

Date: November 10, 2021	Originator's files:
To: Chair and Members of Audit Committee	
From: Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer	Meeting date: December 6, 2021

Subject

2021 Audit Plan

Recommendation

That the report dated November 10, 2021 from the Commissioner of Corporate Services and Chief Financial Officer titled "2021 Audit Plan" be received for information.

Executive Summary

- The Audit Planning Report informs Audit Committee and City management of the audit procedures to be performed by KPMG in discharging its audit responsibilities for the City's 2020 external audit.
- The Audit Engagement Letter sets out the responsibilities of Audit Committee, management, City staff and KPMG.

Background

Under the Audit Committee Charter (By-law 0321-2020), the Committee is responsible for reviewing the terms of the engagement, fees and scope of the City's external audit. On May 11, 2020, Audit Committee approved a recommendation to extend the existing contract with KPMG LLP, Chartered Accountants (KPMG), for the fiscal years 2020-2024, in accordance with the City's Purchasing By-law 374-06. KPMG has been providing the City with statutory audit services to the City of Mississauga since 1994, and were awarded the current contract in 2015 after a competitive procurement.

Comments

Engagement Letter

The engagement letter sets out the responsibilities of the Audit Committee, management, City staff, and KPMG. It also includes the objectives, scope and limitations of the external audit. Communication matters are also discussed. Appendix 1 contains the Audit Engagement letter, and establishes the following:

- The primary objective of the external audit is to discharge the statutory obligation of reporting to Council and the boards, inhabitants and ratepayers of Mississauga in accordance with municipal legislation. This will involve KPMG issuing an opinion on whether the financial statements present fairly the financial position and results of operations in accordance with generally accepted accounting principles.
- The secondary objective of the external audit is to provide feedback on internal accounting practices, operating controls and other matters of material financial importance with respect to the City and its local boards. Accordingly, through the audit, KPMG would also provide recommendations as to corrective actions and offer advice and assistance with regard to implementation, if requested to do so.

The Audit Plan

The Audit Plan establishes the audit approach for the City's external audit. This informs Audit Committee and management of the audit procedures to be performed by KPMG in discharging its audit responsibilities. Appendix 2 contains the audit plan, which includes but is not limited to:

- Organizational areas to be audited
- Financial controls and policies
- Specific areas of auditing focus
- Materiality for misstatements and audit findings
- Audit cycle and timetable
- Audit quality and risk management
- Audit approach and methodology
- Current and future developments that are relevant to the City (i.e. new accounting standards)
- Other relevant information regarding the audit

Financial Impact

There are no financial impacts resulting from the recommendations in this report. The total fees being paid to KPMG for the 2021 audit for the City of Mississauga, the Mississauga Library Board, Trust Funds, and Tourism Mississauga is \$138,470 before taxes. The audit fees for the five Business Improvement Areas (Streetsville, Port Credit, Clarkson, Malton and Cooksville) are billed directly by KPMG.

In addition to the audited consolidated financial statements, KPMG may provide special purpose audits that are not included in the City's statutory audit fees. These special purpose audits and reports are required for various federal and provincial government funding initiatives. Fees for any other services, such as special purpose reports, will be billed separately from the services described in the engagement letter.

Conclusion

Finance staff support the recommendations, approach and schedule outlined in the 2021 Audit Planning Report. The audit objectives described in the 2021 Audit Planning Report have been set, and will be applied during the upcoming annual audit.

Attachments

Appendix 1: 2021 Audit Engagement Letter

Appendix 2: 2021 Audit Planning Report



Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Wesley Anderson, Manager, Financial & Treasury Services