KPMG

The Corporation of the Town of Tecumseh

Audit Findings Report for the year ended December 31, 2022

KPMG LLP

November 14, 2023

kpmg.ca/audit

KPMG contacts

Key contacts in connection with this engagement

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The purpose of this report is to assist you in your review of the results of our audit of the consolidated financial statements as at and for the period ended December 31, 2022. 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 has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.

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

Audit highlights

Status of the audit

We have completed the audit of the consolidated financial statements ("financial statements"), with the exception of certain remaining outstanding procedures, which are highlighted on slide 6 of this report.

Uncorrected audit misstatements

No matters to report.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. See slide 12 for certain required communications regarding control deficiencies.

Materiality

Materiality has been established by considering various metrics with the prior year's total expenses deemed to the presumed benchmark. We have determined materiality to be $720,000 CAD. See slides 7 and 8.

Corrected audit misstatements

No matters to report.

Accounting policies and practices

No matters to report.

Audit risks and results – significant risks

Findings related to significant risks are discussed on slides 9-11.

Significant unusual transactions

No matters to report.

Other financial reporting matters

No matters to report.

Audit risks and results – going concern assessment

No matters to report.

Technology highlights

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

Summary of advanced technologies

KPMG Clara Workflow

The KPMG Clara Workflow was utilized as a hub in which all aspects of our audit work was completed.

KPMG Clara for Clients

KPMG Clara for Clients was utilized as a collaboration and share-site tool between KPMG and the Town.

Status of the audit

As of November 14, 2023, we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with Council
- Obtaining evidence of Council's approval of the financial statements
- Receipt of legal letter responses
- Receipt of signed management representation letter
- Final partner and manager review of audit file

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

Our auditor's report, a draft of which is provided alongside the draft financial statements, will be dated upon the completion of any remaining procedures.

KPMG Clara for Clients (KCfc)

Real-time collaboration and transparency

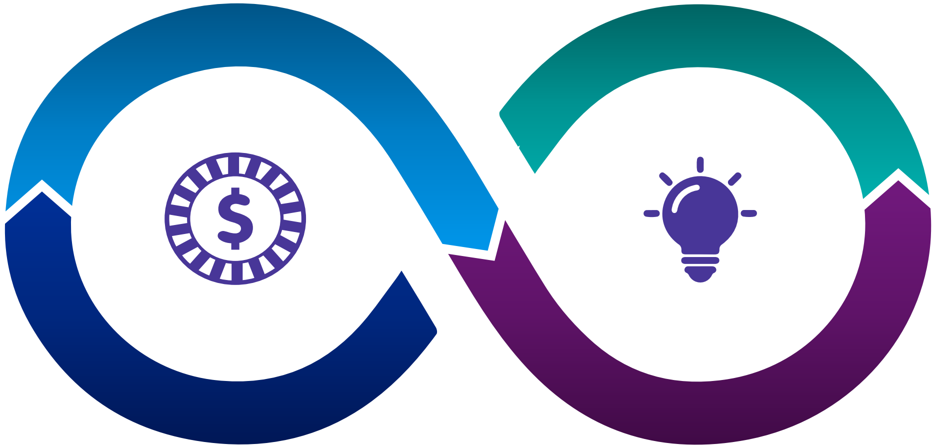
We leveraged **KCfc** to facilitate real-time collaboration with your team and provide visual insights into the status of the audit!

On your audit we used KCfc to coordinate requests from Town of Tecumseh employees.

Learn more

KPMG

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:

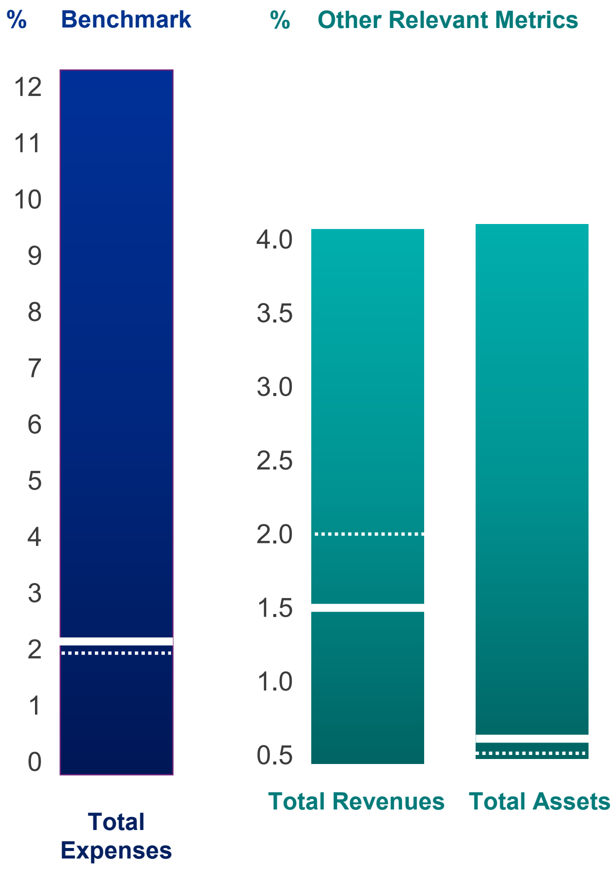
- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.

Materiality

Materiality

$720,000

(2021: $710,000)



Prior year
Current year

Prior Year Total Expenses

$36,463,160

(2021: $35,562,538)

Prior Year Total Revenues

$49,207,341

(2021: $42,106,800)

Prior Year Total Assets

$324,636,483

(2021: $309,157,345)

Significant risks and results

We highlight our significant findings in respect of **significant risks** as well as any additional significant risks identified.

Risk of material misstatement due to fraud resulting from management override of controls

Significant risk	Estimate?
The risk of material misstatement due to fraud resulting from management override of controls is a presumed risk for all entities under Canadian Auditing Standards ("CAS"). We have not identified any specific areas which highlight this risk over the course of our audit.	No

Our response

- The risk resides with management's ability 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.
- As this risk is non-rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. KPMG performed procedures as noted in our audit planning report, including testing of journal entries and other adjustments, performed a retrospective review of estimates and evaluated the business rationale of significant unusual transactions.
- KPMG reviewed a sample of expense reports for the Mayor, his staff, Council and the Corporate Leadership Team. We reviewed the policies of the Corporation
- and ensured that the expense reports adhered to the policies and were appropriately authorized and supported.

Significant findings

- No exceptions were noted in our testing.
- All expenses were appropriately authorized, supported and in compliance with the Corporation's policies.

Other significant findings and results

We highlight **other significant findings** as follows:

Tangible capital assets and other non-financial assets

Other significant finding	Estimate?
KPMG performed procedures over the carrying value of tangible capital assets and other non-financial assets due to their monetary significance	No

Our response

- Amortization is charged on a straight-line basis over the useful life of the assets.
- KPMG performed substantive tests of details over additions to tangible capital assets as well as substantive analytical procedures over the current year amortization.

Significant findings

- The estimated useful lives of the tangible capital assets that the Town uses are consistent with industry standards.
- There have been no indications of valuation or impairment issues in relation to the total value of tangible capital assets and other non-financial assets recorded.

Other significant findings and results

We highlight **other significant findings** as follows:

Valuation of employee future benefit obligations

Other significant finding	Estimate?
Employee future benefit obligations are a significant estimate in the financial statements.	Yes

Our response

- Obligations related to employee future benefits are valued based on actuarial assumptions.
- We have reviewed the assumptions provided by Management and the management expert, including the discount rate, valuation method applied, and the qualifications of the Actuary.

Significant findings

- We determined that the assumptions determined by the actuary are reasonable in nature.
- Employee future benefits were adequately disclosed within the financial statements.

Control deficiencies

Consideration of internal control over financial reporting (ICFR)

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

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

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

A deficiency in internal control over financial reporting

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

Significant deficiencies in internal control over financial reporting

A significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

Significant accounting policies and practices

Initial selections of significant accounting policies and practices

There were no new significant accounting policies and practices selected and applied during the period.

Description of new or revised significant accounting policies and practices

No matters to report.

Significant qualitative aspects of the Company's accounting policies and practices

No matters to report.

Other financial reporting matters

We also highlight the following:

Financial statement presentation - form, arrangement, and content	No matters to report.
Concerns regarding application of new accounting pronouncements	***Asset Retirement obligations (ARO)*** • The new standard *PS 3280 Asset retirement obligations* is effective for fiscal years beginning on or after April 1, 2022. This 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. The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life if the asset is in productive use. ***Financial Instruments and Foreign Currency Translation*** • 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. Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments can be carried at cost or fair value depending on the entity's choice. This choice must be made on initial recognition of the financial instrument and is irrevocable.
Significant qualitative aspects of financial statement presentation and disclosure	No matters to report.

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.

Key changes to the IESBA code of ethics

The revisions create new requirements for public interest entities (PIEs), which include Canadian reporting issuer and US SEC issuer audit clients. As a reminder, before accepting a NAS for a PIE audit client, the auditor is required to:

- inform Those Charged with Governance (TCWG) (e.g. the Audit Committee) 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 and obtain their pre-approval (also referred to as "concurrence").

This is effective for audits and reviews of financial statements for periods beginning **on or after December 15, 2022** and applies for NAS engagements provided to:

- a PIE audit client;
- an entity that controls the PIE directly or indirectly; or
- an entity controlled by the PIE directly or indirectly (regardless of consolidation).

Impact for reporting issuers

The IESBA NAS standard creates incremental pre-approval requirements for Canadian reporting issuer and US SEC issuer audit clients.

- pre-approval will be required to perform NAS for entities that are currently not in scope under existing Canadian and/or SEC/PCAOB pre-approval rules, specifically upstream controlling entities and downstream controlled entities that are not consolidated by the reporting issuer audit client.

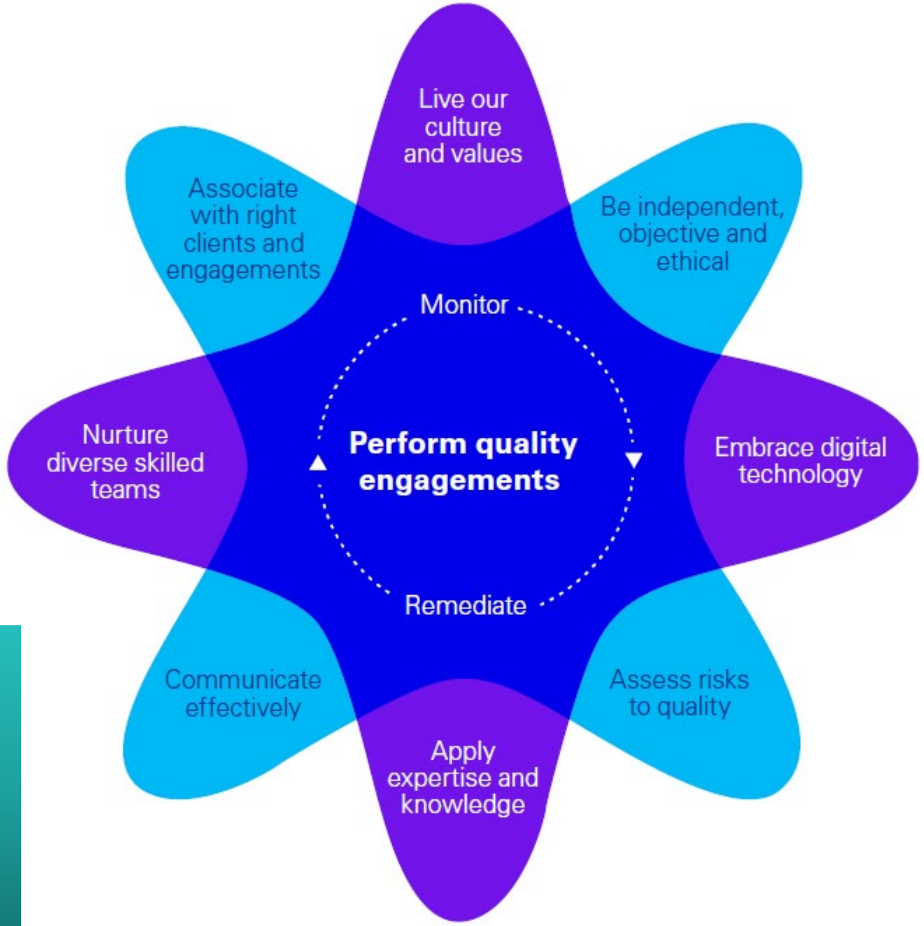
Audit quality: How do we deliver audit quality?

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

Appendices

A — Management representation letter

B — Newly effective and upcoming changes to accounting standards

C — Audit and assurance insights

D — Technology

E — Environmental, social and governance (ESG)

Appendix A: Management representation letter

KPMG LLP
618 Greenwood Centre
3200 Deziel Drive
Windsor, Ontario N8W 5K8
Canada

November 14, 2023

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 (hereinafter referred to as "financial statements") of The Corporation of the Town of Tecumseh ("the Entity") as at and for the period ended December 31, 2022.

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 April 29, 2019, 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 shareholders, board of directors and committees of the board of directors 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
- others

where 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, or others.

d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, 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.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

10) 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).

11) 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,

By: Mr. Tom Kitsos, Director Financial Services & Chief Financial Officer

By: Ms. Margaret Misek-Evans, Chief Administrative Officer

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it 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 perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

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 B: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications

Asset retirement obligations	• The new standard PS 3280 *Asset retirement obligations* is effective for fiscal years beginning on or after April 1, 2022.
	• The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets.
	• The asset retirement obligations ("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 if the asset is in productive use.
	• As a result of the new standard, the public sector entity will:
	    • 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 ARO and obtain information to estimate the value of potential ARO to avoid unexpected issues.
	• We have varying levels of support to assist the Town, led by Bailey Church who leads our ARO standard implementation services.

Appendix B: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications
Financial instruments and foreign currency translation	• 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. • 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. • PS 3450 *Financial instruments* was amended subsequent to its initial release to include various federal government narrow-scope amendments.
Revenue	• The new standard PS 3400 *Revenue* is effective for fiscal years beginning on or after April 1, 2023. • The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. • The standard notes that in the case of revenue 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 revenue arises 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.

Appendix B: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications
Purchased Intangibles	• The new Public Sector Guideline 8 *Purchased intangibles* is effective for fiscal years beginning on or after April 1, 2023 with earlier adoption permitted. • The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles. • Narrow scope amendments were made to PS 1000 *Financial statement concepts* to remove the prohibition to recognize purchased intangibles and to PS 1201 *Financial statement presentation* to remove the requirement to disclose purchased intangibles not recognized. • The guideline can be applied retroactively or prospectively.
Public Private Partnerships	• The new standard PS 3160 *Public private partnerships* is effective for fiscal years beginning on or after April 1, 2023. • The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. • 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 public private partnership ends. • 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. • 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 standard can be applied retroactively or prospectively.

Appendix B: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	• The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted. • The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. • The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

Financial Statement Presentation	• The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.
	• The proposed section includes the following:
	  • Relocation of the net debt indicator to its own statement called 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 total assets followed by total 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.
	• The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.

Appendix B: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications
Employee benefits	• The Public Sector Accounting Board has initiated a review of sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. • The intention is to use principles from International Public Sector Accounting Standard 39 *Employee benefits* 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, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. • The proposed section PS 3251 *Employee benefits* will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively. • This proposed section would result in public sector entities 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. • The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.

Appendix C: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights
Curated research and insights for audit committees and boards.

Accelerate 2023
The key issues driving the audit committee agenda in 2023.

Board Leadership Centre
Leading insights to help board members maximize boardroom opportunities

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

Current Developments
Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

KPMG Climate Change Financial Reporting Resource Centre
Our climate change resource centre provides insights to help you identify the potential financial statement impacts to your business.

Audit Committee Guide – Canadian Edition
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

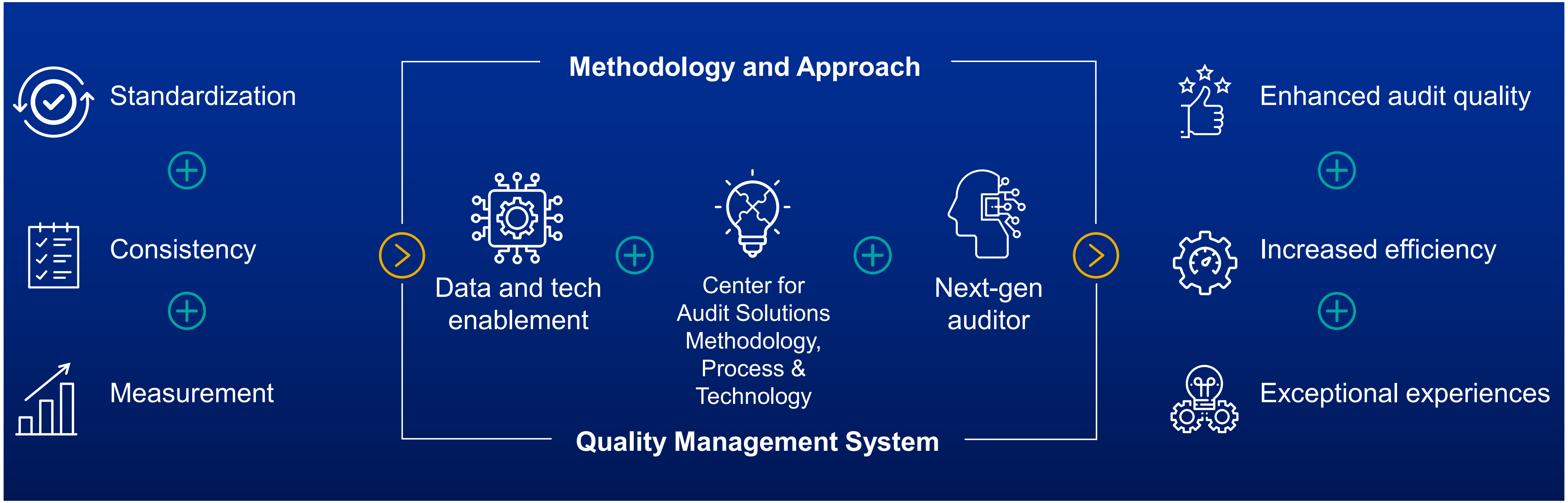
Government and Public Sector
Resources related to the government and public sector industries.

Appendix D: Technology - Continuous improvement powered by transformation

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.



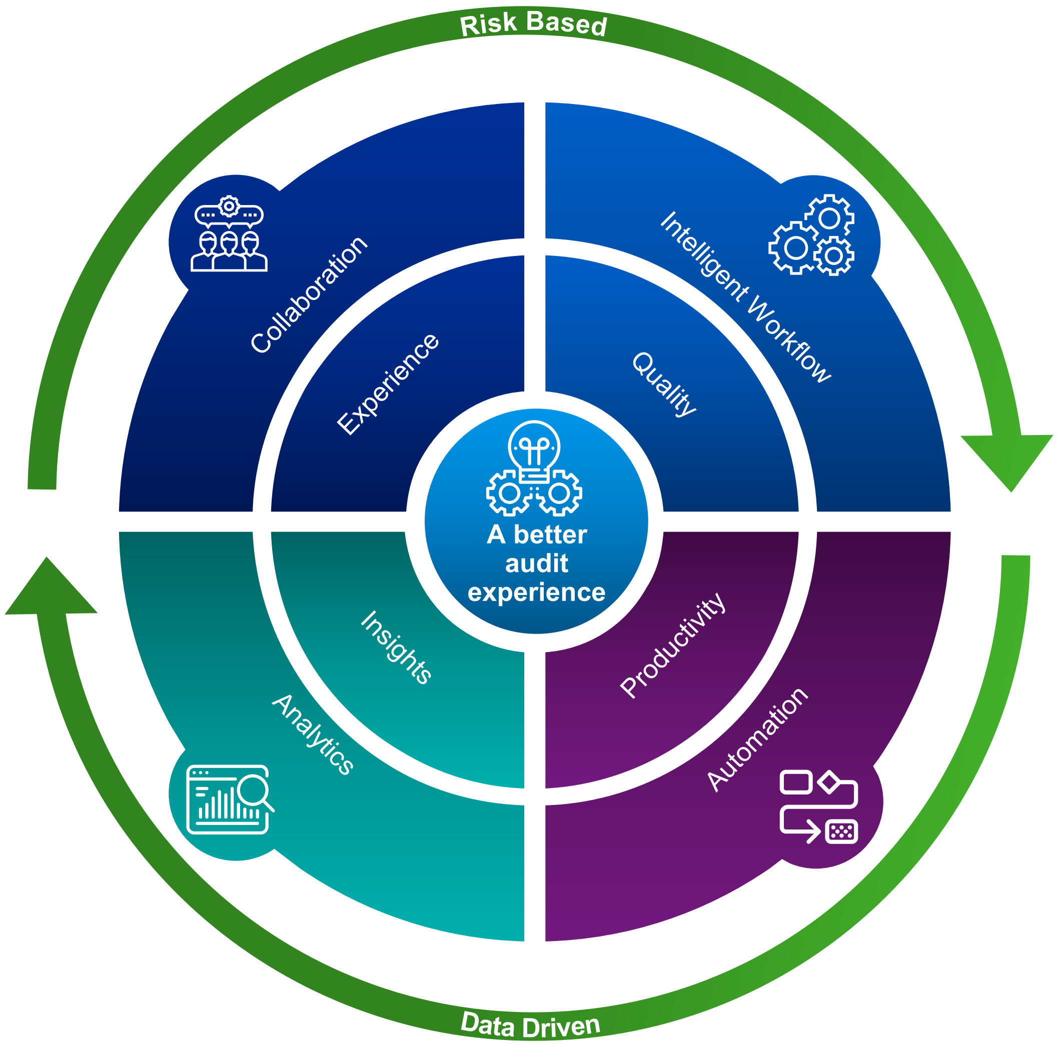
Appendix D: Technology - KPMG Clara - Bringing the audit to one place

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 E: Environmental, Social and Governance (ESG)

The Importance of Sustainability Reporting

Sustainability Reporting – Who is impacted?

- **Lenders and underwriters –** increased focus on ESG considerations when making access to capital decisions
- **Investors –** ESG integration has become an investment norm
- **Employees –** ESG has become a key factor in attracting and retaining top talent
- **Consumers –** stakeholders increasingly scrutinize companies' ESG performance and transparency affecting brand acceptance and consumer demand

Importance to the Audit Committee

- **Regulatory developments –** ESG-related compliance costs and disclosure requirements continue to evolve as rules are finalized
- **Material ESG issues –** Audit Committees should understand stakeholder priorities and the company's material ESG risks and opportunities
- **Value creation –** developing a clear ESG strategy, along with a standardized reporting process can set a company apart from its competitors

Governance on ESG Data and Sustainability Reporting

- **Data collecting and reporting –** understand the ESG frameworks and reporting standards most commonly adopted in the industry and jurisdiction (benchmark to others in the industry)
- **ESG assurance –** Audit Committees are best positioned to understand which ESG metrics merit assurance. An assurance readiness assessment on Carbon is a common and often recommended first place to start

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KPMG member firms around the world have 227,000 professionals, in 145 countries.