



# **City of Greater Sudbury**

## **Audit Planning Report to the Finance Committee for year ending December 31, 2008**

March 4, 2009

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This Audit Planning Report is prepared for the year ending December 31, 2008 and is designed to provide an overview for the Finance Committee of the City of the audit procedures to be performed by the Auditors in discharging its audit responsibilities.

This Audit Planning Report is confidential and intended solely for the use of the Finance Committee with respect to carrying out and discharging their responsibilities and should not be used for any other purposes. No responsibility for loss or damages, if any, to any third party is accepted as this report has not been prepared for, and is not intended for, any other purposes.

# *Audit Plan 2008*

## What has changed from last year?

### **Regulatory, Accounting and Auditing Standards**

#### **Regulatory changes**

- Requirement to file a corporate tax return December 2009

#### **Accounting standards**

- IFRS – Greater Sudbury Utilities
- PSAB Projects
  - Financial instruments
  - GAAP for Government Business Enterprises and Government Not-For-Profit Organizations
  - Government Transfers – Re-Exposure Draft
  - Indicators of Government Financial Condition
  - Tax revenue

#### **Auditing standards**

- Laws and regulations in an audit of Financial Statements

## Milestones and deliverables

Milestone	Date
Audit planning procedures	Commencing November 2008 and monitored continuously throughout the audit process
Conduct interim audit field work	December 2008
Present audit planning report to the Finance Committee	March 2009
Completion of final audit procedures	April 2009
Closing conference with management	June 2009
Present audit findings report and auditor independence letter to the Finance Committee and deliver audit opinion	June 2009

# Our Audit Process

Phase	Activities
<b>Planning</b>	<ul style="list-style-type: none"><li>• Perform risk assessment procedures, including understanding the City and its environment and identifying risks</li><li>• Determine planning materiality</li><li>• Evaluate the design of entity level controls</li><li>• Summarize audit plan to the Finance Committee</li></ul>
<b>Control evaluation</b>	<ul style="list-style-type: none"><li>• Understand accounting and reporting activities</li><li>• Evaluate the design and implementation of selected controls</li><li>• Test operating effectiveness of selected controls</li></ul>
<b>Substantive testing</b>	<ul style="list-style-type: none"><li>• Plan and perform substantive procedures comprised of tests of details and substantive analytical procedures</li></ul>
<b>Completion</b>	<ul style="list-style-type: none"><li>• Evaluate misstatements</li><li>• Evaluate the sufficiency and appropriateness of audit evidence</li><li>• Perform completeness procedures</li><li>• Form and release audit opinion</li><li>• Communicate with Finance Committee</li></ul>

# Planning Materiality

## Quantitative measure of materiality for planning purposes

- As part of the audit process, we consider materiality when determining the nature, timing, and extent of our audit procedures as well as to evaluate the effect of misstatements.

## For the City of Greater Sudbury in the 2008 audit

- Materiality for planning purposes was established at \$2,560,000

## Reporting materiality

- Reporting materiality is the threshold we use to evaluate the effect of misstatements at the completion of the audit.
- As part of our Audit Findings Report, we will communicate to you all corrected misstatements identified by us during the audit as well as uncorrected misstatements identified by us during the audit that management has determined to be immaterial.

# Audit procedures for key financial reporting areas

## Significant account and disclosures

- Cash, Accounts Receivable, Grant Revenue, Taxation Revenue, Accounts Payable, Operating and Capital Expenditures, Post Employment Liability, Solid Waste Liability, Long-term Liabilities and Payroll Related

## Audit Procedures

- Combined controls and substantive approach
- Understanding Management's process over initiation, authorization and recording of transactions
- Testing detailed transactions
- Performing analytical procedures

## Risk Assessment

- Based on specific criteria, the inherent risk of error has been assessment as low
- Assessed risk may be re-evaluated based on the outcome of the audit procedures

# Executing the Audit

## Service team and multi-disciplinary resources

Name	Role & Responsibility
<b>Core Team</b>	
Wayne McDonald Engagement Partner	Serves as primary contact for your Finance Committee and management. Has the overall authority and responsibility for the audit engagement and key conclusions reached by the engagement team on all accounting and auditing matters
Ed Reilly Marc Bertrand Engagement Partners	Provide ongoing support throughout the audit process for significant matters identified. Review all reports and other information on which Auditors will opine.
Sandra Moskal Engagement Manager	Will identify, schedule, and serve as a resource for the professionals who perform the day-to-day audit work for your organization, reporting directly to the engagement partners
<b>Resources</b>	
Oscar Poloni Engagement Quality Control Review Partner	Ensure overall engagement quality is achieved. Reviews all reports and other information on which Auditors will opine or attest to help ensure that the form, content, and disclosures meet the professional standards





***Questions ?***