

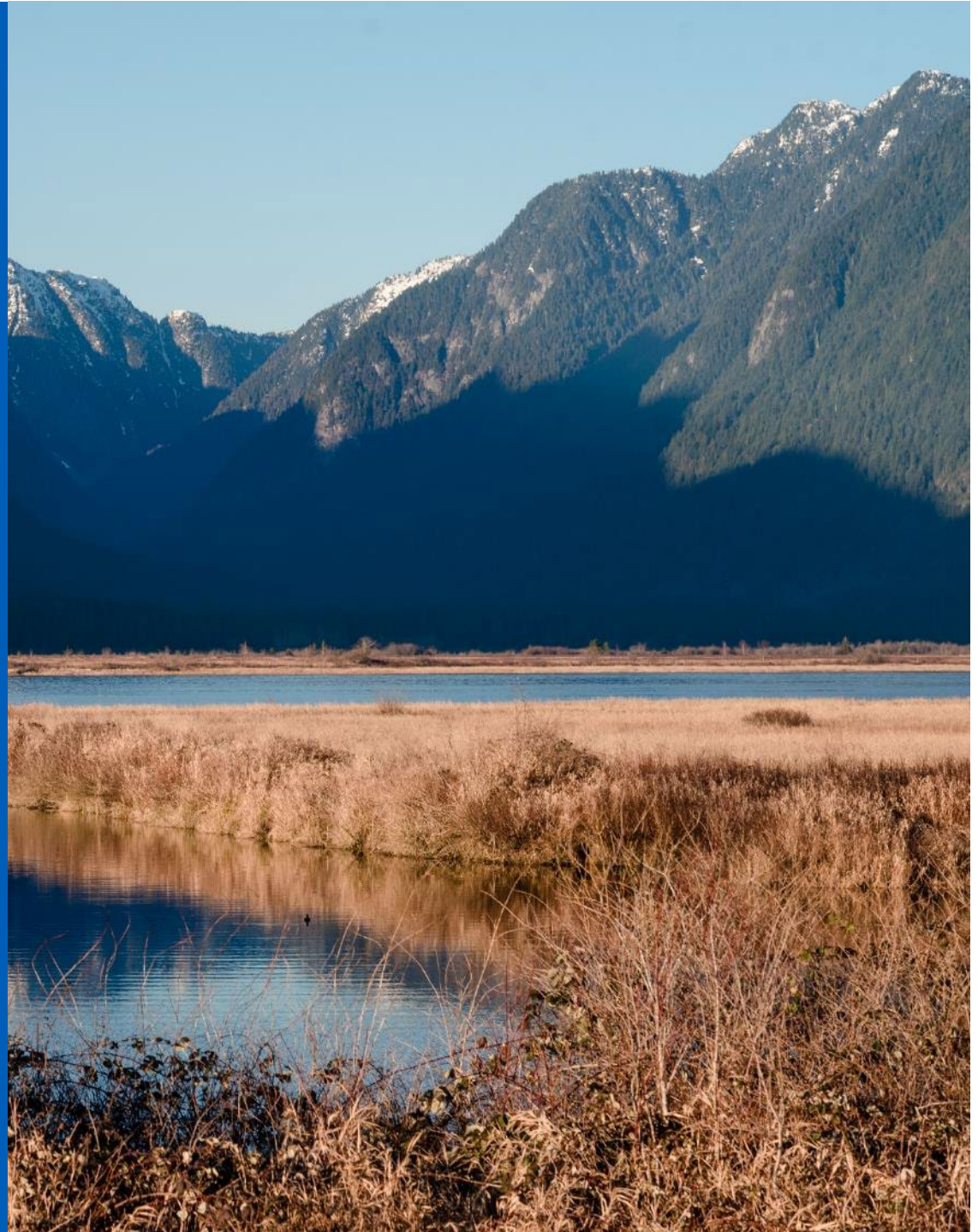
# City of Pitt Meadows

Audit Findings Report  
for the year ended  
December 31, 2021

*KPMG LLP*

DATED APRIL 21, 2022 FOR DISCUSSION AT  
THE COUNCIL MEETING ON MAY 3, 2022

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



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At KPMG, we are **passionate** about earning your **trust**. We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our dealings with you.

At the end of the day, we measure our success from the **only perspective that matters – yours**.



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# Executive summary



## Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a member of Council, in your review of the results of our audit of the consolidated financial statements (hereinafter referred to as the “financial statements”) of the City of Pitt Meadows (the “City”) as at and for the year ended December 31, 2021.



## 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:

- Completing our discussions with Council;
- Obtaining the signed management representation letter;
- Obtaining evidence of Council’s acceptance of the financial statements; and,
- Completing subsequent event review procedures up to the date of Council’s acceptance of the financial statements.

We will update Council 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.





## Areas of audit focus

Our audit is risk focused. We have not identified any significant risks. However, as part of our audit, we identified areas of audit focus which include:

- Payroll and other operating costs
- Government grants and unearned revenue
- Tangible capital asset additions
- Fraud risk from management override of controls

We are satisfied that our audit work has appropriately dealt with these areas of focus.

See pages 5 to 8 for more details.



## Materiality

We determine materiality in order to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements.

See page 4.



## Adjustments and differences

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

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

There are no uncorrected adjustments.

See Appendix 3.





# Executive summary (continued)



## Significant accounting policies and practices

There was no financial reporting impact of the new accounting standard PS 3430 *Restructuring Transactions* effective for the City's 2021 fiscal year. There have been no other initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

The presentation and disclosure of the financial statements are, in all material respects, in accordance with Canadian public sector accounting standards. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter.



## Control and other observations

In accordance with professional standards, we are required to communicate to the Council any control deficiencies that we determined, individually or in the aggregate, to be significant.

No control deficiencies have been identified.



## Independence

We confirm that we are independent with respect to the City within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2021 up to the date of this report.



## Current developments

Please refer to Appendix 4 for the current development updates, including COVID-19 resources.

# Materiality

Materiality determination	Comments	Amount
<b>Benchmark</b>	Based on total expenses for the year ended December 31, 2020. This benchmark is consistent with the prior year.	\$36,579,795
<b>Materiality</b>	Materiality is determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was \$880,000.	\$910,000
<b>% of Benchmark</b>	The acceptable range for a gross benchmark is between 0.5% and 3%. The corresponding percentage for the prior year's audit was 2.50%	2.49%
<b>Audit Misstatement Posting Threshold ("AMPT")</b>	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the prior year's audit was \$44,000.	\$45,500

Materiality represents the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

To respond to aggregation risk, we designed our procedures to detect misstatements at a lower level of materiality.

## We have reported:



Corrected audit misstatements



Uncorrected audit misstatements



# Areas of audit focus and results

## Professional requirements

Payroll and other operating costs

## Why is this significant?

The City incurs payroll and other operating costs which are significant expenses of the City's operations.

## Our response

Payroll and other operating costs decreased 5.6% and 4.9%, respectively, from 2020.

- We performed analytical procedures to understand the change in payroll and other operating expenses relative to the prior year. We corroborated all significant variances noted by reviewing supporting documentation.
- We performed a search for unrecorded liabilities to ensure costs are recorded in the appropriate fiscal year

## Significant findings

There were no issues noted in our testing.



# Areas of audit focus and results (continued)

## Professional requirements

Government grants and unearned revenue

## Why is this significant?

The City receives material funding transfers from the Federal and Provincial Governments.

Public Sector Accounting Standards requires that government grants without eligibility criteria, stipulations, or obligations are recognized as revenue when the transfer is authorized. Conversely, grants with eligibility criteria or a contractual obligation are classified as unearned revenue until the obligation is fulfilled.

## Our response

The City has received various government grants in 2021.

- We confirmed the amount of funding through inspection of the funding agreements.
- We inspected the funding agreement to confirm appropriateness of the deferral of revenues.

## Significant findings

There were no issues noted in our testing.





# Areas of audit focus and results (continued)

## Professional requirements

Tangible capital asset (TCA) additions

## Why is this significant?

The City acquired over \$15 million in capital assets in 2021 which is significant. This is a 57% increase over TCA acquisitions in 2020.

## Our response

2021 had several major capital projects in progress during the year, including purchases of land, vehicles, and construction in progress.

- We tested capital asset additions and obtained and inspected support to confirm their cost, classification, and presentation in the financial statements.
- We tested contributed capital assets and obtained engineering reports to support the value and classification of the assets contributed.
- We performed substantive analytical procedures over amortization.

## Significant findings

We noted that the City purchased park land for \$4.7 million and funded that purchase with \$3.5 million from Parkland DCC funds and \$1.2 million from reserves. The specific park land purchased is related to a \$4.7 million Community Amenity Contribution received by the City from a developer. That agreement provided the City an option to acquire the park land from the developer. The developer funds have are unrestricted and therefore included in Contribution revenue.

KPMG notes these are two separate transactions. The funds used to acquire the land were drawn from Development Cost Charges (\$3.5 million) and Parkland Reserves (\$1.2 million), therefore an addition \$3.5 million has been appropriately included in Contribution revenue.

There were no issues noted in our testing.



# Audit risks

## Professional requirements

Fraud risk from management override of controls

## Why is this significant?

This is a presumed fraud risk. We have not identified any specific additional risks of management override relating to this audit.

## Our response

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 significant estimates; and
- Evaluating the business rationale of significant unusual transactions.

## Significant findings

There were no significant issues noted in our testing.

KPMG has rebutted the presumed risk of fraud from revenue recognition as part of the audit planning process. This is due to the primary sources of revenue including tax revenue and government grants having a low risk of fraud

# Significant accounting policies and practices

The following items relate to the qualitative aspects of accounting practices of the City:



## Significant accounting policies

- There were no changes to the critical accounting policies and practices.
- There were no other changes in significant accounting policies.
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the City's transactions in relation to the period in which they are recorded.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.



## Accounting estimates

- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.
- There were no significant factors affecting the City's asset and liability carrying values.



## Significant disclosures

- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures and uncertainties.

# Control and other observations



In accordance with professional standards, we are required to communicate to the Council any control deficiencies that we identified during the audit and have determined to be material weaknesses or significant deficiencies in ICFR.

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 in the preceding paragraph and was not designed to identify all control deficiencies that might be significant deficiencies 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.

In accordance with professional standards, we are required to communicate to the Council any control deficiencies that we identified during the audit and have determined to be material weaknesses or significant deficiencies in internal control over financial reporting.

No control deficiencies identified.



# Appendices



**Appendix 1: Required communications**



**Appendix 2: Audit quality and risk management**



**Appendix 3: Management representation letter**



**Appendix 4: Current developments**



# Appendix 1: 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:



## Auditors' Report

The conclusion of our audit is set out in our draft auditors' report attached to the financial statements.



## Management representation letter

In accordance with professional standards, a copy of the management representation letter is provided to Council in Appendix 3.

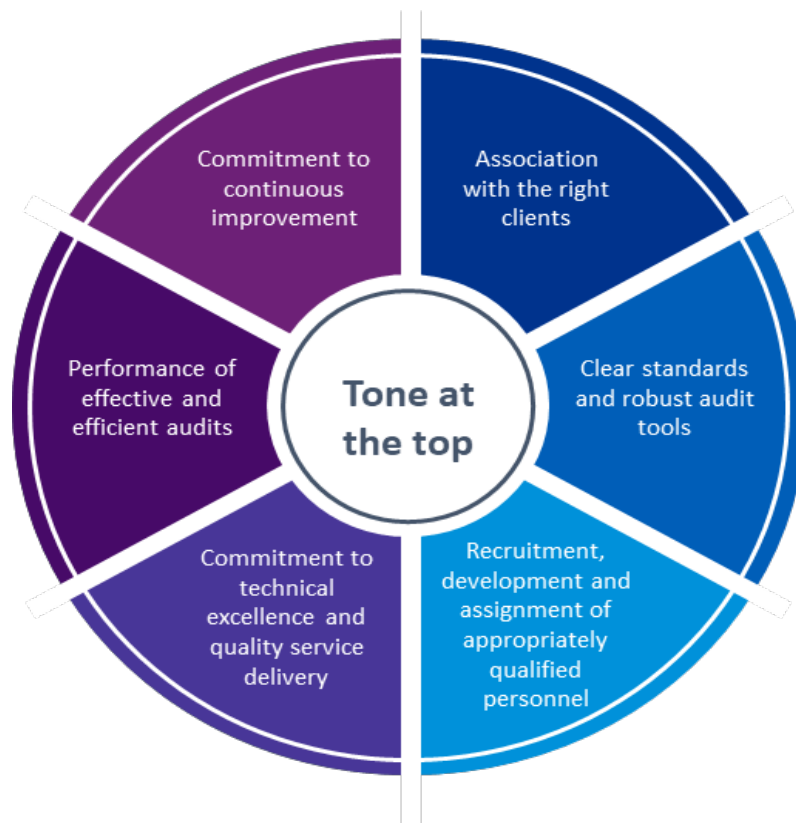


## Independence

In accordance with professional standards, we have confirmed our independence on page 3.

# Appendix 2: KPMG's System of Quality Control

Quality control is fundamental to our business and is the responsibility of every partner and employee. To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver a quality audit, KPMG has developed the Audit Quality Framework shown below. These are the cornerstones of how we execute our responsibilities.



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.

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

Visit our [Audit Quality Resources page](#) for more information including access to our [Transparency report](#).

# Appendix 3: Management representation letter

## **MANAGEMENT REPRESENTATION LETTER**

KPMG LLP  
200 – 923 Mary Street  
Chilliwack, BC V2P 4H7

May 3, 2022

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements of the City of Pitt Meadows' ("the Entity") as at and for the year ended December 31, 2021.

### *General:*

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### *Responsibilities:*

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated September 18, 2017 including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of Council and committees of Council that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.
  - e) providing you with additional information that you may request from us for the purpose of the engagement.
  - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
  - g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
  - h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

*Internal control over financial reporting:*

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

*Fraud & non-compliance with laws and regulations:*

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short sellers, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

*Subsequent events:*

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

*Related parties:*

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

*Estimates:*

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

*Going concern:*

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.



*Other information:*

- 1) We confirm that the final version of the 2021 Annual Report will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your audit procedures in accordance with professional standards.

*Non-SEC registrants or non-reporting issuers:*

- 2) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 3) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

**CITY OF PITT MEADOWS**

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By: Mark Roberts, Chief Administrative Officer

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By: Cheryl Harding, Director of Financial Services

Cc: Mayor and Council

## **Attachment I – Definitions**

### ***Materiality***

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

### ***Fraud & error***

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

# Appendix 4: Current developments and audit trends

## Public Sector Accounting Standards

Standard	Summary and implications
<b>Asset Retirement Obligations</b>	<ul style="list-style-type: none"><li>– The new standard is effective for fiscal years beginning on or after April 1, 2022.</li><li>– 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.</li><li>– 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.</li><li>– As a result of the new standard, the public sector entity will have to:<ul style="list-style-type: none"><li>• Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;</li><li>• 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;</li><li>• 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.</li></ul></li></ul>
<b>Revenue</b>	<ul style="list-style-type: none"><li>– 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.</li><li>– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.</li><li>– 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.</li><li>– 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.</li></ul>

Standard	Summary and implications
<b>Financial Instruments and Foreign Currency Translation</b>	<ul style="list-style-type: none"> <li>– 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.</li> <li>– 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.</li> <li>– Hedge accounting is not permitted.</li> <li>– 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.</li> <li>– 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.</li> </ul>
<b>Employee Future Benefit Obligations</b>	<ul style="list-style-type: none"> <li>– 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.</li> <li>– 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.</li> <li>– 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.</li> <li>– PSAB released an exposure draft on proposed section PS3251, <i>Employee Benefits</i> in July 2021. Comments to PSAB on the proposed section are due by November 25, 2021. Proposed Section PS 3251 would apply to fiscal years beginning on or after April 1, 2026 and should be applied retroactively. Earlier adoption is permitted. The proposed PS3251 would replace existing Section PS 3250 and Section PS 3255. This proposed section would result in organizations recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations.</li> </ul>

Standard	Summary and implications
<b>Public Private Partnerships (“P3”)</b>	<ul style="list-style-type: none"> <li>PSAB has introduced Section PS3160, which includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard has an effective date of April 1, 2023, and may be applied retroactively or prospectively.</li> <li>The standard notes 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.</li> <li>The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.</li> <li>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.</li> </ul>
<b>Concepts Underlying Financial Performance</b>	<ul style="list-style-type: none"> <li>PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards.</li> <li>PSAB released four exposure drafts in early 2021 for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. The Board is in the process of considering stakeholder comments received.</li> <li>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.</li> <li>In addition, PSAB is proposing: <ul style="list-style-type: none"> <li>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.</li> <li>Separating liabilities into financial liabilities and non-financial liabilities.</li> <li>Restructuring the statement of financial position to present non-financial assets before liabilities.</li> <li>Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).</li> <li>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”.</li> <li>A new provision whereby an entity can use an amended budget in certain circumstances.</li> <li>Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position. Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.</li> </ul> </li> </ul>



<b>Purchased Intangibles</b>	<ul style="list-style-type: none"> <li>– 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.</li> <li>– 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.</li> <li>– The effective date is April 1, 2023 with early adoption permitted. Application may be retroactive or prospective</li> </ul>
<b>Government Not-for-Profit Sharing</b>	<ul style="list-style-type: none"> <li>– PSAB is in the process of reviewing its strategy for government not-for-profit (“GNFP”) organizations. PSAB intends to understand GNFPs’ fiscal and regulatory environment, and stakeholders’ financial reporting needs.</li> <li>– PSAB released a second consultation paper in January 2021 which summarizes the feedback received to the first consultation paper. It also describes options for the GNFP strategy and the decision-making criteria used to evaluate the options. PSAB recommends incorporating the PS4200 series with potential customizations into PSAS. This means reviewing the existing PS4200 series to determine if they should be retained and added to PSAS. Incorporating the updated or amended PS4200 series standards in PSAS would make the guidance available to any public sector entity. Accounting and/or reporting customizations may be permitted if PSAB determines there are substantive and distinct accountabilities that warrant modification from PSAS.</li> <li>– PSAB is in the process of considering stakeholder comments.</li> </ul>
<b>2022 – 2027 Strategic Plan</b>	<ul style="list-style-type: none"> <li>– PSAB’s Draft 2022 – 2027 Strategic Plan was issued for public comment in May 2021. Comments were requested for October 6, 2021.</li> <li>– The Strategic Plan sets out broad strategic objectives that help guide PSAB in achieving its public interest mandate over a multi-year period, and determining standard-setting priorities</li> <li>– The Strategic Plan emphasizes four key priorities:</li> <li>– Develop relevant and high-quality accounting standards - Continue to develop relevant and high-quality accounting standards in line with PSAB’s due process, including implementation of the international strategy (focused on adapting International Public Sector Accounting Standards for new standards) and completion of the Conceptual Framework and Reporting Model project.</li> <li>– Enhance and strengthen relationships with stakeholders - Includes increased engagement with Indigenous Governments and exploring the use of customized reporting.</li> <li>– Enhance and strengthen relationships with other standard setters – In addition to continued collaboration with other standard setters, this emphasizes strengthened relationship with the IPSASB.</li> <li>– Support forward-looking accounting and reporting initiatives – Supporting and encouraging ESG reporting, and consideration of the development of ESG reporting guidance for the Canadian public sector.</li> </ul>

# Appendix 4: Current developments and audit trends (continued)

Our discussions with you, our audit opinion and what KPMG is seeing in the marketplace - both from an audit and industry perspective - indicate the following is specific information that will be of particular interest to you. We would, of course, be happy to further discuss this information with you at your convenience.

## Thought leadership – Local governments

Thought leadership	Overview	Link
<b>Cities portal</b>	KPMG in Canada provides insights and resources for municipalities on a variety of topics including achieving sustainable infrastructure, the new reality for government in Canada, drinking water supply and park access.	<a href="#">Link to Canadian portal</a>
<b>The Future of Local Government</b>	The Future of Local Government report provides a Canadian perspective for how local governments can meet the rapidly changing needs and expectations of their stakeholders – the citizens, partners and leaders across diverse cities and communities they serve.	<a href="#">Link to Canadian portal</a>
<b>The Future of Cities</b>	The Future of Cities report unpacks our KPMG Global research and insights on the future of local government, providing an international viewpoint. The report traces the unprecedented journey ahead. Cities worldwide are now poised at a significant inflection point, as their leaders realize that long-held 'one-size-fits-all' approaches to planning and policies will likely no longer work to shape cities for a future that is truly healthy, sustainable, efficient and prosperous for all.	<a href="#">Link to Global portal</a>
<b>The Future of Government</b>	The Future of Government report considers all levels of government and provides additional perspective from the content in the Future of Local Government report. It discusses the opportunity for governments to consider a different vision of Canadian social systems and how they can adapt their operations to reflect the needs of a modern Canada.	<a href="#">Link to Canadian portal</a>
<b>CX Coffee Chats: Modernizing Government</b>	– As a result of the pandemic, government organizations have been faced with unprecedented demand for digital transformation in the delivery of services to Canadians. In the latest installment of the CX Coffee Chat series, industry specialists discuss the evolving needs of Canadians and the opportunities for government organizations to deliver online services citizens can count on.	<a href="#">Link to Canadian portal</a>
<b>20 Predictions for the Next 20 Years</b>	This series looks at how new technologies could evolve and how these advances will change every facet of our lives, including the industries and sectors that drive them. We asked KPMG in Canada subject matter specialists, across industries and sectors, to tell us how they think the world will change in the next two decades. Specifically for local governments, the political and regulatory predictions may be especially relevant.	<a href="#">Link to Canadian portal</a>



# Appendix 4: Current developments and audit trends (continued)

## Thought leadership – Local governments (continued)

Thought leadership	Overview	Links
<b>Gov take 5</b>	Gov take 5 is an always-on platform for KPMG practitioners from around the world to share insights and ideas on a timely basis and trends facing the government and public sector. The ongoing video series will cover a variety of topics including digital transformation, ESG, economic growth and more.	<a href="#">Link to video series</a>

## Thought leadership – Environmental, social, and governance (ESG)

Thought leadership	Overview	Links
<b>Unleashing the Positive in Net Zero</b>	CoP26 in Glasgow made some progress to tackling climate change but there is much more to do. At KPMG, we're committed to accelerating the changes required to fight climate change. Our Global portal provides links to further thought leadership to help drive real change.	<a href="#">Link to Global portal</a>
<b>KPMG Climate Change Financial Reporting Resource Centre</b>	KPMG's climate change resource centre provides FAQs to help you identify the potential financial statement impacts for your business.	<a href="#">Link to Global portal</a>
<b>You Can't Go Green Without Blue – The Blue Economy is Critical to All Companies' ESG Ambitions</b>	In this report, KPMG considers how leading corporates and investors can take action to capture the value that can be found in a healthy, sustainable ocean economy.	<a href="#">Link to Canadian portal</a>
<b>ESG, Strategy and the Long View</b>	This paper presents a five-part framework to help organizations understand and shape the total impact of their strategy and operations on their performance externally – on the environment, consumers, employees, the communities in which it operates, and other stakeholders – and internally.	<a href="#">Link to Global portal</a>
<b>Inclusion and diversity practices</b>	In 2021 societal changes brought more attention to inclusion and diversity. In this age of transparency, businesses must act proactively to implement strategic inclusion and diversity practices. It has become increasingly important for organizations to adopt I&D initiatives in order to foster an enjoyable work environment for their employees. Learn how to consider your own organizations' unique context, meet with the stakeholders you want to include, understand where they are at, and guide them along their own individual transformation journey.	<a href="#">Link to Canadian portal</a>



## Thought leadership – Digital and technology

Thought leadership	Overview	Link
<b>Going digital, faster in Canada</b>	Pre-COVID-19, private and public organizations were moving towards a digital business model, travelling at varying speeds. But the pandemic forced a dramatic acceleration, both in the speed of change and the required investment to digitally transform. According to Canadian insights from KPMG's recent global survey, organizations are investing heavily in technology to address immediate concerns, ranging from falling revenue and interrupted supply chains to building longer-term competitiveness and operational resilience.	<a href="#">Link to Canadian portal</a>

## Thought leadership – Board, Audit Committee and C-Suite

Resources	Summary	Links
<b>Accelerate</b>	Our Accelerate series offer insight into the key issues that will drive the Audit Committee agenda in 2022 in a number of key areas: cyber-related risk, digital transformation in the finance function, the 'Great Resignation' impacting finance, climate-related physical risks, enterprise risk management, and building a climate-conscious organization.	<a href="#">Link to Canadian Accelerate 2022 Insights series</a>
<b>KPMG 2021 CEO Outlook – Canadian Insights</b>	This year we surveyed over 1,300 CEOs globally and the results are pointing to an optimistic outlook amongst Canadian CEOs. Some of the key themes coming out of the survey include expectations for aggressive growth through expansion, investment in both people and technology as well as a focus on delivering on environmental, social and governance (ESG) and sustainability commitments.	<a href="#">Link to Canadian portal</a>
<b>Board Leadership Centre + Audit Committee Guide</b>	KPMG in Canada Board Leadership Centre engages with directors, board members and business leaders to discuss timely and relevant boardroom challenges and deliver practical thought leadership on risk and strategy, talent and technology, globalization and regulatory issues, financial reporting and more.  The new Audit Committee Guide – Canadian Edition from our Board Leadership Centre provides timely, relevant and trusted guidance to help both new and seasoned audit committee members stay informed.	<a href="#">Link to Canadian portal</a>  <a href="#">Link to 2021 guide</a>



## Thought leadership – Audit quality and insights

Thought leadership	Overview	Links
<b>Audit Quality and Transparency Report</b>	Learn about KPMG's ongoing commitment to continuous audit quality improvement. We are investing in new innovative technologies and building strategic alliances with leading technology companies that will have a transformative impact on the auditing process and profession. How do we seek to make an impact on society through the work that we do?	<a href="#">Link to Canadian portal</a>  <a href="#">Link to 2021 Global report</a>
<b>Audit and Assurance Insights</b>	KPMG provides curated research and insights on audit and assurance matters for audit committees and boards.	<a href="#">Link to Canadian portal</a>

## COVID-19 pandemic resources

Resources	Summary	Links
<b>Resources for management and the Board of Directors</b>	<p>Please visit our COVID-19 website for resources regarding the topics below. This site is being <u>updated daily</u> based on information being released by federal, provincial and municipal news releases.</p> <ul style="list-style-type: none"><li>– Business continuity guide</li><li>– Immediate actions to take</li><li>– Medium to long-term actions</li><li>– Tax considerations and a summary of federal and provincial programs</li><li>– Legal considerations</li><li>– Financial reporting and audit considerations</li></ul> <p>Global perspectives</p>	<a href="#">COVID-19 Alerts (Live Link)</a>







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