



# The Corporation of the Town of Halton Hills

**Audit Findings Report  
for the year ended  
December 31, 2024**

*KPMG LLP*

Prepared as of June 23, 2025 for presentation on July 7, 2025

[kpmg.ca/audit](https://kpmg.ca/audit)





# KPMG contacts

## Key contacts in connection with this engagement



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## Digital use information

This Audit Findings 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.



Click on any item in the table of contents to navigate to that section.

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# Audit highlights



No matters to report

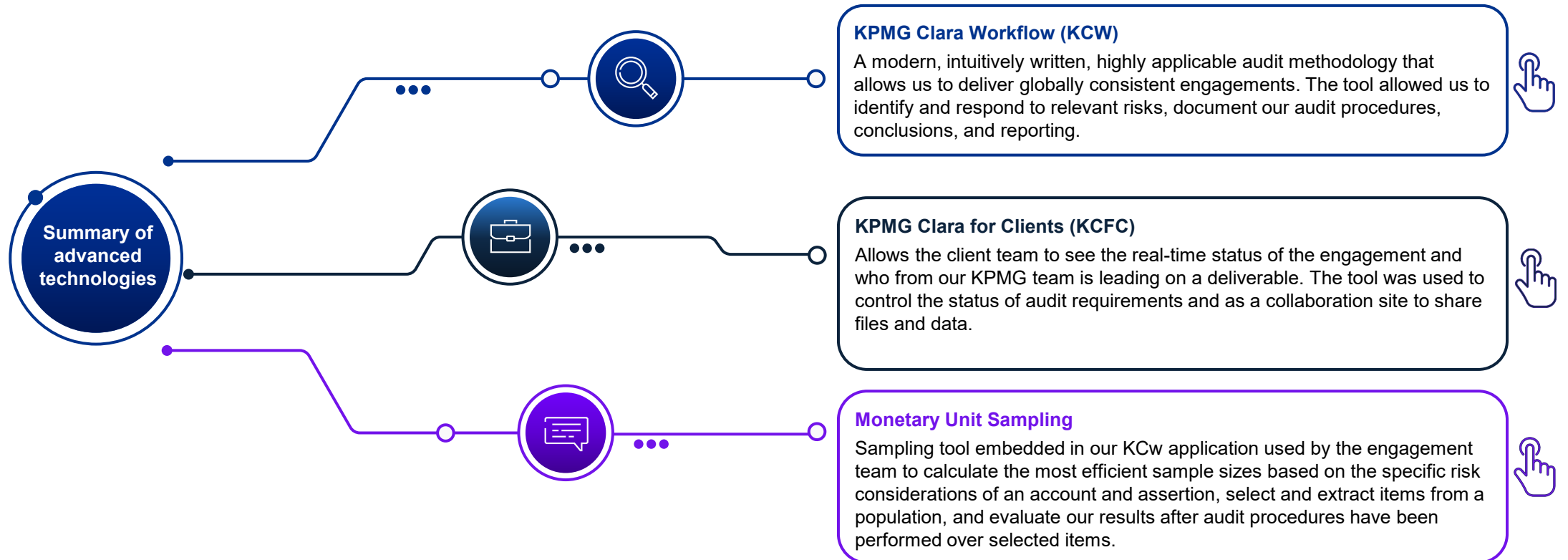


Matters to report – see link for details

Status	<p>We have completed the audit of the consolidated financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.</p>	
Significant changes	<p><input type="checkbox"/> Significant changes since our audit plan</p>	
Risks and results & Significant unusual transactions	<p><input checked="" type="checkbox"/> Significant risks</p> <ul style="list-style-type: none"><li>• Management override of controls (see page 7)</li></ul>	
	<p><input checked="" type="checkbox"/> Other risks of material misstatement</p>	
	<p><input type="checkbox"/> Going concern matters</p>	
	<p><input type="checkbox"/> Significant unusual transactions</p>	
Policies and practices & Specific topics	<p><input checked="" type="checkbox"/> Accounting policies and practices</p>	
	<p><input checked="" type="checkbox"/> Other financial reporting matters</p>	
	<p><input checked="" type="checkbox"/> Specific topics</p>	
Misstatements - uncorrected	<p><input type="checkbox"/> Uncorrected misstatements</p> <p>We did not identify any misstatements during our audit which were not corrected in the financial statements.</p>	
Misstatements - Corrected	<p><input type="checkbox"/> Corrected misstatements</p> <p>We did not identify any misstatement during our audit which required to be corrected in the financial statements.</p>	
Control deficiencies	<p><input type="checkbox"/> Significant deficiencies</p> <p>We did not identify any significant control deficiencies during the process understanding of our audit.</p>	
Audit Quality	<p><input checked="" type="checkbox"/> Learn more about how we deliver audit quality.</p>	
Independence	<p><input checked="" type="checkbox"/> Annual Statement of Compliance</p> <p>Refer to slide 18 for annual independence confirmation.</p>	

# Technology highlights

As previously communicated in our audit planning report, we have utilized technology to enhance the quality and effectiveness of the audit.



# Status

As of the date of this report on June 23, 2025 we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

- Final completion procedures
- Completing our discussions with Council
- Obtaining evidence of Council's approval of the financial statements
- Receipt of legal responses from legal advisors.
- Receipt of signed management representation letter.

We will update Council on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided in the meeting package.

## KPMG Clara for Clients (KCc)



### Real-time collaboration and transparency
















We leveraged **KCc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCc to coordinate requests with management.






# Significant changes

We have made the following significant changes since our communication in the Audit Planning Report:

Audit strategy			More details
 Significant changes to materiality		Nothing to report	
 Significant change to involvement of others		Nothing to report	
Audit strategy – Group audit			
 Significant changes to the group audit strategy, including scoping and involvement of component auditors		Nothing to report. There is a new group audit standard for fiscal 2024 which did not have a significant impact on our audit.	
 Significant changes to the nature of our involvement in the work of component auditors		Nothing to report.	
Key milestones and deliverables			
 <Significant changes to key milestones and deliverables>		Nothing to report.	

# Significant risks and results


We highlight our significant findings in respect of **significant risks**.

<div> Fraud risk arising from management override of controls.</div> <div><div>RISK OF</div><div> </div><div>ERROR FRAUD</div></div>		
Significant risk	Estimate?	Key audit matter?
<p>Fraud risk arising from management override of controls refers to the potential for management to bypass established procedures and internal controls, thereby manipulating financial reporting and concealing fraudulent activities.</p> <p>Therefore, management override of controls is a significant risk for all audits. Our audit methodology incorporates the required procedures in professional standards to address the risk of management override of controls.</p>	No	No
<div>Our response</div> <ul style="list-style-type: none"><li>• To respond to the risk of management override of controls we test the appropriateness of journal entries and other adjustments and evaluate the existence of any management bias in the preparation of accounting estimates.</li><li>• In responding to risks of fraud and management override of controls, we set specific criteria to isolate high risk journal entries and adjustments in order to analyze for further insights into our audit procedures and findings. We focused on journal entries that could possible be related to override activities.</li><li>• No issues were noted based on the completion of our journal entry testing.</li></ul>		
<div>Significant qualitative aspects of the Company’s accounting practices</div> <p>No evidence of bias observed in selection or application of the Town’s accounting policies and practices or in the development of estimates.</p>		



# Other risks of material misstatement and results


We highlight our significant findings in respect of **other risks of material misstatement**.

 Presumption of risk of fraud involving improper revenue recognition		
Other risk of material misstatement	Estimate?	Key audit matter?
<p>This presumed fraud risk related to inappropriate recognition of revenue is a rebuttable fraud risk which we must consider in each audit. As disclosed in our audit plan, we have rebutted the presumption that there is a significant fraud risk related to revenue recognition.</p> <p>This is based on the nature of the Town and its primary revenue streams, the majority of which are third party in nature, specifically from Government which can be confirmed with funders and agreed to underlying agreements.</p>	No	No
Our response		
<p>Regardless of our rebuttal of the presumption of fraud risk, in accordance with our planned approach, we have substantively tested all material revenue accounts to ensure we have obtained adequate audit evidence over the completeness, existence and accuracy of revenue and its related accounts.</p> <p>Due to the nature of Government funded-related revenues, we were able to substantively test material revenue accounts and captions with procedures primarily including vouching to funding letters issued by the Government and observation of deposits to the bank account when funding is received. This allowed us to obtain significant audit coverage over revenues and mitigate the presumed fraud risk related to revenue.</p> <p>Similarly, we are able to audit the annual tax levy revenue based on the published rates for the year, allowing 100% coverage over this material revenue stream.</p>		
Significant qualitative aspects of the Company's accounting practices		

We did not identify any issues with respect to revenue recognition accounting policies and have no reportable findings.

# Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

 Tangible Capital Assets		
Other risk of material misstatement	Estimate?	Key audit matter?
<p>Tangible Capital Assets</p> <p>We are focusing on this area due to the significance of the account balances and the fact that there is a risk of error in recognition of costs as either capital or operating,</p>	No	No
Our response		
<p>Our procedures included:</p> <ul style="list-style-type: none"><li>• We discussed and reviewed capitalization processes and their application with the management.</li><li>• We roll forwarded the tangible capital asset continuity schedule, including tie-out to the general ledger and financial statements.</li><li>• We performed statistical sampling to select tangible capital asset additions, work in progress and disposals in the year and vouched to third party supporting documentation and assessed whether capitalization was appropriate.</li><li>• We reviewed expense accounts to ensure that items related to tangible capital assets were not inappropriately expensed during the year.</li><li>• We tested the reasonableness of amortization expense.</li><li>• Review and testing of the Asset Retirement Obligation estimate, including updates from the previous year's initial implementation.</li></ul> <p>We further enhanced our procedures over the flow of information from work-in-progress to the asset additions.</p>		
Significant qualitative aspects of the Company's accounting practices		
No significant qualitative aspects to note and no reportable findings.		

# Accounting policies and practices



## Description of new or revised significant accounting policies and practices

### PS 3400 – Revenue

Previous standards provided guidance for revenue recognition on primary revenue streams such as taxation revenue and government grants. The new standard provides general recognition guidance to provide consistency for other streams not previously covered by existing public sector standards.

### PSG-8 – Purchased Intangibles

This standard governs recognition of intangible assets which were acquired through an exchange transaction, namely an arm's length exchange between two willing parties (as opposed to inter-entity transfers, which are excluded).


### PS 3160 – Public Private Partnerships

Public private partnerships ("P3s") are an alternative procurement and finance model where public sector entities purchase infrastructure using a private sector partner.

Each of the above standards were adopted and implemented by the Town as required by Public Sector Accounting Standards. These new standards had no material impact on the Town. Disclosures have been added to the consolidated financial statements to summarize these new accounting policies.

# Other financial reporting matters


We also highlight the following:



**Financial statement presentation - form, arrangement, and content**




The form, arrangement, and content of the financial statements are appropriate for the size, scope, and industry of the organization.



**Concerns regarding application of new accounting pronouncements**



The application of the new accounting standards is considered appropriate for the organization.



**Significant qualitative aspects of financial statement presentation and disclosure**



There are no concerns with respect to the presentation or disclosure of the financial statements; the financial statement presentation and disclosure is considered appropriate for the organization.



# Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud (identified or suspected)	No matters to report
Other information in documents containing the audited financial statements	No matters to report
Significant difficulties encountered during the audit	No matters to report
Difficult or contentious matters for which the auditor consulted	No matters to report
Management's consultation with other accountants	No matters to report
Disagreements with management	No matters to report
Related parties	No matters to report
Significant issues in connection with our appointment or retention	No matters to report
Other matters that are relevant matters of governance interest	No matters to report

# Uncorrected misstatements

Uncorrected misstatements include financial presentation and disclosure omissions. As required by professional standards, we request these misstatements be corrected.



## Impact of uncorrected misstatements – Not material to the financial statements

- KPMG did not identify any misstatements that remain uncorrected.

# Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements.



## Impact of corrected misstatements

- We did not identify any misstatements that were subsequently corrected

# Control deficiencies

## Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

## A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

## Significant deficiencies in internal control over financial reporting



A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

**KPMG has not identified any significant control deficiencies as a result of our audit. We received the full support and co-operation of the management team and they were responsive to audit requests throughout the engagement.**



# Audit quality - How do we deliver audit quality?

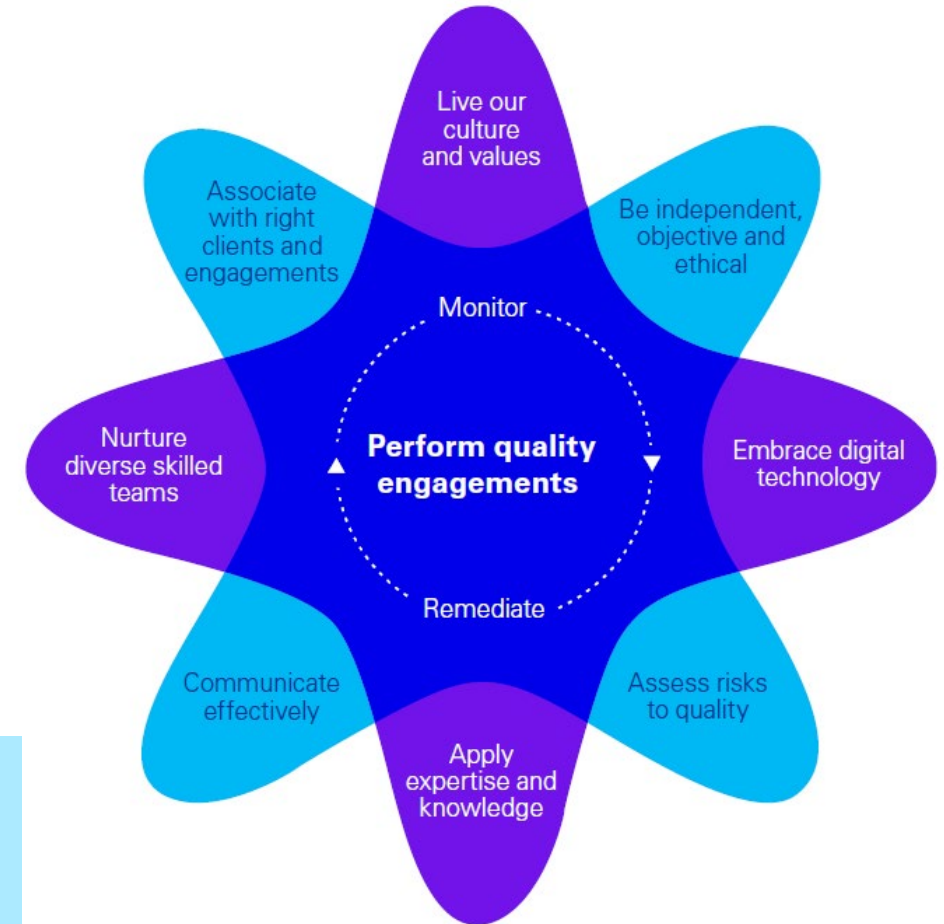
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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. Learn more about our system of quality management and 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**.



**Doing the right thing. Always.**

# Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code<sup>1</sup> and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



Restricted investments and relationships



Annual ethics and independence confirmation for staff

## Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Town and its related entities in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

# Appendices

**A**

Required communications

**A**

Draft Audit Report

**A**

Management Rep Letter

**A**

Significant changes

**A**

New auditing standards

**A**

New accounting standards

**A**

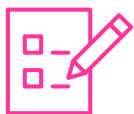
Environmental, social and governance (ESG)

**A**

Technology



# Appendix: Other required communications



## Engagement terms

A copy of the engagement letter and any subsequent amendments is available to Council.

We confirm there have been no changes to the most recently executed engagement letter since initial approval.



## CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2024 Annual Inspections Results](#)



# Appendix: Draft auditor's report

Refer to copy of auditor's report attached to the draft financial statements included within the meeting package. The planned auditor's report is unqualified.

# Appendix: Management representation letter(s)

A management representation letter will be provided to the Town for signature prior to the release of our auditor's report.

# Appendix: Newly effective and upcoming changes to auditing standards

Effective for periods beginning on or after December 15, 2023

## ISA 600/CAS 600

.....  
Revised special  
considerations –  
Audits of group  
financial  
statements

Effective for periods beginning on or after December 15, 2024

## ISA 260/CAS 260

.....  
Communications  
with those charged  
with governance

## ISA 700/CAS 700

.....  
Forming an opinion  
and reporting on  
the financial  
statements

# Appendix: Audit and assurance insights

Our latest thinking on the issues that matter most to Councils, Audit Committees, board of directors and management. Key areas of support to strengthen and help businesses evolve and adapt including:

1. **Cyber security** services
2. **Lean process reviews** to assist with succession and efficiencies
3. Assisting entities with creating **AI strategy and adopting AI tools**
4. Annual **fraud prevention** support.
5. **ESG discovery** sessions

We would welcome the opportunity to help your business continue to move forward in these and other areas.

## 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

## Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

## Sustainability Reporting

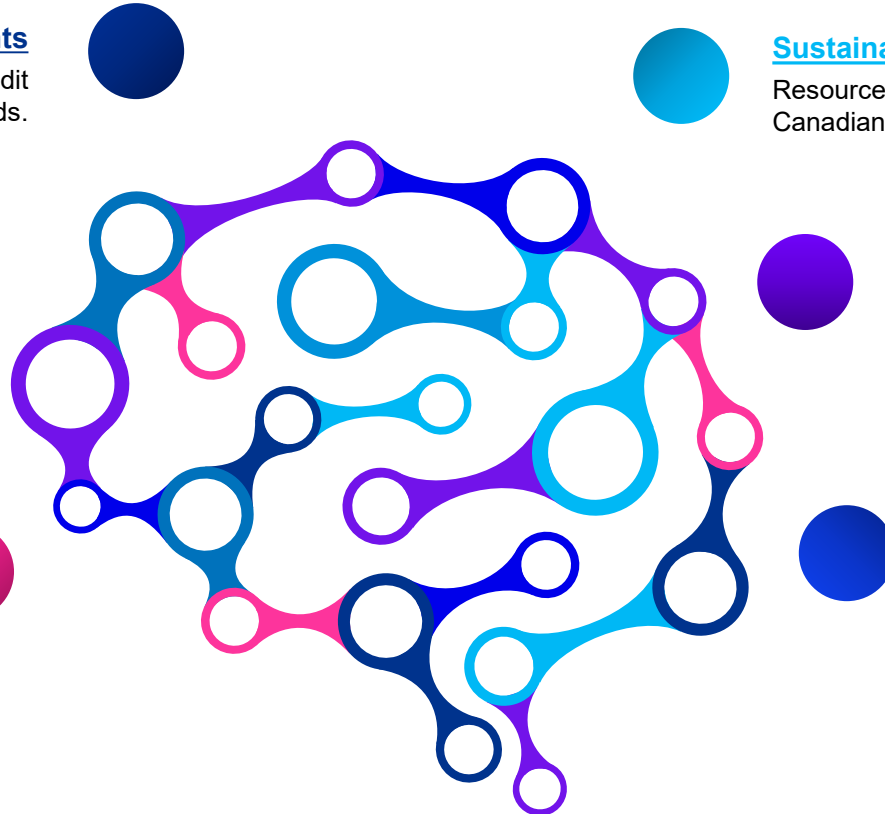
Resource centre on implementing the new Canadian reporting standards

## Accelerate - The key issues driving the audit committee agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

## Audit Committee Guide – Canadian Edition

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





# Appendix: Canadian ESG reporting activities

## What's here and what's coming?

There continues to be activity in the Canadian ESG reporting space along with regulations introduced in other jurisdictions that may impact Canadian companies, such as the Corporate Sustainability Reporting Directive (CSRD) and California Climate Laws.

### CSSB released its first two final Canadian Sustainability Disclosure Standards

#### ► Voluntary standards rollout

- In December 2024, the Canadian Sustainability Standards Board (CSSB) released its first two Canadian Sustainability Disclosure Standards (CSDS).
- The standards are aligned with the IFRS Sustainability Disclosure Standards, with the exception of a Canadian-specific effective date and incremental transition reliefs.
- The standards are effective, on a *voluntary basis* only, for annual reporting periods beginning on or after January 1, 2025.

#### ► Road to mandatory application?

- Canada's regulators and legislators will determine if and when application of the standards should be mandated.
- The Canadian Securities Administrators (CSA) issued a statement that it is working towards a revised climate-related disclosure rule that will consider the Canadian Sustainability Disclosure Standards.

#### ► Why should you prepare?

Momentum toward standardized, transparent and comparable sustainability reporting continues.

- Federally regulated financial institutions are already required to comply with OSFI B-15 which is broadly based on the ISSB standards.
- Despite the CSSB standards being voluntary, legislation and rules continue to evolve in other jurisdictions such as the CSRD and California Climate Laws.
- Canadian government anti-greenwashing regulations introduced (Bill C-59).

#### ► What could you be doing now?

##### 1 (Re) Establish reporting strategy

- Undertake a regulatory impact assessment to determine the sustainability reporting requirements that apply to your organization.
- Document your reporting strategy, including any planned voluntary reporting and assurance.
- Conduct a materiality assessment considering the frameworks you plan to comply with.

##### 2 Assess current state

- Identify the differences between applicable regulations and/or standards and current reporting.
- Conduct a current state maturity analysis of processes, controls, people, technology and governance structures.
- Complete data gap assessment and develop plan to close gaps.

##### 3 Design reporting policies & target operating model (TOM)

- Develop and/or adapt policies, regarding identified material risks and opportunities.
- Develop standard Key Performance Indicator (KPI) definitions and calculation methodologies.
- Determine TOM and solutions to support sustainability reporting and assurance.

##### 4 Implement sustainability reporting roadmap

- Develop roadmap for delivery, identify milestones, interim and final targets.
- Design future reports.
- Rollout of TOM, including implementation and training required.

# Appendix: Continuous evolution

## Our investment:

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

## Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

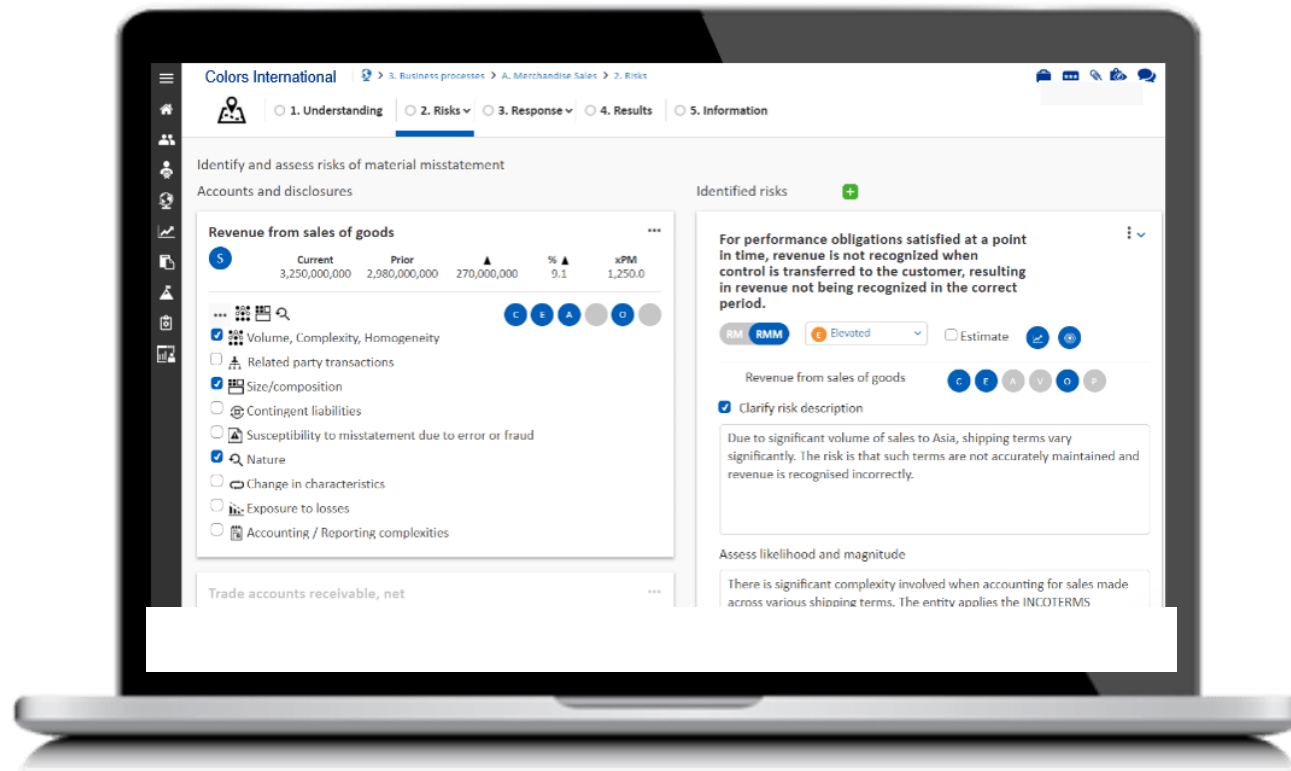
## Result: A better experience

Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.



# Appendix: KPMG Clara Generative AI

With our global alliance partner Microsoft, we have embarked on a journey to embed Generative AI into our smart audit platform—KPMG Clara. This will make our auditors more productive and give them the tools to provide quicker feedback, make more insightful connections, and deliver a better audit experience.



## AI done right

Although early adoption is key, we are focused on avoiding reliance on a 'black box' so we're building 'explainability' and 'traceability' at the core.



## Bolstered productivity

Focused on removing time-consuming low value tasks, we'll apply our skills in other, more judgmental areas or in order to give insights to you.



## Quality at our fingertips

We are teaching our model with our knowledge databases to capture our vast experience. This means quality information accessible in seconds.



## Secure integration

KPMG Clara has been built on a solid and secure Azure Cloud backbone, allowing us to easily integrate Generative AI in partnership with Microsoft.

# Celebrating our Canadian Heritage and Commitment

**KPMG** puts Canada first as part of our commitment to our teams, clients and communities. We are one of Canada's largest professional services firms providing audit, tax, advisory and law services and can proudly say the following:

- **Canadian-Owned and Operated.** We are immensely proud to be 100% Canadian-owned and operated. When you choose us, you support a company deeply rooted in Canadian values, committed to the success of our nation. Our local decision-making ensures we understand and address the unique challenges and opportunities faced by Canadian businesses.
- **Investing in Our Communities.** Our success is intertwined with the well-being of the communities we serve. We actively participate in initiatives that foster growth, innovation, and prosperity across the country.
- **Creating Opportunities and Building Expertise.** As one of Canada's largest professional services firms, we provide jobs and opportunities to thousands of talented individuals. Our extensive network of professionals brings a wealth of knowledge and expertise, ensuring the highest quality of service for our clients.

As you consider your auditors and advisors of the future look to us to support you close to home.

Sincerely,

**KPMG**







<https://kpmg.com/ca/en/home.html>

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