



## REQUEST FOR DECISION

**MEETING DATE:** January 24, 2022

**TITLE:** Council Delegation – KPMG 2021 Audit Plan

**DIVISION:** Corporate Services

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### SUMMARY:

To provide the City's external auditor, KPMG LLP, an opportunity to present their plan for the audit of the 2021 financial statements and to provide an opportunity for KPMG LLP to review the audit process with Council.

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### PROPOSED MOTION:

No motion is required.

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### BACKGROUND / ANALYSIS:

Section 278 of the *Municipal Government Act* (MGA) stipulates that each municipality must submit its financial information return and the auditor's report on the financial return, and its financial statements and the auditor's report on the financial statements to the Minister by May 1<sup>st</sup> of the year following for which the financial information return and financial statements are prepared. KPMG LLP was appointed by Council as the external auditor in compliance with Section 280(1) of the MGA on September 10, 2018.

Section 281 of the MGA stipulates what the auditor must report on. The audit plan is a document provided by the external auditors to Council each year which provides context for how the audit opinion is formed at the end of the audit. It outlines audit timelines, any significant changes to accounting and audit standards, and the regulatory environment or City operations that would impact the audit. This document also outlines the auditors' assessment of significant accounts and risks and the proposed audit approach to address those areas.

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Auditors report directly to Council as the City's financial oversight body. To ensure Council is consulted about the audit process, it is appropriate to present the plan to Council before audit work begins. Council relies on the audit opinion when approving the financial statements, thus an understanding of how this opinion is formed enhances understanding of the results.

Should Council have any questions regarding the proposed audit approach for significant areas of the financial statements, they can be directed to the representatives from KPMG LLP before audit work is undertaken. In addition, if there are items not specifically addressed in the audit plan that Council feels are significant, these can be raised and KPMG LLP will determine if they have been appropriately addressed through the planned approach.

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### **OPTIONS / ALTERNATIVES:**

n/a

### **CONSULTATION / ENGAGEMENT:**

The financial statement audit is a non-optional engagement, and Administration is responsible for selecting the auditor. KPMG LLP has been the auditor of the City of Spruce Grove's consolidated annual financial statements for over 20 years. KPMG LLP was appointed by Council on September 10, 2018 as the external auditors for the City of Spruce Grove for a five year term covering the fiscal years 2018 to 2022.

### **IMPLEMENTATION / COMMUNICATION:**

Interim audit work was completed as scheduled from October 25 – 29, 2021, and final audit work is scheduled to be completed from March 14-25, 2022.

KPMG LLP will present the audit findings along with the 2021 financial statements to Council on April 25, 2022. The audit report is the result of their review of the financial statements and financial information, as well as opinion and observations on key areas or deficiencies they may have identified in the course of their audit and within the scope of the audit plan.

Administration provides a response to these findings and prepares an appropriate action plan to address any issues identified, which is then reported to Council.

### **IMPACTS:**

In compliance with Section 283 of the MGA, the municipality must support the work of the auditors as the auditor considers necessary. The external audit occurs each year and the organization has planned its activities to ensure it is able to undertake work to support the auditors.

**FINANCIAL IMPLICATIONS:**

The estimated audit fees for the 2021 year-end audit are \$61,500 before applicable fees and taxes.

**STRATEGIC VISION ELEMENT:**

This topic relates to all three of the City's strategic vision elements contained in Council's Strategic Plan

**RELATED GOAL:**

n/a