



**AUDITOR GENERAL FOR
LOCAL GOVERNMENT**

ACCESSIBILITY • INDEPENDENCE • TRANSPARENCY • PERFORMANCE

Engagement Protocol with Local Governments for Performance Audits Conducted by the Office of the Auditor General for Local Government under the *Auditor General for Local Government Act*

I. KEY AUDIT EVENTS

Audit Notification

The Auditor General for Local Government (AGLG) initiates the audit with a notification letter to the Mayor (if the audit is of a municipality) or Chair (if the audit is of a Regional District or Greater Board) with a copy to the Chief Administrative Officer (CAO). The AGLG may publicly announce the performance audit the day following the delivery of the audit notification letter. The information contained in the public announcement of the planned performance audit will be the only public information about the audit until the performance audit report is published by the AGLG.

Kick Off Meeting with the Local Government

The AGLG will contact the CAO to schedule a “kick off” opening meeting with the local government to confirm the audit protocol, explain the audit process, confirm the decision points required by the local government during the phases of the audit, answer questions, share the initial lines of enquiry and confirm key contacts and information sources

Audit Scope and Criteria

The local government will be advised by letter of the final audit scope and criteria and will be required to acknowledge the final scope and suitability of the criteria.

Examination

During the examination, the audit team gathers further information with regards to the local government's performance in the context of the final audit scope and criteria. This includes conducting enquiries, site visits and reviews, inspecting records and performing analyses and other activities.

Fact Clearing Meeting

Once the examination phase is completed, the AGLG may schedule a fact clearing meeting(s) with the CAO and other appropriate staff or elected officials to discuss preliminary audit findings. The local government is responsible for confirming all fact statements, advising the AGLG if the information is incorrect or incomplete, and providing corrected information with documentary support. In the event that a fact clearing meeting does not take place, the local government's responsibilities for confirming all fact statements and providing corrected information with documentary support will happen at the proposed final performance audit report.

Proposed Final Performance Audit Report

The AGLG may produce a draft Proposed Final Performance Audit report for the local government's initial review and comments. This draft will include the AGLG's findings, conclusions and recommendations. Any changes proposed by the local government will need to be supported by the appropriate evidence. Any comments by the local government must be provided within the time frames established by the AGLG at the time the draft Proposed Final Performance Audit Report is provided to the local government.

The AGLG will produce the Proposed Final Performance Audit Report which may be informed by the local government's comments received within the timeframes set by the AGLG on the draft. The local government may comment on the Proposed Final Performance Audit Report within 45 days of receiving the Report. Comments are expected to include the local government's response to the recommendations in the Report.

The AGLG must then include a summary of the comments given by the local government in the Proposed Final Performance Audit Report and then submit the Proposed Final Performance Audit report to the Audit Council prior to publication. The Audit Council may provide comments on the Proposed Final Performance Audit Report including comments on the summary of the local government's comments.

After considering comments from the Audit Council, the AGLG will finalize the Proposed Final Performance Audit Report. The Proposed Final Performance Audit Report may be provided to the local government in advance of publication by the AGLG. Until published, the Proposed Final Performance Audit Report (including all drafts) is to be treated as confidential by the local government as required by the *Auditor General for Local Government Act*.

Final Performance Audit Report

The AGLG will provide the local government with the Final Performance Audit Report and then publish the report.

II. ACCESS TO RECORDS AND CONFIDENTIALITY

Access to Records and Information

Under section 13 of the *Auditor General for Local Government Act*, a local government whose operations are subject to a performance audit must give to the AGLG access to records, information and things, access to the local government's facilities and works and explanations necessary for the AGLG to conduct the performance audit.

The local government must provide the audit team with access at all reasonable times to information, reports and explanations as the AGLG deems necessary to complete the audit.

When meetings are scheduled, the local government must ensure the appropriate staff are in attendance so the audit team can collect the information they need.

Confidentiality

The local government must not disclose:

- any proposed final performance audit report;
- the comments prepared by the local government for any proposed final report; and/or
- any other records or information created by the local government to prepare the comments.

In addition, the local government must not disclose a record or information provided by the AGLG for purposes of exercising a power or performing a duty under the *Auditor General for Local Government Act*. This includes all audit working papers provided by the AGLG to the local government. All documents, information, records and any other material relating to the audit must be kept confidential by the local government. The Proposed Final Performance Audit Reports, will be delivered by courier, in numbered print copies, must not be photocopied or reproduced and which must be returned to the AGLG office by the deadlines set by the AGLG.

Similarly, the AGLG is also required to protect the confidentiality of audit information and records. The AGLG must not disclose a record or information obtained in the exercise of a power or the performance of a duty under the *Auditor General for Local Government Act*, except:

- To conduct a performance audit;
- To formulate the grounds for a recommendation contained in a performance audit report;
- To the members of the audit council and their staff; and
- To prepare and publish an annual service plan, performance audit reports, an annual report and other authorized reports.

III. Communication

The AGLG audit team will facilitate on-going and regular communication during the audit, specifically, regarding changes to the audit plan (objectives, scope, approach and timetable) and on the audit progress including emerging findings and potential recommendations.

The audit team will also offer briefings to local government management staff and elected officials to seek their views on the validity and completeness of the audit evidence, audit observations, conclusions and recommendations.

The local government is expected to ensure that all staff affected by the audit are sufficiently informed about the purpose, nature and timetable of the audit as early as possible in the audit process.

The local government must immediately inform the AGLG in the event of any breach of the non-disclosure requirements on any audit document and information. This includes the loss of any audit documents if any document or audit information is made public.

Key Contacts

The local government is to identify one contact person for the audit and provide a list of key contact persons with contact information. Key contacts are to be aware of their obligations to co-operate with the audit. The AGLG contact person for the performance audit is the Senior Audit Manager.

Dispute Resolution

The local government is expected to discuss and attempt to resolve any issues with the audit team quickly, professionally and respectfully. Issues which cannot be resolved by the audit team will be referred to the local government contact person and the Deputy Auditor General for Local Government for resolution.

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