

Date: April 28, 2022

To: Chair and Members of Audit Committee

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

Originator's files:

Meeting date:
May 16, 2022

Subject

2021 External Audit Findings Report

Recommendation

That the 2021 External Audit Findings Report, dated April 28, 2022 from the Commissioner of Corporate Services and Chief Financial Officer, which includes the Audit Findings Report from KPMG LLP for the fiscal year 2021 for the City of Mississauga, be received for information.

Executive Summary

- The City's external auditors, KPMG LLP, have completed the audit of the City's consolidated financial statements, and have rendered an opinion that the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.
- The 2021 External Audit Findings Report provides an overview of the 2021 audit process and findings, and highlights those matters on which the auditors wish to advise the Audit Committee.
- The Audit Committee is responsible for reviewing any reports and correspondence from the External Auditor relating to the City and any local boards or agencies, which may be created.
- There was 1 uncorrected adjustment and 1 corrected adjustment, both related to the revenue recognition for obligatory reserve funds being applied between 2020 and 2021. This recognition process was improved for the 2021 financial statements, which resulted in the adjustment. The uncorrected adjustment has not impacted the Auditor's opinion on the financial statements.

Background

The Audit Committee's Terms of Reference (Bylaw #0321-2010) establishes the roles and responsibilities of the Audit Committee, including reviewing and making recommendations to Council regarding the external audit function, internal audit function, financial reporting, internal controls and compliance. The Audit Committee is responsible for reviewing any reports and correspondence from the External Auditor (KPMG LLP) relating to the City and any local boards or agencies which may be created. For the fiscal year 2021, local boards and agencies include Tourism Mississauga, the Mississauga Public Library Board, and the five Business Improvement Area Associations.

Comments

KPMG has now completed the statutory audit for the fiscal year 2021 and have issued an Audit Findings Report for information. Per the independent auditor's report that accompanies the City's 2021 consolidated financial statements, KPMG has rendered an opinion that the City's financial statements present fairly, in all material respects, in accordance with Canadian public sector accounting standards.

The 2021 External Audit Findings Report assists Audit Committee in the review of the consolidated financial statements, and provides an overview and summary of the findings and an assessment of the completed audit. The report also provides information and comments regarding the following areas:

- Significant audit, accounting and reporting matters
- Any uncorrected or corrected audit items
- Control deficiencies and process improvement observations.

Uncorrected and Corrected Audit Misstatements

There was one uncorrected misstatement and one corrected misstatement, both related to the identification of \$11.629 million of revenue from obligatory reserve funds that belongs to fiscal year 2020 but was recorded in fiscal 2021. During 2021, Finance staff improved the process for recording revenues related to deferred revenue – obligatory reserve funds. As a result of the improved process, it was identified during the audit that \$11.629 million of revenue from obligatory reserve funds for 2020 was recorded in 2021. This timing difference resulted in an uncorrected misstatement to prior year revenues and 2021 opening accumulated surplus, and the corrected misstatement of recording this revenue in 2021.

The ending balance of accumulated surplus reported on the statement of financial position is correct as at December 31, 2021. Given that the uncorrected audit misstatement is not material to the City's consolidated financial statements, it does not affect the KPMG's opinion of the City's financial statements.

Financial Impact

There is no financial impact as a result of this report.

Conclusion

The 2021 External Audit Findings Report provides an overview of the 2021 audit results. The report highlights any findings and/or audit observations and recommendations for the Audit Committee's review and consideration. There was 1 uncorrected and 1 corrected difference both related to the timing of obligatory reserve fund revenue earned between 2020 and 2021. The auditors had no concerns with City staff's feedback and responses to the recommendations.

Attachments

Appendix: 2021 Audit Findings Report



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

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