



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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