



# Committee Report

<b>To:</b>	Warden Milne and Members of Grey County Council
<b>Committee Date:</b>	March 23, 2023
<b>Subject / Report No:</b>	2022 External Audit – BDO Planning Report
<b>Title:</b>	FR-CW-08-23
<b>Prepared by:</b>	Sue Murray, Deputy Treasurer
<b>Reviewed by:</b>	Mary Lou Spicer, Director of Finance
<b>Lower Tier(s) Affected:</b>	
<b>Status:</b>	Recommendation adopted by Committee as presented per Resolution CW50-23; Endorsed by County Council April 13, 2023, per Resolution CC29-23.

## Recommendation

1. **That report FR-CW-08-23 titled 2022 External Audit – BDO Planning Report and the Audit Planning Report for the year ending December 31, 2022, prepared by BDO Canada LLP, Chartered Professional Accountants be received for information.**

## Executive Summary

The audit plan as provided by BDO is designed to highlight and explain key issues relevant to the audit including the team assigned, timeline, materiality, significant risk and audit responsibilities. The audit is scheduled to commence April 10 and will conclude with BDO's presentation of their final report to Committee of the Whole is anticipated in June.

## Background and Discussion

The Municipal Act, under section 296, requires a municipality to appoint an auditor licensed under the *Public Accounting Act, 2004* for a term not to exceed five years. The auditor is responsible for:

- Annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit.
- Performing duties required by the municipality or local board.

As the appointed auditors pursuant to By-law 5070-19, BDO has provided the attached Audit Planning Report for the year ending December 31, 2022.

The Audit Planning Report communicates to Council the timeline for the audit and report back to

Council, risks, materiality, the audit process etc. It also identifies engagement objectives such as:

- Forming and expressing an audit opinion on the consolidated financial statements.
- Presenting significant findings including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from their work.
- Providing timely and constructive management letters, this includes deficiencies in internal controls identified during the audit.
- Working with management towards the timely issuance of the financial statement and required returns.

The attached report discusses updates to their audit process and impact on the audit that is effective for periods beginning on or after December 15, 2021. Key enhancements include:

- New guidance on identifying and assessing risk of material misstatement and risk of controls not preventing or detecting a material misstatement.
- Additional requirement to assess the likelihood and magnitude of misstatement.
- Clarifying requirements on indirect and direct controls in the system of internal control and the need for evaluation of design and implementation of controls.
- Expanded information on the use of technology and related risks.
- More explicit standback requirement for evaluation of completeness and appropriateness of risk assessment process.

## Legal and Legislated Requirements

None.

## Financial and Resource Implications

By-law 5070-19, enacted based on a recommendation in Committee report FR-CW-25-19, appointed BDO Canada LLP Owen Sound as auditors for the County of Grey for a period of five (5) years beginning with the 2019 fiscal year. The general administration budget provides funding for the audit.

As a result of changes since the time of the proposal in the requirements for the information systems audit and a one-time fee for the adoption of Canadian Auditing Standards (CRS) 315R, the cost is \$10,750 higher than provided in the pricing proposal for financial auditing services that had been negotiated with BDO, for an estimated total of \$75,150.

## Relevant Consultation

Internal – Senior Management and staff with audit responsibilities have been advised of the dates and the requirements for the 2022 external audit.

External – BDO Canada LLP Owen Sound

## Appendices and Attachments

[BDO Audit Planning Report](#)

