

# Town of Whitby

## Staff Report

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### Report Title: 2023 Year End Audited Financial Statements

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**Report to:** Council

**Date of meeting:** August 12, 2024

**Report Number:** FS 30-24

**Department(s) Responsible:**

Financial Services Department

**Submitted by:**

Fuwing Wong, Commissioner of  
Financial Services and Treasurer

**Acknowledged by M. Gaskell,  
Chief Administrative Officer**

**For additional information, contact:**

Brittany Gray, Senior Manager, Financial  
Accounting x2801

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### 1. Recommendation:

1. That Report FS 30-24 be received for information;
2. That the Corporation of the Town of Whitby's Audited Consolidated Financial Statements for the year ended December 31, 2023, Attachment 2 to Report FS 30-24, be approved; and,
3. That Deloitte LLP be engaged to perform the audit of the Town of Whitby's financial statements for the year ending December 31, 2024.

### 2. Highlights:

The Chartered Professional Accountants of Canada requires that external auditors have communication with those individuals within an organization that have oversight responsibility for the financial reporting process.

The Town's external auditors are Deloitte LLP. The purpose of this report is to communicate the results and recommendations regarding the external audit of the Town of Whitby's 2023 financial statements.

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This report contains the following for the year ending December 31, 2023:

- A Year End Communication from Deloitte LLP, including the Draft Management Letter (attachment 1); and
- Draft Consolidated Financial Statements (attachment 2).

Upon approval of the financial statements, the auditors intend to provide an unqualified opinion and state that the financial statements are presented fairly, in all material respects, the financial position of the Corporation of the Town of Whitby as at December 31, 2023.

### 3. Background:

The *Municipal Act* requires that municipalities prepare an annual consolidated financial statement and that this statement be audited in accordance with Canadian Generally Accepted Auditing Standards (Canadian GAAS). The annual consolidated financial statements for the Town of Whitby as at December 31, 2023 reflect the assets, liabilities, accumulated surplus, revenues and expenses of the following entities:

- Town of Whitby;
- Town of Whitby Public Library Board;
- Groveside Cemetery Board; and
- Downtown Whitby Business Improvement Area

In addition, the Town of Whitby recognizes its equity interest in the annual income or loss of its investment in Government Business Enterprise, Elexicon Corporation from the period of January 1, 2023 to December 31, 2023 in its statement of operations with a corresponding increase or decrease in its investment asset account.

Canadian GAAS outline the Auditor's responsibilities in relation to the Financial Statement Audit, as follows:

1. The auditor shall communicate with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, including that:
  - (a) The auditor is responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance; and
  - (b) The audit of the financial statement does not relieve management or those charged with governance of their responsibilities.
2. The auditor shall communicate with those charged with governance an overview of the overall strategy, addressing:

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- (a) Timing of the audit
  - (b) Significant risks, including fraud risks, and
  - (c) Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk.

#### 4. Discussion:

The financial statements have been prepared in accordance with *Municipal Act, 2001*, and based on the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The 2023 Consolidated Financial Statements are the responsibility of Management of the Corporation of the Town of Whitby. The financial statements have been examined by Deloitte LLP, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with Canadian Public Sector Accounting Standards (“PSAS”).

The auditors intend to provide an unqualified opinion and have stated that the financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Whitby as at December 31, 2023, in accordance with PSAS.

Under the *Municipal Act* Section 296 (1), a municipality shall appoint an auditor licensed under the Public Accounting Act who 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. The auditors also perform duties required by the municipality or local board.

The Town’s Procurement Policy exempts annual audit fees and related audit services. Deloitte LLP continues to provide satisfactory and professional auditing and other ancillary services to the Town. Accordingly, staff are recommending that Deloitte LLP be engaged to perform the audit of the Town of Whitby’s Financial Statements for the year ending December 31, 2024. The 2024 interim audit will be scheduled for December, 2024 and the final audit will be scheduled for April, 2025.

#### 5. Financial Considerations:

The engagement of Deloitte LLP for the 2023 audit was approved in a previous report (FS 22-23). The estimated professional fees for the 2023 audit of the Town of Whitby, Groveside Cemetery Board, Whitby Public Library, Downtown Whitby Business Improvement Area, and Trust Funds is \$91,200. The 2024 budget for professional fees pertaining to the 2024 audit is \$71,000. The estimated cost for the 2024 audit is \$93,500. It is anticipated that the variance related to the audit services will be offset by other favourable variances in 2024.

**6. Communication and Public Engagement:**

A copy of the 2023 audited financial statements will be posted on the Town of Whitby's website.

In addition, as per the Municipal Act 295 (1) requirements, within 60 days after receiving the audited financial statements the Town will publish in the newspaper a notice that the financial statements will be made available at no cost upon request from any resident or taxpayer.

**7. Input from Departments/Sources:**

N/A

**8. Strategic Priorities:**

N/A

**9. Attachments:**

Attachment 1 – Year End Communication from Deloitte LLP  
Attachment 2 – Draft Consolidated Financial Statements