



# City of Nanaimo

## Summary of Audit Findings

April 19, 2017





# Audit status

- We have completed the audit with the exception of:
  - discussions with the Finance and Audit Committee
  - 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
- We received the full cooperation of management throughout the audit. No changes to our audit plan.

# Areas of focus

- **Management override**
  - Professional standards
  - Required procedures
  - Satisfied in our findings
- **Critical accounting estimates (no issues noted):**
  - Compensated absences and termination benefits
  - Useful lives of tangible capital assets
  - Contaminated sites
- **Nanaimo Economic Development Corporation (“NEDC”)**
  - Subsequent to the dissolution of NEDC, City will no longer prepare “consolidated” statements

# Audit differences

- **Two uncorrected audit differences:**
  - Reduce the accrual for retroactive pay for the RCMP contract (\$1.26M) due to new information obtained.
  - Timing difference regarding \$836,000 of developer contributed assets that related to 2015. No impact on the statement of financial position.
  - Net impact: annual surplus would be higher by \$424,000.
- **No corrected adjustments**
- **We concur with management's representation - differences are not material.**

# Management letter

- **No new recommendations related to control matters**
- **Provided an update to previously reported matters related to:**
  - Management expense claims
  - Expenditure policies at NEDC
- **Reserves Policy**
  - Management is in the process of establishing a comprehensive Reserve Policy for the City to help facilitate the management of the City's reserves.
  - We support this initiative and consider it appropriate to have such a policy in place.

# Current developments

- **Please refer to Appendix 7 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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