

# City of Mississauga

# Corporate Report



<p>Date: November 20, 2020</p> <p>To: Chair and Members of Audit Committee</p> <p>From: Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer</p>	<p>Originator's files:</p> <hr/> <p>Meeting date: December 7, 2020</p>
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## Subject

**2020 Audit Plan**

## Recommendation

1. That the report dated November 20, 2020 from the Commissioner of Corporate Services and Chief Financial Officer titled "2020 Audit Plan", be received for information
2. That the Audit Committee Chair, Commissioner of Corporate Services and Chief Financial Officer and Director of Finance and Treasurer be authorized to execute the Audit Engagement Letter for the fiscal year 2020.

## Report Highlights

- 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.
- The Audit Engagement Letter must be approved by Audit Committee and executed.

## 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, which must be approved by Audit Committee and executed.

The 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. The audit plan focuses on the following items but 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

Beginning this year, the City will be producing separate financial statements for Tourism Mississauga. These, along with financial statements for the recently established Cooksville Business Improvement Area, will be included in the City's consolidated financial statements.

Appendix 2 contains the Audit Planning Report for the 2020 external audit.

## Financial Impact

There are no financial impacts resulting from the recommendations in this report. The total fees being paid to KPMG for the 2020 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 supports the recommendations, approach and schedule outlined in the 2020 Audit Planning Report. The audit objectives described in the 2020 Audit Planning Report have been set, and will be applied during the upcoming annual audit.

## Attachments

Appendix 1: 2020 Audit Engagement Letter

Appendix 2: 2020 Audit Planning Report



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Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer

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