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