



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



kpmg.ca



© 2018 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.