

The Regional Municipality of York

Audit Findings Report
for the year ended December 31, 2020

KPMG LLP

Licensed Public Accountants

April 30, 2021

kpmg.ca/audit



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Our refreshed Values

What we believe



How do we deliver audit quality?

Transparency report



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

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

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

We define **‘audit quality’** as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.



Doing the right thing. Always.

Executive summary

Purpose of this report¹

The purpose of this Audit Findings Report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the consolidated financial statements (the “financial statements”) of the Regional Municipality of York (the “Region”) as at and for the year ended December 31, 2020.

What’s new in 2020

There have been significant changes in 2020 which impacted financial reporting and our audit:

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

Finalizing the audit

As of April 30, 2021, we have completed the audit of the financial statements and received evidence of approval of the financial statements from the Region’s Commissioner of Finance (individual delegated authority to approve the financial statements). We have also extended our subsequent event procedures up to our auditors’ report date.

Our audit report is dated the same as the date of approval of the financial statements by the Region’s Commissioner of Finance on April 30, 2021.

Change from Audit Planning Report

We updated our group audit materiality calculation from what was reported to you in our Audit Planning Report. This update was based on actual total consolidated expenses for the year ended December 31, 2020 which came in lower than the estimated balances during the planning stage. Final materiality used for the audit is \$63 million (2019 - \$66 million). Audit Misstatement Posting Threshold for the audit is \$3 million (2019 - \$3 million).

Adjustments and differences

We did not identify differences that remain uncorrected.

We identified one difference that was required to be corrected by management.

See page 13.

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

¹ This Audit Findings Report is intended solely for the information and use of Management, the Audit Committee, and Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Executive summary (continued)

Control deficiencies

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

Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with the Region's relevant financial reporting framework of Public Sector Accounting Standards (PSAS).

Independence

We confirm our independence to the Region. We confirm that we are independent of the Region in accordance with ethical requirements that are relevant to our audit of the financial statements.

What's new in 2020

COVID-19 pandemic

We incorporated revisions to our audit plan arising from the impacts of the COVID-19 pandemic. We adapted our audit to respond to the continued changes in your business, including the impacts on financial reporting and internal control over financial reporting.

Area of Impact	Key Observations
Region's financial reporting impacts	<ul style="list-style-type: none">— We considered impacts to financial reporting due to the COVID-19 pandemic and the increased disclosures needed in the financial statements as a result of the significant judgements.— In areas of the financial statements where estimates involved significant judgements, we evaluated whether the method, assumptions and data used by management to derive the accounting estimates, and their related financial statement disclosures were still appropriate per the relevant financial reporting framework given the changed economic conditions and increased estimation uncertainty.— The areas of the financial statements most affected included:<ul style="list-style-type: none">○ Government transfers (i.e., the Safe Restart Agreement) – See page 11 under Audit Risk and Results○ Impairment of Tangible Capital Assets – On an overall basis no triggers for impairment were identified as a result of COVID-19; assets continue to provide economic benefit to the Region.○ Disclosures – Management's disclosures were reviewed in the context of the pandemic and determined to be adequately described. The Region has included disclosure on the impact of the COVID-19 pandemic as relevant in the notes to the financial statements.
Region's internal control over financial reporting	<ul style="list-style-type: none">— Along with the Region's remote working environment, the financial reporting impacts above necessitated certain changes to the Region's internal control over financial reporting.— As a result of the changes to internal control over financial reporting due to the COVID-19 pandemic, we:<ul style="list-style-type: none">○ Evaluated the design of the new relevant controls implemented in the control environment, the entity's risk assessment process, information and communication, and monitoring components of internal control over financial reporting.○ Found that changes to internal controls due to the COVID-19 pandemic were not significant. This included the change from manual to digital approval for review and approval of different processes and transactions. We were able to review approvals and authorizations completed in a digital manner using digital authentication tools.

COVID-19 pandemic

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Area of Impact	Key Observations
Materiality	<ul style="list-style-type: none">— We considered impacts to financial reporting on both the determination and the re-assessment of materiality for the audit of the financial statements.— Materiality has been decreased from the amount calculated at planning stage as a result of actual results being lower than budget and expectation. We updated our audit response to the risks of material misstatement as a result of this change.— Final group materiality of \$63 million was used compared to the planning materiality of \$68 million communicated in our Audit Planning Report.
Risk Assessment	<ul style="list-style-type: none">— We performed a more thorough risk assessment specifically targeted at the impacts of the COVID 19 pandemic, including an assessment of fraud risk factors (i.e., conditions or events that may be indicative of an incentive/pressure to commit fraud, opportunities to commit fraud, rationalizations of committing fraud).— We did not identify additional risks of material misstatement as a result of impacts of the COVID-19 pandemic to financial reporting.
Working remotely	<ul style="list-style-type: none">— We used virtual work rooms, video conferencing, and internally shared team sites to collaborate in real-time, both amongst the audit team as well as with management.— We used secure and innovative technologies to conduct walkthroughs and perform tests of controls.— We increased our professional skepticism when evaluating electronic evidence received and performed additional procedures to validate the authenticity and reliability of electronic information used as audit evidence.
Direction and Supervision of the audit	<ul style="list-style-type: none">— The manager and partner were actively involved in determining the impact that the COVID-19 pandemic had on the audit (as discussed above), including the impact on the Region's financial reporting and changes in the Region's control environment.— Manager and partner implemented new supervision processes to deal with working in a remote environment, and our audit approach allowed us to manage the audit using meaningful milestones and frequent touch points.

New auditing standards

The following new auditing standards that are effective for the current year had an impact on our audit.

Standard	Key observations
CAS 540, Auditing Accounting Estimates and Related Disclosures	<ul style="list-style-type: none">— The new standard was applied on all estimates within the financial statements that had a risk of material misstatement due to estimation uncertainty and not just “key estimates”, “critical accounting estimates”, or “estimates with significant risk”.— The granularity and complexity of the new standard along with our interpretation of the application of that standard necessitated more planning and discussion and increased involvement of more senior members of the engagement team.— We performed more granular risk assessments based on the elements making up <u>each</u> accounting estimate such as the method, the assumptions used, the data used and the application of the method.— We considered the potential for management bias.— We assessed the degree of uncertainty, complexity, and subjectivity involved in making each accounting estimate to determine the level of audit response; the higher the level of response, the more persuasive the audit evidence was needed.— Based on our audit procedures performed we concluded that management’s estimates and judgements were reasonable.

Audit risks and results

Employee Benefits	New or changed?	Estimate?
<p>During the current year, the Region engaged an external actuarial consultant (the “Actuary”) to undertake an independent actuarial valuation of the Region’s post-employment benefits and vested sick leave benefits dated September 2020. A valuation update was performed to determine the liability as reported in the Region’s 2020 financial statements. The employee benefit liabilities as at December 31, 2020 are outlined in Note 6 to the financial statements.</p> <p>A discount rate of 3.25% (2019 – 3.75%) was used for the determination of the liability.</p>	<p>Same as prior year, new valuation was completed during the current year.</p>	<p>Yes, there is estimation uncertainty due to assumptions used by the Actuary to calculate the liability for the Employee Benefits.</p>
Our response		
<ul style="list-style-type: none"> – We performed attribute testing over the participant data supplied by management to the Actuary to ensure the completeness and accuracy of this data. – We obtained the actuarial valuation report and audited the data, method and assumptions applied in the valuation and performed trend analysis on the liability. – We evaluated the discount rate in comparison with rates issued by the Canadian Institute of Actuaries (“CIA”) and KPMG LLP. – We assessed the qualifications, competence and objectivity of the Actuary as required by the Canadian auditing standards. – We assessed the disclosures in the financial statements against the requirements of the public sector accounting standards. 		
Significant findings		
<ul style="list-style-type: none"> – We did not note any issues in attribute testing of participant data that was used by the Actuary to develop this estimate. – Based on our review of the memo prepared by the Actuary, we noted the method applied for the estimate is acceptable per CIA and PSAB 3250/3255. – We assessed the key assumptions used by the Actuary in light of the Region’s financial results. We noted that the significant assumptions stayed consistent compared to the previous valuation report. We also performed a sideways glance to compare the assumptions used by the Actuary for the Region with other Ontario municipalities and did not note any significant differences. – We noted that the discount rate used by the Actuary is a key assumption. We evaluated the discount rate used by the actuary against the discount rate curve issued by different reliable sources. Based on this evaluation, we concluded that the discount rate used is reasonable. – The disclosures included in the financial statements are in accordance with the requirements of the public sector accounting standards. – Based on the audit work performed, we did not note any issues related to the calculation of the Region’s employee benefit liability as at December 31, 2020. 		

Audit risks and results

Expropriation Accruals	New or changed?	Estimate?
The accrual for land expropriation is management's best estimate for the costs to settle land transactions and related claims for the rapid transit system. The accrual includes estimates by property and includes four components: market value and injurious affection, disturbance and business loss, interest, and owner's legal and expert fees.	Same as prior year	Yes, there is estimation uncertainty due to assumptions used to calculate the expected expropriation accruals.
Our response <ul style="list-style-type: none"> – We obtained an understanding of the data, method and assumptions applied to estimate the rapid transit system expropriation accrual as of year-end. – We performed a retrospective review on the expropriation accrual by testing a sample of properties settled in 2020 in comparison to the 2019 accruals. – We substantively tested a sample of property accruals and obtained supporting documentation for the estimated accrual. 		
Significant findings <ul style="list-style-type: none"> – We noted the land expropriation accrual for the Metrolinx related projects was \$85M (2019 - \$94M). – We assessed the key assumptions and methodology utilized internally to estimate the expropriation accrual by property. We noted that the significant assumptions stayed consistent compared to the previous year. – Based on the audit work performed, the expropriation accruals reported by the Region are reasonable. – As these land transactions and related claims are resolved, it is possible that the final amounts recorded for these liabilities may change, however the amounts currently recorded represent management's best estimate of exposure given the information presently available. 		

Audit risks and results

Revenues	New or changed?	Estimate?
The Region recognizes revenue from different streams including net taxation, user charges, government grants, development charges, investment income, interest earned on reserves, fees and services, and other. Management follows the revenue recognition policies reported in the financial statements note 1 to recognize revenue in accordance with PSAS.	Same as prior year	No significant estimates noted.

Our response

- To address the risk of fraudulent revenue recognition reported in the audit planning report, we evaluated the design and implementation of selected relevant controls.
- We tested journal entries that met specific criteria designed as part of our audit plan.
- We performed journal entry testing focused on manual journal entries for revenue outside the normal course of operations. This criterion is based on areas and accounts that are susceptible to manipulation through management override due to their manual nature.
- We used computer assisted audit techniques to identify any unusual journal entries.
- As part of our audit approach to address the inherent risk of error in revenue recognition, KPMG substantively tested revenues (both recognized and amounts held as deferred at year end) via samples.
- We obtained and reviewed the continuity for deferred revenue and development charges prepared by management.
- We selected a sample of the increases (cash receipts) and decreases (revenue recognition) for deferred revenue and development charges during the current year to ensure appropriate revenue recognition.
- We obtained and vouched funding to the agreements from the federal government for the amounts received as part of the Safe Restart Program.

Significant findings

- Included in Deferred Revenue is funding for the Metrolinx projects. During our substantive testing, we noted that the Region recognized \$112M (2019 - \$227M) of revenue for the Metrolinx projects. The Region also received additional cash advances from Metrolinx of \$74M (2019 - \$86M).
- In 2020, the Region recorded \$91M of deferred development charges and accounts receivable. The triggering event for the recording of these amounts is the building permit issuance, which is when the amount of the asset is known and collection is reasonably assured and there is no discretion for the Region or developer to modify the development charge. Management has assessed there is minimal risk for collectability of the receivables given they are secured by letters of credit or collectible through other recourses. We substantively tested a sample of deferred development charges and noted management's recognition assessment is reasonable.
- We noted that the Region received funding as part of the Safe Restart Program from the federal government in the amount of \$57M in 2020. Of that amount, \$56M was appropriately recognized as revenue and the amount for 2021 was appropriately reported as a deferred revenue as at year-end.
- Based on the audit work performed, we did not note any issues related to revenue recognized and related disclosures for the Region.

Audit risks and results

Contingent liabilities	New or changed?	Estimate?
<p>PSAS 3300 <i>Contingent Liabilities</i> requires that the Region recognize a liability when “it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and the amount can be reasonably estimated.”</p> <p>At any point in time, the Region is subject to a number of matters which could potentially result in the determination of a contingent liability as defined above, including, but not limited to matters such as legal claims, etc.</p> <p>The Region has disclosed the legal liability in note 11 of the financial statements.</p>	Same as prior year	<p>Estimation uncertainty exists related to the likelihood and measurement of contingent liability.</p> <p>However, this estimation uncertainty does not result in a risk of material misstatement.</p>
Our response		
<ul style="list-style-type: none"> – We held discussions with the Legal & Court Services Department of the Region to understand the process employed to determine the estimates for the liabilities related to legal matters. – We obtained an understanding of the methodologies applied to compute the estimate, data involved, and assumptions applied. – We obtained and evaluated the Region’s assessments and claims listing that are used to develop and record these estimated liabilities. – We obtained a legal confirmation from internal legal counsel and evaluated the assessments made by internal legal counsel on the pending legal matters in terms of determination of likelihood and measurability. 		
Significant findings		
<ul style="list-style-type: none"> – Based on the audit work performed, we are satisfied that the method, data, and assumptions used by the Region are reasonable and consistent with industry norms. The approach is also consistent with prior years. – As these items are resolved, it is possible that the final amounts recorded for these liabilities may change, however the amounts currently recorded represent management’s best estimate of exposure given the information presently available. – Based on the work performed, the contingent liabilities reported by the Region are reasonable. 		

Uncorrected differences and corrected adjustments

Differences and adjustments include disclosure and presentation differences and adjustments.

Professional standards require that we request of management and the Audit Committee and Council that all identified differences be corrected.

Uncorrected differences

We did not identify differences that remain uncorrected.

Corrected adjustments

We identified one adjustment that was communicated to management and subsequently corrected in the financial statements.

- During our substantive testing of miscellaneous receivables, we noted the accrued disaster mitigation and adaptation funding was incorrectly recorded. Management investigated the discrepancy and a correction was recorded to reverse the accrued credit to receivables of \$10.9M and appropriately recognize accrued revenue and receivables of \$9.7M. The overall impact to accrued revenue and receivables was an increase of \$20.6M.

Appendices

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Appendix 1: Other Required Communications

Report	Engagement terms
<p>The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.</p>	<p>The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter dated November 22, 2019 as provided by management.</p>
Report to the Audit Committee and Council	Representations of management
<p>This report.</p>	<p>We will obtain from management certain representations at the completion of the audit.</p>
Audit Quality in Canada	Control deficiencies
<p>The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committee, Council, and other stakeholders about the results of quality inspections conducted over the past year:</p> <ul style="list-style-type: none"> • CPAB Audit Quality Insights Report: 2020 Interim Inspection Results • CPAB Audit Quality Insights Report: 2019 Annual Inspections Results <p>Visit our Audit Quality Resources page for more information including access to our Transparency report</p>	<p>None noted.</p>

Appendix 2: Current Developments

Public Sector Accounting Standards

Standard	Summary and implications
Impact of COVID-19	<ul style="list-style-type: none"> In response to the impact of COVID-19 on public sector entities, PSAB has approved deferral of all upcoming accounting standards by one year and will issue non-authoritative guidance on the effects of COVID-19. The dates noted below reflect the new revised dates.
Asset Retirement Obligations	<ul style="list-style-type: none"> The new standard is effective for fiscal years beginning on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. This would be applicable to the Region's fiscal year starting on January 1, 2023. 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 will 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 will 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 will 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 will 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"> The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19. This would be applicable to the Region's fiscal year starting on January 1, 2024. 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 transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. 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.

Standard	Summary and implications
Financial Instruments and Foreign Currency Translation	<ul style="list-style-type: none"> – The accounting standards, PS3450 <i>Financial Instruments</i>, PS2601 <i>Foreign Currency Translation</i>, PS1201 <i>Financial Statement Presentation</i> and PS3041 <i>Portfolio Investments</i> are effective for fiscal years commencing on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. This would be applicable to the Region's fiscal year starting on January 1, 2023. – 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. – In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 <i>Financial Instruments</i> which will be included in the Handbook in the fall of 2020. Based on stakeholder feedback, PSAB is considering other narrow-scope amendments related to the presentation and foreign currency requirements in PS3450 <i>Financial Instruments</i>. The exposure drafts were released in summer 2020 with a 90-day comment period.
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>. In July 2020, PSAB approved a revised project plan. – PSAB intends to use principles from International Public Sector Accounting Standard 39 <i>Employee Benefits</i> as a starting point to develop the Canadian standard. – Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.

Standard	Summary and implications
Public Private Partnerships (“P3”)	<ul style="list-style-type: none"> PSAB has proposed new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. PSAB is in the process of reviewing feedback provided by stakeholders on the exposure draft. The exposure draft 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 exposure draft proposes that 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, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project. The final standard was approved in December 2020 with an issuance date of April 1, 2021 and an effective date of April 1, 2023 or the Region’s year ending December 31, 2024.
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards. PSAB has released four exposure drafts for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. Comments on the exposure drafts are due in May 2021. PSAB is proposing a revised, ten-chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced. In addition, PSAB is proposing: <ul style="list-style-type: none"> Relocation of the net debt indicator to its own statement and the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present non-financial assets before liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.

Standard	Summary and implications
International Strategy	<ul style="list-style-type: none"> – PSAB has reviewed all proposed options for its international strategy, and in accordance with its due process, approved the option to adapt International Public Sector Accounting Standards when developing future standards. PSAB noted that the decision will apply to all projects beginning on or after April 1, 2021. – An exposure draft to modify the GAAP hierarchy was issued and public comments were accepted up to February 15, 2021.
Purchased Intangibles	<ul style="list-style-type: none"> – In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles. – PSAB has approved Public Sector Guideline 8 which allows recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to Section PS 1000 Financial statement concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial statement presentation to remove the requirement to disclose that purchased intangibles are not recognized. – The effective date is April 1, 2023 (Region's year ending December 31, 2024) with early adoption permitted. Application may be retroactive or prospective.

Appendix 3: Technology in the audit

We have utilized technology to enhance the quality and effectiveness of the audit as noted below.



Areas of the audit where Technology and D&A routines were used

Tool	Our results and insights
KPMG Clara Client Collaboration	We have a new tool available for requesting and receiving all the audit requests. This tool is web-based and would allow the finance team to upload responses to our specific requests via link on the web portal. This technology is currently being used for a number of our other clients with great success and improvement in the amount of time spent dealing with audit requests.
Journal Entry Analysis	We utilized Computer Assisted Audit Techniques ("CAATs") to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing.
Data Extraction & Analytics Tools	We utilized data and analytics in the audit to evaluate the completeness of the journal entry population through a roll-forward of selected GL accounts. This consists of a summation of all automated and manual journal entries posted in the selected GL accounts during the fiscal year and comparison of the calculated final balances to the account balances as at and for the year ended December 31, 2020 as reported by management.

Appendix 4: Audit and Assurance Insights

Our latest thinking on the issues that matter most to audit committees, Boards and Management.

Featured insight	Summary	Reference
Audit & Assurance Insights	Curated thought leadership, research and insights from subject matter experts across KPMG in Canada.	<u>Learn more</u>
The business implications of coronavirus (COVID 19)	Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.	<u>Learn more</u>
	Financial reporting and audit considerations: The impact of COVID-19 on financial reporting and audit processes.	<u>Learn more</u>
	KPMG Global IFRS Institute - COVID-19 financial reporting resource center.	<u>Learn more</u>
Accelerate 2020	Perspective on the key issues driving the audit committee agenda.	<u>Learn more</u>
Momentum	A quarterly Canadian newsletter which provides a snapshot of KPMG's latest thought leadership, audit and assurance insights and information on upcoming and past audit events – keeping management and board members abreast on current issues and emerging challenges within audit.	<u>Sign-up now</u>
PSAB resources	KPMG resources for the new developments and trends in the public sector.	<u>Learn more</u>
Current Developments	Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US.	<u>Learn more</u>
Board Leadership Centre	Leading insights to help board members maximize boardroom opportunities.	<u>Learn more</u>



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

