



# City of Greater Sudbury

## Audit Planning Report

Presentation to the Audit Committee  
December 3, 2019



# The City's Financial Statements

- Required pursuant to Section 296(1) of the Municipal Act
- Audit procedures include:
  - Assessing entity-level controls
  - Testing the design and effectiveness of selected internal controls
  - Substantive testing (vouching, analysis)
  - Auditing management estimates
  - Testing for fraud
  - Audit procedures for consolidated entities and other reporting
- Our focus is on the financial statements as a whole
  - Does not consider value-for-money

# Audit Planning Report Highlight

- Materiality set at \$12.5 million, based on 2% of prior year's revenues
- Threshold for reporting to the Audit Committee set at \$625,000 (0.1% of total revenues, 5% of materiality)
- Key risk areas:
  - Revenue recognition;
  - Employment-related liabilities;
  - Assessment appeals; and
  - Capital expenditures.

# Adding Value

- Audit procedures that address reputational risk:
  - Compliance with procurement policies
  - Compliance with travel and expense reimbursement policies
  - Data analytics over disbursements and journal entry testing
  - Audit procedures on immaterial revenue streams
  - LEAN process mapping of two transaction streams
  - Cyber security risk questionnaire

# What We're Seeing

- No new accounting pronouncements impacting the City's financial reporting for 2020
- Cybersecurity risks, particularly ransomware attacks
- Audit and Accountability Fund initiatives
- Planning for upcoming asset retirement obligation reporting

# Timing

- Interim audit procedures November 2019
- Audit planning report to Audit Committee December 2019
- Year-end audit procedures April 2020
- Audit findings report to Audit Committee May/June 2020



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