

City of Nanaimo

Summary of Audit Findings for the year
ended December 31, 2025

Prepared for the Finance and Audit Committee meeting on
April 15, 2026

Audit Status

We have completed the audit with the exception of:

- *Discussions with the Finance and Audit Committee*
- *Council's acceptance 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.

We confirm our independence in accordance with professional standards.

Risks and areas of focus

Management override risk

- Professional standards
- Required procedures
- Satisfied in our findings

Areas of audit focus:

- Revenue and receivables
- Expenditures other than salaries and benefits
- Salaries and benefits
- Capital assets
- Cash, investments and debt



Audit differences

There was one uncorrected audit difference noted in 2025. The uncorrected error is not considered material therefore has no impact on our audit opinion.

2025 uncorrected difference (carryforward from difference noted in 2024):

- Revenue recognized from climate action grants is understated by \$451K, deferred revenue understated by \$518K and opening accumulated surplus is overstated by \$969K.



Control observations

Significant deficiencies

No significant deficiencies in internal controls over financial reporting noted.

Other observations

No other control observations noted.



Upcoming accounting standards changes

Conceptual Framework – applicable in 2027

The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

PS 1202 Financial statement presentation – applicable in 2027

The proposed section will require changes to the presentation of the statement of financial position, inclusion of a new statement of net financial assets/liabilities and removal of the statement of remeasurement gains (losses). Additional disclosures related to risks and uncertainties that could affect the entity's financial position will also be required.





Questions



kpmg.ca



© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

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.