



**Regional Municipality of Peel and  
Peel Housing Corporation  
2022 Audit service plan**

For the year ending December 31, 2022



Deloitte LLP  
400 Applewood Crescent  
Suite 500  
Vaughan ON L4K 0C3  
Canada

Tel: 416-601-6150  
Fax: 416-601-6151  
[www.deloitte.ca](http://www.deloitte.ca)

August 8, 2022

**Private and confidential**

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

**2022 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, 2022. This document describes the key features of our plan including our audit scope and approach, our planned communications with you, and our team.

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

Our audit will include the following, as at, and for the year ending December 31, 2022:

- An audit of the Region's consolidated financial statements, prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS");
- An audit of the financial statements of PHC, prepared in accordance with PSAS;
- An audit of the 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;
- An audit of the financial statements of the Regional Municipality of Peel Sinking Funds (the "Sinking Funds"), prepared in accordance with PSAS; and

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

## Appendix I - Deloitte 2022 Audit Service Plan

Regional Municipality of Peel  
August 8, 2022  
Page 2

This report has been provided to the Audit and Risk Committee (the "Committee") on a confidential basis. It is intended solely for the use of the Committee to assist you in discharging your responsibilities with respect to the audit of the financial statements and is not intended for any other purpose.

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

Yours truly,

A handwritten signature in cursive script that reads "Deloitte LLP".

Chartered Professional Accountants  
Licensed Public Accountants

# Table of contents

Executive summary	1
Audit risks	3
Appendix 1 – Audit approach	7
Appendix 2 – Communication requirements	11
Appendix 3 – New and revised Canadian Public Sector Accounting Standards	13
Appendix 4 – Deloitte resources a click away	15



# Executive summary

## Audit scope and terms of engagement

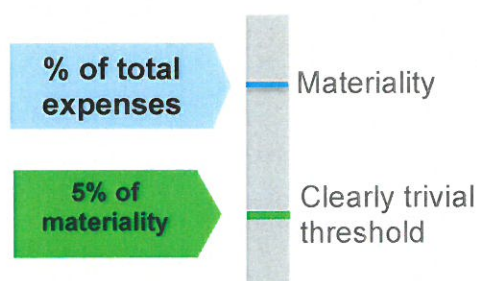
We have been engaged to perform the audits of the financial statements of the Region, PHC, the Trust Funds, Sinking Funds, and to perform various audits on the Programs (collectively, the “Region”) prepared in accordance with Canadian public sector accounting standards (“PSAS”) as at, and for the year ending December 31, 2022. Our audit will be 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 for Professional Services dated July 22, 2016 and Confirmation of Changes letters dated November 19, 2018 and January 21, 2021.

## Audit risks

- 1 Revenue and deferred revenue amounts (Region)
- 2 Tangible capital assets (Region)
- 3 Year-end accruals and other estimates (Region)
- 4 Year-end cut off (Region)
- 5 Management override of controls (Region/PHC)
- 6 Tenant and other receivables/revenue (PHC)
- 7 Long-term debt (PHC)

## Materiality



Our materiality for the year ending December 31, 2022 will be determined by applying professional judgment, on the basis of total expenses.

We will report to the Committee uncorrected misstatements greater than our current year clearly trivial amount (5% of materiality).



### **Fraud risk**

We will develop our audit strategy to address the assessed risks of material misstatement due to fraud. Determining this strategy will involve:

1. Enquiry of those involved in the financial reporting process about inappropriate or unusual activity.
2. Testing a sample of journal entries throughout the period as well as adjustments made at the end of the reporting period.
3. Identifying and obtaining an understanding of the business rationale for significant or unusual transactions that are outside the normal course of business.
4. Evaluating whether your accounting policies may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings.
5. Evaluating whether the judgements and decisions related to management estimates indicate a possible bias.
6. Incorporating an element of unpredictability in selecting our audit procedures.

We will also ask the Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Region and their role in the oversight of management's antifraud programs.

If we suspect fraud involving management, we will immediately inform the Committee of our suspicions and discuss the nature, timing, and extent of audit procedures necessary to complete the audit.

### **Use of work of specialists**

The Region employs an actuary in their determination of the Region's post-employment benefits.

We will review and test any data and assumptions used, ensure the disclosure in the financial statements is adequate, and that the actuary is in good standing with the Canadian Institute of Actuaries.

We also intend to use the work of the Region's specialist to determine the calculation of the Region's post closure landfill liability and liability for contaminated sites determined in accordance with PSAS 3260.

# Audit risks

During our risk assessment, we identified some areas of audit risks that will require special audit consideration. These areas of 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

Under Canadian GAAS, we are required to evaluate the risk of fraud in revenue recognition.

This represents a fraud risk for the 2022 audit.

#### Our proposed audit response

- We will evaluate the design and implementation of controls relating to revenue.
- We will perform 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.

### Tangible capital assets

#### Audit risk

Appropriate accounting and disclosure of tangible capital assets.

#### Our proposed audit response

- We will test assumptions used in determining completeness, valuation, recording and cut-off of additions and disposals, and
- We will test the calculations of amortization.



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

---

**Audit risk**

Estimates require management judgments and assumptions.

---

**Our proposed audit response**

- We will obtain documentation on management's controls over accounting estimates.
  - We will review and assess the consistency of major assumptions used to develop significant accounting estimates.
  - We will compare actual historical experience to models employed in such calculations.
  - We will obtain calculations from experts for accruals such as employee future benefit liability, and assess assumptions and data used to prepare the report.
  - We will review actual outcomes of prior year estimates.
- 

---

**Year-end cut off**

---

**Audit risk**

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

---

**Our proposed audit response**

- We will perform substantive testing on accounts payable, accrued liabilities, deferred revenue and accounts receivable, and
  - We will test disbursements subsequent to year-end.
-



## Management override of controls\* (Region/PHC)

### Audit risk

Under Canadian Auditing Standards, it is the responsibility of the management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process.

Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant audit risk.

### Our proposed audit response

- We will discuss fraud with management.
- We will ask the Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Region and their role in the oversight of management's antifraud programs.
- We will test a sample of journal entries made throughout the period and adjustments made at the end of the reporting period.
- We will evaluate the business rationale for any significant unusual transactions.
- We will determine whether the judgments and decisions related to management estimates indicate a possible bias, which will include performing retrospective analysis of significant accounting estimates.

## Peel Housing Corporation

### Tenant and other receivables/revenue\*

### Audit risk

Under Canadian GAAS, we are required to evaluate the risk of fraud in revenue recognition. We have pinpointed this risk to tenant revenue as well as valuation of tenant and other receivables.

### Our proposed audit response

- We will review aging reports and estimate allowance for doubtful tenant receivables for reasonableness.
- We will confirm subsidies received from the Service Manager.
- We will perform detail testing of tenant and other receivables and related revenue.

## Long-term debt

### Audit risk

Appropriate accounting and disclosure of the long-term debt.

### Our proposed audit response

- We will confirm long-term debt balances with third parties.
- We will recalculate interest expense.

\*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.

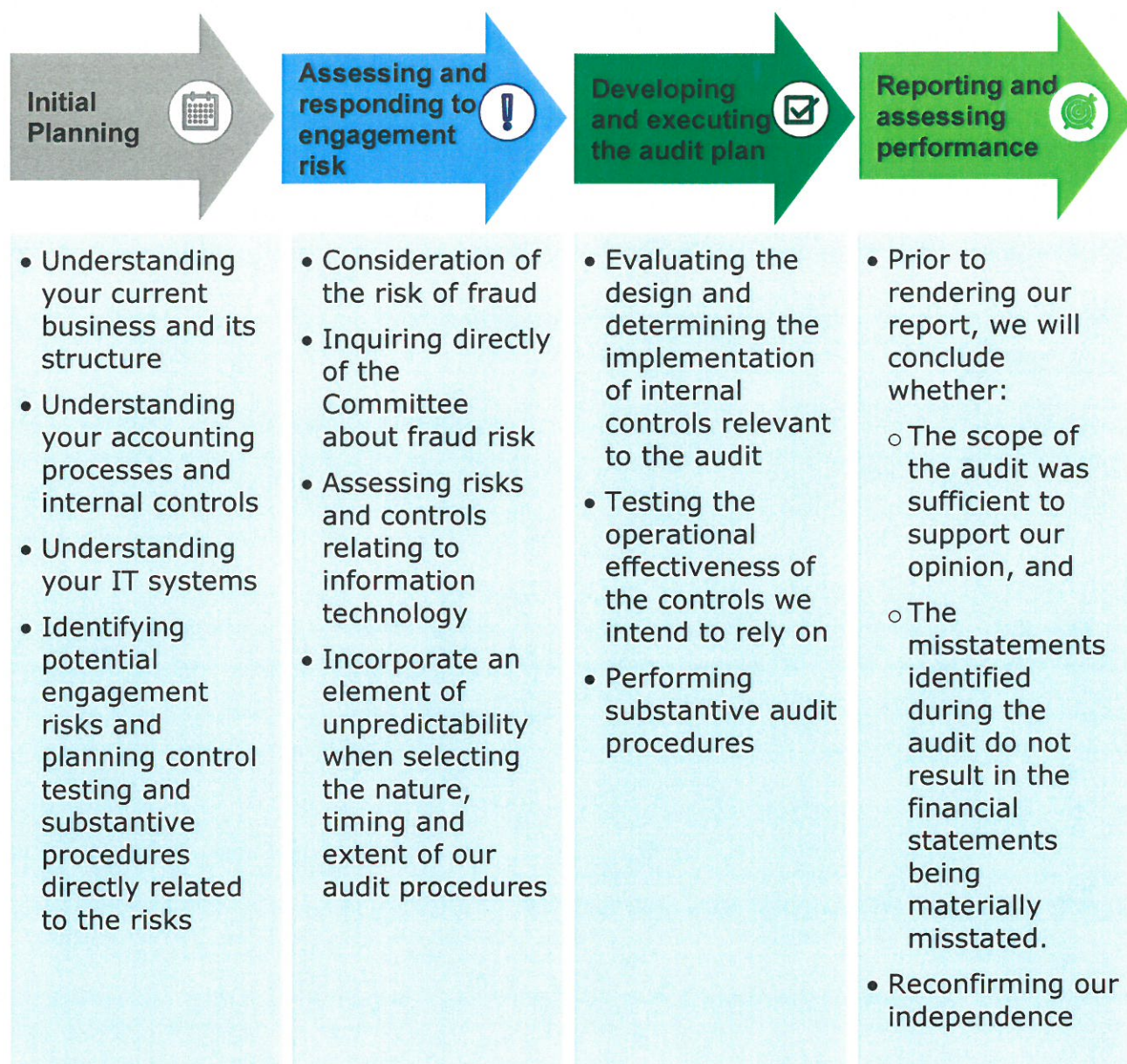


## Delivering professional excellence

### Focus area

<b>Risk based audit</b>	<ul style="list-style-type: none"> <li>• Deliver a customized risk assessment, focusing our attention and resources on the audit areas that are most relevant to the Region.</li> </ul>
<b>Confidential Information</b>	<ul style="list-style-type: none"> <li>• Protecting the privacy and confidentiality of our clients and the firm is a cornerstone of the professional standards every Deloitte partner and practitioner commits to upholding every day.</li> <li>• Deloitte employs technical, physical, and procedural safeguards, including our Confidential Information Program, to appropriately safeguard your data before, during, and after the course of the engagement.</li> </ul>
<b>Professional skepticism</b>	<ul style="list-style-type: none"> <li>• Obtain a thorough understanding of the relevant facts and information, analyze reasonable alternatives, apply a questioning mindset and challenge management's assumptions.</li> <li>• Perform a more rigorous review of potential contradictory evidence.</li> </ul>
<b>Consultations</b>	<ul style="list-style-type: none"> <li>• Involve additional resource or consult with technical resources concerning the significant or unusual events.</li> </ul>







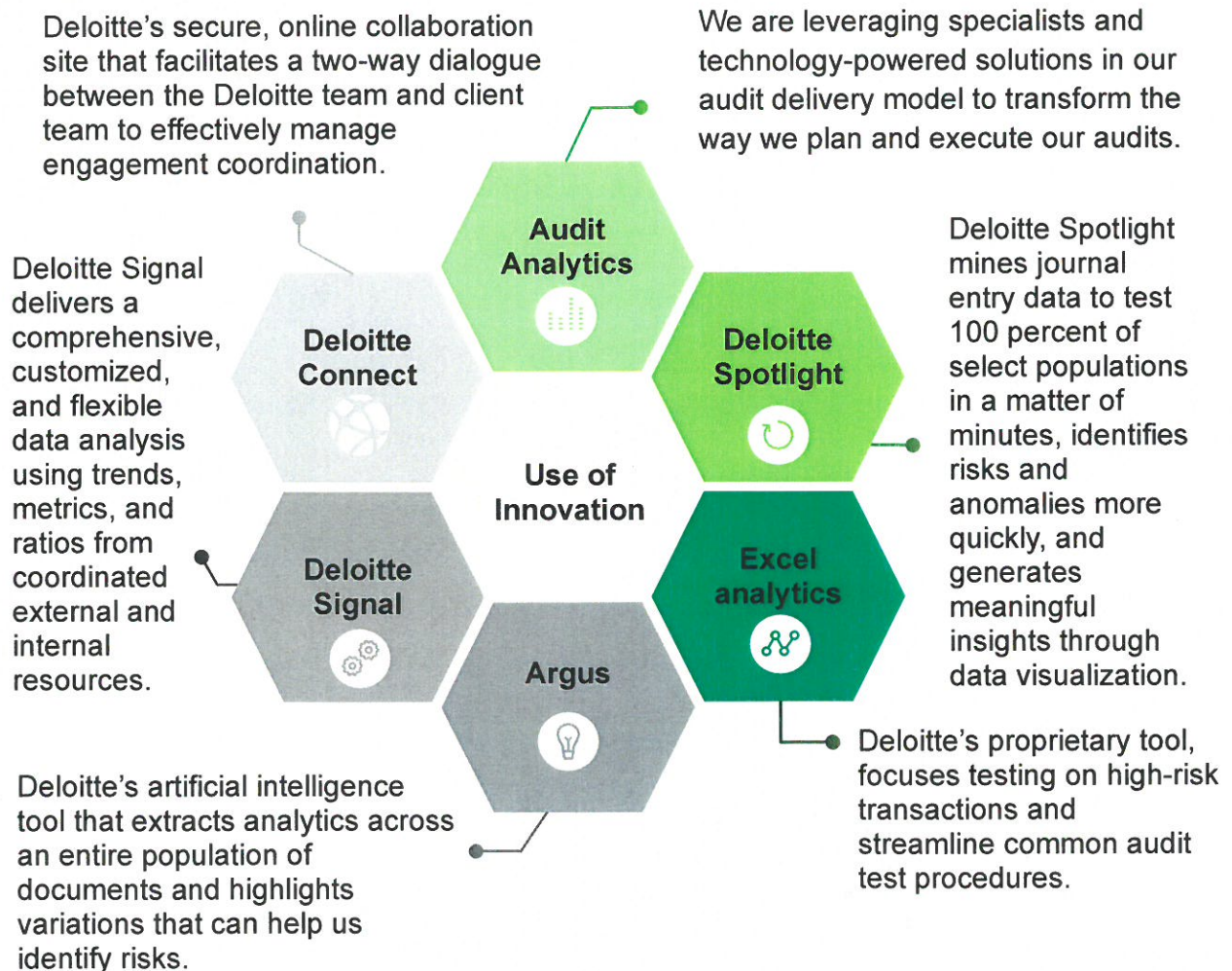


## Innovating our audit approach

### Focus area

#### Audit technology

- **Deloitte Connect** – Use Deloitte’s secure, online collaboration site to facilitate a two-way dialogue between the Deloitte team and the Region team to effectively manage engagement coordination and provide greater transparency allowing both management and auditor visibility over client request status.
- **Spotlight** – Spotlight is a key component in delivering a high quality and efficient audit. It is a Deloitte’s proprietary tool that focuses testing on high-risk transactions and streamline common audit test procedures.



---

### Focus area

#### Processes

- **Optimizing interim** - Proactively shift work forward from peak periods to our interim visit.
- **Project management** - Enhance project management oversight and effective communications between the audit team and management.



## Appendix 2 – Communication requirements

Required communication	Reference
<b>Audit Service Plan</b>	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS <sup>1</sup> 260.14
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks</li> <li>c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk</li> </ul>	CAS 260.15
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27
<b>Enquiries of those charged with governance</b>	
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
<b>Year-end communication</b>	
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.

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

Required communication	Reference
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.
16. Modifications to our opinion	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 Canadian Public Sector Accounting Standards

The following is a summary of certain new or revised accounting standards that will become effective in fiscal 2022 and beyond.

### Canadian Public Sector Accounting Standards

Topic	Description	Effective Date
<b>Section PS 1201 - Financial statement presentation</b>	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.
<b>Section PS 2601 - Foreign currency translation</b>	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.
<b>Section PS 3280 - Asset retirement obligations</b>	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.
<b>Section PS 3041 - Portfolio investments</b>	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.



Regional Municipality of Peel and Peel Housing Corporation | Appendix 3 – New and revised Canadian Public Sector Accounting Standards

Topic	Description	Effective Date
<b>Section PS 3400 - Revenue</b>	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.
<b>Section PS 3450 - Financial instruments</b>	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.

Register [here](#) to receive practical insights, invitations to Deloitte events/webcasts, and newsletters via email and other electronic channels. You will be able to select business topics and industries that align with your interests.

<input type="checkbox"/> Canada's Best Managed Companies <a href="http://www.bestmanagedcompanies.ca">www.bestmanagedcompanies.ca</a>  <b>Target audience</b> <ul style="list-style-type: none"> <li>• Directors and CEO/CFO</li> </ul>	<p>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.</p>
<input type="checkbox"/> Centre for financial reporting <a href="https://www.iasplus.com/en-ca/standards">https://www.iasplus.com/en-ca/standards</a>  <b>Target audience</b> <ul style="list-style-type: none"> <li>• Directors and CEO/CFO</li> <li>• Controller and Financial reporting team</li> </ul>	<p>Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.</p>
<input type="checkbox"/> Deloitte Viewpoints <a href="https://www.iasplus.com/en-ca/tag-types/deloitte-viewpoints">https://www.iasplus.com/en-ca/tag-types/deloitte-viewpoints</a>  <b>Target audience</b> <ul style="list-style-type: none"> <li>• CFO</li> <li>• Controller and Financial reporting team</li> </ul>	<p>Electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.</p>

Regional Municipality of Peel and Peel Housing Corporation | Appendix 4 – Deloitte resources a click away

- 
- ☐ CFO's corner  
(<https://www.iasplus.com/en-ca/cfos-corner>)

Editorial providing insights into key trends, developments, issues and challenges executives face, with a Deloitte point of view.

**Target audience**

- CFO and VP Finance
- Controller and Financial reporting team

- 
- ☐ Deloitte Dbriefs  
(<https://www.iasplus.com/en-ca/dbriefs/webcasts>)

Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.

**Recent publications (ASPE)**

**Targeted audience**

- CFO and VP Finance
- Controller and Financial reporting team

- Revenue (Jan 13, 2020)
  - Accounting for shares issued in tax planning arrangements (ROMRS) (Dec, 18, 2019)
  - Agriculture (Dec 18, 2019)
-