

MANAGEMENT REPORT

Date: May 18, 2023
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TO: Library Board
FROM: Tim Bottomer, Chair, SFHR Committee
SUBJECT: Review of External Audits and Evaluations

SUMMARY

This report provides information about the external audits and examinations that are conducted in relation to the Library's finances and operations. It does not include routine or annual evaluation of programs and services conducted by Library staff.

PURPOSE

This report is for information.

RECOMMENDATION

That the Board receive this report for information.

POLICY

There is no Board policy with respect to this matter. Legislative requirements for financial information are discussed below.

INDIGENOUS CONSIDERATIONS

This report is related to existing external financial audits and evaluations, for compliance under legislation and to support trustees in ensuring their fiduciary obligations are met. These audits and evaluations do not directly relate to the Library's activities and services to support the

Truth and Reconciliation Calls to Action or implementation of the UN Declaration on the Rights of Indigenous Peoples in Canada, and the BC Declaration on the Rights of Indigenous Peoples does not contain financial reporting or audit requirements for libraries.

BACKGROUND

The BC *Library Act* s.11(2) states “The library board must provide to the municipality annual financial statements that have been audited in the same manner and at the same time as the financial statements of the municipality.”

The City’s Director of Finance advised the Board that the City does not require separate audited financial statements for the Library because the Library’s financial numbers are fully contained within the City financial accounting system (SAP) and these numbers are included in the City’s financial statements. The City’s financial statements are audited annually by an external audit firm, meeting the obligation under the *Library Act* that they “have been audited in the same manner and at the same time as the financial statements of the municipality.”

As the Library operates under the *Library Act* and receives Provincial grants, we are also required to file a Statement of Financial Information (SOFI), under the *Financial Information Act*, each year. The *Financial Information Act* does not require that these statements and schedules be audited.

The Board is required to approve the SOFI financial statements and schedules under the *Financial Information Act*, which states that “a Statement of Financial Information prepared by a corporation, other than a municipality, must be approved by its board of directors or, if the corporation has a governing body by a different name, by its governing body”.

The Chief Librarian & CEO has verified with the Province that VPL is meeting all legislative obligations with this approach.

While it is not required by legislation, in addition to the external audit of the City’s financial records that occurs annually, we also ask the City’s Internal Audit group to perform certain tests and examinations of the library’s financial numbers and schedules each year as part of the SOFI preparations. This does not constitute an audit.

DISCUSSION

In addition to financial tests and examinations, the City’s Internal Audit department conducts various audits and reviews as part of their annual work plan, or at the request of City departments and Boards. These audits and reviews generally change each year, and the Library is included in these where the Chief Librarian & CEO deems it appropriate. At the start of each

year the City of Vancouver's Internal Audit division provides a list of planned internal audits for the upcoming year.

The City conducts internal audits and consulting work in a number of areas:

- Financial audit - Assurance that financial statements are presented fairly in accordance with the financial reporting framework
- Performance audit - An examination of the efficiency and effectiveness of programs
- Advisory Services – Provides assistance to City departments on policies, procedures and internal control issues

Below is a summary of audits and reviews performed by Internal Audit which VPL has participated in recent years, with links provided for online public reports:

- **Annual Review of VPL Financial Statements** - Ensure VPL year-end financial information is prepared consistently with the City's corporate accounting policies and general ledger.
- [Cybersecurity Audit \(2021\)](#) - Assess the overall state of the VPL cybersecurity program.
- [Materials Acquisitions Audit \(2021\)](#) - Review the process of acquiring materials to ensure internal controls and business processes were adequate, effective and efficient.
- [Employee Expense Audit \(2021\)](#) - Assess whether employees 2020 expenses were valid, reasonable, and in compliance with established policies and procedures. The scope of the audit included employee expenses, travel & training claims, and purchase card (PCard) transactions.
- [COVID-19 Compliance Audit \(2021\)](#) – To review the processes in place to ensure that COVID-19 safety measures complied with provincial health orders.
- **Central Library Project Expansion Review (2019)** - Verify the interim financial report of costs incurred by the VPL Central Library Expansion Project, as prepared by VPL under the Canada Cultural Spaces Fund (CCSF) contribution agreement.
- [Software License Audit \(2018\)](#) – Assess adequacy and effectiveness of internal controls and business processes relating to software licensing governance, management, inventory control, and compliance.
- **Privacy Management Audit (2016)** – Review effectiveness of internal controls and business processes supporting the privacy of personal information collected at the City of Vancouver and VPL. [Report provided to VPL Board February 28, 2018](#)
- **Materials Selection & Acquisition Audit (2014)** – Review of policies and procedures relating to materials selection and acquisition, including vendor management and purchase approvals.
- **Cash Handling Audits – (Joe Fortes Branch 2014, Oakridge Branch 2017)** – Evaluate safeguarding controls over cash and extent of compliance to policies relating to cash handling.

As noted above, VPL is included in these internal audits at the request of the Chief Librarian & CEO or Library Board. The Library Board can request copies of the reports not linked above through the Chief Librarian & CEO or Executive Assistant. VPL will participate in cash handling and employee expenses audits planned for 2023.

Other External Audits

In 2022, a financial review/audit was undertaken by the Government of Canada to ensure compliance with VPL's contribution agreement with Immigration, Refugees and Citizenship Canada (IRCC). This type of financial review is conducted at least once within the term of each contribution agreement.

In September 2021, Mike Macdonell was appointed by Council as the City of Vancouver's inaugural Auditor General for a seven-year term. The Auditor General publishes annual audit plans, and annual reports, contained here: <https://vancouver.ca/your-government/auditor-general.aspx>. These are separate from, and in addition to, the work of the Internal Audit division. VPL is not currently included in the Auditor General's audit plans.

In 2019, 18 of VPL's 21 locations underwent an accessibility audit by the Rick Hansen Foundation. Three branches were not assessed as they were pending future redevelopment (Oakridge and Marpole) or part of a larger City facility and will be included in the audit of the whole facility (Carnegie). Seventeen branches were certified as accessible with one of these receiving gold status (néca?mat ct Strathcona), and one was not certified (Collingwood).

Upgrades have been made to Collingwood, although the lack of elevator access to the staff room cannot practically be addressed in this building. Upgrades have been made across all branches to improve accessibility such as auto faucets in public washrooms, adding a door operator to accessible washrooms and adding assisted listening devices to service desks. The new Oakridge branch is expected to be gold-certified.

FINANCIAL IMPLICATIONS

The audits and evaluations that take place throughout the year are conducted within the scope of regular operations, and there is no impact to the Operating or Capital budget.

FINAL REMARKS

Regular audits and reviews of our financial system and statements are an important part of ensuring the effectiveness and efficiency of business practices and internal controls. Staff participate fully with the City's external and internal auditors in all audits that involve Library transactions or records, and request an annual review of VPL Financial Statements to meet the Library's SOFI requirements.