



**Regional Municipality of Peel and
Peel Housing Corporation**
Report to the Audit and Risk
Committee on the 2019 audits

To be presented on April 16, 2020



March 23, 2020

Private and confidential

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

Re: Report on audited annual financial statements

Dear Audit and Risk Committee Members:

We are pleased to submit this report on the results of our audit of the consolidated financial statements of the Regional Municipality of Peel (the "Region") and the financial statements of Peel Housing Corporation ("PHC") as at, and for the year ended December 31, 2019. This report summarizes the scope of our audits, our findings and reviews certain other matters that we believe to be of interest to you.

As agreed in our Master Services Agreement dated July 22, 2016, and our confirmation of changes letter dated November 19, 2018, we have performed audits of the following, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"):

- Consolidated financial statements of the Region prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS")
- Financial statements of PHC prepared in accordance with PSAS
- Financial statements of the Regional Municipality of Peel Trust Funds (the "Trust Funds") prepared in accordance with Canadian accounting standards for not-for-profit organizations, and
- Financial statements of the Regional Municipality of Peel Debt Retirement and Sinking Funds (the "Debt Retirement and Sinking Funds") prepared in accordance with PSAS.

Herein after, collectively referred to as the "Financial Statements".

We expect to issue our Independent Auditor's Reports on the financial statements of the Region, the Trust Funds, and the Debt Retirement and Sinking Funds upon approval of the financial statements by the Treasurer. Our Independent Auditor's Report on the financial statements of PHC will be issued upon approval of the financial statements by PHC's Board of Directors.

Our audit has been conducted in accordance with the audit plan dated July 31, 2019 that was presented to the Audit and Risk Committee.

This report is intended solely for the information and use of the Regional Council through the Audit and Risk Committee, PHC Board of Directors, management and others within the Region and PHC, and is not intended to be, and should not be, used by anyone other than these specified parties.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,

"Original signed by Deloitte"

Chartered Professional Accountants
Licensed Public Accountants

Table of contents

Our audit explained	1
Audit risks	4
Other reportable matters	8
Appendix 1 – Communication requirements	9
Appendix 2 – Independence letter	11
Appendix 3 – Summary of misstatements	12
Appendix 4 – Region management letter	13
Appendix 5 – Peel Housing Corporation management letter	14
Appendix 6 – Draft management representation letter	15
Appendix 7 – New and Revised Accounting and Auditing Standards	16
Appendix 8 – Deloitte resources a click away	18

Our audit explained

This report summarizes the main findings arising from our audits.

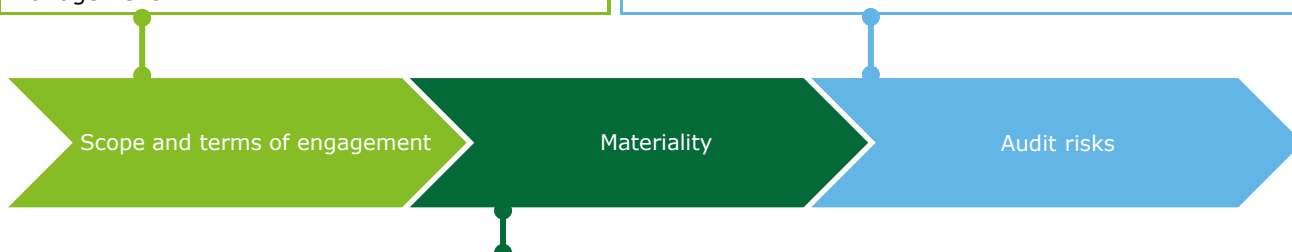
Audit scope and terms of engagement

We have been asked to perform audits of the financial statements of the Region, PHC, the Trust Funds and the Debt Retirement and Sinking Funds (collectively, the "Region") in accordance with the applicable accounting frameworks as at and for the year ended December 31, 2019. Our audits were conducted in accordance with Canadian Generally Accepted Auditing Standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the Master Services Agreement dated July 22, 2016, and the confirmation of changes letter dated November 19, 2018, which were signed on behalf of the Committee and management.

Audit risks

Through our risk assessment process, we have identified the audit risks. These risks of material misstatement and related audit responses are discussed in the Audit Risks section of this report.



Materiality

We are responsible for providing reasonable assurance that your financial statements as a whole are free from material misstatement.

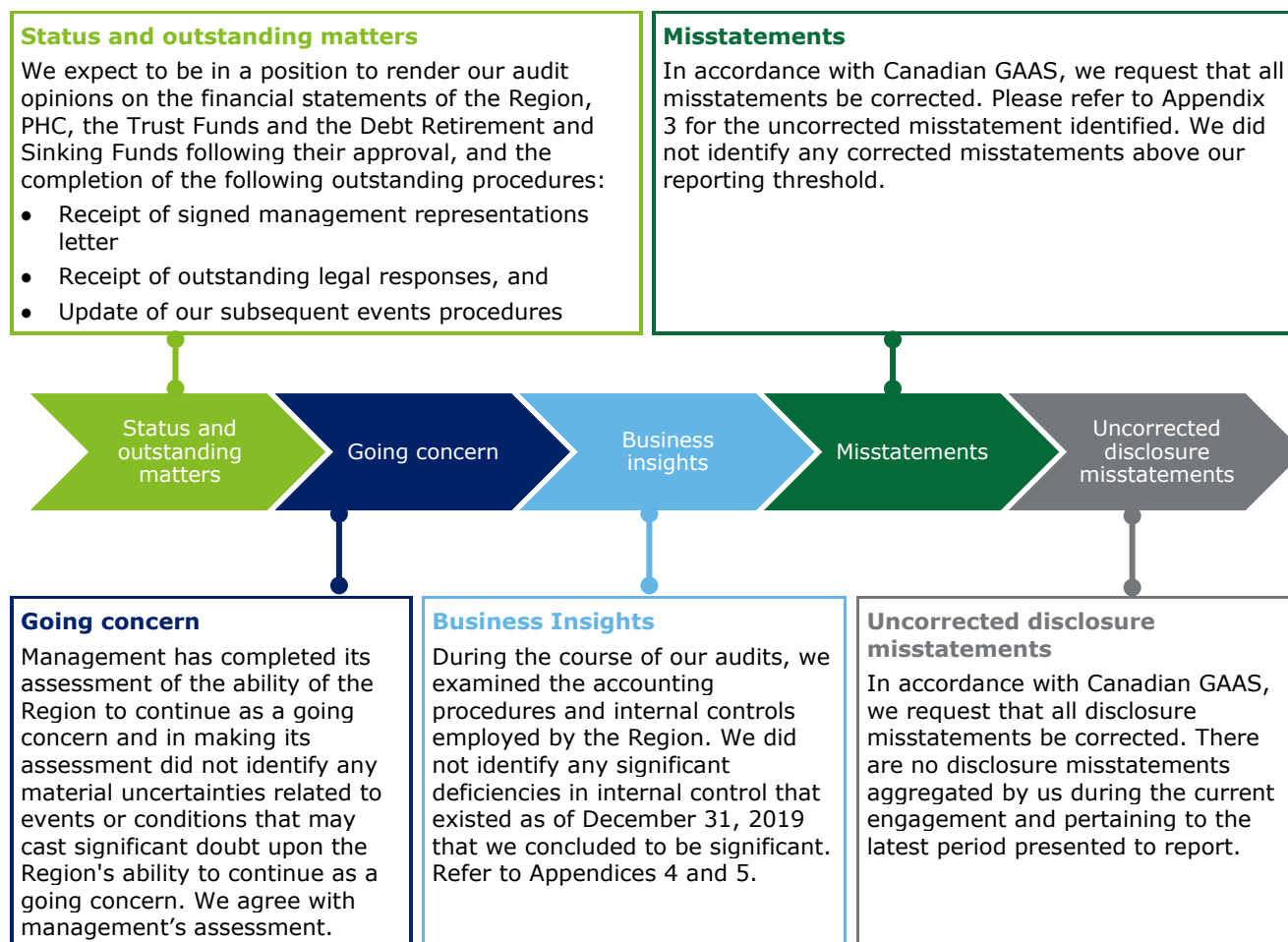
Materiality levels were determined on the basis of total expenses.

We have informed the Committee of all uncorrected misstatements greater than a clearly trivial amount of 5% of materiality and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian GAAS, we asked that any misstatements be corrected.

Appendix I

2019 Deloitte Audit Results Report

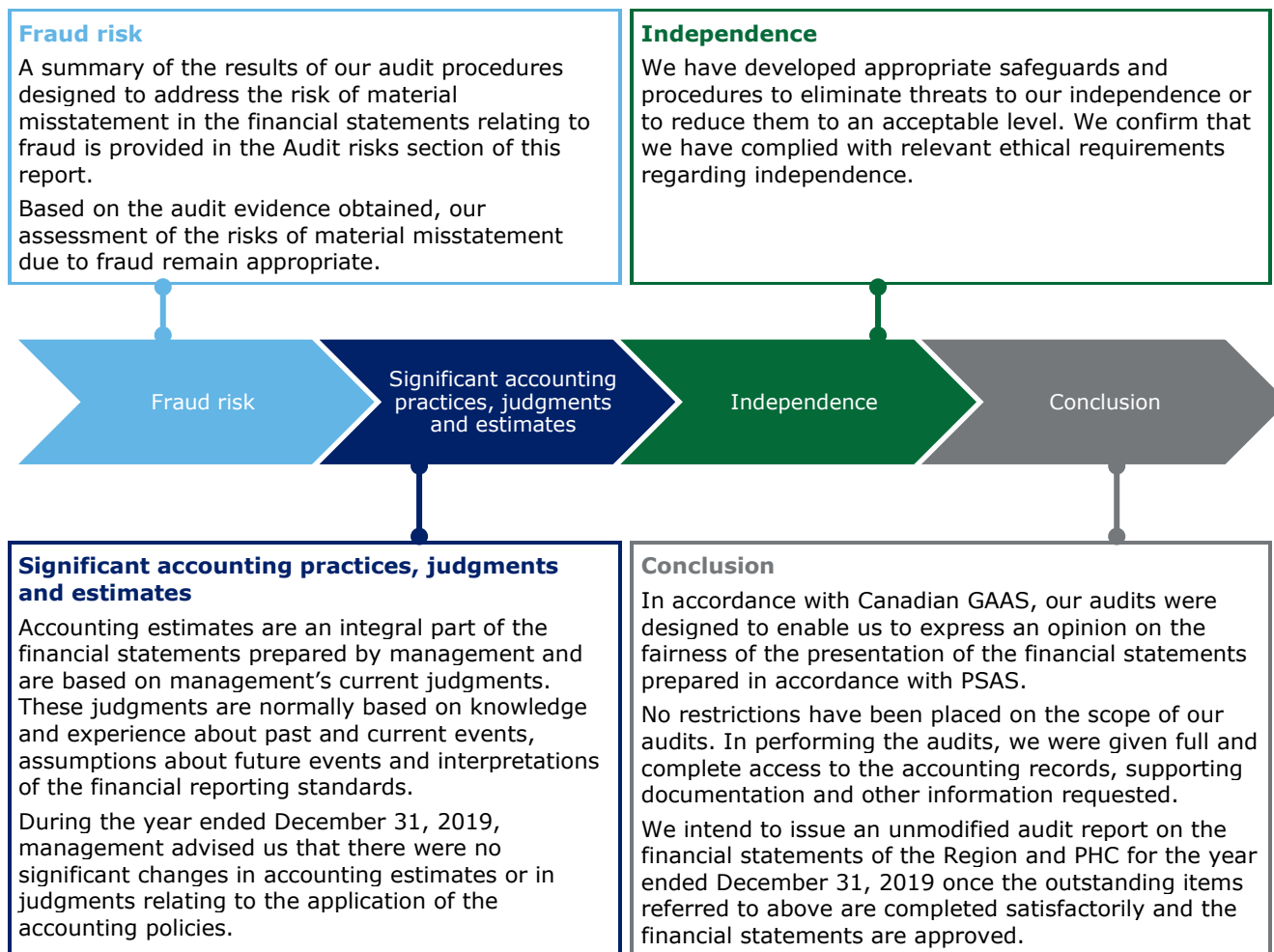
Regional Municipality of Peel and Peel Housing Corporation | Our audit explained



Appendix I

2019 Deloitte Audit Results Report

Regional Municipality of Peel and Peel Housing Corporation | Our audit explained



Audit risks

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 audit response

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

Audit results

No significant issues were noted as a result of this testing.

Year-end cut-off

Audit risk

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

Our audit response

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

Audit results

No significant issues were noted as a result of this testing.

Tangible capital assets

Risk identified

Appropriate accounting and disclosure.

Our audit response

- Test assumptions used in determining completeness, valuation, recording and cut-off of 2019 additions and disposals, and
- Testing of calculations of amortization.

Audit results

Please refer to Appendix 3.

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	Our audit response	Audit results
Estimates require management judgments and assumptions.	<ul style="list-style-type: none">Obtain documentation on management’s control over accounting estimates and assess riskReview and assess the consistency of major assumptions used to develop significant accounting estimatesCompare actual historical experience to models employed in such calculationsObtain calculations from experts for accruals such as employee future benefit liability and landfill liability, and assess assumptions and data used to prepare the report, andReview actual outcome of prior year estimates.	No significant issues were noted as a result of this testing.

Appendix I

2019 Deloitte Audit Results Report

Regional Municipality of Peel and Peel Housing Corporation | Audit risks

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 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.

Audit results

Management has represented to us that they have not identified any fraud or illegal items and our audit procedures support this assessment.

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 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.

Audit results

No significant issues were noted as a result of this testing.

Appendix I
2019 Deloitte Audit Results Report

Regional Municipality of Peel and Peel Housing Corporation | Audit risks

Tangible capital assets

Audit risk	Our audit response	Audit results
Appropriate accounting and disclosure.	<ul style="list-style-type: none">Substantive testing of capital asset additions and disposals, andTesting of calculations of amortization.	No significant issues were noted as a result of this testing.

Long-term debt

Audit risk	Our audit response	Audit results
Appropriate accounting and disclosure.	<ul style="list-style-type: none">Confirm long-term debt balances, andRecalculate interest.	No significant issues were noted as a result of this testing.

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

Other reportable matters

The following summarizes the status and findings of key aspects of our audit. In the appendices to this report, we have provided additional information related to certain matters we committed to report to the Audit and Risk Committee as part of the audit plan.

	Comment
Changes to the audit plan	The audits were conducted in accordance with our audit plan, which was communicated to the Committee. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan
Significant difficulties encountered in performing the audit	We did not encounter any significant difficulties while performing the audits. There were no significant delays in receiving information from management required for the audits nor was there an unnecessarily brief timetable in which to complete the audits.
Related party transactions	Related party transactions or balances have been properly disclosed in the financial statements. We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments by management concerning measurement or disclosure.
Disagreements with management	During the course of our audits, there were no disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
Consultation with other accountants	Management has informed us that the Region and PHC has not consulted with other accountants about auditing or accounting matters.
Legal and regulatory compliance	Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the Region and PHC.
Post-balance sheet events	At the date of finalizing this report, we are not aware of any significant post balance sheet events.

Appendix 1 – Communication requirements

Required communication	Reference	Refer to this report or document described below
Audit Service Plan		
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS ¹ 260.14	Master services agreement dated July 22, 2016, and confirmation of changes letter dated November 19, 2018
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	Audit service plan dated July 31, 2019.
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27	Audit service plan dated July 31, 2019.
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 240.20	We are not aware of any fraudulent events
5. Any known suspected or alleged fraud affecting the Region	CAS 240.21	None noted
6. Whether the Region is in compliance with laws and regulations	CAS 250.14	Other reportable matters section
Year End Communication		
7. Fraud or possible fraud identified through the audit process	CAS 240.40-.42	None noted
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.	Other reportable matters section

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

Appendix I

2019 Deloitte Audit Results Report

Regional Municipality of Peel and Peel Housing Corporation | Appendix 1 – Communication requirements

Required communication	Reference	Refer to this report or document described below
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.	Other reportable matters section
10. Matters related to going concern	CAS 570.23	Page 2 of this report
11. Management judgments and accounting estimates	CAS 260.16 a.	Other reportable matters section
12. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.	Other reportable matters section
13. Material written communications between management and us, including management representation letters	CAS 260.16 c.	Master services agreement dated July 22, 2016, confirmation of changes letter dated November 19, 2018, audit service plan dated August 3, 2018, and Management representation letter – Appendix 6
14. Other matters that are significant to the oversight of the financial reporting process	CAS 260.16d.	None
15. Modifications to our Independent Auditor's Reports.	CAS 260.A18	None
16. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	CAS 260.A19	None
17. Significant matters discussed with management	CAS 260.A.19	None
18. Matters involving non-compliance with laws and regulations that come to our attention.	CAS 250.23	None noted
19. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	CAS 265	None noted
20. Uncorrected misstatements and disclosure items	CAS 450.12-13	Appendix 3 of this report
21. Any significant matters arising during the audit in connection with the Region's related parties	CAS 550.27	None noted

Appendix 2 – Independence letter



March 23, 2020

Private and confidential

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

Dear Audit and Risk Committee Members:

We have been engaged to audit the consolidated financial statements of Regional Municipality of Peel (the "Region") and the financial statements of Peel Housing Corporation ("PHC") for the year ended December 31, 2019.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Region, PHC, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/ordre and applicable legislation, covering such matters as:

- a. Holding a financial interest, either directly or indirectly, in a client.
- b. Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- c. Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.
- d. Economic dependence on a client.
- e. Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the Firm as appropriate, the Firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since March 8, 2019, the date of our last letter.

We are not aware of any relationships between the Deloitte Entities (defined as the Member Firms of Deloitte Touche Tohmatsu Limited and their respective affiliates) and the Region, PHC and its affiliates, or persons in financial reporting oversight roles at the Region and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from March 8, 2019 to March 6, 2020.

We hereby confirm that we are independent with respect to the Region and PHC in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario as of March 6, 2020.

Appendix I

2019 Deloitte Audit Results Report

Regional Municipality of Peel
March 23, 2020
Page 2

This letter is intended solely for the information and use of the Committee, management, and others within the Region and PHC and is not intended to and be should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter at our upcoming meeting on.

Yours truly,

"Original signed by Deloitte"

Chartered Professional Accountants
Licensed Public Accountants

Appendix 3 – Summary of misstatements

Uncorrected misstatement (Region of Peel)

	Debit \$ (000's)	Credit \$ (000's)
January 1, 2019		
Accumulated surplus	38,495	
Tangible capital assets		38,498
To adjust the opening tangible capital assets and accumulated surplus balances for linear assets that were disposed of in prior years.		

Appendix 4 – Region management letter



March 23, 2020

Private and confidential

Mr. Stephen VanOfwegen
Commissioner of Finance and Chief Financial Officer
Regional Municipality of Peel
10 Peel Centre Drive
Brampton ON L6T 4B9

Dear Mr. VanOfwegen:

We have audited the financial statements (hereinafter referred to as "annual financial statements") of Regional Municipality of Peel (the "Region") as at and for the year ended December 31, 2019 and will issue our Independent Auditor's Report thereon upon approval by the Treasurer. In planning and performing our audit of the Regions' annual financial statements, we reviewed the Region's systems and internal controls to the extent we considered necessary to make an evaluation of such systems and procedures in accordance with Canadian generally accepted auditing standards. Under these standards, the fundamental purpose of the evaluation is to assess audit risk and to establish a basis for reliance on the internal controls in determining the nature, extent and timing of other auditing procedures, which are necessary for the expression of an opinion on the financial statements; it is not to determine whether internal controls are adequate for management's purposes.

The maintenance of adequate controls designed to fulfill control objectives is the responsibility of management. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, controls found to be functioning at a point in time, may later be found deficient because of the performance of those responsible for applying them, and there can be no assurance that controls currently in existence will prove to be adequate in the future as changes take place in the Region.

Our consideration of internal control over financial reporting in our audit of the annual financial statements would not necessarily disclose all internal control matters that might be weaknesses under Canadian Auditing Standards. A weakness in internal control is a deficiency in the design or effective operation of internal control. A weakness in internal control is significant if the deficiency is such that a material misstatement is not likely to be prevented or detected in the financial statements being audited.

This letter is intended solely for the purposes of management and those charged with governance and is not suitable for any other purposes. We shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, any other purposes.

Definitions

A control deficiency is a deficiency in the design or effective operation of internal control. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

Canadian Auditing Standards

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that a material misstatement of Region's annual financial statements is not likely to be prevented or detected.

Appendix I

2019 Deloitte Audit Results Report

Regional Municipality of Peel
March 23, 2020
Page 2

Professional standards

Professional standards require us to communicate significant deficiencies identified during the audit to management and those charged with governance.

Material weaknesses

While the audit did not include an in-depth evaluation of all systems or all aspects of any individual system, we undertake to report any internal control matters which come to our attention during the audit. During the audit, we did not identify any control deficiencies that, individually or in the aggregate, we consider to be a material weaknesses as defined above. However, our comments and recommendations set out in the attached report relate to internal control matters that we wanted to bring to your attention.

We would be pleased to discuss our recommendations and provide any assistance you may wish in their implementation.

Yours truly,

"Original signed by Deloitte"

Chartered Professional Accountants
Licensed Public Accountants

Enclosure

c: Members of the Audit and Risk Committee

Appendix I

2019 Deloitte Audit Results Report

Regional Municipality of Peel
March 23, 2020
Page 3

1. Privileged access

Observation

During our review of privileged access, we noted that 3 individuals have been granted SYSADMIN (System Administration) privileges to the CC&B billing application system, resulting in a segregation of duties conflict as access to such privileges should be limited to IT and security personnel.

Impact

There is a risk that the level of security is insufficient as business users having privileges that are not part of their job responsibilities. For example, these business users have access privileges that grant them the ability to make user access and system modifications to the application, which could result in unauthorized changes.

Recommendation

We recommend that management review its users to the CC&B system to ensure that access is appropriately provisioned based on the principle of least-privileged access and enforcing segregation of duties.

In certain instances, we recognize that this may not be possible due to the size of the team. Accordingly, we recommend that appropriate logging mechanisms are in place to allow for independent monitoring of activity performed on the system. Documentation related to the review of activity performed on the system should be retained for future reference.

Management response

Analytical support is a small team of individuals taking care of CC&B from the business side. Their job roles require privileged access to troubleshoot and maintain the system. However, we will once again review the access and monitoring activities to achieve segregation of duties.

2. User access revocation process

Observation

For 5 of 25 sampled terminated employees, we noted that there was a more than 15-day delay (based on the Region of Peel's existing policy) in revoking access from the Windows network (Active Directory).

We further noted that the Windows network (Active Directory) user accounts associated with these 5 individuals were not accessed after their last working date.

Impact

If Network access is not revoked in a timely manner it could result in unauthorized access.

Recommendation

We recommend that management conduct a review of existing users on the system to determine if other terminated employees continue to have access to data and systems.

Management may also want to consider reviewing its termination practices and policies to determine whether a 15 day window is appropriate in light of cybersecurity risks.

Management response

IT will review the practices and policies to ensure notice of terminations are submitted to IT on a timely basis and accounts are disabled immediately.

Appendix 5 – Peel Housing Corporation management letter



March 23, 2020

Private and confidential

Ms. Andrea Warren
General Manager
Peel Housing Corporation
10 Peel Centre Drive
Brampton ON L6P 4B9

Dear Ms. Warren:

We have audited the financial statements (hereinafter referred to as "annual financial statements") of Peel Housing Corporation ("PHC") as at and for the year ended December 31, 2019 and will issue our Independent Auditor's Report thereon upon approval of the Board of Directors. In planning and performing our audit of PHC's annual financial statements, we considered PHC's internal control over financial reporting in order to determine the nature, extent and timing of our auditing procedures for the purpose of expressing our opinion on the annual financial statements. A financial statement audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

The maintenance of adequate controls designed to fulfill control objectives is the responsibility of management. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, controls found to be functioning at a point in time, may later be found deficient because of the performance of those responsible for applying them, and there can be no assurance that controls currently in existence will prove to be adequate in the future as changes take place in PHC.

Our consideration of internal control over financial reporting in our audit of the annual financial statements would not necessarily disclose all internal control matters that might be weaknesses under Canadian Auditing Standards. A weakness in internal control is a deficiency in the design or effective operation of internal control. A weakness in internal control is significant if the deficiency is such that a material misstatement is not likely to be prevented or detected in the financial statements being audited.

This letter is intended solely for the purposes of management and those charged with governance and is not suitable for any other purposes. We shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, any other purposes.

Definitions

A control deficiency is a deficiency in the design or effective operation of internal control. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

Canadian Auditing Standards

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that a material misstatement of PHC's annual financial statements is not likely to be prevented or detected.

Professional standards

Professional standards require us to communicate significant deficiencies identified during the audit to management and those charged with governance.

Appendix I

2019 Deloitte Audit Results Report

Peel Housing Corporation
March 23, 2020
Page 2

Material weaknesses

During the audit, we did not identify any control deficiencies that, individually or in the aggregate, we consider to be material weaknesses as defined above.

Yours very truly,

"Original signed by Deloitte"

Chartered Professional Accountants
Licensed Public Accountants

c: Members of the Audit and Risk Committee

Appendix 6 – Draft management representation letter

Regional Municipality of Peel

_____, 2020

Private and confidential

Mr. Trevor Ferguson
Deloitte LLP
400 Applewood Crescent
Suite 400
Vaughan ON L4K 0C3

Dear Mr. Ferguson:

Subject: Consolidated financial statements of Regional Municipality of Peel for the year ended December 31, 2019

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the consolidated financial statements of the Regional Municipality of Peel (the "Region" or "we" or "us") for the year ended December 31, 2019, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Region in accordance with Public Sector Accounting Standards ("PSAS").

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the Master Services Agreement between the Region and Deloitte dated July 22, 2016, and amended November 19, 2018, for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Region as at December 31, 2019 and the results of its operations and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Region has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2019 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

Appendix I

2019 Deloitte Audit Results Report

Deloitte LLP
_____, 2020
Page 2

3. The Region has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Management has made the appropriate disclosures with respect to its related party transactions in accordance with PS 2200.
4. We have determined that the Financial Statements are complete as of date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after December 31, 2019 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
6. We believe that the effects of any uncorrected Financial Statement misstatements pertaining to the current period presented, are immaterial, both individually and in the aggregate, to the Financial Statements taken as a whole. A list of the uncorrected misstatements aggregated by you is attached in Appendix A.

Internal Controls

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

Information provided

9. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and,
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
10. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
11. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
12. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
13. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Region.

Appendix I

2019 Deloitte Audit Results Report

Deloitte LLP
_____, 2020
Page 3

14. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies financial reporting practices and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
15. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.
16. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.

Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

17. Prior to the Region having any substantive employment conversations with a former or current Deloitte engagement team member, the Region has held discussions with Deloitte and obtained approval from the Audit and Risk Committee.
18. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit and Risk Committee in accordance with its established approval policies and procedures.

Other matters

19. The Region has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
20. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
21. We have disclosed to you, and the Region has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
22. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

Selection of accounting policies and recording of transactions

23. The Region's accounting policies and their method of application have been applied on a basis consistent with that of the audited consolidated financial statements as at and for the year ended December 31, 2018.

Work of management's experts

24. We agree with the work of management's experts in evaluating the landfill liability and employee future benefits liability, and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to management's experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

Plans or intentions affecting carrying value/classification of assets and liabilities

25. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

Loans and receivables

26. The Region is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.
27. We have identified to you all forgivable loans and loans with concessionary terms and have appropriately reflected these instruments in the financial statements.

Investments

28. With regard to the Region's investments, we have disclosed to you any events that have occurred and facts that have been discovered with respect to such investment that would indicate any other than temporary impairment of the investment's value.

Employee future benefits

29. Employee future benefit costs, assets, and obligations have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, liabilities and costs for financial accounting purposes are appropriate in the circumstances.
30. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan, or taking any other action that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.
31. We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.
32. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.

Liabilities for contaminated sites

33. We have evaluated all of our tangible capital assets that we own or accept responsibility, and have not identified any sites in which contamination exceeds an environmental standard.

Deferred revenue relating to York-Peel Water Supply Agreement

34. With respect to the deferred revenue amount relating to the York-Peel Water Supply Agreement, we believe that the amount represents management's best estimate of the liability as at December 31, 2019, and incorporates our best judgment and assumptions about the transaction up to the date of this letter. Management believes the deferred revenue amount adequately represents the Region's liability.

Appendix I

2019 Deloitte Audit Results Report

Deloitte LLP
_____, 2020
Page 5

Various matters

35. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:

- a. Economic dependence on another party;
- b. Losses arising from sale and purchase commitments;
- c. Agreements to buy back assets previously sold;
- d. Provisions for future removal and site restoration costs;
- e. Sales with recourse provisions
- f. Sales incentives, including cash consideration provided to customers and vendor rebates
- g. Loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.
- h. Financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure;
- i. Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements;
- j. All impaired loans receivable;

36. We have not provided you access to review certain minutes and reports which may violate the solicitor-client privilege. The Regional Solicitor has reviewed all minutes and reports impacted by the solicitor-client privilege, and has concluded that there are no material liabilities or contractual obligations included in them which are not already reflected in the consolidated financial statements of the Region.

Yours truly,
Regional Municipality of Peel

Nancy Polsinelli
Chief Administrative Officer

Stephen VanOfwegen
Chief Financial Officer and Commissioner of Finance

Stephanie Nagel
Treasurer and Director, Corporate Finance

Appendix A

Summary of uncorrected financial statement misstatements

Regional Municipality of Peel
Year ended December 31, 2019

Uncorrected misstatement

	Debit \$ (000's)	Credit \$ (000's)
January 1, 2019		
Accumulated surplus	38,495	
Tangible capital assets		38,498
To adjust the opening tangible capital assets and accumulated surplus balances for linear assets that were disposed of in prior years.		

Peel Housing Corporation

_____, 2020

Private and confidential

Mr. Trevor Ferguson
Deloitte LLP
400 Applewood Crescent
Suite 400
Vaughan ON L4K 0C3

Dear Mr. Ferguson:

**Subject: Financial statements of Peel Housing Corporation for the year ended
December 31, 2019**

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the financial statements of the Peel Housing Corporation (the "Corporation" or "we" or "us") for the year ended December 31, 2019, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Corporation in accordance with Public Sector Accounting Standards ("PSAS").

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the Master Services Agreement between the Corporation and Deloitte dated July 22, 2016, and amended November 19, 2018, for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Corporation as at December 31, 2019 and the results of its operations and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Corporation has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2019 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

Appendix I

2019 Deloitte Audit Results Report

Deloitte LLP
_____, 2020
Page 2

3. The Corporation has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Management has made the appropriate disclosures with respect to its related party transactions in accordance with PS 2200.
4. We have determined that the Financial Statements are complete as of date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after December 31, 2019 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
6. The Financial Statements are free of material errors and omissions.

Internal Controls

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

Information provided

9. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and,
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
10. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
11. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
12. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
13. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Corporation.

Appendix I

2019 Deloitte Audit Results Report

Deloitte LLP
_____, 2020
Page 3

14. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies financial reporting practices and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
15. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.
16. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.

Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

17. Prior to the Corporation having any substantive employment conversations with a former or current Deloitte engagement team member, the Corporation has held discussions with Deloitte and obtained approval from the Audit and Risk Committee.
18. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit and Risk Committee in accordance with its established approval policies and procedures.

Other matters

19. The Corporation has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
20. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
21. We have disclosed to you, and the Corporation has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
22. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

Selection of accounting policies and recording of transactions

23. The Corporation's accounting policies and their method of application have been applied on a basis consistent with that of the audited financial statements as at and for the year ended December 31, 2018.

Work of management's experts

24. We agree with the work of management's experts in evaluating the landfill liability and employee future benefits liability, and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to management's experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

Plans or intentions affecting carrying value/classification of assets and liabilities

25. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

Investments

26. With regard to the Corporation's investments, we have disclosed to you any events that have occurred and facts that have been discovered with respect to such investment that would indicate any other than temporary impairment of the investment's value.

Employee future benefits

27. Employee future benefit costs, assets, and obligations have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, liabilities and costs for financial accounting purposes are appropriate in the circumstances.
28. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan, or taking any other action that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.
29. We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.
30. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.

Liabilities for contaminated sites

31. We have evaluated all of our tangible capital assets that we own or accept responsibility, and have not identified any sites in which contamination exceeds an environmental standard.

Various matters

32. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
- a. Economic dependence on another party;
 - b. Losses arising from sale and purchase commitments;
 - c. Agreements to buy back assets previously sold;
 - d. Provisions for future removal and site restoration costs;
 - e. Sales with recourse provisions
 - f. Sales incentives, including cash consideration provided to customers and vendor rebates
 - g. Loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

Appendix I
2019 Deloitte Audit Results Report

Deloitte LLP
_____, 2020
Page 5

- h. Financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure;
 - i. Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements;
 - j. All impaired loans receivable;
33. We have not provided you access to review certain minutes and reports which may violate the solicitor-client privilege. The Corporation Solicitor has reviewed all minutes and reports impacted by the solicitor-client privilege, and has concluded that there are no material liabilities or contractual obligations included in them which are not already reflected in the financial statements of the Corporation.

Yours truly,
Peel Housing Corporation

Andrea Warren, General Manager, Peel Living

Stephanie Nagel, Treasurer, Peel Living

Patricia Caza, Acting Chair of the Board of Directors, Peel Living

Appendix 7 – New and Revised Accounting and Auditing Standards

The following is a summary of certain new standards, amendments and proposals that will become effective in 2021 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 new section was published by PSAB in June 2011. It revises and replaces Section PS 1200 Financial statement presentation. It establishes general reporting principles and standards for the disclosure of information in government financial statements.	This Section is effective when Sections PS 2601 and PS 3450 are adopted.
Section PS 2601 Foreign currency translation.	This section revises and replaces PS 2600, Foreign currency translation. It 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 fiscal years beginning on or after April 1, 2019. For government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook, this Section applies to fiscal years beginning on or after April 1, 2012. Governments and government organizations would also adopt Section <u>PS 3450</u> at the same time. Earlier adoption is permitted.
Section PS 3041 - Portfolio investments	This section revises and replaces PS 3040, Portfolio investments. It establishes standards on how to account for and report portfolio investments in government financial statements.	This Section is effective when Sections PS 1201, PS 2601 and PS 3450 are adopted.
Section PS 3450 - Financial instruments	This new section was published by PSAB in June 2011. It establishes standards on how to account for and report all types of financial instruments including derivatives.	This section is effective for fiscal years beginning on or after April 1, 2019. For government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook, this Section applies to fiscal years beginning on or after April 1, 2012. Governments and government organizations would also adopt <u>PS 2601</u> at the same time. Earlier adoption is permitted.

Appendix I

2019 Deloitte Audit Results Report

Regional Municipality of Peel and Peel Housing Corporation | Appendix 7 – New and Revised Accounting and Auditing Standards

Topic	Description	Effective Date
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, 2021, 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.

Appendix 8 – 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 (www.cfr.deloitte.ca)	<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"/> Financial Reporting Insights (www.iasplus.com/fri)	<ul style="list-style-type: none"> • CFO • Controller • Financial reporting team 	Monthly electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.
<input type="checkbox"/> On the board's agenda	<ul style="list-style-type: none"> • Directors • CEO/CFO 	Bi-monthly publication examining a key topic in detail, including the perspectives of a Deloitte professional with deep expertise in the subject matter as well as the views of an experienced external director.
<input type="checkbox"/> State of change (www.iasplus.com/StateOfChange)	<ul style="list-style-type: none"> • CFO • VP Finance • Controller • Financial reporting team 	Bi-monthly newsletter providing insights into key trends, developments, issues and challenges facing the not-for-profit sector in Canada, with a Deloitte point of view.
<input type="checkbox"/> Deloitte Financial Reporting Update (www.deloitte.com/ca/update)	<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.