



**CITY OF HAMILTON**  
**CORPORATE SERVICES**  
**Financial Services and Taxation**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	January 16, 2019
<b>SUBJECT/REPORT NO:</b>	2019 City of Hamilton External Audit Plan (FCS20004) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Shelley Hesmer (905) 546-2424 Ext. 3020
<b>SUBMITTED BY:</b>	Rick Male Director, Financial Services and Taxation and Corporate Controller Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

That Appendix “A” attached to Report FCS20004 respecting the 2019 City of Hamilton External Audit Planning prepared by KPMG be received.

**EXECUTIVE SUMMARY**

Council, at its meeting of September 11, 2017, approved the Audit, Finance and Administration Committee recommendation and Report FCS17073, “Appointment of External Auditor 2017-2021” wherein KPMG was selected as the City’s external auditor.

KPMG’s audit approach and scope of work for the City of Hamilton (City) and its related entities for the 2019 fiscal year is provided in their Audit Planning Report for the year ended December 31, 2019 (refer to Appendix “A” to Report FCS20004). 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, deferral policies including grants, tangible capital assets, employee future benefits liability, landfill liability, investments and related income, and operating expenses.

---

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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.

### **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The 2019 external audit fees of \$215,000 are within the limits of the approved 2019 Operating Budgets for the City and the entities included in the report.

Staffing: There are no associated staffing implications.

Legal: There are no associated legal implications.

### **HISTORICAL BACKGROUND**

KPMG, has been the provider of the City of Hamilton’s external audit services since 2012, having been the successful proponent of a 2011 Request for Proposals (RFP). In December 2016, KPMG had approached senior management with a proposed contract renewal for the next five years. Financial Services staff brought Report FCS17048 to the Audit, Finance and Administration Committee on May 08, 2017, to seek authority to negotiate with KPMG and to bring back the results of such efforts to a future Committee meeting. Report FCS17073 was presented to the Audit, Finance and Administration Committee on August 16, 2017, and provided the necessary follow-up and recommendations. Council at its meeting of September 11, 2017, approved the Audit, Finance and Administration recommendation and Report FCS17073 “Appointment of External Audit for Fiscal Years 2017 to 2021” wherein KPMG ‘s annual audit fees for the five year period of 2017-2021 will be \$215,000 per year.

### **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Not Applicable.

### **RELEVANT CONSULTATION**

The 2019 Audit Planning Report from KPMG and the City of Hamilton 2019 Year End Plan had been discussed with management of the City’s Departments and Board including:

- Corporate Services Department
  - General Manager of Finance and Corporate Services
  - Director of Finance Services, Taxation and Corporate Controller
  - Director of Financial Planning, Administration and Policy
  - Manager of Business Application Support, Accounts Payable and Receivable
  - Manager of Payroll and Pensions

- Managers of Finance and Administration
  - Manager of Current Budgets and Fiscal Planning
  - Manager of Capital Budget and Development
- Hamilton Police Services – Chief Accountant
  - Hamilton Public Library – Director of Finance and 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 RATIONALE FOR RECOMMENDATION(S)**

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. KPGM will be available to answer questions about their report.

### **ALTERNATIVES FOR CONSIDERATION**

Not Applicable.

### **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

#### **Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

#### **Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

### **APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report FCS20004 – The City of Hamilton Audit Planning Report for the year ended December 31, 2019, as prepared by KPMG.

SH/dw