AGENDA

- Introduction
- Approach to the Audit
- Specific Audit Risk Areas
- Audit Timing
- Current Accounting and Auditing Developments
- Discussion
Objective of our report is to communicate our audit service plan

Communication is in accordance with Generally Accepted Auditing Standards (GAAS)

Audit strategy is developed with reference to municipal knowledge, discussions with management, knowledge gained prior years

Audit plan is subject to change
Audit approach to identified risk areas for 2007:

- **Taxation** (Computer Assisted Auditing Techniques (CAATs), global recalculation, assessment of allowance)
- **Grants** (review of the completeness and appropriate allocation of funds between fiscal periods)
- **Purchases and payables** (CAATs, review documentation & management estimates to assess reasonability of accruals)
- **Provisions for employment benefits** (review management assumptions, test supporting documentation)
- **Commitments and contingencies** (review correspondence with lawyers & other supporting documentation)
- **Tangible capital assets (roads)** (review processes, policies and support for information to be included in notes to statements)
City of Hamilton
Audit & Administration Committee
AUDIT TIMING

• Audit engagement will be carried out under the responsibility of staff experienced in the municipal sector

• Audit commencing March 31, 2008

• We are planning to have draft financial statements by mid April

• Anticipated timing contingent on receipt of complete records, completion of audit requirements and management’s timely response to any queries

• Professional fees for the completion of the 2007 audit are in accordance with our proposal
City of Hamilton
Audit & Administration Committee Presentation
CURRENT ACCOUNTING DEVELOPMENTS

• PS 3150 – Tangible Capital Assets

• Municipalities will be required to recognize and amortize all tangible capital assets

• Effective January 1, 2009, but early adoption encouraged
• PSG-7 – Tangible Capital Assets

• Guideline to provide transitional guidance on presenting information in notes or schedules to financial statements

• Effective fiscal years beginning January 1, 2007

• Financial report will contain notes disclosing status of the process and known amounts of tangible capital assets (roads)
THANK YOU
FOR YOUR TIME
AND
ATTENTION