



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	December 8, 2015
SUBJECT/REPORT NO:	2015 City of Hamilton External Audit Plan (FCS15085) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tony Del Monaco 905-546-2424 ext. 3020
SUBMITTED BY:	Mike Zegarac General Manager Finance & Corporate Services Department
SIGNATURE:	

RECOMMENDATION

That Appendix “A”, attached to Report FCS15085 respecting the 2015 City of Hamilton External Audit Planning Report prepared by KPMG be received.

EXECUTIVE SUMMARY

Council, at its meeting of June 27, 2012, approved General Issues Committee Report 12-016 and Report FCS12001 “Selection of External Auditor for Fiscal Years 2012 to 2016” wherein KPMG was selected as the City’s external auditor.

KPMG’s audit approach and scope of audit work for the City of Hamilton and its related entities for the 2015 fiscal year is provided in their Audit Planning Report for the year ended December 31, 2015 (refer to Appendix “A” to Report FCS15085). KPMG’s Audit Planning Report outlines their audit responsibilities and audit approach in accordance with Canadian generally accepted auditing standards. The audit standards focus the audit on areas where there is greater risk of misstatement. KPMG has tailored their audit of the City to several specific audit areas; including revenue recognition and deferral policies, tangible capital assets, employee future benefits, contaminated sites liabilities, solid waste landfill liabilities, investments and related income, operating expenses, and divestiture of the Central Utilities Plant (CUP).

KPMG will be discussing the audit work required on the financial statements for the Library, Housing and Business Improvement Areas with the respective boards or oversight bodies.

The 2015 external audit fees of \$198,600 includes all audits and are within the limits of the approved 2015 Operating Budgets for the City and the entities included in the report.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial: The 2015 external audit fees of \$198,600 are within the limits of the approved 2015 Operating Budgets for the City and the entities included in the report.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

Request for Proposal for External Audit Services C12-12-11 was issued on November 25, 2011, and closed on January 17, 2012. Council at its meeting of June 27, 2012, approved General Issues Committee Report 12-016 and Report FCS12001 “Selection of External Auditor for Fiscal Years 2012 to 2016” wherein KPMG was selected as the City’s external auditor. With respect to the 2015 fiscal year, KPMG started their audit planning in September 2015 through a series of meetings and discussions with City management and management of related entities.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

The 2015 Audit Planning Report from KPMG and the City of Hamilton 2015 Year End Plan has been discussed with management of the City’s Departments and Boards including:

- Corporate Services Department:
 - o General Manager of Finance & Corporate Services
 - o Director of Financial Services
 - o Director of Financial Planning & Policy
 - o Director of Taxation
 - o Manager of Business Application Support, Accounts Payable & Receivable
 - o Manager of Payroll & Pensions
 - o Managers of Finance & Administration
 - o Manager of Tax Accounting
 - o Manager of Current Budgets & Fiscal Planning
 - o Manager of Capital Budget & Development

- Hamilton Police Services – Chief Accountant
- Hamilton Public Library – Director of Finance & Facilities

The Finance and Administration staff of the Corporate Services Department co-ordinate the audit work with the City's operating departments and divisions.

ANALYSIS AND RATIONAL FOR RECOMMENDATION

(Include Performance Measurement/Benchmarking Data if applicable)

The annual audit planning report and external audit plan provides the committee with an opportunity to review the audit approach and expectations of the audit. KPMG will be available to answer questions about their report.

ALTERNATIVES FOR CONSIDERATION

(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)

N/A

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS15085 - The City of Hamilton Audit Planning Report for the year ending December 31, 2015, as prepared by KPMG.