

# Memorandum

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Date: February 2, 2021  
Submitted by: Finance and Technology Department – Financial Services Division  
Subject: City of Port Moody 2020 Audit Planning Report

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The City's auditors, BDO Canada LLP, have provided the 2020 Audit Planning Report (**Attachment 1**) to assist Council in fulfilling the oversight responsibilities with respect to the audit of the financial statements for the year ended December 31, 2020. A summary of the key areas covered in the report is as follows:

## Audit Timeline

- November, 2020 – Audit planning;
- November 30 to December 4, 2020 – Interim audit period;
- March 22 to April 2, 2021 – Final audit period;
- Mid-April 2021 – Clearance meeting with management and BDO;
- Early May 2021 – Present final report to City Council; and
- Approval of Consolidated Financial Statements by Council and Release of Independent Auditor's Report.

## Audit Risks

The following risks are identified as requiring special audit consideration:

- Impact of COVID-19;
- Risk of fraudulent revenue recognition;
- Management override of internal controls; and
- Contributed tangible capital assets.

## Materiality

Materiality for all items other than infrastructure is preliminarily set at \$2.3 million, and for infrastructure is preliminarily set at \$13.6 million. Specific performance materiality is preliminary set at \$1.9 million and all differences above the trivial threshold preliminary set at \$115,000 are reported to Mayor and Council.

## Fees

The estimated fee for the 2020 audit engagement may be impacted by circumstances arising from COVID-19, including changes in processes and controls at the City, and changes in logistics related to remote auditing.

## Responsibilities

Auditor's responsibilities:

- Express an opinion as to whether the Financial Statements are presented fairly and in accordance with Canadian Public Sector Accounting Standards; and
- Obtain reasonable assurance that the Financial Statements are free of material misstatement.

Mayor and Council responsibilities:

- Oversee the work of the external auditor engaged for the purpose of issuing an independent auditor's report; and
- Review the Financial Statements and Annual Report prior to their publication.

Management responsibilities:

- Maintain an appropriate system of internal controls, adequate accounting records and apply appropriate accounting policies;
- Prepare the Financial Statements in accordance with Canadian Public Sector Accounting Standards; and
- Make available to the auditor all information that is relevant to the preparation of the Financial Statements.

The recommended resolution is:

**THAT the memo dated February 2, 2021 from the Finance and Technology Department – Financial Services Division regarding City of Port Moody 2020 Audit Planning Report be received for information.**

Attachment(s):

1. City of Port Moody 2020 Audit Planning Report.

## Report Approval Details

Document Title:	City of Port Moody 2020 Audit Planning Report.docx
Attachments:	- Attachment 1 - City of Port Moody 2020 Audit Planning Report.pdf
Final Approval Date:	Feb 8, 2021

This report and all of its attachments were approved and signed as outlined below:

Paul Rockwood, General Manager of Finance and Technology - Feb 3, 2021 - 4:45 PM

Dorothy Shermer, Corporate Officer - Feb 3, 2021 - 9:55 PM

Rosemary Lodge, Manager of Communications and Engagement - Feb 4, 2021 - 9:17 PM

Tim Savoie, City Manager - Feb 8, 2021 - 1:34 PM