

Audit Committee Report

DATE: Monday, February 5, 2024

WARD(S): ALL

TITLE: 2023 EXTERNAL AUDIT PLANNING REPORT

FROM:

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION DECISION

Purpose

The Audit Committee's approval is requested on the appointment of KPMG LLP (KPMG) as auditors for a period of three years ending August 31, 2026, and on the 2023 Statutory Financial Statements External Audit Planning Report for the year ended December 31, 2023, as prepared and presented by KPMG.

Report Highlights

- The statutory financial statements are a requirement prescribed by the *Municipal Act*, 2001 that shows the results of operations for the fiscal year and the financial position at the end of the fiscal year.
- The *Municipal Act* requires that the statutory financial statements be audited by an independent external auditor.
- KPMG, our external auditor, has prepared the 2023 Statutory Financial Statements External Audit Planning Report for review and approval by the Audit Committee.

Recommendations

1. That KPMG be appointed auditors for a period of three years ending August 31, 2026;
2. That the Audit Planning Report for the year ended December 31, 2023, be approved; and
3. That the KPMG Audit Planning Report for the year ended December 31, 2023, and the presentation by KPMG be received. (Attachment 1)

Background

Section 296(1) of the *Municipal Act*, 2001 states, “a municipality shall appoint an auditor licensed under the Public Accounting Act, 2004 who is responsible for:

- a) Annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit; and
- b) Performing duties required by the municipality or local board.

KPMG has been performing the City’s external audits for the last several years under the direction of different partners.

The City’s Corporate Procurement Policy 15.C.03 encourages the use of collaborative procurements, where combining the volume of Goods and/or Services to be purchased results in the best value for the City. The City will leverage the opportunity to participate in a collaborative procurement with KPMG.

In accordance with the City’s Corporate Procurement Policy 15.C.03, Section 24 – Collaborative Procurement, the City executed a Contract with KPMG upon successful negotiations with the supplier, and in a form satisfactory to Legal Services. KPMG is the successful awarded supplier through the competitive Collaborative Procurement conducted by the Ontario Education Collaborative Marketplace (OECM) Master Agreement #2015-241-04 for External Audit Services. The City’s contract is effective October 1, 2023, up until August 31, 2026. The fees quoted are within budget limits.

Section 4.2.1 of the Audit Committee Charter requires the Audit Committee to:

“provide approval for the appointment of the External Audit for Financial Reporting”

KPMG performs the following separate audits for the City of Vaughan:

- The Corporation of the City of Vaughan – Consolidated
- The Corporation of the City of Vaughan Public Library Board
- Board of Management for the Kleinburg Business Improvement Area
- The Corporation of the City of Vaughan Trust Funds
- Tourism Vaughan Corporation
- Statement of Revenue and Expenditure and Fund Balance of the Corporation of the City of Vaughan – Mayor’s Gala and Golf Events
- Vaughan Holdings Inc. (VHI) (owns 20.5% of Alectra Inc)
- Hydro Vaughan Energy Corporation (HVEC)

- 1446631 Ontario Inc. (not active)

Section 4.2.3 of the Audit Committee Charter requires the committee to:

“review the External Auditor’s proposed audit scope and approach, including Coordination of efforts with Internal Audit”

The fiscal 2023 interim audit was performed in December 2023 and the year-end audit will be performed in March and April of 2024 and is expected to be presented to the Audit Committee on May 27, 2024.

Previous Reports/Authority

N/A

Analysis and Options

N/A

Financial Impact

N/A

Broader Regional Impacts/Considerations

N/A

Conclusion

That KPMG be appointed as the City’s auditor until August 31, 2026, and that the 2023 External Audit Planning Report for the year ended December 31, 2023 prepared and presented by KPMG be approved.

For more information, please contact: Nancy Yates, Director of Financial Services and Deputy City Treasurer Ext 8984 or Marie Chan, Controller, Ext 8313.

Attachment

1. Audit Planning Report for the year ended December 31, 2023.

Prepared by

Nancy Yates, CPA, CA, BComm, Director of Financial Services & Deputy City Treasurer, extension 8984.

Approved by

Michael Coroneos, CPA, CMA

A handwritten signature in blue ink, appearing to read "Michael Coroneos". The signature is fluid and cursive, with the first name "Michael" and last name "Coroneos" clearly distinguishable.

Deputy City Manager, Corporate
Services, City Treasurer & Chief
Financial Officer