

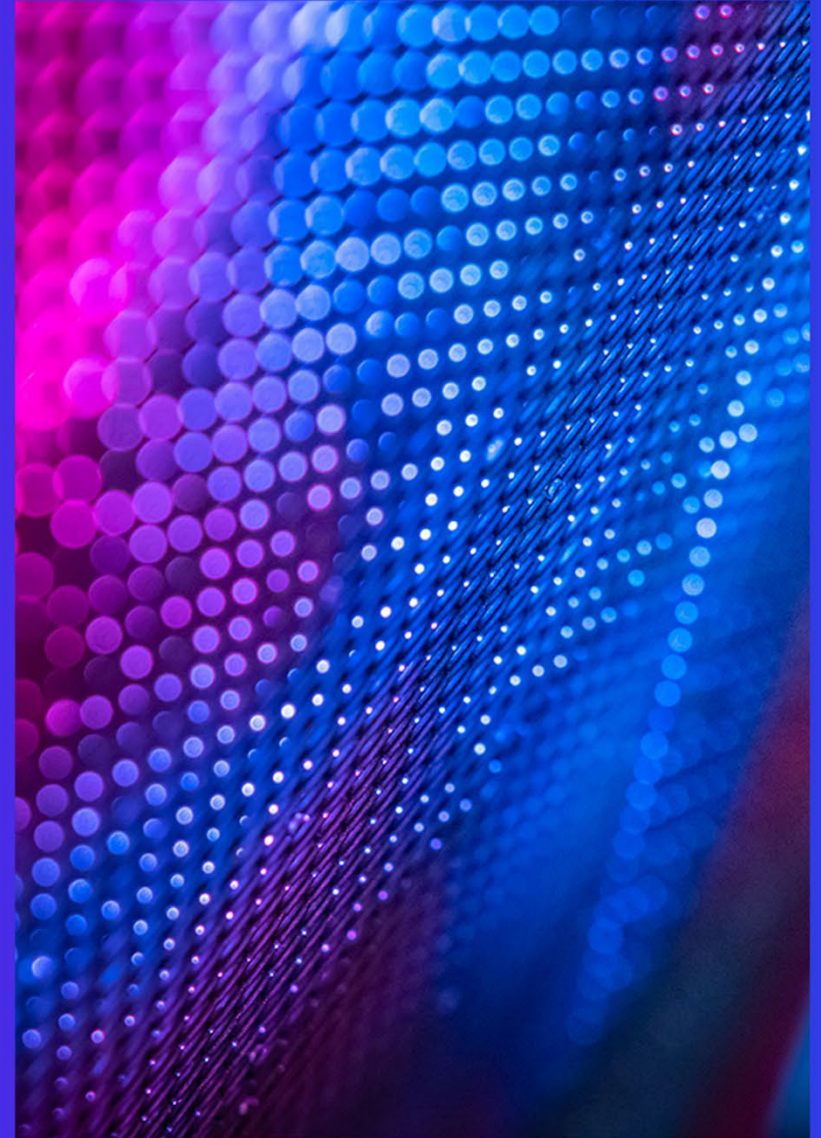
City of St. Albert

**Audit Planning Report
for the year ending
December 31, 2024**

KPMG LLP

Prepared as of September 17, 2024 for presentation to the Mayor and
Council on October 1, 2024

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



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Digital use information

This Audit Planning Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



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Audit highlights



No matters to report



Matters to report – see link for details

Scope

Our audit of the consolidated financial statements (“financial statements”) of the City of St. Albert (“the City”) as at and for the year ending December 31, 2024, will be performed in accordance with Canadian generally accepted auditing standards. In addition to our audit of the financial statements of the City, we have been separately engaged to report on the following:

- St. Albert Public Library Board (“the Library”) financial statements;
- Municipal Financial Information Return (“FIR”) for the City;
- Family and Community Support Services (“FCSS”) program reporting; and
- Local Authorities Pension Plan (“LAPP”) tri-annual reporting.

Audit strategy

Materiality \$7M



Audit strategy - Group audit

Total	Total assets	Total revenue
Total tested	98.6%	97.6%



Risk assessment



Risk of management override of controls



Other significant risks



Presumed risk of fraudulent revenue recognition

The purpose of this report is to assist you, as a member of Council, in your review of the plan for our audit of the financial statements. This report is intended solely for the information and use of management and 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.





Updates to our prior year audit plan



Newly effective accounting standards



The following standards are required to be adopted for the year ending December 31, 2023:

- PS 3160 *Public Private Partnerships*
- PS 3400 *Revenue*
- PSG-8 *Intangibles*

Incremental time and effort will be required during our audit to address the City's assessment and adoption of these standards.



Newly effective auditing standards



ISA 600/CAS 600 *Revised special considerations – Audits of group financial statements*

The revised auditing standard will require changes to the way group auditors perform and document scoping and risk assessment procedures.



Follow up on observations from prior year audit



During the 2024 audit, we will follow up on the observations that were provided to management and reported to Council in connection with the 2023 audit. We will report to Council the status of these observations within our 2024 audit findings report.



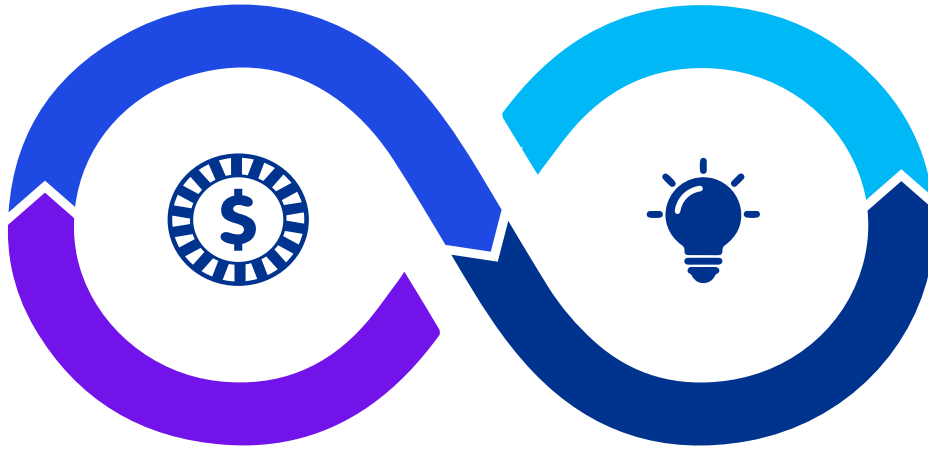
Tri-annual LAPP reporting



The City has decided to subject the LAPP program to agreed-upon procedures, required by Alberta Pension Services Corporation, on a tri-annual basis. As a result, the 2024 service year will be subject to the agreed-upon procedures for compliance reporting.



Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

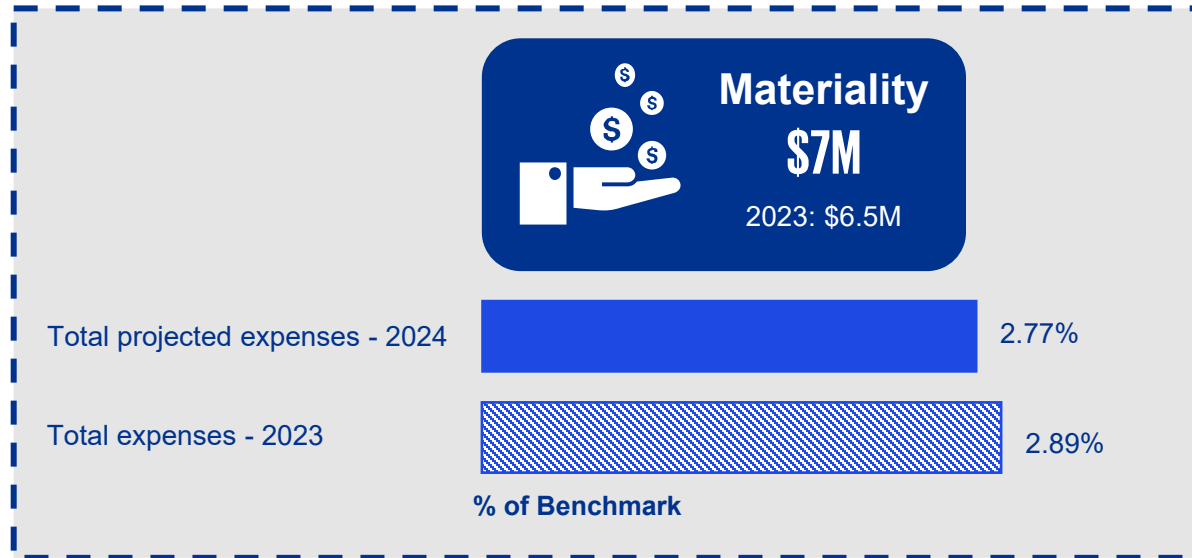
Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



Initial materiality






Total projected expenses
\$253M
 (2023: \$225M)



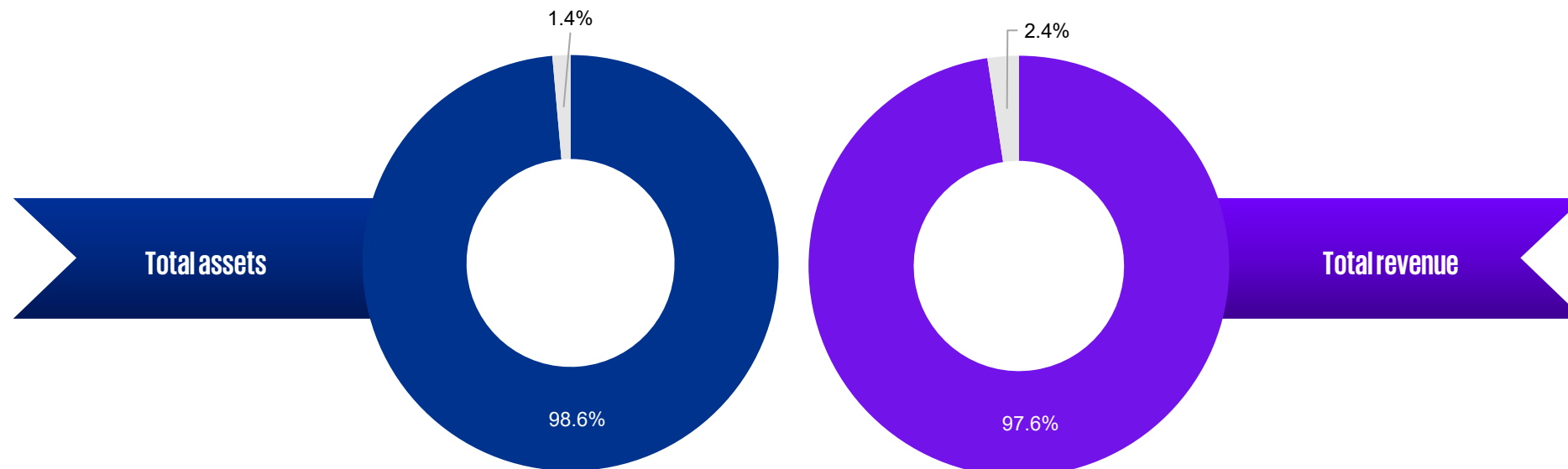


Group audit – Scoping

We respond to identified and assessed risks of material misstatement to the group by performing further audit procedures.

Further audit procedures to be performed by:	Total assets	Total revenue
Total group auditor*	98.6% 	97.6% 
Total tested	98.6%	97.6%
Not subject to further audit procedures (i.e., untested)	1.4% 	2.4% 
Total consolidated	100%	100%

*All financial information subject to further audit procedures relates to the City of St. Albert non-consolidated component.





Significant risks



Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF



FRAUD

Why is it significant?

**Presumption
of the risk of fraud
resulting from
management
override of
controls**

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates,
- evaluating the business rationale of significant unusual transactions, if any.



Required inquiries of Council



Inquiries regarding risk assessment, including fraud risks

- What are Council's views about fraud risks, including management override of controls, in the City? And have you taken any actions to respond to any identified fraud risks?
- Is Council aware of, or has Council identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
 - If so, have the instances been appropriately addressed and how have they been addressed?
- How does Council exercise oversight of the City's fraud risks and the establishment of controls to address fraud risks?



Inquiries regarding City processes

- Is Council aware of tips or complaints regarding the City's financial reporting (including those received through Council's internal whistleblower program, if such programs exist)? If so, what are Council's responses to such tips and complaints?



Inquires regarding related parties and significant unusual transactions

- Is Council aware of any instances where the City entered into any significant unusual transactions?
- What is Council's understanding of the City's relationships and transactions with related parties that are significant to the City?
- Is Council concerned about those relationships or transactions with related parties? If so, the substance of those concerns?



Key milestones and deliverables

Aug – Oct 2024

Planning & Risk Assessment

- Planning and initial risk assessment procedures
- Planning discussions with management
- Presentation of Audit Planning Report to Council - October 1, 2024

Nov 2024

Risk assessment & Interim work

- Interim fieldwork – Nov 12 – 15, 2024

Feb – Mar 2025

Year-end fieldwork

- Library audit fieldwork – February 18 – 25, 2025
- City audit year-end fieldwork – February 24 – March 7, 2025
- LAPP fieldwork – March 5 – 14, 2025
- FIR & FCSS fieldwork – March 10 – 21, 2025

Mar - Apr 2025

Reporting

- Closing meetings with management
- Presentation of Library Audit Findings report to Library Board – March 19, 2025
- Presentation of City Audit Findings Report to Council – April 15, 2025



Appendices

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Audit quality

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Insights

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Technology





Appendix 1: How do we deliver audit quality?

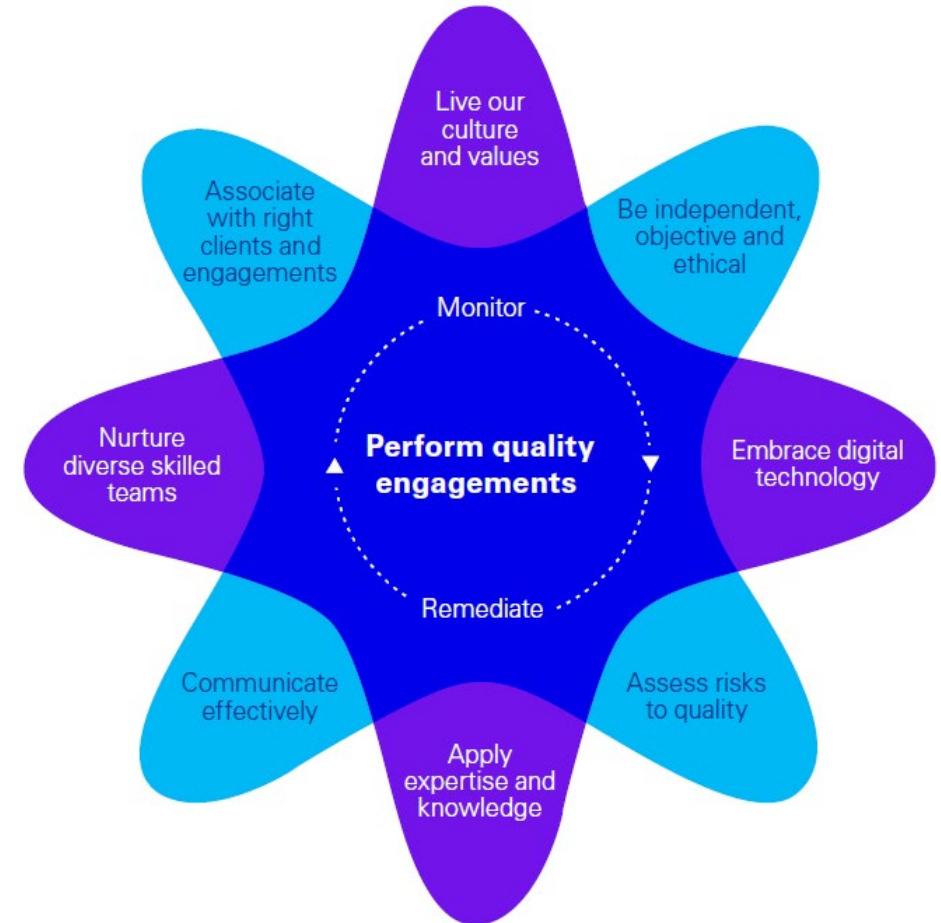
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

 [KPMG Canada Transparency Report](#)

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 management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.





Appendix 2: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

[KPMG Audit & Assurance Insights](#)

Curated research and insights for audit committees and boards.

[Board Leadership Centre](#)

Leading insights to help board members maximize boardroom opportunities

[Audit Committee Guide – Canadian Edition](#)

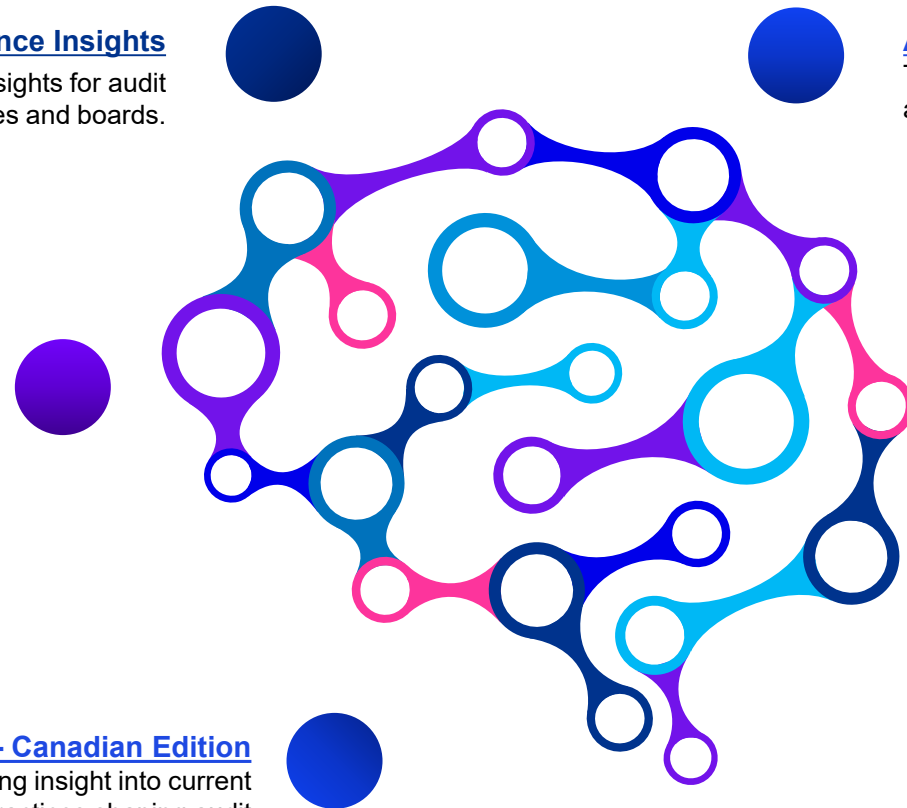
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

[Accelerate 2024](#)

The key issues driving the audit committee agenda in 2024.

[Sustainability Reporting](#)

Resource centre on implementing the new Canadian reporting standards





Appendix 3: Our technology story



Streamlined client experience

And deeper insights into your business, translating to a better audit experience.



Secure

A secure client portal provides centralized, efficient coordination with your audit team.



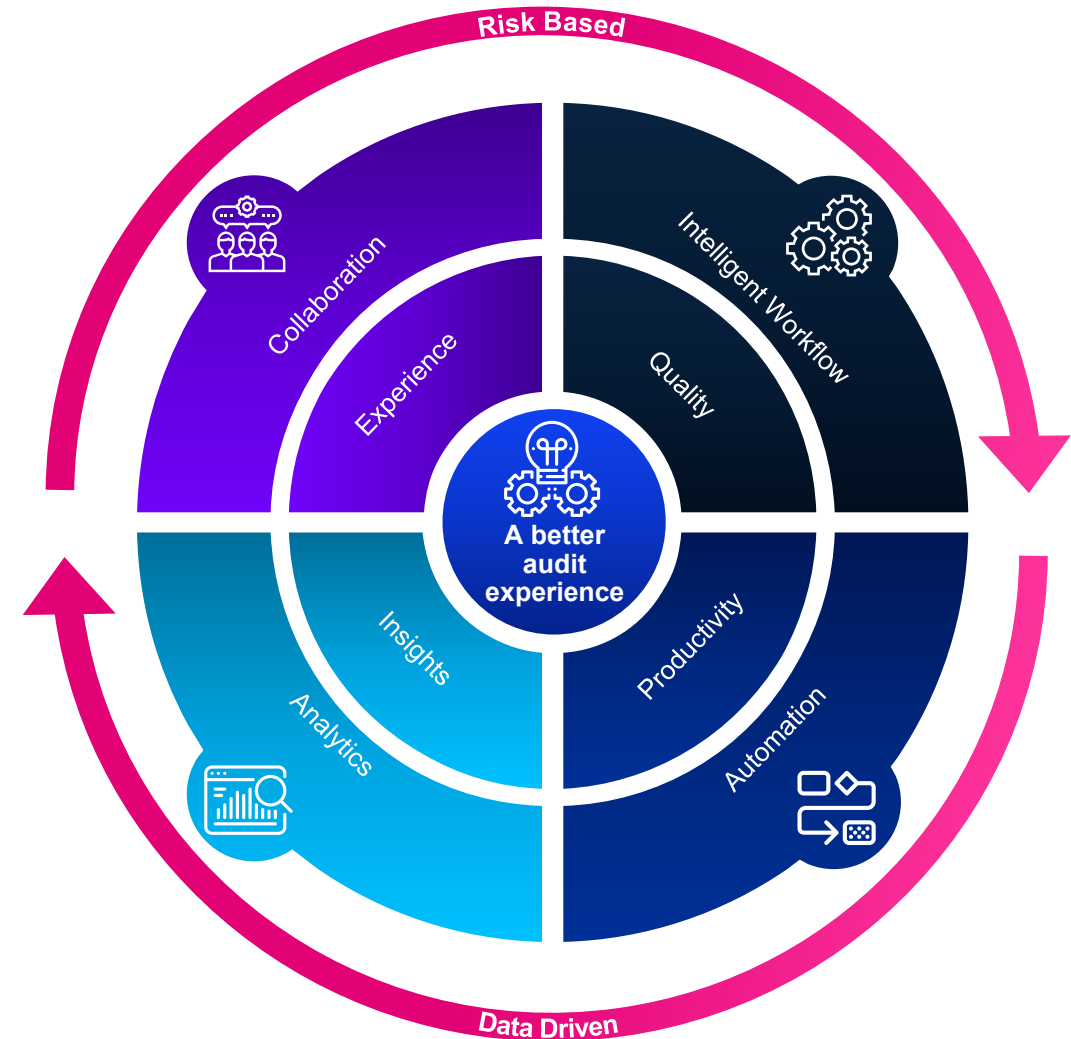
Intelligent workflow

An intelligent workflow guides audit teams through the audit.



Increased precision

Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.





Appendix 3: Expanding the use of audit technology



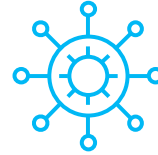
Analytics

- AI Transaction Scoring
- Audit Routine Catalogue
- Data Visualization
- Group Scoping Tool
- Matching Routines
- Process Mining Analytics
- KPMG Forecast Analytics Suite



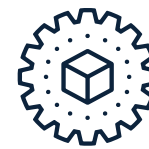
Automation

- Automated Industry Routines
- Confirmation
- Data Extraction Scripts
- DataShare
- DataSnipper
- Inventory Counter App
- iRadar and iNav
- Offset Remover



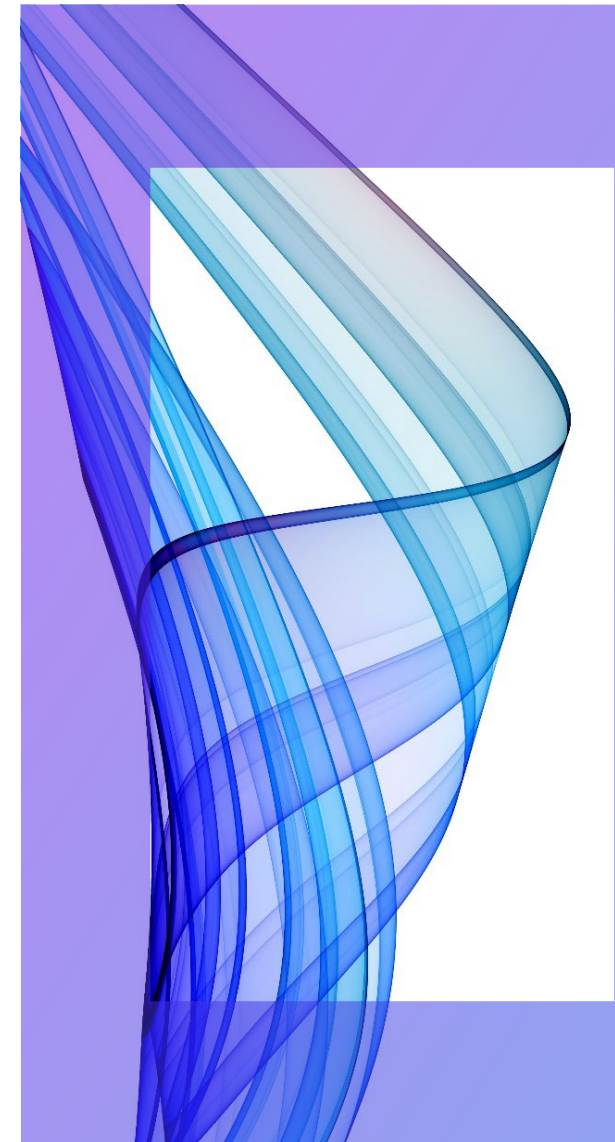
Collaboration

- DocuSign™
- KPMG Clara for Clients



Workflow

- KPMG Clara Workflow
- Account Analysis
- Journal Entry Analysis
- Planning Analytics





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