



London
CANADA

Audit Committee High Level Overview

February 15, 2023



Audit Committee



Reports directly to the Municipal Council and oversees all audit matters, including evaluation of internal and external services to ensure effective, independent, yet complementary audit services are received.



Reviews and recommend approval of the annual consolidated financial statements provided by External Auditor.



Receive reports by the Internal Auditor and discuss findings and recommendations with Administration, reporting recommendations to Municipal Council.



Terms of Reference: <https://london.ca/special-committees>



External Auditor

- Required by the *Municipal Act, 2001*
- Audits consolidated Financial Statements
- Presents audit planning reports and audit results to Audit Committee
- Provides a “Management Letter”
 - Identifies any weakness in Internal Control
 - Makes observations on performance improvement opportunities
 - Identifies areas of potential risk that may affect future financial performance
- Current External Auditor: KPMG LLP



External Audit Role of the Audit Committee

- Review the scope, principles and materiality limits of the annual audits;
- Review the auditors' report and audited consolidated financial statements;
- **Satisfy itself** that the financial statements present fairly, the financial position and results of operations;
- **Satisfy itself** that there are no unresolved issues between the Administration and the auditors;
- To review the auditors' management letters, together with the implementation plans;
- Make recommendations to Municipal Council on these matters



Internal Auditor

- Function outsourced in 2010
- Prepares a three (3) year – risk based audit plan
- Independent and objective review of all key functional services areas, including:
 - Review systems of Internal Control
 - Special reviews as requested by Audit Committee
 - Makes observations on performance improvement opportunities, risk mitigation, and value-for money recommendations
 - Provide on-going status updates with respect to recommendations
- Current Internal Auditor; MNP LLP
- [Internal Audit Charter](#) – MNP presented to Audit Committee June 15, 2022 and approved by Council July 5, 2022



Internal Audit Role of the Audit Committee

- Annually review and approve the work plan from the internal auditor, including providing input for the risk-based audit plan;
- Receive reports of internal auditors and discuss findings and recommendations with Administration;
- Review and approve special assignments from time to time
- Follow-up on status of recommendations
- Report recommendations to Municipal Council