



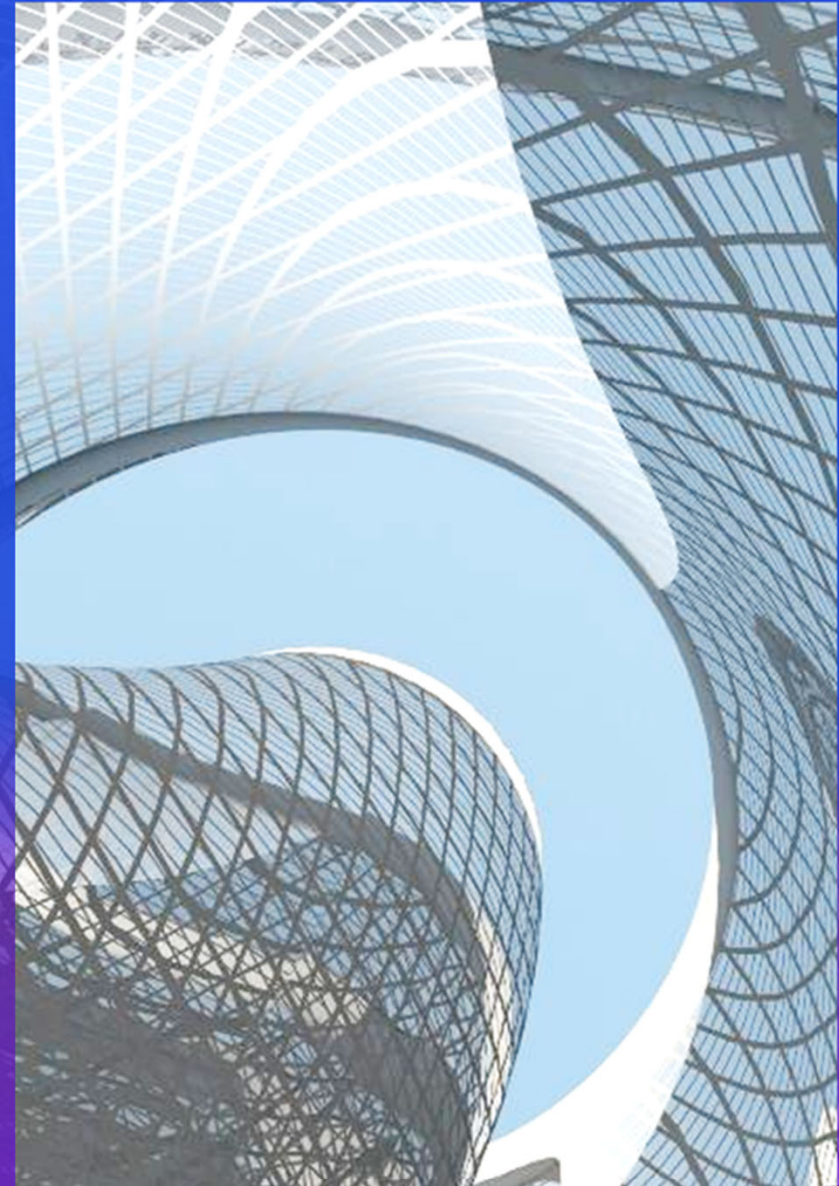
# City of Greater Sudbury

**Audit Findings Report  
for the year ended December 31 2023**

*KPMG LLP*

Prepared as of June 5, 2024 for presentation to the  
Audit Committee on June 18, 2024

[kpmg.ca/audit](https://kpmg.ca/audit)



# KPMG contacts

## Key contacts in connection with this engagement

### **Oscar Poloni, CPA, CA**

Partner

705-669-2515

[opoloni@kpmg.ca](mailto:opoloni@kpmg.ca)

### **Jennifer Bronicheski, CPA, CA**

Audit Manager

705-669-4804

[jbronicheski@kpmg.ca](mailto:jbronicheski@kpmg.ca)



# Table of contents

## Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

<b>4</b>	<b>Highlights</b>	<b>5</b>	<b>Status</b>	<b>6</b>	<b>Uncorrected misstatements</b>
<b>7</b>	<b>Control deficiencies</b>	<b>8</b>	<b>Policies and practices</b>	<b>9</b>	<b>Other financial reporting matters</b>
<b>10</b>	<b>Specific topics</b>	<b>11</b>	<b>Independence</b>		

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management, the Audit Committee, and City Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

# Audit highlights

No matters to report

Matters to report – see link for details

## Status

We have completed the audit of the consolidated financial statements (“financial statements”) of the City of Greater Sudbury, with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.

## Significant changes

Significant changes since our audit plan

- No changes to our risk assessments
- No changes to our planned audit approach

## Risks and results

Significant risks

- No significant risks have been identified

Other risks of material misstatement

- No other risks of material misstatement have been identified

Going concern matters

## Policies and practices

Significant unusual transactions

Accounting policies and practices

Other financial reporting matters

Specific topics – <Topic title >

## Uncorrected misstatements

Uncorrected misstatements

<b>Annual surplus</b>	<b>(in \$'000s)</b>
As currently presented	\$86,854
Uncorrected misstatements	Nil
As a % of the balance	Nil
<b>Total assets</b>	<b>(in \$'000s)</b>
As currently presented	\$2,710,440
Uncorrected misstatements	Nil
As a % of the balance	Nil

## Corrected misstatements

Corrected misstatements

- There are no corrected audit differences for communication to the audit committee

## Control deficiencies

Significant deficiencies

# Status

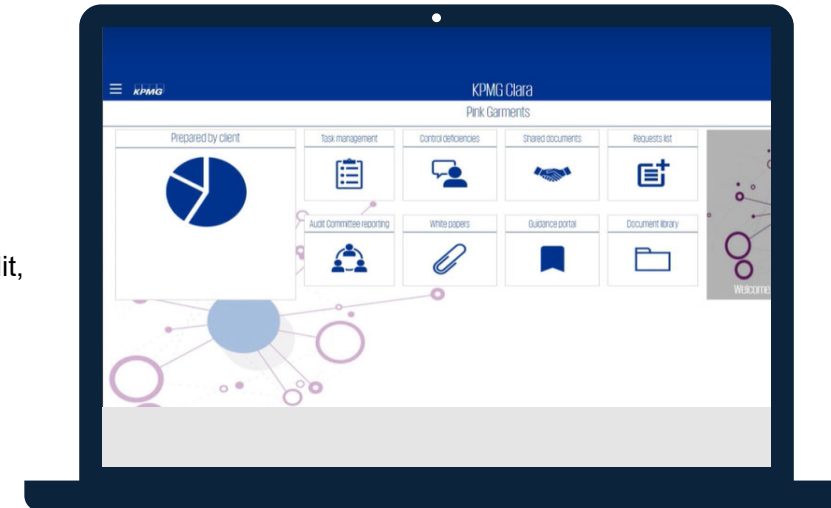
As of June 5, 2024, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Audit Committee
- Obtaining evidence of Council's approval of the financial statements
- Final assembly of our audit documentation, including completion of any remaining procedures and review of audit working papers

We will update the Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided in the draft financial statements (provided separately).

## KPMG Clara for Clients (KCfc)



### Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate documentation requests from management.



# Uncorrected misstatements

Uncorrected misstatements include financial presentation and disclosure omissions.



- As a result of our audit procedures, we have not identified any uncorrected misstatements other than those that are trivial in nature.
- There are no corrected audit differences.

Below is a summary of the impact of the uncorrected misstatement:

Annual surplus		(in \$'000s)	Total assets		(in \$'000s)
As currently presented		\$86,854	As currently presented		\$2,710,440
Uncorrected misstatements		Nil	Uncorrected misstatements		Nil
As a % of the balance		Nil	As a % of the balance		Nil

# Control deficiencies

## Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

## A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

## Significant deficiencies in internal control over financial reporting



A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance. As a result of our audit procedures, we did not identify any significant deficiencies in internal control over financial reporting that require reporting to the Audit Committee.

# Accounting policies and practices



## Initial selection

The following new significant accounting policies and practices were selected and applied during the period for the City

- Asset retirement obligations
- Financial statement presentation, foreign currency translation, portfolio investments and financial instruments

The adoption of these standards resulted in changes to the recognition of liabilities associated with asset retirement obligations for landfills (active and inactive), facilities with asbestos and other instances of contamination, which were applied on a retrospective basis. See note 2 to the draft financial statements for additional information.



## Revised

There were no significant or material changes noted to the accounting policies and practices that had an impact on the financial statements within the December 31, 2023 year end.



## Significant qualitative aspects

There were no matters identified that involved significant qualitative aspects or interpretations.



# Other financial reporting matters

We also highlight the following:



**Financial statement presentation - form, arrangement, and content**



The financial statement presentation is consistent with generally accepted accounting principles and the presentation format adopted by other Ontario municipalities. The financial statements include note disclosure relating to the new accounting policies (note 2), including note disclosure related to the asset retirement obligation (note 13) and contaminated sites (note 18).



**Concerns regarding application of new accounting pronouncements**



No issues were identified with respect to the implementation of the new accounting standards.



**Significant qualitative aspects of financial statement presentation and disclosure**



No matters to report.

# Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
<b>Illegal acts, including noncompliance with laws and regulations, or fraud</b>	No matters to report.
<b>Other information in documents containing the audited financial statements</b>	No matters to report.
<b>Significant difficulties encountered during the audit</b>	No matters to report.
<b>Difficult or contentious matters for which the auditor consulted</b>	No matters to report.
<b>Management's consultation with other accountants</b>	No matters to report.
<b>Disagreements with management</b>	No matters to report.
<b>Related parties</b>	No matters to report.
<b>Significant issues in connection with our appointment or retention</b>	No matters to report.
<b>Other matters that are relevant matters of governance interest</b>	No matters to report.

# Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code<sup>1</sup> and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



Restricted investments and relationships



Annual ethics and independence confirmation for staff

## Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



<sup>1</sup> International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)



<https://kpmg.com/ca/en/home.html>

© 2024 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.

