

City of Mississauga  
**Corporate Report**



<p>Date: November 12, 2024</p> <p>To: Chair and Members of Audit Committee</p>	<p>Originator's files:</p>
<p>From: Geoff Wright, P.Eng, MBA, City Manager and Chief Administrative Officer</p>	<p>Meeting date: December 2, 2024</p>

**Subject**

**2024 External Audit Plan**

**Recommendation**

That the report dated November 12, 2024 from the City Manager and Chief Administrative Officer titled "2024 External Audit Plan" be received for information.

**Executive Summary**

- The External Audit Planning Report informs Audit Committee and City management of the audit procedures to be performed by KPMG LLP in delivering its responsibilities for the City's 2024 external audit.
- Finance staff support the recommendations, approach and schedule outlined in the 2024 External Audit Planning Report.
- The Audit Engagement Letter sets out the responsibilities of Audit Committee, management, City staff and KPMG. Although, an Engagement Letter was presented to Audit Committee at the start of the audit contract and is not required annually, a new Engagement Letter is required due to the change in signing authorities since 2021.

**Background**

Under the Audit Committee Terms of Reference (By-law 0069-2015), the Committee is responsible for reviewing the terms of the engagement 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. 2024 will be the last year of the contract.

KPMG has been providing statutory audit services to the City of Mississauga since 1994 and were awarded the current contract in 2015 after a competitive procurement.

## Comments

The primary objective of the external audit is to comply with the *Municipal Act 2001*, where the appointed auditor shall audit the accounts and transactions of the municipality and its local boards and express an opinion on the financial statements of these bodies based on the audit. This will involve KPMG issuing an opinion on whether the financial statements present fairly the financial position and results of operations in accordance with Canadian Public Sector Accounting Standards. The external audit also provides an opportunity for feedback on accounting practises and other matters of financial importance to the City and its local boards.

### Engagement Letter

The Engagement Letter was presented to Audit Committee at the start of the audit contract (2021) and is not required to be updated annually. However, KPMG is seeking an updated signed Engagement Letter, since there has been a change in City signing authorities since 2021.

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. The Audit Engagement letter 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 1 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

Finance staff have reviewed the 2024 External Audit plan and support the recommendations and approach outlined by KPMG in the completion of this year's external audit.

## Financial Impact

There are no financial impacts resulting from the recommendation in this report.

## Conclusion

Finance staff support the recommendations, approach and schedule outlined in the 2024 External Audit Planning Report. The audit objectives described in the 2024 Audit Plan have been set and will be applied during the upcoming annual audit.

## Attachments

Appendix 1: 2024 External Audit Plan

Appendix 2: 2024 Engagement Letter



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Geoff Wright, P.Eng, MBA, City Manager and Chief Administrative Officer

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