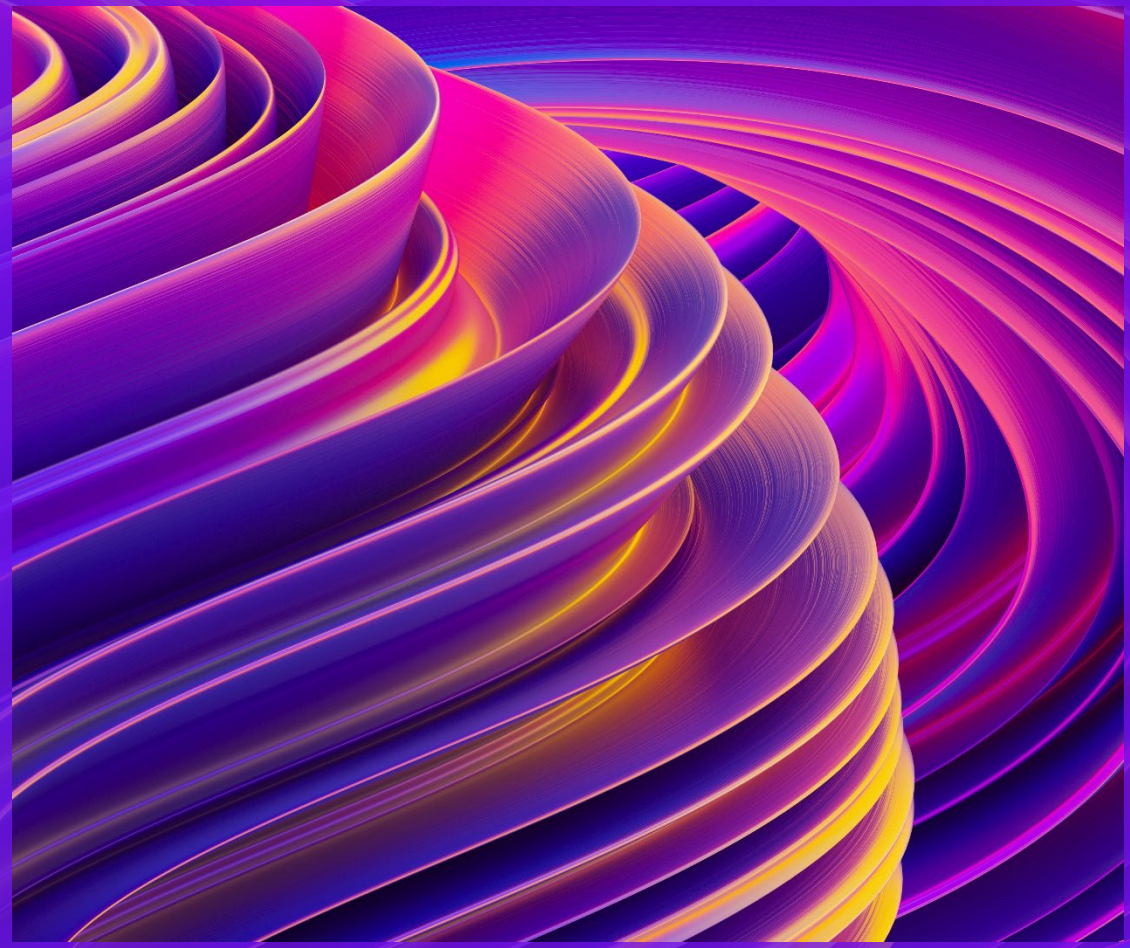
KPMG

City of Winnipeg Mayor's Office and Chairperson Expenditure Report



Audit Findings Report for the year ended December 31, 2024

KPMG LLP

kpmg.ca/audit

KPMG contacts

Key contacts in connection with this engagement



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Table of contents

4 **Highlights**

6 **Audit strategy**

8 **Observations and recommendation**

9 **Control deficiencies**

10 **Audit quality**

12 **Appendices**

Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.

Click on any item in the table of contents to navigate to that section.

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Audit highlights

No matters to report

Matters to report – see link for details

Overview of the Councillors' Ward Allowance Fund Policy

The City of Winnipeg Mayor's Office Expenditure Policy (the 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. The Policy will also cover the expenditure of Chairperson Funds, which are allocated by virtue of the Mayor acting as the Chairperson of a committee.

The current version of the Policy was amended on November 1, 2023.

The adopted budgets for the Mayor's Office Fund in 2024 was $2,029,702 and the total actual expense was $1,984,657.

The adopted budget for the Mayor's role as Chairperson 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, in relation to the funds.

The provisions of the Policy also apply to additional funds provided to the Mayor as chairperson on the Executive Policy Committee.

All organizational stakeholders are responsible for the 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.

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Audit highlights

No matters to report

Matters to report – see link for details

Status

We have completed the audit of the Mayor's Office Expenditure Reports of The City of Winnipeg (the "City") within the provisions of the Mayor's Office Expenditure Policy (the "Policy") as at and for the year ended December 31, 2024.

Materiality

Materiality - $29,000

Risks and results

Other risks of material misstatement

- Expense not recorded in the correct accounting period
- Donation receipts issued in the Mayor's name
- Ineligible expenses per the Policy are included in the expenditure report
- Salaries of the Mayor's Office are inaccurate or not in accordance with the Policy

Policies and practices

Accounting policies and practices

Other financial reporting matters

Misstatements - Uncorrected

Uncorrected misstatements

Misstatements - Corrected

Corrected misstatements

Control deficiencies

Significant deficiencies

Audit Quality

Learn more about how we deliver audit quality.

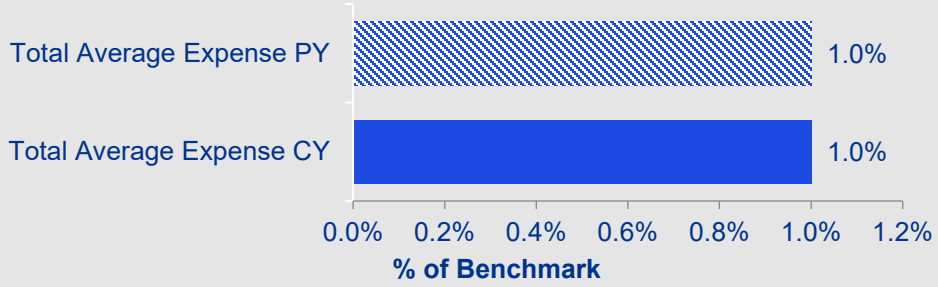
The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management, the Audit Committee, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this 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.

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Initial materiality

Total Expense
$1,984,657
(2023: $1,834,925)

Materiality
$29,000
(2023: $18,300)



We ***initially determine materiality*** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of ***professional judgement***, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We ***reassess materiality*** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We ***initially determine materiality*** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

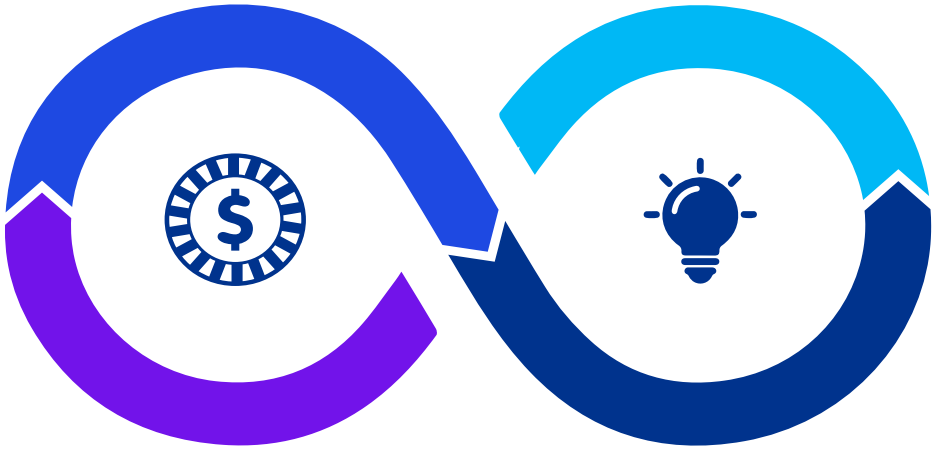
We also ***use materiality*** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial information and in forming our opinion.

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Materiality



We ***initially determine materiality*** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of ***professional judgement***, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We ***reassess materiality*** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Benchmark: Estimated 2024 Mayor expenditures

$2 million

Materiality

$29,000

Represents approx. 1.5% of benchmark

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Observations and recommendation

Observations and recommendations

No control observations were noted during our current year audit, nor during our prior year audit.

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Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation 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 financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

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. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.

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Audit quality - How do we deliver audit quality?

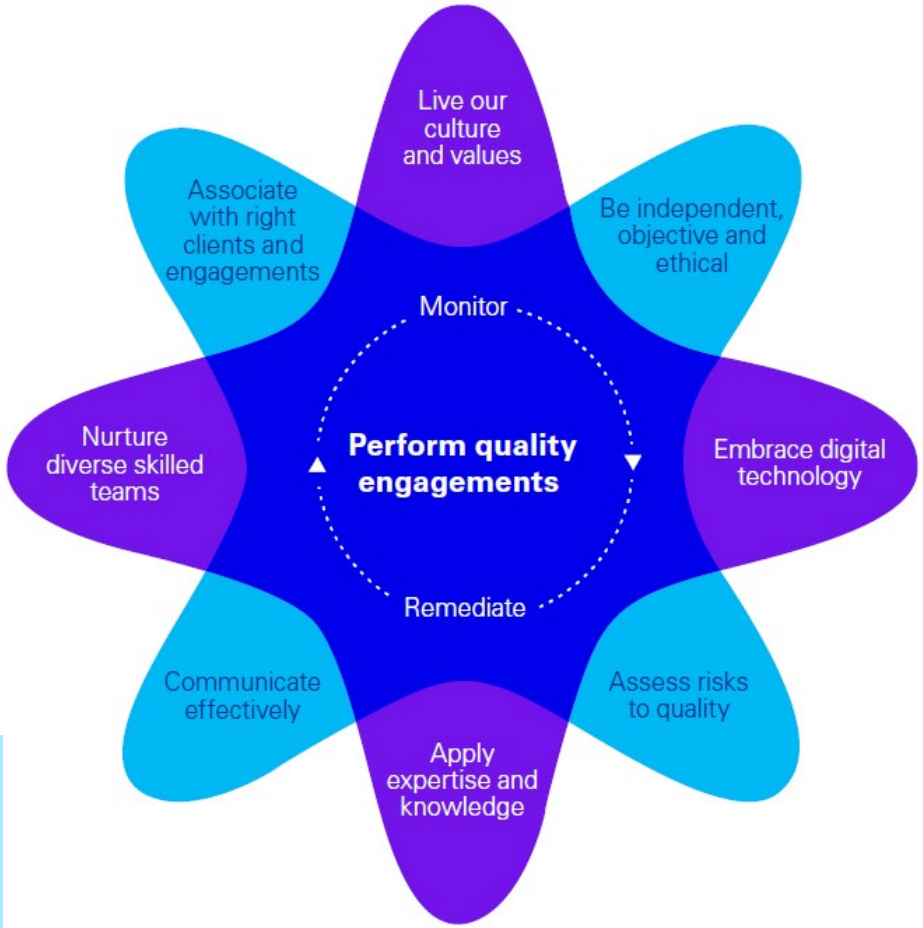
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:

- KPMG Canada Transparency Report
- Statement on the effectiveness of the System of Quality Management of KPMG LLP as at September 30, 2024

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 management;** 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.

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Audit quality - Indicators (AQIs)

The objective of these measures is to provide the Audit Committee 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.

Team composition

Experience of the team

The Partner involved has 10+ years of experience with the City of Winnipeg and 7 years or involvement with the Mayor's Office Fund Expenditures Report audits.

The Director has been involved in these audits for the last 7 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 department had all required information prepared for the commencement of our audit work - the information we received was complete and we received full cooperation from management.

Nothing to report | Some matters to report | Specific matters to report

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Appendices

A Insights



Appendix: Audit and assurance insights

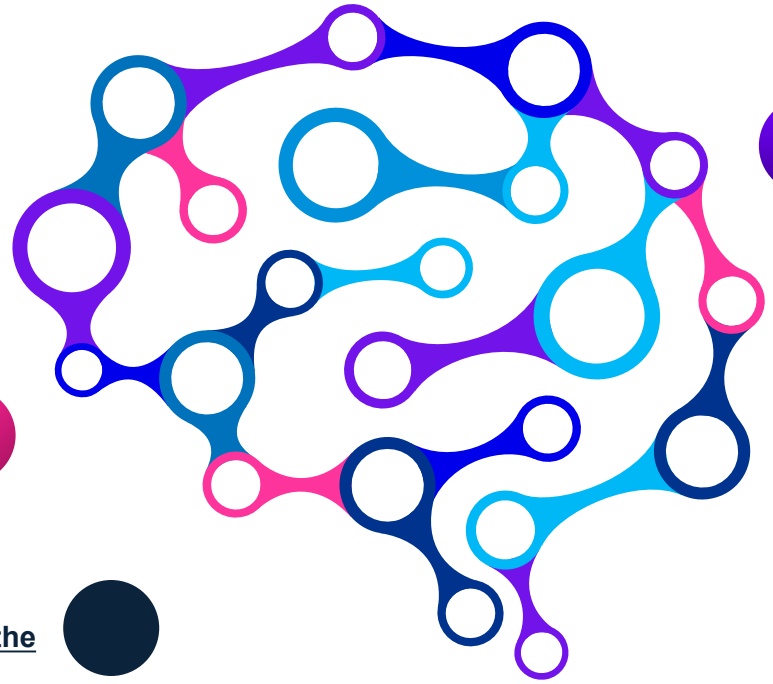
Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards



Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Accelerate - The key issues driving the audit committee agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

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