



Cydf Naino

Samrwyd Awt Farring

December 13, 2017

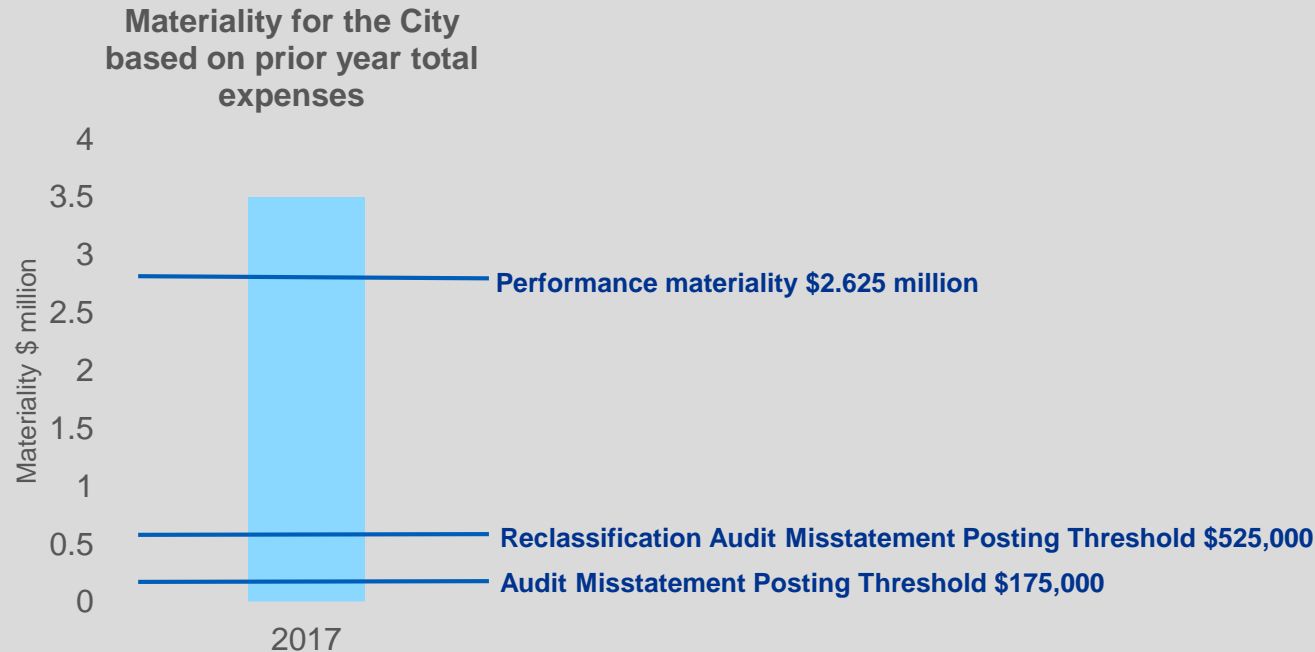


Audit team, independence and fees

- The senior team members for the audit are:
 - Nancy Adie-MacKay *Lead Audit Engagement Partner*
 - Liette Bates-Eamer *Audit Engagement Partner*
 - Sarah Burden *Lead Audit Manager*
- Confirmation that the audit team and KPMG are independent
- Our fees are consistent with our audit proposal

Materiality

- Materiality is set during planning and determines the level of testing and the threshold for reporting identified errors.
- Calculation of materiality based on relevant metrics from the financial statements: *Total expenses*
- Materiality for the City = \$3.5 million (2.3% of total expenses)



Audit approach

- **Significant risks:**

- Professional auditing standards require us to include the fraud risk from management override of controls.
- No other significant risks identified.

- **Annual inquiries of the Members of the Finance and Audit Committee**

- Are you aware of any actual or suspected non-compliance of laws and regulations or fraud?
- What are your views about fraud risks in the City?
- How do you exercise effective oversight of management's processes for identifying and responding to the risk of fraud in the City?
- Is the committee aware of tips or complaints regarding the entity's financial reporting?

Adt approach

- Our approach to each ‘significant account or disclosure’ varies depending on the ‘inherent risk’.
- ‘Significant account’ is a balance in the financial statements which we consider *could* contain a material error.
- ‘Inherent risk’ is the likelihood of a significant account including a material error due it’s nature.
- Identified significant accounts and example procedures:

Significant account	Example procedure
Tangible capital assets	Agreeing additions to invoices
Salaries and benefits	Review assumptions made in calculations of future benefits
Cash and investments	Confirmation of balances with the bank
Revenue and receivables	Understand differences between budget and actual revenue
Expenses and payables	Test for any unrecorded expenses

Current developments

- Please refer to Appendix 6 in our full report for details of upcoming Public Sector Accounting Standards changes
- The earliest changes to be adopted for the City's 2018 year end relate to the following:
 - Related party transactions and inter-entity transactions
 - Assets, contingent assets and contractual rights



Questions



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