



Subject: Audit Planning Document

To: Council

From: Corporate Services Department

Report Number: 2021-40

Meeting Date: February 8, 2021

Recommendation:

That Corporate Services Department Report 2021-40, Audit Planning Document be received for information.

Purpose:

This report provides Council with the Auditors' Audit Strategy for the financial statement year ending December 31, 2020. The Auditors' Audit Strategy document is attached as Appendix A.

Background:

In report 2020-158, dated November 9, 2020, Council approved the 2019 audited financial statements. In that report staff identified the timetable for completing the 2020 audited financial statements would be significantly moved up. Presently, the closing of the year end is on schedule with staff expecting to complete and present to Council:

- A year-end surplus/deficit report in March 2021.
- The audited financial statement in May 2021 with the FIR being filed at the same time. Staff identify the auditors are scheduled to begin the audit at the beginning of March 2021.

Page nine of Appendix A, which is the Auditors' Audit Strategy document, outlines the following roles and responsibilities of Council with respect to the audit:

- Help set the tone for the organization by emphasizing honest, ethical behaviour and fraud prevention.

- Oversee management, including ensuring that management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting.
- Recommend the nomination and compensation of external auditors.
- Overseeing the work of the external auditors including reviewing and discussing the audit plan.

Discussion:

The Auditors' Audit Strategy contains the following:

Content	Management Comments
COVID-19 Financial reporting impacts	Note disclosure was included in the 2019 financial statements as a result of COVID-19. Similar disclosure is anticipated for the 2020 financial statements.
Audit plan and risk assessment (accompanied by auditors' Appendix A to City report Appendix A)	This section highlights the concept of materiality and the Auditors' approach to risk and how they will approach the audit.
Audit fees (accompanied by auditors' Appendix B to City report Appendix A)	The City's current engagement agreement with Grant Thornton expires after the 2020 audit is complete. A recommendation for future years will come forward to Council after and/or with the completion of the 2020 audit.
Team, timing and communications	Staff appreciates Grant Thornton's commitment to the City and their ability to adjust the audit timing to March 2020.
Technical updates – highlights (accompanied by auditors' Appendix C and D to City report Appendix A)	Staff continue to monitor. There is no impact for 2020.

Financial Implications:

The audit has been budgeted in accordance with the engagement letter on page 12 of Appendix A.

Conclusion:

That Corporate Services Department Report 2021-40 be received.

Appendices:

- a. Appendix A – Report to Members of Council Audit Strategy

Respectfully submitted,

Bryan Boles, CPA, CA, MBA
Director, Corporate Services / Treasurer
(905) 835-2900 Ext. 105
Bryan.Boles@portcolborne.ca

Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final approval is by the Chief Administrative Officer.