



# City of Greater Sudbury

Audit Findings Presentation  
Year Ended December 31, 2019



# Auditors' Opinion



KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
Fax (705) 675-7586

## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the City of  
Greater Sudbury

### Opinion

We have audited the accompanying consolidated financial statements of the City of  
Greater Sudbury, ("The City"), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2019, and its consolidated results of operations and accumulated surplus, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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- Unqualified or 'clean' audit opinion, representing the highest level of assurance under Canadian auditing standards
- Based on materiality of \$12.1 million and a posting threshold of \$620,000
- Financial statements are draft pending:
  - Subsequent events update
  - Receipt of management representation letter
  - Council approval



# Key Areas of Audit Focus

## **Financial reporting risks:**

- Revenue recognition for conditional funding sources
- Capital additions
- Personnel-related liabilities
- Provisions for assessment appeals

## **Reputational risks:**

- Compliance with procurement policies
- Compliance with travel and expense reimbursement policies

## **Enterprise-level risks:**

- Cyber security risks
- HST risk exposures
- Changes to banking information
- Conflicts of interest

# Procedures Performed

Audit Procedures	Description	Examples
Control testing	Assessing the effectiveness of internal controls	<ul style="list-style-type: none"> <li>• Payroll</li> <li>• Purchases and disbursements</li> <li>• Journal entries</li> </ul>
Substantive testing	Agreeing items to supporting documentation, including but not limited to invoices, contracts, deposit data	<ul style="list-style-type: none"> <li>• Cash and investments</li> <li>• Government grants</li> <li>• Taxation (revenue, receivables)</li> <li>• Accounts receivable</li> <li>• Capital additions</li> <li>• Accounts payable</li> <li>• Long-term debt</li> </ul>
Substantive analysis	Assessing the reasonableness of financial statement items based on projections and other relationships (e.g. rate of increase in water revenues based on consumption and rate changes)	<ul style="list-style-type: none"> <li>• Payroll</li> <li>• User fee revenue</li> <li>• Other revenue</li> <li>• Operating expenses</li> </ul>
Evaluation of management experts	Assessing the ability to rely on experts retained by management and the appropriateness of underlying data and assumptions	<ul style="list-style-type: none"> <li>• Landfill closure and post-closure costs</li> <li>• Employee future benefits</li> </ul>

# Overall Audit Findings

- Our audit procedures did not identify any uncorrected audit differences above our posting threshold
- Able to execute our audit as planned despite state of emergency
  - Year-end audit procedures were completed remotely
  - Excellent responsiveness and adaptability by City staff
- No identified significant weaknesses in internal controls over financial reporting were identified as a result of our procedures



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