



## REPORT

### Council

**Meeting Date: May 25, 2021**

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**FROM:** Finance Department

**DATE:** May 11, 2021

**SUBJECT:** 2020 Audit Findings Report

**LOCATION:**

**WARD:** Town-wide

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#### **RECOMMENDATION:**

That the 2020 Audit Findings Report issued by KPMG, the town's external auditor, be received for information.

#### **KEY FACTS:**

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

- There is a requirement for the town's external auditor to issue an "Audit Findings Report" at the conclusion of the annual audit to assist members of Council with their review of the financial statements;
- There were no adjustments identified by the auditor;
- There were no Management Letter Points issued;
- There were no significant deficiencies in internal control over financial reporting identified;
- KPMG is prepared to issue an unqualified (or "clean") opinion on the 2020 financial statements.

#### **BACKGROUND:**

##### Audit process

Over the past few months, town staff worked diligently to close the town and local boards' accounting records for 2020 and prepare the entities' financial statements. Once this was completed, the town's external auditor (KPMG) examined the financial records to ensure the financial statements were accurate and reasonably reflected the town's financial position and results of operations.

Upon completion of the annual audit, the external auditor is required to issue an Audit Findings Report, which is intended to assist Council, who serves as the town's audit committee, in their review of the town's financial statements. This report also serves as a means for the auditor to update Council on any significant matters arising from the audit. The report in Appendix A outlines the audit risks and results, any adjustments or issues, any financial statement comments, and any other matters that the auditor feels necessary to bring to the attention of Council.

**COMMENT/OPTIONS:**

Outlined below are some of the key components of the Audit Findings Report.

Audit risks and results

Key audit risks identified by KPMG, their audit work performed to address the risks, and their findings are provided in this section. In 2020, these included:

- Fraud risk from management override of controls – looking at unusual transactions and estimates to ensure they were appropriate;
- Employment benefit liabilities – verifying the census data and assumptions and checking the accuracy of the estimate;
- Tangible capital assets – ensuring that the tangible capital assets and contributed assets were appropriately recorded;
- Investments – confirming the town's balances and that the investments are not impaired in value;
- Accounts payable, accrued liabilities, and operating expenses – performing substantive and cut-off testing over the town's balances and ensuring that the town's estimates were reasonable;
- Contaminated sites liability – reviewing the town's method of identifying and assessing possible contaminated sites;
- Subsequent events – addressing the impact COVID-19 may have on the town's financial results in the future.

Accounting estimates

KPMG examined the critical accounting estimates made by management to ensure that they are appropriate. In 2020, this continued to include examining the estimate prepared for the remediation of contaminated sites and the estimate prepared for post-employment liabilities.

Significant accounting policies

The town's financial statements are prepared and presented as per the public sector accounting standards ("PSAS").

Audit adjustments and differences

KPMG did not identify any audit misstatements within the financial statements.

**CONSIDERATIONS:**

**(A) PUBLIC**

The audit findings report assists Council and interested citizens in understanding the town's financial statements. It confirms that the town has accurate reporting and that key internal controls are in place and working.

**(B) FINANCIAL**

N/A

**(C) IMPACT ON OTHER DEPARTMENTS & USERS**

N/A

**(D) CORPORATE STRATEGIC GOALS**

An unqualified audit opinion supports the strategic plan of being accountable and fiscally responsible.

**(E) CLIMATE CHANGE/ACTION**

N/A

**APPENDICES:**

Appendix A – KPMG's Audit Findings Report

Prepared by:

Jonathan van der Heiden

Deputy Treasurer and Director of Finance

Recommended by:

Nancy Sully

Commissioner, Corporate Services and Treasurer