



City of Greater Sudbury

Audit Planning Report

Presentation to the Audit Committee
October 24, 2017



Audit Planning Report Highlights

- Materiality set at \$11.1 million, based on 2% of prior year's revenues
- Threshold for reporting to the Audit Committee set at \$550,000 (0.1% of total revenues)
- Key risk areas include management estimates, revenue cut-off and capitalization of expenditures

Fraud in the Public Sector

- What we've seen:
 - Secret commissions (kick-backs)
 - Ransomware
 - Personal use of corporate credit cards
 - Misappropriation of cash
 - Purchases from companies owned by employees
 - Payroll fraud
 - Misreporting on major projects
- The City has implemented a number of controls that are intended (in whole or in part) to prevent fraud and misappropriation
- All organizations are at risk of fraud

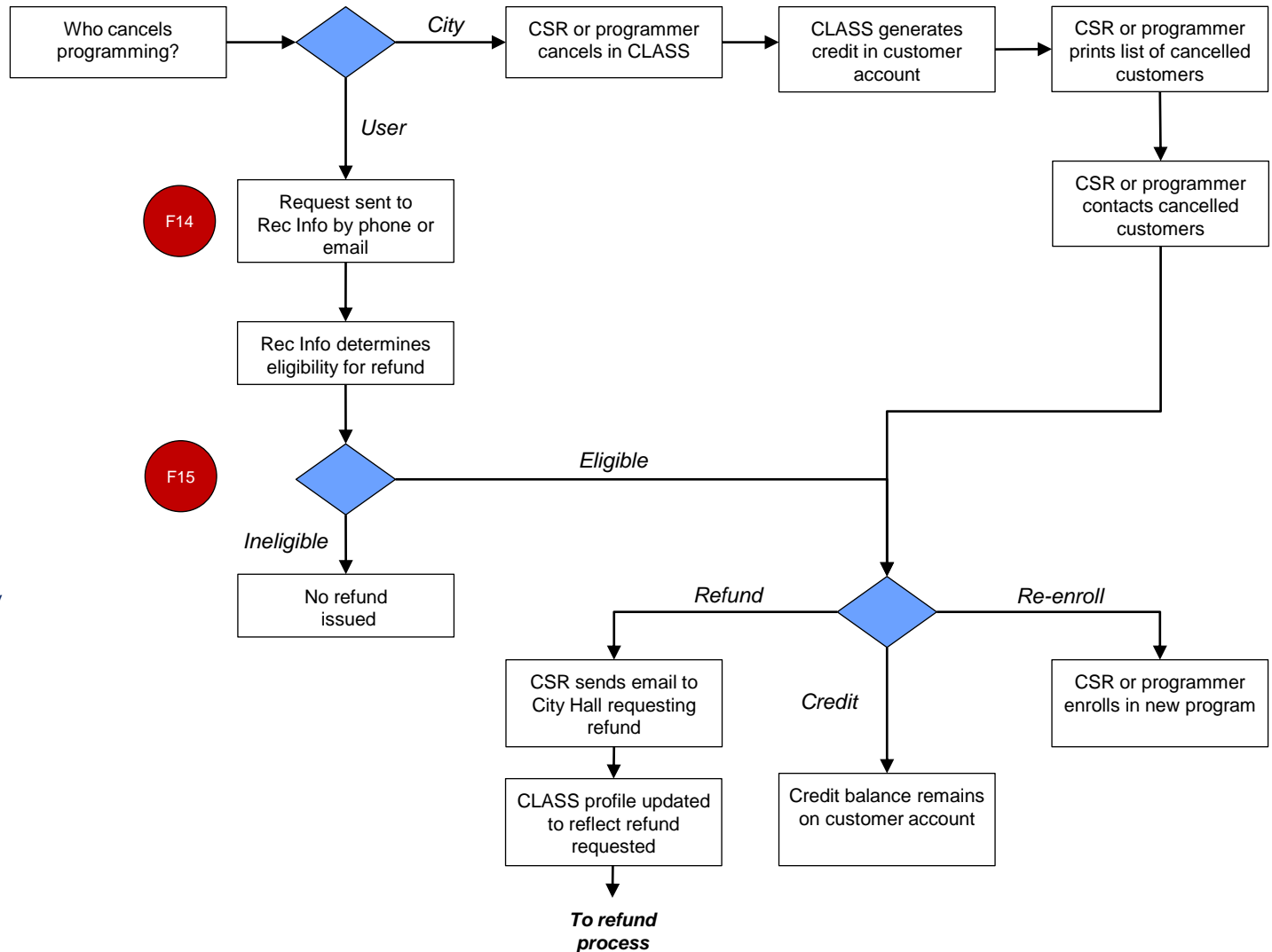
Fraud in the Public Sector

- What we do in response:
 - Assessment of entity level controls
 - Journal entry testing
 - Review of significant and/or unusual transactions
 - Procurement compliance testing
 - Expense report testing
 - Testing of immaterial revenue streams

LEAN in Our Audit

- Documentation of aspects of the City's financial reporting and internal control systems is a requirement under Canadian Auditing Standards
- Our approach to documentation of selected processes will be done through Value Stream Mapping

LEAN in Our Audit



F14 City will allow family members to cancel programs for other family members, even if the individual isn't authorized to do so

F15 City will often provide refunds even if customer is ineligible

Timing

- Interim audit procedures November 2017
- Value stream mapping November 2017
- Long-term financial plan update (indicators) November 2017
- Year-end audit procedures April-May 2018
- Long-term financial plan update (model rollforward) May 2018



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