

The City of Ottawa

2014 Financial Statement Audit Plan



Building a better
working world

Table of contents

- ▶ 2014 EY services
- ▶ Planning Materiality
- ▶ Audit Approach
- ▶ Audit timetable

2014 EY services

Services and deliverables

Audit and audit-related services

- ▶ Opinions
 - Consolidated financial statements
 - Financial information of related entities and programs

- ▶ Written consent for the use of our auditors' report (as required)

- ▶ Internal control communications

- ▶ Written communication of audit results

Other services

- ▶ Perform translation for the French consolidated financial statements and financial highlights included in the annual report of the City of Ottawa

Planning materiality

- ▶ At the conclusion of the audit, we formulate our opinion on the consolidated financial statements of the City as to their fair presentation in all material respects in accordance with Canadian public sector accounting standards.
- ▶ Our estimation of planning materiality requires professional judgment and necessarily takes into account qualitative as well as quantitative considerations.
- ▶ Based on the 2014 operating budget, we estimate the materiality for the audit of the 2014 consolidated financial statements to be \$43.7M (\$37.1M in 2013), which represents 1.5% of budgeted operating expenditures for the year ended December 31, 2014.
- ▶ The 2014 preliminary materiality level will be reviewed on an ongoing basis throughout our 2014 audit. Should actual results vary significantly from those forecast, the materiality level may be adjusted in order to recognize this change in circumstances.
- ▶ Testing is performed at thresholds well below the audit materiality level in order to perform sufficient audit work to provide an opinion on the financial statements.

Audit Approach

- ▶ Test and rely on controls over the following significant processes:
 - ▶ IT General Controls: We plan to audit the IT general controls of the SAP system in support of the financial statement audit of the City of Ottawa.
 - ▶ Accounts payable, expenditures, and payroll expense processes

- ▶ Should the execution of our tests of controls result in exceptions, this may affect our planned reliance on such controls in conducting our year-end procedures. We will communicate to you any changes to our audit approach.

- ▶ For the remaining significant accounts, we will take a substantive approach, as we believe that this will result in a more efficient audit of these accounts based on their nature.

Audit timetable

The following timetable outlines key activities of our 2014 audit plan:

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Planning and risk identification	■	■										
Strategy and risk assessment			■	■	■	■						
Execution of audit procedures				■		■	■		■	■		
Conclusion and reporting											■	■