City of Richmond

Audit Planning Report
for the year ending December 31, 2022

KPMG LLP

December 9, 2022 for presentation on January 9, 2023

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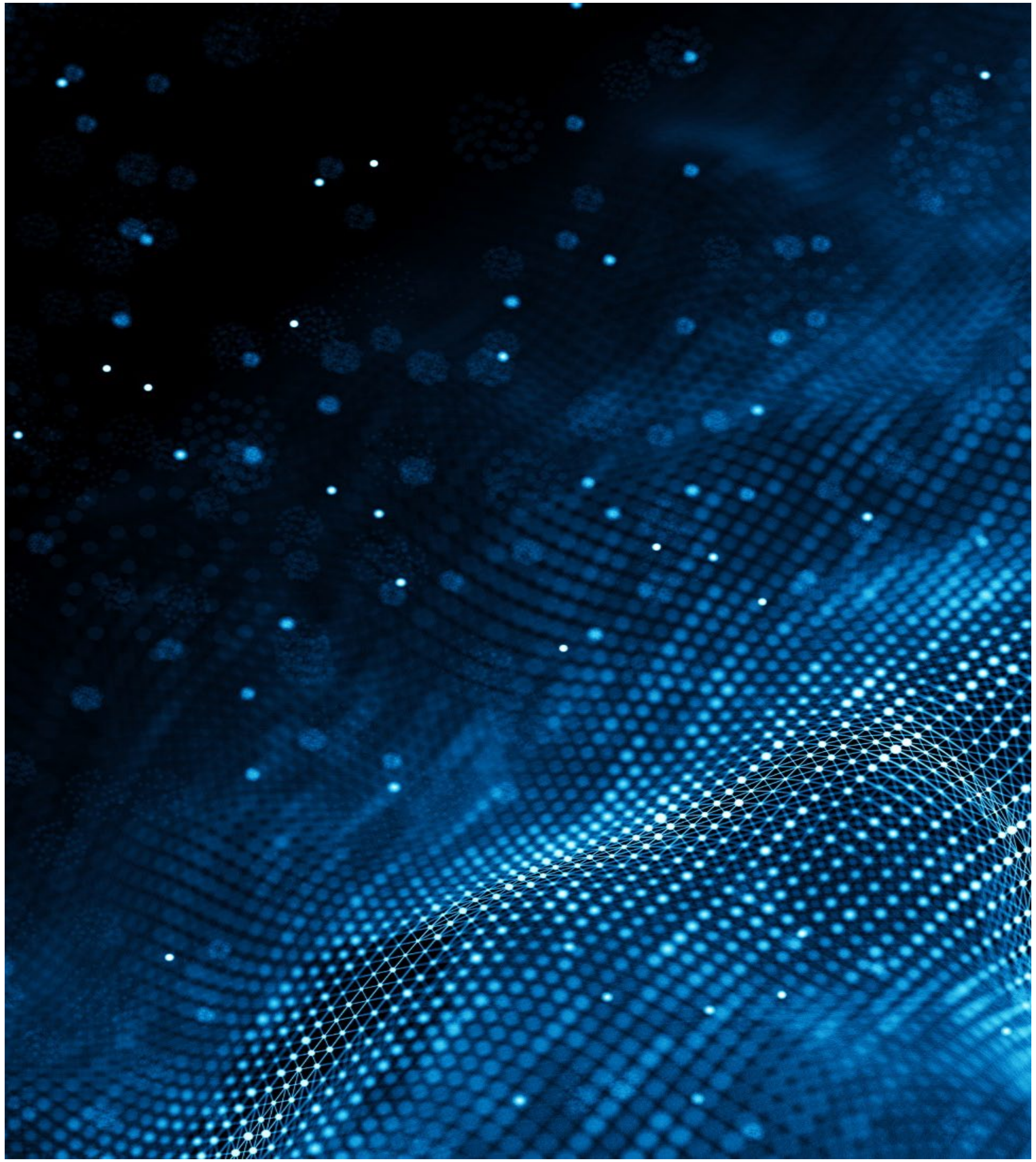

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This report to the Finance Committee (the "Committee") is intended solely for the information and use of management, the Committee, and Council, and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the 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.

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

Highlights

Scope of the audit

We are pleased to provide for your review the following information relating to the planned scope and timing of our audit of the financial statements of the City of Richmond ("the City") as at and for the year ending December 31, 2022. Our audit will be performed in accordance with Canadian generally accepted auditing standards (CASs).

Significant risks

We have not identified significant risks of material misstatement for the audit, except for the presumed risk of fraud resulting from management override of controls, which is required by professional standards.

Areas of focus for financial reporting

In planning our audit, we have identified the following areas of focus:
- Tangible capital assets
- Revenue, deferred revenue, and development cost charges
- Valuation of post-employment benefits
- Expenses, including payroll

Required communications

We are committed to transparent and thorough reporting of issues to management and the Finance Committee (the "Committee"). Please refer to Appendix 1: *Other required communications*

Materiality

Materiality has been determined based on current year forecasted total expenses. We have determined materiality to be $9,500,000.

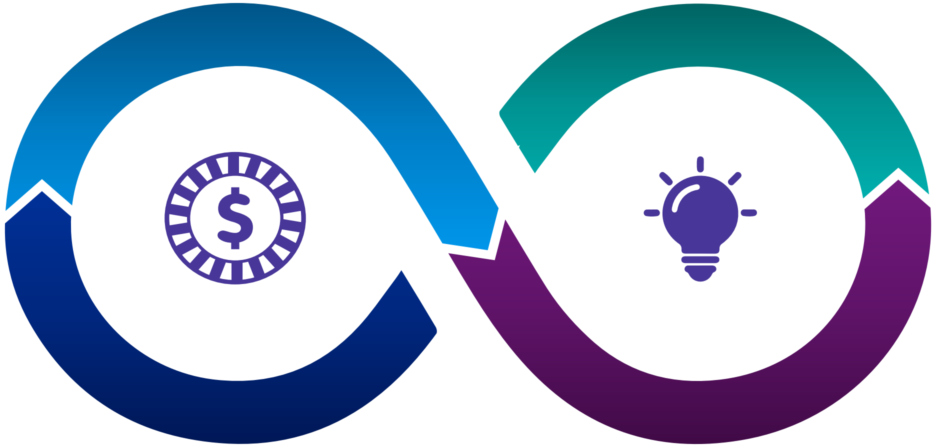
Quality control and independence

We are independent of the City and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow the City approved protocols.

Current developments

Please refer to Appendices 2 to 6 for newly effective auditing standards, newly effective accounting standards, changes to accounting standards, auditing and assurance insights, and thought leadership and insights .

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.

Materiality

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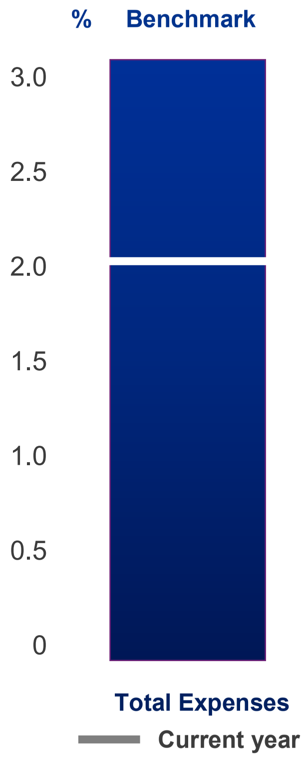
Materiality

$9,500,000

(2021 - $8,500,000)



Benchmark: Forecasted expenses for the year ending December 31, 2022

$480,000,000

(2021 - $436,624,000)

Relevant metrics for a public sector organization includes total expenses, total revenues, and total assets

% of Benchmark

2.0 %

(2021 - 2%)

The prescribed range is between 0.5% and 3.0% of the benchmark.

Audit Misstatement Posting Threshold

$475,000

(2021 - $425,000)

Threshold used to accumulate misstatements identified during the audit.

Group audit - Scoping

Professional standards require that we obtain an understanding of the City's organizational structure, including its components and their environments that is sufficient to identify those components that are financially significant or that contain specific risks that must be addressed during our audit of the consolidated entity. The components included in the City over which we plan to perform our audit procedures are as follows:

Components	Our audit approach
Individually financially significant	
- City of Richmond	Full-scope audit
Not financially significant component	
- Richmond Public Library	Audit, as a standalone audit is being performed due to statutory requirements.
- Richmond Olympic Oval Corporation	Audit, as a standalone audit is being performed due to statutory requirements
- Lulu Island Energy Company	Audit, as a standalone audit is being performed due to statutory requirements

Significant risks

Management Override of Controls

RISK OF FRAUD

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

Why is it significant?

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.

Audit approach

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

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

Significant risks

Management Override of Controls (continued)

RISK OF FRAUD

Fraud Inquiries of those charged with governance

Inquiries required by professional standards

Professional standards require that we obtain your view on the risk of fraud. We make similar inquiries to management as part of our planning process:

- How do you oversee fraud risk assessments and the establishment of controls to address fraud risks?
- What are your views about fraud risks at the City?
- Are you aware of, or have you 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?
- Are you aware of or have you received tips or complaints regarding the City's financial reporting (including those received through the internal whistleblower program, if such program exists) and, if so, what was your response to such tips and complaints?
- What is the Committee's understanding of the City's relationships and transactions with related parties that are significant to the City?
- Does any member of the Committee have concerns regarding relationships or transactions with related parties and, if so, what are the substance of those concerns?
- Has the City entered into any significant unusual transactions?

Areas of focus for financial reporting

Areas	Why are we focusing here?	Audit approach
Tangible Capital Assets ("TCA")	Tangible capital assets represent a significant portion of assets of the City. The assets owned by the City include land, buildings, machinery, furniture and equipment, vehicles, sewer and water system infrastructure, and may require estimation.	▪ Update our understanding of the process activities and controls over TCA. ▪ Perform detailed testing of asset additions, including developer contributions, and inspection of supporting documentation to ensure it is appropriate to capitalize the costs. ▪ Test dispositions including inspection of supporting documentation and assessing if the gain or loss on disposition has been recorded appropriately. ▪ Review the reasonableness of estimated useful lives and amortization recognized. Review management's assessment of impairment, if any, to tangible capital assets. ▪ Assess whether the facts related to any impairment issues identified support a write down to the asset. ▪ Review agreements for contractual commitments and related disclosure requirements.

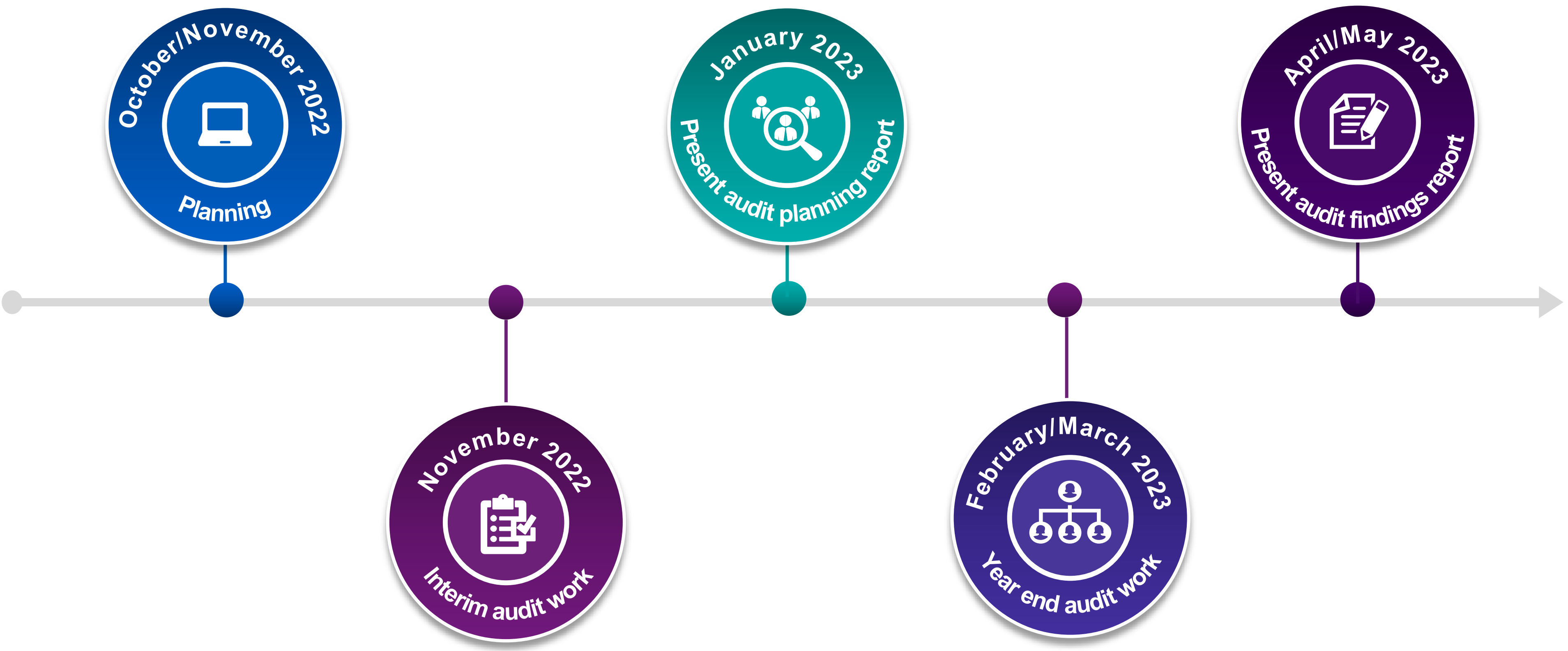
Areas of focus for financial reporting

Areas	Why are we focusing here?	Audit approach
Revenue, deferred revenue, and development cost charges	Revenue is recorded on an accrual basis and is recognized when it is earned and measurable. Revenue relating to future periods, including property taxes, development cost charges (“DCCs”), government grants, contributions for future capital works, and amounts collected for building permits, and facility upgrades, are reported as deferred revenue and recognized when earned. As contributions are received for specified purposes and sometimes contain restrictions, there is a need to determine whether the amounts should be deferred or recognized as revenue.	▪ Update our understanding of the process activities over revenues and contributions received, amounts spent as well as deferral of unspent amounts. ▪ Evaluate the design and implementation of controls over contributions received and expenditures incurred, as well as management’s review of related balances. ▪ Test the operating effectiveness of relevant controls over contributions and expenditures. ▪ Review the accounting for significant new agreements to determine whether stipulations or restrictions exist and how the funds should be recognized and/or deferred. ▪ Perform substantive procedures, including vouching and review of supporting documentation related to contributions received, to ensure that revenues are appropriately recognized, and deferred contributions are appropriately recorded. ▪ Reconcile permits to new development cost charges during the year and inspect appropriate bylaws noting the appropriation for its specified purpose. ▪ Select a sample of DCC charges, recalculate the total amount, agree each factor in the calculation to supporting documentation (e.g. approved rates) and agree the amount recorded to cash receipts. ▪ Select a sample of DCC expenditures, ensure the expenditures bylaws were approved by Council and agree the amount recorded to supporting documentation.

Areas of focus for financial reporting

Areas	Why are we focusing here?	Audit approach
Valuation of post-employment benefits	The City provides certain post-employment benefits, compensated absences, and termination benefits to employees. Due to the complexities of the estimate, management has engaged an actuarial expert to assist in the development of the estimate.	▪ Obtain the valuation report as prepared by the City's actuarial expert, George & Bell Consulting Inc., and reviewing select assumptions used for reasonableness. ▪ Perform an analytical review over these amounts. ▪ Review note disclosure in the financial statements to determine if required disclosures under the accounting standards are appropriately included.
Expenses, including payroll	The City's expenses are closely monitored against Council approved budgets	▪ Update our understanding of the process activities and controls for expenses, including payroll. ▪ Test the operating effectiveness of relevant controls over expenses, including payroll. ▪ Analyze the change in expenses relative to the prior year based on changes in operations. ▪ Perform substantive procedures, including vouching and review of supporting documentation related to expenses incurred, to ensure expenses are appropriately recognized. ▪ Perform substantive analytical testing over payroll expense relative to the prior year based on changes in head count and pay rates. ▪ Perform a search for unrecorded liabilities to ensure expenses are recorded in the appropriate fiscal year.

Key milestones and deliverables



Audit Quality: How do we deliver audit quality?

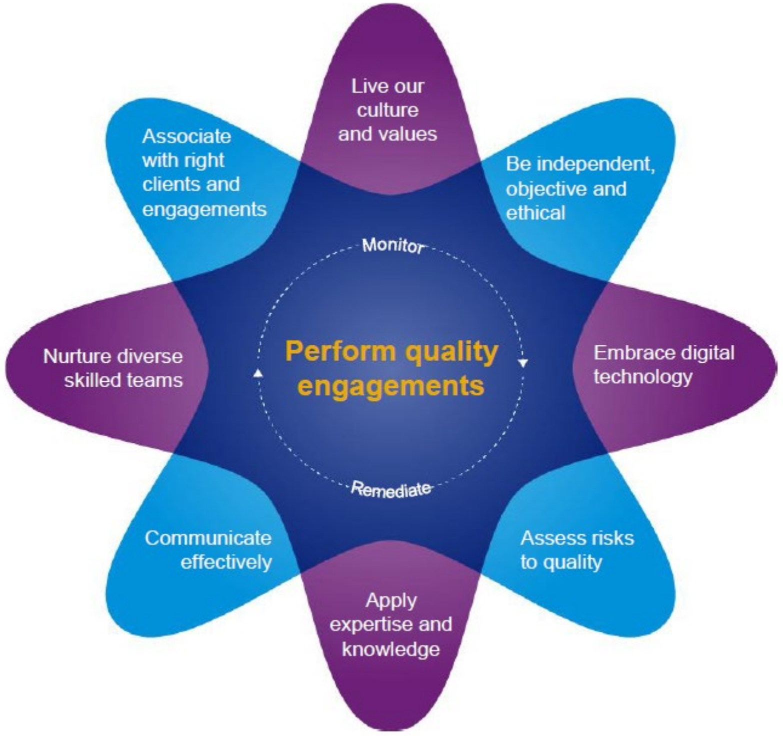
Quality essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contribute to its delivery.

'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.

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Appendices

1. Other required communications
2. Newly effective auditing standards
3. Newly effective accounting standards
4. Changes to accounting standards
5. Audit and assurance insights
6. Thought leadership and insights

Appendix 1: Required communications

Auditors' report

A copy of our draft auditors' report setting out the conclusion of our audit will be provided at the completion of the audit.

Engagement contract

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement contract, a copy of which is available upon request from management.

Audit findings report

At the completion of the audit, we will provide our findings report to the Committee.

Management representation letter

We will obtain from management certain representations at the completion of the audit. In accordance with professional standards, a copy of the representation letter will be provided to the Committee.

Independence

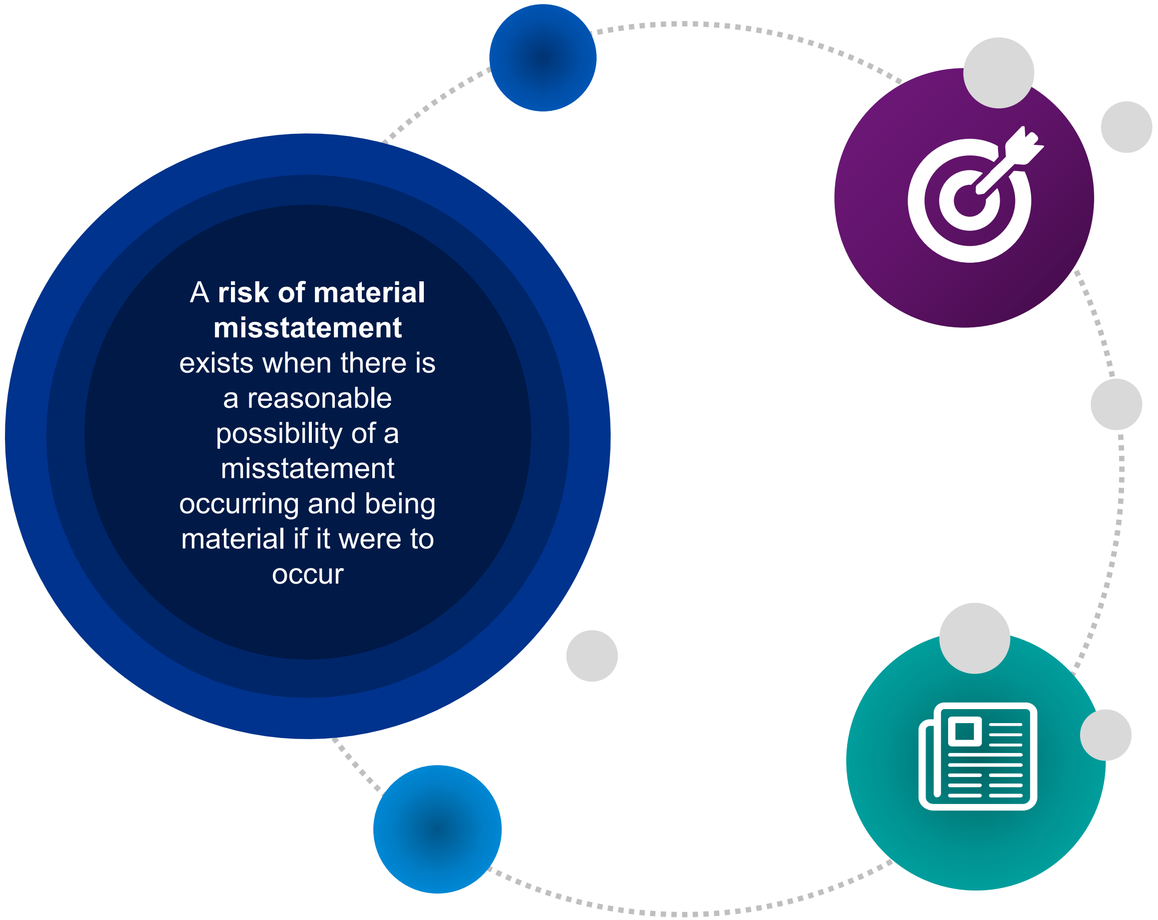
At the completion of our audit, we will re-confirm our independence to the Committee.

Internal control deficiencies

Control deficiencies identified during the audit will be communicated to management and the Committee.

Appendix 2: Newly effective auditing standards

CAS 315 (Revised) Identifying and Assessing the Risks of Material Misstatement has been revised, reorganized and modernized in response to challenges and issues with the previous standard. It aims to promote consistency in application, improve scalability, reduce complexity, support a more robust risk assessment and incorporate enhanced guidance material to respond to the evolving environment, including in relation to information technology. Conforming and consequential amendments have been made to other International Standards on Auditing.



Affects both preparers of financial statements and auditors

Applies to audits of financial statements for periods beginning on or after 15 December 2021

See here for more information from CPA Canada

We design and perform risk assessment procedures to obtain an understanding of the:

- entity and its environment;
- applicable financial reporting framework; and
- entity's system of internal control.

The audit evidence obtained from this understanding provides a basis for:

- identifying and assessing the risks of material misstatement, whether due to fraud or error; and
- the design of audit procedures that are responsive to the assessed risks of material misstatement.

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Appendix 2: Newly effective auditing standards (continued)

Key change	Impact on the audit team	Impact on management
Overall, a more robust risk identification and assessment process, including: • New requirement to take into account how, and the degree to which, 'inherent risk factors' affect the susceptibility of relevant assertions to misstatement • New concept of significant classes of transactions, account balances and disclosures and relevant assertions to help us to identify and assess the risks of material misstatement • New requirement to separately assess inherent risk and control risk for each risk of material misstatement • Revised definition of significant risk for those risks which are close to the upper end of the spectrum of inherent risk	When assessing inherent risk for identified risks of material misstatement, we consider the degree to which inherent risk factors (such as complexity, subjectivity, uncertainty, change, susceptibility to management bias) affect the susceptibility of assertions to misstatement. We use the concept of the spectrum of inherent risk to assist us in making a judgement, based on the likelihood and magnitude of a possible misstatement, on a range from higher to lower, when assessing risks of material misstatement The changes may affect our assessments of the risks of material misstatement and the design of our planned audit procedures to respond to identified risks of material misstatement. If we do not plan to test the operating effectiveness of controls, the risk of material misstatement is the same as the assessment of inherent risk.	If the effect of this consideration is that our assessment of the risks of material misstatement is higher, then our audit approach may increase the number of controls tested and/or the extent of that testing, and/or our substantive procedures will be designed to be responsive to the higher risk. We may perform different audit procedures and request different information compared to previous audits, as part of a more focused response to the effects identified inherent risk factors have on the assessed risks of material misstatement.

Appendix 2: Newly effective auditing standards (continued)

Key change	Impact on the audit team	Impact on management
Overall, a more robust risk identification and assessment process, including evaluating whether the audit evidence obtained from risk assessment procedures provides an appropriate basis to identify and assess the risks of material misstatement	When making this evaluation, we consider all audit evidence obtained, whether corroborative or contradictory to management assertions. If we conclude the audit evidence obtained does not provide an appropriate basis, then we perform additional risk assessment procedures until audit evidence has been obtained to provide such a basis.	In certain circumstances, we may perform additional risk assessment procedures, which may include further inquires of management, analytical procedures, inspection and/or observation.
Overall, a more robust risk identification and assessment process, including performing a 'stand back' at the end of the risk assessment process	We evaluate whether our determination that certain material classes of transactions, account balances or disclosures have no identified risks of material misstatement remains appropriate.	In certain circumstances, this evaluation may result in the identification of additional risks of material misstatement, which will require us to perform additional audit work to respond to these risks.

Appendix 2: Newly effective auditing standards (continued)

Key change	Impact on the audit team	Impact on management
Modernized to recognize the evolving environment, including in relation to IT	New requirement to understand the extent to which the business model integrates the use of IT. When obtaining an understanding of the IT environment, including IT applications and supporting IT infrastructure, it has been clarified that we also understand the IT processes and personnel involved in those processes relevant to the audit. Based on the identified controls we plan to evaluate, we are required to identify the: • IT applications and other aspects of the IT environment relevant to those controls • related risks arising from the use of IT and the entity's general IT controls that address them. Examples of risks that may arise from the use of IT include unauthorized access or program changes, inappropriate data changes, risks from the use of external or internal service providers for certain aspects of the entity's IT environment or cybersecurity risks.	We will expand our risk assessment procedures and are likely to engage more extensively with your IT and other relevant personnel when obtaining an understanding of the entity's use of IT, the IT environment and potential risks arising from IT. This might require increased involvement of IT audit professionals. Changes in the entity's use of IT and/or the IT environment may require increased audit effort to understand those changes and affect our assessment of the risks of material misstatement and audit response. Risks arising from the use of IT and our evaluation of general IT controls may affect our control risk assessments, and decisions about whether we test the operating effectiveness of controls for the purpose of placing reliance on them or obtain more audit evidence from substantive procedures. They may also affect our strategy for testing information that is produced by, or involves, the entity's IT applications.
Enhanced requirements relating to exercising professional skepticism	New requirement to design and perform risk assessment procedures in a manner that is not biased toward obtaining audit evidence that may be corroborative or toward excluding audit evidence that may be contradictory. Strengthened documentation requirements to demonstrate the exercise of professional scepticism.	We may make changes to the nature, timing and extent of our risk assessment procedures, such as our inquires of management, the activities we observe or the accounting records we inspect.

Appendix 2: Newly effective auditing standards (continued)

Key change	Impact on the audit team	Impact on management
Clarification of which controls need to be identified for the purpose of evaluating the design and implementation of a control	We will evaluate the design and implementation of controls that address risks of material misstatement at the assertion level as follows: • Controls that address a significant risk. • Controls over journal entries, including non-standard journal entries. • Other controls we consider appropriate to evaluate to enable us to identify and assess risks of material misstatement and design our audit procedures	We may identify new or different controls that we plan to evaluate the design and implementation of, and possibly test the operating effectiveness to determine if we can place reliance on them. We may also identify risks arising from IT relating to the controls we plan to evaluate, which may result in the identification of general IT controls that we also need to evaluate and possibly test whether they are operating effectively. This may require increased involvement of IT audit specialists.

Appendix 3: Newly effective accounting standards

PS 3280 Asset Retirement Obligations ("PS 3280") is a new accounting standard effective for the City's fiscal year ending December 31, 2023. This standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets by public sector entities. This significant new accounting standard has implications that have the potential to go beyond financial reporting.

Financial reporting implications

A liability for asset retirement costs will be recorded with a corresponding increase in the cost of tangible capital assets in productive use, resulting in a decrease (increase) to the net financial assets (net debt) reported in the Statement of Financial Position.

Asset retirement obligations associated with tangible capital assets that are not recognized or no longer in productive use are expensed.

Additional non-cash expenses for the amortization of tangible capital assets and accretion will be recognized annually.

The total cost of legally required retirement activities will be recognized earlier in a tangible capital asset's life. There is no change to the total cost recorded over an asset's life.

A rigorous process needs to be established to support updates to the ARO measurement on an annual basis post-initial implementation.

Asset management implications

The asset retirement date used to determine the asset retirement liability needs to be consistent with the useful life of the related tangible capital asset. As a result, public sector entities need to assess whether the useful lives of tangible capital assets continue to be accurate and consistent with asset management plans.

Many public sector entities are using the implementation of PS 3280 as an opportunity to develop or refine their asset management plans.

Funding implications

PS 3280 does not provide guidance on how the asset retirement liability should be funded. Many public sector entities currently fund retirement costs as they are incurred at the end of the asset's life. Public sector entities will need to assess whether this practice remains appropriate or if funding will be obtained over the life of the asset.

Budget implications

In addition to budgeting for costs associated with the initial implementation of PS 3280, public sector entities will need to consider if the non-cash accretion expense and additional amortization expense will be included in the annual budget.

Public sector entities operating under balanced budget legislation or similar guidelines will need to obtain guidance from the provincial government or governance bodies to determine the impact of PS 3280 on current requirements.

Capital planning implications

PS 3280 requires legal obligations associated with the retirement of tangible capital assets to be recorded when the assets are acquired, constructed, or developed. As a result, the cost of legally required retirement activities will need to be considered at the inception of a capital project to determine the financial viability and impact of the project.

Appendix 3: Newly effective accounting standards (continued)

PS 3280 Asset Retirement Obligations ("PS 3280") is a new accounting standard effective for the City's fiscal year ending December 31, 2023. This standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets by public sector entities. The following checklist is intended to provide you with reminders for key activities in each phase of your PS 3280 implementation project. The items noted are not a complete list of factors influencing the successful adoption of PS 3280, nor is it intended to provide any type of assurance.

Project planning

- ☐ Project team is cross-functional and includes Finance and non-Finance personnel.
- ☐ Sufficient personnel resources are available for the implementation project.
- ☐ Where required, external experts have been engaged.
- ☐ The project plan identifies who is responsible for each project task.
- ☐ Project timelines are reasonable.
- ☐ Auditor involvement has been scheduled at each significant project milestone.
- ☐ Asset retirement obligations policy has been drafted.
- ☐ Funding is available for PS 3280 implementation costs.
- ☐ Recurring project updates are provided to the Audit Committee or other governance body to engage them in the implementation process.

Scoping

- ☐ The tangible capital assets listing reconciles to the audited financial statements.
- ☐ Agreements (e.g. leases, statutory rights of way, etc.) have been reviewed for potential legal obligations.
- ☐ Productive and non-productive assets have been included in the scoping analysis.
- ☐ Assets with similar characteristics and risks have been grouped together in the scoping analysis.
- ☐ All relevant legal acts, regulations, guidelines, etc. have been identified.
- ☐ Relevant internal stakeholders have been interviewed to obtain information about potential retirement obligations.

Measurement

- ☐ Cost information is relevant and reliable.
- ☐ Only costs directly attributable to legally required retirement activities have been included in the liability.
- ☐ If applicable, the discount rate is consistent with the risks and timelines inherent in the cash flows.
- ☐ If discounting is applied, it is based on reliable information to inform the timing of future cash flows.
- ☐ Asset retirement obligations have been linked to specific tangible capital assets.
- ☐ The useful life of the tangible capital asset remain appropriate and are consistent with estimated asset retirement date.
- ☐ The transition method selected is appropriate based on the measurement information available.
- ☐ Calculations are mathematically accurate.

Financial reporting

- ☐ Financial statements have been mocked up to include asset retirement obligations.
- ☐ Note disclosures, including significant accounting policies, have been drafted.
- ☐ Documentation prepared during the project has been reviewed to ensure it is accurate and complete.
- ☐ Plans have been implemented for the annual post-implementation review and update of the asset retirement obligation liability.

Appendix 4: Changes in accounting standards

Standard	Summary and implications
Revenue	• The new standard PS 3400 *Revenue* is effective for fiscal years beginning on or after April 1, 2023. • The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. • The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. • The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Purchased Intangibles	• The new Public Sector Guideline 8 *Purchased intangibles* is effective for fiscal years beginning on or after April 1, 2023 with earlier adoption permitted. • The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles. • Narrow scope amendments were made to PS 1000 *Financial statement concepts* to remove the prohibition to recognize purchased intangibles and to PS 1201 *Financial statement presentation* to remove the requirement to disclose purchased intangibles not recognized. • The guideline can be applied retroactively or prospectively.
Public Private Partnerships	• The new standard PS 3160 *Public private partnerships* is effective for fiscal years beginning on or after April 1, 2023. • The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. • The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends. • The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. • The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project. • The standard can be applied retroactively or prospectively.

Appendix 4: Changes in accounting standards (continued)

Standard	Summary and implications
Concepts Underlying Financial Performance	• The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted. • The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. • The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

Financial Statement Presentation	• The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.
	• The proposed section includes the following:
	  • Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
	  • Separating liabilities into financial liabilities and non-financial liabilities.
	  • Restructuring the statement of financial position to present total assets followed by total liabilities.
	  • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
	  • Removal of the statement of 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.
	• The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.

Appendix 5: 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.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping Audit Committee effectiveness in Canada

KPMG Learning Academy

Technical accounting and finance courses designed to arm you with leading-edge skills needed in today's disruptive environment.

KPMG Climate Change Financial Reporting Resource Centre

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

Momentum

A quarterly newsletter providing curated insights for management, boards and Audit Committees.

Uncertain Times Financial Reporting Resource Centre

Uncertain times resource centre provides insights to support clients facing challenges relating to COVID-19, natural disasters and geopolitical events.

Environmental, social and governance (ESG)

Building a sustainable, resilient and purpose-led organization

Other Insights

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Appendix 6: Thought leadership and insights

Thought leadership – Public sector

Voices on 2030: Digitalizing Government

What will the world look like in 2030? How will citizen and customer expectations evolve? And what can public sector organizations be doing today to help ensure they can meet these expectations? We spoke with leaders and disruptors from around the world, across the public and private sector to explore answers to these questions.

Click here to access KPMG's portal.

Why Audit Committees Should Know About Asset Retirement Obligations

Many public sector entities are currently working through the various aspects of the implementation of the Asset Retirement Obligation standard. In this publication we have provided some key insights to make this complex topic easy to understand by senior level management and those charged with governance at these organizations.

Click here to access KPMG's portal.

Perspectives on PS 3280 Asset Retirement Obligations

This guide provides KPMG's perspective on key implementation issues and technical interpretations of the guidance in PS 3280.

Contact your KPMG team for your copy of the guide.

Appendix 6: Thought leadership and insights (continued)

Thought leadership – Environmental, social and governance (“ESG”)

Unleashing the Positive in Net Zero

CoP26 in Glasgow made some progress to tackling climate change but there is much more to do. At KPMG, we’re committed to accelerating the changes required to fight climate change. Our Global portal provides links to further thought leadership to help drive real change.

Click here to access KPMG’s portal.

You Can’t Go Green Without Blue – The Blue Economy is Critical to all Companies’ ESG Ambitions

In this report, KPMG considers how leading corporates and investors can take action to capture the value that can be found in a healthy, sustainable ocean economy.

Click here to access KPMG’s portal.

ESG, Strategy and the Long View

This paper presents a five-part framework to help organizations understand and shape the total impact of their strategy and operations on their performance externally – on the environment, consumers, employees, the communities in which it operates, and other stakeholders – and internally.

Click here to access KPMG’s portal.

KPMG’s Climate Change Financial Reporting Resource Centre

KPMG’s climate change resource centre provides FAQs to help you identify the potential financial statement impacts for your business.

Click here to access KPMG’s portal.

Appendix 6: Thought leadership and insights (continued)

Thought leadership – Environmental, social and governance (“ESG”) (continued)

The Numbers that are Changing the World: Revealing the Growing Appetite for Responsible Investing

We are seeing a global trend towards responsible investing. Increasingly, institutional investors are recognizing the potential for ESG factors to affect the valuation and financial performance of the companies they invest in. At the same time, consumer demand for responsible investments is surging, especially from the younger generation.

This booklet presents the proof to address the issues around responsible investment implementation: statistics from across investment markets that show how significant this shift is.

Click here to access the report.

Gender Lens Investing

Gender Lens Investing is an impact investment strategy which deliberately integrates gender analysis into investment analysis and decision-making. It has garnered increased global attention in recent years, as investors seek to bring new dimensions to the nature of their investments.

Click here to access KPMG’s portal.

Climate Change, Human Rights and Institutional Investors

Disruptive and destructive weather events over the past few years have demonstrated the severity of climate change impacts. As climate impacts and public pressure to take action increase, institutional investors have begun integrating climate risks into their asset allocation models and investment decisions. Climate change impacts are also profoundly human in nature. Beyond the personal challenges and tragedies people face due to climate change, the impacts on people will result in socio-economic disruptions due to the risk and fall of climate impacted sectors and projects.

Click here to access KPMG’s portal.

Inclusion and Diversity Practices

In 2021 societal changes brought more attention to inclusion and diversity. In this age of transparency, businesses must act proactively to implement strategic inclusion and diversity (“I&D”) practices. It has become increasingly important for organizations to adopt I&D initiatives in order to foster an enjoyable work environment for their employees. Learn how to consider your own organizations' unique context, meet with the stakeholders you want to include, understand where they are at, and guide them along their own individual transformation journey.

Click here to access KPMG’s portal.

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