City of Hamilton
2008 Audit Plan
City of Hamilton
Audit and Administration Committee Presentation

Agenda

• Background
• Matters impacting current year
• Audit approach
• Specific audit risk areas
• Audit timing and fees
• Discussion
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Background

- 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
City of Hamilton
Audit and Administration Committee Presentation
Matters impacting current year audit

• Tangible capital assets
  – Significant work completed during the year
  – Opening balances at January 1, 2008
  – Full implementation required for December 31, 2009

• Segmented reporting
  – Notes or schedules to the financial statements must include segment revenue by source and type, expense by major object or category
We will communicate the following, if encountered during the audit:

- Misstatements greater than 2% of materiality
- Fraud
- Misstatements that may cause future financial statements to be materially misstated
- Illegal or possibly illegal acts
- Material weaknesses and significant deficiencies in internal control over financial reporting
Audit approach to identified risk areas for 2008:

- **Taxation revenue** (testing of receivables, global recalculations, assessment of allowance for uncollectible taxes)
- **Purchases and payables** (review documentation & management estimates to assess reasonability of accruals)
- **Provision for employment benefits** (review management assumptions, test supporting documentation)
- **Commitments and contingencies** (review correspondence with lawyers & other supporting documentation)
- **Tangible capital assets** (audit of 2008 activity for asset classes already audited, ensure appropriate note disclosure)
Audit engagement will be carried out under the responsibility of staff experienced in the municipal sector.

Audit commencing March 30, 2009.

Anticipated timing contingent on completion of audit requirements and management's timely preparation of financial statements.

Professional fees for the completion of the 2008 audit are in accordance with fees and rates in our proposal to RFP C6-10-06.

Additional fee will be required for change in scope caused by new segmented reporting and tangible capital asset sections.
Thank you for your time and attention