



# City of Nanaimo



## Summary of Audit Findings

Prepared for the meeting on May 13, 2019



# Audit Status

We have completed the audit with the exception of:

- Discussing our audit findings with Council
- Council's approval of the financial statements
- Obtaining the signed management representation letter
- Completing subsequent event review procedures.

We anticipate issuing a “clean” audit opinion under the new auditing standards report format.

We received the full cooperation of management throughout the audit.

# Areas of focus

- **Management override**
  - Professional standards
  - Required procedures
  - Satisfied in our findings
  
- **Critical accounting estimates (no issues noted):**
  - Compensated absences and termination benefits
  - Collectability of accounts receivable
  - Useful lives of tangible capital assets
  - Contaminated sites
  - Provision for contingencies

# Audit differences

- **One corrected presentation difference:**
  - Reclassification within accumulated surplus of \$3.4M to remove yet to be spent funds from the calculation of invested in tangible capital assets
  - Impact on note disclosure only
- **Minor presentation and disclosure adjustments**
- **No uncorrected adjustments**

# Management letter

- **Update on previous year's significant deficiencies in internal controls over financial reporting related to:**
  - Whistleblower policies
  - Expense report review, authorization and policies
  - Consistency of hiring practices
  - Governance understanding and responsibilities
- **Update on previous year's other recommendation related to reserves transfers and the creation of a reserves policy**
- **Current year other recommendation related to payroll processing**



# Questions



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