The City of Winnipeg

Mayor's Office Fund Expenditures

Audit Findings Report to the City of Winnipeg Audit Committee Council

For the year ended December 31, 2020

Prepared as of June 8, 2021

kpmg.ca/audit

KPMG



Table of contents

Executive summary 1

Uncorrected differences and corrected adjustments 4

Audit quality indicators (AQIs) 5

Control observations and recommendations 6

Appendices 7

- Appendix 1: Background and professional standards 8
- Appendix 2: How do we deliver audit quality? 9
- Appendix 3: KPMG's audit approach and methodology 10

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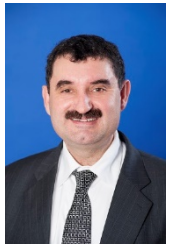
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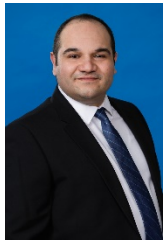
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Our refreshed Values

What we believe

Integrity
We do what is right.

Excellence
We never stop learning and improving.

Courage
We think and act boldly.

Together
We respect each other and draw strength from our differences.

For Better
We do what matters.

Executive summary

Purpose of this report[1]

The purpose of this Audit Findings Report is to assist you, as a member of the Audit Committee of Council, in your review of the results of our compliance audit of the fund expenditures of the Mayor's Office of The City of Winnipeg (the City), within the provisions of the Mayor's Office Expenditure Policy (the Policy) for the year ended December 31, 2020.

Overview of the Mayor's Office Expenditure Policy

The Mayor's Office Expenditure Policy provides rules, guidelines, responsibilities and procedures with regard to the expenditure of funds allocated to the Mayor's Office in the annual operating budget adopted by Council. This Policy will also include the expenditure of Chairperson Funds, which are allocated by virtue of the Mayor acting as the Chairperson of a committee.

The adopted budgets for the Mayor's Office Fund in 2020 were as follows:

- MO – Mayors Office: $1,183,361
- MO – CorpDept – Civic Initiatives: $440,000
- MO – CorpDept – Promotional: $107,894
- MO – CorpDept – Protocol: $100,600

The total adopted budget for the Mayor's Office Fund: $1,831,855

The adopted budget for the Mayor's role on the Executive Policy Committee was $4,000.

Roles and responsibilities

The Policy establishes key controls over administration of the expenditures of the Mayor's Office. The Policy also prescribes the roles and responsibilities of the Mayor's Office, the Corporate Finance Department and the Audit Committee of Council, in relation to the funds.

The provisions of the Policy also apply to additional funds provided to the Mayor as chairperson of committees of Council.

All organizational stakeholders are responsible for following all accounting, audit and income tax principles, and rules relating to the Policy.

The Mayor's Office is responsible for ensuring that the funds spent comply with the provisions of the Policy.

The Mayor's Office and the Corporate Finance Group is responsible for reviewing and processing expenditures on an ongoing basis in accordance with the Policy. In the event that the Mayor's Office requires policy interpretation or guidance on the appropriateness of an expenditure, the matter is referred to the Chief Financial Officer (CFO).

The Corporate Finance Department is responsible for processing payment for expenditures of the Mayor's Office, and for the monthly posting of expenditures on the City's website.

The CFO and Corporate Finance Department make decisions on the appropriateness of expenditures brought to their attention.

[1] This Audit Findings Report should not be used for any other purpose or by anyone other than the City of Winnipeg Audit Committee of Council. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Control and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting (ICFR).

Refer to Appendix 1 for the definitions of the various control deficiencies.

Independence

We are independent of the City and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow Audit Committee approved protocols.

Materiality

We have determined materiality for Mayor's Office Fund Expenditures Reports for the year ending December 31, 2020.

Refer to page 3.

Uncorrected differences

We did not identify differences that remain uncorrected.

Materiality

Materiality is used to identify risks of material misstatements, develop an appropriate audit response to such risks, and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors. To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality.

Materiality determination	Comments	Amount
Benchmark	Based on the annual total actual expenditures of Mayor's Office (2019 - $ 1,737,787)	$1,665,251
Materiality	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. (2019 - $17,400)	$16,600
% of Benchmark	Percentage applied to above benchmark to calculate materiality. (2019 – 1%)	1%
Performance materiality	Used 75 percent of materiality, and used primarily to determine the nature, timing and extent of audit procedures. (2019 – $13,000)	$12,400
Audit Misstatement Posting Threshold (AMPT)	Thresholds used to accumulate misstatements identified during the audit. (2019 - $650)	$620

Uncorrected differences and corrected adjustments

Differences and adjustments include disclosure and presentation differences and adjustments.

Professional standards require that we request of management and the City of Winnipeg Audit Committee of Council that all identified differences be corrected. We have already made this request of management.

Uncorrected differences

We did not identify differences that remain uncorrected.

Corrected adjustments

We did not identify any difference during the current audit.

Audit quality indicators (AQIs)

The objective of these measures is to provide the City of Winnipeg Audit Committee of Council and management with more in-depth information about factors that influence audit quality within an audit process. Below you will find the current status of the AQIs that we have agreed with management are relevant for the audit.

AQI	Measurement criteria	Milestone measurement and status	G Y R
Team Composition	Experience of the team	Both Partners involved have 10+ years of experience with the City of Winnipeg and 4 years or involvement with the Mayor's Office Fund Expenditures Report audits. The Senior Manager has been involved in these audits for the last 4 years.	●
Technology in the Audit	Implementation of Technology in the Audit	Utilized a KPMG shared site to provide management with a secure site in which to provide KPMG with the information required for the audit and reduced the need for sending information by e-mail and eliminated the use of a USB stick. KPMG utilized pivot tables and Vlookup in Microsoft Excel to prepare the Mayor's Office Fund Expenditures report.	●
Timing of Prepared by Client (PBC) items	Timeliness of PBC items	The Corporate Finance Departments had all required information prepared for the commencement of our field work. The information we received was complete and we received full co-operation from all involved.	●

Legend: ● Nothing to report ● Some matters to report ● Specific matters to report

Control observations and recommendations

Other control deficiencies may be identified during the audit that do not rise to the level of significant deficiency.

Other control deficiencies – Current year

No control observations were noted during our current year audit.

Other control deficiencies – Prior year update

No control observations were noted during our prior year audit.

Appendices

Content

Appendix 1: Background and professional standards

Appendix 2: How do we deliver audit quality

Appendix 3: KPMG's audit approach and methodology



Appendix 1: Background and professional standards

Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the compliance with the Mayor's Office Expenditure Policy, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.

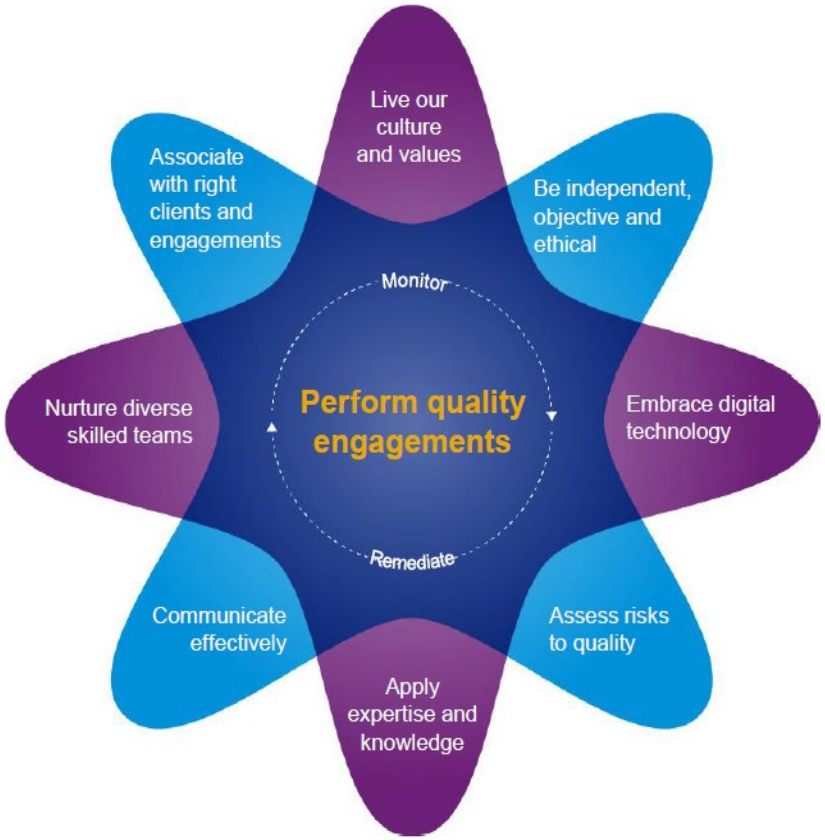
Appendix 2: How do we deliver audit quality?

Transparency report

Quality essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

'Perform quality engagements' sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.



We define '**audit quality**' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls;** and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics,** and **integrity.**

Doing the right thing. Always.

Appendix 3: KPMG's audit approach and methodology

Collaboration in the audit
A dedicated KPMG Audit home page gives you real-time access to information, insights and alerts from your engagement team.

Issue identification
Continuous updates on audit progress, risks and findings before issues become events.

Data-driven risk assessment
Automated identification of transactions with unexpected or unusual account combinations – helping focus on higher risk transactions and outliers.



Deep industry insights
Bringing intelligence and clarity to complex issues, regulations and standards.

Analysis of complete populations
Powerful analysis to quickly screen, sort and filter 100% of your journal entries based on high-risk attributes.

Reporting
Interactive reporting of unusual patterns and trends with the ability to drill down to individual transactions.



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