

## REPORT

### ADMINISTRATIVE SERVICES COMMITTEE

MEETING DATE: DECEMBER 5, 2016

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**FROM:** Finance Department

**DATE:** September 28, 2016

**SUBJECT:** 2016 Audit Planning Report

**LOCATION:**

**WARD:**

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#### RECOMMENDATION:

That the Audit Planning Report prepared by KPMG for the 2016 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 auditors, sets out the work plan for the current year's audit;
- Professional audit standards require the auditor to discuss the views of fraud risk with those charged with governance. By bringing the audit plan forward to an ASC meeting, KPMG are complying with that requirement;
- Financial Operations staff prepare the annual financial statements and supporting financial schedules and KPMG audits them for completeness and accuracy;
- There are no significant changes to the accounting or auditing standards for the 2016 audit.

#### 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.

In order to prepare for the audit of the Town and its local boards KPMG has developed its Audit Planning Report, which is attached as Appendix A to this report.

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

- Areas of audit focus for the Town's financial reporting. This includes any changes in accounting and/or auditing standards that are effective for the 2016 fiscal year;
- Materiality for the Town's consolidated financial statements;
- The KPMG audit team, their qualifications, and the role they provide;
- The audit cycle and applicable timelines for the 2016 deliverables
- Appendices to the Audit Planning Report:
  - Audit Quality and Risk Management
  - KPMG's audit approach and methodology
  - Required communications
  - Data & analytics in audit
  - Audit trends
  - Current developments

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, the Oakville Galleries, and the Town of Oakville Trust funds.

The Town's consolidated statements also include the Town's investment in Oakville Enterprises Corporation (Hydro); however, their audit is independent of the Town's.

**COMMENT/OPTIONS:**

Staff has reviewed the 2016 Audit Planning Report and concurs with the audit work outlined. We have developed our own plan for closing the 2016 fiscal year, with the target of closing all operations by February 3, 2017. This plan has been communicated to all departments in order to ensure a clean year end closing.

Once the 2016 records are closed, staff prepare the consolidated financial statements and accompanying notes for the Town, the local boards, the Galleries, 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 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 ASC in May. Once the financial statements are approved, they are included within the Annual Report and any required provincial reporting is completed.

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**CONSIDERATIONS:**

**(A) PUBLIC**

N/A

**(B) FINANCIAL**

The cost of the audit for the 2016 fiscal year for the Town and its various entities is detailed within the Town's engagement letter and those fees have been provided for in the 2016 annual budget of each entity. Fees have not been included within the KPMG Audit Plan for confidentiality reasons.

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

N/A

**(D) CORPORATE AND/OR DEPARTMENT STRATEGIC GOALS**

This report addresses the corporate strategic goal to:

- be accountable in everything we do
- be fiscally sustainable

**(E) COMMUNITY SUSTAINABILITY**

N/A

**APPENDICES:**

Appendix A - Final Town of Oakville Audit Planning Report FY16

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