

The Corporation of the Town of Halton Hills

Summary report Audit Findings Report
for the year ended
December 31, 2020

KPMG LLP

Licensed Public Accountants

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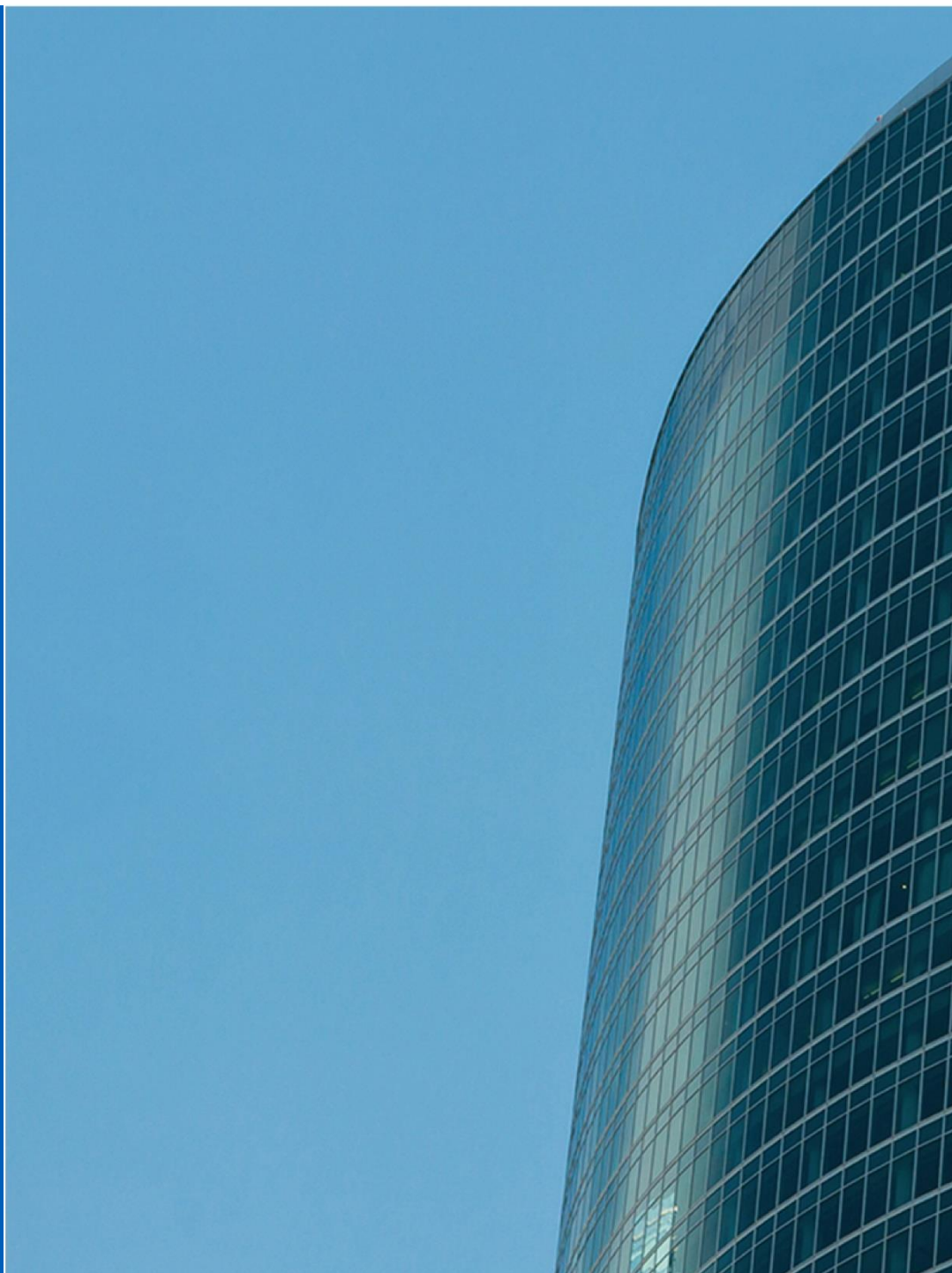


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Our refreshed Values

What we believe



Integrity

We do what is right.



Excellence

We never stop learning
and improving.



Courage

We think and act boldly.



Together

We respect each other
and draw strength from
our differences.



For Better

We do what matters.

How do we deliver audit qual

Transparency report



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.

‘Perform quality engagements’ sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

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



Doing the right thing. Always.

Executive summary

Purpose of this report¹

The purpose of this Audit Findings Report is to assist you, as a member of the Committee and Council, in your review of the results of our audit of the consolidated financial statements as at and for the period ended balance sheet date. This Audit Findings Report builds on the Audit Plan we presented to the Committee.

What's new in 2020

There have been significant changes in 2020 which impacted financial reporting, the Company's internal control over financial reporting and our audit:

- COVID-19 pandemic – See page 6-7
- New CAS auditing standard – See page 8

Changes from the audit plan

As a result of the COVID-19 pandemic, we were required to amend our audit plan to respond to additional risks and remote working environments. Refer to pages 6-7 for further information.

Finalizing the audit

As of the date of this report, we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

- Receipt and assessment of legal letter responses
- Completing our discussions with the Committee
- Obtaining evidence of the Council's approval of the financial statements

- Receipt of the signed management representation letter

We will update the Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditors' report will be dated upon the completion of any remaining procedures.

Uncorrected differences

We did not identify differences that remain uncorrected.

Significant accounting policies and practices

In 2020 management of the Town implemented a new accounting policy for recognizing development charges. Previously, development charges were recognized in revenue when qualifying expenses were incurred, as long as development charges as a whole were positive. The change was applied retrospectively and resulted in an increase in deferred revenue of \$8,289,194 in both 2020 and 2019 and a decrease in accumulated surplus as at January 1, 2019.

¹ This Audit Findings Report is intended solely for the information and use of Management, the Committee, 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 Audit Findings 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.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

Independence

We are independent with respect to the Town, within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any other standards or applicable legislation or regulation.

What's new in 2020

COVID-19 pandemic

As a result of the COVID-19 pandemic. We adapted our audit to respond to the continued changes in your business, including the impacts on financial reporting and internal control over financial reporting.

Area of Impact	Key Observations
Company's financial reporting impacts	<ul style="list-style-type: none"> — We considered impacts to financial reporting due to COVID 19 pandemic and the increased disclosures needed in the financial statements. — In areas of the financial statements where estimates involved significant judgements, we evaluated whether the method, assumptions and data used by management to derive the accounting estimates, and their related financial statement disclosures were still appropriate per the relevant financial reporting framework given the changed economic conditions and increased estimation uncertainty. — The areas of the financial statements most affected included: <ul style="list-style-type: none"> ○ Going concern assessment – no issues noted for the Town ○ Government grants – no issues noted
Materiality	<ul style="list-style-type: none"> — We considered impacts to financial reporting on both the determination and the re-assessment of materiality for the audit of the financial statements. — No significant changes have been made to the materiality levels from prior year.
Risk Assessment	<ul style="list-style-type: none"> — We performed a more thorough risk assessment specifically targeted at the impacts of the COVID 19 pandemic, including an assessment of fraud risk factors (i.e., conditions or events that may be indicative of an incentive/pressure to commit fraud, opportunities to commit fraud, rationalizations of committing fraud).

Audit risks and results

We highlight our significant findings in respect of **significant financial reporting risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant financial reporting risks identified.

Significant financial reporting risk	New or changed?	Estimate?
1. Fraud risk from revenue recognition	No	No
2. Fraud risk from management override of controls		

Our response

- We rebutted the fraud risk related to revenue recognition. We continued to perform substantive testing over revenue and deferred revenues as in prior years.
- To respond the risk of management override of controls our procedures included the following:
 1. Testing high risk journal entries and other adjustments. Data and analytics tools were used to perform work over journal entries
 2. Performing a retrospective review of accounting estimates
 3. Evaluation the business rationale for significant unusual transactions

Significant findings

- We did not identify any issues or concerns regarding revenue recognition and management override of controls.

Significant accounting policies and practices



Changes

Changes to significant accounting policies and practices and the impact on the financial statements are disclosed in Note 2 to the financial statements.

Financial statement presentation and disclosure

Misstatements, including omissions, if any, related to financial statement presentation and disclosure items are in the management representation letter.

We also highlight the following:

Form, arrangement, and content of the financial statements

The financial statements are, in all material respects, in accordance with the applicable financial accounting framework. The disclosures in the notes to the financial statements are adequate. We have provided feedback and suggested changes in the financial statement presentation and disclosure and are satisfied with the action taken by management.

Significant qualitative aspects of financial statement presentation and disclosure

There are no concerns at this time regarding significant qualitative aspects of financial statement presentation and disclosure.

Uncorrected differences and corrected adjustments

Differences and adjustments include disclosure and presentation differences and adjustments.

Professional standards require that we request of management and the audit committee that all identified differences be corrected. We have already made this request of management.

Uncorrected differences

We did not identify differences that remain uncorrected.

Corrected adjustments

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.



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KPMG member firms around the world have 227,000 professionals, in 146 countries.

