



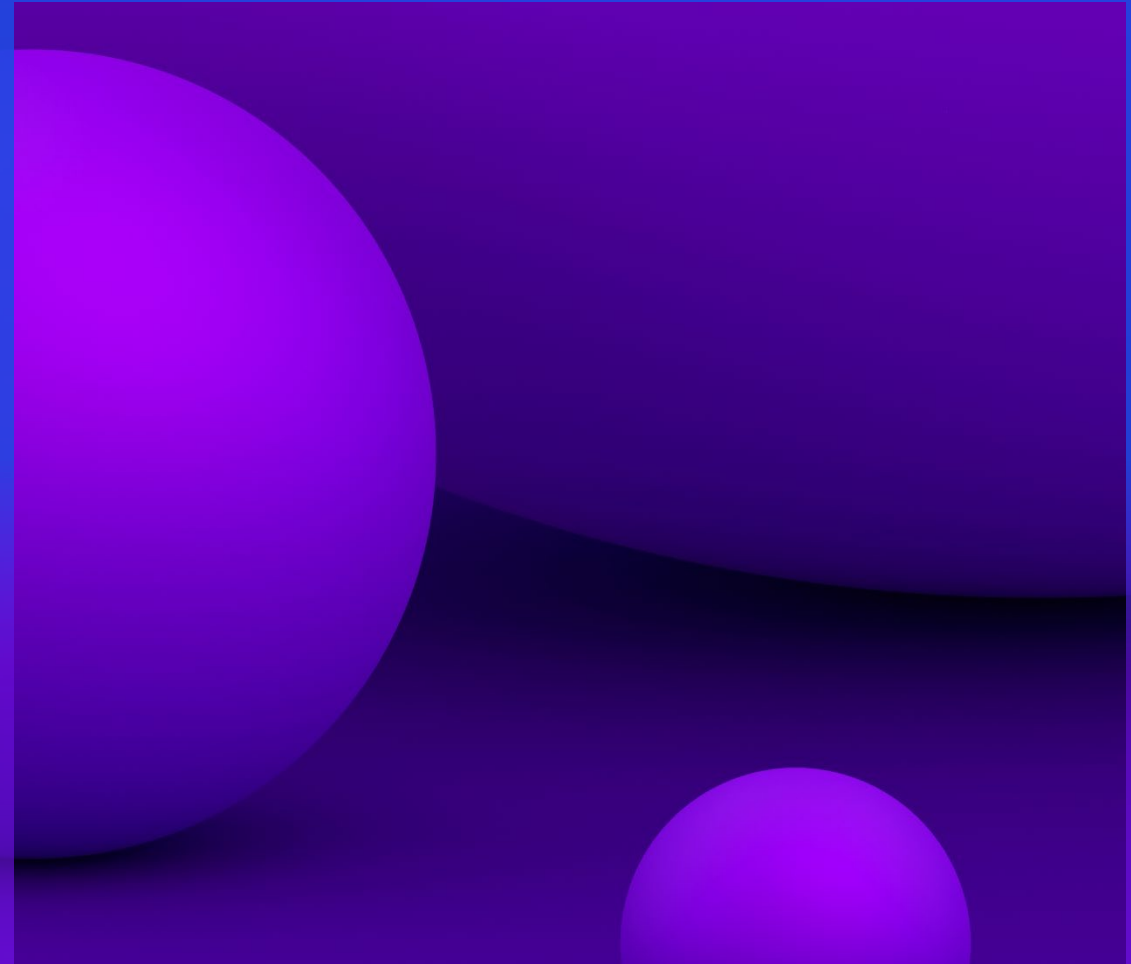
The Oakville Public Library Board

**Audit Planning Report
for the year-ended December 31, 2024**



Prepared October 7, 2024

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



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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.

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The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the plan for our audit of the financial statements. This report is intended solely for the information and use of Management, the Audit Committee, and Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Audit Committee has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit highlights



No matters to report



Matters to report – see link for details

Scope

Our audit of the financial statements of The Oakville Public Library Board (“the Entity”) as of and for the period ended December 31, 2024 will be performed in accordance with Canadian generally accepted auditing standards and Public Sector Accounting Standards.

Audit strategy

Materiality \$368,000



Involvement of others



Updates to our prior year audit plan

- Refer to page 7 for additional details on new accounting standards. We do not believe these will have a significant impact on the Library upon adoption.

Risk assessment



Risk of management override of controls

- Presumed risk required to be addressed in each audit performed under Canadian Auditing Standards



Other significant risks



Presumed risk of fraudulent revenue recognition

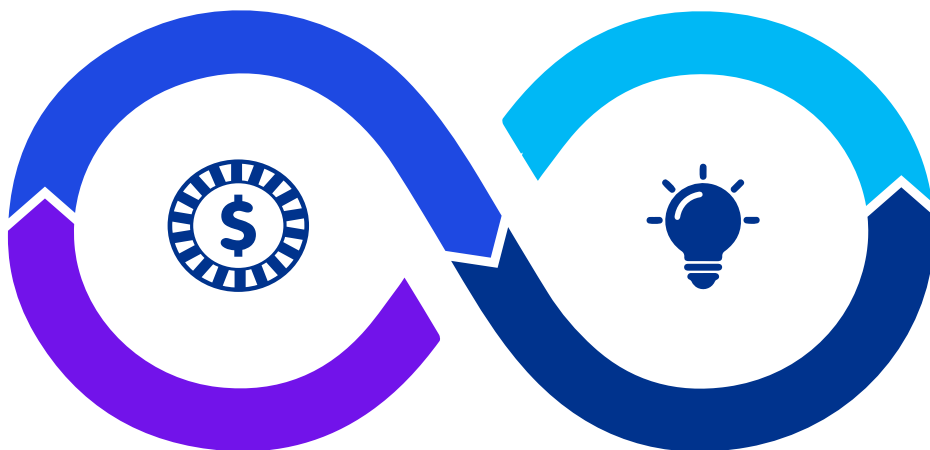


Other risks of material misstatement

- Investments and investment income
- Tangible capital assets
- Post-employment benefit liabilities
- Revenue recognition
- Operating expenditure, including salaries and benefits



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

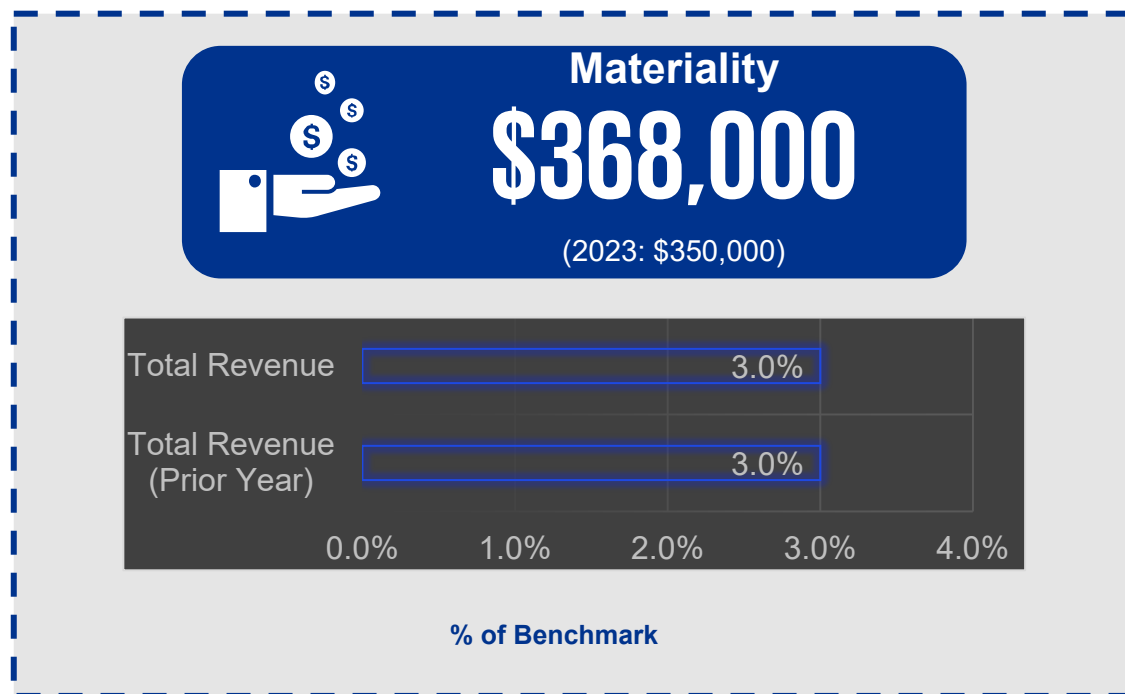
We also **use materiality** to evaluate the effect of:

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



Initial materiality

Initial materiality has been calculated as 3% of Total Revenues. The benchmark and percentage used to calculate materiality are consistent with prior period and are based on 2023 actual results.



The audit misstatement posting threshold (AMPT) is initially set at \$18,400 (2023 - \$17,500). We will profile all audit misstatements that exceed this threshold in our Audit Findings Report.

Chosen Benchmark: Total Revenue

\$12,298,460

(Prior Year Benchmark: \$11,745,987)

Comparative Benchmark: Total Expenses

\$11,916,996

(Prior Year Benchmark : \$11,213,975)

Comparative Benchmark: Net Assets

\$493,591

(Prior Year Benchmark : \$420,114)



Updates to our prior year audit plan

Other significant changes



Newly effective accounting standards
(effective for fiscal periods beginning on or after April 1, 2023)



PS 3400 – Revenue

Previous standards provided guidance for revenue recognition on primary revenue streams such as taxation revenue and government grants. The new standard provides general recognition guidance to provide consistency for other streams not previously covered by existing public sector standards.

PSG-8 – Purchased Intangibles

This standard governs recognition of intangible assets which were acquired through an exchange transaction, namely an arm's length exchange between two willing parties (as opposed to inter-entity transfers, which are excluded).

PS 3160 – Public Private Partnerships

Public private partnerships ("P3s") are an alternative procurement and finance model where public sector entities purchase infrastructure using a private sector partner.

We will discuss the upcoming standards with management, however it is not expected that these standards will have a significant impact to the Library based on the nature of its operations and its existing revenue recognition policies.



Newly effective auditing standards



No matters to bring to your attention.

Newly effective auditing standards





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 rating
● Management override of controls	✓		Presumed - Significant
● Improper revenue recognition (including grants and user fees)	✓		Presumed - Rebutted
● Tangible capital assets		✓	Base
● Post-employment benefit liabilities		✓	Base
● Operating expenditures (including salaries and benefits)		✓	Base

Advanced technologies

Our **KPMG Clara Dynamic Risk Assessment** tool gives us a more sophisticated, forward-looking and multi-dimensional approach to assessing audit risk.

[▶ Learn more](#)

Our **KPMG Clara Business Process Mining** provides immediate visualization of how 100% of your transactions are processed to complement your process narratives & flow charts.

[▶ Learn more](#)

KPMG Clara Account Analysis allows us to analyze the flow of transactions through your business to drive a more meaningful risk assessment.

[▶ Learn more](#)

KPMG Clara AI allows us to layer AI into our auditing platform, allowing us to scan 100% of your data and pull all of the risky transactions and anomalies out for further analysis.

[▶ Learn more](#)



Significant risks



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 which require management's judgment to compute,
- evaluating the business rationale of significant unusual transactions, and
- Incorporating an element of unpredictability into our audit plan

Advanced technologies

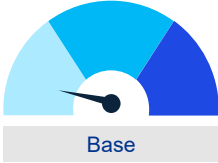
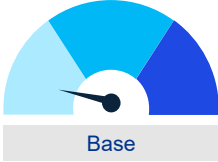
Our KPMG Clara Journal Entry Analysis Tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.



[Click to learn more](#)

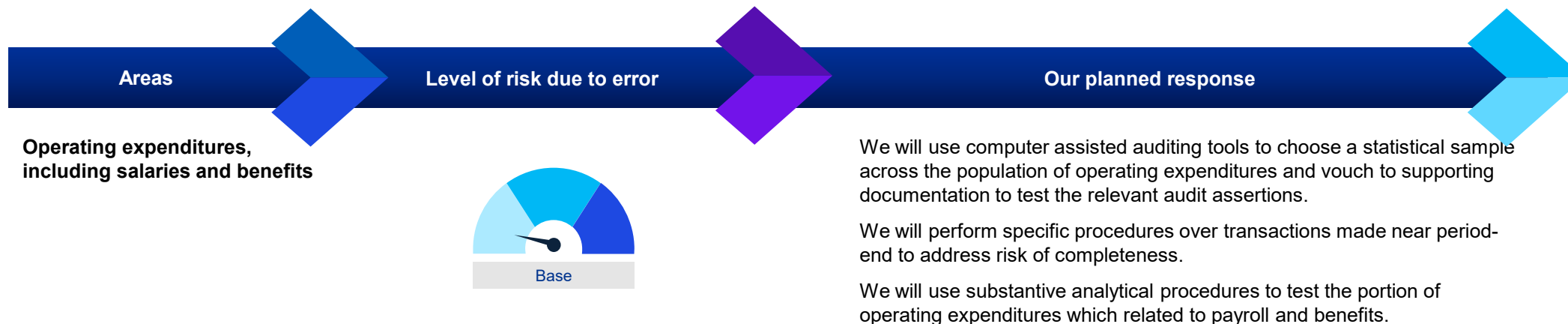


Other risks of material misstatement

Areas	Level of risk due to error	Our planned response
Revenue recognition – government grants and user fees	 <p>Base</p>	<p>We will ensure the annual operating grant from the Town is accurately recorded and disclosed as a related party transaction.</p> <p>We will review the terms of any third party government grants and ensure that amounts are recorded accurately and appropriately deferred if terms of the agreement are not yet achieved.</p> <p>We will test user fees and related revenues on a substantive sample basis.</p>
Tangible capital assets	 <p>Base</p>	<p>Tangible capital assets are always a material balance based on the nature of the entity.</p> <p>We will ensure the schedule of assets correctly rolls from the prior year's ending position, and that any additions meet the criteria for capitalization and disposals are appropriately recorded.</p> <p>We will recalculate annual amortization and ensure it is applied accurately in line with the entity's accounting policies.</p>
Post-employment benefit liabilities (estimate)	 <p>Base</p>	<p>Post-employment benefit liabilities represent the present value of obligations to be settled at a future date. As such, this represents an area of estimation and management involves a third party Actuary to assist with computing the amount recorded on the financial statements.</p> <p>We will review the actuary's methodology and ensure it is in line with public sector accounting standards, vouch key data inputs to HR records, and benchmark key assumptions against the industry comparatives.</p>



Other risks of material misstatement





Independence: Request for pre-approval of services

We are presenting the following services for pre-approval by the Audit Committee. We will inform the Audit Committee on a timely basis of any services performed pursuant to pre-approval previously granted under the policies and procedures approach.

The services are not prohibited, and threats to our independence, if any, resulting from the provision of the services will be eliminated or reduced to an acceptable level. We confirm that we are not engaged to provide, and have not provided, any services which would infringe on our independence as external auditors.

We confirm the services for which we request pre-approval are in-line with the current engagement letter signed between KPMG and the Corporation of the Town of Oakville and that no changes in scope have been applied to those requested and previously agreed upon.

Scope of services:

- Annual financial statement of the Oakville Public Library Board for the year-ended December 31, 2024



How do we deliver audit quality?

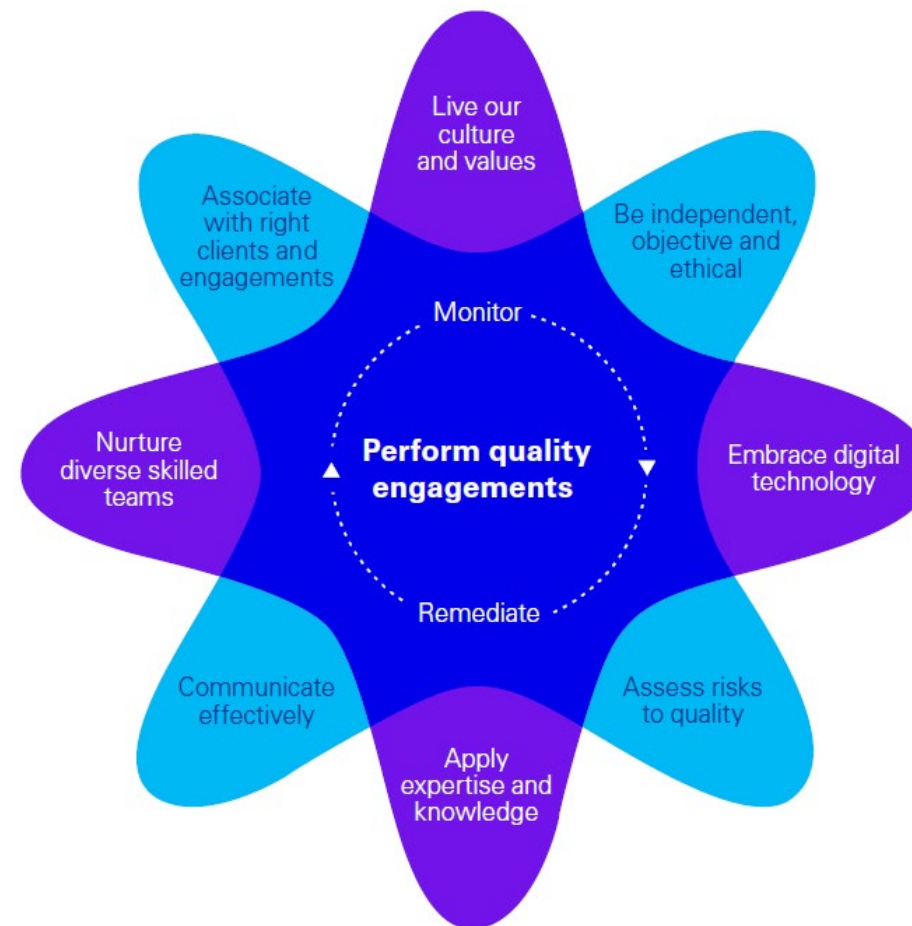
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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

A

Required communications

B

Use of technology

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New accounting standards

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Audit and assurance insights

E

Technology journey





Appendix: Other required 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: 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 Company? 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 Company's fraud risks and the establishment of controls to address fraud risks?



Inquiries regarding company processes

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



Appendix – Use of Technology (KPMG Clara)



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.



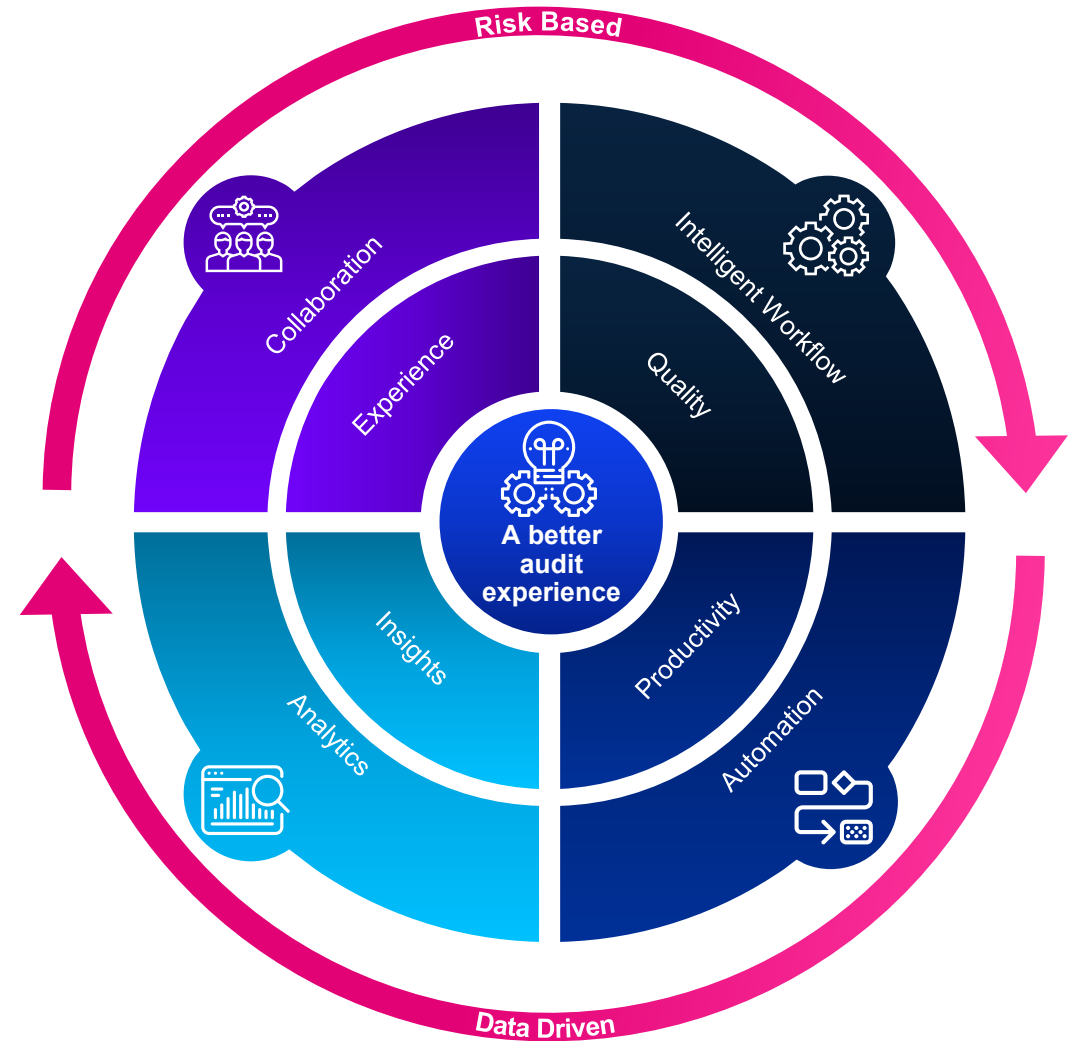
Intelligent workflow

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: 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 : 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: Insights to enhance your organization

We have the unique opportunity as your auditors to perform a deeper dive to better understand your business processes that are relevant to financial reporting.

Lean in Audit

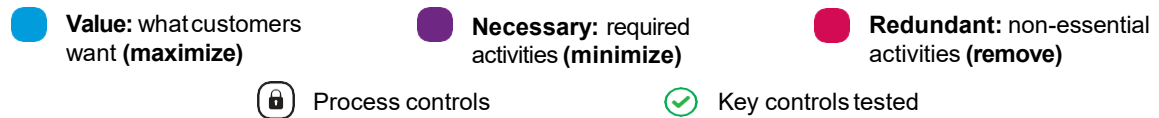
Lean in Audit™ is KPMG's award-winning methodology that offers a new way of looking at processes and engaging people within your finance function and organization through the audit.

By incorporating Lean process analysis techniques into our audit procedures, we can enhance our understanding of your business processes that are relevant to financial reporting and provide you with new and pragmatic insights to improve your processes and controls.

Clients like you have seen immediate benefits such as improved quality, reduced rework, shorter processing times and increased employee engagement.

We look forward to working with you to incorporate this approach in your audit.

How it works		
Standard Audit	Typical process and how it's audited	
Lean in Audit™	Applying a Lean lens to perform walkthroughs and improve Audit quality while identifying opportunities to minimize risks and redundant steps	
How Lean in Audit helps improve businesses processes	Make the process more streamlined and efficient for all	





Appendix: Our technology story



Streamlined client experience

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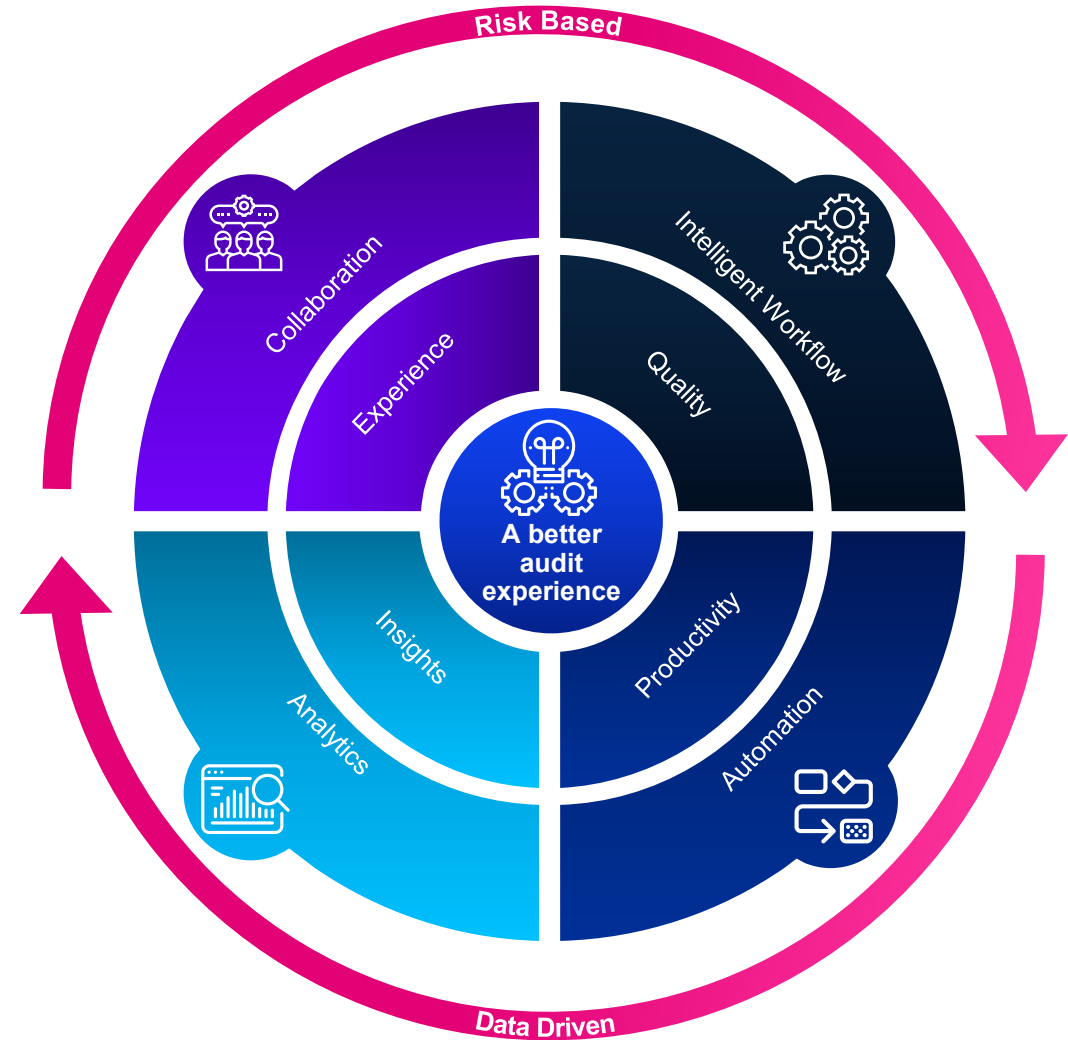
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Appendix: Continuous evolution

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.





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