



**TOWNSHIP OF WEST LINCOLN
ADMINISTRATION/FINANCE/FIRE COMMITTEE
MINUTES**

MEETING NO. THREE

April 15, 2024, 6:30 p.m.

Township Administration Building

318 Canborough Street, Smithville, Ontario

Council: Councillor Jason Trombetta (Chair)
Mayor Cheryl Ganann
Councillor Shelley Bradaric
Councillor Joann Chechalk
Councillor Mike Rehner
Councillor William Reilly

Absent: Councillor Terry Bell (Notification provided with regrets)

Staff: Mike DiPaola, Acting Chief Administrative Officer
Katelyn Repovs, Acting Director of Finance
Tim Hofsink, Deputy Fire Chief
Nancy Fiorentino, Director of Legislative Services/Clerk
Kevin Geoghegan, IT Help Desk Analyst
Ray Vachon, Project Manager

Attendees: Carlos Alvarez, KPMG*

*Attended Part-Time

1. LAND ACKNOWLEDGEMENT STATEMENT

The Township of West Lincoln, being part of Niagara Region is situated on treaty land. This land is steeped in the rich history of the First Nations such as the Hatiwendaronk, the Haudenosaunee, and the, including the Mississaugas of the Credit First Nation. There are many First Nations, Métis, and Inuit people from across Turtle Island that live and work in Niagara today. The Township of West Lincoln, as part of the Regional Municipality of Niagara, stands with all

Indigenous people, past and present, in promoting the wise stewardship of the lands on which we live.

2. CHANGE IN ORDER OF ITEMS ON AGENDA

There were no changes in the order of items on the agenda.

3. DISCLOSURE OF PECUNIARY INTEREST AND/OR CONFLICT OF INTEREST

There were no pecuniary interests or conflicts of interest disclosed.

4. APPOINTMENTS

4.1 ITEM A12-24

Carlos Alvarez, KPMG
Re: Presentation - Audit Service Plan
POWERPOINT PRESENTATION

Carlos Alvarez, KPMG, gave a presentation regarding the Audit Planning Report for the year ending December 31, 2023.

The presentation provided by Mr. Alvarez is attached as Schedule "A" to the minutes.

Moved By Councillor Joann Chechalk
Seconded By Mayor Cheryl Ganann

That the presentation from Carlos Alvarez, KPMG respecting the Audit Planning report for the year ending December 31, 2023, be received.

Carried

5. REQUEST TO ADDRESS ITEMS ON THE AGENDA

There were no requests to address items on the agenda.

6. CONSENT AGENDA ITEMS

6.1 ITEM A13-24

CONSENT AGENDA ITEMS

Moved By Councillor William Reilly

Seconded By Councillor Joann Chechalk

That the Administration/Finance/Fire Committee hereby approves the following Consent Agenda Items:

1. Items 1 and 2 be and are hereby received for information, with the exception of item 3.

Carried

1. Mayor's Youth Advisory Committee (MYAC) - Minutes of March 6, 2024
2. West Lincoln Age Friendly Advisory Committee - Minutes of March 8, 2024.
3. Information Report WLFD-05-2024 - Monthly Update March 2024

Moved By Councillor Joann Chechalk

Seconded By Mayor Cheryl Ganann

That Information Report WLFD-05-2024 - Monthly Update March 2024, be received.

Carried

7. COMMUNICATIONS

There were no communications.

8. STAFF REPORTS

8.1 ITEM A14-24

Acting Director of Finance (Katelyn Repovs)

Re: Recommendation Report T-07-2024 - "2024 Community Sponsorships and Cemetery and Hall Board Grants"

Moved By Councillor William Reilly

Seconded By Mayor Cheryl Ganann

1. That report T-07-2024 titled "2024 Community Sponsorships and Cemetery and Hall Board Grants", dated April 15, 2024 be received; and
2. That the Community Sponsorships and the Cemetery and Hall Board grants for 2024 as recommended in report T-07-2024 titled "2024 Community Sponsorships and Cemetery and Hall Board Grants", dated April 15, 2024, be approved.

Carried

8.2 ITEM A15-24

Manager of Planning (Gerrit Boerema) and Acting Director of Finance (Katelyn Repovs)

Re: Recommendation Report T-08-2024 - "Parks and Recreation Master Plan RFP Award and Budget Amendment"

Moved By Councillor Shelley Bradaric

Seconded By Councillor William Reilly

1. That report T-08-2024 titled "Parks and Recreation Master Plan RFP Award and Budget Amendment", dated April 15, 2024, be received;
2. That budget amendment BA2024-01 in the amount of \$30,000, funded through Development Charges and the Planning Reserve be approved; and,
3. That McQueen Galloway Associates be retained to complete the Parks and Recreation Master Plan as outlined in RFP 2024-PD-01.

Carried

9. OTHER BUSINESS

9.1 ITEM A16-24

Members of Committee

Re: Verbal Updates from Members of Boards and Committees

Mayor Ganann

Mayor's Youth Advisory Committee

Re: Earth Day Cleanup

Mayor Ganann shared that the Mayor's Youth Advisory Committee is heading up a grounds clean-up event on the West Lincoln Community Centre's property as part of the celebrations of Earth Day, and she invited Members of Committee and the public to take part.

10. NEW BUSINESS

There were no motions to introduce new items of business.

11. CONFIDENTIAL MATTERS

There were no confidential matters.

12. ADJOURNMENT

The Chair adjourned the meeting at the hour of 7:16 p.m.

NANCY FIORENTINO, CLERK

COUNCILLOR JASON
TROMBETTA, CHAIR

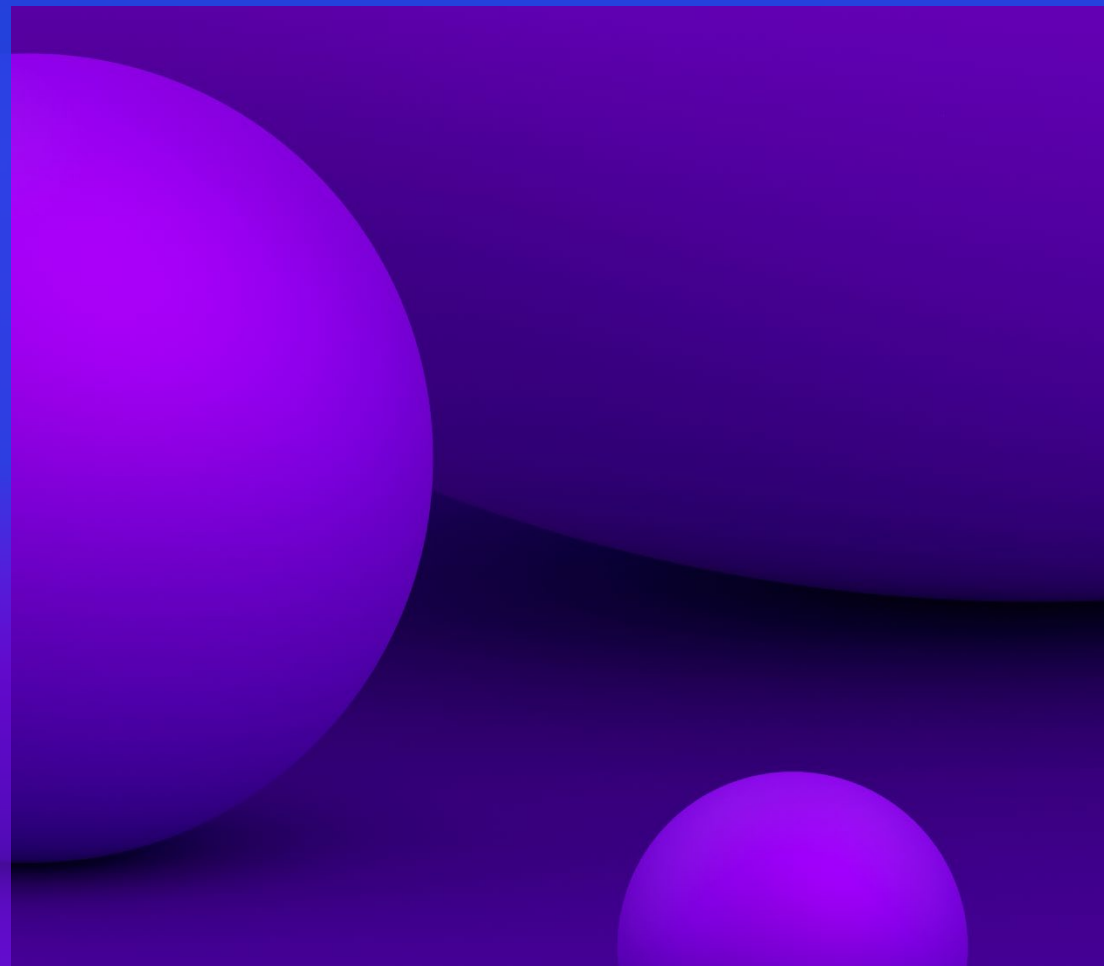


The Corporation of the Township of West Lincoln

**Audit Planning Report
for the year ending
December 31, 2023**



Prepared as of March 2024 for presentation to the
Administration/Finance/Fire Committee in April 2024



KPMG contacts

Key contacts in connection with this engagement



Carlos Alvarez, CPA, CA
Lead Audit Engagement Partner
905-523-2238
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Bruce Peever
Public Sector Advisory Partner
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Audit Manager
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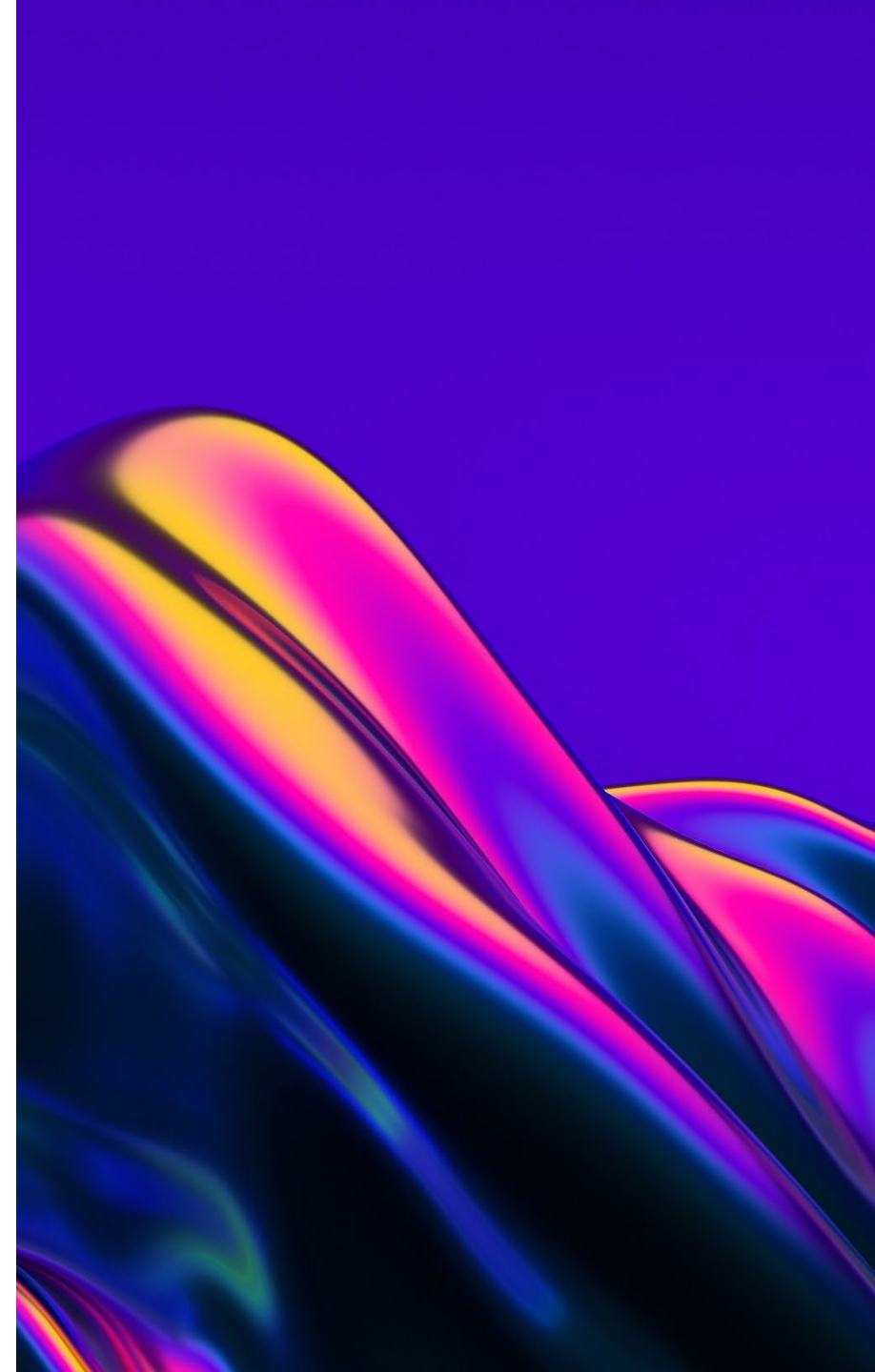


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Digital use information

This Audit Planning 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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The purpose of this report is to assist you, as a member of Council, in your review of the plan for our audit of the financial statements. This report is intended solely for the information and use of Management 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 report to Council 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 highlights



No matters to report



Matters to report – see link for details

Scope

Our audit of the consolidated financial statements (“financial statements”) of The Corporation of the Township of West Lincoln (“the Entity”) as of and for the period ended December 31, 2023 will be performed in accordance with Canadian generally accepted auditing standards.

Audit strategy

Materiality \$613,000



Involvement of others



Updates to our prior year audit plan



- Audit of the impact of implementation of PS 3280 – Asset Retirement Obligations, including required disclosures
- Audit of the impact of PS 3450 – Financial Instruments

Audit strategy - group audit

- Refer to slide 9 for the scope of Entities which are subject to audit (we note no changes from prior period).

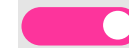


Involvement of other KPMG member firms

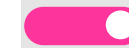


Involvement of non-KPMG firms

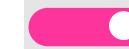
Risk assessment



Risk of management override of controls



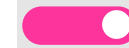
Risk of fraudulent revenue recognition



New risks



- Implementation of PS 3280 – Asset Retirement Obligations



Other risks of material misstatement



- Revenue recognition
- Operating expenditures including payroll
- Tangible capital assets
- Employee benefit obligation
- Financial Instruments
- Investment in Peninsula West Power Inc. (PWPI)
- Investments

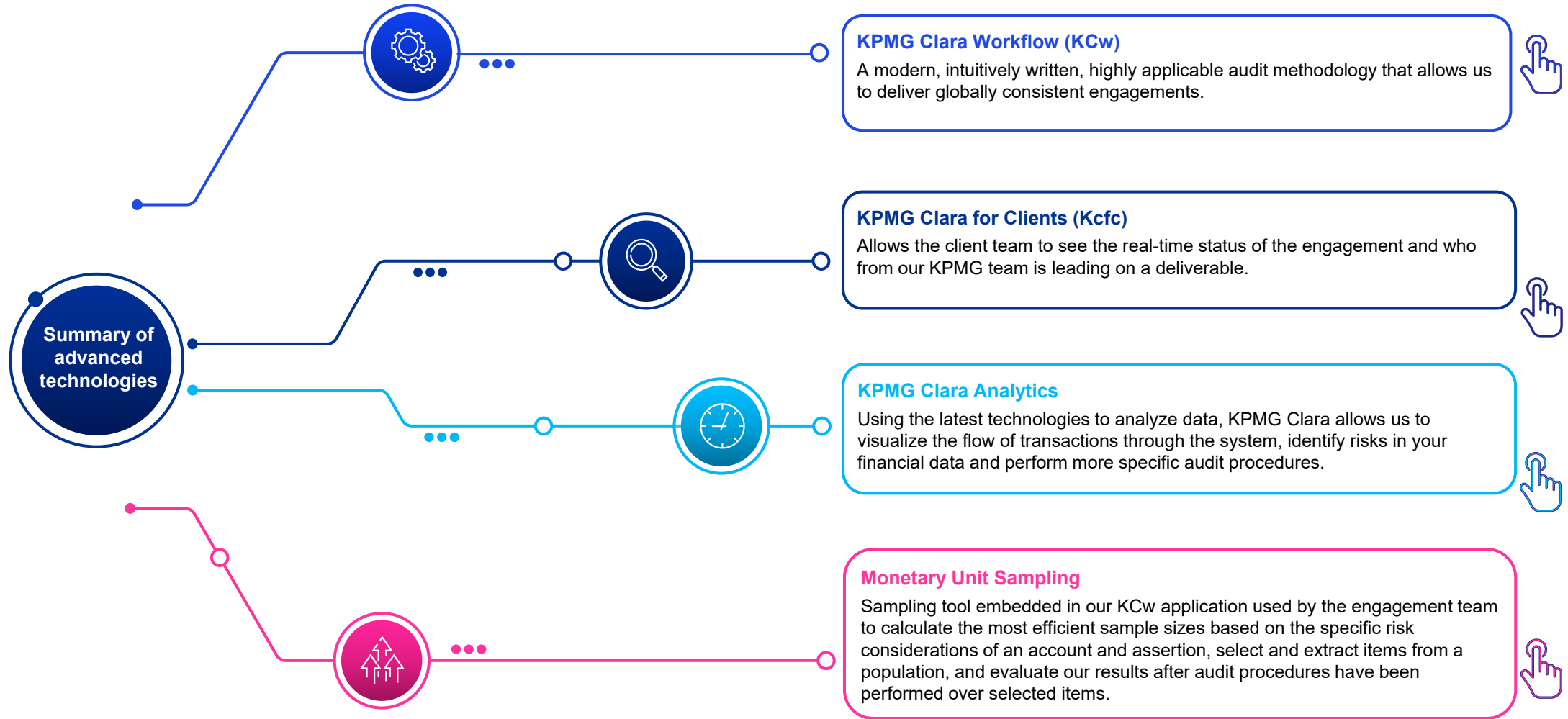


Technology highlights

KPMG Clara

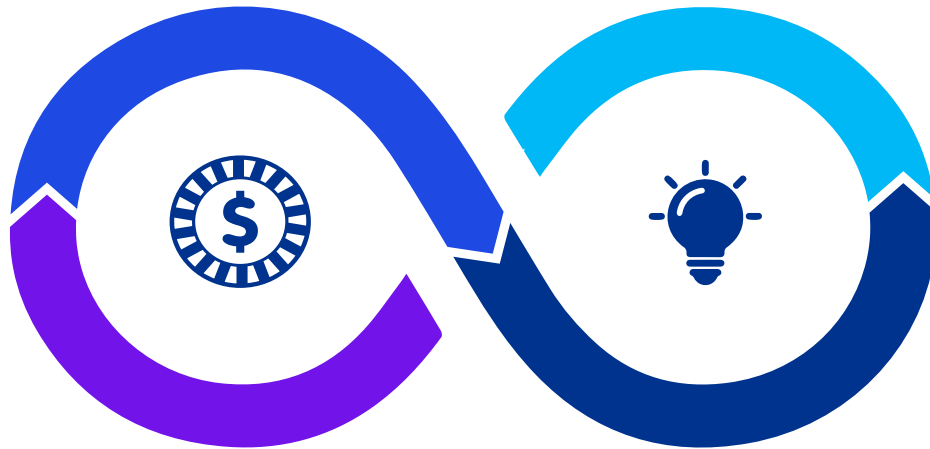


We plan to utilize technology to enhance the quality and effectiveness of the audit.





Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

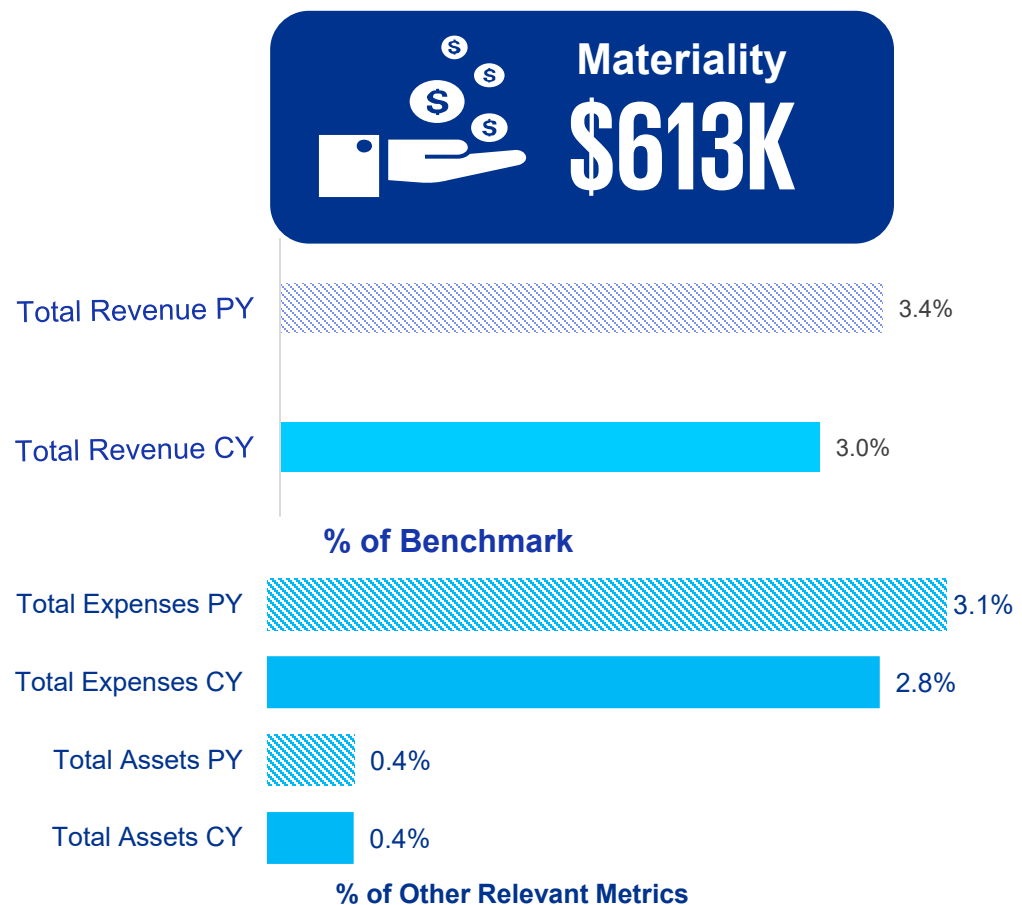
Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



Initial materiality



Total Revenues
 Prior Year 2022 - **\$20,447,767**
 (2021: \$ 18,322,342)

Total Assets
 2022 - **\$131,827,613**
 (2021: \$130,052,940)

Total Expenses
 2022 - **\$18,830,270**
 (2021: \$16,991,804)

Our 2023 audit misstatement posting threshold is approximately \$30,600.



Updates to our prior year audit plan

New risks



New Risks



For the year-ended December 31, 2023, the Township will be required to implement PS 3280 – Asset Retirement Obligations. This replaces the previous standard which oversaw the accounting treatment of obligations expected to be settled at a future date, which was much smaller in scope than the new standards. Accordingly, this will be an area of audit focus.

The new standard requires Public Sector entities to estimate the expected future settlement and remediation costs of all fixed assets owned by the City. Common examples of costs that fall within scope are the removal of asbestos and other hazardous materials, and removal of leasehold improvements based on the terms of the underlying agreements. There are multiple options with respect to the method of adoption, some of which involve restatement of prior period comparatives, and accompanying disclosures.

Other significant changes



Other Significant Changes



No significant changes to the audit plan other than the incremental procedures over new standards.



Newly Effective Accounting Standards



The new standards PS 3450 Financial instruments, PS 2601 Foreign currency translation, PS 1201 Financial statement presentation and PS 3041 Portfolio investments are effective for fiscal years beginning on or after April 1, 2022 (the Township's 2023 fiscal year).

- Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost **or** fair value depending on the public sector entity's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable.
- Hedge accounting is not permitted.
- A **new** statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations.



Newly Effective Auditing Standards



Effective for the Township's 2023 fiscal year:

- ISA/CAS 220 – (Revised) Quality management for an audit of financial statements
- ISQM1/CSQM1 – Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements
- ISQM2/CSQM2 – Engagement quality reviews

Effective for periods beginning on or after December 15, 2023:

- ISA 600/CAS 600 – Revised special considerations – Audits of group financial statements

See Appendix for further details.



Group audit - Scoping

Entity Name	Change in Scope?	Non-Consolidated Materiality	Full-Scope Standalone Audit?
The Corporation of the Township of West Lincoln	Consistent with Prior Period	\$560,000	Yes
Township of West Lincoln Public Library Board	Consistent with Prior Period	\$22,000	Yes
Township of West Lincoln Trust Funds	Consistent with Prior Period	\$485	Yes



Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the Township and its environment our understanding of the Township's components of its system of internal control, including our business process understanding.

	Risk of fraud	Risk of error	Risk rating
● Management Override of Controls	✓		Significant
● Implementation of PS 3280 – Asset Retirement Obligations		✓	Elevated (new for Fiscal 2023)
● Revenue recognition		✓	Base
● Operating expenditures, including payroll		✓	Base
● Tangible capital assets		✓	Base
● Employee benefit obligation		✓	Base
● Financial Instruments		✓	Base (New for Fiscal 2023)
● Investment in Peninsula West Power Inc. (PWPI)		✓	Base
● Investments		✓	Base

● SIGNIFICANT RISK ● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISTATEMENT

Advanced technologies

Our **KPMG Clara Dynamic Risk Assessment** tool gives us a more sophisticated, forward-looking and multi-dimensional approach to assessing audit risk.

[Learn more](#)

Our **KPMG Clara Business Process Mining** provides immediate visualization of how 100% of your transactions are processed to complement your process narratives & flow charts.

[Learn more](#)

KPMG Clara Account Analysis allows us to analyze the flow of transactions through your business to drive a more meaningful risk assessment.

[Learn more](#)

KPMG Clara AI allows us to layer AI into our auditing platform, allowing us to scan 100% of your data and pull all of the risky transactions and anomalies out for further analysis.

[Learn more](#)



Significant risks



Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF



FRAUD

Why is it significant?

**Presumption
of the risk of fraud
resulting from
management
override of
controls**

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

Advanced technologies

Our KPMG Clara Journal Entry Analysis Tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.



[Click to learn more](#)



Significant risks



Risk of fraudulent revenue recognition

RISK OF



FRAUD

Significant risk

- There is a risk that a government grant is recognized when the recognition criteria have not been met.
- There is a risk that revenue recognized related to development charges is recognized before performance has been achieved.

Estimate?

No

New or changed?

No

Relevant inherent risk factors affecting our risk assessment

We have identified the following areas where this presumed fraud risk is relevant:

- Government grants
- Development charges

Government grant revenue recognition is dependent on the terms of the grant and can be complex depending upon the terms. The Township receives many different types of grants with different terms and conditions. Fraud could include misapplying expenditures to incorrect grant funded programs in order to maximize returnable funding. The nature of development charges and their use create complexity in the timing of revenue recognition.

Our audit approach

To address the fraud risk from revenue recognition, our audit approach will consist of the following:

- test of journal entries and other adjustments;
- substantively test revenues (both recognized and amounts held as deferred at year end); and
- recalculate management's determination of deferred revenue – obligatory reserve funds through auditing management's methodology

Advanced technologies

Our **KPMG Clara DataSnipper** is an automated vouching tool uses advanced Optical Character Recognition to automatically vouch unstructured data like invoices and contracts with a click of a button! This tool will be used throughout the audit allowing our teams to focus more attention on areas of higher risk.



[Click to learn more](#)



New Risk Areas for Fiscal 2023



Implementation of PS 3280 – Asset Retirement Obligations

RISK OF



ERROR

Risk Description

As required for all entities within the Public Sector, this new accounting standard must be implemented for the Township's fiscal 2023 year-end. This is a significant standard change in Canada and requires the combined efforts of management and project managers and staff from other departments such as facility management. The implementation involves compiling a complete list of all fixed assets owned or leased by the Township, and identifying possible future liabilities related to their eventual retirement. These future costs must then be estimated and reflected today at present value, giving rise to an asset retirement obligation on the statement of financial position. The scope of this standard increases on the previous Contaminated Sites Liabilities guidance, which was focused only on contamination and not the wider range of end-of-life costs applicable to the asset portfolio. This standard replaces PS 3270 - Solid Waste Landfill Closure & Post-closure Liability.

Estimate?

Yes

New or changed?

New

Relevant inherent risk factors affecting our risk assessment

As this is a new standard, there is risk of error on its implementation in the initial year. Based on the method of adoption chosen by the Township, there may be additional risk with respect to required financial statement presentation and disclosure. We have initially selected the inherent risk to be elevated as opposed to base for these reasons.

Our audit approach

KPMG will perform substantive testing to ensure the list of fixed assets used for the estimate is complete. We will inquire with management and determine if the process and methodology are appropriate based on the objectives and requirements of the new standard. We will perform benchmarking and analysis of key inputs and audit the mathematical integrity of any material calculations. We will review the financial statement presentation and disclosure of the adjustments required to implement the standard.

Advanced technologies

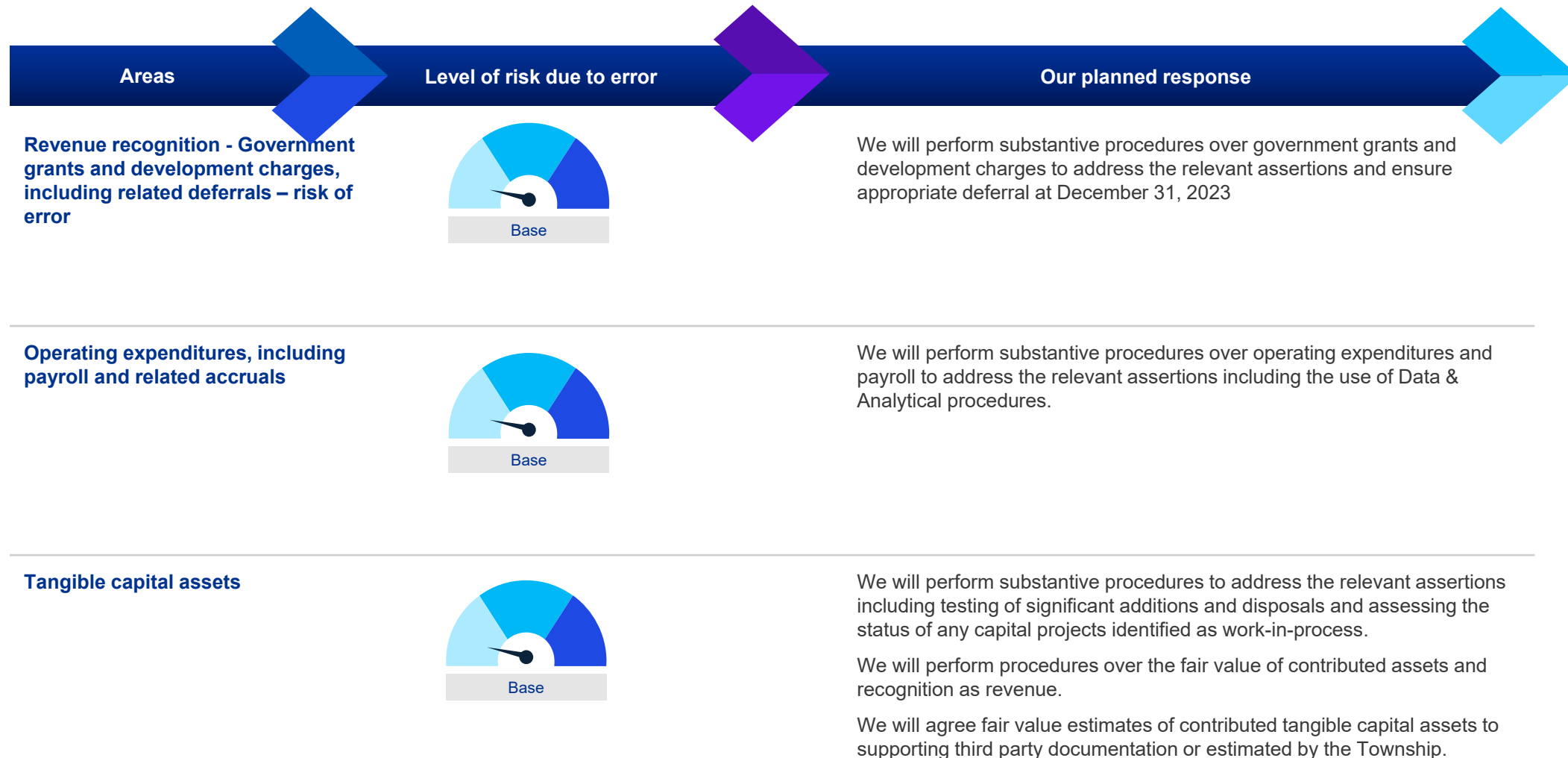
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[Click to learn more](#)

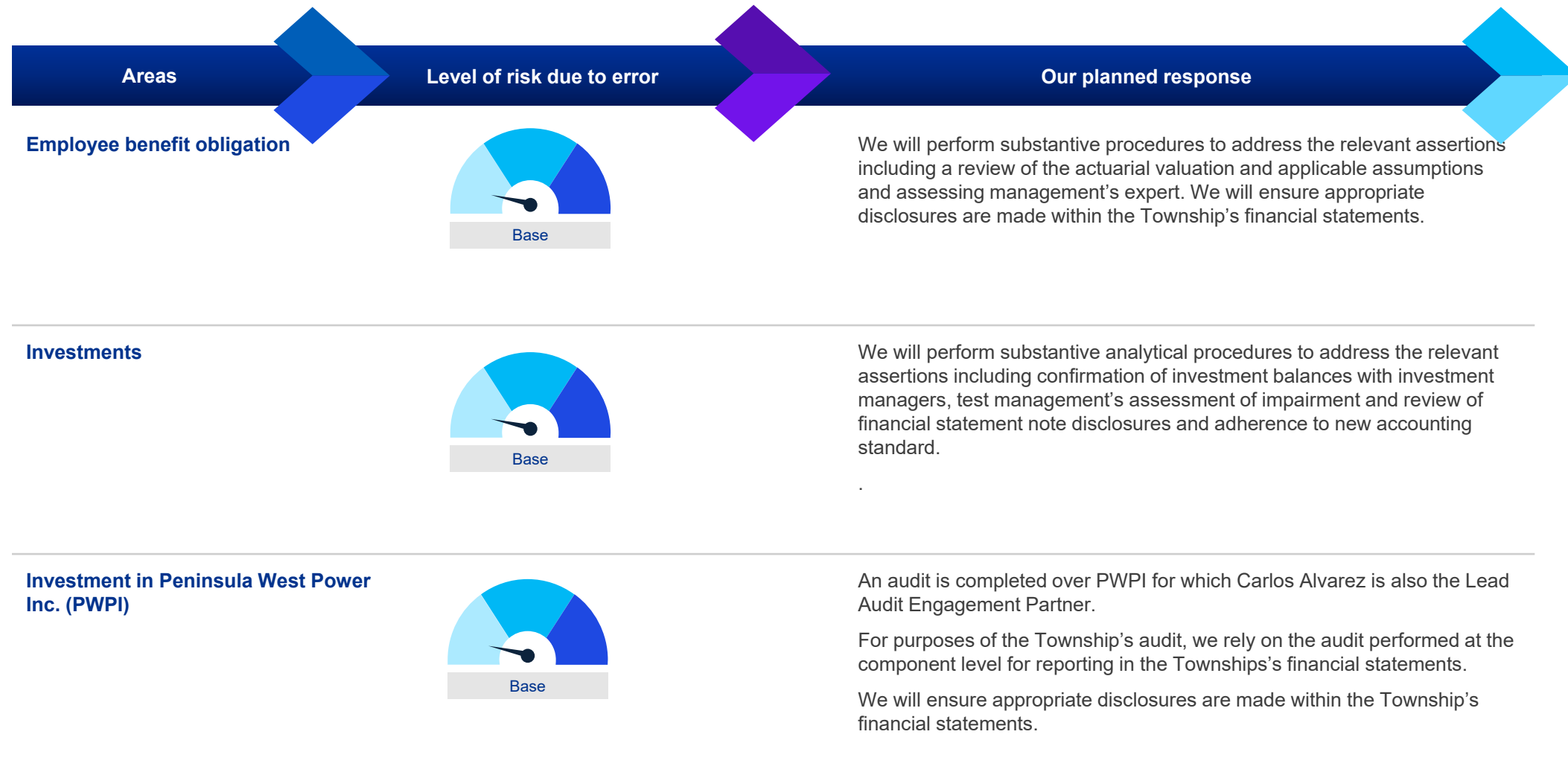


Other risks of material misstatement





Other risks of material misstatement





Key milestones and deliverables

Nov - Dec 2023

Planning & Risk Assessment

- Debrief prior year with management
- Kick-off with management
- Planning and initial risk assessment procedures, including:
 - Involvement of others
 - Identification and assessment of risks of misstatements and planned audit response for certain processes
- Obtain and update an understanding of the Township and its environment
- Inquire of management and others within the Township about risks of material misstatement

Jan - Apr 2024

Risk assessment & Interim work

- Evaluate the Entity's components of internal control, other than the control activities component
- Perform process walkthroughs for certain business processes
- Identify process risk points for certain business processes
- Complete interim data extraction and processing activities
- Perform interim substantive audit procedures
- Complete initial risk assessment
- Communicate audit plan
- Identify IT applications and environments

May - June 2024

Final Fieldwork & Reporting

- Complete year-end data extraction and processing activities
- Perform remaining substantive audit procedures
- Evaluate results of audit procedures, including control deficiencies and audit misstatements identified
- Review financial statement disclosures
- Present audit results and perform required communications
- Issue audit report on financial statements
- Closing meeting with management
- Filing date: Issue audit reports on financial statements



Independence – New IESBA requirements

The International Ethics Standards Board for Accountants (IESBA) is an independent standard-setting board that develops, in the public interest, independence and ethics standards for professional accountants worldwide. IESBA has issued revisions to the non-assurance services (NAS) provisions of the IESBA Code of Ethics for Professional Accountants, effective for audits of financial statements for periods beginning on or after December 15, 2022.

Key changes to the IESBA code of ethics



The revisions create new requirements for public interest entities (PIEs), which includes Canadian listed and non-listed reporting issuer audit clients.

Before accepting a NAS, the auditor is required to:

- Inform Those Charged with Governance of the firm's determination that the service is not prohibited and that the service will not create a threat to the firm's independence; and
- Provide information to enable the audit committee to make an informed assessment about the impact of the provision of each service on the firm's independence.

Our Independence Safeguarding Process



KPMG has a robust and comprehensive independence review process which is completed each year prior to the delivery of any services:

- We confirm that we are independent of the Township and that the scope of services, as outlined in our engagement letter, does not infringe on our independence as auditors.
- We note that our services are limited to assurance (audits of the Township and its related parties) and that we have not provided any other services (such as advisory or tax)
- We confirm that there are no relationships between key personnel that would impact our independence



Independence: Request for pre-approval of services



We are submitting the following service(s) for pre-approval.

The services are not prohibited, and threats to our independence, if any, resulting from the provision of the services will be eliminated or reduced to an acceptable level.

Audit services	Country	Fee structure
Separate financial statement audits of the following: <ul style="list-style-type: none"> - Township of West Lincoln Consolidated - Township of West Lincoln Library Board - Township of West Lincoln Trust Funds 	Canada	Fixed – disclosed in engagement letter

Audit adjustments and misstatements require additional documentation and in certain instances additional audit procedures. We will also track our time separately on required procedures related to adoption of new standards which is not expected to be reoccurring. Time incurred in relation to such matters including additional requested services and reports will be billed at discounted hourly rates. Such matters to be discussed and agreed to with management as they arise.

Appendices

A

Engagement letter

B

Other required communications

C

Use of technology

D

Audit quality

E

New auditing standards

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Insights

G

Environmental, social and governance (ESG)

H

Continuous evolution





Appendix A: Engagement letter

Engagement letter is available and is updated periodically.



Appendix B: Other required communications



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 Audit Quality Insights Report: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)



Appendix C: KPMG Clara



Streamlined client experience

And deeper insights into your business, translating to a better audit experience.



Secure

A secure client portal provides centralized, efficient coordination with your audit team.



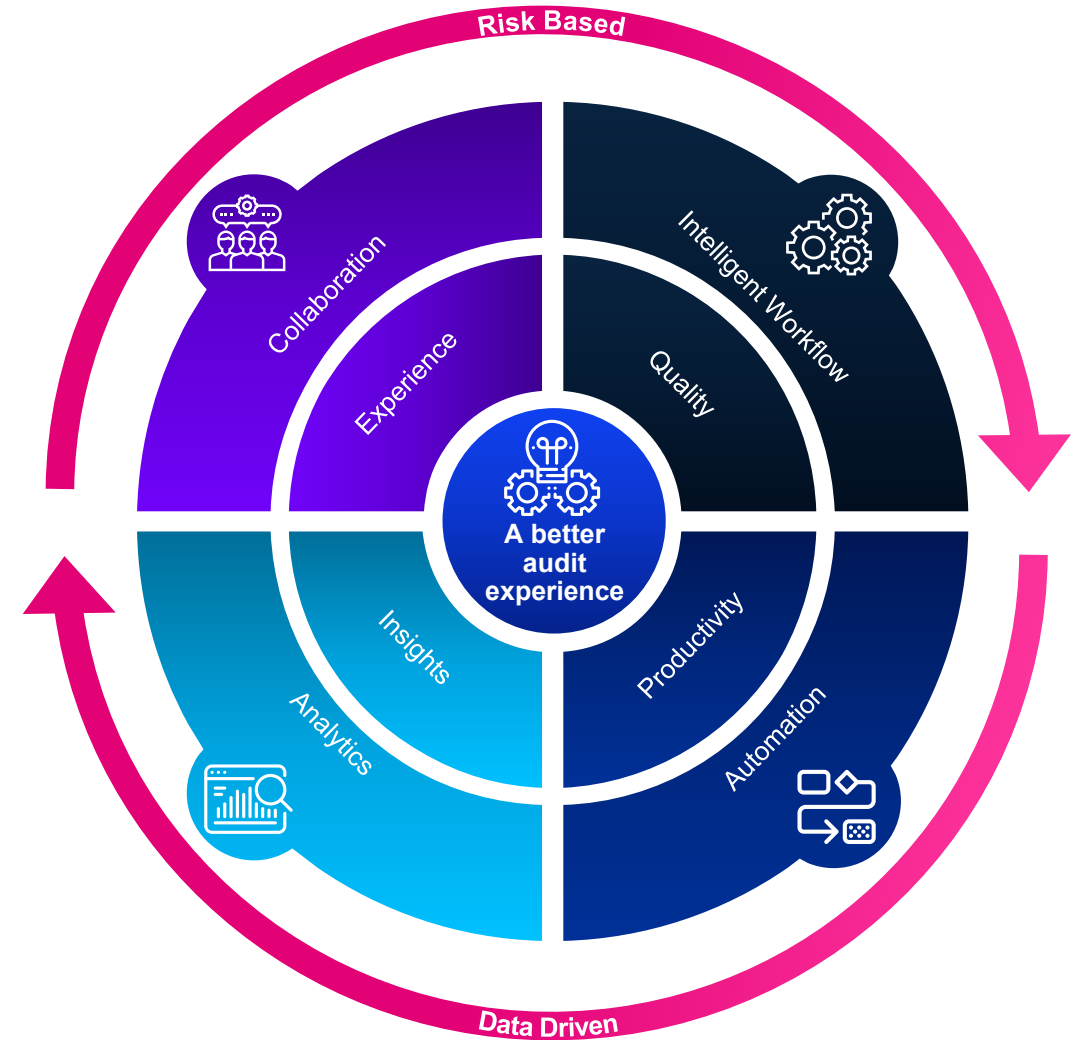
Intelligent workflow

An intelligent workflow guides audit teams through the audit.



Increased precision

Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.





Appendix D: 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.

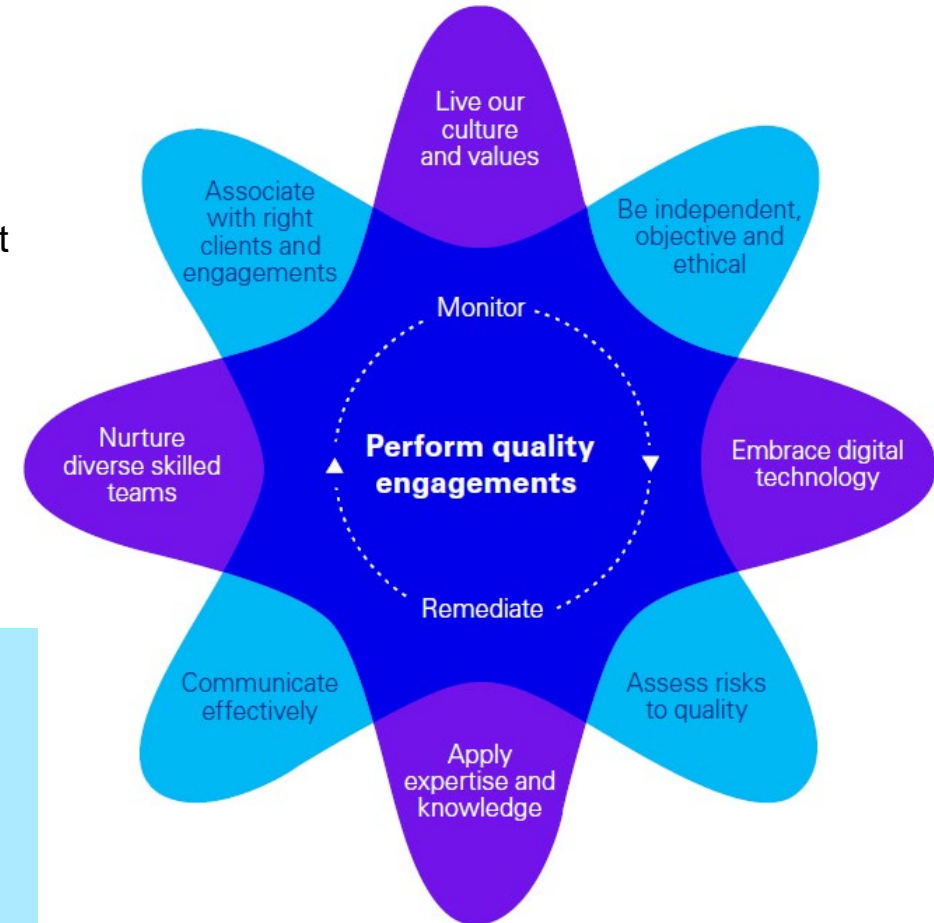
Perform quality engagement sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

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.

 [KPMG 2022 Audit Quality and 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**.





Appendix D: Audit quality - Indicators (AQIs)

The objective of these measures is to provide more in-depth information about factors that influence audit quality within an audit process. Below are the AQIs that we have agreed with management are relevant for the audit. We would like to obtain agreement of the Audit Committee that these are the relevant AQIs.

We will communicate the status of the below AQIs on an annual basis.



Team composition



Experience of the team

- Role – number of years experience in the industry, number of years on this engagement



Technology in the audit



Implementation of Technology in the Audit

- Increase in use of technology in the audit year over year



Engagement hours



Hours spent by level and phase of the audit

- Number and percentage of hours incurred by Partners, Executive Directors by significant risk or key audit matter
- Number and percentage of hours incurred by Directors, Senior Managers and Managers by significant risk or key audit matter
- Number and percentage of hours incurred by audit staff and seniors by significant risk or key audit matter
- Number and percentage of hours incurred by professionals with specialized skills by significant risk or key audit matter



Timing of prepared by client (PBC) items



Timeliness of PBC items

- Number of timely and overdue items received by the audit team.



Quality reviews



Results of internal and external reviews

- Number and nature of findings specific to the audit engagement



Nothing to report



Some matters to report



Specific matters to report



Appendix E: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards - see Current Developments 

Effective for periods beginning on or after December 15, 2022

ISA/CAS 220

.....
(Revised) Quality management for an audit of financial statements

ISQM1/CSQM1

.....
Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

ISQM2/CSQM2

.....
Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

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



Appendix F: Insights to enhance your business

We have the unique opportunity as your auditors to perform a deeper dive under a new service to better understand your business processes that are relevant to financial reporting.

Lean in Audit

Lean in Audit™ is KPMG's award-winning methodology that offers a new way of looking at processes and engaging people within your finance function and organization through the audit.

By incorporating Lean process analysis techniques into our audit procedures, we can enhance our understanding of your business processes that are relevant to financial reporting and provide you with new and pragmatic insights to improve your processes and controls.

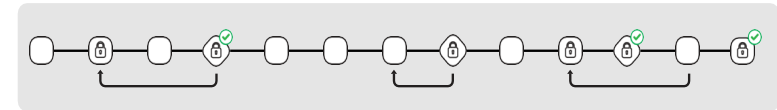
Clients like you have seen immediate benefits such as improved quality, reduced rework, shorter processing times and increased employee engagement.

We look forward to discussing with you.

How it works

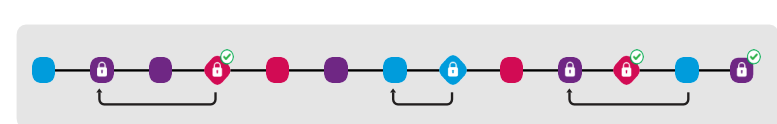
Standard Audit

Typical process and how it's audited



Lean in Audit™

Applying a Lean lens to perform walkthroughs and improve Audit quality while identifying opportunities to minimize risks and redundant steps



How Lean in Audit helps improve businesses processes


Make the process more streamlined and efficient for all



Value: what customers want (**maximize**)

Necessary: required activities (**minimize**)

Redundant: non-essential activities (**remove**)

 Process controls

 Key controls tested



Appendix F: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, Councils, board of directors and management. Current trending topics include GenAI, Lean process reviews, ESG, Cyber Security, Fraud protection services and Digital capabilities. We would be happy to discuss any services that would help support and strengthen the Township.

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 Securities & Auditing Matters and US Outlook reports.

Audit Committee Guide – Canadian Edition

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

Accelerate 2023

The key issues driving the audit committee agenda in 2023.

Momentum

A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.



Appendix G: Climate risk in the financial statements

All entities are facing climate-related risks and opportunities – and are making strategic decisions in response. The impacts of climate-related risks in the financial statements are broad, potentially complex and will depend on industry-specific risks.

How might climate-related risks impact the financial statements?

01

Assets

Consider the useful lives and residual values of PP&E and intangible assets, cash flow projections used for impairment testing of non-financial assets, and the potential impacts on inventories.

02

Liabilities

Consider the recognition of environmental and decommissioning obligations, accounting for emissions or 'green' schemes, impact on employee-benefit arrangements, and restructuring provisions.

03

Borrowers

Consider the accounting for different forms of government assistance, potential for embedded derivatives in green bonds, lease of green technology, impacts of leasing polluting assets.

04

Lenders

Consider how climate-related risks impact operating and financing leases, the potential impact on expected credit losses, and whether green loans meet the solely payments of principal and interest (SPPI) criterion.

05

Disclosures

Consider the impact on the going concern assessment and related disclosures and whether the impacts of climate-related matters have been disclosed clearly.

See here for more information





Appendix H: Continuous evolution

Our investment: \$5B

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.





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