

Date: 2020-11-12

Subject: KPMG Audit Plan for the 2020 Fiscal Year

Contact: Maja Kuzmanov, Accounting Manager

Report Number: Corporate Support Services-2020-404

Recommendations:

1. That the report from Maja Kuzmanov, Accounting Manager, Finance, Corporate Services dated November 12, 2020 to Audit Committee meeting of November 24, 2020 re: **"KPMG Audit Plan for the 2020 Fiscal Year"**, be received and
2. That the Audit Planning Report for the Year Ending December 31st, 2020, prepared by KPMG LLP, Chartered Accountants (KPMG LLP) to the Audit Committee, be received.

Overview:

- **Section 296 of the Ontario *Municipal Act, 2001* requires the appointment of an auditor licensed under the Public Accounting Act, 2004.**
- **The City's Auditor, KPMG LLP, will be performing the statutory audit of The Corporation of the City of Brampton and its Local Boards/Committees, including the City of Brampton Public Library Board and the Downtown Brampton BIA for the fiscal year ended December 31st, 2020.**
- **The City's Auditor, KPMG LLP, have prepared the attached Audit Planning Report for the Audit Committee's information.**
- **Representatives from KPMG LLP, will be making a presentation at the Audit Committee.**

Background:

The *Ontario Municipal Act, 2001* states that:

- 296 (1) *A municipality shall appoint an auditor licensed under the Public Accounting Act, 2004 who is responsible for,*

- (a) *annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit*

KPMG LLP, were first appointed as the auditors for the Corporation of The City of Brampton and its Local Boards/Committees in 1990. The role of the external auditors is to audit the consolidated financial statements for the Corporation of The City of Brampton and express an independent opinion on these financial statements. The audit is conducted in accordance with Canadian Generally Accepted Auditing Standards. These standards require that the auditors plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation of the overall financial statement presentation.

In addition, the auditors are also responsible for advising management and City Council of any internal accounting practices, financial controls or operational issues that may be identified during their audit of the City and its Local Boards.

The consolidated financial statements are the responsibility of the management of the City of Brampton and are prepared in accordance with the accounting principles and disclosure requirements of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Current Situation:

KPMG LLP, have prepared the attached Audit Planning Report to the Audit Committee. The Audit Planning Report provides information to the Audit Committee relating to the activities of KPMG LLP in discharging their audit responsibilities for the fiscal year ending December 31st, 2020.

There are no new PSAB standards applicable for the current year ending December 31, 2020.

KPMG LLP will present an overview of the audit which will include audit risks, fraud risk, key milestones and deliverables as well as communication requirements to the Audit Committee. The areas the audit will focus on are: cash and investments, revenue and deferred revenue recognition, tangible capital assets, employee future benefits and other estimates and management override of controls.

Audit Planning Report specifically addresses COVID-19 impacts on the financial reporting, financial disclosure and the audit itself.

KPMG LLP is responsible for providing reasonable assurance that the City's consolidated financial statements as a whole are free from material misstatement. Materiality will be set at approximately 2.5% of total revenues or \$16.5 million (2019 - \$22 million). Decrease in materiality from 2019 to 2020 is due to lower revenues as a result of COVID-19. KPMG

LLP will report to the Audit Committee any corrected and uncorrected misstatements greater than \$0.8 million.

Corporate Implications:

There are no corporate implications resulting from this report.

Strategic Plan:

This report achieves the Strategic Plan priority of Good Government by ensuring financial accountability and compliance with statutory reporting requirements.

Term of Council Priorities:

This report fulfils the Council Priority of a Well-Run City through strict adherence to effective financial management policies and supports Brampton's 2040 Vision by ensuring sustainable financial operations.

Conclusion:

KPMG LLP will be performing the statutory audit of the City and its Local Boards and Committees including the City of Brampton Public Library Board and the Downtown Brampton BIA for the fiscal year ended December 31, 2020 in accordance with the Accepted Auditing Standards.

Authored by:

Reviewed by:

Maja Kuzmanov, Manager, Accounting

Mark Medeiros, Interim Treasurer

Approved by:

Submitted by:

Michael Davidson, Commissioner,
Corporate Support Services

David Barrick, Chief Administrative Officer

Attachments:

Appendix: KPMG Audit Planning Report for the year ended December 31st, 2020