

# Municipality of Lakeshore – Report to Council

## Corporate Services

### Accounting and Revenue Services



**To:** Mayor & Members of Council

**From:** Justin Rousseau, Corporate Leader- Chief Financial Officer

**Date:** March 25, 2024

**Subject:** Internal Controls, Internal Controls Financial Reporting, Relationship with External Auditors Policies

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### Recommendation

1. Direct the Clerk to read By-law 43-2024 to approve an Internal Controls Policy during the Consideration of By-laws, as recommended at the April 9, 2024 Council meeting.
2. Direct the Clerk to read By-law 44-2024 to approve an Internal Controls Financial Reporting Policy in the Consideration of By-laws, as recommended at the April 9, 2024 Council meeting.
3. Direct the Clerk to read By-law 42-2024 to approve a Relationship with External Auditors Policy in the Consideration of By-laws, as recommended at the April 9, 2024 Council meeting.

### Background

Council has identified Financial Sustainability as a strategic priority area for this term of office. As such, Administration has been reviewing Lakeshore's fiscal policy position to ensure a continued sound and up-to-date policy framework.

Administration is recommending additional Council Policies around Internal Controls, Internal Controls in Financial Reporting and Policy around Lakeshore's Relationship with its External Auditors. These policies are best practices and outline a good financial management framework in the public and private sectors.

It should also be noted that Corporate Services has also completed some administrative policies and procedures including Petty Cash, Company Credit Cards, Corporate Cheque Issuance, Electronic Funds Transfer, Returned Items, and Revenue Recognition. Those will be implemented in April of 2024, to improve and implement best practices and policies for financial governance.

## Comments

**Internal Control Policy:** Internal controls are accounting and auditing processes used in a company's finance department that ensure the integrity of financial reporting and regulatory compliance.

Internal controls help companies to comply with laws and regulations, and prevent fraud. They also can help improve operational efficiency by ensuring that budgets are adhered to, policies are followed, capital shortages are identified, and accurate reports are generated for leadership.

This policy states that those will be built and designed following the framework of the Canadian Institute of Chartered Professional Accountants.

**Internal Control in Financial Reporting Policy:** As noted above the key is to accurately report and generate financial reporting for leadership and Council. This policy lays the foundation for the reporting Council and the Community can expect from Administration quarterly and annually to ensure good financial stewardship of the Municipality.

**Relationship with External Auditors:** The external audit is a key element of safeguarding public funds and is mandatory under the Municipal Act. The policy dictates the nature of the exchange of financial information to ensure that external auditors can complete this important task. It is also key to ensure transparency in this process.

## Others Consulted

Chartered Professional Accountants policy manual and other municipalities' policy frameworks were used to help craft best practices.

## Financial Impacts

There is no direct financial impact of the development of these policies however they are designed to protect and safeguard the funds of the municipality and the public.

## Report Approval Details

Document Title:	Internal Controls, Internal Controls Financial Reporting, Relationships with External Auditors Policies.docx
Attachments:	
Final Approval Date:	Mar 28, 2024

This report and all of its attachments were approved and signed as outlined below:

Prepared by Justin Rousseau

Approved by Truper McBride