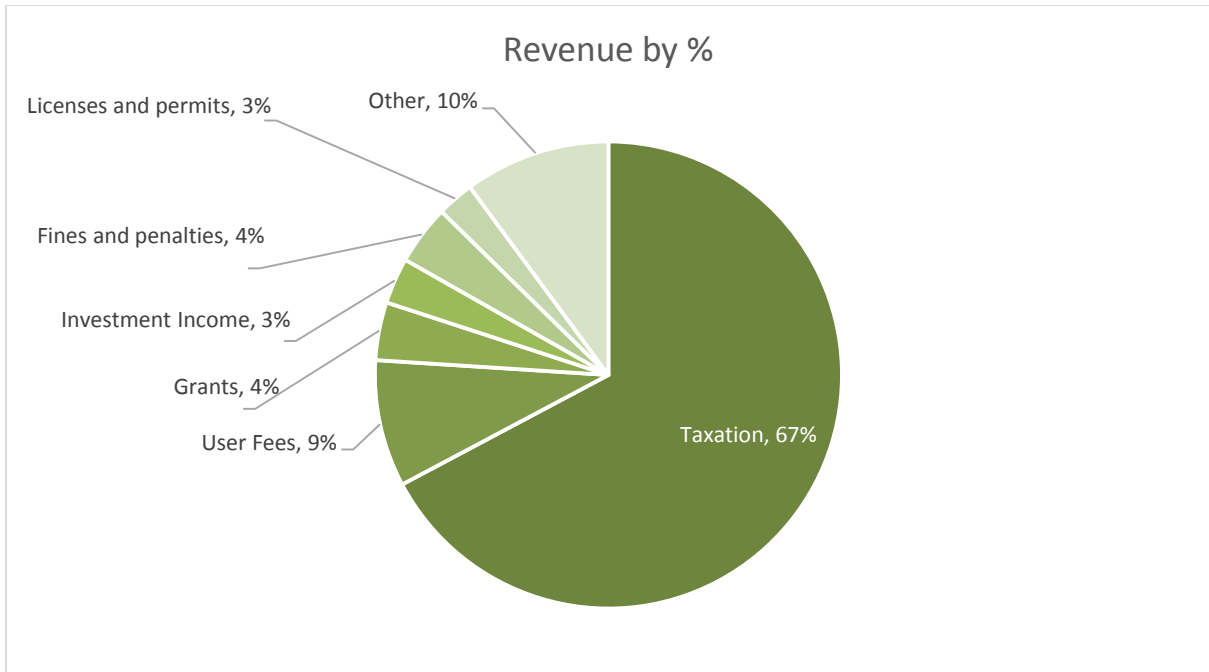
The balance of accounts payable and accrued liabilities at June 30, 2022, is approximately \$12.8 million compared to the balance at June 30, 2021, of \$10.9 million. The consolidated balance at December 31, 2021, of \$32.2 million reflects accruals including certain payroll accruals only recorded at year end.

One of the City's largest liabilities is derived from the issuance of long-term debt. The balance as at December 31, 2021, was \$74.8 million. Debt is used to fund capital expenditures. New debt issued in 2022 totaled \$13.1 million. This debt will be utilized for capital projects associated with roads, recreational facilities and to support a land purchase.

Statement of Operations

Revenues

The Statement of Operations provides information on the City's revenues and expenses combining the information from both the operating and capital perspectives. Although taxation revenue is the largest component of the City's revenues, user fees and charges, investment income and funds from senior levels of government all contribute to enabling the City to deliver services to the community. The following chart is provided as a reference point and provides information of the various components of the City's revenues based on revenues reported in the consolidated financial statements as at December 31, 2021:



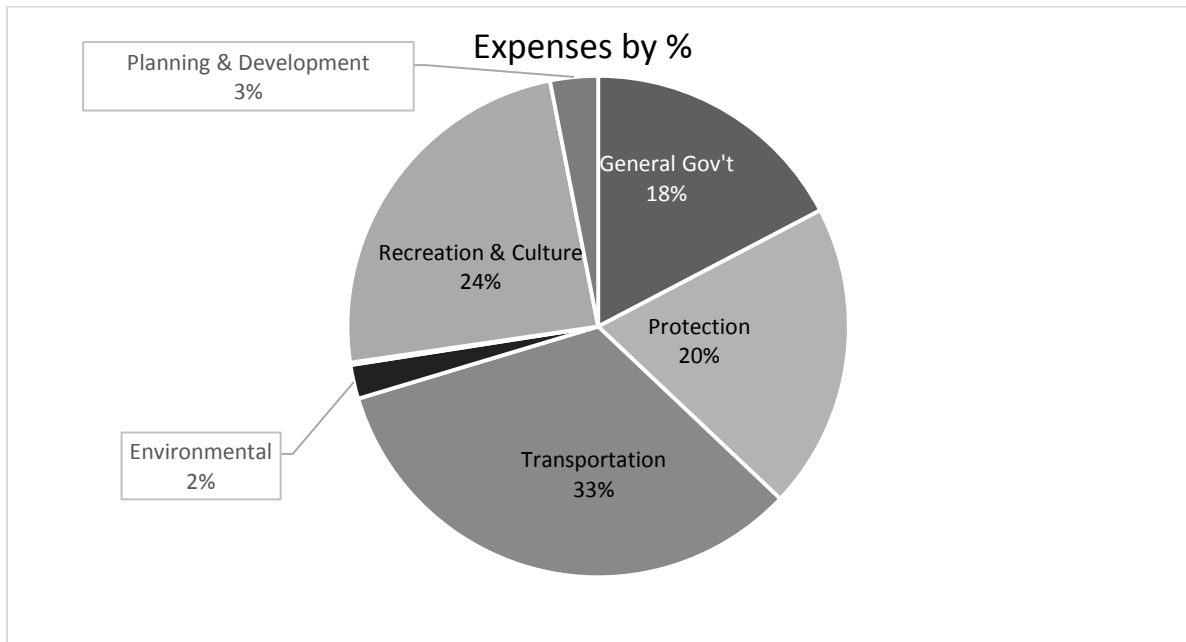
Although a meaningful comparison cannot be made between current operations and the financial statements due to the adjustments that are made for financial statement purposes, some revenue items as of June 30th compared between current year and prior year are presented for information:

	2022	2021
General Tax Levy	\$279,939	\$277,456
User fees and charges	9,732	8,155
Grants	2,892	11,547
Investment income	2,615	3,654
Penalties and interest on taxes	1,187	1,335
Hydro dividends and interest	1,277	1,496

It should be noted that tax revenue includes taxes billed but not yet due. Additionally, the decrease in Grant revenue from June 2021 to June 2022 is a result of a timing difference in the receipt of Gas Tax Funding as well as additional Safe Restart Funding that was received in 2021.

Expenses

The City's expenses are reported during the year on a cash basis categorized by service while the financial statements report expenses on an accrual basis by category. Certain components that are not part of operational reporting such as post-employment benefits and amortization are added to the expenses reported in the financial statements. The following chart shows the breakdown of expense attributed to the categories as reported in the 2021 financial statements:



The adjustments needed to report expenses in the financial statements are extensive including allocating post-employment benefit expense, interest expense on debt, depreciation expense and non-capital information captured in capital projects. Information extracted from the City's financial system as of June 30th provides a comparison between 2022 and 2021 with the noted adjustments excluded:

	2022	2021
General government	\$ 24,523	\$ 19,819
Protection to persons and property	24,126	20,372
Transportation services	25,948	24,703
Environmental services	169	286
Health services	197	171
Recreation and cultural services	25,828	20,856
Planning and development	3,367	2,865
Total Expenses	\$104,158	\$89,072

Other Financial Information

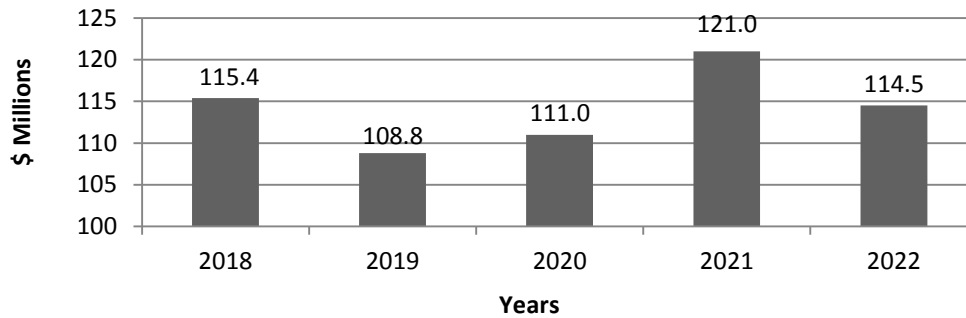
Reserve Funds

Reserve funds are a critical component of a municipality's long-term financing plan. They provide:

- stability to the tax rate in the face of variable circumstances,
- funding for one-time expenditures,
- the ability to make provisions for the replacement and/or acquisition of infrastructure, and
- flexibility to manage debt levels to protect the municipality's financial position.

The uncommitted balance of the City's reserve and reserve funds as at June 30th are presented for the last five years:

Uncommitted Reserve and Reserve Fund Balances as at June 30



Financial Matters:

Not applicable.

Total Financial Impact

Not applicable.

Source of Funding

Not applicable.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable.

Conclusion:

A report of the quarterly financial highlights is presented for Audit Committee's information.

Respectfully submitted,

Michelle Moore

Controller and Manager of Financial Services

(905) 335-7600 ext. 7535

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.



SUBJECT: Aldershot Village Business Improvement Area Update

TO: Audit Committee

FROM: Finance Department

Report Number: F-32-22

Wards Affected: Not applicable

File Numbers: 430-01

Date to Committee: September 12, 2022

Date to Council: September 20, 2022

Recommendation:

Receive and file finance department report F-32-22 providing an update on Aldershot Village Business Improvement Area (Aldershot BIA) 2021 financial statements and review of internal control policies and procedures.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

At the April 13, 2022 meeting of the Audit Committee, a verbal update was provided related to a 2021 audit matter corresponding to the Aldershot BIA. As a result, the 2021 financial statements for the Aldershot BIA were not included as part of the overall City's 2021 financial statements as reported to Audit Committee on June 8, 2022 (report F-23-22). The City's financial statements for 2021 are not impacted by the unaudited Aldershot BIA financial statements given that the Aldershot BIA operations are not material to the consolidated statements of the City.

The objective of this report is to provide Audit Committee with the completed Aldershot BIA 2021 audited financial statements for information purposes.

In addition to the Aldershot BIA financial statements Audit Committee also endorsed at its May 11, 2022 meeting the following recommendation from report CM-16-22 which was approved at Council on May 17, 2022;

“To Direct the City Auditor in conjunction with the Chief Financial Officer to engage directly with the Aldershot Village BIA to offer support for a review of their internal control policies and procedures related to financial management and report back upon completion.”

This report will also provide an update on the status of this direction.

2021 Audited Financial Statements

The approved 2021 Financial Statements for the Aldershot BIA are attached in Appendix A. The external audit was performed by Colin Gray Professional Corporation who express an unqualified opinion on the financial statements. The Aldershot BIA's financial statements are prepared in accordance with Canadian public sector accounting standards for local government entities as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The fees for the external audit are funded from the Aldershot BIA's budget.

Review of Internal Control Policies and Procedures

The City Auditor working in conjunction with Finance reviewed the draft Financial Policy and Financial Protocol documents prepared by the Aldershot BIA and provided interim feedback in early May 2022. That advice was received by the Aldershot BIA Finance Committee and subsequently recommended to and approved by their Board of Directors on May 22, 2022.

The City Auditor contacted ten Business Improvement Area organizations in Southern Ontario including: Downtown Burlington BIA, Kerr Village BIA, Bronte Village BIA, Downtown Milton BIA, Waterdown BIA, Ancaster Village BIA, Downtown Georgetown, Clarkson BIA, Streetsville BIA and Port Credit BIA. These organizations graciously provided their respective financial policies which were used to benchmark against the Aldershot BIA's financial policy and protocol documents. Furthermore, literature from the Ontario Business Improvement Area Association (OBIAA) was reviewed and included in the analysis to further refine and improve the Aldershot BIA Financial Policy.

Recommendations for improving the Financial Policy and Protocol documents were delivered to the Aldershot BIA Executive Director and Treasurer for their consideration in August. Further to these recommendations, the City Auditor re-wrote the Aldershot BIA's Financial Protocol to be consistent with the City's Standard Operating Procedures template and developed a net new Purchasing Standard Operating Procedure. These documents will be provided to the Aldershot BIA Board for their final approval.

Financial Matters:

Total Financial Impact

The cost of the review of the Aldershot BIAs internal control policies and procedures in terms of City staff time and resources will be absorbed by the City's operating budget. Time and resources will not be charged back to the Aldershot Village BIA.

Source of Funding

Not applicable.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable

Conclusion:

The 2021 Aldershot BIA financial statements and update on the review of their internal control policies and procedures are presented for Audit Committee's information.

Respectfully submitted,

Michelle Moore

Controller and Manager of Financial Services

905-335-7600 ext. 7535

Maciej Jurczyk

City Auditor

905-335-7600

Appendices:

- A. Final 2021 Financial Statements – Aldershot BIA

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

Aldershot Village BIA
Financial Statements
Year Ended December 31, 2021

ALDERSHOT VILLAGE BIA
Index to Financial Statements
Year Ended December 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Aldershot Village BIA

Opinion

I have audited the financial statements of Aldershot Village BIA (the "BIA"), which comprise the balance sheet as at December 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the BIA in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 13, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the BIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

(continues)

Independent Auditor's Report to the Board of Directors of Aldershot Village BIA (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BIA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BIA's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the BIA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Burlington, Ontario
July 26, 2022

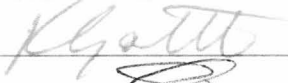

Colin Gray CPA
Professional Corporation

Authorized to practise public accounting by the Chartered Professional Accountants of Ontario

ALDERSHOT VILLAGE BIA
Statement of Financial Position
December 31, 2021

	2021	2020
Financial assets		
Cash	\$ 158,096	\$ 108,589
Accounts receivable	1,500	-
Harmonized sales tax recoverable	34,004	16,798
Interest receivable	693	322
Marketable securities (Note 4)	44,976	44,976
	239,269	170,685
Non-Financial assets		
Prepaid expenses	602	2,619
Tangible capital assets, net (Note 6)	5,569	8,544
	6,171	11,163
	\$ 245,440	\$ 181,848
Liabilities		
Accounts payable and accrued liabilities	\$ 58,370	\$ 14,999
Due to City of Burlington	95,210	833
Employee deductions payable	365	-
	153,945	15,832
Net Assets		
Net assets	91,495	166,016
	\$ 245,440	\$ 181,848

ON BEHALF OF THE BOARD

 Director
 Director

The accompanying notes are an integral part of the financial statements

3

ALDERSHOT VILLAGE BIA
Statement of Revenues and Expenditures
Year Ended December 31, 2021

	(Unaudited) Budget	2021	2020
REVENUES			
Business improvement levy	\$ 223,000	\$ 223,000	\$ 205,925
Other	-	9,782	5,797
	223,000	232,782	211,722
DISBURSEMENTS			
Administrative	129,818	112,449	92,426
Amortization	-	4,385	4,043
Interest and bank charges	-	484	642
Marketing	40,880	54,429	53,758
Professional fees	6,000	24,964	5,074
Rent	28,450	16,450	18,183
Tax levy re-imbursement	17,000	94,142	-
	222,148	307,303	174,126
EXCESS (DEFICIENCY) OF REVENUES OVER DISBURSEMENTS	\$ 852	\$ (74,521)	\$ 37,596

ALDERSHOT VILLAGE BIA
Statement of Changes in Net Assets
Year Ended December 31, 2021

	2020 Balance	Deficiency of revenues over disbursements	2021 Balance
Current fund	\$ 117,704	\$ (74,521)	\$ 43,183
Beautification reserve fund	25,136	-	25,136
Long term planning reserve fund	18,176	-	18,176
West Plains Strategy reserve fund	5,000	-	5,000
	\$ 166,016	\$ (74,521)	\$ 91,495

	2019 Balance	Deficiency of revenues over disbursements	2020 Balance
Current fund	\$ 80,108	\$ 37,596	\$ 117,704
Beautification reserve fund	25,136	-	25,136
Long term planning reserve fund	18,176	-	18,176
West Plains Strategy reserve fund	5,000	-	5,000
	\$ 128,420	\$ 37,596	\$ 166,016

ALDERSHOT VILLAGE BIA
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over disbursements	\$ (74,521)	\$ 37,596
Item not affecting cash:		
Amortization of tangible capital assets	4,385	4,043
	(70,136)	41,639
Changes in non-cash working capital:		
Accounts receivable	(1,500)	-
Interest receivable	(371)	(456)
Prepaid expenses	2,017	4,210
Accounts payable and accrued liabilities	43,371	1,064
Deferred income	-	(14,917)
Due from/to City of Burlington	94,377	1,068
Employee deductions payable	365	-
Harmonized sales tax payable	(17,206)	(11,264)
	121,053	(20,295)
Cash flow from operating activities	50,917	21,344
INVESTING ACTIVITIES		
Purchase of fixed assets	(1,410)	(4,800)
Purchase of investments	(20,000)	-
Redemption of investments	20,000	-
Cash flow used by investing activities	(1,410)	(4,800)
INCREASE IN CASH FLOW	49,507	16,544
Cash - beginning of year	108,589	92,045
CASH - END OF YEAR	\$ 158,096	\$ 108,589

ALDERSHOT VILLAGE BIA
Notes to Financial Statements
For the Year Ended December 31, 2021

1. NATURE OF OPERATIONS

The Aldershot Village BIA was established by the Council of the City of Burlington (the "City") and has been entrusted with the improvement, beautification and maintenance of municipality-owned lands, buildings and structures in the improvement area, beyond such expenditure by the City. Aldershot Village BIA is also responsible for the promotion of this improvement area for business and shopping. Approval for establishment of the Aldershot Village BIA was given by the City in December 2004.

Aldershot Village BIA is financed by a special levy charged upon businesses in the improvement area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared in accordance with Canadian public sector accounting standards for local government entities, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada

Revenue recognition

Revenues are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable. Expenses are reported on the accrual basis of accounting which recognizes expenses as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Computer equipment	30%
Furniture and fixtures	20%
Leasehold improvements	term of the lease
Christmas street lights	20%

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Amounts requiring estimates include the useful lives of tangible capital assets.

Marketable securities

Aldershot Village BIA considers all investments with an original maturity of 90 days or greater to be marketable securities. Marketable securities are carried at cost.

(continues)

ALDERSHOT VILLAGE BIA
Notes to Financial Statements
For the Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund accounting

Long-term planning reserve fund

Certain amounts, as approved by the Board of Directors, are set aside in a reserve for future operating and capital expenditures.

West Plains Strategy reserve fund

Certain amounts, as approved by the Board of Directors, are set aside in a reserve for costs incurred with respect to the West Plains Strategy.

Beautification reserve fund

Certain amounts, as approved by the Board of Directors, are set aside in a reserve to take full advantage of any partnership opportunity that assists in the beautification of Plains Road. These funds are only to be used for aesthetic purposes.

Current fund

This is a reserve fund established to account for the accumulation of unspent surpluses of previous years which are not allocated to other funds. Current funds are to be used for unbudgeted, unexpected and emergency situations.

3. RELATED PARTY TRANSACTIONS

During the year, the Aldershot Village BIA recorded the following transactions with the City of Burlington:

	2021	2020
Revenue		
Tax Levy Assessments	\$ 223,000	\$ 205,925
Expenses		
Tax write-offs and supplement/ommitted revenues	(94,142)	-
	\$ 128,858	\$ 205,925

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

4. MARKETABLE SECURITIES

	2021	2020
0.60% interest GIC due December 14, 2022	\$ 20,000	\$ -
1.80% interest GIC due December 5, 2022	11,449	11,449
1.15% interest GIC due May 15, 2023	13,527	13,527
0.25% interest GIC due December 14, 2021	-	20,000
	\$ 44,976	\$ 44,976

ALDERSHOT VILLAGE BIA
Notes to Financial Statements
For the Year Ended December 31, 2021

5. COMMITMENTS

Aldershot Village BIA has contractual obligations for various expenses. All contracts have short-term cancellation clauses with the exception of the lease agreements which expires in 2024 and has an annual cost of approximately \$16,450.

The future payments in respect of this lease are as follows:

2022	\$	16,760
2023		17,103
2024		4,296
	\$	<u>38,159</u>

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 2,988	\$ 2,000	\$ 988	\$ -
Furniture and fixtures	5,671	3,970	1,701	2,836
Leasehold improvements	5,847	5,847	-	1,868
Christmas street lights	4,800	1,920	2,880	3,840
	\$ 19,306	\$ 13,737	\$ 5,569	\$ 8,544

7. COMPARATIVE FIGURES

Certain prior year figures have been reclassified for consistency with the current year presentation. These reclassifications have no effect on the reported results of operations.

8. BUDGET INFORMATION

The budget figures presented for comparison purposes are unaudited and are those approved by the directors. They have been reclassified to conform with the presentation of the financials statements.



SUBJECT: Summary of In-Progress Management Action Plans

TO: Audit Committee

FROM: Office of the City Auditor

Report Number: CA-07-22

Wards Affected: Not Applicable

File Numbers: 430-01

Date to Committee: September 12, 2022

Date to Council: September 20, 2022

Recommendation:

Receive and file office of the city auditor report CA-07-22 providing a summary of the Management Action Plans in progress as identified in Appendix A.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

At the conclusion of most audit projects, the City Auditor provides an audit report to Management which typically identifies one or more recommendations for Management to address. Management's response to these recommendations are called 'Management Action Plans' (MAPS).

Standard 2500 of the Institute of Internal Auditors' Professional Standards sets out requirements of internal auditors to ensure that Management Action Plans have been effectively implemented. This applies in all cases except where "*senior management has accepted the risk of not taking action*". The City Auditor follows-up regularly with Management in service areas that previously received audit projects to ensure that

there is progress against their respective MAPS. The following report to Audit Committee (submitted quarterly) is a summary of that progress.

Strategy/process

Below is a summary of the In-Progress Management Action Plans (MAPS) from the most recent report to Audit Committee on June 8, 2022 (Report CA-04-22):

Audit Project Name:	High	Medium	Low	
Corporate Cloud Computing Management	0	3	0	
	0	3	0	Total In-Progress

Note: There have been no new MAPS added since the last meeting of Audit Committee.

The City Auditor followed-up with the Management and their respective staff in the service areas where audit projects had previously been completed and where MAPS were outstanding. Below is a summary of the in-progress MAPS from all previous audit projects as of Sept 12, 2022:

Audit Project Name:	High	Medium	Low	
Corporate Cloud Computing Management	0	1	0	
	0	1	0	Total In-Progress

The City Auditor reviewed the detailed progress updates to determine whether the MAPS were complete as per the original Management Action Plan in the respective audit report (see Appendix-A). The table above indicates the remaining (incomplete) MAPS. The City Auditor will continue to follow-up with the accountable Management until all MAPS are complete.

Options Considered

Following up on in-progress Management Action Plans is a Professional Standards requirement for Internal Auditors. There were no alternatives considered when drafting this report.

Financial Matters:

Not applicable.

Total Financial Impact

Not applicable.

Source of Funding

Not applicable.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable.

Engagement Matters:

Not applicable.

Conclusion:

Staff accountable for Management Action Plans (MAPS) from past audits have made progress since last reported to Audit Committee. The City Auditor will continue to follow-up regularly until all have been deemed to be 'Complete'.

Respectfully submitted,

Maciej Jurczyk, CPA, CMA, CIA, CRMA, LSSGB, CFE

City Auditor

maciej.jurczyk@burlington.ca

Appendices:

- A. CA-07-22 Appendix A: Detailed summary of Management Action Plans

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

CA-07-22 - Appendix-A: Outstanding Management Action Plans as of Sept 12, 2022

Department	Function	Audit Report	Audit Report Date	Details of Audit Issue			Number			Owner			
				Audit Finding Number	Risk Rating	Summary	Summary of Management Response	Expected Resolution Date	Revised Resolution Date		Status	Days Past Due	Times End Date Revised
ITS	Information Technology Services	Corporate Cloud Computing Management	7-Feb-20	1	Medium	<p>Recommendations: Communication strategy should be developed and implemented that will serve to improve initial awareness and that will reinforce simple and clear requirements supported with the purpose they serve.</p>	<p>Comments: Agree</p> <p>Action Plan: The existing cloud policy and framework will be updated and will be followed by the development of a communication strategy with the goal of informing and educating on the cloud policy and framework including details on: <ul style="list-style-type: none"> • Purpose of the policy and framework • Roles and responsibility • How it will be monitored, managed, and enforced </p>	Q1 2021	Q3 2022	<p>Sept 12, 2022: COMPLETE <ul style="list-style-type: none"> • Updates to the Cloud policy, Cloud Framework, and web pages are complete. Cloud Policy has been approved and communication is complete. <p>June 8, 2022: IN PROGRESS <ul style="list-style-type: none"> • Cloud policy updates are complete. Internal web pages have been updated and the cloud framework is in review. Communication to the organization is in planning stage <p>Feb 9, 2022: IN PROGRESS <ul style="list-style-type: none"> • Cloud policy updates are almost complete with internal reviews to be scheduled. Internal web pages have been updated. Once cloud policy is finalized, communication strategy will be rolled out to the organization. <p>Dec 8, 2021: IN PROGRESS <ul style="list-style-type: none"> • Cloud policy updates are underway with internal reviews to be scheduled. Once cloud policy is finalized, communication strategy will be rolled out to the organization. </p></p></p></p>	-	1	Manager, IT Strategic Service Delivery
ITS	Information Technology Services	Corporate Cloud Computing Management	7-Feb-20	2	Medium	<p>Recommendations: <ul style="list-style-type: none"> - Enforce the requirement to have cloud services registered with ITS. - Based on registered services, maintain an inventory of cloud services used. At a minimum the inventory of registered services should indicate its use, the type of data stored and the business owner. - Review the cloud services offered periodically to identify opportunities to consolidate services, identify where services provided internally do not meet users' needs or where training in existing services are required. </p>	<p>Comments: Agree</p> <p>Action Plan: The following actions will be taken in response to the recommendation: <ul style="list-style-type: none"> • A process for registering cloud applications will be implemented and will form the basis for updating the existing application inventory. • The application inventory will include but not be limited to a description of the system, any confidential/private data stored, security assessments or PIA's performed, key contacts in IT Services and the business. • The inventory will be shared with the business on an annual basis to confirm the solution is still in use and the information on file is accurate • Opportunities to consolidate cloud services may be considered within the scope of larger software implementations and/or within regular planning discussions between ITS and the business • The inventory will form the basis for defining acceptable cloud applications and will be published as such </p>	Q1 2021	Q1 2022	<p>June 8, 2022: COMPLETED Process to register cloud applications completed.</p> <p>Feb 9, 2022: IN PROGRESS <ul style="list-style-type: none"> • Process for registering cloud applications is documented. Inventory has been captured. Planning is complete to share inventory of pre-approved applications with the business. Design for the BI dashboard has been provided to the development team. <p>Dec 8, 2021: IN PROGRESS <ul style="list-style-type: none"> • Process for registering cloud applications is documented. Inventory has been captured. Planning is underway to share inventory of pre-approved applications with the business. </p></p>	-	1	Manager, Business Applications; Manager, IT Strategic Service Delivery
ITS	Information Technology Services	Corporate Cloud Computing Management	7-Feb-20	3	Medium	<p>Recommendations: <ul style="list-style-type: none"> - A standardized risk assessment methodology should be created that includes a list of typical risk factors and used to help identify the level of risk that needs to be managed and help classify cloud services accordingly. Risk factors could be based on factors such as: the level of dependence on the services for business critical processes, whether the service will be customer facing, the number of users using the service, data classification or level of reliance on the data. - As part of the defined risk methodology, prescribed minimum controls and standards should be linked to risks. For example, if personally identifiable data is present, a Privacy Impact Assessment must be conducted. </p>	<p>Comments: Agree</p> <p>Action Plan: A risk assessment methodology will be developed and will be used to classify cloud services. It will include relevant risk factors and will prescribe new controls to mitigate the risks. Additional follow-up work including conducting Security and Privacy Impact Assessments will require additional time and resources from IT Services and the City Clerks Office.</p>	Q2 2021	Q2 2022	<p>September 12, 2022: COMPLETE</p> <p>June 8, 2022: IN PROGRESS Risk identification of applications has been incorporated into the technology onboarding processes. Key factors that quantify risk have been identified and those factors are assessed and inventoried during the onboarding process. Risk management efforts that result in residual risk is captured and shared with business owners or managed by IT through the IT risk register.</p> <p>Feb 9, 2022: IN PROGRESS Management provided an update consistent with the progress update below.</p> <p>Dec 8, 2021: IN PROGRESS <ul style="list-style-type: none"> • Creation of a system to enhance and centrally manage current risk analysis practices is underway resulting in an automated decision process based on information security and business risk. • Cloud services will be classified based on the risk analysis practices resulting in an inventory that documents risk decisions as well as implemented mitigation techniques. </p>	-	1	Manager, Information Security

Department	Function	Audit Report	Audit Report Date	Details of Audit Issue							Number		Owner
				Audit Finding Number	Risk Rating	Summary	Summary of Management Response	Expected Resolution Date	Revised Resolution Date	Status	Days Past Due	Times End Date Revised	
ITS	Information Technology Services	Corporate Cloud Computing Management	7-Feb-20	4	Medium	Recommendations: - Define prescribed cloud control activities and who needs to perform them for each cloud service. Develop an application support model that includes specific process areas such as user access management, vendor management, terms and conditions, requests and incidents handling, and who is responsible for controls review over the duration. The level of detail can be determined using the classification system above, e.g. predefined activities. - Monitoring controls are needed to determine whether the processes that are in place are working and are effective. - Enforcement of policies and procedures, mechanisms to follow-up and enforce. Requirements should be clear, and it should also be clear that compliance is enforced. - Monitor and review existing applications that may evolve over time (e.g. where the uses of the app are expanded, or where new information/data is introduced or linked within the app) as changes may necessitate introduction of new or modification of existing controls/practices.	Comments: Agree Action Plan: IT Services will develop and update existing application support models identifying cloud control activities that need to be performed. The support models will initially focus on cloud services that are classified as high risk followed by medium risk services. The application support model will identify the specific responsibilities that reside within the business and those that reside within IT Services for cloud control activities that need to be performed. Given the number of cloud services in place and the current operational workload in IT Services this work will take several months and may require additional staff resources to maintain and enforce the operating model and/or require assistance from 3rd party resources. Addressing the recommendations in this finding will require new or updated operational processes that will impact the responsibilities of both IT Services and business staff.	Q4 2021	Q4 2022	September 12, 2022: IN PROGRESS Continuing work on the application support models. June 8, 2022: IN PROGRESS Continuing work on the application support models. Feb 9, 2022: IN PROGRESS Management provided an update consistent with the progress update below. Dec 8, 2021: IN PROGRESS • Work is underway on formalizing an application support model. • Yearly review of existing cloud apps based on classification of cloud services (based on high risk/low risk)	255	1	Manager, Business Applications; Manager, Information Security



SUBJECT: Quarterly Dashboard for Office of the City Auditor

TO: Audit Committee

FROM: Office of the City Auditor

Report Number: CA-08-22

Wards Affected: Not Applicable

File Numbers: 430-01

Date to Committee: September 12, 2022

Date to Council: September 20, 2022

Recommendation:

Receive and file office of the city auditor report CA-08-22 providing a quarterly dashboard of City Auditor Key Performance Indicators (KPI's).

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

Through report CA-05-22, the City Auditor committed to providing a quarterly dashboard of key performance indicators (KPI's) to Audit Committee. These KPI's were developed from an analysis of literature published by the Institute of Internal Auditors and is considered a leading practice amongst Directors of Internal Audit at other organizations.

Strategy/process

The objective of the City Auditor's quarterly dashboard is to provide Audit Committee with a one-page summary of the key performance indicators for the Office of the City Auditor and demonstrate progress against the 2022 Annual Audit Plan. This report is for informational purposes only.

Options Considered

The City Auditor committed to providing Audit Committee with a quarterly dashboard for informational purposes. No other options were considered.

Financial Matters:

Not applicable.

Total Financial Impact

Not applicable.

Source of Funding

Not applicable.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable.

Engagement Matters:

Not applicable.

Conclusion:

The Office of the City Auditor’s Quarterly Dashboard is an accountability and transparency mechanism intended to demonstrate the quarterly progress of audit work by the City Auditor to Audit Committee.

Respectfully submitted,

Maciej Jurczyk, CPA, CMA, CIA, CRMA, LSSGB, CFE

City Auditor

maciej.jurczyk@burlington.ca

Appendices:

- A. Q3 2022 Quarterly Dashboard for Office of the City Auditor

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.



**City of Burlington
Office of the City Auditor
DASHBOARD**

**Report #
CA-08-22
Effective:
Aug 30, 2022**

Approved Projects					
2022 Audit Plan	Percentage Complete		Audit Phase	Project Status	Due Date
ERP Project Audit - Phase 1	<div style="width: 65%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 65%		Fieldwork	In Progress	14-Dec-22
Health & Safety (pandemic-related controls)	<div style="width: 85%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 85%		Reporting	In Progress	14-Dec-22
IT Cyber-security	<div style="width: 15%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 15%		Planning	In Progress	14-Dec-22
Procurement Audit (< \$50,000)	<div style="width: 5%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 5%		Research	In Progress	1-Feb-23
Environmental Strategies Review	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%		-	Not Started	1-Feb-23
ADD: Aldershot BIA Financial Policy Review	<div style="width: 90%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 90%		Reporting	In Progress	14-Dec-22

Annual Audit Plan Status

Commentary/Analysis:

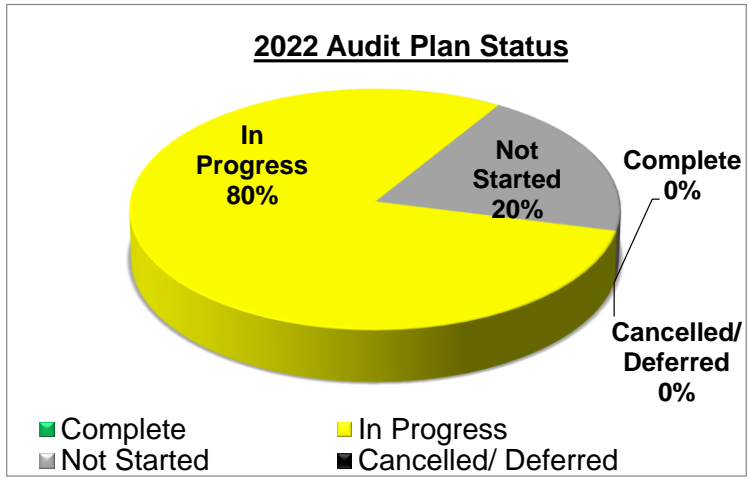
- The 2022 Audit Plan (see report **CA-03-22**; approved by Audit Committee on Feb 9, 2022) is progressing on-track. The H&S Audit was originally intended to be reported to Audit Committee in Sept; however fieldwork took longer than expected. Audit work is substantially complete.
- On May 11, 2022 Audit Committee approved a new engagement to provide advisory services to the Aldershot Village BIA; this work is substantially completed. See report F-32-22 for an update.

Changes to Annual Audit Plan

ADD: Aldershot Village BIA - review of policies & procedures re: financial management (report CM-16-22 on May 11, 2022).

Other Projects

Project Name	Status
Advisory - HR Email Privacy Controls	Complete
Advisory - Vision 2040 Strategy to Risk Program	Complete
Advisory - Aldershot Village BIA Review	In-Progress
Advisory - Finance/Audit Software Implementation	Complete



Key Performance Indicators (KPI's)

	Actual to Date	Annual Target	Comments
Output			
Completion of Audit Plan	0%	100%	No audit projects completed yet.
Percentage of recommendations accepted by Management	N/A	100%	No recommendations issued yet
Percentage of recommendations closed	N/A	100%	No recommendations issued yet
Percentage of recommendations implemented by the original agreed date	N/A	85%	No recommendations issued yet
Quality			
Post Audit Survey	N/A	85%	No surveys issued yet
Quality Assurance Review	N/A	100%	Q/A work not yet performed
Continued Professional Education			
Chartered Professional Accountant (CPA)	56.6	40	Various courses/events completed
CIA/CRMA Accreditations	56.6	40	Various events including CFE certification

Budget

	BUDGET	ACTUALS	Variance (\$)
Professional Development (i.e. Training, Prof. Memberships)	\$4,500	\$2,226	\$2,274
Operating / Minor Equip. (i.e. Meeting, Office expenses)	\$100	\$0	\$100
Purchased Services (i.e. External Consulting, Telephone)	\$39,320	\$210	\$39,110