



# Avon Maitland District School Board

**Audit Findings Report  
For the year ended August 31, 2017**

*KPMG LLP*

Prepared as of November 6, 2017 for presentation on November 14, 2017

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



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# Executive summary

## Purpose of this report\*

The purpose of this Audit Findings Report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the financial statements of Avon Maitland District School Board ("AMDSB") as at and for the year ended August 31, 2017.

This Audit Findings Report builds on the Audit Plan we presented to the Audit Committee on June 20, 2017.

## Changes from the Audit Plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to you.

## Audit risks and results

We discussed with you as part of our audit plan the presumed significant risk of fraud relating to management override of controls.

We are satisfied that our audit work has appropriately dealt with this risk.

We also discussed with you some other areas of audit focus. We have no significant matters to report to the Audit Committee in respect of them.

*See page 6*

## Adjustments and differences

We did not identify any differences that remain uncorrected.

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

\*This Audit Findings Report should not be used for any other purpose or by anyone other than the Audit Committee. 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

## Finalizing the audit

As of November 6, 2017, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- obtaining response to our external legal letter from Hicks, Morley, Hamilton Stewart Storie LLP;
- obtaining the signed management representation letter, which management has indicated that they are prepared to sign;
- completing our discussions with the Audit Committee;
- obtaining evidence of the Board's approval of the financial statements.

We will update the Audit Committee, and not solely the Chair (as required by professional standards),

on significant matters, *if any*, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

## Control and other observations

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

## Independence

We confirm that we are independent with respect to AMDSB, within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any other standards or applicable legislation or regulation.

## Critical accounting estimates

Overall, we are satisfied with the reasonability of critical accounting estimates.

The critical areas of estimates relate to:

- retirement and other employee future benefits payable;
- accrued liabilities
- reported amount of tangible capital assets

See page 8.

## 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.

# How we deliver audit quality



# Audit risks and results

We identified other areas of focus for our audit in our discussion with you in the Audit Plan

Significant findings from the audit regarding other areas of focus are as follows:

| Other areas of focus                                       | Our response and significant findings  |
|--|--|
| Government Grants and Deferred Contributions               | <p><i>Audit Approach</i></p> <ul style="list-style-type: none"> <li>We have completed substantive audit procedures to address the relevant assertions, including confirming the grant funding with the province and performing cut-off testing over revenue and receivables.</li> </ul> <p><i>Findings</i></p> <ul style="list-style-type: none"> <li>No significant findings were noted.</li> </ul>   |
| Tangible Capital Assets and Deferred Capital Contributions | <p><i>Audit Approach</i></p> <ul style="list-style-type: none"> <li>We have performed substantive testing over capital additions, including the determination of when capital expenditures are transferred from capital in progress and amortization begins.</li> <li>We have also reviewed management's determination of the useful lives of capital assets and the related amortization rates and evaluated the recognition of any amounts of deferred revenue for capital expenditures to ensure that recognition is appropriate.</li> </ul> <p><i>Findings</i></p> <ul style="list-style-type: none"> <li>No significant findings were noted.</li> </ul> |
| Employee Future Benefits                                   | <p><i>Audit Approach</i></p> <ul style="list-style-type: none"> <li>We performed substantive procedures, including review and application of assumptions as well as the use of management's expert – School Boards' Co-Operative Inc. ("SBCI").</li> <li>We performed procedures to gain assurance that disclosures are in compliance with PSAS.</li> </ul> <p><i>Findings</i></p> <ul style="list-style-type: none"> <li>No significant findings were noted.</li> </ul>   |
| Salaries and Benefits                                      | <ul style="list-style-type: none"> <li>We have performed substantive procedures over salaries and benefits expense.</li> </ul> <p><i>Findings</i></p> <ul style="list-style-type: none"> <li>No significant findings were noted.</li> </ul>  |

# Audit risks and results (continued)

| Other areas of focus | Our response and significant findings  |
|----------------------|--|
| Related Parties      | <ul style="list-style-type: none"> <li>• We have discussed the implications of the two new standards: PS2200 Related Party Disclosures and PS3420 Inter-entity Transactions which will become effective for fiscal years beginning on or after April 1, 2017 with Management.</li> <li>• We will continue to provide guidance to Management with respect to implementation of the new standards.</li> </ul> <p><i>Findings</i></p> <ul style="list-style-type: none"> <li>• No implications regarding the current year audit.</li> </ul> |
| Internal Audit       | <ul style="list-style-type: none"> <li>• We reviewed the findings included in the internal audit report prepared by PwC over Student Supervision.</li> </ul> <p><i>Findings</i></p> <ul style="list-style-type: none"> <li>• The results of the internal audit report did not have an impact on our audit approach.</li> </ul>   |

# Accounting estimates

Under generally accepted accounting principles, 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 “critical accounting estimates.”

| Asset / liability                                     | KPMG comment  |
|---|---|
| Retirement and other employee future benefits payable | <ul style="list-style-type: none"> <li>• The liability for post-retirement benefits has been determined by an actuarial valuation performed by SBCI. In the prior year, SBCI completed a full valuation, which is required every three years.</li> <li>• We obtained the SBCI report determining the estimated liability at August 31, 2017, and agreed the details to the financial statements.</li> <li>• We examined the discount rate of 2.55% (2016 – 2.05%) and compared it to the rate used at other school boards across Ontario to conclude that the rate utilized is reasonable for determining the liability.</li> </ul> |
| Accrued liabilities                                   | <ul style="list-style-type: none"> <li>• Management accrues estimates for liabilities that have been incurred at year end, but not yet paid, within accounts payable and accrued liabilities in the financial statements.</li> <li>• We obtained an understanding of the calculation through discussions with Management and obtained corroborative evidence to support assumptions.</li> </ul>   |
| Recorded value of tangible capital assets             | <ul style="list-style-type: none"> <li>• Management records amortization expense based on the estimated useful life of the asset. Estimated useful lives are disclosed in note 1(j) Tangible capital assets.</li> <li>• We recalculated amortization expense. The assumptions used by Management in the calculation are considered reasonable based on the audit evidence obtained and are consistent with the rates prescribed by the Ministry of Education. There has been no change to amortization rates in the current year.</li> </ul>  |

We believe management's process for identifying critical accounting estimates is considered adequate.

# Data & Analytics in the audit

We have utilized Data & Analytics (D&A) in order to enhance the quality and effectiveness of the audit.

We have summarized areas of the audit where D&A tools and routines were used.

| Area of focus         | D&A tools and routines  | Our results   |
|-----------------------|---|---|
| Journal Entry Testing | <ul style="list-style-type: none"> <li>We utilized KPMG application software (IDEA) to evaluate the completeness of the journal entry population through a roll-forward of 100% of the accounts.</li> </ul> | <ul style="list-style-type: none"> <li>No discrepancies noted.</li> </ul> |

# Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with the AMDSB's relevant financial reporting framework. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter included in the Appendices.

We also highlight the following:

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|  |  |
|--|--|
| <b>Form, arrangement, and content of the financial statements</b>            | Adequate   |
| <b>Application of accounting pronouncements issued but not yet effective</b> | No concerns at this time regarding future implementation |

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# Adjustments and differences

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

Professional standards require that we request of management and the Audit Committee that all identified differences be corrected. We have already made this request of management.

## Corrected adjustments

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

## Uncorrected differences

We did not identify differences that remain uncorrected.

# Control observations

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

## Significant deficiencies

No significant deficiencies came to our attention.

# Appendices

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**Appendix 1: Required communications**

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**Appendix 2: Auditor's report**

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**Appendix 3: Management representation letter**

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**Appendix 4: Value for fees**

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**Appendix 5: Audit Quality and Risk Management**

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**Appendix 6: Background and professional standards**

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**Appendix 7: Lean in Audit™**

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**Appendix 8: Data & Analytics in the Audit**

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# Appendix 1: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

- **Auditors' report** – the conclusion of our audit is set out in our draft auditors' report as attached.
- **Management representation letter** – In accordance with professional standards, copies of the management representation letter are provided to the Audit Committee. The management representation letter is attached.

# Appendix 2: Auditor's report

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Avon Maitland District School Board

We have audited the accompanying consolidated financial statements of Avon Maitland District School Board, which comprise the consolidated statement of financial position as at August 31, 2017, the consolidated statement of operations and accumulated surplus, cash flows and change in net debt for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements of Avon Maitland District School Board as at and for the year ended August 31, 2017 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

### *Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

## **DRAFT**

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

November XX, 2017

# Appendix 3: Management representation letter

KPMG LLP  
1400-140 Fullarton Street  
London, Ontario N6A 5P2

November xx, 2017

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of Avon Maitland District School Board ("the Entity") as at and for the period ended August 31, 2017.

*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 June 9, 2015 and amended June 1, 2016 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, such as all financial records and documentation and other matters, including (i) the names of all related parties and information regarding all relationships and transactions with related parties; and (ii) 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, and providing you with access to such relevant information. All significant board and committee actions are included in the summaries.
  - c) providing you with additional information that you may request from us for the purpose of the engagement.
  - d) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
  - e) 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.

- f) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- g) providing you with written representations that you are required to obtain under your professional standards and written representations that you determined are necessary.
- h) Ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that management, 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 and that affects the financial statements and involves: management, employees who have significant roles in internal control over financial reporting, or others, where the 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, 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.

*Employee Future Benefits:*

- 8) The employee future benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 9) All arrangements (contractual or otherwise) by which programs have been established to provide employee benefits, which include post-employment benefits, and that are funded or unfunded have been disclosed to you and included in the determination of pension costs and obligations.
- 10) The set of actuarial assumptions for each plan is individually consistent.
- 11) The assumptions included in the actuarial valuation are those that management instructed *School Boards' Co-Operative Inc. (SBCI)* to use in computing amounts to be used by the Entity in determining pension costs and obligations and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.
- 12) In arriving at these assumptions, management has obtained the advice of *SBCI*, but has retained the final responsibility for them.
- 13) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.
- 14) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension costs and obligations and as such have been communicated to you as well as to the actuary.
- 15) The extrapolations are accurate and properly reflect the effects of changes and events that occurred subsequent to the most recent valuation and that had a material effect on the extrapolation.
- 16) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.

*Estimates:*

- 17) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

*Going concern:*

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

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

- 20) 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). We also confirm that the financial statements of the Entity will not be included in the consolidated 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,

---

Lisa Walsh, Director of Education and Secretary of the Board

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Cheri Carter, Associate Superintendent of Financial Services and Treasurer

I have the recognized authority to take, and assert that I have taken responsibility for the financial statements.

cc: Audit Committee

## ***Attachment I – Definitions***

### *Materiality*

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

### *Fraud & error*

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

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

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

### *Related parties*

In accordance with Canadian Accounting Standards for the public sector, a *related party* is defined as:

- when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Two not-for-profit organizations are related parties if one has an economic interest in the other. Related parties also include management and immediate family members.

In accordance with Canadian Accounting Standards for the public sector a *related party transaction* is defined as:

- a transfer of economic resources or obligations between related parties, or the provision of service by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

# Appendix 4: Value for fees

## The Value of our Audit Services

We recognize that the primary objective of our engagement is the completion of the audit of the financial statements in accordance with professional standards. We also believe that our role as external auditor of the Board and the access to information and people in conjunction with our audit procedures, place us in a position to provide other forms of value. **We know that you expect this of us.**

Over the past several years, KPMG has delivered value to the Board over and above the financial statement audit, including the following:

- Lean In Audit – KPMG will be providing a 1 day session to the Board in January 2018 to walk through two of the Board's significant processes and provide commentary on process improvements – see appendix 7 for more details on Lean In Audit.
- Access to regular webinars and seminars for relevant topics, most recently in October 2017 on the upcoming standard change relating to Asset Retirement Obligations
- At no cost, in F2016, KPMG performed an HST review for the Board – providing resources and responding to questions from the Board
- Use of Data and Analytics in the audit – this helps us to improve the quality of audit evidence obtained and provide additional insights into the data as we are looking at 100% of a population. We anticipate increasing the use of D&A in our audit procedures in future years.

To facilitate a discussion, we have outlined some of the attributes of our team and our processes that we believe enhanced the value of our audit service. We recognize that certain of these items are necessary components of a rigorous audit.

- Extensive industry experience on our audit team – as you have experienced, the senior members of our team have extensive experience in audits of entities in your industry. This experience ensures that we are well positioned to identify and discuss observations and insights that are important to you.
- Current development update sessions – we have delivered tailored information on current developments on financial reporting and other matters that are likely to be significant to AMDSB and your team to assist in you in proactively responding to / addressing financial reporting and regulatory changes.
- Involvement of specialists – Our audit team is supported by KPMG specialists in indirect taxes and information systems. The specialists provide insights and observations to the audit team, as required.

# Appendix 5: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems.

Visit our [Audit Quality Resources page](#) for more information including access to our audit quality report, [Audit quality: Our hands-on process](#).

- Other controls include:
  - Before the firm issues its audit report, the Engagement Quality Control Reviewer reviews the appropriateness of key elements of publicly listed client audits.
  - Technical department and specialist resources provide real-time support to audit teams in the field.
- We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.
- We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm’s standards of quality.
- All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.



- We do not offer services that would impair our independence.
- The processes we employ to help retain and develop people include:
  - Assignment based on skills and experience;
  - Rotation of partners;
  - Performance evaluation;
  - Development and training; and
  - Appropriate supervision and coaching.
- We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.
- Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

# Appendix 6: Background and professional standards

## Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.

## Documents containing or referring to the audited financial statements

We are required by our professional standards to read only documents containing or referring to audited financial statements and our related auditors' report that are available through to the date of our auditors' report. The objective of reading these documents through to the date of our auditors' report is to identify material inconsistencies, if any, between the audited financial statements and the other information. We also have certain responsibilities, if on reading the other information for the purpose of identifying material inconsistencies, we become aware of an apparent material misstatement of fact.

We are also required by our professional standards when the financial statements are translated into another language to consider whether each version, available through to the date of our auditors' report, contains the same information and carries the same meaning.

# Appendix 7: Lean in Audit™

Lean in Audit™ is our new innovative audit approach which delivers far more than the high-quality and efficient audit you expect.

We will deliver new and pragmatic insights into your business processes and controls environment that will enable you to make measurable change to quality, productivity and profitability.

Going beyond applying principles we have embedded Lean techniques into our core audit delivery process taking audit to a new level of capability, quality and effectiveness.

**HOW IT WORKS**

1. Provide basic **Lean training** and equip our teams with a new Lean mind-set to improve **quality, value and productivity**
2. Perform interactive workshops to conduct walkthroughs of selected financial process providing **end to end transparency** and **understanding** of **process and control quality** and **effectiveness**
3. Quick and **pragmatic insight reporting** including your teams **immediate quick win actions** and **prioritized opportunities** to realize benefit



**Lean in Audit™**

- **Award-winning innovative audit approach**
- Higher audit quality - deeper process and controls understanding
- Interactive workshops replacing traditional walkthroughs taking engagement, and opportunity identification to a new level
- Engages and unlocks change across functions
- Actionable quality and productivity improvement observations
- Enjoyable new way of working



**Audit**

- Mandate to look at all financial processes
- Access to all parts of your business
- Audit teams are already skilled in process analysis



**Lean**

- Focus on quality and value
- Simple, yet powerful process improvement methodology
- Empowers employees to make improvement
- Provides new mindset and capabilities
- Pragmatic way to improve productivity

# Appendix 8: Data & Analytics in Audit

## Turning data into value

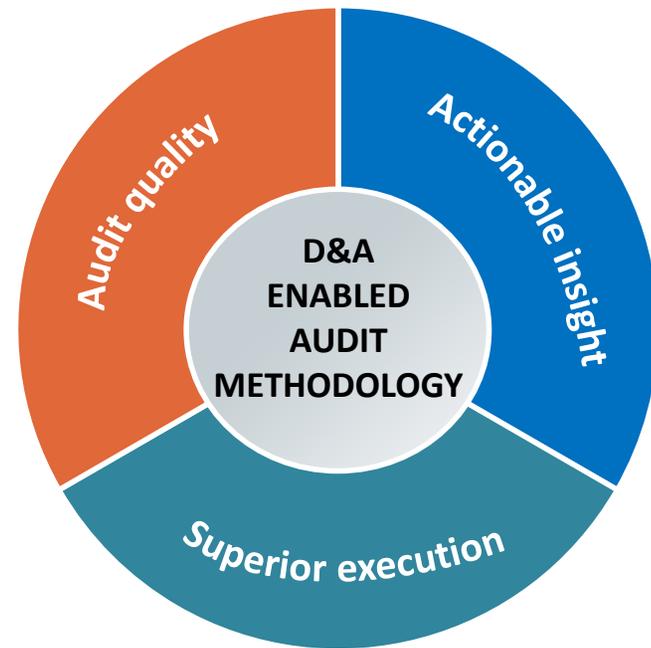
KPMG continues to make significant investments in our Data & Analytics (D&A) capabilities to help enhance audit quality and provide actionable insight to our clients by unlocking the rich information that businesses hold.

When D&A is applied to the audit, it enables us to test complete data populations and understand the business reasons behind outliers and anomalies.

Advancements in D&A tools allow us to analyze data at more granular levels, focusing on higher risk areas of the audit and developing insights you can then leverage to improve compliance, potentially uncover fraud, manage risk and more.

## KPMG is enhancing the audit

The combination of our proven industry experience, technical know-how and external data allows us to focus our audit on the key business risks, while providing relevant insights of value to you.



### FOR THE AUDIT

#### AUDIT QUALITY

- Automated testing of 100% of the population
- Focuses manual audit effort on key exceptions and identified risk areas

### FOR YOUR BUSINESS

#### ACTIONABLE INSIGHT

- Helping you see your business from a different perspective
- How effectively is your organization using your systems?

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



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