The Corporation of The City of Mississauga

Audit Findings Report
for the year ended December 31, 2020

KPMG LLP

Licensed Public Accountants

April 30, 2021

kpmg.ca/audit

KPMG

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Our refreshed Values

What we believe

Integrity

We do what is right.

Excellence

We never stop learning and improving.

Courage

We think and act boldly.

Together

We respect each other and draw strength from our differences.

For Better

We do what matters.

How do we deliver audit quality?

Transparency report

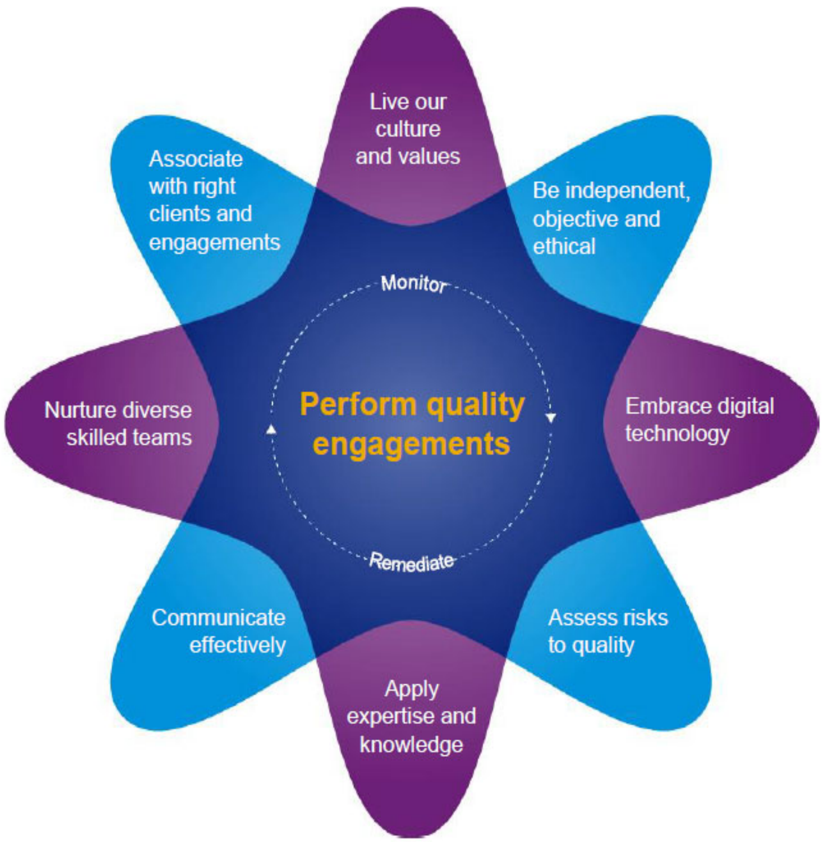
Quality essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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

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

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

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



Doing the right thing. Always.

Executive summary

Purpose of this report[1]

The purpose of this Audit Findings Report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the consolidated financial statements (the “financial statements”) of the Corporation of the City of Mississauga (the “City”) as at and for the year ended December 31, 2020. This Audit Findings Report builds on the Audit Plan we presented to you on December 7, 2020.

What’s new in 2020

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

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

Finalizing the audit

As of date of this report, we have completed the audit of the financial statements and received evidence of approval of the financial statements from the City’s Treasurer (individual delegated with authority to approve the financial statements).

Our audit report is dated the date of approval of the financial statements by the Treasurer, April 30, 2021.

Adjustments and differences

We did not identify differences that remain uncorrected.

There was one corrected adjustment.

See page 15.

Significant accounting policies and practices

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

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

Executive summary (continued)

Control deficiencies

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

Financial statement presentation and disclosure

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

Independence

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

What's new in 2020

COVID-19 pandemic

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

Area of Impact	Key Observations
City's financial reporting impacts	— We considered impacts to financial reporting due to COVID-19 pandemic and the increased disclosures needed in the financial statements as a result of the significant judgements. — In areas of the financial statements where estimates involved significant judgements, we evaluated whether the method, assumptions and data used by management to derive the accounting estimates, and their related financial statement disclosures were still appropriate in accordance with the relevant financial reporting framework given the changed economic conditions and increased estimation uncertainty. — The areas of the financial statements most affected included: ○ Government transfers (i.e., the Safe Restart Agreement) – See page 12 under Audit Risk and Results – other areas of focus. ○ Impairment of Tangible Capital Assets – No triggers for impairment were identified; assets continue to provide economic benefit to the City. ○ Disclosures – Management's disclosures were reviewed in the context of the pandemic and determined to be adequately described. The City has included disclosure on the impact of the COVID-19 pandemic as relevant in the notes to the financial statements.
City's internal control over financial reporting	— Along with the City's remote working environment, the financial reporting impacts above necessitated certain changes to the City's internal control over financial reporting. — As a result of the changes to internal control over financial reporting due to the COVID-19 pandemic, we: ○ evaluated the design of the new relevant controls implemented in the control environment, the entity's risk assessment process, information and communication, and monitoring components of internal control over financial reporting. ○ we found that changes to internal controls due to the COVID-19 pandemic were not significant. This included the change from manual to digital approval for review and approval of different processes and transactions. We were able to review approvals and authorizations completed in a digital manner using digital authentication tools.

COVID-19 pandemic

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

Area of Impact	Key Observations
Materiality	— We considered impacts to financial reporting on both the determination and the re-assessment of materiality for the audit of the financial statements. — Planning materiality was set at a lower amount to be conservative and to address uncertainty related to expected total revenue due to the pandemic. Materiality has not been revised from the amount communicated in our audit planning report as it remains appropriate. Materiality remains at $22,500,000.
Risk Assessment	— We performed a more thorough risk assessment specifically targeted at the impacts of the COVID-19 pandemic, including an assessment of fraud risk factors (i.e., conditions or events that may be indicative of an incentive/pressure to commit fraud, opportunities to commit fraud, rationalizations of committing fraud). — We did not identify additional risks of material misstatement as a result of impacts of the COVID-19 pandemic to financial reporting.
Working remotely	— We used virtual work rooms, video conferencing, and internally shared team sites to collaborate in real-time, both amongst the audit team as well as with management. — We used secure and innovative technologies to conduct walkthroughs and perform tests of controls. — We increased our professional skepticism when evaluating electronic evidence received and performed additional procedures to validate the authenticity and reliability of electronic information used as audit evidence.
Direction and Supervision of the audit	— The manager and partner were actively involved in determining the impact that the COVID-19 pandemic had on the audit (as discussed above), including the impact on the City's financial reporting and changes in the City's control environment. — The manager and partner implemented new supervision processes to deal with working in a remote environment, and our audit approach allowed us to manage the audit using meaningful milestones and frequent touch points.
Substantive Testing Response	— As a result of the significant changes to the City's operations during the year and the difficulties to use prior period trends to predict current period results, we changed our approach for the audit of taxes receivable from performing substantive analytical procedure to performing substantive test of details.

New auditing standards

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

Standard	Key observations
CAS 540, Auditing Accounting Estimates and Related Disclosures	— The new standard was applied on all estimates within the financial statements that had a risk of material misstatement due to estimation uncertainty and not just “key estimates”, “critical accounting estimates”, or “estimates with significant risk”. — The granularity and complexity of the new standard along with our interpretation of the application of that standard necessitated more planning and discussion and increased involvement of more senior members of the engagement team. — We performed more granular risk assessments based on the elements making up each accounting estimate such as the method, the assumptions used, the data used and the application of the method. — We considered the potential for management bias. — We assessed the degree of uncertainty, complexity, and subjectivity involved in making each accounting estimate to determine the level of audit response; the higher the level of response, the more persuasive the audit evidence was needed. — Based on our audit procedures performed, we concluded that management’s estimates and judgements were reasonable.

Audit risks and results

We highlight our significant findings in respect of **significant financial reporting risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant financial reporting risks identified

Fraud risk from revenue recognition	New or changed?	Estimate?
This is a presumed fraud risk. The identified fraud risk is over revenue recognition related to revenue transactions that are not in the normal course of business and deferred revenue. The primary risk of fraudulent revenue recognition resides with manual journal entries for revenue transactions not in the normal course of business as well as management's calculation of the deferred revenue – obligatory reserve funds.	Same as prior year	No significant estimates noted.

Our response

In order to address the presumed fraud risk from revenue recognition, we performed various audit procedures over the City's process for recognizing revenue, including:

- evaluated the design and implementation of selected relevant controls over manual journal entries and other adjustments for revenue transactions.
- evaluated the design and implementation of selected relevant controls, including those relating to the tracking and reporting of obligatory reserves revenue recognition.

Significant findings

- We tested journal entries that are susceptible to manipulation through management override and unusual journal entries. See further details on page 22.
- As part of our audit approach to address the inherent risk of error in revenue recognition, we substantively tested revenues (both recognized and amounts held as deferred at year end) and analyzed spent obligatory reserve funds for which corresponding revenues are recognized.
- We substantively tested development charges and other obligatory reserves cash receipts.
- We obtained and reviewed the continuity for deferred revenue prepared by management. We selected a sample of the increases (cash receipts) and decreases (revenue recognition) for deferred revenue during the current year.

We did not identify any issues related to fraud risk associated with revenue recognition.

Audit risks and results

Fraud risk from management override of controls	New or changed?	Estimate?
Management override of controls is a presumed significant risk as prescribed by professional auditing standards.	Same as prior year	No significant estimates noted.

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.
- We have utilized Data & Analytics ("D&A") in order to enhance the quality and effectiveness of the audit, specifically with respect to testing journal entries. Using extractions of all journal entries recorded during the year, we selected samples and verified if they were supported by proper documentation and followed the journal entry initiation and approval controls and processes in place.
- We also evaluated the reasonableness of estimates. We found that management's process for identifying accounting estimates is adequate.
- We evaluated the business rationale of significant unusual transactions.
- Additionally, we incorporated an element of unpredictability whereby we perform an unpredictable procedure, or make changes to a standard procedure, to address the potential risk of fraud and management override.

Significant findings

- We did not note any significant control deficiencies in our evaluation of the design and implementation and test operating effectiveness of selected relevant controls over financial reporting.
- We tested journal entries and other adjustments by using D&A routines. See page 22 for further details in this area.
- We did not identify any issues or concerns after performing our review of estimates. See pages 11 and 14 for further details in this area.
- We did not identify any significant unusual transactions or any specific additional risks of management override during our audit.
- We did not identify any issues after completing our element of unpredictability.

Audit risks and results - other areas of focus

Employee Future Benefits	New or changed?	Estimate?
There is estimation uncertainty due to assumptions and estimates used by the actuary in calculating the liability for employee future benefits. Management is required to disclose information in the financial statements about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year. Generally, these are considered to be "estimates with significant risk."	Same as prior year; a valuation was completed in 2019.	Yes, there is estimation uncertainty due to assumptions used by the actuary to calculate the liability for the Employee Benefits.

Our response

- We obtained the actuarial valuation report and audited the data, method and assumptions applied in the valuation and performed trend analysis on the liability.
- We evaluated the discount rate in comparison with rates issued by the Canadian Institute of Actuaries ("CIA") and KPMG LLP.
- We assessed the qualifications, competence and objectivity of the actuary as required by the Canadian auditing standards.
- We assessed the disclosures in the financial statements against the requirements of the public sector accounting standards.

Significant findings

- Based on our review of the report prepared by the Actuary, we noted that the method applied for the estimate is acceptable per Canadian Institute of Actuaries and PSAB 3250 *Retirement Benefits.*
- We assessed the key assumptions used by the Actuary in light of the City's financial results. We also performed a sideways glance to compare the assumptions used by the Actuary for the City with other Ontario municipalities and did not note any significant differences.
- We noted that the discount rate used by the Actuary is a key assumption. A discount rate of 3.5% (2019 – 4.0%) was used for the determination of the liability. We evaluated the discount rate against the discount rate curve issued by different reliable sources including CIA, FIERA and KPMG LLP. Based on this evaluation, we concluded that the discount rate used is reasonable.
- The disclosures included in the financial statements are in accordance with the requirements of the public sector accounting standards.
- Based on the audit work performed, we did not note any issues related to the calculation of the City's non-pension retirement benefits and accumulated sick leave liability as at December 31, 2020.
- The employee future benefit liabilities as at December 31, 2020 are outlined in note 7 to the financial statements.

Audit risks and results - other areas of focus

Revenue and Safe Restart Grants	New or changed?	Estimate?
The City recognizes revenue from the different streams including taxation, user charges, recoveries from third parties, funding transfers and government grants, development and other contributions, investment income, penalties and interest on taxes, developer contributed and assumed assets, and other. Management follows the revenue recognition policies reported in note 1 to the financial statements to recognize revenue in accordance with PSAS.	Safe Restart grant is a new revenue stream for the City as a result of COVID-19.	No significant estimates noted.

Our response

- We substantively tested revenues (both recognized and amounts held as deferred at year end) using various sampling techniques and direct confirmation of certain revenues with third parties, including other governments and agencies.
- We obtained and vouched to the funding agreements from the provincial government for the amounts received as part of the Safe Restart Program.

Significant findings

- We noted that the City received funding as part of the Safe Restart Programs from the provincial government for both transit and non-transit operations. Total Safe Restart grants pertaining to 2020 and recognized as revenue is $55.5M and accounts receivable is $9.4M. The amount for 2020 was appropriately recognized as revenue and accounts receivable as at year end.
- Based on the audit work performed, we did not note any issues related to revenue recognized and related disclosures for the City.

Audit risks and results - other areas of focus

Enersource Corporation	New or changed?	Estimate?
Enersource Corporation ("Enersource") is accounted for on a modified equity basis.	Same as prior year.	No significant estimates noted.

Our response

– As noted in our Audit Planning Report, we assessed Enersource Corporation ("Enersource") as a significant component to the City's financial statements.

Significant findings

– The City recognizes its 90% investment in Enersource using the modified equity method.
– We reviewed the modified equity calculation and note that there are two major components to the calculation, which are: Enersource's current year net income / other comprehensive income of $17.5M (2019 - $10.8M) and Enersource's dividend declared and paid to the City of $17.7M (2019 - $15.7M). These transactions are disclosed in note 4 to the financial statements.
– No exceptions were noted during testing.

Audit risks and results - other areas of focus

Contingent liabilities	New or changed?	Estimate?
PSAS 3300 *Contingent Liabilities* requires that the City recognize a liability when “it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and the amount can be reasonably estimated.” At any point in time, the City is subject to a number of matters which could potentially result in the determination of a contingent liability as defined above, including, but not limited to matters such as legal claims, etc.	Same as prior year	Estimation uncertainty exists related to the likelihood and measurement of contingent liability. However, this estimation uncertainty does not result in a risk of material misstatement.

Our response

- We obtained and evaluated the City’s assessments and claims listing that are used to develop and record these estimated liabilities.
- We obtained a legal confirmation from internal legal counsel and evaluated the assessments made by internal legal counsel on the pending legal matters in terms of determination of likelihood and measurability.

Significant findings

- In our review of the confirmation received from the internal legal counsel and in discussions with management, we identified an overstatement of $1.8M in the liability, which has been corrected.
- As these items are resolved, it is possible that the final amounts recorded for these liabilities may change, however the amounts currently recorded represent management’s best estimates of exposure given the information presently available.
- Based on the work performed, the contingent liabilities reported by the City are reasonable.

Uncorrected differences and corrected adjustments

Differences and adjustments include disclosure and presentation differences and adjustments.

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

Uncorrected differences

We did not identify differences that remain uncorrected.

Corrected adjustments

The management representation letter includes all adjustments identified as a result of the audit, communicated to management and subsequently corrected in the financial statements. Please refer to the management representation letter distributed along with this audit findings report.

– A decrease of $1.8M in contingent liabilities was recorded, as described on page 14.

Appendices

Content

Appendix 1: Other Required Communications

Report	Engagement terms
The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.	The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter dated November 9, 2020 as provided by management.
Report to the Audit Committee	**Representations of management**
This report.	We will obtain from management certain representations at the completion of the audit.
Audit Quality in Canada	**Control deficiencies**
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: 2020 Interim Inspection Results • CPAB Audit Quality Insights Report: 2019 Annual Inspections Results Visit our **Audit Quality Resources page** for more information including access to our **Transparency report.**	None noted.

Appendix 2: Current Developments

Public Sector Accounting Standards

Standard	Summary and implications
Impact of COVID-19	– In response to the impact of COVID-19 on public sector entities, PSAB has approved deferral of all upcoming accounting standards by one year and will issue non-authoritative guidance on the effects of COVID-19. The dates noted below reflect the new revised dates.
Asset Retirement Obligations	– The new standard is effective for fiscal years beginning on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. This would be applicable to the City's' fiscal year starting on January 1, 2023. – The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. – The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life. – As a result of the new standard, the public sector entity will have to: • Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; • Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; • Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
Revenue	– The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19. This would be applicable to the City's' fiscal year starting on January 1, 2024. – The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. – The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. – The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Standard	Summary and implications
Financial Instruments and Foreign Currency Translation	– The accounting standards, PS3450 *Financial Instruments*, PS2601 *Foreign Currency Translation*, PS1201 *Financial Statement Presentation* and PS3041 *Portfolio Investments* are effective for fiscal years commencing on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. This would be applicable to the City's' fiscal year starting on January 1, 2023. – Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable. – Hedge accounting is not permitted. – A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations. – In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 *Financial Instruments* 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 *Financial Instruments*. The exposure drafts were released in summer 2020 with a 90-day comment period.
Employee Future Benefit Obligations	– PSAB has initiated a review of sections PS3250 *Retirement Benefits* and PS3255 *Post-Employment Benefits, Compensated Absences and Termination Benefits*. In July 2020, PSAB approved a revised project plan. – PSAB intends 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, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.

Standard	Summary and implications
Public Private Partnerships ("P3")	– PSAB has proposed new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. PSAB in the process of reviewing feedback provided by stakeholders on the exposure draft. – The exposure draft proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends. – The exposure draft proposes that the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. – The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project. – The final standard was approved in December 2020 with an issuance date of April 1, 2021 and an effective date of April 1, 2023 or the City's year ending December 31, 2024.
Concepts Underlying Financial Performance	– PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards. – PSAB has released four exposure drafts for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. Comments on the exposure drafts are due in May 2021. – PSAB is proposing a revised, ten-chapter conceptual framework intended to replace PS 1000 *Financial Statement Concepts* and PS 1100 *Financial Statement Objectives*. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced. – In addition, PSAB is proposing: • Relocation of the net debt indicator to its own statement and the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. • Separating liabilities into financial liabilities and non-financial liabilities. • Restructuring the statement of financial position to present non-financial assets before liabilities. • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called "accumulated other". • A new provision whereby an entity can use an amended budget in certain circumstances. • Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.

Standard	Summary and implications
International Strategy	– PSAB has reviewed all proposed options for its international strategy, and in accordance with its due process, approved the option to adapt International Public Sector Accounting Standards when developing future standards. PSAB noted that the decision will apply to all projects beginning on or after April 1, 2021. – An exposure draft to modify the GAAP hierarchy was issued and public comments were accepted up to February 15, 2021.
Purchased Intangibles	– In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles. – PSAB has approved Public Sector Guideline 8 which allows recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to Section PS 1000 Financial statement concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial statement presentation to remove the requirement to disclose that purchased intangibles are not recognized. – The effective date is April 1, 2023 (City's year ending December 31, 2024) with early adoption permitted. Application may be retroactive or prospective.

Appendix 3: Technology in the audit

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

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

Tool	Our results and insights
KPMG Clara Client Collaboration	We have a new tool available for requesting and receiving all the audit requests. This tool is web-based and would allow the finance team to upload responses to our specific requests via link on the web portal. This technology is currently being used for a number of our other clients with great success and improvement in the amount of time spent dealing with audit requests.
KPMG Clara Advanced Capabilities	KPMG will be working with the City to obtain data in a way that can be used for our new and advanced Clara audit tool. We held discussions with the Finance team this year and will be working with the City over the next few months to set things up over the future years.
Journal Entry Analysis	We utilized Computer Assisted Audit Techniques ("CAATs") to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing. We developed a set of high-risk criteria and applied the criteria to the entire population of journal entries. Journal entries containing high risk conditions were tested to ensure they were supported by proper documentation and followed the journal entry initiation and approval controls and process in place. We did not find any exceptions in our testing over journal entries.
Data Extraction & Analytics Tools	We evaluated the completeness of the journal entry population through a roll-forward of the entire GL. The GL roll consists of a summation of all automated and manual journal entries posted during the fiscal year and a comparison of the calculated amounts to the account balances as at and for the year ended December 31, 2020 as reported by management. The GL extraction was found to be complete and containing all entries recorded during the year. We were able to use this complete extraction for our testing of high-risk journal entries.

Appendix 4: Audit and Assurance Insights

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

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

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