

**Date:** 2023-01-27

**Subject:** **2022 Audit Planning Report**

**Contact:** Maja Kuzmanov, Sr. Manager Accounting Services/Deputy Treasurer

**Report Number:** Corporate Support Services-2023-141

**Recommendations:**

1. That the report from Maja Kuzmanov, Sr. Manager Accounting Services/Deputy Treasurer, Finance, Corporate Support Services dated January 27, 2023 to Audit Committee meeting of February 21, 2023 re: “**KPMG Audit Plan for the 2022 Fiscal Year**”, be received and
2. That the Audit Planning Report for the Year Ending December 31<sup>st</sup>, 2022, 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 31<sup>st</sup>, 2022.**
- **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 meeting regarding the content of this report**

## **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 31<sup>st</sup>, 2022.

There are no new PSAB standards applicable for the current year ending December 31, 2022.

KPMG LLP will present an overview of the audit which will include materiality, 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.

KPMG LLP is responsible for providing reasonable assurance that the City's consolidated financial statements as a whole are free from material misstatement. Group Materiality will be set at 2.5% of total Normalized Estimated Revenues or \$21.2 million (2021 - \$20.0 million). KPMG LLP will report to the Audit Committee any corrected and uncorrected misstatements greater than \$1.06 million.

City's Corporate Accounting staff have reviewed the 2022 Audit Planning Report and have developed the internal year-end close schedule required to meet external audit requirements. This schedule was communicated to all departments in order to ensure timely year-end process. Once the 2022 records are closed, staff will prepare the consolidated financial statements and accompanying notes for the City, along with any required supporting documentation.

**Corporate Implications:**

Financial Implications:

There are no corporate implications resulting from this report.

**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, 2022 in accordance with the Accepted Auditing Standards.

Authored by:

Reviewed by:

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Maja Kuzmanov, Sr. Manager  
Accounting Services/Deputy  
Treasurer

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Nash Damer, Treasurer

Approved by:

Approved by:

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Rick Conard, Acting Commissioner,  
Corporate Support Services

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Marlon Kallideen, Chief Administrative  
Officer

**Attachments:**

Appendix: KPMG Audit Planning Report for the year ended December 31<sup>st</sup>, 2022