

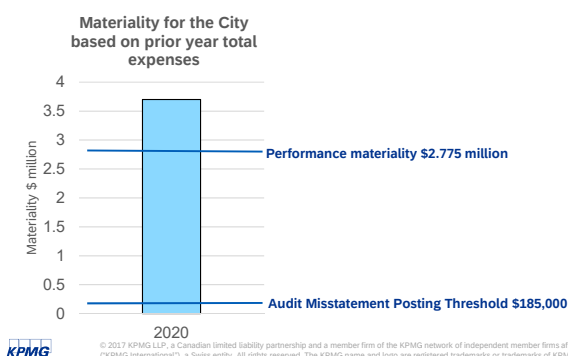
Audit team and independence

- The senior team members for the audit are:
 - Liette Bates-Eamer *Audit Engagement Partner*
 - Sarah Burden *Audit Senior Manager*
 - Lenora Lee *Quality Review Partner*
- 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 = \$3.7 million (2.3% of total expenses)



3

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?
 - Has the City entered into any significant unusual transactions?



© 2017 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.

4

Audit 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 to its 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



© 2017 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.

5

Audit and financial reporting impacts of COVID-19

- **COVID-19 will continue to impact the City’s operations beyond December 31, 2020**
- Operational impacts will be evident in multiple areas of the financial statements (eg reduced casino and recreational program revenue and expenses)
- We will work with management to customize the wording of COVID related disclosures for the City’s specific situation
- We anticipate our audit will be conducted remotely



© 2017 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.

6

New auditing standard

Standard	Overview
CAS 540 Auditing Accounting Estimates and Related Disclosures	<p>The new standard is effective for the Entity's 2020 fiscal year-end.</p> <p>Expected impact on the audit:</p> <ul style="list-style-type: none"> - More emphasis on the need for exercising professional skepticism. - More granular risk assessment to address each of the components in an estimate (method, data, assumptions). - More granular audit response designed to specifically address each of the components in an estimate (method, data, assumptions). - More focus on how we respond to levels of estimation uncertainty. - More emphasis on auditing disclosures related to accounting estimates. - More detailed written representations required from management.



© 2017 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.

7

Current developments

Please refer to Pages 11 – 12 in our full report for details of upcoming Public Sector Accounting Standards changes



© 2017 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.

8



kpmg.ca



© 2020 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.



© 2017 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.

9