

REPORT

Council

Meeting Date: November 15, 2021

FROM: Finance Department

DATE: November 2, 2021

SUBJECT: 2021 Audit Planning Report

LOCATION:

WARD: Town-wide

Page 1

RECOMMENDATION:

That the Audit Planning Report prepared by KPMG for the 2021 fiscal year be received.

KEY FACTS:

The following are key points for consideration with respect to this report:

- The town must appoint an external auditor;
- The audit plan, received annually from the auditor, sets out the work plan for the current year's audit;
- Professional audit standards require the auditor to communicate various accounting and audit related matters with those charged with governance. By bringing the audit plan forward to Council, KPMG is complying with that requirement; and
- Finance staff prepare the annual financial statements and supporting financial schedules and KPMG audits them for completeness and accuracy.

BACKGROUND:

The Municipal Act, under section 296. (1), requires a municipality to appoint an auditor licensed under the Public Accounting Act. The auditor is responsible for:

- (a) Annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit.

The town has appointed KPMG LLP as the town's auditor. In order to communicate with the town's governing body (i.e. Council), KPMG has developed its Audit Planning Report, which is attached as Appendix A to this report.

The audit plan sets out the nature and the extent of the work to be completed by KPMG. Specifically, the Audit Planning Report addresses:

- Materiality for the town's consolidated financial statements;
- The various entities to be considered for the town's audit;
- A summary of the audit approach, identifying key risk areas;
- KPMG's commitment to quality, including:
 - Quality control
 - Team members and their experience
 - Audit timelines
 - New auditing standards
- Appendices to the Audit Planning Report:
 - Required communications
 - Use of technology in the audit
 - Insights to enhance your business
 - Audit and Assurance Insights

While the audit plan is specifically for the consolidated audit of the town, the audit plan also provides for the audit of the financial statements of the Library Board, the three Business Improvement Areas, and the Town of Oakville Trust funds.

The town's consolidated statements also include the town's investment in Oakville Enterprises Corporation (Hydro) and Oakville Municipal Development Corporation (MDC); however, any audits performed on these entities are independent of the town.

COMMENT/OPTIONS:

Town staff have reviewed the 2021 Audit Planning Report. Consistent with prior years, we are developing our own plan for closing the town's fiscal year, with the target of closing all operations by early February 2022. This plan will be communicated to all departments in order to ensure a clean year end process.

Once the 2021 records are closed, staff prepare the consolidated financial statements and accompanying notes for the town, the Library, the BIAs, and the trust funds, along with any required supporting documentation.

The audit field work for the local boards is scheduled for February so that the final results can be consolidated into the town's statements in time for the town's audit field work, which begins in mid-March. This timeline should allow staff the opportunity to take the audited consolidated financial statements, along with an

Audit Findings Report from KPMG, to Council in May 2022. Once the financial statements are approved any required provincial reporting is completed.

CONSIDERATIONS:

(A) PUBLIC

N/A

(B) FINANCIAL

The cost of the audit for the town and its entities were detailed within the town's engagement letter and those fees have been provided for in the 2021 annual budget of each entity. Fees have not been included within the KPMG Audit Plan for confidentiality reasons. Fees are in accordance with the RFP process completed in October 2017.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

N/A

(D) CORPORATE STRATEGIC GOALS

This report addresses the corporate strategic goal(s) to:
The independent external audit plan highlights the town's commitment to transparency and aligns with the Accountable Government strategic goal by maintaining a fiscally responsible and trusted local government.

(E) CLIMATE CHANGE/ACTION

N/A

APPENDICES:

Appendix A - Town of Oakville Audit Planning Report FY2021

Prepared by:

Jade Surgeoner, Manager of Accounting

Recommended by:

Jonathan van der Heiden

Deputy Treasurer and Director of Finance

Submitted by:

Nancy Sully

Commissioner, Corporate Services and Treasurer