



## **The Corporation of the Township of Uxbridge** 2024 Audit service plan

For the year ended December 31, 2024  
To be presented to Council on November 25, 2024

November 20, 2024

To the Mayor and Members of Council  
The Corporation of the Township of Uxbridge  
P.O. Box 190  
Uxbridge ON L9P 1T1

## **Audit service plan for the year ended December 31, 2024**

Dear Mayor and Council Members:

We are pleased to present our Audit Service Plan for the year ended December 31, 2024 for the Corporation of the Township of Uxbridge (the "Township"), which describes our audit scope and strategy, our audit approach and our planned communications with you.

Our financial statement audits will include:

- An audit of the Township of Uxbridge's consolidated financial statements (the "Financial Statements") for the year ended December 31, 2024, prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS");
- An audit of the financial statements of the Township of Uxbridge Public Library Board for the year ended December 31, 2024, prepared in accordance with PSAS;
- An audit of the financial statements of the Township of Uxbridge Business Improvement Area ("BIA") for the year ended December 31, 2024, prepared in accordance with PSAS; and
- An audit of the financial statements of the Township of Uxbridge's Trust Funds of for the year ended December 31, 2024, prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

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 Township.

This report has been provided to Council ("Council"). It is intended solely for the use of Council to assist you in discharging your responsibilities with respect to the various financial statement audits enumerated above 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 at your upcoming meeting on November 25, 2024.

Yours truly,



Chartered Professional Accountants  
Licensed Public Accountants

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# Executive summary

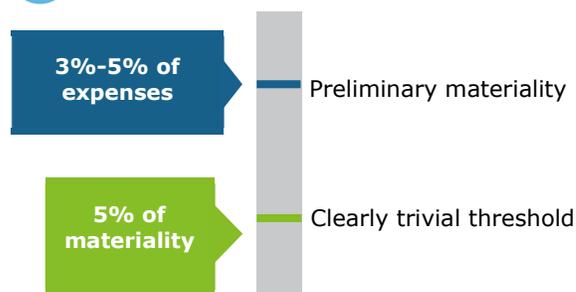
## Audit scope and terms of engagement

We have been engaged to perform the audits of the Township's, Library's, BIA's and Trust Funds' Financial Statements as at, and for the year ended December 31, 2024 (collectively the "Financial Statements") prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") for the Township, the Library Board and the BIA, and in accordance with Canadian Accounting Standards for Not-For-Profit Organizations for the Trust Funds. Our audits will be conducted in accordance with Generally Accepted Auditing Standards ("GAAS"). The terms and conditions of our engagements are described in our Annual Engagement Letter dated October 17, 2024.

## Significant audit risks

- 1 Revenue recognition
- 2 Management override of controls
- 3 Implementation of new accounting standards
- 4 Changes to CAS 600 Revised – Group Audit standard

## Materiality



We are responsible for providing reasonable assurance that the Financial Statements, as a whole, are free from material misstatement.

Our materiality levels are based on professional judgment using expenses (net assets in the case of the Trust Funds) as a reference point for the determination of a quantitative amount as follows:

- Consolidated financial statements for the Township – approximately 3% of expenses
- Township of Uxbridge Public Library Board – approximately 5% of expenses
- Township of Uxbridge Business Improvement Area – approximately 5% of expenses, and
- Township of Uxbridge Trust Funds – approximately 3% of net assets.

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

## 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 ask Council for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Township and their role in the oversight of Township's anti-fraud programs.

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

## Use of the work of specialists

We intend to rely on the work of the following specialist during our audit:

- **Township's independent actuary**

We intend to use the work of the Township's independent actuary in their determination of the Township's post-employment benefits liabilities and expenses. We will review and test data and key assumptions used in the actuarial valuation and related extrapolations, ensure the disclosure in the Financial Statements complies with PSAS requirements and that the actuary is in good standing with the Canadian Institute of Actuaries.

If our assessment does not provide us with sufficient, appropriate audit evidence, we will need to perform additional audit procedures to address the risks of material misstatements in the Financial Statements.

# Significant audit risks

The following table sets out the significant audit risks that we identified during our preliminary planning activities for the Township, Library, BIA and Trust Funds, 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 Township.

## Revenue recognition

### Significant audit risk

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

We have pinpointed this fraud risk to the following revenue streams for the Township:

- Taxation revenue (Occurrence, Accuracy and Cut-off)
- Grants revenue (Occurrence, Accuracy and Cut-off)
- Developer contributions and development charges (Occurrence, Accuracy and Cut-off) and the corresponding Deferred Revenue (Existence, Rights and Obligations, Completeness, and Valuation and Allocation)
- Investment income (manual journal entries)
- Penalties and interest on taxes (manual journal entries)
- User fees and charges (manual journal entries)
- Other revenue (manual journal entries)

We have pinpointed fraud risk to all material revenue streams for the Library, BIA and Trust Funds.

### Our proposed audit response

- Test the design and implementation of key internal controls related to revenue recognition.
- Perform audit testing to determine if restricted contributions (i.e., development charges), and government transfers/grants have been recognized appropriately (revenue vs. deferred revenue) in the proper period.
- Review management's assessments and underlying assumptions for accounting estimates.

## Management override of controls

### Significant audit risk

- Under Canadian GAAS, 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

- Engage in periodic fraud discussions with those involved in the financial reporting process.
- Consider the potential for bias in judgments and accounting estimates, including performing retrospective analysis of significant accounting estimates.
- Evaluate the business rationale for any significant and/or unusual transactions.
- Evaluate the Township's fraud risk assessment and consider entity-level internal controls and internal controls over the closing and reporting process.
- Test journal entries that exhibit characteristics of possible management override of controls, identified using manual techniques.

### Implementation of new accounting standards

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#### Audit risk

- The Township must adopt several new accounting standards in fiscal 2024, including:
    - PS 3160 Public Private Partnerships
    - PS 3400 Revenue
    - PSG-8 Purchased Intangibles
  - These standards require preparation by the Township, including development of accounting policies, information gathering with various Township departments and development of go-forward processes for policy maintenance.
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#### Our proposed audit response

- We will discuss with management their implementation plan for the new standards.
  - Obtain an understanding from management of the approach to implementation, including procedures undertaken to ensure completeness of identification of transactions within scope.
  - Review financial statements disclosures with respect to the first time adoption and new accounting policies.
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### Changes to CAS 600 Revised – Group Audit standard

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#### Audit risk

Effective for the December 31, 2024 year end audit, revisions to the Group Audit standard will apply to our audit of the Township’s consolidated financial statements.

These revisions may impact our assessment of the significant components within our audit of the Township’s consolidated financial statements (considered as a “group” audit). As an example, the Township of Uxbridge Public Library Board, Township of Uxbridge BIA, and Trust funds are all considered to be components of the Township of Uxbridge group audit. This will have implications on our audit strategy, scoping, determination of testing to be done at either the group or component level, component materiality, and therefore impact our extent of audit testing and work effort.

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#### Our proposed audit response

- We will perform our assessment on the areas of applicability of CAS 600 Revised and the impact on our current group audit strategy. We will accordingly tailor our audit procedures to properly address all identified and in-scope component and group account balances.
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As we perform our audit procedures, we will inform you of any significant changes to the aforementioned significant audit risks and the reasons for those changes.

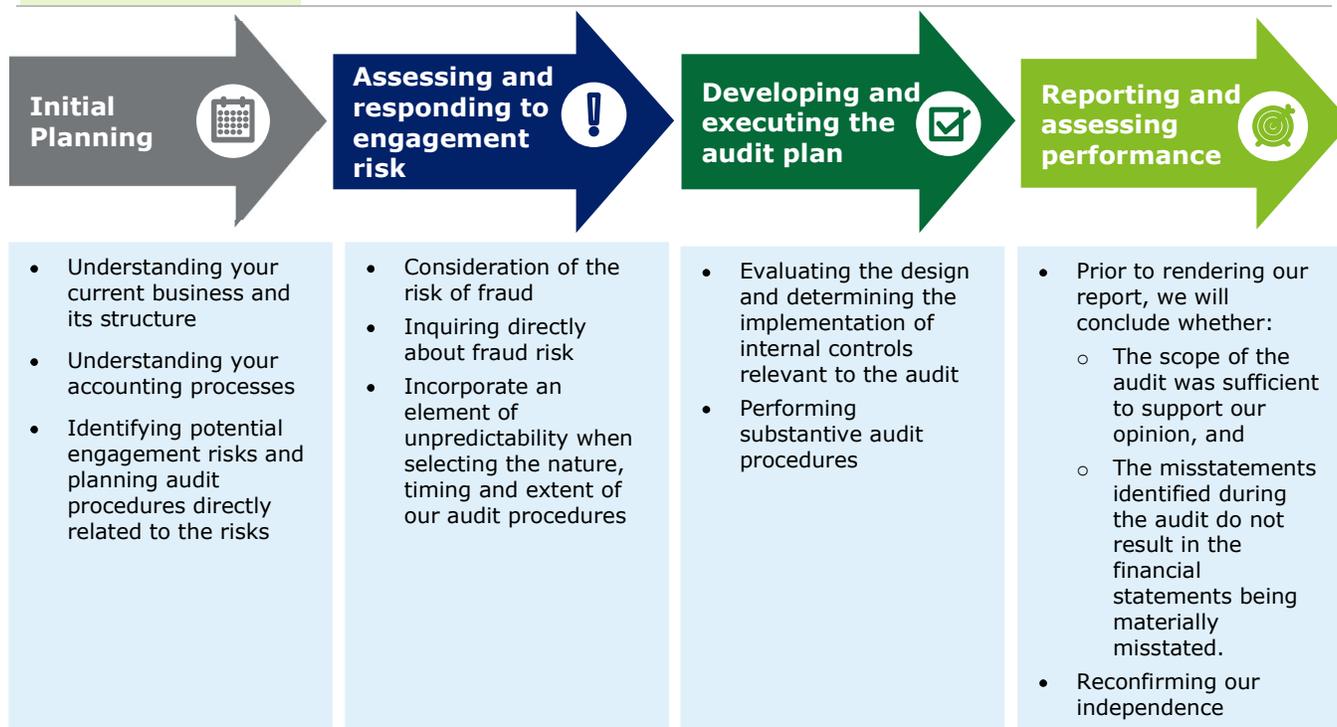
# Appendix 1 – Audit approach

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 Township.



## Delivering professional excellence

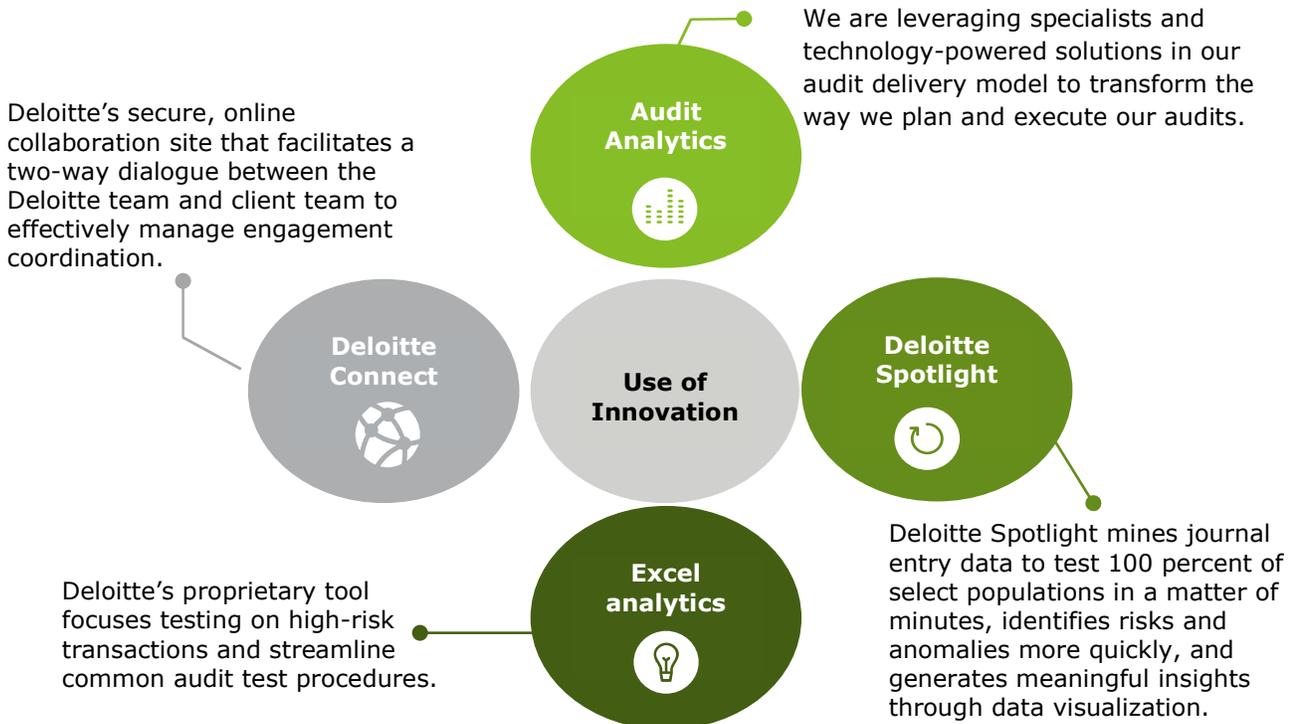
Focus area	
<b>Risk based audit</b>	<ul style="list-style-type: none"> <li>Deliver a customized risk assessment, focusing our attention and resources on the audit areas that are most relevant to the Township.</li> </ul>
<b>Confidential Information</b>	<ul style="list-style-type: none"> <li>Protecting 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**

<b>Audit technology</b>	<ul style="list-style-type: none"> <li>• <b>Deloitte Connect</b> – Consider use of Deloitte’s secure, online collaboration site to facilitate a two-way dialogue between the Deloitte team and the Township team to effectively manage engagement coordination and provide greater transparency allowing both management and auditor visibility over client request status.</li> <li>• <b>Deloitte Spotlight</b> - Gather data and test journal entries, identify risks and anomalies more quickly, and generate meaningful insights through data visualization.</li> </ul>
<b>Processes</b>	<ul style="list-style-type: none"> <li>• <b>Project management</b> - Enhance project management oversight and effective communications between the audit team and management.</li> </ul>



# 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> </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 Township	CAS 240.22
6. Whether the Township 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.
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

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

<b>Required communication</b>	<b>Reference</b>
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 Township’s related parties	CAS 550.27

# Appendix 3 – New and revised public sector accounting standards

The following is a summary of certain new or revised Canadian Public Sector Accounting Standards effective in fiscal 2024 and beyond.

## Canadian Public Sector Accounting Standards

Title	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.	The effective date of the standard is fiscal years beginning on or after April 1, 2023. Accordingly, this is applicable for the Township's December 31, 2024 fiscal year end.
<b>Section PS 3160 – Public Private Partnerships</b>	This Section establishes standards on how to account for public private partnership arrangements.	Effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted. Accordingly, this is applicable for the Township's December 31, 2024 fiscal year end.
<b>Guideline PSG 8 – Purchased Intangibles</b>	This new Guideline explains the scope of the intangibles now allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in Section PS 1000.	Effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted. Accordingly, this is applicable for the Township's December 31, 2024 fiscal year end.
<b>CAS 600 Revised – Group Audit</b>	This Section provides revisions regarding how to assess significant components.	Effective for fiscal years beginning on or after January 1, 2024. Earlier adoption is permitted. Accordingly, this is applicable for the Township's December 31, 2024 fiscal year end.

# 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.

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

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# Appendix 5 – Assurance services

At Deloitte, we offer a variety of services to assist our clients. We have included below some assurance services that we offer to our public sector clients for your consideration.

## **Complex Accounting Advisory**

As accounting standards and the regulatory interpretations of these standards are ever evolving, we often see our clients asking what are the best practices for their Organization. Below are some common areas where complex accounting advisory support is often needed as clients prepare to implement, implement and subsequently monitor.

<b>Complex Accounting Advisory services</b>	
<b>Adoption of New Accounting Standards</b>	Deloitte often supports an Organization through its adoption of new accounting standards, including <b>accounting memo review, advisory services on best practices related to accounting policy implementation and financial statement preparation</b> . Topics often advised on include but are not limited to asset retirement obligations, financial instruments, purchased intangibles, and public private partnerships.
<b>On-Call Advisory</b>	Many of our clients require technical accounting insights on an on-going basis, to ensure their accounting policies and treatments to new transactions reflect the industry best practices. Deloitte can <b>discuss key considerations with management on the best treatments, provide relevant accounting guidance</b> .
<b>Training on new or amended accounting standards</b>	To ensure their organizations are up to date on their technical accounting knowledge and/or their professionals meet their certified professional development hour (CPD) requirement, Deloitte regularly hosts training for our clients. These <b>trainings can include new accounting standards/amendments, regulatory exposure draft findings and upcoming standards</b> to name a few.
<b>Sustainability and ESG Compliance</b>	There is growing pressure for public sector entities to recognize and mitigate their environmental and social impact, and provide credible, transparent information to their stakeholders. The complexity only grows as changes in government policies and enforcement shift. Deloitte can assist an organization in creating <b>strategies and practices to address the extensive oversight, disclosure, and reporting requirements</b> in a context of evolving regulatory environment and stakeholder expectations.

### **Accounting Operational Advisory**

As the business needs of our clients are ever evolving, we are often asked how their systems and operational functions can be optimized. Below are common areas where accounting operational advisory services have been rendered, resulting in increased operational capacity, enhanced financial insights or optimized system functionality.

<b>Finance Diagnostic</b>	
<ul style="list-style-type: none"> <li>• Do you have new business processes?</li> <li>• Are there new regulatory requirements?</li> <li>• Has the Organization completed an acquisition or restructuring?</li> <li>• Does your process have a history of control failures?</li> </ul>	<p>Deloitte can assess the finance functions, evaluating whether the process has any weaknesses or inefficiencies that can be remediated.</p> <p>Deloitte can advise management through the development or integration of new business processes, ensuring they reflect the industry best practices.</p>
<b>Data Analytics</b>	
<ul style="list-style-type: none"> <li>• Do you have a limited use of data to complete your analysis?</li> <li>• Are you looking to understand the leading data tools and the benefits you can provide your Organization?</li> </ul>	<p>Deloitte can review current data limitations and provide a road map for improved data transformation.</p> <p>Deloitte can assist in leveraging enabling technologies to centralize and harmonize various information to enhance reporting, analysis, and decision-making.</p>
<b>System Optimization &amp; Selection</b>	
<ul style="list-style-type: none"> <li>• Does your process have inefficiencies or excessive manual elements?</li> <li>• Does your system meet all your Organization’s needs?</li> <li>• Do your systems integrate effectively?</li> </ul>	<p>Deloitte can assess your current processes and recommend adjustments to improve inefficiencies or reduce manual tasks.</p> <p>Deloitte can evaluate your existing systems and advise on optimal transformation and integration.</p>
<b>KPIs &amp; Benchmarking</b>	
<ul style="list-style-type: none"> <li>• Do you know how your competitors are benchmarking their performance?</li> <li>• Do your KPIs align with your long-term strategic objectives and those of the market?</li> </ul>	<p>Deloitte can advise on the most appropriate benchmarking metrics based on the industry.</p> <p>Deloitte can assess your alignment of KPIs with your strategic goals, evaluate potential gaps and recommend changes to promote better alignment.</p>

# Appendix 6 – Proactively Managing Cyber Risks

The sophistication of Cyber threat actors continues to evolve and the municipal sector has been the victim of many Cyber attacks with various degrees of impact. Municipalities are less prepared than they might think to address existing and new risks. Below is a sample of proactive actions that should be considered.

## Cyber Maturity Assessment

Using industry standard frameworks, assess the current state maturity of cybersecurity infrastructure and determine what the roadmap initiatives need to be to ensure Cyber maturity is closer aligned to industry standard.

*Value: Provide visibility on confirmed vulnerabilities that can be exploited by external threat actors, and actionable remediation guidance to mitigate risks.*

## Digital Footprint Assessment

Identify, assess and report potential online information risks across open and Dark Web sources using proprietary accelerators.

*Value: Proactively maintain dedicated defense against cyber attacks.*

## Penetration Testing

Perform simulated cyber attacks against Internet facing assets and resources, leveraging the tactics, techniques and procedures (TTPs) of real world threat actors.

*Value: Provide visibility on confirmed vulnerabilities that can be exploited by external threat actors, and actionable remediation guidance to mitigate risks.*

## Table top Exercise

Conduct Cyber Tabletop exercise to assess the effectiveness of Client's existing security controls against known/unknown threats.

*Value: Provide a deeper understanding of the effectiveness of current incident management controls, procedures and processes and critical areas of improvement.*

## Ransomware Readiness Assessment

Conduct a ransomware preparedness workshop to drive awareness of the transformation nature of the threat, share findings, discuss options for mitigating the risks, and develop a roadmap to guide the organization beyond the engagement.

*Value: Ransomware Preparedness accelerates insights into your organization's level of exposure.*