



Staff Report

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Report To: General Government Committee

Date of Meeting: June 6, 2022

Report Number:

FSD-025-22

Submitted By: Trevor Pinn, Director of Financial Services/Treasurer

Reviewed By: Mary-Anne Dempster, CAO

Resolution#:

File Number:

By-law Number:

Report Subject: Delegation of Authority for Approval of 2021 Financial Statements

Recommendations:

1. That Report FSD-025-22 and any related delegations or communication items, be received;
2. That the Terms of Reference for the Audit and Accountability Committee be amended to delegate authority to approve annual audited financial statements; and
3. That all interested parties listed in Report FSD-025-22 and any delegations be advised of Council's decision.

Report Overview

The Audit and Accountability Committee (AAC) was created in 2020 with mandate to provide recommendations to Council regarding financial statements, external audit, internal audit, corporate control framework and risk management.

In 2021, Council delegated authority to approve the 2020 Audited Financial Statements to the AAC. Canadian Accounting Standards require that the audit report date cannot occur prior to the date that those with authority to approve the statements do so; therefore, Staff are looking to delegate the authority to approve the financial statements to the AAC which is in line with their mandate.

1. Background

- 1.1 The terms of reference for the Audit and Accountability Committee currently include the responsibility to “review and recommend for approval the annual audited consolidated financial statements and associated statements.”
- 1.2 Canadian Auditing Standards require that the audit report date cannot occur prior to the date that those with the recognized authority have asserted that they have taken responsibility for those financial statements.
- 1.3 Prior to the creation of the AAC, the authority was with the audit committee which included the Mayor, CAO, and Treasurer. In 2020, Council created the Audit and Accountability Committee which includes three members of Council and one alternate. The AAC fills the intended role for oversight of financial reporting and in 2021 delegated authority was provided to the AAC specifically for the 2020 financial statements.
- 1.4 Given the role of the AAC, and given that the audit cannot be concluded until those with oversight approve the statements, Staff are seeking a change to the terms of reference of the AAC to remove the reference to “recommend”. This clarifies that the AAC has the authority to approve the statements, which would still be provided to Council.
- 1.5 Approval of the statements in a timely manner allows the Municipality to meet the requirements of banking agreements, funding agreements, Province of Ontario reporting requirements and provides timely financial reporting to the public.

2. Concurrence

Not Applicable.

3. Conclusion

It is respectfully recommended that the terms of reference of the AAC be amended to delegate the authority for approval of the annual financial statements to the Committee.

Staff Contact: Trevor Pinn, CPA, CA, Deputy CAO/Treasurer, 905-623-3379 ext. 2602 or tpinn@clarington.net.

Attachments:

Not Applicable

Interested Parties:

There are no interested parties to be notified of Council's decision.