

The Corporation of the Town of Halton Hills

Audit Findings Report
for the year ended
December 31, 2019

KPMG LLP

Licensed Public Accountants

July, 2020

kpmg.ca/audit



Table of contents

EXECUTIVE SUMMARY	3
AUDIT RESPONSE TO COVID-19 PANDEMIC	4
AUDIT RISKS AND RESULTS	6
OTHER MATTERS	9
AUDIT RISKS AND RESULTS - ESTIMATES WITH SIGNIFICANT RISK	11
TECHNOLOGY IN THE AUDIT	12
UNCORRECTED DIFFERENCES AND CORRECTED ADJUSTMENTS	13
COVID-19 RESPONSE AND RESOURCES	14
CURRENT DEVELOPMENTS AND AUDIT TRENDS	15
APPENDICES	17

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Executive summary

Purpose of this report¹

The purpose of this Audit Findings Report is to assist you, as a member of Committee and Council, in your review of the results of our audit of the consolidated financial statements (“the financial statements”) of The Corporation of the Town of Halton Hills (“the Town”) as at and for the year ended December 31, 2019. This Report builds on the Audit Plan we presented to the Audit Committee on January 27, 2020.

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 4-5 for further information.

Finalizing the Audit

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

- Receipt of legal letter replies;
- Completing our discussions with the Committee;
- Obtaining evidence of Council’s approval of the financial statements;
- Receipt of the signed management representation letter

We will update the Committee, and not solely the Chair (as required by professional standards), 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.

Independence

We are independent with respect to the Town (and its related entities), 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.

Significant accounting policies and practices

The Town has adopted a new standard applicable for entities following Public Sector Accounting Standards, effective December 31, 2019, being PS3430 Restructuring Transactions. There were no transitional impacts as a result of the adoption of the standard.

Adjustments and differences

Our identified adjustments and differences have been summarized for you on page 13.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR. We have identified other observations to bring to your attention, summarized on pages 9-10.

¹ This Audit Findings Report should not be used for any other purpose or by anyone other than the Audit Committee and Town Council. 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.

Audit Response to COVID-19 Pandemic

COVID-19 IMPACT ON AREAS OF AUDIT FOCUS

Subsequent Events	Our audit approach
Subsequent Events	<p>Subsequent to the Town's year-end the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial market and social distancing impact. As such, enhanced subsequent events procedures are warranted.</p> <p>There are two types of subsequent events, with the accounting treatment dependent on the categorization as follows:</p> <ul style="list-style-type: none"> — Events that provide evidence of conditions that existed at the financial statement date. For these conditions, the financial statements should be adjusted for measurable impact to the assets, liabilities, revenues and expenditures. Because the Pandemic was declared by the World Health Organization subsequent to December 31, 2019, the impact of COVID-19 is not required to be included in the operating results and balances of the Town at December 31, 2019 since the pandemic is not indicative of a condition that existed at December 31, 2019. — Events that are indicative of conditions that rose subsequent to the financial statement date. For these conditions, disclosures, at a minimum, should include a description of the event and an estimate of the financial impact, when practicable or a statement that an estimate cannot be made. <p>Audit response:</p> <ul style="list-style-type: none"> — Management worked with the audit team to customize language for subsequent event note disclosure in the financial statements. — Completion of KPMG's COVID checklist for financial statement impacts — An assessment for any permanent impairment in investments, or other financial implications, was undertaken. — Disclosure of a list of any financial implications and actions undertaken by the entity should be disclosed in the notes, examples may include: <ul style="list-style-type: none"> — Experienced temporary declines in the fair value of investments and investment income — Closure of facilities to the date of the auditors' report based on public health recommendations to slow the transmission — Temporary and or permanent termination of employees — Mandatory working from home requirements for those able to do so — Others as appropriate — As a result of the review of the pandemic on the Town's financial statements and discussion with management, no adjustments were made to amounts in the Town's December 31, 2019 year-end financial statements. The Town has appropriately disclosed the related impacts of the pandemic and considerations necessary for a user to understand the pandemic's impact to date.

Audit Response to COVID-19 Pandemic (continued)

OVERALL IMPACT OF COVID-19

The COVID-19 crisis has had, and continues to have, a significant impact on the auditing and financial reporting close processes of the Town. We have described in the table below, the audit response with respect to the impact of COVID-19. In light of the unprecedented events related to the COVID-19 pandemic, we have separately identified incremental analysis undertaken by management and procedures performed by the audit team. For additional resources and insights to assist you in your role as Those Charged with Governance can be found further in this document.

Observations	Audit Considerations	Audit Response
Timing regarding the year-end audit	<ul style="list-style-type: none"> The ability for the financial statement audit to be undertaken in this COVID19 environment was highly fluid and dependent on management's ability to physically or digitally access underlying documents in a safe and healthy manner, including access to IT systems, and human resource/payroll records. 	<ul style="list-style-type: none"> Management was able to obtain and provide support for all audit samples selected during the course of our remote audit fieldwork. We utilized our KPMG Clara Client Collaboration ("KCCC") tool to securely facilitate the sharing of information while working remotely with the Town.
Financial Reporting	<ul style="list-style-type: none"> The Town, out of necessity, amended the internal controls surrounding approval of transactions and as such proper segregation of duties may have been impacted. This will present an increased audit risk associated with transactions processed during the period of interruption of controls or transition to a new controls environment compared to the normal control environment of the past. The impact of COVID-19 occurred after the end of the current fiscal year and while impacts are not currently known with any certainty, management will be required to continue to monitor these impacts. Subsequent event disclosures have been included in the financial statements. 	<ul style="list-style-type: none"> Our teams are in regular communication and will continue to monitor events. The audit team worked through a detailed questionnaire to evaluate the impact of the COVID-19 on the Town and the December 31, 2019 financial statements.
COVID-19 Government Assistance	<ul style="list-style-type: none"> It is generally anticipated that the provincial and federal governments may provide municipalities with infrastructure stimulus funding because of the COVID-19 crisis. 	<ul style="list-style-type: none"> We will continuously monitor COVID-19 funding announcements and regulations issued by the federal and Ontario governments relating to Municipalities. We will regularly communicate with Town management on these matters. We are available to assist with prioritization of projects eligible for such funding when announced.

Audit risks and results

Complexity



Estimate



Related party transaction



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 risks identified.

Significant financial reporting risk	Why is it significant?
Fraud risk from revenue recognition	This is a presumed fraud risk. Audit standards require us to assume there are generally pressures and incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition. This can be perpetrated through revenue cut-off or manual journal entries and other adjustments related to revenue recognition.
Fraud risk from management override of control	This is a presumed fraud risk.

Our response and significant findings

Fraud risk from revenue recognition:

- This risk was rebutted as reported to you in our audit planning report
- We did not identify any issues related to fraud risk that required a change in audit approach.

Fraud risk from management override of controls:

- As this risk is not rebuttable, our audit methodology incorporated the required procedures in professional standards to address this risk.
- These procedures included the testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions.
- We did not identify any issues or concerns regarding management override of controls.

Audit risks and results (continued)

Significant findings from the audit regarding other areas of focus are as follows:

Other area of focus

Tangible Capital Assets

Government grants, including related deferrals

Our response and significant findings

- We completed substantive procedures over the additions and disposals of tangible capital assets
 - We ensured the Town correctly capitalized the additions from work-in-progress to capital assets and appropriately recognized developer contributed assets
-
- We completed substantive procedures over government grants received including assessing for any potential eligibility criteria that meets the definition of a liability in order to determine appropriate revenue recognition.
 - We substantively tested the revenue recognition of related deferrals at December 31, 2019
 - No significant audit differences to report. Please refer to page 9 for our observations with respect to obligatory deferred revenue – development charges.

Audit risks and results (continued)

Other area of focus

Operating Expenditures

Our response and significant findings

- KPMG performed substantive procedures to address the risk of cut-off and ensuring completeness of material transactions reported as at December 31, 2019.
- KPMG performed substantive analytical procedures to assess the trend in operating expenditures both in comparison to the approved budget and year over year, and performed substantive testing over a sample of expenditures including payroll and employee benefits expenditures. Based on the results of these procedures no material issues were noted.
- No significant audit differences to report.

Other area of focus

Investment in Halton Hills Community Energy Corporation ("HHCEC")

Our response and significant findings

- KPMG relied upon the audited consolidated financial statements of HHCEC to support the audit of the investment reported on the statement of financial position.
 - Lois Ouellette, your lead audit engagement partner, is also the lead audit engagement partner for HHCEC.
 - The investment was appropriately updated for the financial results of HHCEC. Equity income from HHCEC was reported appropriately.
- No significant audit differences to report.

Other matters

Professional standards require us to communicate to the audit committee Other Matters, such as identified fraud or non-compliance with laws and regulations, significant matters relating to the Company's related parties, significant difficulties encountered during the audit, and disagreements with management.

We have highlighted below other significant matters that we would like to bring to your attention:

Matter	KPMG comment
Development charges – revenue recognized	<ul style="list-style-type: none"> Historically, the Town has recognized development charges revenue in advance of collections from developers to fund growth, resulting in an overall net asset position for development charges collected. In 2019, the Town received correspondence from the Ministry of Municipal Affairs and Housing (the "Ministry") requesting that this be adjusted to report only funds collected and earned to date, not funds that remain "uncollected" as had been done in the financial statements and in the reporting to the Ministry. In effect, the Town has been funding the cost of growth from various sources, while budgeting revenue from development contributions in advance of collection to finance the cost of growth. The resulting impact is a debit position or asset position is incorrect, since development charges, by their very nature, cannot represent an asset. It should be noted that the Town is within their right to "borrow" between development charge reserve funds as long as certain requirements are followed. This is however a financial reporting issue for both the Town's financial statements and the FIR. As a result, an adjustment has been made to the consolidated financial statements to correct the over recognition of development charge revenue from prior years through a restatement of the comparative information. Please refer to the audit report and note 2 to the consolidated financial statements for additional information.
Trust funds classification	<ul style="list-style-type: none"> In early 2019, we inquired of management as to the nature of certain funds held and reported in the trusts. Based on our recommendation, the Town undertook a detailed review of the funds and identified the Transportation Maintenance, Gateway Feature, and Private Traffic Signal Maintenance Fund trusts as potential funds held in trust that do not in fact meet the definition of a trust under Public Sector Accounting Standards ("PSAB"). Based on the legal advice obtained by management, the funds were received from developers to maintain infrastructure for certain developments which do not meet the definition of a trust under PSAB. These funds totalled \$3,341,264. The monies from developers have accumulated interest and have been drawn down as various maintenance activities have been undertaken, namely storm water maintenance. As a result of the above, an adjustment has been made to remove the funds from the trusts and include them in the consolidated financial statements of the Town through a restatement of the comparative information. Please refer to the audit report and note 2 to the consolidated financial statements for additional information.

Other matters (continued)

Matter	KPMG comment
Development agreements, contracts and third party agreements	<ul style="list-style-type: none">– Over the past number of years, the Town has entered into several variations of development agreements, land lease and land use agreements and contracts with third parties that result in some unusual accounting impacts.– These can result in both assets and liabilities to the Town depending on the nature of the agreement.– There have been times when the asset or liability is scheduled to be settled that the Town uncovers the agreement and accounting impact, at which time a required entry is identified.– In cases such as this, there can be a direct impact to the financial statements if the adjustment is material and relates to a prior period.– From a budgeting stand point, significant unplanned expenditures may result in deficits that were unplanned, requiring use of Town resources to settle.– We recommend that management implement a process whereby all agreements which have a financial element be reviewed to assess any potential accounting implication both in the year of agreement and future years.

Audit risks and results - estimates with significant risk

We believe management's process for identifying estimates with significant risk is considered adequate. No audit differences were found.

We have summarized our assessment of the subjective areas.

Liability	Carrying Amount (\$'s)
Contaminated sites liability	\$407,600 (2018 - \$375,952)
Employee benefits obligation	\$3,441,497 (2018 – \$3,148,700)

KPMG comment

- We reviewed management's process for identifying potential sites and reviewed management's listing of contaminated sites and the analysis against the prescribed criteria to determine if a liability should be recorded.
 - We gained an understanding and assessed the reasonability of the remediation estimates for contaminated sites deemed to be relevant to this standard and performed a recalculation of the present value of the determined liability.
 - We have similarly gained an understanding of management's methodology for estimating contaminated site liabilities and are satisfied that the approach used to quantify the potential liabilities is reasonable.
 - We have concluded that management's approach to identifying, evaluation and determining the liability in accordance with the PSAB standard is appropriate and that the liability recorded in the current year is reasonable.
-
- The Town provides certain employee benefits which will require funding in future periods. These benefits include long term disability, benefits under the Workplace Safety Insurance Board ("WSIB") Act and extended health and dental benefits for early retirees. The liability for these future benefits has been determined by actuarial valuation.
 - We obtained a copy of the most recent actuarial valuation completed in 2018, and subsequent update in 2019.
 - We assessed management's assumptions for reasonableness and ensured disclosures in the financial statements were complete and accurate.
 - We assessed the actuary's qualifications
 - We determined that the work of management's expert and management's assumptions were reasonable and could be utilized as audit evidence to support our assessment of the employee benefits obligation.

Technology in the audit

As previously communicated in our Audit Planning Report, we have utilized technology to enhance the quality and effectiveness of the audit.

Tool	Our results and insights
KPMG Clara Client Collaboration and KPMG ShareFile	<ul style="list-style-type: none">– We utilized KPMG's Clara Collaboration Tool and ShareFile to facilitate receipt of the requested account reconciliations and supporting documents.
Journal Entry Analysis	<ul style="list-style-type: none">– We utilized our proprietary D&A tool, IDEA, to evaluate the completeness of the journal entry population through a roll-forward of all accounts, analyze journal entries and determine sub-populations for more focused and risk-based testing, and apply certain criteria to sub-populations to identify potential high-risk journal entries for further testing.– We did not identify any issues in regards to the completeness of journal entries. Moreover, we are satisfied with the results of our testing of specific relevant journal entries.

Uncorrected differences and Corrected Adjustments

Differences and adjustments include disclosure differences and adjustments.

Professional standards require that we request of management and the Committee/Council that all identified adjustments or differences be corrected. We have already made this request of management.

Uncorrected differences

A In 2018, the Town accrued a liability related to the resurfacing of the Kiwanis field in accordance with the agreement ("Kiwanis Field agreement") with the Halton District School Board. At the time, an adjustment was made to the consolidated financial statements to recognize a liability and corresponding expense in the statement of operations.

Based on the terms of the agreement, the Town was not liable for resurfacing as at December 31, 2018. We discussed with management during the audit for 2018 and agreed that the adjustment was not material to the financial statements as a whole and as such, we presented to management and Council an uncorrected entry in 2018 to reverse the liability and expense until such time that the Town becomes obligated to fulfill their commitment in the agreement.

In 2019, management elected to reverse the liability which resulted in the 2019 financial statements recognizing a recovery in the statement of operations.

The end result of these adjustments is that the Town's liabilities are accurate as at December 31, 2019 with respect to the Kiwanis Field agreement. The recovery recognized in the statement of operations in 2019 technically relates to 2018 as this adjustment should have been corrected in 2018. Due to this fact, the Town has an uncorrected entry in 2019 that would propose an entry to reduce the recovery in the statement of operations and increase accumulated surplus, as this is the technical correction of this error. As the entry is not material to the financial statements as a whole, management has corrected in the 2019 financial statements.

As at December 31, 2019, accumulated surplus in the financial statements is accurate and in the same position it would have been had the series of entries above not been posted.

Corrected adjustments

The management representation letter includes the summary of corrected adjustments which relate to the accounting treatment for the trusts and development charges as well as treatment of the development charge credits related to the Southwest Georgetown studies and developer contributions.

COVID-19 Response and Resources

The rapid advancement of COVID-19 has left many institutions assessing cash flow requirements, resource capacity, staffing levels, and business continuity plans while adapting to new ways of work and managing customer and ratepayers expectations. This is no doubt an unprecedented and challenging time. We are here to help. Should you require any further information do not hesitate to reach out.

Please visit [KPMG's COVID-19 Insights](#) for up-to-date information.

Thought Leadership	Overview	Links
COVID-19 Podcasts	KPMG is releasing a series of podcasts aimed at discussing relevant and important topics as COVID-19 continues to evolve on matters ranging from tax (HST), cash flow strategy and insurance considerations.	Please reach out to us and we would be happy to share the podcasts with you as they become available
Returning to the workplace	A return to the workplace will require thoughtful and careful consideration as well as a detailed plan and approach that is customized to you. Safely opening up and managing workplaces at this crucial juncture requires a people-centric rollout strategy focusing on a COVID-19 task force, governance and risk; workplace preparation and management; and employee/worker and visitors' health and safety . Notably, employees – and the public at large – need to feel confident that employers are properly following government guidelines and best practice to successfully re-open and transition life back to a sense of normalcy.	Link to report
Business Continuity Guide	For many businesses, a continuity plan to minimize disruption is just simply not available or adequate. KPMG has compiled a series of business continuity insights to help businesses across all sectors stay on course.	Link to report
Legal considerations	For everything employee, HR, contracts and credit discussions, KPMG's in-house legal counsel have summarized key information to consider in your decision making.	Link to report
The Board's perspective	COVID-19 response and assessment does not stop at management. Council must be involved in assessing risks, impacts, and future operations. Council must understand current implications while balancing long-term strategic goals and become more adaptive than ever.	Link to report

Current developments and audit trends

Public Sector Accounting Standards

The following are upcoming changes that will be effective in future periods. We have provided an overview of what these standards are and what they mean to your financial reporting so that you may evaluate any impact to your future consolidated financial statements.

Standard	Summary and implications
Asset Retirement Obligations	<ul style="list-style-type: none">– A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2021 (<i>for the Town's 2022 year-end</i>).– The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.– The ARO standard would require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability would be added to the historical cost of the asset and amortized over its useful life.– As a result of the new standard, the public sector entity would have to:<ul style="list-style-type: none">• consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;• carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;• begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
Revenue	<ul style="list-style-type: none">– A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022 (<i>for the Town's 2023 year-end</i>).– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.– The standard notes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.

	<ul style="list-style-type: none"> – The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Employee Future Benefit Obligations	<ul style="list-style-type: none"> – PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. Given the complexity of issues involved and potential implications of any changes that may arise from this review, the project will be undertaken in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits. – Three Invitations to Comment were issued and have closed. The first Invitation to Comment sought guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets. The second Invitation to Comment sought guidance on the present value measurement of accrued benefit obligations. A third Invitation to Comment sought guidance on non-traditional pension plans. – The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance. – We engaged with management to understand their concerns and ensured that this was discussed amongst our internal working group.
Public Private Partnerships (“P3”)	<ul style="list-style-type: none"> – A taskforce was established in 2016 as a result of increasing use of public private partnerships for the delivery of services and provision of assets. – A Statement of Principles (“SOP”) was issued in August 2017 which proposes new requirements for recognizing, measuring and classifying infrastructure procured through a public private partnership. – The SOP proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends. – The SOP proposes the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. – The infrastructure would be valued at cost, with a liability of the same amount if one exists. Cost would be measured by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.
International Strategy	<ul style="list-style-type: none"> – PSAB is in the process of reviewing its current approach towards International Public Sector Accounting Standards. This project may result in changes to the role PSAB plays in setting standards in Canada. – A consultation paper was released for comment in May 2018 and has closed. The consultation paper described the decision-making criteria PSAB expects to consider in evaluating the international strategy that best serves the public sector. It also introduced four proposed international strategies that PSAB considers to be viable.

Appendices

Content

Appendix 1: Required communications

Appendix 2: Audit Quality and Risk Management

Appendix 3: Background and professional standards

Appendix 1: Other Required Communications

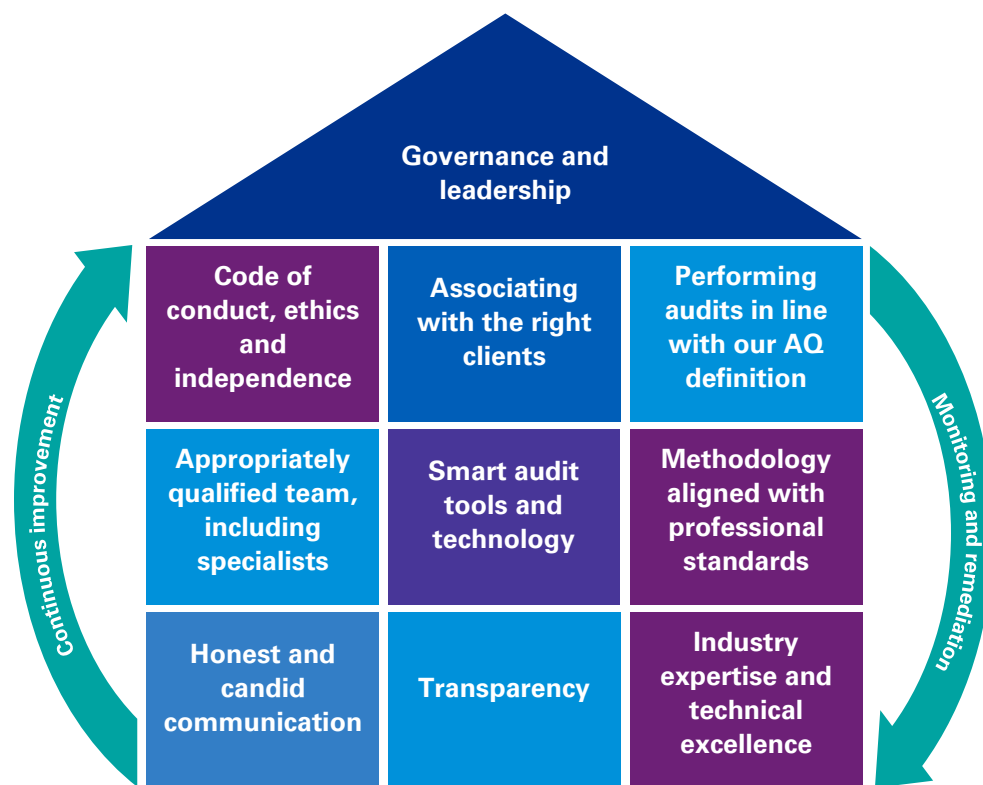
In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

Auditor's report	Management representation letter
The conclusion of our audit is set out in our draft auditors' report as attached to the draft consolidated financial statements.	In accordance with professional standards, copies of the management representation letter are provided to the Audit Committee. Management can provide you with a copy of the representation letter for the audit of the financial statements.
Annual independence	Audit quality
In accordance with professional standards, we have confirmed our independence.	<p>Audit Quality (AQ) is at the core of everything we do at KPMG. Appendix 2 provides more information on AQ.</p> <p>The following links are external audit quality reports for referral by the audit committee:</p> <ul style="list-style-type: none">• <u>CPAB Audit Quality Insights Report: 2019 Annual Inspections Results</u>• <u>CPAB Audit Quality Insights Report: 2019 Fall Inspection Results</u>

Appendix 2: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the key elements of our quality control system.



Audit Quality Framework

What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

We believe that it is not just about reaching the right opinion, but how we reach that opinion.

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**.

Our AQ Framework summarises how we deliver AQ. Visit our [Audit Quality Resources page](#) for more information including access to our [Audit Quality and Transparency report](#).

Appendix 3: Background and professional standards

Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation 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 internal control. Accordingly, we do not express an opinion on the effectiveness of internal control

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all significant deficiencies or material weaknesses and other control deficiencies have been identified. 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.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.

Documents containing or referring to the audited financial statements

We are required by our professional standards to read only documents containing or referring to audited financial statements and our related auditors' report that are available through to the date of our auditors' report. The objective of reading these documents through to the date of our auditors' report is to identify material inconsistencies, if any, between the audited financial statements and the other information. We also have certain responsibilities, if on reading the other information for the purpose of identifying material inconsistencies, we become aware of an apparent material misstatement of fact.

We are also required by our professional standards when the financial statements are translated into another language to consider whether each version, available through to the date of our auditors' report, contains the same information and carries the same meaning.



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