

Halifax Regional Municipality

Audit Findings Report
for the year ended March 31, 2022

KPMG LLP

July 15, 2022

kpmg.ca/audit



KPMG contacts

The contacts at KPMG in connection with this report are:

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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.

Audit Quality: How do we deliver 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.

‘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**.



Visit our **Resources** page for more information.



Report to the audit committee

Doing the right thing. Always.

Audit highlights

Purpose of this report¹

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 consolidated financial statements as at and for the period ended March 31, 2022. This report builds on the Audit Plan we presented to the audit committee on March 9, 2022.

Status of the audit

As of July 15, 2022, we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include:

- Completing our quality procedures
- Obtaining requested support and completing audit procedures including:
 - Consolidation procedures
- Completing our review of the final consolidated financial statements
- Completing our discussion with the audit committee
- Obtaining management's signed representation letter
- Obtaining evidence of the council's approval of the financial statements

We will update the audit committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Significant changes from the audit plan

There were no significant changes to our audit plan which was originally communicated to you in the audit planning report.

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

Uncorrected audit misstatements

At this time, we have not identified any differences that remain uncorrected. We will provide an update once our procedures are completed if any are identified.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. A significant deficiency in internal control is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

Independence

Refer to Appendix: Independence Letter for our independence letter.

¹ This report to the audit committee is intended solely for the information and use of Management, the audit committee, and the Council 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.

Audit risks and results

We highlight our significant findings in respect of **significant risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

Significant risk	New or changed?	Estimate?
Fraud risk from management override of controls	No	No

Our response

- A listing of all journal entries was obtained using KPMG's KAAP tool. This listing was reconciled for completeness and key journal entry attributes used in our identification of high-risk journal entries were tested for accuracy and appropriateness. High risk criteria based on journal entry attributes were used to identify the potential existence of an override of controls and these entries were selected for further investigation. Support for the journal entries was obtained to assist in the evaluation of this fraud risk.

Significant findings

- No issues have been identified with respect to the risk of management's override of controls

Audit risks and results

We highlight our significant findings in respect of **other areas of focus** as identified in our discussion with you in the Audit Plan

Other area of focus	New or changed?	Estimate?
<Other areas of focus include: Tax Revenue; User fees and charges; Capital assets; Payroll expenditures; Routine expenses; Treasury and Investment in Halifax Regional Water Commission.	No	No

Our response

- KPMG noted that there were no changes in the procedures that were outlined in the Audit Plan presented on March 9, 2022.

Significant findings

- No findings have been identified.

Uncorrected and corrected audit misstatements

Audit misstatements include presentation and disclosure misstatements, including omissions.

Uncorrected audit misstatements

We did not identify misstatements that remain uncorrected.

Corrected audit misstatements

We did not identify any misstatements that were communicated to management and subsequently corrected in the financial statements.

Control deficiencies

Consideration of internal control over financial reporting

A significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

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.

As noted in the executive summary, we did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

Financial statement presentation and disclosure

Misstatements, including omissions, if any, related to presentation and disclosure items are in the management representation letter.

We also highlight the following:

Financial statement presentation - form, arrangement, and content	Nothing to report.
Concerns regarding application of new accounting pronouncements	Nothing to report.



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