



STAFF REPORT

Meeting Date: June 13, 2022

Title: BDO 2021 Management Letter

Prepared By: Chelsea Pateman

Department: Finance

Report Number: Finance-2022-017

Recommendation:

That Council receives the 2021 BDO Management Letter and staff's plan to address the items noted, for information purposes

Background:

The City's auditor, BDO Canada LLP, annually issues a "Management Letter" that makes recommendations regarding the safeguarding of the City's assets, the accuracy of the City's records and the administrative/accounting procedures that need improvement.

Discussion:

The following comments provide context regarding the noted items and the action(s) to be taken on each topic raised in the BDO Management Letter:

Surplus Accounts:

Historically, the reconciliation and adjustment of the municipal and small boards surplus accounts has been performed by BDO at the time of the audit. In the current year, only the municipal surplus was reconciled by BDO, and staff have determined that this is appropriate moving forward.

Information Systems:

Beginning in 2020, due to the changing landscape of remote work and increased reliance on electronic systems, information systems audits became part of the scope of audit work. During the 2021 audit the following items were identified:

Online Banking - Administrator Testing/User Access

It is noted that administrators of the online banking platform hold financial reporting duties, and that there is no documentation of requests to grant or remove user access. This causes a risk of creating fictitious users and payments, or unauthorized access to the application. Controls are currently in place that all electronic funds transfers processed through the City's online banking platform require dual authorizations. As recommended, staff will implement a dual authorization process related to user access within the online banking platform to further mitigate risk.

Termination Testing/User Access Review

The IS audit noted a lack of periodic review of user access, and indicated that unauthorized users could retain access in error upon termination. Controls are in place within the IT department to remove access and/or update passwords upon employee termination as well as to perform periodic user reviews, however there is no formal documentation of these processes to satisfy the audit testing. Staff will refine current processes to include additional documentation of steps taken.

Financial Implications:

- No financial impact

Attachments (Reference Material):

- 2021 Management Letter