



The Oakville Public Library Board

Audit Findings Report
for the year ended
December 31, 2024

KPMG LLP

Prepared as of April 22, 2025 for presentation on May 15, 2025

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



Carlos Alvarez

Lead Audit Engagement Partner

Tel: 905 523-2238

carlosalvarez@kpmg.ca



Matthew Ciardelli

Audit Senior Manager

Tel: 905 972-2111

mciardelli@kpmg.ca

Table of contents

Digital use information

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

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



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

<u>4</u>	Highlights	<u>5</u>	Status	<u>6</u>	Significant changes
<u>7</u>	Risks and results	<u>10</u>	Misstatements	<u>11</u>	Policies and practices
<u>12</u>	Specific topics	<u>13</u>	Appendices		

The purpose of this 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. This report is intended solely for the information and use of Management, the Audit Committee, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Audit highlights



No matters to report



Matters to report – see link for details

Status	<p>We have completed the audit of the financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.</p>	Misstatements - uncorrected	<p> Uncorrected misstatements</p> <p>We did not identify any misstatements during our audit which were not corrected in the financial statements.</p>
Significant changes	<p> Significant changes since our audit plan</p>	Misstatements - Corrected	<p> Corrected misstatements</p> <p>We did not identify any misstatement during our audit which required to be corrected in the financial statements.</p>
Risks and results & Significant unusual transactions	<p> Significant risks</p>	Control deficiencies	<p> Significant deficiencies</p> <p>We did not identify any significant control deficiencies during the process understanding of our audit.</p>
	<p> • Management override of controls (see page 7)</p> <p> Other risks of material misstatement</p>		
	<p> Going concern matters</p>		
	<p> Significant unusual transactions</p>		
Policies and practices & Specific topics	<p> Accounting policies and practices</p>	Audit Quality	<p> Learn more about how we deliver audit quality.</p>
	<p> Other financial reporting matters</p>		
	<p> Specific topics</p>		
		Independence	<p> Annual Statement of Compliance</p>
			<p>Refer to slide 13 for annual independence confirmation.</p>

Status

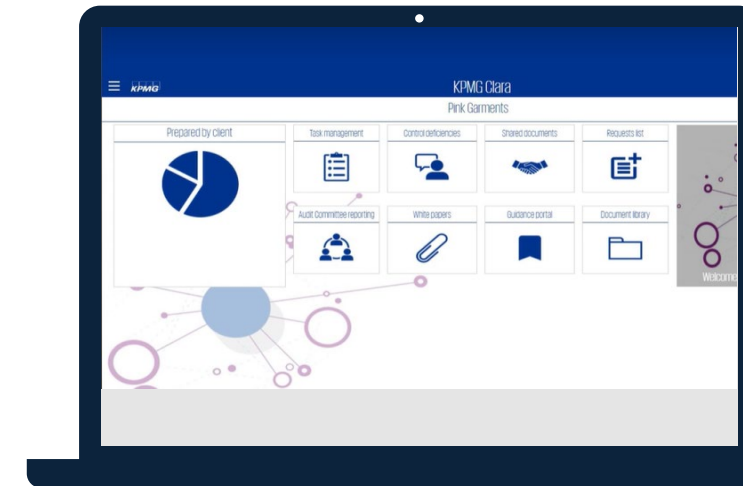
As of April 22, 2025 we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Final completion procedures and obtaining signed management representation letter
- Completing our discussions with the Audit Committee
- Obtaining evidence of the Board of Director's approval of the financial statements

We will update the Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided in Appendix: Draft Auditor's Report, will be dated upon the completion of any remaining procedures.

KPMG Clara for Clients (KCfc)



Real-time collaboration and transparency










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

On our audit we used KCfc to coordinate requests from management.



Significant changes

We have made the following significant changes since our communication in the Audit Planning Report:

Audit strategy			More details
 Significant changes to materiality		Nothing to report	
 Significant change to involvement of others		Nothing to report	
Key milestones and deliverables			
 <Significant changes to key milestones and deliverables>		Nothing to report.	

Significant risks and results

We highlight our significant findings in respect of **significant risk**.



Presumption of risk of fraud arising from management override of controls

RISK OF



FRAUD

Significant risk

Estimate?

Key audit matter?

No

No

Fraud risk arising from management override of controls refers to the potential for management to bypass established procedures and internal controls, thereby manipulating financial reporting and concealing fraudulent activities.

Therefore, management override of controls is a significant risk for all audits. Our audit methodology incorporates the required procedures in professional standards to address the risk of management override of controls.

Our response

- To respond to the risk of management override of controls we test the appropriateness of journal entries and other adjustments and evaluate the existence of any management bias in the preparation of accounting estimates.
- In responding to risks of fraud and management override of controls, we set specific criteria to isolate high risk journal entries and adjustments in order to analyze for further insights into our audit procedures and findings. We focused on journal entries that could possibly be related to override activities.
- No issues were noted based on the completion of our journal entry testing.

Significant qualitative aspects of the Company's accounting practices

No evidence of bias observed in selection or application of the Corporation's accounting policies and practices or in the development of estimates.

Significant risks and results



Investments and investment income

Significant findings

- We completed substantive procedures by vouching to third party evidence of the year-end balances and annual movements during the period without issue, achieving 100% coverage of the investment population.
- Based on the nature of the Library's investments, we have not identified any potential indicators of impairment at this time.



Tangible capital assets

Significant findings

- We have substantially tested a sample of material additions and disposals to capital assets, vouching to third party support in each instance.
- We have recalculated management's amortization adjustments throughout the year and completed a roll-forward of the tangible capital assets schedule without issue.



Government grants

Significant findings

- Consistent with our planned approach, we have agreed the operating grant between the Town of Oakville and the Library without issue by confirming the grant amount with Town management.
- We have obtained support for the annual renewals of recurring third party grants and noted no issues with the recognition of revenue related to previously deferred grants. We have no issues to report in this area of focus.



Significant risks and results



Post-employment benefit liability

Significant findings

- In the prior year, we audited the census data sent to management's third party actuary, whose report is used to prepare the estimate related to the post-employment benefit liability.
- In the current year, we obtained the actuary's annual update to the full report provided in the prior period.
- We assessed key assumptions and benchmarked against sector standards, noting no issues with the rates and assumptions used by the actuary in their report.
- We note management has prepared the estimate based on the actuary's report in a manner consistent with past years and in line with public sector standards. No issues to report.



Operating expenditures, including payroll and related accruals

Significant findings

- We have tested a sample of operating expenses and utilized substantive analytical procedures to obtain assurance over the relevant assertions with respect to these areas.
- Based on our results, we have not identified any material adjustments which were required with regards to year-end accruals for expenses, including payroll expenses. We did not identify any issues with respect to cut-off or year-end accruals.



Corrected and uncorrected misstatements

Corrected and uncorrected misstatements include financial presentation and disclosure misstatements.



Impact of corrected and uncorrected misstatements – None noted

- Based on the results of our audit procedures and the execution of our audit based on our audit plan, we have not identified any material audit adjustments which we have proposed to management for correction.
- The threshold for posting audit misstatements was \$18,450 (2023 - \$17,600). As we have not identified any potential misstatements which exceed this threshold, there are no matters which we are required to bring to your attention with respect to audit misstatements.

Accounting policies and practices



Description of new or revised significant accounting policies and practices

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.

Each of the above standards were adopted and implemented by the Library as required by Public Sector Accounting Standards and did not have an impact on the Library.

Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud (identified or suspected)	No matters to report
Other information in documents containing the audited financial statements	No matters to report
Significant difficulties encountered during the audit	No matters to report
Difficult or contentious matters for which the auditor consulted	No matters to report
Management's consultation with other accountants	No matters to report
Disagreements with management	No matters to report
Related parties	No matters to report
Significant issues in connection with our appointment or retention	No matters to report
Other matters that are relevant matters of governance interest	No matters to report

Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code¹ and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Library and its related entities in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

¹International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

15

Required
communications

18

Audit quality

19

New auditing
standards

20

Insights

21

Technology



Appendix: Draft auditor's report

Refer to copy of auditor's report attached to the draft financial statements included within the meeting package. The planned auditor's report is unqualified.

Appendix: Other required communications



Engagement terms

A copy of the engagement letter and any subsequent amendments is available to the Committee.

We confirm there have been no changes to the most recently executed engagement letter since initial approval.



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 Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2024 Annual Inspections Results](#)

Appendix: Management representation letter(s)

A management representation letter will be provided to the Town for signature prior to the release of our auditor's report.

Appendix: Audit quality - How do we deliver audit quality?

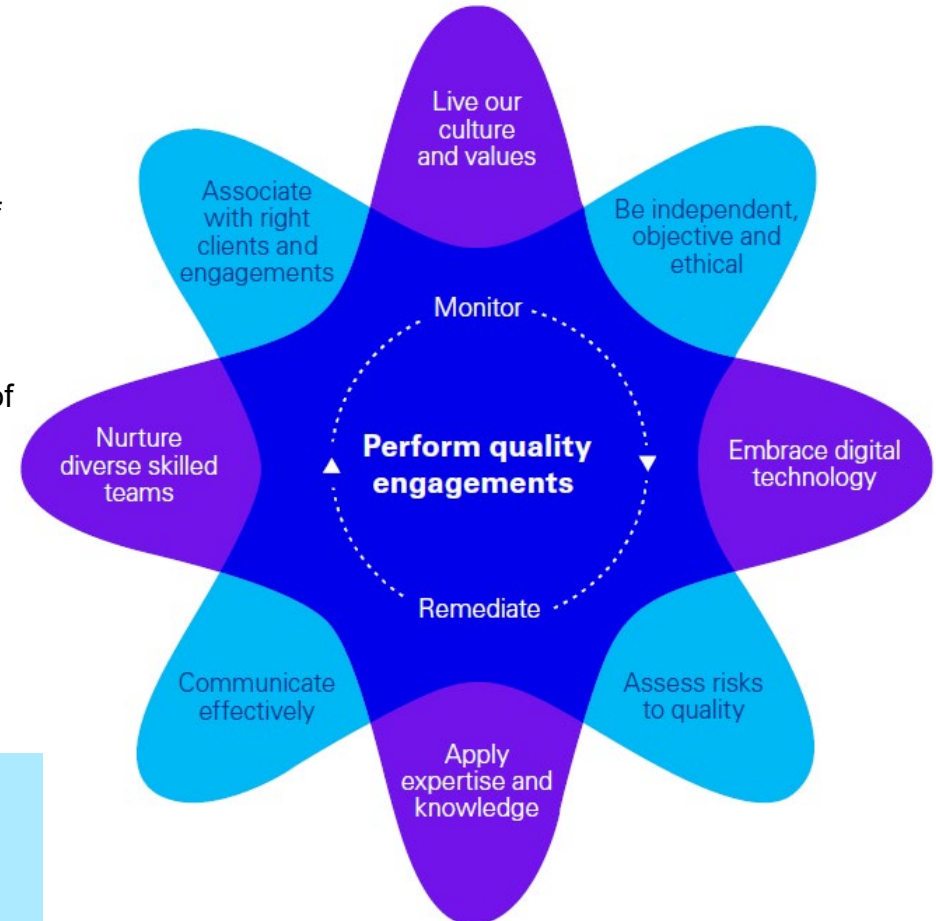
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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 2023 Audit Quality and Transparency Report](#)

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

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality 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.

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 Securities & Auditing 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 2023

The key issues driving the audit committee agenda in 2023.

Momentum

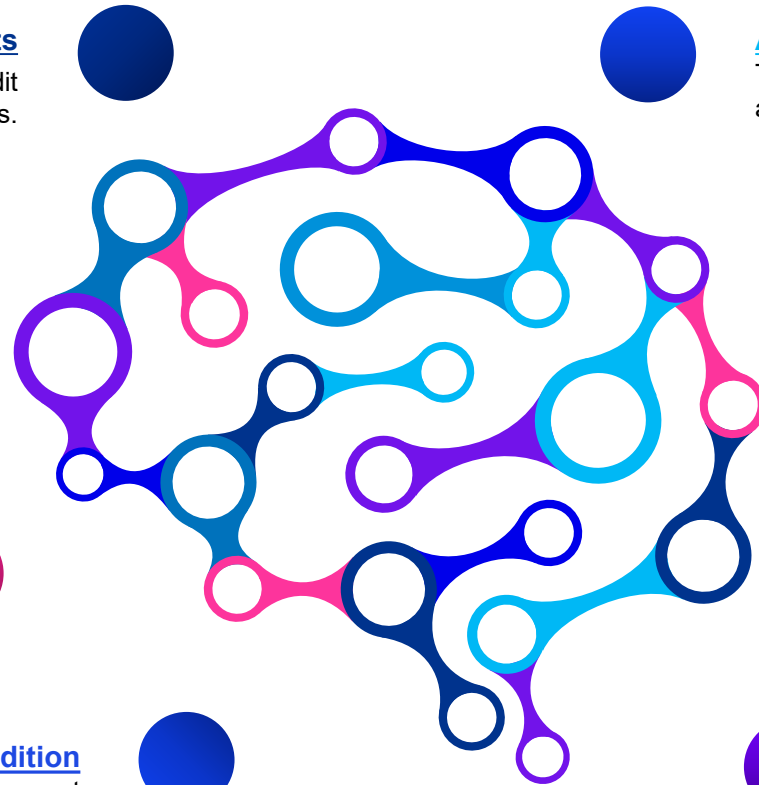
A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.



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.

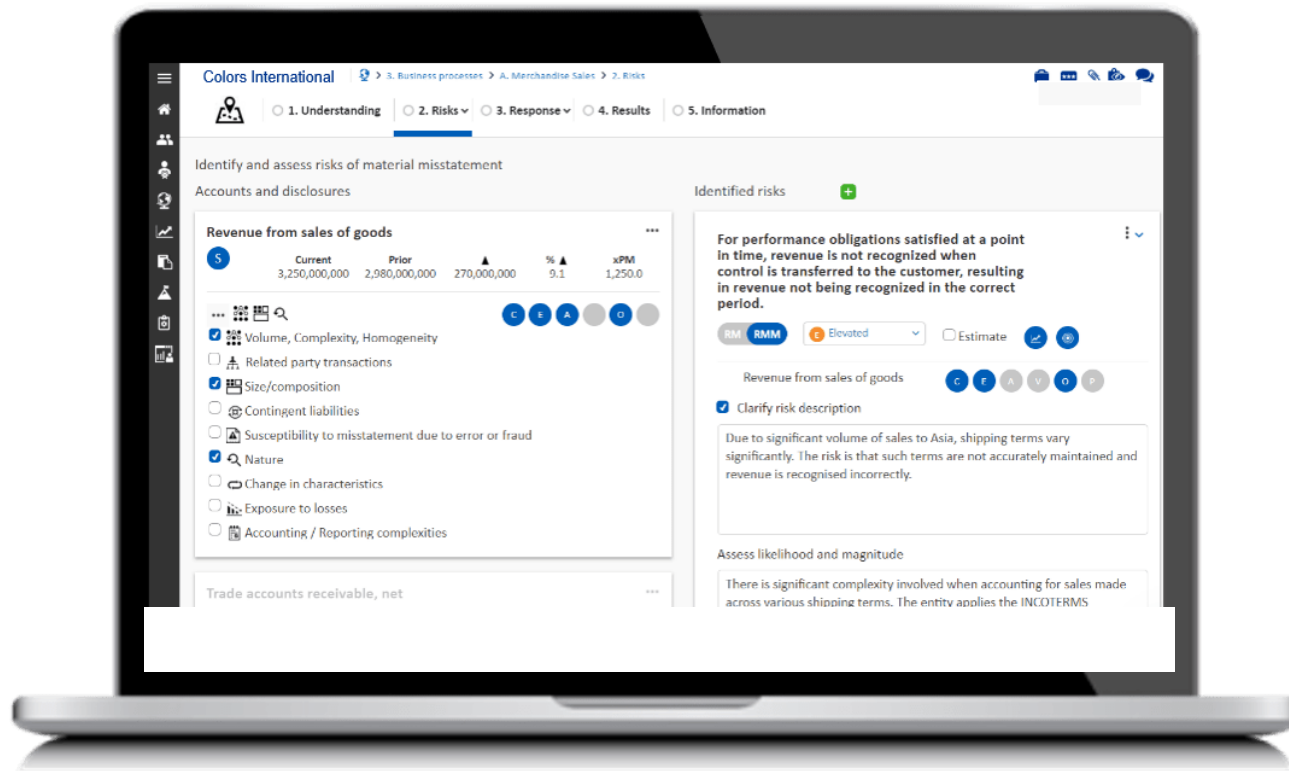
Result: A better experience

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



Appendix: KPMG Clara Generative AI

With our global alliance partner Microsoft, we have embarked on a journey to embed Generative AI into our smart audit platform—KPMG Clara. This will make our auditors more productive and give them the tools to provide quicker feedback, make more insightful connections, and deliver a better audit experience.



AI done right

Although early adoption is key, we are focused on avoiding reliance on a 'black box' so we're building 'explainability' and 'traceability' at the core.



Bolstered productivity

Focused on removing time-consuming low value tasks, we'll apply our skills in other, more judgmental areas or in order to give insights to you.



Quality at our fingertips

We are teaching our model with our knowledge databases to capture our vast experience. This means quality information accessible in seconds.



Secure integration

KPMG Clara has been built on a solid and secure Azure Cloud backbone, allowing us to easily integrate Generative AI in partnership with Microsoft.

Celebrating our Canadian Heritage and Commitment

KPMG puts Canada first as part of our commitment to our teams, clients and communities. We are one of Canada's largest professional services firms providing audit, tax, advisory and law services and can proudly say the following:

- **Canadian-Owned and Operated.** We are immensely proud to be 100% Canadian-owned and operated. When you choose us, you support a company deeply rooted in Canadian values, committed to the success of our nation. Our local decision-making ensures we understand and address the unique challenges and opportunities faced by Canadian businesses.
- **Investing in Our Communities.** Our success is intertwined with the well-being of the communities we serve. We actively participate in initiatives that foster growth, innovation, and prosperity across the country.
- **Creating Opportunities and Building Expertise.** As one of Canada's largest professional services firms, we provide jobs and opportunities to thousands of talented individuals. Our extensive network of professionals brings a wealth of knowledge and expertise, ensuring the highest quality of service for our clients.

As you consider your auditors and advisors of the future look to us to support you close to home.

Sincerely,

KPMG





<https://kpmg.com/ca/en/home.html>

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