



REGIONAL MUNICIPALITY OF PEEL
AUDIT AND RISK COMMITTEE
AGENDA

Meeting #: ARC-1/2021
Date: Thursday, January 21, 2021
Time: 9:00 AM - 10:30 AM
Location: Council Chamber, 5th Floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, Ontario
Members: N. Fairhead, C. Fonseca, K. Ras, N. Iannicca, R. Santos , I. Sinclair, R. Starr ,
H. Zuberi

The meeting will be live streamed on <http://www.peelregion.ca/>.

1. CALL TO ORDER
2. ELECTION OF CHAIR AND VICE CHAIR
3. DECLARATIONS OF CONFLICTS OF INTEREST
4. APPROVAL OF AGENDA
5. DELEGATIONS
6. REPORTS
 - 6.1. IT Application Portfolio Sustainment
(For information)
Presentation by Sean Baird, Commissioner, Digital and Information Services, Peter Parsan, Director, IT Solutions and David Freudenstein, Manager, IT Solutions Delivery and Support
 - 6.2. Water Meter Testing Audit
(For information)
Presentation by Steven Fantin, Director, Operations Support and Jennifer Weinman, Interim Director, Enterprise Risk and Audit Services
 - 6.3. Update on Contract Management Processes for Emergency Shelters
(For information)

- 6.4. Deloitte 2020 Audit Service Plan
(For information)

7. COMMUNICATIONS

8. OTHER BUSINESS

9. IN CAMERA

10. NEXT MEETING

Thursday, March 4, 2021

11:00 a.m. – 12:30 p.m.

Council Chamber, 5th Floor

Regional Administrative Headquarters

10 Peel Centre Drive, Suite A

Brampton, Ontario

11. ADJOURNMENT

For Information

REPORT TITLE: IT Application Portfolio Sustainment

FROM: Sean Baird, Commissioner of Digital and Information Services

OBJECTIVE

To inform the Audit and Risk Committee of the IT applications portfolio sustainment work underway to address the technology and security risks associated with existing outdated systems.

REPORT HIGHLIGHTS

- There is increasing risk to the Region of business disruption in the event of technical failure of outmoded and unsupported applications in need of upgrade or replacement.
 - The IT Application Portfolio Sustainability Program will enable the Region to substantially reduce these risks and stay current in a sustainable fashion going forward.
 - The IT Application Portfolio Sustainability Program will contribute to addressing the technology security risks identified as part of the third party vulnerability assessment that was conducted in 2019; and described in a report to the September 17, 2020 Audit and Risk Committee meeting titled "Information Technology Security Assessment".
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DISCUSSION**1. Background**

The Region of Peel, with technical leadership from Digital and Information Services, supports key technology solutions in support of the evolving complex information and technology requirements for all departments to deliver resident-facing services. As the technology industry continues to evolve rapidly, there is increased urgency to ensure continued system security and reliability, as well as a user-friendly experience for staff and residents utilizing technology solutions.

Industry studies have shown that as technologies mature and evolve, organizations are required to establish and implement programs to pro-actively manage the risk of business disruption resulting from the use of outmoded and unsupported applications. The Region has embarked on an approach to retire outdated, legacy technologies in a timely fashion, when necessary; and remain current in a sustainable manner going forward.

As described in a report to the September 17, 2020 Audit and Risk Committee meeting titled "Information Technology Security Assessment", the results from the security assessment validated that protecting the Region's technology environment is never complete – there is always a need for continuous improvement. In the report, issues related to missing patches,

IT Application Portfolio Sustainment

lack of system build and hardening standards, legacy operating systems and applications, as well as outdated software components were highlighted as potential vulnerabilities.

To further support the actions that have been initiated to date to address the potential issues above, the implementation of a program for the sustainability of the IT Application Portfolio has been proposed.

2. Methodology and Work Completed to Date

a) Methodology

In 2015, the Region established an overall methodology, based on industry standards, for the management of technical obsolescence. The key components of this model include the establishment of a technical platform strategy, assessment of the application portfolio, the prioritized reduction of obsolete technologies, and a preventative model to remain current. The proposed application sustainability program aligns with the "Improve Service, Maintain Confidence" Term of Council priority. It does so by remediating technical obsolescence and risk, thereby reducing the risk of service disruptions. Applications are ranked and categorized based on a review of their functional and technical health. The necessary remediations (upgrades or replacements) are prioritized and then actioned per the standard Digital and Information Services Intake process.

b) Work Completed to Date

A third-party assessment of the application portfolio was completed in 2018 to identify and prioritize those requiring remediation or upgrade.

An initial total of 44 applications were identified from the total application inventory for priority remediation using the above methodology. Regional staff have continued to evaluate the remaining portfolio on an ongoing basis and this total was increased to 67 assessed applications. To date, 12 of these remediations (upgrades or replacements) have been completed, and an additional 13 remediations are currently in progress.

c) Implications

Despite progress in the completion of identified remediations and the work to date in defining the current methodology and approach, additional resources are required to address the remaining applications in need of upgrade or replacement. This applies to both:

- Technology applications (on-premises and cloud-based) being used on a daily basis by staff and residents in the delivery of key regional services
- Underlying technology platforms that enable these business-critical applications (for example, operating systems, databases, and related critical technology infrastructure)

The 67 applications that have been fully assessed so far for sustainability represent the majority of the Region's critical IT systems, but also comprise a relatively smaller portion of the approximately 1,700 production applications being used to support Regional services to residents. The additional applications and databases have not been fully assessed and prioritized, and any remediations of their technical risk have been performed on an as-needed basis.

IT Application Portfolio Sustainment

A comprehensive methodology to identify all out of date and unsupported applications will be implemented as part of the actions to remediate technology security risks.

Additional implications of these findings are described under Risk Considerations below.

3. Proposed Direction

Based on the information described above, the program for the sustainability of the IT Application Portfolio will be focused as follows:

- a) **2021: Ongoing remediations of smaller-scale applications with existing staff.**
- b) **2021-2023: \$10M Capital Work to Address Current Needs.** Proposed Funding Allocation:
 - Establish the Program - \$0.5M
 - Remediation of on-premises applications - \$6M
 - Remediation of cloud-based applications - \$3M
 - Remediation of standalone applications - \$0.5M
- c) **2023 (Steady State): Annual renewal aligned with the existing Corporate Asset Management program** overseen by the Region's Corporate Asset Management team within Finance.

RISK CONSIDERATIONS

In order to identify and mitigate future risks related to technical obsolescence, it is recommended to proceed with the proposed program for application portfolio sustainability.

The risks to the Region of continuing to operate with outmoded applications include:

- More frequent or severe disruption of business services due to potential systems failures.
- Opportunities for process efficiencies are not determined.
- Integrations are more complex, or may not be possible.
- Increased reliance on expensive external contractors.
- Skillsets of Regional staff required to support the older technology solutions will become steadily harder to retain and recruit.

FINANCIAL IMPLICATIONS

The 2021 Proposed Budget will include for Council's consideration a capital request for the implementation of the Sustainability program for IT applications.

IT Application Portfolio Sustainment

CONCLUSION

Substantial progress has been made, but additional remediation efforts are still required to achieve full reduction of the risk of technical obsolescence.

It is anticipated that the IT Application Portfolio Sustainability program will contribute significantly to the ongoing remediation of this risk.

For further information regarding this report, please contact Peter Parsan, Director IT Solutions at peter.parsan@peelregion.ca.

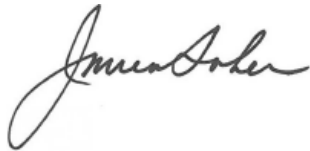
Authored By:

David Freudenstein, Manager, IT Solutions Delivery & Support

Reviewed and/or approved in workflow by:

Department Commissioner, Division Director and Financial Support Unit.

Final approval is by the Chief Administrative Officer.



J. Baker, Chief Administrative Officer

IT Application Portfolio Sustainability Program

Audit & Risk Committee Report

January 2021

Sean Baird, Commissioner Digital & Information Services

Peter Parsan, Director IT Solutions

David Freudenstein, Manager IT Solutions Delivery & Support



Outline

- **Technical Debt – Industry Context**
- **Program Framework**
- **Update on work completed 2018-20**
- **Planned Approach 2021-23**
- **Q&A**



Technical Debt: Broader Industry Context

Maintaining systems health and reducing technical debt can be compared to servicing a car. Without regular maintenance, the engine will gradually slow down, and eventually the vehicle may stall completely.

For many organizations, the teams are spending all their time fixing issues, as opposed to delivering items of business value.

Defect Work Outweighs Feature Work



Technical Debt: Broader Industry Context

Based on findings from several industry-leading experts (Gartner, Info-Tech, Claranet, McKinsey), we have learned that many businesses are severely constrained by technical debt. Common scenarios include:

- Outdated technologies are not replaced and become unsupported.
- Reduced ability to improve inefficient processes.
- Integrations are more complex or may not be feasible.
- Increased reliance on expensive outside contractors.

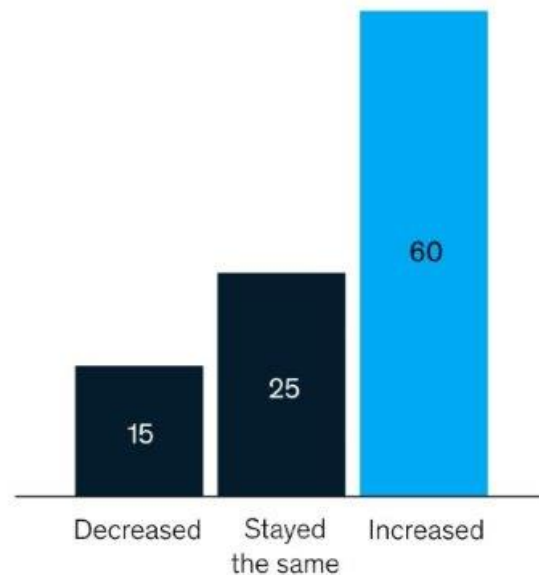
A survey of 100 IT decision-makers from UK-based businesses with over 1,000 employees indicated that over 8 in 10 respondents (84%) do not have an active reduction program in place, and close to a fifth (19%) want to reduce their legacy technology but do not have a clear plan of action on how to do this.

Technical Debt: Broader Industry Context, cont'd

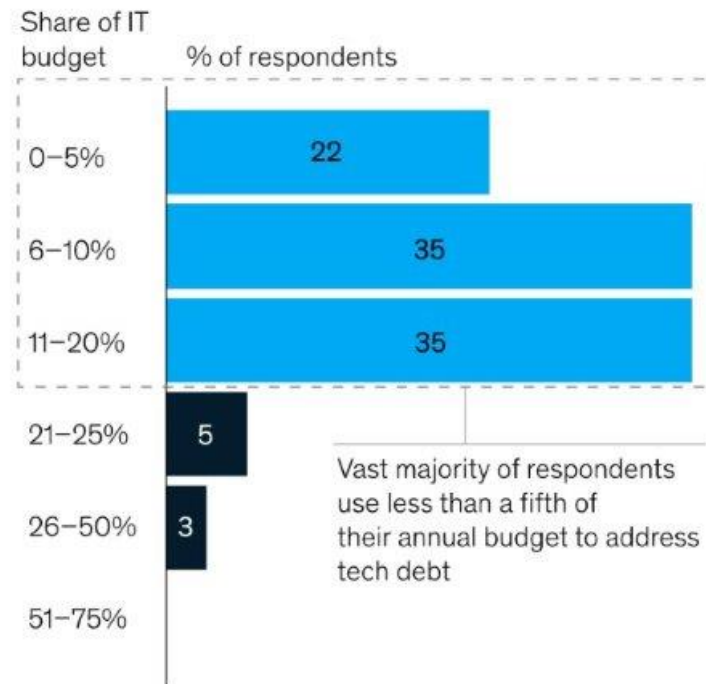
CIOs believe tech debt is increasing—but generally allocate less than 20 percent of their tech budget to paying it down.

CIO estimates of spend on tech debt

Perceived change in tech debt over past 3 years
% of respondents (n = 45)

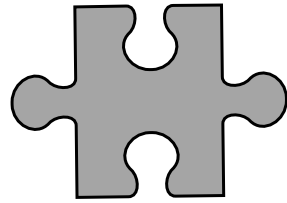


Share of tech budget allocated to paying down tech debt



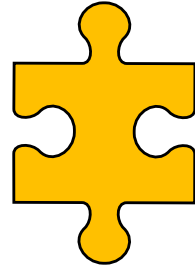
Source: McKinsey survey of tech debt among 50 CIOs, July 2020

Technical Debt Management Framework and Approach



Establish Platform Strategy

- ✓ 4 Enterprise Platforms implemented
- 2 Enterprise Platforms in progress
- ✓ Technology Standards policy as a requirement for all new implementations



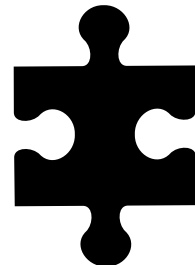
Identify and assess Application Portfolio

- Identify and prioritize technical debt items



Reduce/Pay debt

- End Of Life roadmaps
- Consolidation and architecture alignment
- Legacy apps modernization



Prevent

- Governance of architecture and technologies
- Tech debt management integrated into operating model

Legend

- ✓ Completed
- In-progress
- Future

Current Application Portfolio

A Business Application Repository is maintained by D&IS to document approx. 1,700 supported applications in use across the Region. These applications can be grouped under the following categories:

- ❑ Applications that rely on on-premises infrastructure (application or database servers): *est. 350*
- ❑ Cloud-based applications: *est. 150*
- ❑ Smaller stand-alone Windows applications *est. 1,200*



Application Sustainability Dispositions

Further to engaging an external third-party consultant in 2018, we prioritized the review of 44 of a total 250 applications that rely on our on-premises technology infrastructure. Based on technical and functional health, each assessed application was placed into one of the following groups:

Maintain: Basic maintenance and support acceptable through at least December 2021

Upgrade: Deploy a newer, fully supported release of the application

Retire: Fully decommission the application

Repurpose: Identify capabilities within the application that can be used to support other business needs

Progress 2018-2020: On-premises applications

- Retirements included the **Human Services Outreach database**; and **eAgenda**.
- Upgrades included **Trapeze v. 16**; **PeopleSoft Financials v9.2**; **Oracle CC&B Water Billing cumulative patches update**; and **FileMaker v17**.
- Evolved alignment with D&IS Intake and Governance Boards.
- Proceeded with portions of security risk mitigations to address technology security risks identified in a 2019 third-party vulnerability assessment.
- Initiated discussions with Corporate Asset Management team to plan alignment of D&IS hardware and software assets.

Progress: Cloud applications

- 2015 ongoing: Ongoing maintenance of application technical health for Salesforce has included multiple Salesforce “seasonal” releases three times annually. This includes the recently deployed 10/2020 “Winter ‘21” Salesforce release.
- 2020 YTD: Several related 3rd party Salesforce solutions deployed onto our Salesforce platform have also been upgraded (3 YTD, as of 10/2020).
- 2020: In collaboration with the Salesforce vendor, we’ve updated configurations to raise the platform health score from prior value of 50% up to 88% (“Very Good”).

Current Status Reporting

Updated 2020-05-21									
Application Dispositions									
Application	Functional Health	Technical Health	Under PMO Reporting?	SOGR Lead	High-Level Perceived Urgency	No. Versions Behind	Scheduled Deployment of New or Upgraded Solution	Scheduled Full Decommission of the old system	Output Disposition for Consideration
CBS (Centralized Booking System)	25%	20%	Yes	Karen + Pranav	H	Extremely Old - In-house FOXPRO	2019-09-30	Enabling Technology RFP	Retire or Outsource
Outreach [PMOD]	35%	25%		Raminder	Completed				Retire or Outsource
HTML Forms/Bid Documents	30%	25%		Rajani	L	Extremely Old - On Obsolete Platform	TBC	TBC	Retire or Outsource
Office Form & Templates	45%	20%			Completed		2018-12-31		Retire or Outsource
AutoCAD	60%	75%			L				Maintain
FileMaker	53%	60%		Raminder	Completed	5.00	2019-12-31	Target 3/2020	Maintain
Vsys One Volunteer Management System Web Portal	75%	70%		Ray	L				Maintain
InMagic	55%	55%		Ray	L				Maintain
Bentley	30%	60%	Yes	Kashef Haseeb	H		2020-06-30		Upgrade
IBM Sterling	65%	55%		Karen	L				Maintain
PowerPlan LTFP (f.k.a. RIVA / Hemson)	60%	55%		Rajani	Completed		2018-12-31		Maintain
FIA Web	65%	65%		Raminder	L				Maintain
FIA Legacy VB6/MS-Access	30%	20%		Raminder	L	Extremely Old - On Obsolete Platform	2016-01-02	TBC Raminder	Retire or Outsource
Kaba Clocks	80%	60%		David / Kristy	L				Maintain

Progress to date since 2018

Application Sustainment Disposition Metrics - Updated as of October 2020

Application Disposition	Total # Assessments	Completed	In Progress	Not Started
Maintain	28	3	0	25
Repurpose	0	0	0	0
Upgrade	12	4	5	3
Retire	27	5	8	14
Total	67	12	13	42

Application Sustainment Program Intended Phases



Thank You.



For Information

REPORT TITLE: **Water Meter Testing Audit**

FROM: Jennifer Weinman, Interim Director, Enterprise Risk and Audit Services

OBJECTIVE

To inform the Audit and Risk Committee of the results of Water Meter Testing Audit.

REPORT HIGHLIGHTS

- The Water Meter Testing Audit was requested by Regional Council.
 - The audit assessed if the Region's processes for water meter testing adhere to the relevant American Water Works Association standards and industry best practices.
 - Water meter testing procedures and practices at the Region are in accordance with the American Water Works Association standards and there is an active water meter preventive maintenance plan in place.
 - There is an opportunity for enhancement, to periodically re-test a large commercial meter with larger quantities of water to confirm the accuracy of the first test result.
 - Management has taken actions to address the observation noted in the audit.
-

DISCUSSION

1. Background

Regional Council requested an audit of the Region of Peel's (Region) water meter system on July 11, 2019, through Council Resolution 2019-696. The audit was requested following a delegation to Regional Council in 2019 in regard to a high water bill. The request relates to ensuring that any high water bills are not a result of the integrity of water meter and reflective of the actual consumption of the customer.

The Meter Operations team within the Operations Support division of Public Works installs, repairs, replaces, tests, and maintains water meters for residential and commercial buildings. Water meters are calibrated by the manufacturer and are installed by Regional staff upon the completion of a building. There are approximately 334,000 water meters across the Region. The Region follows the American Water Works Association standards for installing and managing the water metering system.

The American Water Works Association (Association) is a scientific and educational society for professionals in water industry. The Association develops industry standards for products and processes and best practices that are recognized internationally. The American Water Works Association Manual 6 (Manual 6) is a manual of practices for water utilities on selection, installation, operation and maintenance of water meters.

Water Meter Testing Audit

Staff from the Meter Operations team perform meter testing at the following points:

- When a new meter is installed;
- When maintenance is performed on a meter; and,
- As part of a routine meter testing process.

The fieldwork of the audit required specific skills and expertise in water metering systems and industry knowledge. To address the need for the specific skills and expertise, Enterprise Audit Services engaged UtiliWorks Consulting, a division of E Source, to assist with the fieldwork, through a competitive selection process.

2. Audit Objective and Scope

The objective of the audit was to assess whether the Region's current processes in water meter testing adhere to the relevant American Water Works Association standards and industry best practices, specifically at the point of:

- Water meter installation testing;
- Water meter routine testing; and,
- Water meter maintenance testing.

The scope of the audit included:

- Review of water meter testing records and documentation against American Water Works Association Manual 6;
- Remote observation of water meter field testing carried out by staff; and,
- Review of water meter preventive maintenance processes, records and documentation from 2019 to 2020.

This audit was conducted in conformance with the *International Standards for Professional Practice of Internal Auditing*.

3. Audit Observation and Management Response

The water meter testing procedures and practices in place at the Region of Peel are in accordance with the related Association standards, and there is an active preventive maintenance plan in place. Specifically,

- Water meter testing standards and testing procedures are consistent with the Manual 6;
- During the remote observation it was noted that staff follow the meter testing procedures, testing was documented properly, and calibrated meters were certified by a certified testing lab. The water meter was installed properly in accordance with Manual 6 for proper distance between the meter and other meter setting components such as valves and tees; and,
- Under the Preventive Maintenance program, large meters (38mm and up) are being tested at a 5-year interval. The 100 meters that have the largest annual consumption and that have a higher degree of risk of wear and exposure to corrosive elements are being tested annually.

Water Meter Testing Audit

In addition, the consultants have observed the following best practices the Region has adopted for the water meter system:

- Flush tests of small meters are performed as part of meter replacement in residential dwellings to ensure the meter is operational;
- Consistent use of meters from the same manufacturer that meet the design requirements of Association standards and specifications for various types and sizes of meters; and,
- Large commercial meters are being tested by well trained and experienced staff. The Manual 6 identifies properly trained employees as one of the most important aspects of a meter testing program.

There is an opportunity to enhance the meter testing program. Manual 6 recommends the quantities of water to be used in testing various sizes of water meters at three different rates of flow: Maximum Rate, Intermediate Rate and Minimum Rate. It allows for lesser quantities of water to be used during field testing since large quantities of water can create significant issues at the test site. Manual 6 identifies that the accuracy of the test results could be reduced if the quantities of water used in the test are less than the recommended quantities. The water quantities used in the tests at the Region are approximately 30 per cent of the recommended quantities for the “Maximum Rate” test. For this reason, once or twice a year, there should be a re-test of meter with larger quantities of water flow for each rate of flow to provide an assurance that the first test result is accurate.

a. Management Response

The Director, Operations Support will ensure there is an annual re-test of a meter, with larger quantities of water flow for each rate of flow to verify the accuracy of the first test result. The first annual re-test will take place by December 15, 2020 and will be an on-going annual practice. Management has completed the action as outlined and Enterprise Audit Services has verified the implementation.

CONCLUSION

The water meter testing procedures and practices in place at the Region are in accordance with American Water Works Association standards and there is an active preventive maintenance plan in place. There is an opportunity for enhancement to periodically re-test a large commercial meter with larger quantities of water to ensure the first test result is accurate.

Management has taken actions to enhance the meter testing processes. Enterprise Audit Services has reviewed and verified that the first annual re-test has been completed.

For further information regarding this report, please contact Jennifer Weinman, Interim Director, Enterprise Risk and Audit Services, jennifer.weinman@peelregion.ca.

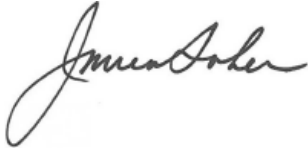
Authored By: Lynn Guo, Senior Internal Auditor

Water Meter Testing Audit

Reviewed and/or approved in workflow by:

Department Commissioners and Division Directors.

Final approval is by the Chief Administrative Officer.

A handwritten signature in black ink, appearing to read "J. Baker", written in a cursive style.

J. Baker, Chief Administrative Officer

Water Meter Testing Audit

Steven Fantin
Director, Operations Support
Jennifer Weinman
Interim Director,
Enterprise Risk and Audit Services

- Water meter testing procedures and practices at the Region are in accordance with American Water Works Association standards.
- There is an active preventive maintenance plan in place.
- A large commercial meter will be re-tested annually to confirm the first test result is accurate.

Agenda

- Audit Objective
- Audit Objectives
- Management Action Plan
- Conclusion
- Questions

Audit Objective

To assess whether the Region's current processes in water meter testing adhere to the relevant American Water Works Association standards and industry best practices, specifically at the point of:

- Water meter installation,
- Water meter routine testing, and
- Water meter maintenance.

Findings

- Water meter testing procedures and practices adhere to the AWWA standards
- Water meters are installed properly
- Active preventive maintenance plan in place



Best Practices Observed by Consultants

- Large commercial meters are being tested by experienced and trained staff
- Flush test of small residential meters at installation
- Consistently use meters from the same manufacturer that meet the design requirements of AWWA and specifications for various sizes and types

Re-test Large Meter Annually

- Where location allows and discharge feasible
- With larger quantities of water
- At all 3 rates of flow
- Retest one large commercial meter to confirm the accuracy of the first test result



Conclusion

- Water meter testing procedures and practices at the Region are in accordance with American Water Works Association standards
- There is an active preventive maintenance plan in place
- A large commercial meter will be re-tested to confirm the first test result is accurate

Water Meter Testing Audit

**Thank you
Questions?**

Steven Fantin

Director, Operations Support

Jennifer Weinman

Interim Director, Enterprise Risk and Audit Services

For Information

REPORT TITLE: **Update on Contract Management Processes for Emergency Shelters**

FROM: Janice Sheehy, Commissioner of Human Services

OBJECTIVE

To update the Audit and Risk Committee on the contract management processes implemented in response to internal audit findings.

REPORT HIGHLIGHTS

- In 2019, an internal audit of the contract management practices of the adult shelters determined that effective contract management controls were not in place.
 - In response to the audit findings, action plans were developed by management and reviewed by Enterprise Risk and Audit Services.
 - Most of the action plans have been implemented and Enterprise Risk and Audit Services has verified the implementation.
 - Implementation of one action plan remains outstanding and will be completed by the end of the summer 2021.
 - The Audit and Risk Committee requested an update on the action plans before year end 2020.
-

DISCUSSION

1. Background

Region of Peel Emergency Adult Shelters have been managed and operated by the Salvation Army under the current contract since 2014. During that period, informal contract management practices were in place. Historically, it was felt these informal practices have provided staff with the information and assurances needed to conclude that the provider was operating in accordance with the terms of the contract.

In May 2019, an audit of the shelter operations contract management practices was initiated for the adult shelter contract. The audit was completed in the fall of 2019, and the results reported to the Audit and Risk Committee on April 16, 2020. The audit concluded that Housing Services did not have effective contract management controls and oversight in place in accordance with the contract agreement.

Action plans, reviewed by Enterprise Risk and Audit Services, to address the audit observations were also presented to the Audit and Risk Committee. The committee requested that an update on the action plans be brought back before the end of 2020. This

Update on Contract Management Processes for Emergency Shelters

report is designed to provide the Audit and Risk Committee with an update on the contract management changes that have been implemented in response to the audit findings. Most of the findings have been addressed; one action remains outstanding. This action relates to the review and verification of allowable expenses for the operation of the shelters and is anticipated to be implemented by the end of the summer 2021. This review needs to be completed by a third-party auditor. The issuing of the Request for Proposal was delayed due to the reassignment of staff resources to COVID-19 response related initiatives.

2. Implementations as a Response to Audit Findings

To address the audit findings, immediate changes to the adult shelter contract management practices were implemented. These changes advanced the informal oversight and contract management practices in place at the adult shelters, into formal contract management practices, thereby addressing the risks identified through the audit process. Below is an update on the changes that have been implemented.

Action Item	Action: Region of Peel	Action: Shelter Operator	Update/Outcome
Audit and Compliance Checklist and Tool	Conduct quarterly audit and compliance reviews with the Shelter Operator	Provide up to date information and act if non-compliance is identified	Q1, Q2 and Q3 Audit Compliance reviews completed. Q4 is underway. Shelter Operator to improve on consistently providing client discharge surveys
Hiring and On-boarding procedures	Request and collect quarterly updates on all hiring and on-boarding, and organizational structure	Update and submit quarterly a new hires reporting sheet and update all on-boarding	Shelter Operator has provided quarterly hiring, org charts, and on-boarding documentation
Length of Stay (LOS)/Case Management Review	Formal spreadsheet implemented by Program Supervisor to review monthly case management and length of stay at each shelter	Participate in monthly length of stay meetings with Program Supervisor and discuss action plans	Monthly meetings have been conducted and documented regarding length of stay, case management, and action plans.
Implementation of Agency Narrative	Program Supervisor and Housing Program Analyst to maintain an Agency Narrative	n/a	Agency Narrative, which is a record of all communication and direction given to our service provider, has been developed and utilized to document performance issues, compliance issues, financial issues

Update on Contract Management Processes for Emergency Shelters

Action Item	Action: Region of Peel	Action: Shelter Operator	Update/Outcome
Improved process to reconcile overflow expenses	Develop spreadsheet to reconcile overflow expenses by cross-referencing Shelter Operator client list with Salesforce; Shelter Operator motel/hotel cost with motel/hotel invoices	Investigate all variances identified on the overflow discrepancy report, including motel invoices, food invoices, occupancy numbers in Salesforce	Motels/hotels invoices streamlined for more accurate per month reconciliation. Reconciliation of motel/hotel invoices and occupancy numbers performed monthly
Fire Safety and Evacuation Plan	Report to be designed by Housing Services to communicate completion of fire drills and evacuation drills to Client Services	Provide notification and information of all new hires to be trained at Fire and Evacuation Drills	New monitoring process documented and in place
Development of an audit binder	Develop and compile audit binder to maintain all up to date insurance and WSIB documentation and updated contracts	Provide all documentation required for the Audit Binder	Binder completed with all updated insurance, WSIB, and contract information. Addition of a Shelter Operator Policies and Procedures binder
Client Feedback Process	Update previous client satisfaction survey to reflect the current needs of shelter residents. Conduct survey annually.	Collect and provide to the Region more regular feedback surveys from clients not solely at discharge.	Client satisfaction survey has been revised. Due to COVID-19 survey has not been conducted but planned for December 2020. Commenced regular collection of client feedback surveys. At two weeks after intake, every month thereafter

As requested by the Audit and Risk Committee, an organizational structure diagram is attached as Appendix III. It provides a breakdown for the Housing Services Division of the program areas, responsibilities, staff numbers and outcomes (where applicable).

Update on Contract Management Processes for Emergency Shelters

3. Next Steps

To further mitigate risks identified in the audit findings, additions and revisions have been made to the new Emergency Shelters Request for Proposal (RFP) and the 2020 Region of Peel Emergency Shelters Standards. These revisions and additions include:

- Addition of Performance Measures and Key Performance Indicators to RFP scope;
- Addition of an Employee Performance Management System to RFP scope;
- Conducting the Client Satisfaction Survey semi-annually;
- Overflow facilities to be contracted out by the Region and not the shelter operator;
- Revision to Shelter Operator payment procedures and invoice requirements, as advised by Procurement;
- More formalized client complaint process;
- New quarterly revenue and expense reporting to include more detailed, itemized breakdowns of expenses;
- Additional reporting requirements from the vendor;
- Clarifying accountability internally for contract management by assigning the Housing Program Analysts as the contract managers and centralizing this function on one team with a common supervisor; and,
- Revising the Regional Shelter Standards to bring them in-line with Housing First principals, increase accountability of Shelter Operator and include more defined parameters to determine non-compliance.

The new contract management practices will be extended to all Housing Services contracts including Peel's Outreach Program, the youth shelters, and transitional housing during the spring of 2021.

RISK CONSIDERATIONS

An audit of the contract management practices of the adult shelter system concluded that Housing Services does not have effective contract management controls and oversight in place in accordance with the contract agreement. A lack of effective contract management controls increases the risk that the Region of Peel does not have the information it needs to accurately determine if the shelter operator is providing services in accordance with the terms of the contract.

To mitigate this risk, management action plans were developed and implemented to address the audit findings. These action plans were reviewed, and subsequent implementation of the actions verified by Enterprise Risk and Audit Services.

CONCLUSION

To address audit findings and strengthen internal controls, immediate changes to the adult shelter contract management practices have been put in place. Additionally, revisions to the Emergency Shelters Request for Proposal and 2020 revisions to the Region of Peel Shelter Standards have been made to further mitigate risks identified in the audit. These changes advance the informal oversight and contract management practices in place at the adult shelters, into formal contract management practices, thereby addressing the risks identified through the audit process.

Update on Contract Management Processes for Emergency Shelters

APPENDICES

Appendix I – Summary of Shelter Standards

Appendix II – Management Action Plan

Appendix III – Housing Services Organizational Flow Structure

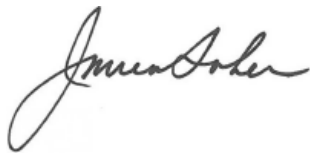
For further information regarding this report, please contact Aileen Baird, Director, Housing Services, ext. 1898, aileen.baird@peelregion.ca.

Authored By: Enrique Trujillo, Program Analyst Housing, Client Services

Reviewed and/or approved in workflow by:

Department Commissioner and Division Director.

Final approval is by the Chief Administrative Officer.



J. Baker, Chief Administrative Officer

Appendix I

Update on Contract Management Processes for Emergency Shelters

Summary of Shelter Standards

Background:

Regional Council has approved a series of recommendations that address homelessness, reduce barriers to service access, and increase the supply of affordable housing within Peel. In approving these recommendations, Council has confirmed its commitment to the elimination of homelessness in the Region of Peel.

In collaboration with community organizations and agencies, the Region provides emergency shelter assistance and supports that align with the varying needs of individuals and families experiencing homelessness. To ensure program delivery is effective, coordinated and supports individuals in their goal of independent living, operational standards were developed.

The Emergency Shelter Standards were developed in collaboration with the Region's homeless population and in consultations with service providers and stakeholders.

The implementation of the Emergency Shelter Standards provides shelter operators and clients with a clear set of expectations and guidelines for the provision of shelter services. The Peel Shelter Standards will:

- provide a framework of uniform, quality shelter services for all homeless individuals and families within Peel shelters;
- provide a benchmark by which to evaluate the quality of services rendered by the shelters and thereby ensure accountability, outcome-based programs and fiscal responsibility for the purchase of shelter services;
- provide Shelter Operators with a means to monitor, evaluate and continuously improve their practices and services;
- guide the behaviour of employees and ultimately enhance the value and credibility of shelters.
- Provide an outline the responsibilities of the shelter operator and the rights of the residents.

Emergency shelters that are funded by the Region are required to adhere to the Shelter standards.

Roles and Responsibilities

The Peel Shelter Standards clearly outline the roles and responsibilities for the Region and Shelter Operators.

The Region is responsible for:

- managing the Emergency Shelter Services budget and administering service funding for eligible clients and services;
- negotiating Purchase of Service Agreements with Shelter Operators/Community Agencies;
- ensuring shelter services are delivered in compliance with the Purchase of Service Agreement, and the Shelter Standards.

Appendix I

Update on Contract Management Processes for Emergency Shelters

Shelter operators are responsible for the administration of shelter services, including but not limited:

- determining suitability and eligibility of applicants for residency in the shelter;
- providing shelter services in compliance with the Purchase of Service Agreement and the Shelter Standards;
- cooperating with the Region in carrying out the obligations and expectations as outlined in the Purchase of Service Agreement and the Shelter Standards;
- collaborating with other Shelter Operators, non-profit, community support services, co-operative housing providers and neighbours to strengthen service delivery in the shelter service system;
- providing an inclusive, safe and supportive environment;
- providing cost effective services for individuals and families experiencing homelessness, and
- engaging in continuous improvement.

Shelter Operational Management Services and Standards

In addition to providing the roles and responsibilities of each entity, the Emergency Shelter Standards outlines the Shelter Operational Management Services and Standards (day to day shelter services) which include:

- Access to Shelter
- Basic Services
- Case Management
- Program Standards
- Health Standards
- Safety Standards
- Administrative Management Standards

To ensure that program delivery continues to be effective, coordinated and supports individuals in their goal of independent living, shelter services are evaluated, and if required, revised to ensure enhanced performance and accountability.

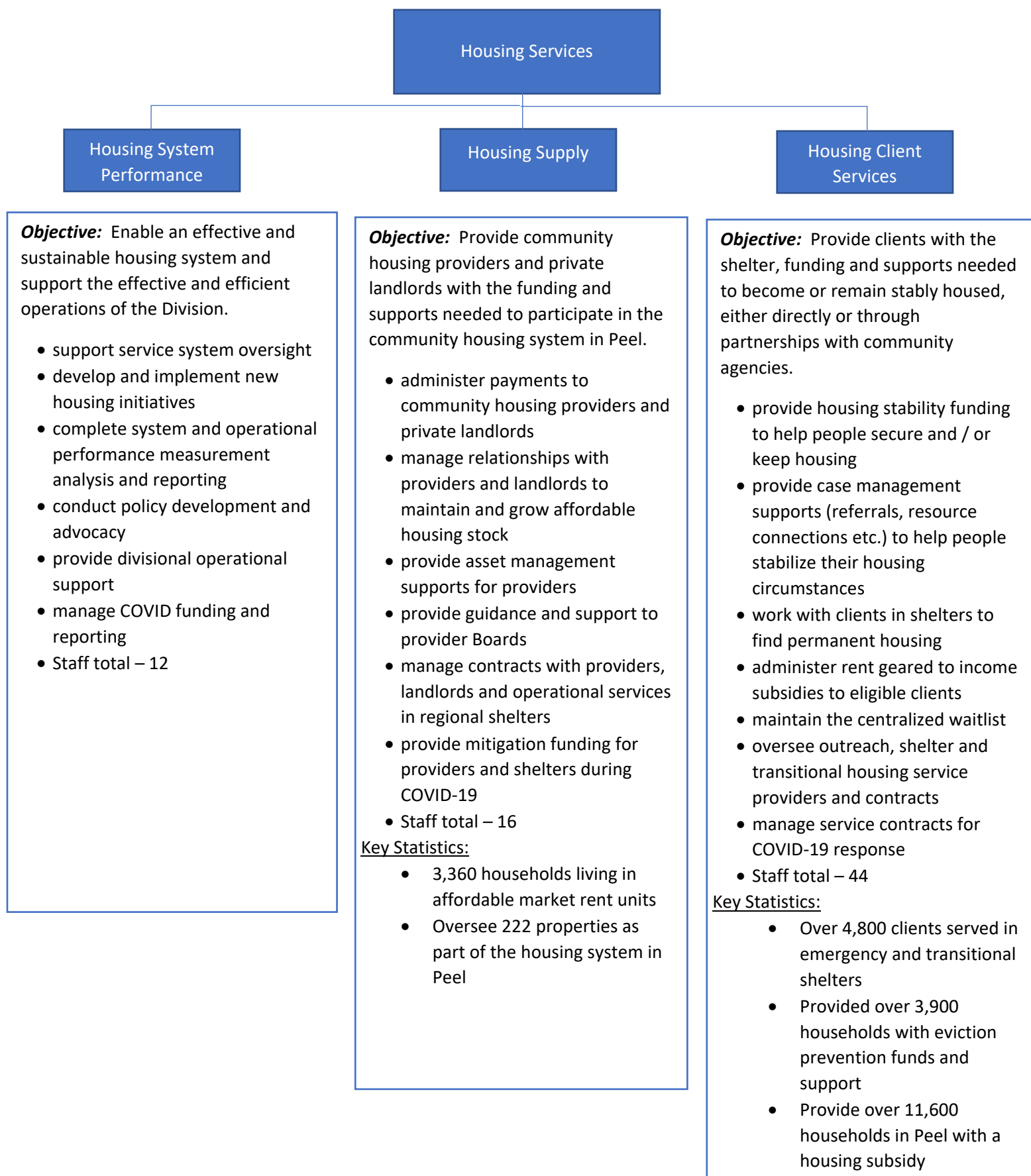
Appendix II

Update on Contract Management Processes for Emergency Shelters

Management Action Plan Recommendations to Address Audit Findings

- a) Ensure the compliance checklist tool is completed during quarterly reviews of the Shelter Operator. This will include quarterly reviews of the shelter operator's compliance with the Emergency Shelter Standards, the Third-Party Compliance audit, relevant insurance coverage and Work Safety and Insurance Board coverage certificates.
- b) Develop and implement a process to ensure the Shelter Operator complies with the required hiring and on-boarding practices in the Emergency Shelter Standards.
- c) Develop a process to verify that fire and evacuation tests have been performed randomly twice per year as planned to ensure compliance with Emergency Shelter Standards and the Ontario Fire Code. Shelter staff training will also include emergency procedures such as fire drills and evacuation, which will be tracked through the new hire training reporting process.
- d) Develop and implement a formal process for documenting and discussing concerns raised with the Shelter Operator. This will involve monthly check-ins to ensure effective case management in moving clients, specifically those who are longer-term, towards self-sufficient independent living. The results of these reviews will be included in the agency narrative, which is record of all communication and direction given to the service provider.
- e) Develop and maintain an agency narrative. This narrative will house all information on performance concerns coming out of the quarterly reviews, financial reviews, survey results and how well case management efforts are going.
- f) Create a spreadsheet for the program supervisor to manually verify overflow reporting from the Shelter Operator, cross-referencing the client list from Salesforce and the lists provided by the Operator, including verification of costs for meals and hotel rooms.
- g) An Audit binder will be prepared to fill all updated insurance and WISB certificate information and includes a check list of items to confirm certificates and documents have been received from the Shelter Operator.

Housing Services – Organizational Flow Structure



For Information

REPORT TITLE: Deloitte 2020 Audit Service Plan

FROM: Stephen Van Ofwegen, Commissioner of Finance and Chief Financial Officer
Stephanie Nagel, Treasurer, Peel Housing Corporation

OBJECTIVE

To present the 2020 Audit Service Plan prepared by the Region's external auditors, Deloitte LLP for the upcoming audit of the fiscal year ending December 31, 2020.

REPORT HIGHLIGHTS

- The attached 2020 Deloitte Audit Service Plan has been prepared by the external auditors, Deloitte for the upcoming audit of the Region of Peel and of Peel Housing Corporation, for the fiscal year ending December 31, 2020.
 - The audit plan provides detailed information regarding the audit approach, audit scope, materiality, audit risks and communication requirements to the Audit and Risk Committee.
 - As a result of the physical distancing requirements arising from the COVID-19 pandemic, there is a possibility that the audits will need to be completed remotely. Staff and Deloitte will continue to monitor the situation and will discuss action plans as to how best to conduct the audits remotely, if required.
 - There are no major changes from the 2019 audit plan.
-

DISCUSSION

Regional Council on June 23, 2016 approved the appointment of Deloitte LLP as the external auditors for fiscal years 2016 to 2020. At the June 25th, 2020 Peel Housing Corporation Annual General Meeting of the Shareholder, Deloitte LLP was appointed as the Corporation's auditors for fiscal year 2020. Deloitte has been the external auditors for both the Region and Peel Housing Corporation for the past ten years.

Deloitte has prepared the attached audit planning report to provide the Audit and Risk Committee with an overview of the external audit approach, audit scope, materiality, audit risks and communication requirements. The audit approach is similar to the one presented last year.

There are no new accounting standards that have become in effect for the 2020 year-end. However, staff will be reviewing whether any additional note disclosures will be required in the consolidated financial statements for any COVID-19 related impacts.

Deloitte 2020 Audit Service Plan

The audit for fiscal 2020 for both the Region of Peel and Peel Housing Corporation commenced with pre-audit work in the fall of 2020. As a result of the physical distancing requirements arising from the COVID-19 pandemic, there is a possibility that the final audit work will need to be completed remotely. The year-end audit work will commence in mid-February and be completed in March 2021. Staff and Deloitte will continue to monitor the situation and will discuss action plans as to how best to conduct the audits remotely, if required.

It is expected that the 2020 consolidated financial statements for the Region of Peel and the 2020 financial statements for Peel Housing Corporation will be presented to the Audit and Risk Committee on April 15, 2021.

CONCLUSION

The 2020 external audit is expected to proceed as per the 2020 Audit Service Plan, as prepared by Deloitte LLP, the external auditors for both the Region of Peel and Peel Housing Corporation.

APPENDICES

Appendix I - Regional Municipality of Peel and Peel Housing Corporation 2020 Audit Service Plan

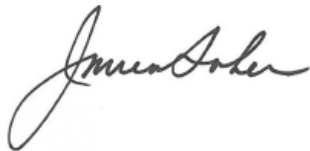
For further information regarding this report, please contact Stephanie Nagel, Treasurer & Director, Corporate Finance, Ext. 7120, stephanie.nagel@peelregion.ca.

Authored By: Sandy Calandra, Manager, Accounting Services

Reviewed and/or approved in workflow by:

Department Commissioner and Division Director.

Final approval is by the Chief Administrative Officer.



J. Baker, Chief Administrative Officer



Regional Municipality of Peel and Peel Housing Corporation

2020 Audit service plan

For the year ending December 31, 2020

September 24, 2020

Private and confidential

To the Members of the Audit and Risk Committee
Regional Municipality of Peel
10 Peel Centre Drive
Brampton ON L6T 4B9

2020 Audit service plan

Dear Audit and Risk Committee Members,

We are pleased to provide you with our audit service plan for the Regional Municipality of Peel ("the Region") and Peel Housing Corporation ("PHC") for the year ending December 31, 2020. This document describes the key features of our plan including our audit scope and approach, our planned communications with you, and our team.

Our audit will include:

- Consolidated financial statements of the Region as at, and for the year ending, December 31, 2020, prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS")
- Financial statements of PHC as at, and for the year ending, December 31, 2020, prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS")
- Financial statements of the Regional Municipality of Peel Trust Funds (the "Trust Funds") as at, and for the year ending, December 31, 2020, and
- Financial statements of the Regional Municipality of Peel Sinking Funds (the "Sinking Funds") as at, and for the year ending, December 31, 2020.

herein after, collectively referred to as the "financial statements".

Our commitment to you is straightforward: we will provide you with outstanding professional services delivered by an experienced and dedicated team of specialists. Our professionals will continue providing you with best practices and insights to face the increasingly complex array of issues and challenges encountered by organizations like the Region and PHC.

We look forward to discussing our audit service plan with you and answering any questions you may have.

Yours truly,

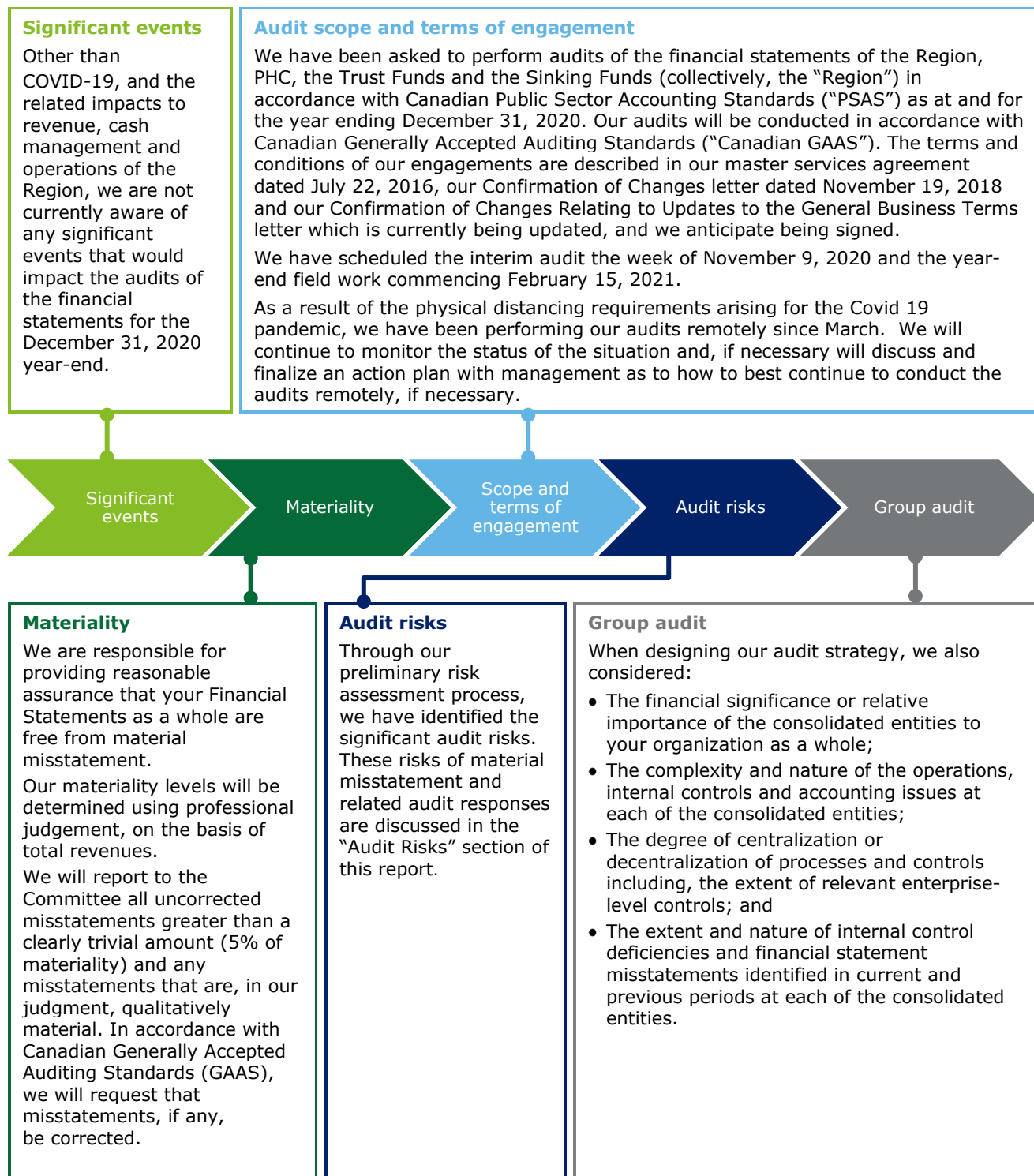
Original signed by Deloitte LLP

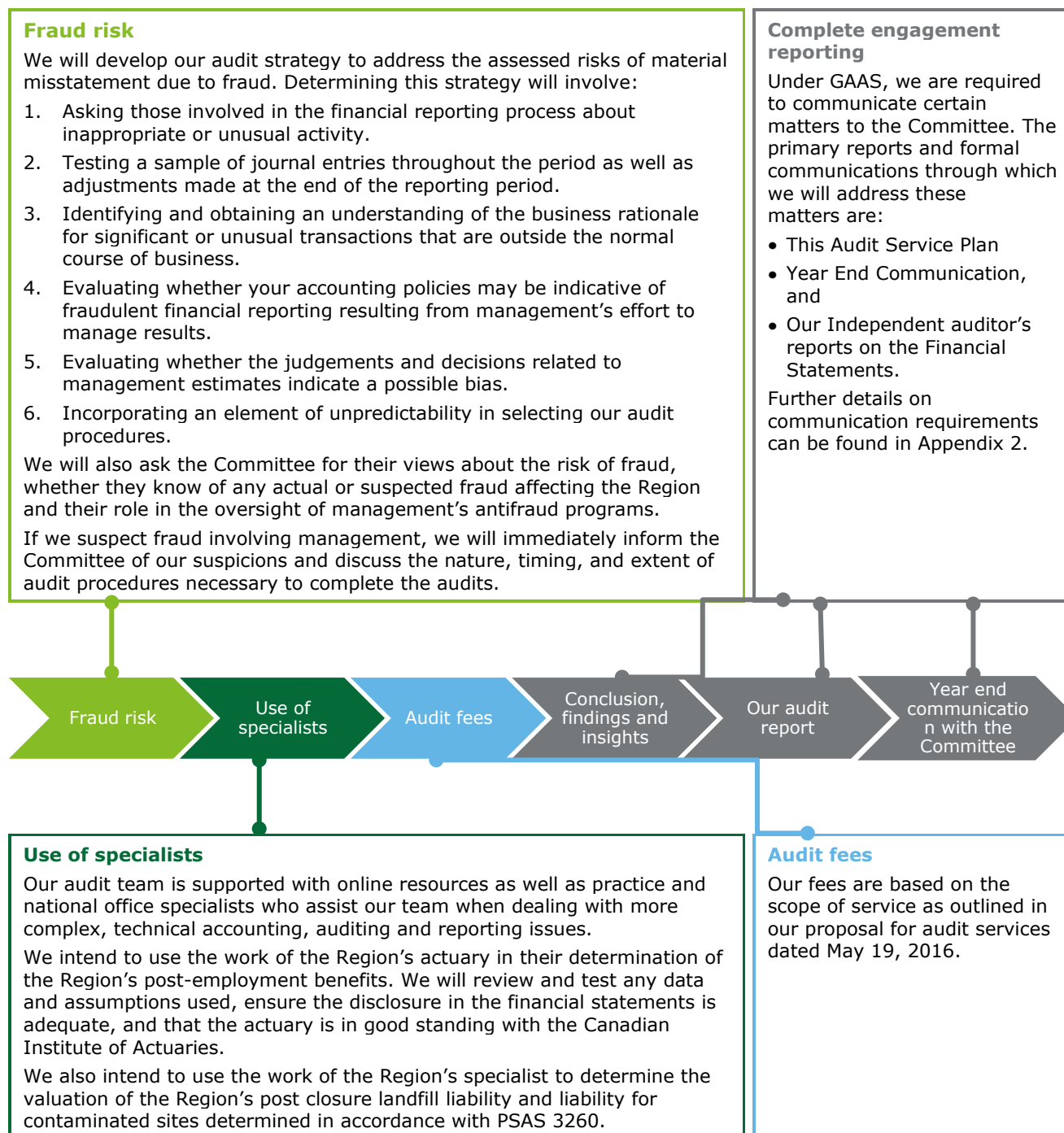
Chartered Professional Accountants
Licensed Public Accountants

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Our audits explained





Audit risks

During our risk assessment, we identified some areas of audit risk that will require special audit consideration. These risks, together with our planned responses, are described below.

The following tables set out certain areas of audit risk that we identified during our preliminary planning activities, including our proposed response to each risk. Our planned audit response is based on our assessment of the likelihood of a risk's occurrence, the significance should a misstatement occur, our determination of materiality and our prior knowledge of the Region.

Region of Peel

Revenue and deferred revenue amounts*

Audit risk

Canadian Auditing Standards include the presumption of a fraud risk involving improper revenue recognition.

Our proposed audit response

- Substantive testing to determine if restricted contributions (i.e., development charges, conditional grants, COVID-19 funding, etc.) have been recognized as revenue in the appropriate period.

Year-end cut-off

Audit risk

Determine if cut-off of revenues and expenses is appropriate.

Our proposed audit response

- Substantive testing on accounts payable, accrued liabilities, deferred revenue and accounts receivable, and
- Test disbursements subsequent to year-end.

Tangible capital assets

Audit risk

Appropriate accounting and disclosure.

Our proposed audit response

- Test assumptions used in determining completeness, valuation, recording and cut-off of additions and disposals, and
- Testing of calculations of amortization.

Year-end accruals and other estimates (including salaries, employee future benefits, landfill closure and post-closure liability, contaminated sites, and allowance for doubtful accounts)

Audit risk

Estimates requiring management judgments and assumptions.

Our proposed audit response

- Obtain documentation on management's control over accounting estimates and assess risk
- Review and assess the consistency of major assumptions used to develop significant accounting estimates
- Compare actual historical experience to models employed in such calculations
- Obtain calculations from experts for accruals such as employee future benefit liability and landfill liability, and assess assumptions and data used to prepare the report, and
- Review actual outcome of prior year estimates.

Management override of controls*

Audit risk

Management override of controls is a presumed area of risk in a financial statement audit due to management's ability to override controls that otherwise appear to be operating effectively.

Our proposed audit response

- Our audit tests the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of financial statements
- We will obtain an understanding of the business rationale for significant transactions that we become aware of that are outside of the normal course of business, or that otherwise appear to be unusual given our understanding of the Region and its environment
- We will review accounting estimates for bias and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement
- In addition, experienced Deloitte personnel will be assigned to the testing and review of journal entries and areas of estimates, and
- Professional skepticism will be maintained throughout the audit.

Peel Housing Corporation

Tenant and other receivables/revenue*

Audit risk

Canadian Auditing Standards include the presumption of a fraud risk involving improper revenue recognition. Valuation of tenant and other receivables.

Our proposed audit response

- Review aging reports and estimate allowance for doubtful tenant receivables for reasonableness
- Confirm subsidies received from the Service Manager, and
- Perform detail testing of tenant and other receivables and related revenue.

Tangible capital assets

Audit risk

Appropriate accounting and disclosure.

Our proposed audit response

- Substantive testing of capital asset additions and disposals, and
- Testing of calculations of amortization.

Long-term debt

Audit risk

Appropriate accounting and disclosure.

Our proposed audit response

- Confirm long-term debt balances, and
- Recalculate interest.

* These areas have been identified as areas of significant risk.

We will inform you of any significant changes to the areas of audit risk discussed above and the reasons for those changes as part of our year end communication, or earlier if deemed necessary.

Appendix 1 – Audit approach

Deloitte's audit approach is a systematic methodology that enables us to tailor our audit scope and plan to address the unique issues facing the Region.

The following steps are not necessarily sequential nor are they mutually exclusive. For example, once we have developed our audit plan and the audits are being performed, we may become aware of a risk that was not identified during the planning phase. Based on that new information, we would reassess our planning activities and adjust the audit plan accordingly.

1. Initial planning

The Deloitte audit approach begins with an extensive planning process that includes:

- Assessing your current business and operating conditions
- Understanding the composition and structure of your business and organization
- Understanding your accounting processes and internal controls
- Understanding your information technology systems
- Identifying potential engagement risks
- Planning the scope and timing of internal control and substantive testing that take into account the specific identified engagement risks

2. Assessing and responding to engagement risk

Our Audit approach combines an ongoing identification of risks with the flexibility to adjust our approach when additional risks are identified. Since these risks may impact our audit objectives, we consider materiality in our planning to focus on those risks that could be significant to your financial reporting.

Consideration of the risk of fraud

When we identify a misstatement or control deficiency, we consider whether it may be indicative of fraud and what the implications of fraud and significant error are in relation to other aspects of the audits, particularly the reliability of management representations.

In determining our audit strategy to address the assessed risks of material misstatement due to fraud, we will:

- Assign and supervise personnel, taking into account the knowledge, skill and ability of individuals with significant engagement responsibilities and our assessment of the risks of material misstatement due to fraud for the engagement.
- Evaluate whether the Region's selection and application of accounting policies, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings.
- Incorporate an element of unpredictability when selecting the nature, timing and extent of our audit procedures.

We will inquire directly of the Audit and Risk Committee regarding:

- Its views about the risk of fraud
- Whether it has knowledge of any actual or suspected fraud affecting the Region, and

- The role it exercises in the oversight of fraud risk assessment and the establishment of mitigating controls.

We will also inquire if the Audit and Risk Committee is aware of tips or complaints regarding the Region's financial reporting and, if so, the Audit and Risk Committee's responses to such tips and complaints and whether it is aware of matters relevant to the audits, including, but not limited to, violations or possible violations of laws or regulations.

If we suspect fraud involving management, we will communicate these suspicions to the Audit and Risk Committee and discuss the nature, timing, and extent of audit procedures necessary to complete the audits.

Information technology

An important part of our audit planning process involves gaining an understanding of:

1. The importance of the computer environment relative to the risks to financial reporting
2. The way in which that environment supports the control procedures we intend to rely on when conducting our audits, and
3. The computer-based information that supports our substantive procedures.

The objective of our review of computer controls is to identify potential areas of risk and assess the relevance, reliability, accuracy and completeness of the data produced by the systems. We also assess the operating effectiveness of the computer environment and determine the reliability of the financial information used to generate the financial statements. To accomplish this, we gain an up-to-date understanding of your organization's computer processing environment and our understanding of the relevant general computer controls. We then conduct tests to support our conclusion on the operating effectiveness of controls considered relevant to the audits.

3. Developing and executing the audit plan

The performance of an audit includes evaluating the design and determining the implementation of internal controls relevant to the audits, testing the operational effectiveness of the controls we intend to rely on, and performing substantive audit procedures.

Audit procedures

The timing of our audit procedures is dependent upon a number of factors including the need to coordinate with management for the provision of supporting analysis and other documentation. Generally, we perform our audit procedures to allow us sufficient time to identify significant issues early, thereby allowing more time for analysis and resolution.

Tests of controls

As part of our audits, we will review and evaluate certain aspects of the systems of internal control over financial reporting to the extent we consider necessary in accordance with Canadian GAAS. The main objective of our review is to enable us to determine the nature, extent and timing of our audit tests and establish the degree of reliance that we can place on selected controls. An audit of the financial statements is not designed to determine whether internal controls were adequate for management's purposes or to provide assurance on the design or operational effectiveness of internal control over financial reporting.

The extent to which deficiencies in internal control may be identified through an audit of financial statements is influenced by a variety of factors including our assessment of materiality, our preliminary assessment of the risks of material misstatement, our audit approach, and the nature, timing and extent of the auditing procedures that we conduct. Accordingly, we gain only a limited understanding of controls as a result of the procedures that we conduct during an audit of financial statements.

We will inform the Audit and Risk Committee and management of any significant deficiencies that are identified in the course of conducting the audits.

Substantive audit procedures

Our substantive audit procedures consist of a tailored combination of analytical procedures and detailed tests of transactions and balances. These procedures take into account the results of our controls tests and are designed to enable us to obtain reasonable assurance that the financial statements are free from material misstatements. To obtain this assurance, misstatements that we identify while performing substantive auditing procedures will be considered in relation to the financial statements as a whole. Any misstatements that we identify, other than those that are clearly trivial (the clearly trivial threshold has been set at 5% of materiality), will be reported to management and the Audit and Risk Committee. In accordance with Canadian GAAS, we will request that misstatements be corrected.

4. Reporting and assessing performance

Perform post-engagement activities

We will analyze the results of the audit procedures performed throughout the year and, prior to rendering our report, we will conclude whether:

- The scope of the audits were sufficient to support our opinion, and
- The misstatements identified during the audits do not result in the financial statements being materially misstated.

Independence

We have developed important safeguards and procedures to protect our independence and objectivity. If, during the year, we identify a breach of independence, we will communicate it to you in writing. Our communication will describe the significance of the breach, including its nature and duration, the action taken or proposed to be taken, and our conclusion as to whether or not the action will satisfactorily address the consequences of the breach and have any impact on our ability to serve as independent auditor to the Region.

We are independent of the Region and we will reconfirm our independence in our final report to the Audit and Risk Committee.

Appendix 2 – Communication requirements

Required communication	Reference
Audit Service Plan	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS ¹ 260.14
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> a. Timing of the audit b. Significant risks, including fraud risks c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk d. Names, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit 	CAS 260.15
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27
Enquiries of those charged with governance	
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	CAS 240.21
5. Any known suspected or alleged fraud affecting the Region	CAS 240.22
6. Whether the Region is in compliance with laws and regulations	CAS 250.15
Year-end communication	
7. Modification to our audit plan and strategy	CAS 260.A26
8. Fraud or possible fraud identified through the audit process	CAS 240.40-.42
9. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.
10. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.
11. Matters related to going concern	CAS 570.25
12. Management judgments and accounting estimates	CAS 260.16 a.
13. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.
14. Material written communications between management and us, including management representation letters	CAS 260.16 c.
15. Circumstances that affect the form and the content of the auditor's report	CAS 260.16d.

¹ CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

Appendix I

Deloitte 2020 Audit Service Plan

Regional Municipality of Peel and Peel Housing Corporation | Appendix 2 – Communication requirements

Required communication	Reference
16. Modifications to our opinion(s)	CAS 260.A21
17. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	CAS 260.A22
18. Significant matters discussed with management	CAS 260.A.22
19. Matters involving non-compliance with laws and regulations that come to our attention, unless prohibited by law or regulation, including Illegal or possibly illegal acts that come to our attention	CAS 250.23
20. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	CAS 265
21. Uncorrected misstatements and disclosure items	CAS 450.12-13,
22. Any significant matters arising during the audit in connection with the Region's related parties	CAS 550.27

Appendix 3 – New and Revised Accounting Standards

The following is a summary of certain new standards, amendments and proposals that will become effective in 2022 and beyond.

To review all recent amendments that will impact your organization in the foreseeable future, we invite you to review our revamped [Standard-setting Activities Digest](http://www.cfr.deloitte.ca), included in our Centre for Financial Reporting (www.cfr.deloitte.ca).

Public Sector Accounting Standards

Topic	Description	Effective Date
Section PS 1201 - Financial statement presentation	This Section establishes general reporting principles and standards for the disclosure of information in government financial statements.	This Section applies in the period Section PS 2601 Foreign currency translation, and Section PS 3450 - Financial instruments, are adopted. Earlier adoption is permitted.
Section PS 2601 Foreign currency translation.	This Section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.	This Section is effective for (i) Government organizations - April 1, 2012; and (ii) Governments - April 1, 2022. Earlier adoption is permitted.
Section PS 3280 - Asset retirement obligations	This Section establishes standards on how to account for and report a liability for asset retirement obligations.	Effective April 1, 2022, earlier application is permitted.
Section PS 3041 - Portfolio investments	This Section establishes standards on how to account for and report portfolio investments in government financial statements.	This Section applies in the period Section PS 1201 - Financial statement presentation, Section PS 2601 Foreign currency translation, and Section PS 3450 - Financial instruments, earlier application is permitted.
Section PS 3400 - Revenue	This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.	Effective for fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. The Section may be applied retroactively or prospectively.
Section PS 3450 - Financial instruments	This Section establishes standards on how to account for and report all types of financial instruments including derivatives.	This section is effective for: (i) Government organizations - April 1, 2012 (ii) Governments - April 1, 2022. Governments and government organizations would also adopt Section PS 2601 Foreign currency translation, at the same time. Earlier adoption is permitted.

Appendix 4 – Deloitte resources a click away

At Deloitte, we are devoted to excellence in the provision of professional services and advice, always focused on client service. We have developed a series of resources, which contain relevant and timely information.

<input type="checkbox"/> Canada's Best Managed Companies (www.bestmanagedcompanies.ca)	<ul style="list-style-type: none"> • Directors • CEO/CFO 	The Canada's Best Managed Companies designation symbolizes Canadian corporate success: companies focused on their core vision, creating stakeholder value and excelling in the global economy.
<input type="checkbox"/> Centre for financial reporting (https://www.iasplus.com/en-ca/standards)	<ul style="list-style-type: none"> • Directors • CEO/CFO • Controller • Financial reporting team 	Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.
<input type="checkbox"/> Deloitte Viewpoints (https://www.iasplus.com/en-ca/tag-types/deloitte-viewpoints)	<ul style="list-style-type: none"> • CFO • Controller • Financial reporting team 	Electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.
<input type="checkbox"/> CFO's corner (https://www.iasplus.com/en-ca/cfos-corner)	<ul style="list-style-type: none"> • CFO • VP Finance • Controller • Financial reporting team 	Editorial providing insights into key trends, developments, issues and challenges executives face, with a Deloitte point of view.
<input type="checkbox"/> Deloitte Dbriefs (https://www.iasplus.com/en-ca/dbriefs/webcasts)	<ul style="list-style-type: none"> • CFO • VP Finance • Controller • Financial reporting team 	Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.