



Town of Newmarket

Agenda

Audit Committee

Date: Thursday, November 7, 2024
Time: 10:30 AM
Location: Streamed live from the Municipal Offices
395 Mulock Drive
Newmarket, ON L3Y 4X7

Pages

1. Notice

Members of the public may watch the live stream at newmarket.ca/meetings, or attend this meeting in person at the Council Chambers at 395 Mulock Drive.

2. Additions & Corrections to the Agenda

3. Conflict of Interest Declarations

4. Approval of Minutes

4.1 Audit Committee meeting minutes of June 20, 2024

1

1. That the Audit Committee meeting minutes of June 20, 2024 be approved.

5. Items

5.1 Audit Planning Report for the year ending December 31, 2024

7

Note: Kevin Travers, Lead Audit Engagement Partner, KPMG will provide a presentation on this matter.

1. That the presentation provided by Kevin Travers, Lead Audit Engagement Partner, KPMG regarding the Audit Planning Report for the year ending December 31, 2024 be received.

5.2 Memorandum - Audit Committee Accomplishments 2023-24

43

Note: Simon Granat, Legislative Coordinator will speak to this matter.

1. That the Memorandum - Audit Committee Accomplishments 2023-24 be approved.

6. **New Business**

7. **Closed Session (if required)**

8. **Adjournment**



Town of Newmarket

Minutes

Audit Committee

Date: Thursday, June 20, 2024
 Time: 9:00 AM
 Location: Streamed live from the Municipal Offices
 395 Mulock Drive
 Newmarket, ON L3Y 4X7

Members Present: Councillor Woodhouse, Chair
 Dennis Dai (9:03 AM to 9:47 AM)
 Councillor Simon
 Scott Fitzpatrick
 Councillor Twinney (9:06 AM to 9:47 AM)
 Sabina Fjodorova

Staff Present: I. McDougall, Chief Administrative Officer
 E. Armchuk, Commissioner of Corporate Services
 A. Tang, Manager of Finance & Accounting/Deputy Treasurer
 Kiran Saini, Deputy Clerk
 Simon Granat

The meeting was called to order at 9:02 AM.

1. Notice

Councillor Woodhouse advised that members of the public were encouraged to attend an electronic Advisory Committee or Board Meeting by streaming the meeting from the Town's website at www.newmarket.ca/meetings or attending in person at Council Chambers (395 Mulock Drive, Newmarket).

2. Additions & Corrections to the Agenda

None.

3. Conflict of Interest Declarations

None.

4. Approval of Minutes

4.1 Audit Committee meeting minutes of November 2, 2023

Moved by: Dennis Dai

Seconded by: Sabina Fjodorova

1. That the Audit Committee meeting minutes of November 2, 2023 be approved.

Carried

5. Presentations

5.1 Introduction to Andrea Tang, Director of Financial Services and Treasurer

The Commissioner of Corporate Services provided a verbal introduction to Andrea Tang, Director of Financial Services and Treasurer.

5.2 2023 Financial Statement Review

The Director of Financial Services and Treasurer presented the 2023 Financial Statement Review including accounting standard changes, statement of financial position, statement of operations and accumulated surplus, and reserve and reserve funds.

Members of the committee queried staff regarding user charges, taxes and revenue.

Moved by: Councillor Simon

Seconded by: Scott Fitzpatrick

1. That the presentation regarding the 2023 Financial Statement Review by Andrea Tang, Director of Financial Services and Treasurer be received.

Carried

5.3 Report to the Audit Committee by External Auditor KPMG

Kevin Travers, Partner, KPMG presented the Report to the Audit Committee by External Auditor KPMG including audit highlights, technical highlights, status, risks and results, pothole risks and results, policies and practices as well as appendices C and F.

Members of the Committee queried the presenter regarding the assets ARO Sample rate, finding on reforms and impacts of other misstatements and results, removal of asbestos, and environmental, social governance.

Moved by: Sabina Fjodorova

Seconded by: Councillor Twinney

1. That the presentation and report to the Audit Committee provided by Kevin Travers, Partner, KPMG be received.

Carried

6. Items

6.1 Town of Newmarket 2023 Consolidated Financial Statements

6.1.1 Town of Newmarket 2023 Consolidated Financial Statements

Moved by: Councillor Simon

Seconded by: Sabina Fjodorova

The Audit Committee recommends to Council:

1. That the Town of Newmarket Consolidated Financial Statements year ended December 31, 2023 be approved.

Carried

6.1.2 Town of Newmarket 2023 Main Street District Business Improvement Area Financial Statements

Moved by: Scott Fitzpatrick

Seconded by: Councillor Simon

The Audit Committee recommends to Council:

1. That the Town of Newmarket Main Street District Business Improvement Area Financial Statements year ended December 31, 2023 be approved.

Carried

6.1.3 2023 Financial Statement Discussion and Analysis (FSD&A)

Moved by: Councillor Twinney

Seconded by: Dennis Dai

1. That the 2023 Financial Statement Discussion and Analysis be received.

Carried

6.2 Appointment of Chair and Vice-chair

Moved by: Councillor Simon

Seconded by: Councillor Twinney

1. That Sabina Fjodorova be appointed as Chair.

Carried

Moved by: Councillor Simon

Seconded by: Sabina Fjodorova

1. That Denis Dai be appointed as Vice-Chair.

Carried

7. New Business

7.1 Meeting Schedule

The Legislative Coordinator provided an update regarding the Committee's 2024 meeting schedule.

8. Closed Session (if required)

None.

9. Adjournment

Moved by: Councillor Simon

Seconded by: Councillor Twinney

1. That the meeting be adjourned at 9:47 AM.

Carried

Sabina Fjodorova, Chair

Date



The Corporation of the Town of Newmarket

Audit Planning Report
for the year ending
December 31, 2024

KPMG LLP

Licensed Public Accountants

Prepared as of October 18, 2024 for presentation to the Audit
Committee on November 7, 2024

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



Kevin Travers

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Other technical team resources:

- *Technical review team*
- *KPMG actuarial services*



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Digital use information

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

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



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

4	Highlights	6	Audit strategy	11	Risk assessment
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23	Appendices				

The purpose of this report is to assist you, as a member of the Audit Committee of the Corporation of the Town of Newmarket to review the audit plan for the consolidated financial statements for the upcoming year ended December 31, 2024. This report is intended solely for the information and use of the Committee and the 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.



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Audit highlights

No matters to report

Matters to report – see link for details

Scope

Our audit of the consolidated financial statements (“financial statements”) of The Corporation of the Town of Newmarket (the “Town”) as of and for the year ending December 31, 2024, will be performed in accordance with Canadian generally accepted auditing standards (CASs).

Audit strategy

Materiality (PY final)
\$5,200,000

Involvement of others

Updates to our prior year audit plan

Audit Strategy – Group Audit

Total	Total assets	Total revenue
Total work performed	93%	92%
* Based on prior year financial results		
<input type="checkbox"/>	Involvement of other KPMG member firms	
<input type="checkbox"/>	Involvement of non-KPMG firms	

Risk assessment

Risk of management override of controls

Presumed risk of fraudulent involving improper revenue recognition

Other risks of material misstatements

- Cash and investments
- Tangible capital assets
- Revenue and accounts receivable
- Deferred revenue – Obligatory reserve funds
- Expenses – salaries and benefits
- Accounts payable, accrued liabilities and other expenses
- Contingencies
- Asset retirement obligations (ARO)
- Financial instruments
- Investment in Newmarket Hydro Holding Inc.
- Employee future benefits (EFBs)
- Consolidation (Town and all components)

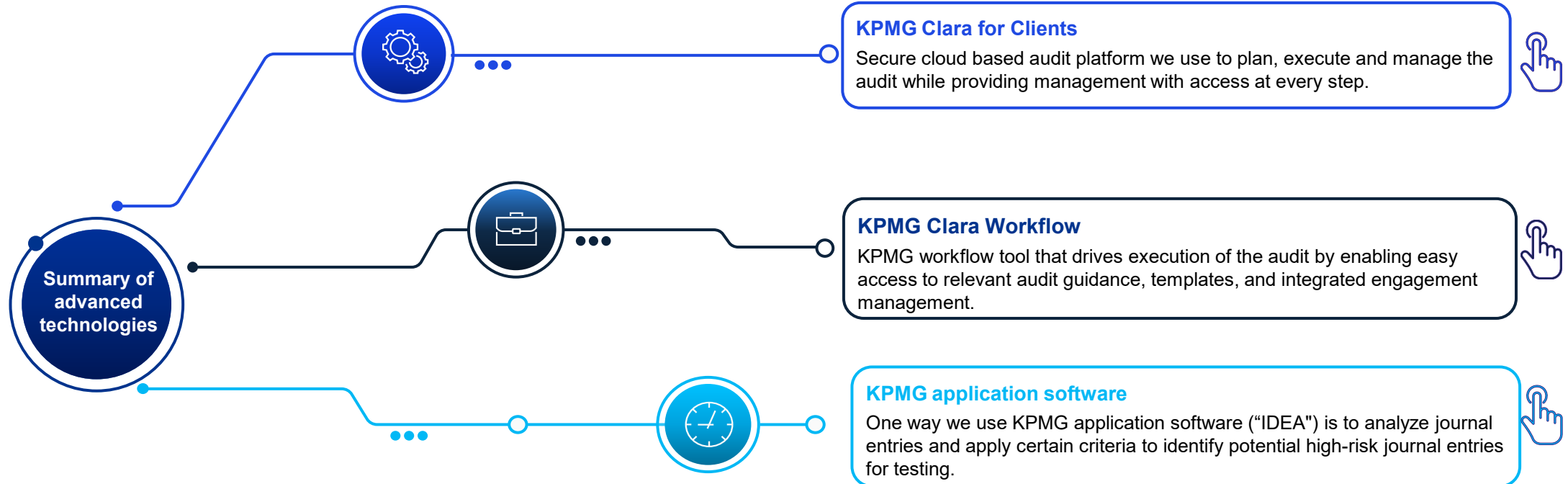


Technology highlights

KPMG Clara

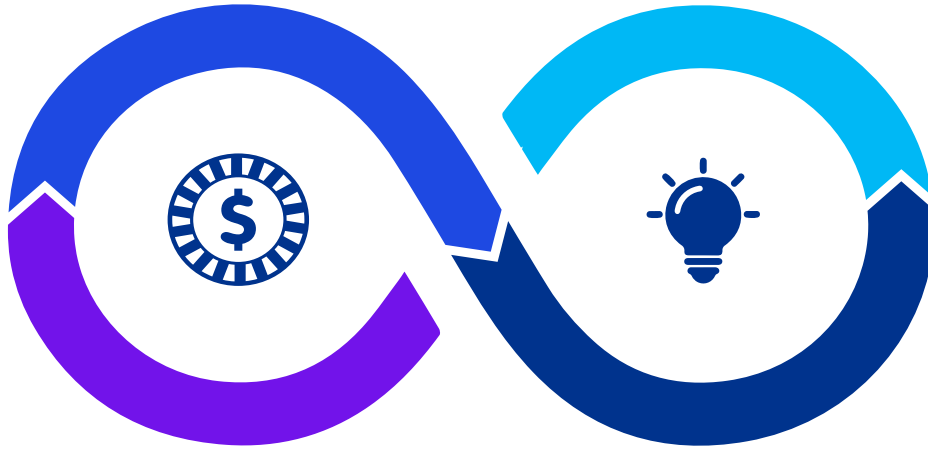


We plan to utilize technology to enhance the quality and effectiveness of the audit.





Materiality



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

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

Plan and perform the audit

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

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

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

Evaluate the effect of misstatements

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

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



Initial materiality



Preliminary Materiality
(based on PY final materiality):

\$5,200,000 *

Based on 3% of prior year benchmark of total revenues (rounded)

Benchmark:

PY Total Revenues: \$173.9M



Involvement of others

The following parties are involved in the audit of the financial statements:

Involved party	Nature and extent of planned involvement
Management specialists	Actuarial specialist – receipt of the actuarial report for Employee Future Benefits. These are specialists engaged by management.
KPMG professionals with specialized skill or knowledge – specifically, KPMG Life and Actuarial Practice	KPMG Life and Actuarial Practice will be engaged by the audit team to assess the assumptions used by the actuary in the preparation of the measurement of the obligation for employee future benefits .



Updates to our prior year audit plan

New significant risks

No new significant financial reporting risks identified.

Other significant changes



Newly effective accounting standards



Assess the impact to the financial statements and related disclosures for the changes to accounting standards effective 2024. Refer to Appendix B for new standards impacting the fiscal 2024 audit and for future changes in accounting standards.

Newly effective accounting standards



Newly effective auditing standards



Refer to Appendix C for new standards impacting the fiscal 2024 audit.

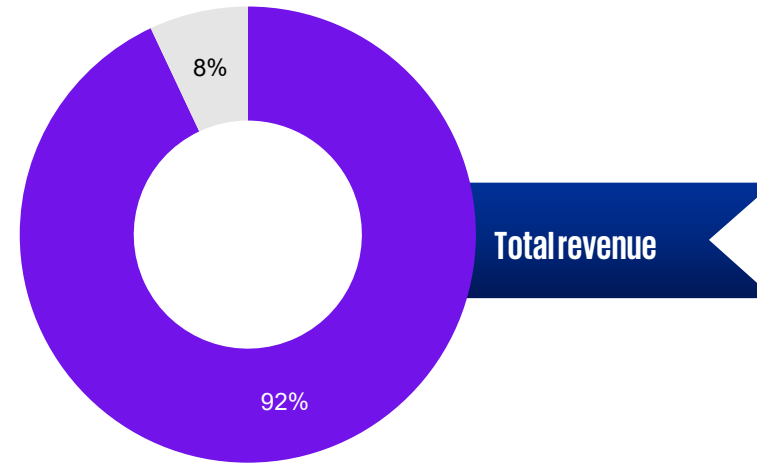
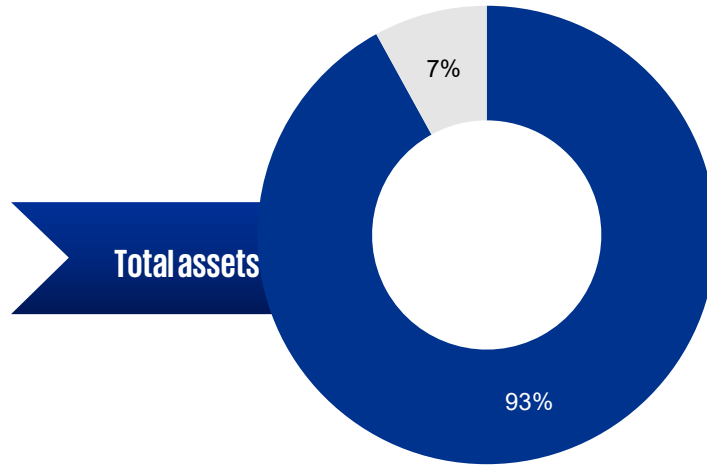
Newly effective auditing standards



Group audit - Scoping

Breakdown by audit participants

Type of work performed (based on prior year financial results)	Total assets	Total revenue
Total full-scope audits	93%	92%
Excluded from direct testing	7%	8%
Total consolidated	100%	100%



The following components are not significant for the purpose of issuing the auditor's opinion on the group of the consolidated financial statements of The Corporation of the Town of Newmarket. These components are tested separately for statutory purposes:

- Newmarket Public Library Board
- Main Steet District Business Improvement Area
- Newmarket Hydro Holdings Inc.





Risk assessment summary

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

We draw upon our understanding of the Entity and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the Entity's components of its system of internal control, including our business process understanding.

We use advanced technologies in performing our risk assessment procedures

	Risk of Fraud	Risk of error
● Risk of management override of controls	√	
● Presumed risk of fraudulent revenue recognition	√	√
● Cash and investments		√
● Tangible capital assets		√
● Revenue and accounts receivable		√
● Deferred revenues - general and obligatory reserve funds		√
● Expenses - salaries and benefits		√
● Accounts payable, accrued liabilities and expenses		√
● Contingencies		√
● Asset retirement obligations (ARO)		√
● Financial instruments		√
● Accounting for investment in Newmarket Hydro Holdings Inc.		√
● Employee future benefits		√
● Long-term debt		√

● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER AREAS OF FOCUS

Advanced Technologies

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



[Click to learn more](#)



Audit risks - Significant risks



Risk of management override of controls
(non-rebuttable significant risk of material misstatement)

RISK OF



FRAUD

Why is it significant?

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

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

Our planned response

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

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



Audit risks - Significant risks



Presumed risk of fraudulent revenue recognition

RISK OF



FRAUD

Presumption of the risk of fraud resulting from fraudulent revenue recognition

Why is it significant?

This is a presumed risk of material misstatement due to fraud. This risk has not been rebutted. Audit standards require us to assume there are generally pressures/incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition. This can be perpetrated through revenue cut-off or manual journal entries and other adjustments related to revenue recognition.

The primary risk of fraudulent revenue recognition resides with manual journal entries for revenue transactions not in the normal course of business, specifically related to management's calculation of the deferred revenue -obligatory reserve funds.

Our planned response

Our audit methodology incorporates the required procedures in professional standards to address this risk.

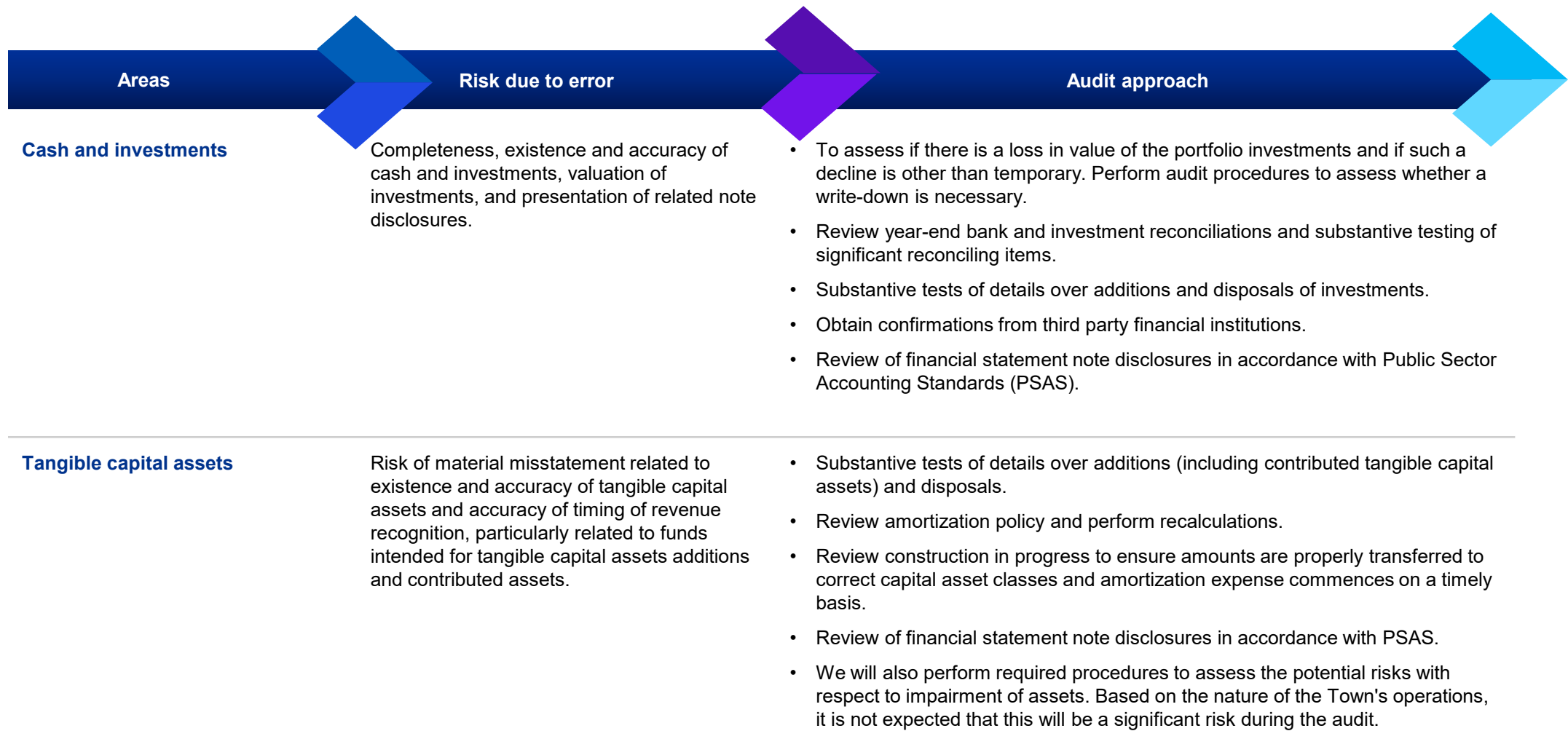
Our audit approach consists of evaluating the design and implementation of selected relevant controls.

We test journal entries that meet specific criteria. These criteria are designed during the planning phase of the audit and are based on areas and accounts that are susceptible to manipulation through management override and we design search filters that allow us to identify any unusual journal entries.

As part of our audit approach to address the inherent risk of error in revenue recognition, we substantively test revenues (both recognized and amounts held as deferred at year end) and recalculate management's calculation of deferred revenue -obligatory reserve funds through auditing management's methodology.

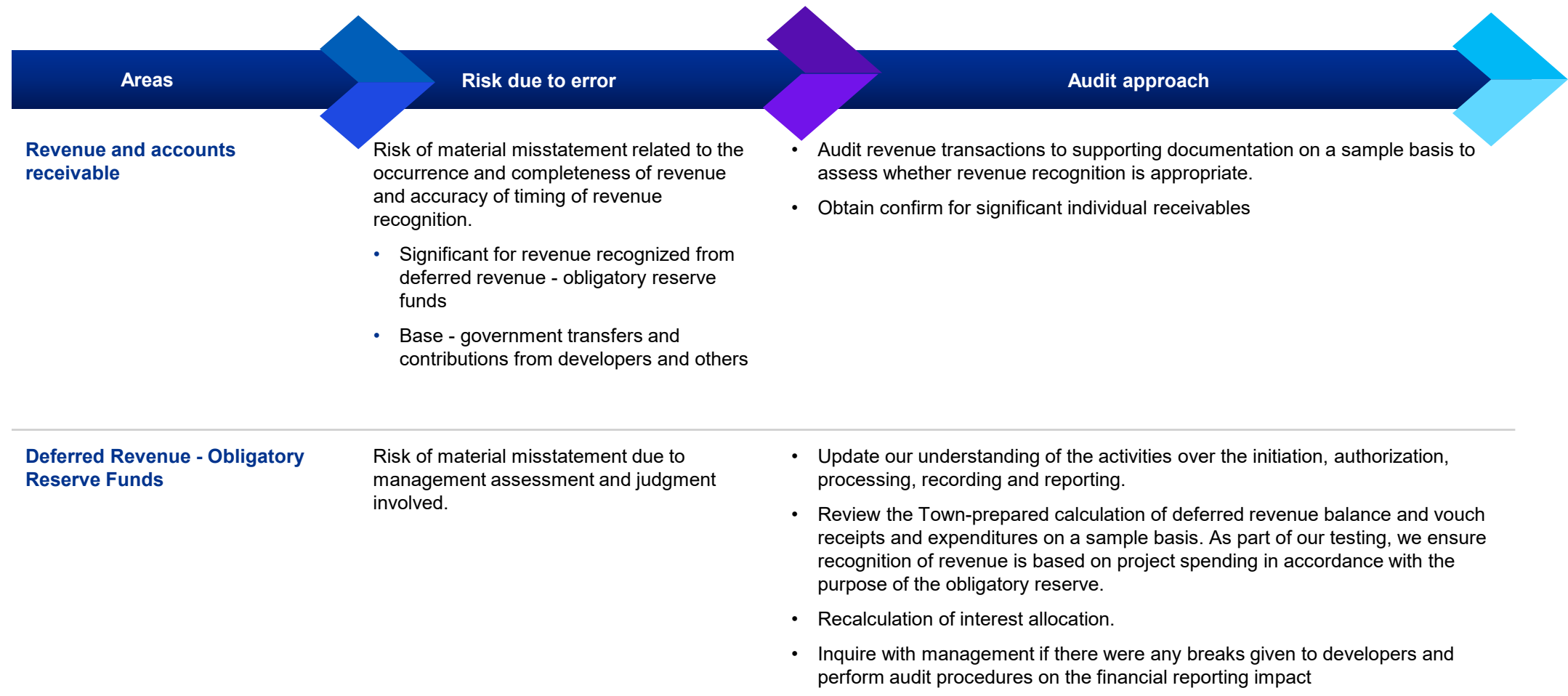


Other areas of focus



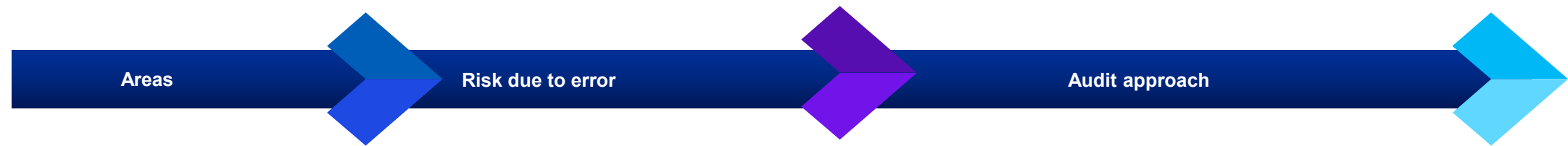


Other areas of focus





Other areas of focus



Expenses - Salaries and Benefits

Risk of material misstatement related to accuracy and occurrence of expenses.

- Test of employment expenses for a sample of employees by verifying payroll records to HR contracts and collective agreements.
- Substantive verification and recalculation of payroll-related accruals.
- Ensure any collective bargaining agreements are evaluated for retroactive liabilities.

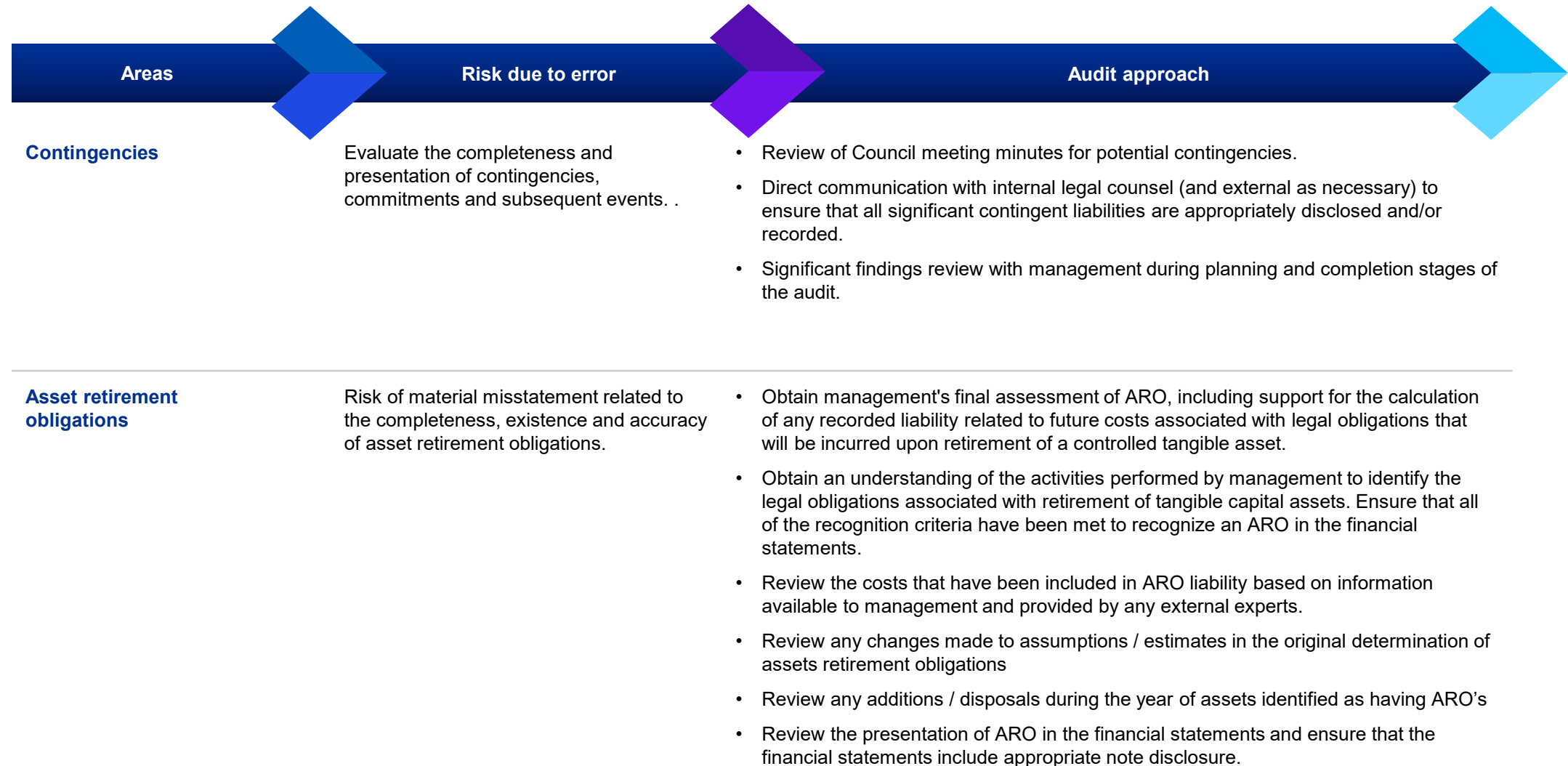
Accounts payable, accrued liabilities and expenses

Risk of material misstatement related to completeness and accuracy of liabilities and operating expenses.

- Perform substantive analytical procedures over payables and expenses.
- Significant accruals vouched to supporting documentation.
- Search for unrecorded liabilities.
- Obtain management's assessment of the impact of the newly effective *PS 3160 Public private partnerships* accounting standard and review them against the PSAS criteria and general understanding of operations.

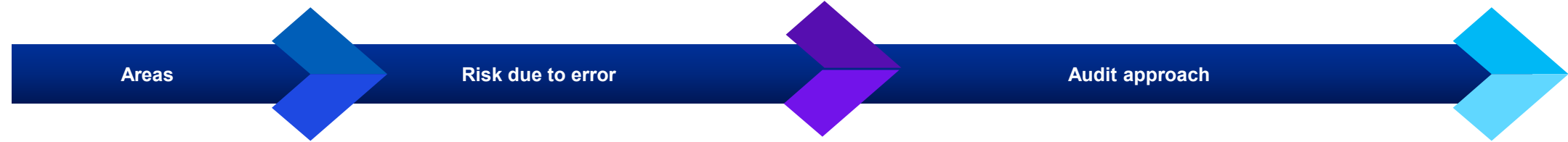


Other areas of focus





Other areas of focus



Financial instruments

Risk of material misstatement related to the completeness, existence and accuracy of financial instruments

- Obtain management's criteria assessment of measurement and recognition of financial instruments that is impacting financial statements presentation and disclosures as a result of adoption of the new standard.
- Obtain and review management's support for calculation and presentation of Statement of Remeasurement Gains and Losses.
- Review the presentation of Financial instruments in the financial statements and ensure that the financial statements include appropriate note disclosure.

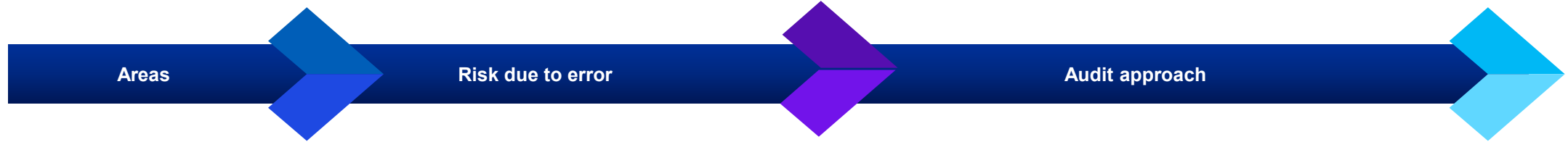
Investment in Newmarket Hydro Holdings Inc.

Completeness, existence and accuracy of investment, valuation of investments, and presentation of related note disclosures.

- Obtain support for the adjustments made to the investment in Newmarket Hydro Holdings Inc. including income from operations, dividends received and any other adjustments.
- Review financial statement disclosures in accordance with PSAS



Other areas of focus



Employee Future Benefits (EFBs)

Risk of material misstatement related to accuracy and valuation of the estimate involved in employee future benefits.

- Reliance on actuaries (management specialist) engaged by the Town; update our understanding of the activities over the quality of information used, the assumptions made, the qualifications, competence and objectivity of the preparer of the estimate, and the historical accuracy of the estimates.
- Assess method, data, and assumptions used by the actuary and management in the calculation of the employee benefits and other liabilities for reasonableness.
- We will perform audit procedures in accordance with the relevant auditing standards and related disclosure requirements related to the estimates involved.
- Perform inquiries with management to determine if this is the year of full valuation whereby new participant/member data is provided to the actuaries. If applicable, we will communicate with actuaries and test employment data provided to the actuaries.
- Review financial statement disclosure in accordance with PSAS.

Long-term debt

Completeness and accuracy of long term debt

- Review agreements and related supporting for the unsecured debentures
- Confirm balances with Region of York
- Review of financial statement note disclosures in accordance with Public Sector Accounting Standards (PSAS).



Required inquiries of the Audit Committee



Inquiries regarding risk assessment, including fraud risks

- What are the Audit Committee's views about fraud risks, including management override of controls, in the Entities? And have you taken any actions to respond to any identified fraud risks?
- Is the Audit Committee aware of, or has the Audit Committee identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
 - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Audit Committee exercise oversight of the Entities' fraud risks and the establishment of controls to address fraud risks?



Inquiries regarding entity processes

- Is the Audit Committee aware of tips or complaints regarding the Entity's financial reporting (including those received through the Audit Committee's internal whistleblower program, if such programs exist)? If so, the Audit Committee's responses to such tips and complaints?



Inquires regarding related parties and significant unusual transactions

- Is the Audit Committee aware of any instances where the Entity entered into any significant unusual transactions?
- What is the Audit Committee's understanding of the Entities' relationships and transactions with related parties that are significant to the Entity?
- Is the Audit Committee concerned about those relationships or transactions with related parties? If so, the substance of those concerns?



Key milestones and deliverables

Apr - June 2025
Final Fieldwork & Reporting

Nov - Dec 2024
Interim work

Sept - Oct 2024
Planning & Risk Assessment

Oct - Nov 2024
Risk assessment & Interim work

- Kick-off with management:
- Planning and initial risk assessment procedures, including:
 - Involvement of others
 - Identification and assessment of risks of misstatements and planned audit response for certain processes
- Obtain and update an understanding of the Entity and its environment

- Evaluate the Entities' components of internal control, other than the control activities component
- Perform process walkthroughs for certain business processes
- Complete group audit scoping
- Complete initial risk assessment
- Communicate audit plan
- Review and evaluate management's analysis of the relevance and impact of the newly implemented accounting standards, as detailed in Appendix B
- Evaluate D&I of controls for certain business processes (control activity component)

- Interim timeline: Nov 18 to Nov 30, 2024
- Evaluate D&I of controls for certain business processes (control activity component)
- Perform process walkthroughs for remaining business processes
- Identify process risk points for remaining business processes
- Perform interim substantive audit procedures
- Provide update on audit progress

- Year End Fieldwork- April 7 to April 25
- Complete year-end data extraction and processing activities
- Perform remaining substantive audit procedures
- Evaluate results of audit procedures, including control deficiencies and audit misstatements identified
- Review financial statement disclosures
- Present audit results to the Audit Committee and perform required communications
- Issue audit report on financial statements
- Closing meeting with management
- Issue audit reports on financial statements



How do we deliver audit quality?

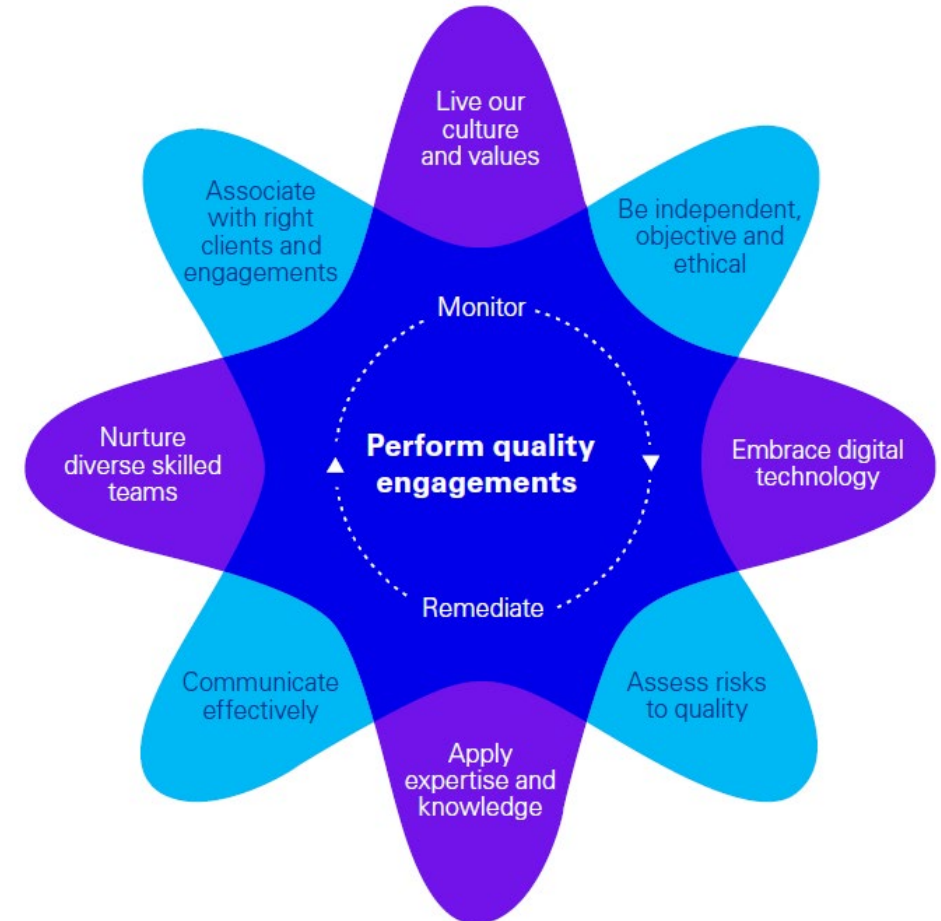
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

 [KPMG Canada Transparency Report](#)

We define 'audit quality' as being the outcome when:

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



Doing the right thing. Always.



Appendices



Regulatory communications



New accounting standards



New auditing standards



Municipal Government Service Offerings



Insights



Technology





Appendix A: Regulatory communications



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2022 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)



Appendix B: Changes in accounting standards

Standard	Summary and implications
Revenue	<ul style="list-style-type: none"> The new standard PS 3400 <i>Revenue</i> is effective for fiscal years beginning on or after April 1, 2023 (<i>The Town's December 31, 2024 year-end</i>). 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.
Purchased Intangibles	<ul style="list-style-type: none"> The new Public Sector Guideline 8 <i>Purchased intangibles</i> is effective for fiscal years beginning on or after April 1, 2023 (<i>The Town's December 31, 2024 year-end</i>) 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 <i>Financial statement concepts</i> to remove the prohibition to recognize purchased intangibles and to PS 1201 <i>Financial statement presentation</i> to remove the requirement to disclose purchased intangibles not recognized. The guideline can be applied retroactively or prospectively.



Appendix B: Changes in accounting standards (continued)

Standard	Summary and implications
Public Private Partnerships	<ul style="list-style-type: none"> The new standard PS 3160 <i>Public private partnerships</i> is effective for fiscal years beginning on or after April 1, 2023 (<i>The Town's December 31, 2024 year-end</i>). 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.
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 (<i>The Town's December 31, 2027 year-end</i>) 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.



Appendix B: Changes in accounting standards (continued)

Standard	Summary and implications
Financial Statement Presentation	<ul style="list-style-type: none"> • The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 (<i>The Town's December 31, 2027 year-end</i>) to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted. • The section includes the following: <ul style="list-style-type: none"> • 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 rereasurement 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.





Appendix B: Changes in accounting standards (continued)

Standard	Summary and implications
Employee benefits	<ul style="list-style-type: none"> • The Public Sector Accounting Board has initiated a review of sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. • The intention is 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, 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 <i>Employee benefits</i> will replace the current sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. It will apply to fiscal years beginning on or after April 1, 2026 (<i>the Town's December 31, 2027 year-end</i>). 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: Newly effective and upcoming changes to auditing standards

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

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

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

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

.....
Communications with those charged with governance

ISA 700/CAS 700

.....
Forming an opinion and reporting on the financial statements



Appendix D: Municipal Government Service Offerings



Overview

KPMG’s Governance, Risk and Compliance services team has vast experience working with clients across the municipal government sector, assessing organizations risk management, internal control and governance processes and providing value adding insight across our municipal government clients. KPMG has a successful track record and are the leading service provider of municipal government services across a variety of audit areas including operations, finance, service delivery reviews, cyber security and HR. KPMG also provides full outsourced and co-sourced audit services to a number of municipalities, helping clients to identify more efficient and effective ways of delivering their services and streamlining costs. Below we have provided further details of our service offerings to municipalities.

Experience

KPMG brings a wealth of practical experience delivering services to municipal government clients. We have listed some example audited areas below.

• Absence Management	• Cyber Security	• Insurance	• Real Estate
• Accounts Payable	• Enforcement	• IT Governance	• Reserves
• Accounts Receivable and Cash Handling	• Facility Management	• Overtime	• Recruitment and Retention
• Asset Management	• Fleet Inventory	• Parks and Recreation	• Remuneration
• By-Law Compliance	• Fleet Management	• Physical Security	• Snow Clearing
• Councillor Budgets	• Health and Safety	• Procurement	• Support Functions

Client list

We are the leading municipal government advisor in Ontario in relation to internal audit, compliance, service delivery and process reviews. We have shown below a summary of the municipalities we have provided services to.

Client list

We are the leading municipal government advisor in Ontario in relation to internal audit, compliance, service delivery and process reviews. We have shown below a summary of the municipalities we have provided services to:





Appendix D: Municipal Government Service Offerings, cont'd:

Review areas

Below we have shown an examples of the types of reviews we have conducted through our work with Ontario Municipalities

Internal Audit reviews

- Review of the design and operation of key business controls
- Identifying recommendations to improve and optimize the control environment
- Using data analytics and visualization to test large data sets
- Examples include AP, cash handling and Fleet Inventory



Control Testing Analysis



Process Flow Charts



Opportunity Scorecard

Service delivery/process reviews

- Review of the operational efficiency and effectiveness of a service area
- Using lean methodologies to identify more efficient and effective ways of delivering services.
- Creation of process maps and identification of opportunities to streamline processes and create cost savings
- Examples include Snow Clearing, Parks & Recreation and Security

Specialist reviews

- Using specialist KPMG resources to provide assurance and recommendations across specialist service areas
- Using best practice methodologies and frameworks to provide value adding insights and recommendations
- Examples include, Cyber Security, IT Risk Assessments, Facilities and Real Estate

Additional Services

Service Profiles	Data Analytics	Benchmarking
<p>E.g. We use service profiles as part of our organizational service delivery reviews across areas such as roads, parks, IT and finance. These show the key staffing and budget requirements, service levels, activity, metrics and improvement opportunities.</p>	<p>E.g. We used data analytics to plot complaints received relating to snow clearing, showing the types of complaints received and their geographic locations. This enabled the organization to track complaints more proactively and follow up on any hotspot areas.</p>	<p>E.g. We used benchmarking to provide comparable analysis on how security services are provided, including costs to deliver services, types of services, staffing levels and service delivery models.</p>

Contact Us

Should you like to discuss our not-for-profit services further, or would like to discuss our work in more detail, please contact:



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Appendix E: 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.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Audit Committee Guide – Canadian Edition

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

Accelerate 2024

The key issues driving the audit committee agenda in 2024.

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.





Appendix F: Our technology story



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.



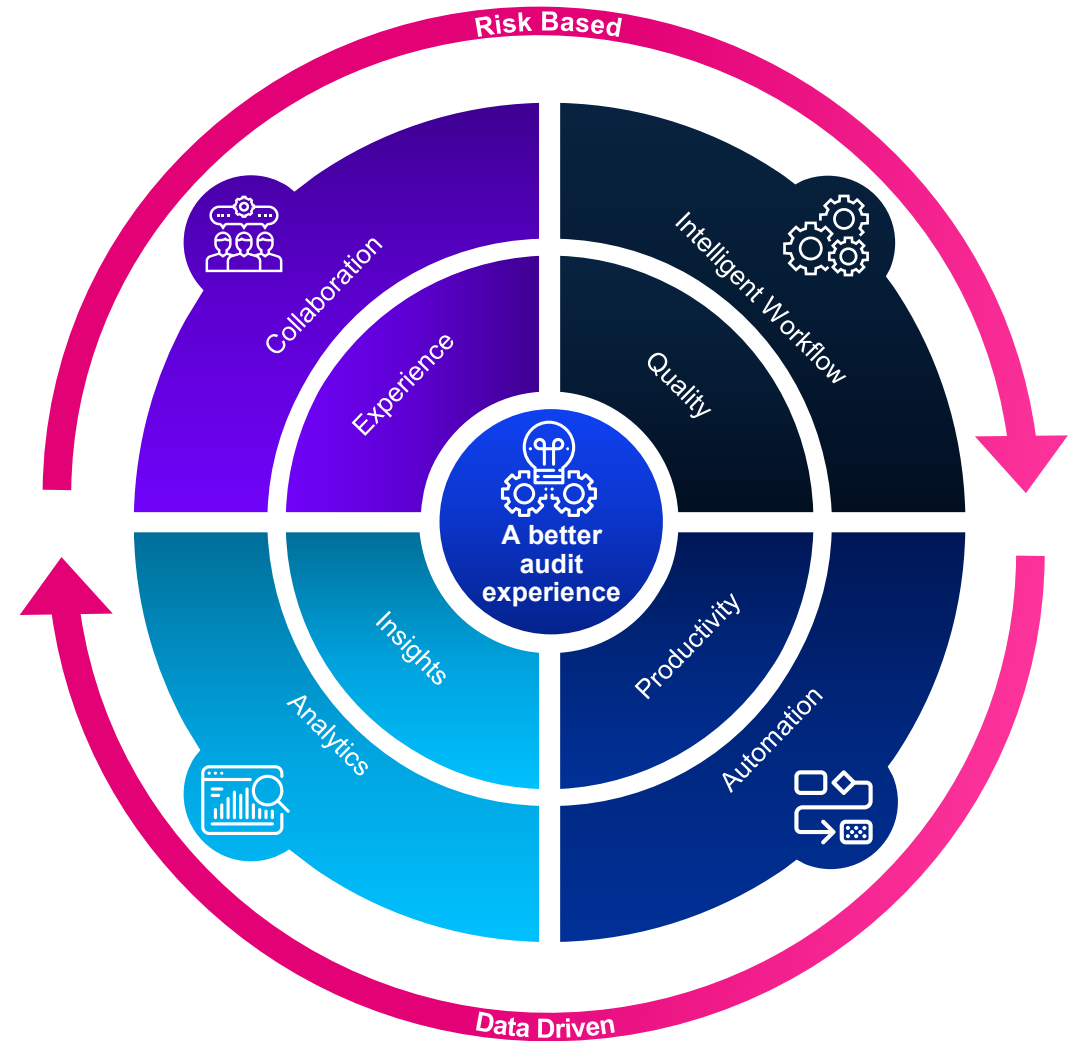
Intelligent workflow

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 F: Continuous evolution

Our investment: \$5B

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience

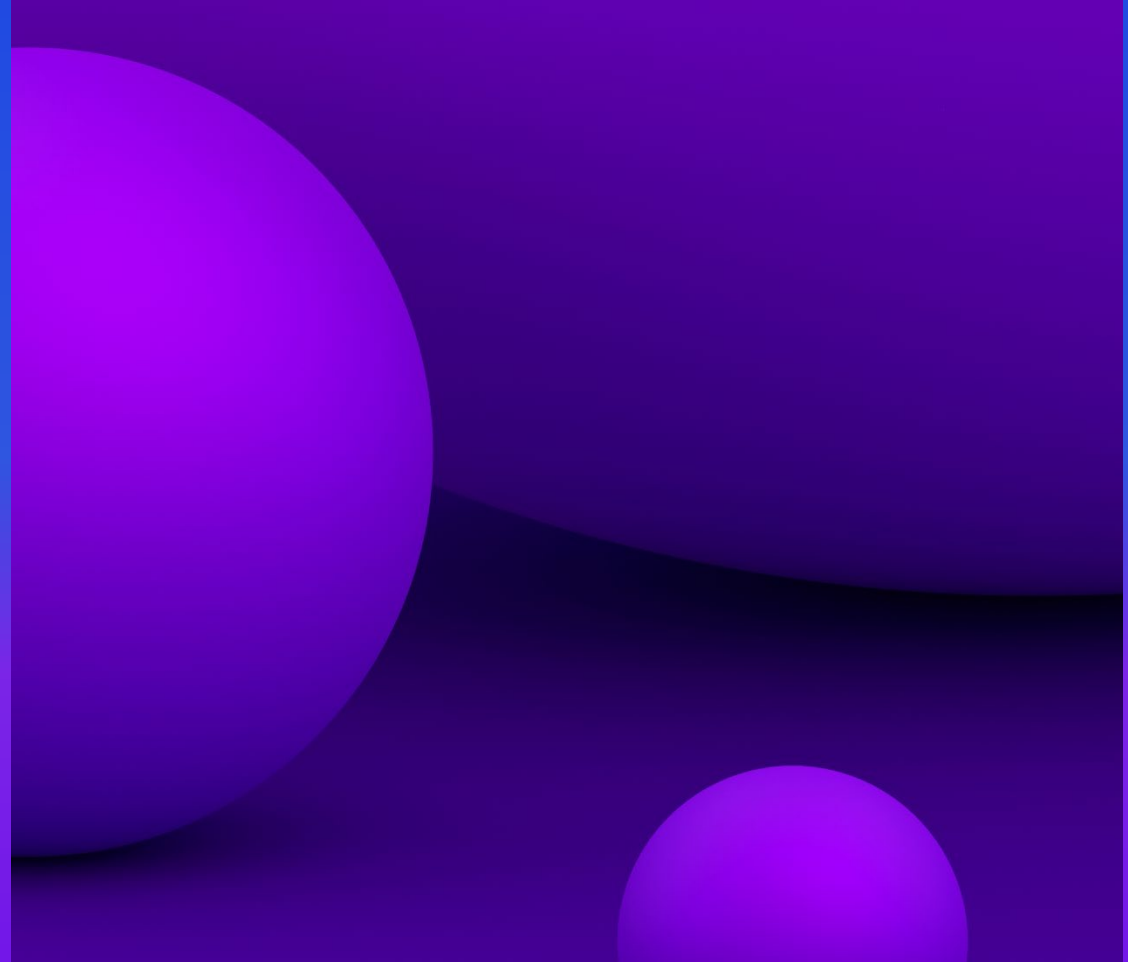
Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.





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

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Memorandum

Audit Committee Accomplishments 2023-24

Meeting Date: November 7, 2024

Purpose:

To consult with the Audit Committee regarding their accomplishments.

Background:

The Terms of Reference for the Audit Committee state that, “a report or presentation summarizing the Committee’s accomplishments shall be provided to Council in the fourth quarter annually.” For 2024, an Information Report will summarize Advisory Committee accomplishments in 2023 and 2024. This Report is expected to be distributed in December 2024.

Discussion:

Below is a list of accomplishments from the Audit Committee:

- Reviewed the 2022 and 2023 Town of Newmarket Consolidated Financial Statements including receiving and reviewing a report by External Auditor KPMG; and,
- Received a status update on public sector accounting changes; and,
- Received a presentation on the Audit Planning Report for the Years ended December 31, 2023 and for the same date 2024.

For more information, email the Clerk’s Office at clerks@newmarket.ca.