

Oakville Public Library – Audit Governance Review

Prepared March 1, 2024

Agenda

- Municipal overview
- Purpose of audit committees
- Risk management
- Financial reporting oversight
- Reconciliation between budget and audited Financial Statements
- Investments
- Questions

Municipal Overview

- Requirement of an annual audit under the *Municipal Act*
- Public Sector Accounting Standards (PSAS)
- Library's financial statements are consolidated into the Town's financial statements
- Although a regulatory requirement, the audit supports the initiative of being financially accountable and transparent

Purpose of audit committees

Oversight of the following:

- Evaluating and managing risks
- Ensuring the quality and integrity of financial reporting process
- Compliance with laws and regulations

Risk Management

- Operational risks
- Reputational risks
- **Financial risks**
- IT and cyber risks
- Emerging risks

Financial Reporting – Best Practices

- ✓ Understand roles and responsibilities of the auditor;
 - Appointment of the auditor;
- ✓ Review of quarterly financial information;
- ✓ Review of Audited Financial Statements and auditor's work;
 - Review auditor internal control letter (if issued);
- ✓ Understanding the adequacy and effectiveness of internal controls;
- ✓ Financial benchmarks

Roles and responsibilities of the Auditor

- Reasonable assurance that the financial statements as a whole are free from material misstatement;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management;
- 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 we identify during our audit.

Reconciliation between budget and audit results

- Operating surplus transferred back to the Town but still a financial statement surplus;
- Financial statement notes reconcile as follows:

	2022
Annual (deficiency) surplus	\$ 28,295
Add:	
Amortization expense on tangible capital assets	685,498
Change in Post-Employment Benefits	43,643
Less:	
Current year deficit in OCF	4,955
Current year surplus in DRF	(18,677)
Tangible capital asset acquisitions	(743,714)

Investments held at Cost

- Under PSAS, equity investments not traded on an open market have the election to report at cost or fair market value;
- In 2023 we continued to record the investments at cost to align with the Town's reporting and to align with the feedback received in the municipal groups;
- Fair market value is still disclosed in the Notes to the Financial Statements and presented to the board in the quarterly reports.