
Audit Committee

Date: December 2, 2024
Time: 9:30 AM
Location: Council Chambers, Civic Centre, 2nd Floor
300 City Centre Drive, Mississauga, Ontario, L5B 3C1
and Online Video Conference

Members

Councillor Joe Horneck	Ward 6 (Chair)
Councillor Chris Fonseca	Ward 3 (Vice-chair)
Councillor John Kovac	Ward 4
Councillor Brad Butt	Ward 11
Mayor Carolyn Parrish	(Ex-officio)

To Request to Speak on Agenda Items - Advance registration is required to make a Deputation please email Heleana.Tsabros@mississauga.ca, Legislative Coordinator at or call 905-615-3200 ext.7504 no later than **Thursday, November 28, 2024 before 4:00 PM.**

Questions for Public Question Period - To pre-register for Public Question Period, questions should be provided to the Legislative Coordinator at least 24 hours in advance of the meeting. Following the pre-registered questions, if time permits, the public may be given the opportunity to ask a question on an agenda item. Virtual participants must pre-register.

Virtual Participation - All meetings of Council are streamed live and archived at [Mississauga.ca/videos](https://www.mississauga.ca/videos). To speak during the virtual meeting or if you do not have access to the internet, contact the Legislative Coordinator and you will be provided with directions on how to participate.

Please note the Audit Committee will be streamed and a video will be posted afterwards.

Contact

Heleana Tsabros, Legislative Coordinator, Legislative Services
905-615-3200 ext. 7504
Email: Heleana.Tsabros@mississauga.ca

Find it Online

<https://www.mississauga.ca/council/council-activities/council-and-committees-calendar/> Meetings of Council streamed live and archived at [Mississauga.ca/videos](https://www.mississauga.ca/videos)

An asterisk (*) symbol indicates an Item that has been either Revised or Added

1. **CALL TO ORDER**

2. **INDIGENOUS LAND STATEMENT**

“We acknowledge the lands which constitute the present-day City of Mississauga as being part of the Treaty and Traditional Territory of the Mississaugas of the Credit First Nation, The Haudenosaunee Confederacy the Huron-Wendat and Wyandotte Nations. We recognize these peoples and their ancestors as peoples who inhabited these lands since time immemorial. The City of Mississauga is home to many global Indigenous Peoples.

As a municipality, the City of Mississauga is actively working towards reconciliation by confronting our past and our present, providing space for Indigenous peoples within their territory, to recognize and uphold their Treaty Rights and to support Indigenous Peoples. We formally recognize the Anishinaabe origins of our name and continue to make Mississauga a safe space for all Indigenous peoples.”

3. **APPROVAL OF AGENDA**

4. **DECLARATION OF CONFLICT OF INTEREST**

5. **MINUTES OF PREVIOUS MEETING**

5.1 Audit Committee DRAFT Minutes - September 9, 2024

6. **DEPUTATIONS**

Any member of the public interested in making a deputation to an item listed on the agenda must register by calling 905-615-3200 ext. 8587 or by emailing Heleana.Tsabros@mississauga.ca by **Thursday November 28, 2024 before 4:00 PM.**

Each Deputation to Committee is limited to speaking not more than 10 minutes.

Pursuant to Section 57.1 of the Council Procedure By-law 0044-2022, as amended:

Deputations shall be received and the matter shall be referred to staff for a report, unless there is a resolution or recommendation passed to “receive” the Deputation. After a Deputation is completed, Members shall each have one opportunity to make a preamble statement and ask questions to the Deputant(s) or staff for clarification purposes only, and without debate.

6.1 Item 9.1 - Maria Khoushnood, Lead Audit Engagement Partner, KPMG LLP

7. **PUBLIC QUESTION PERIOD - 15 Minute Limit**

Public Comments: Members of the Public that have a question about an item listed on the agenda may pre-register by contacting the Legislative Coordinator at least 24 hours in advance of the meeting. Following the registered speakers, if time permits the Chair will

acknowledge members of the public who wish to ask a question about an item listed on the agenda. Virtual participants must pre-register.

Pursuant to Section 58 of the Council Procedure By-law 0044-2022, as amended:

Audit Committee may grant permission to a member of the public to ask a question of Audit Committee, with the following provisions:

1. Questions may be submitted to the Clerk at least 24 hours prior to the meeting;
2. A person is limited to two (2) questions and must pertain specific item on the current agenda and the speaker will state which item the question is related to;
3. The total speaking time shall be five (5) minutes maximum, per speaker, unless extended by the Mayor or Chair; and
4. Any response not provided at the meeting will be provided in the format of a written response.

8. **CONSENT AGENDA**

9. **MATTERS TO BE CONSIDERED**

9.1 2024 External Audit Plan

9.2 Final Audit Reports

9.3 Gap Analysis - Global Internal Audit Standards 2024

9.4 Status of Outstanding Audit Recommendations as of September 30, 2024

9.5 Proposed Amendments to the Internal Audit Charter By-law and the Audit Committee Terms of Reference By-law

10. **ENQUIRIES**

11. **CLOSED SESSION - Nil**

(Pursuant to Section 239(2) of the *Municipal Act, 2001*)

12. **ADJOURNMENT**

Audit Committee

Date: September 9, 2024
Time: 9:32 AM
Location: Council Chambers, Civic Centre, 2nd Floor
300 City Centre Drive, Mississauga, Ontario, L5B 3C1
and Online Video Conference

Members Present	Councillor Joe Horneck	Ward 6
	Councillor Chris Fonseca	Ward 3
	Councillor Alvin Tedjo	Ward 2
	Councillor John Kovac	Ward 4
Members Absent	Mayor Carolyn Parrish	(ex-officio)

Staff Present

Geoff Wright, City Manager and Chief Administrative Officer
Raj Sheth, Commissioner of Corporate Services
Sam Rogers, Commissioner of Transportation and Works
Amy Truong, Director, Internal Audit
Marisa Chiu, Director, Finance
Wesley Anderson, Manager, Financial and Treasury Services
Jay Smith, Manager Animal Services
Airene Cunanan, Senior Internal Auditor
Vandana Waghela, Information Technology Auditor
Allyson D'Ovidio, Legislative Coordinator
Heleana Tsabros, Legislative Coordinator

Others Present

Maria Khoushnood, Partner, KPMG Enterprise

1. **CALL TO ORDER**

Councillor J. Horneck, Chair called the meeting to order at 9:32 AM.

2. **INDIGENOUS LAND STATEMENT**

Councillor J. Horneck, Chair recited the Indigenous Land Statement.

3. **APPROVAL OF AGENDA**

That the September 9, 2024 Audit Agenda be approved as presented.

Approved (Councillor J. Kovac)

4. **DECLARATION OF CONFLICT OF INTEREST**

Nil.

5. **MINUTES OF PREVIOUS MEETING**

5.1 **Audit Committee DRAFT Minutes - May 13, 2024**

That the draft minutes of May 13, 2024 be approved as presented.

Approved (Councillor C. Fonseca)

6. **DEPUTATIONS - Nil**

7. **PUBLIC QUESTION PERIOD - 15 Minute Limit - Nil**

8. **CONSENT AGENDA - Nil**

9. **MATTERS CONSIDERED**

9.1 **Final Audit Reports:**

1. Transportation & Works Department, MiWay Transit Division, Transit Operations Section - Drivers Certification Program (DCP) 2024 Audit; and,
2. Corporate Services Department, Enforcement Division, Animal Services Section – Pet Licensing Program Audit * **Presentation Added**

Airene Cunanan, Senior Internal Auditor provided a presentation regarding the Drivers Certification Program (DCP) 2024 Audit and noted that this Audit found no infractions and complied with the Ministry of Transportation (MTO) mandated procedures, and resulted in a total of four (4) recommendations pertaining to data accuracy and verification; a tracking mechanism for Criminal Record Search renewal timelines; organizational structure; Standard Operating Procedures (SOPs) development.

Sam Rogers, Commissioner Transportation & Works and Amy Truong, Director, Internal Audit responded to questions.

Vandana Waghela, Information Technology Auditor, provided a presentation regarding

the results of the Pet Licensing Program Audit. V. Waghela noted that this Audit resulted in nine (9) recommendations and that Management agreed to complete six (6) recommendations by the end of 2025, one (1) recommendation by June of 2026, and two (2) by the end of 2026.

Councillor C. Fonseca enquired about pet licensing at public outreach events and collaboration with Mississauga Leash Free program. Councillor J. Horneck enquired about IT systems, resources and divisional partnerships. Raj Seth, Commissioner, Corporate Services and Jay Smith, Manager Animal Services, responded to questions.

RECOMMENDATION AC-0012-2024

Moved By Councillor J. Kovac

That the report dated August 20, 2024 from the Director, Internal Audit with respect to final audit reports:

1. Transportation & Works Department, MiWay Transit Division, Transit Operations Section - Drivers Certification Program (DCP) 2024 Audit; and,
2. Corporate Services Department, Enforcement Division, Animal Services Section – Pet Licensing Program Audit

be received for information.

YES (4): Councillor J. Horneck, Councillor C. Fonseca, Councillor A. Tedjo, and Councillor J. Kovac

ABSENT (1): Mayor Parrish

Carried (4 to 0)

9.2 Status of Outstanding Audit Recommendations as of June 30, 2024

Amy Truong, Director, Internal Audit provided a verbal update on the status of the outstanding audit recommendations. Councillor J. Horneck enquired about fleet management, realty services and resources. Sam Rogers, Commissioner, Transportation and Works and Amy Truong, Director, Internal Audit responded to questions.

RECOMMENDATION AC-0013-2024

Moved By Councillor A. Tedjo

That the Corporate Report dated July 26, 2024 entitled “Status of Outstanding Audit Recommendations as of June 30, 2024” from the City Manager & Chief Administrative Officer be received for information.

YES (4): Councillor J. Horneck, Councillor C. Fonseca, Councillor A. Tedjo, and Councillor J. Kovac

ABSENT (1): Mayor Parrish

Carried (4 to 0)

9.3 2024 Internal Audit Work Plan Status Report as of June 30, 2024

This item was discussed under item 9.2.

In response to Councillor C. Fonseca, Amy Truong, Director, Internal Audit spoke to the progress of the capital construction project management, the transit master application and the Global Institute of Internal Auditors' new standards implementation.

RECOMMENDATION AC-0014-2024

Moved By Councillor J. Kovac

That the Corporate Report dated July 18, 2024 from the Director, Internal Audit with respect to the status of the 2024 Internal Audit Work Plan be received for information.

YES (4): Councillor J. Horneck, Councillor C. Fonseca, Councillor A. Tedjo, and Councillor J. Kovac

ABSENT (1): Mayor Parrish

Carried (4 to 0)

10. ENQUIRIES - Nil

11. CLOSED SESSION - Nil

12. ADJOURNMENT

10:12 AM (Councillor J. Kovac)

City of Mississauga
Corporate Report



<p>Date: November 12, 2024</p> <p>To: Chair and Members of Audit Committee</p>	<p>Originator's files:</p>
<p>From: Geoff Wright, P.Eng, MBA, City Manager and Chief Administrative Officer</p>	<p>Meeting date: December 2, 2024</p>

Subject

2024 External Audit Plan

Recommendation

That the report dated November 12, 2024 from the City Manager and Chief Administrative Officer titled "2024 External Audit Plan" be received for information.

Executive Summary

- The External Audit Planning Report informs Audit Committee and City management of the audit procedures to be performed by KPMG LLP in delivering its responsibilities for the City's 2024 external audit.
- Finance staff support the recommendations, approach and schedule outlined in the 2024 External Audit Planning Report.
- The Audit Engagement Letter sets out the responsibilities of Audit Committee, management, City staff and KPMG. Although, an Engagement Letter was presented to Audit Committee at the start of the audit contract and is not required annually, a new Engagement Letter is required due to the change in signing authorities since 2021.

Background

Under the Audit Committee Terms of Reference (By-law 0069-2015), the Committee is responsible for reviewing the terms of the engagement of the City's external audit. On May 11, 2020, Audit Committee approved a recommendation to extend the existing contract with KPMG LLP, Chartered Accountants (KPMG), for the fiscal years 2020-2024. 2024 will be the last year of the contract.

KPMG has been providing statutory audit services to the City of Mississauga since 1994 and were awarded the current contract in 2015 after a competitive procurement.

Comments

The primary objective of the external audit is to comply with the *Municipal Act 2001*, where the appointed auditor shall audit the accounts and transactions of the municipality and its local boards and express an opinion on the financial statements of these bodies based on the audit. This will involve KPMG issuing an opinion on whether the financial statements present fairly the financial position and results of operations in accordance with Canadian Public Sector Accounting Standards. The external audit also provides an opportunity for feedback on accounting practises and other matters of financial importance to the City and its local boards.

Engagement Letter

The Engagement Letter was presented to Audit Committee at the start of the audit contract (2021) and is not required to be updated annually. However, KPMG is seeking an updated signed Engagement Letter, since there has been a change in City signing authorities since 2021.

The engagement letter sets out the responsibilities of the Audit Committee, management, City staff, and KPMG. It also includes the objectives, scope and limitations of the external audit. Communication matters are also discussed. The Audit Engagement letter establishes the following:

- The primary objective of the external audit is to discharge the statutory obligation of reporting to Council and the boards, inhabitants and ratepayers of Mississauga in accordance with municipal legislation. This will involve KPMG issuing an opinion on whether the financial statements present fairly the financial position and results of operations in accordance with generally accepted accounting principles.
- The secondary objective of the external audit is to provide feedback on internal accounting practices, operating controls and other matters of material financial importance with respect to the City and its local boards. Accordingly, through the audit, KPMG would also provide recommendations as to corrective actions and offer advice and assistance with regard to implementation, if requested to do so.

The Audit Plan

The Audit Plan establishes the audit approach for the City's external audit. This informs Audit Committee and management of the audit procedures to be performed by KPMG in discharging its audit responsibilities. Appendix 1 contains the audit plan, which includes but is not limited to:

- Organizational areas to be audited
- Financial controls and policies
- Specific areas of auditing focus
- Materiality for misstatements and audit findings
- Audit cycle and timetable
- Audit quality and risk management

-
- Audit approach and methodology
 - Current and future developments that are relevant to the City (i.e. new accounting standards)
 - Other relevant information regarding the audit

Finance staff have reviewed the 2024 External Audit plan and support the recommendations and approach outlined by KPMG in the completion of this year's external audit.

Financial Impact

There are no financial impacts resulting from the recommendation in this report.

Conclusion

Finance staff support the recommendations, approach and schedule outlined in the 2024 External Audit Planning Report. The audit objectives described in the 2024 Audit Plan have been set and will be applied during the upcoming annual audit.

Attachments

Appendix 1: 2024 External Audit Plan

Appendix 2: 2024 Engagement Letter



Geoff Wright, P.Eng, MBA, City Manager and Chief Administrative Officer

Prepared by: Mark Beuparlant, Manager, Accounting and Financial Reporting



Appendix 1

The Corporation of The City of Mississauga

**Audit Planning Report
for the year ending
December 31, 2024**

KPMG LLP

Licensed Public Accountants

Prepared as of November 1, 2024 for presentation to the City of
Mississauga on December 2, 2024

kpmg.ca/audit

KPMG contacts

Key contacts in connection with this engagement



Maria Khoushnood

Lead Audit Engagement Partner

416-228-7082

mkhoushnood@kpmg.ca



Frankie Chan

Audit Manager

416-468-7590

frankiechan@kpmg.ca

Table of contents

Digital use information

This Audit Planning Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



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

4	Highlights	6	Audit strategy	10	Audit strategy - Group audit
12	Risk assessment	20	Key milestones and deliverables	21	Audit quality
22	Appendices				

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the plan for our audit of the financial statements. This report is intended solely for the information and use of Management, the Audit Committee, and the Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Audit Committee has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Audit highlights



No matters to report



Matters to report – see link for details

Scope

Our audit of the consolidated financial statements (“financial statements”) of The Corporation of The City of Mississauga (“the City”) as of and for the year, ending December 31, 2024, will be performed in accordance with Canadian generally accepted auditing standards.

Audit strategy

Materiality
Group : \$32,400,000

Involvement of others

Updates to our prior year audit plan

Audit strategy - group audit

Total	Total assets	Total revenue
Total work performed	99%	99%

Involvement of other KPMG member firms

Involvement of non-KPMG firms

Risk assessment

Risk of management override of controls

Presumed risk of fraudulent revenue recognition

Other areas of focus

- Cash and investments
- Tangible capital assets
- Government Transfers/Grants Revenue
- Revenue and accounts receivable
- Deferred revenues – general and obligatory reserve funds
- Employee future benefits liabilities
- Expenses – salaries and benefits
- Accounts payable, accrued liabilities and expenses
- Contingencies
- Financial instruments

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the plan for our audit of the financial statements. This report is intended solely for the information and use of Management, the Audit Committee, and the Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Audit Committee has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Updates to our prior year audit plan

New significant risks

No new significant financial reporting risks identified.

Other significant changes



Newly effective accounting standards



Assess the impact to the financial statements and related disclosures for the changes to accounting standards effective 2024. Refer to Appendix B for new standards impacting the fiscal 2024 audit and for future changes in accounting standards.

Newly effective accounting standards 



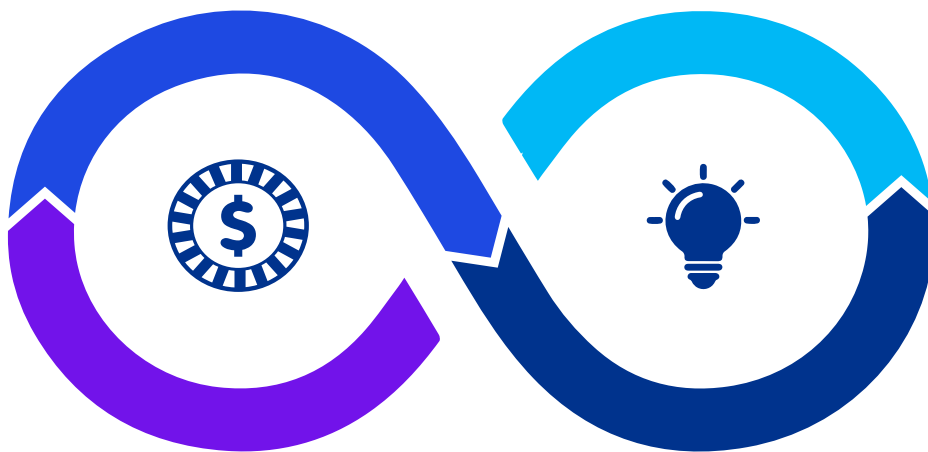
Newly effective auditing standards



Refer to Appendix E for new standards impacting the fiscal 2024 audit.

Newly effective auditing standards 

Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

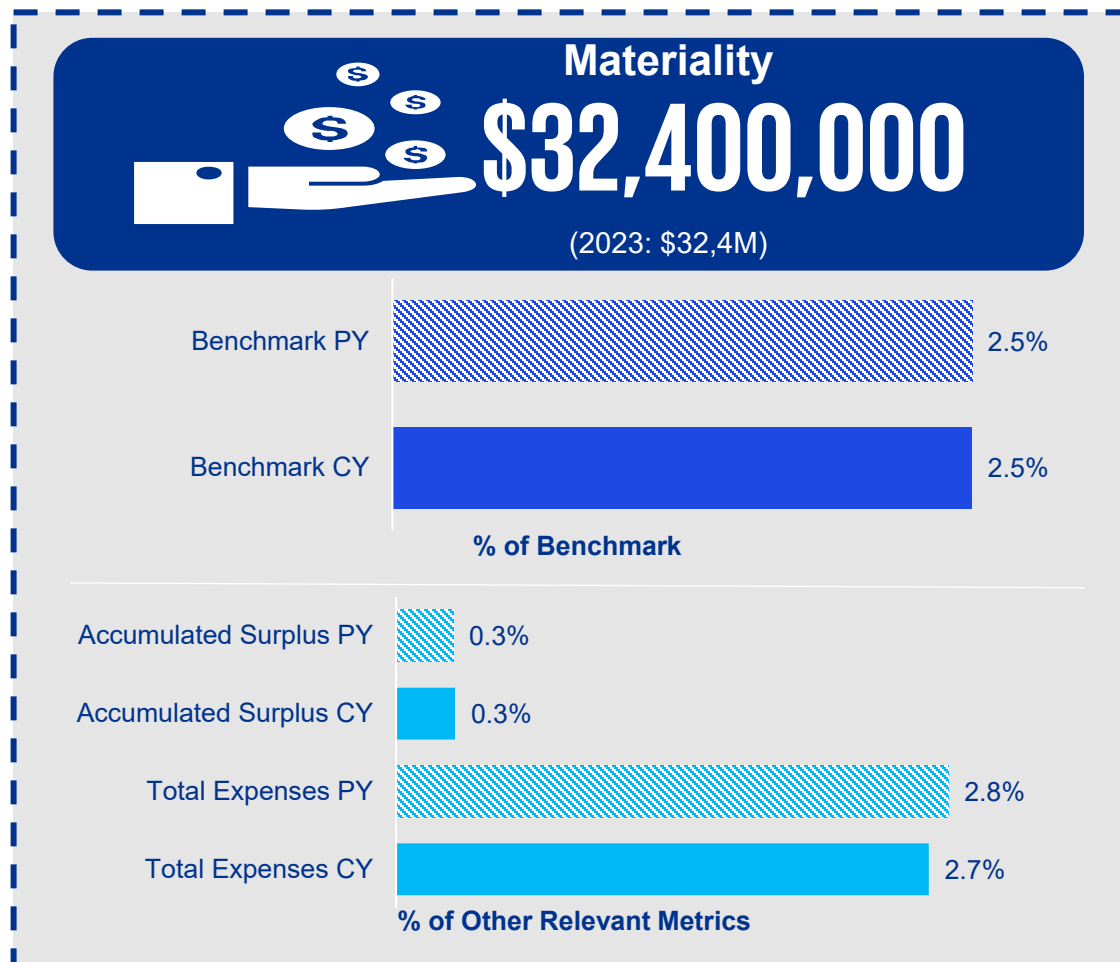
We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.

Initial materiality (Group Materiality)



Forecasted Revenues

\$1,299,000,000

(2023 benchmark: \$1,39B)

Forecasted Expenses

\$1,074,000,000


(2023 actual: \$1,08B)

Forecasted Accumulated Surplus

\$10,079,000,000

(2023: \$9,85B)

Initial materiality (Component Materiality)

Components of the Group where further audit procedures are planned to be performed by the Group Auditor	
 Component	Component Materiality
Non-consolidated City of Mississauga	\$30,780,000 (2023:\$29.1M)
Total for Group Auditor (%)	95%

Involvement of others



The following parties are involved in the audit of the financial statements:

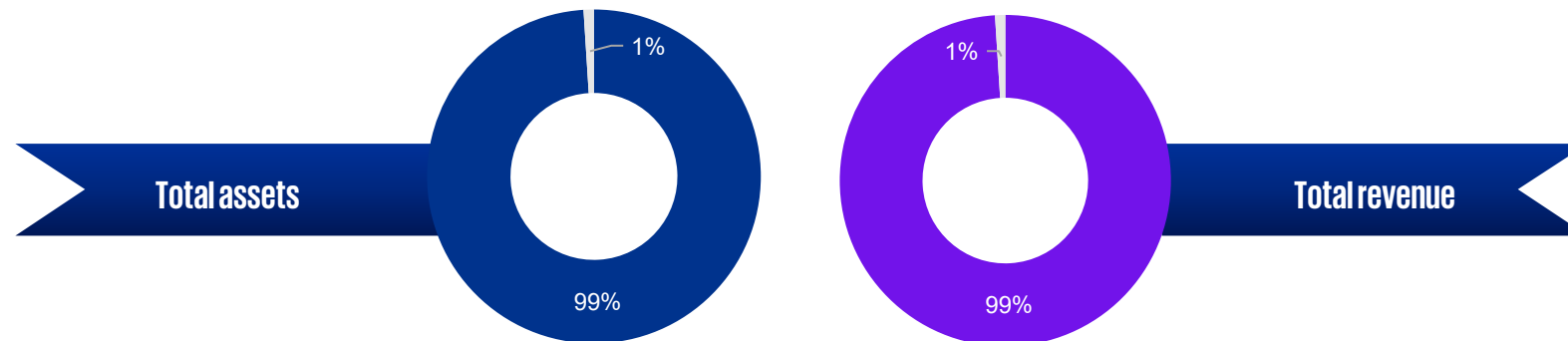
Involved party	Nature and extent of planned involvement
Management's specialists	<ul style="list-style-type: none">The management uses actuary for valuation of employee future benefit obligations. KPMG has decided to validate the report provided by the actuary and involve internal life and pension actuarial specialist for the same.
KPMG professionals with specialized skill or knowledge	<p>Actuarial Specialist –Employee Future Benefits:</p> <ul style="list-style-type: none">Evaluation of employee future benefits actuarial assessment and estimate.

Group audit - Scoping

Breakdown by audit participants



Type of work performed	Total assets	Total revenue
Total full-scope audit – non-consolidated City	99% 	99% 
Total work performed	99%	99%
Non-significant components – see note 1	1% 	1% 
Total consolidated	100%	100%



Note 1: The following components are not significant for the purpose of issuing the auditors' opinion on the group audit of the consolidated financial statements of The Corporation of the City of Mississauga. These components are tested separately for statutory purposes:

- Mississauga Public Library Board
- Trust Funds of the City of Mississauga
- Tourism Mississauga
- Clarkson Business Improvement Association
- Port Credit Business Improvement Area
- Streetsville Business Improvement District Association
- Malton Business Improvement Area
- Cooksville Business Improvement Area

Group audit – Audit participants

Audit participant	Type of work	Component name
KPMG	Full scope audit for issuing our audit opinion on Consolidated financial statements of the City.	Corporation of the City of Mississauga (significant component: non-consolidated City of Mississauga)
KPMG	Statutory Audit Engagements for non-significant components to complete the requirements of municipal act.	Mississauga Public Library Board Trust Funds of the City of Mississauga Tourism Mississauga Clarkson Business Improvement Association Port Credit Business Improvement Area Streetsville Business Improvement District Association Malton Business Improvement Area Cooksville Business Improvement Area

Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the Company and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the Company's components of its system of internal control, including our business process understanding.

We use advanced technologies in performing our risk assessment procedures.

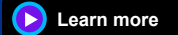
	Area of Focus	Risk of fraud	Risk of error	Risk rating
●	Management Override of Controls	✓		Significant
●	Cash and Cash Equivalents		✓	Base
●	Funding Transfers from Other Governments		✓	Base
●	Tangible Capital Assets		✓	Base
●	Revenue and accounts receivable		✓	Base
●	Deferred Revenue – Obligatory Reserve Funds	✓	✓	Significant
●	Expenses – Salaries, Wages and Employee Benefits		✓	Base
●	Employee benefits and other liabilities		✓	Base
●	Accounts Payable, Accrued Liabilities, and Expenses		✓	Base
●	Contingencies		✓	Base

● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISSTATEMENT

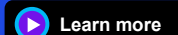


Advanced Technologies

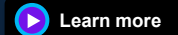
Our **KPMG Clara Dynamic Risk Assessment** tool gives us a more sophisticated, forward-looking and multi-dimensional approach to assessing audit risk.



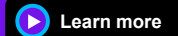
Our **KPMG Clara Business Process Mining** provides immediate visualization of how 100% of your transactions are processed to complement your process narratives & flow charts.



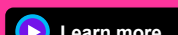
KPMG Clara Account Analysis allows us to analyze the flow of transactions through your business to drive a more meaningful risk assessment.



KPMG Clara AI allows us to layer AI into our auditing platform, allowing us to scan 100% of your data and pull all of the risky transactions and anomalies out for further analysis.



The **Clara Asset Impairment Tool** delivers advanced analysis of long-lived assets and goodwill impairment models (based on discounted cash flows) through the use of predictive analytics, enabling a more robust and independent challenge of management's assumptions.



Significant risks



Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF



FRAUD

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

Why is it significant?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our planned response

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

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

We will take a risk-based approach tailored to the City when designing substantive procedures and selecting specific transactions for testing. We will continue to make use of technology to extract our risk-based sample from the entire population of journal entries. We will continue to identify areas which may be subject to additional risk whether due to fraud or error in this regard.

Advanced technologies

Our KPMG Clara Journal Entry Analysis Tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.



[Click to learn more](#)

Significant risks



Presumption of the risk of fraud involving improper revenue recognition

RISK OF

 FRAUD

Significant risk

The primary risk of fraudulent revenue recognition resides with management's calculation of revenue recognized from deferred revenue – obligatory reserve funds.

Estimate?

No

New or changed?

No

Relevant inherent risk factors affecting our risk assessment

Complexities involved in calculation of deferred revenue and susceptibility of the account balance to misstatement.

Our audit approach

Our audit methodology incorporates the required procedures in professional standards to address this risk.

Our audit approach consists of evaluating the design and implementation of selected relevant controls. We test journal entries that meet specific criteria. This criteria is designed during the planning phase of the audit and is based on areas and accounts that are susceptible to manipulation through management override and we design search filters that allow us to identify any unusual journal entries.

As part of our audit approach to address the inherent risk of error in revenue recognition, we substantively test revenues (both recognized and amounts held as deferred at year end) and recalculate management's calculation of deferred revenue – obligatory reserve funds through auditing management's methodology.

Advanced Technologies

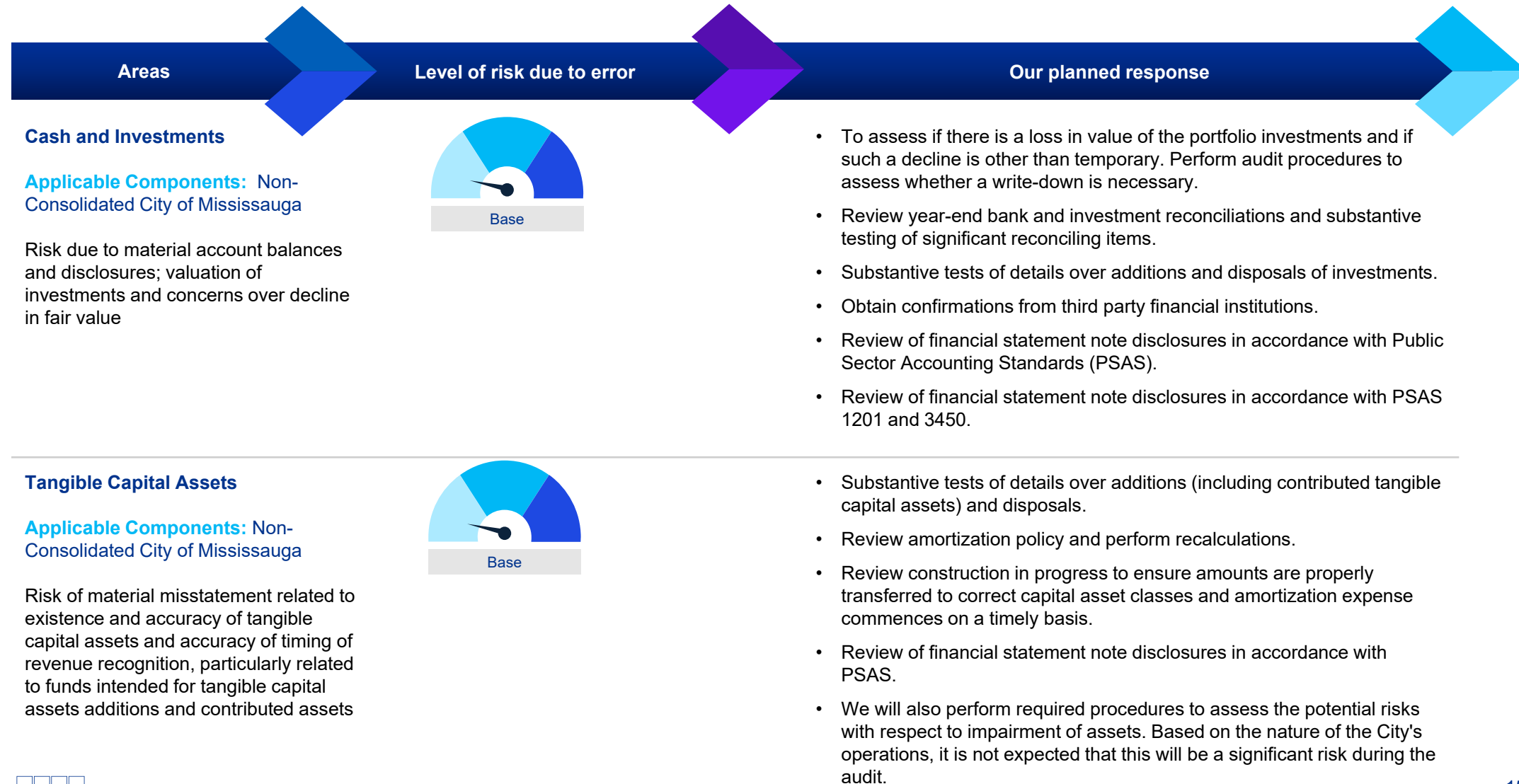
Our KPMG Clara Journal Entry Analysis Tool

assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.

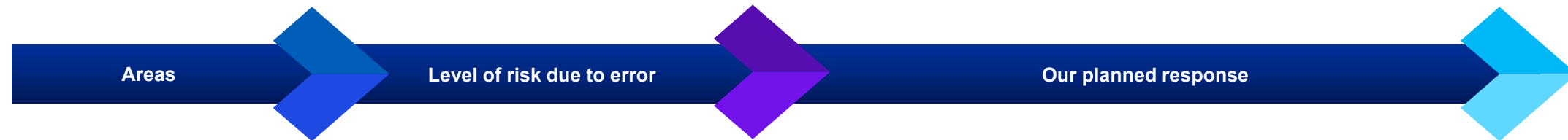


[Click to learn more](#)

Other risks of material misstatement



Other risks of material misstatement

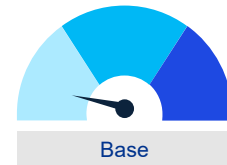


Revenue and accounts receivable

Funding Transfers from Other Governments

Applicable Components: Non-Consolidated City of Mississauga

Risk due to material account balances and disclosures related to taxation revenue and accuracy of timing of revenue recognition.



- Audit revenue transactions to supporting documentation on a sample basis to assess whether revenue recognition is appropriate.
- Obtain confirm for significant individual receivable balance.
- Obtain the schedule of grant revenues for the year under audit.
- Obtain the funding letters and trace the revenue booked to the letters and match the receipt to the bank statements.

Deferred Revenue – Obligatory Reserve Funds

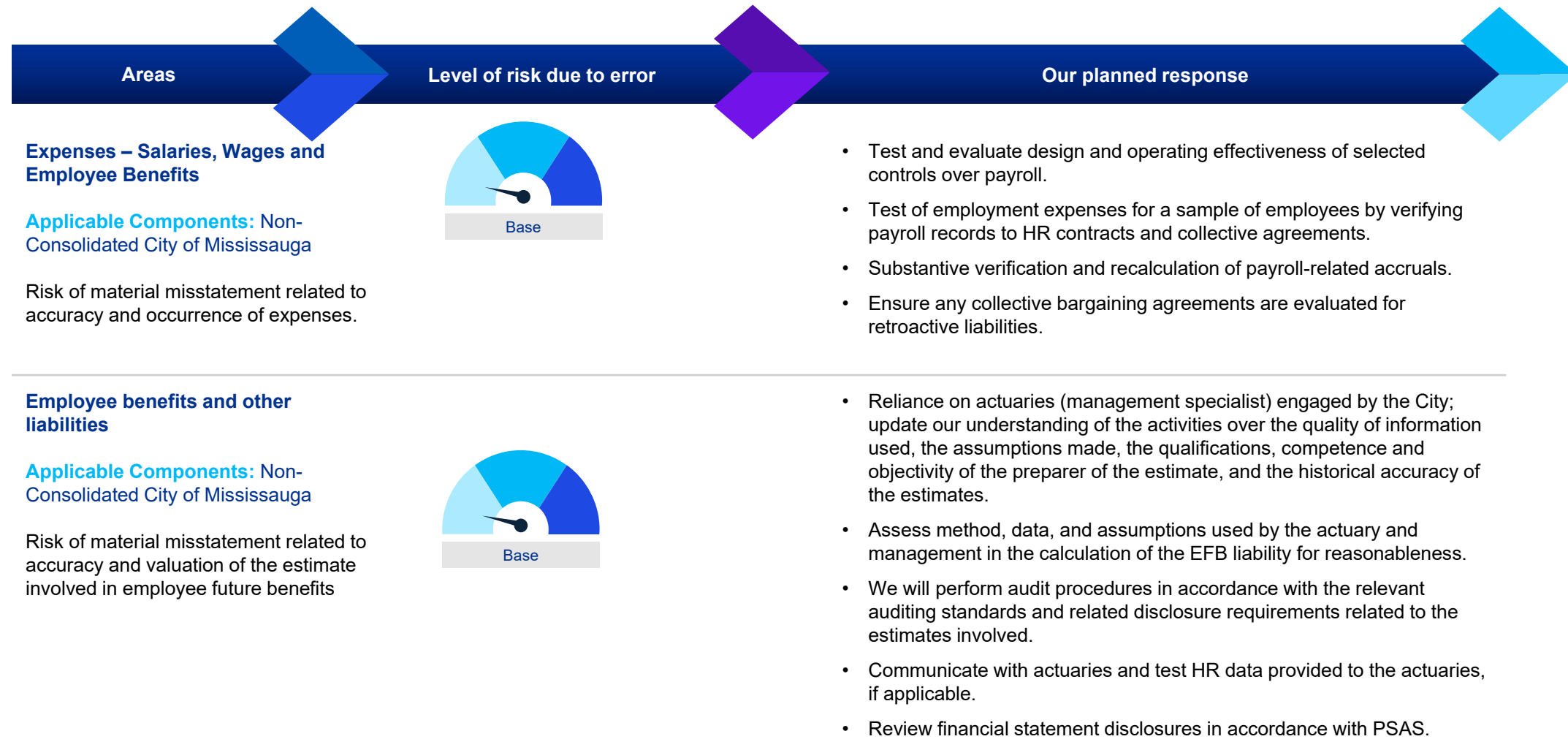
Applicable Components: Non-Consolidated City of Mississauga

Risk of material misstatement due to management assessment and judgment involved.

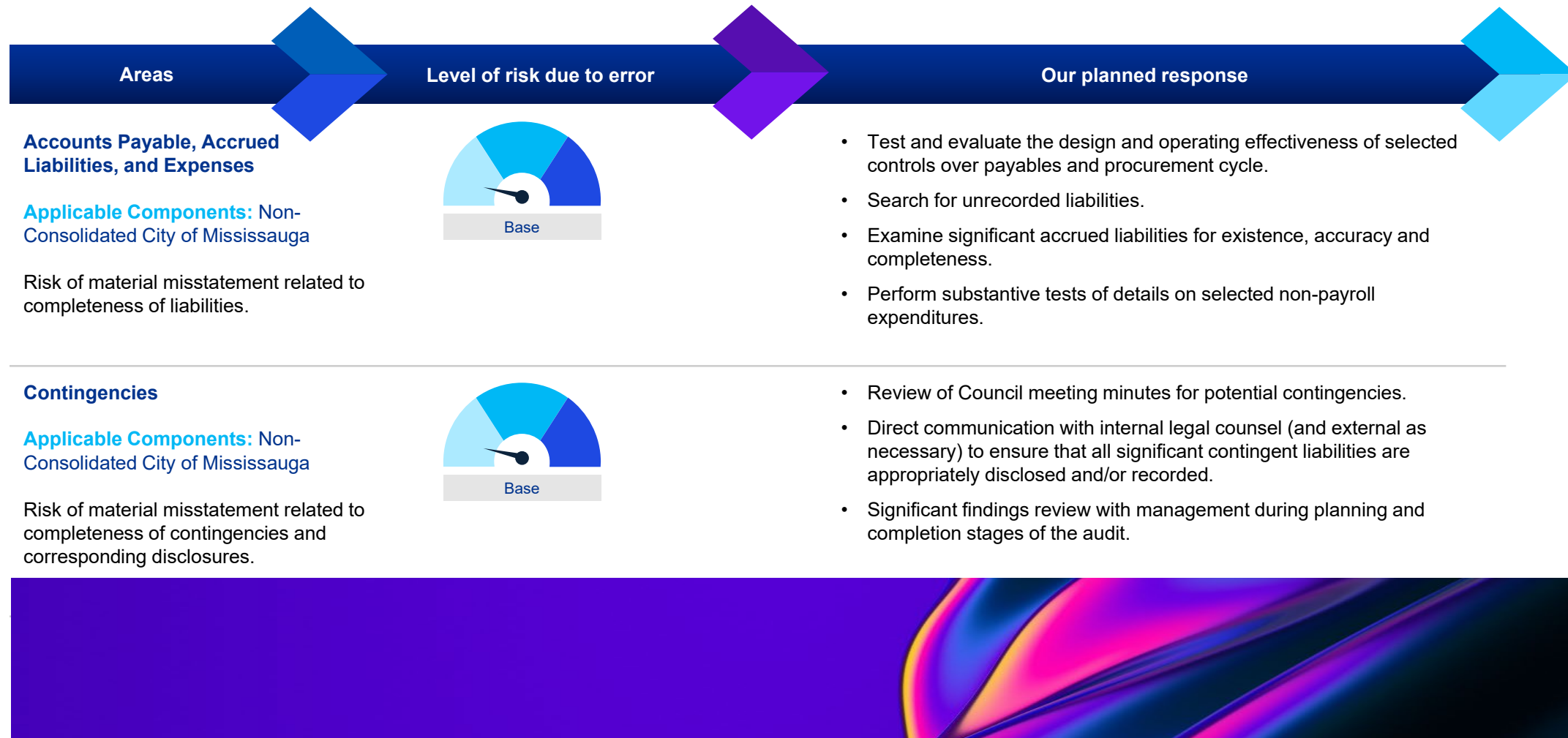


- Update our understanding of the activities over the initiation, authorization, processing, recording and reporting.
- Review the City-prepared calculation of deferred revenue balance and vouch receipts and expenditures on a sample basis. As part of our testing, we ensure recognition of revenue is based on project spending in accordance with the purpose of the obligatory reserve.
- Recalculation of interest allocation.
- Inquire with management if there were any breaks given to developers and perform audit procedures on the financial reporting impact, if relevant.

Other risks of material misstatement



Other risks of material misstatement



Required inquiries of the audit committee



Inquiries regarding risk assessment, including fraud risks

- What are the Audit Committee's views about fraud risks, including management override of controls, in the Company? And have you taken any actions to respond to any identified fraud risks?
- Is the Audit Committee aware of, or has the Audit Committee identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
 - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Audit Committee exercise oversight of the Company's fraud risks and the establishment of controls to address fraud risks?



Inquiries regarding company processes

- Is the Audit Committee aware of tips or complaints regarding the Company's financial reporting (including those received through the Audit Committee's internal whistleblower program, if such programs exist)? If so, the Audit Committee's responses to such tips and complaints?



Inquires regarding related parties and significant unusual transactions

- Is the Audit Committee aware of any instances where the Company entered into any significant unusual transactions?
- What is the Audit Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company?
- Is the Audit Committee concerned about those relationships or transactions with related parties? If so, the substance of those concerns?

Key milestones and deliverables

July-October 2024

Planning & Risk Assessment

- Debrief prior year with management
- Kick-off with management
- Planning and initial risk assessment procedures, including:
 - Involvement of others
 - Identification and assessment of risks of misstatements and planned audit response for certain processes
- Obtain and update an understanding of the Company and its environment
- Inquire of the Audit Committee, management and others within the Company about risks of material misstatement

November 2024

Risk assessment & Interim work

- Perform Entity-wide procedures
- Complete group audit scoping
- Perform process walkthroughs for certain business processes
- Identify process risk points for certain business processes
- Complete interim data extraction and processing activities
- Complete initial risk assessment
- Communicate audit plan
- Evaluate D&I of controls for certain business processes (control activity component)
- Provide update on audit progress

Feb-March 2025

Final Fieldwork & Reporting

- Reassessment of materiality
- Complete year-end data extraction and processing activities
- Perform remaining substantive audit procedures
- Evaluate results of audit procedures, including control deficiencies and audit misstatements identified
- Review financial statement disclosures
- Issue audit report on financial statements
- Closing meeting with management
- Present Audit Findings report to the management

April-May 2025

Post-audit

- Discussions with management to debrief the audit
- Present audit results to the Audit Committee and perform required communications
- Perform required procedures over the annual report

How do we deliver audit quality?

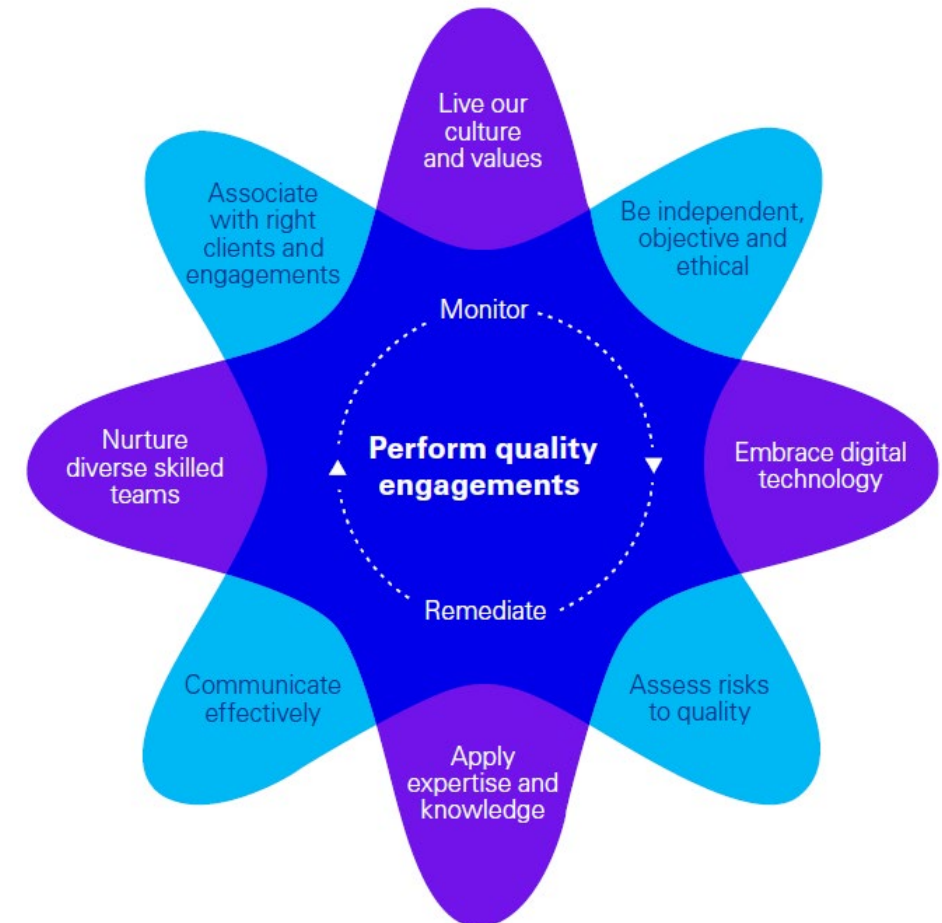
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

[▶ KPMG Canada Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.

Appendices



A Required communications



B Use of technology



C New accounting standards



D Upcoming changes in accounting standards



E New auditing standards



F Audit assurance and insights



G Environmental, social and governance (ESG)



H Internal audit municipal service offering



I Cyber for municipality



J Unleashing tomorrow – today with AI



Appendix A: Regulatory communications



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspection Results](#)

Appendix B: Our technology story



Streamlined client experience

And deeper insights into your business, translating to a better audit experience.



Secure

A secure client portal provides centralized, efficient coordination with your audit team.



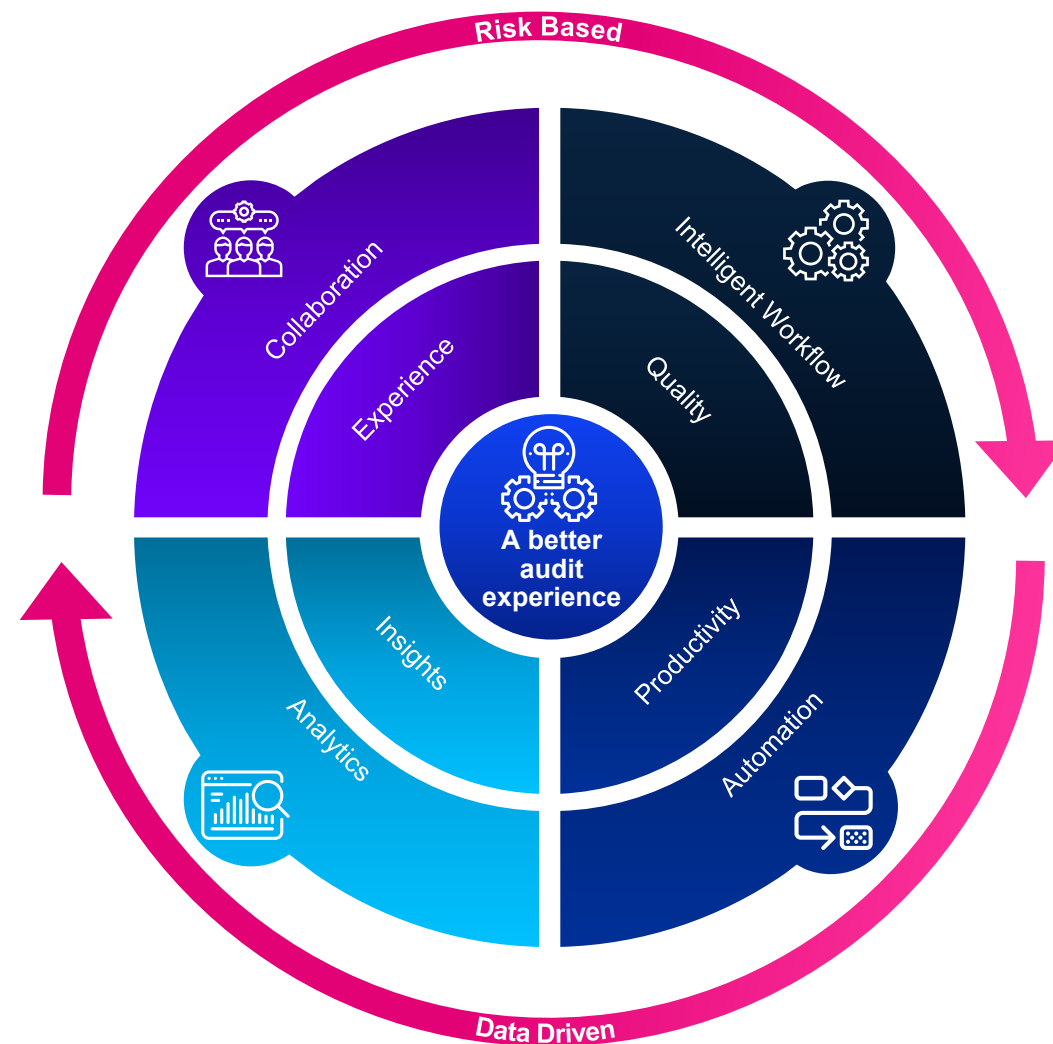
Intelligent workflow

An intelligent workflow guides audit teams through the audit.



Increased precision

Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.



Appendix B: Continuous evolution

Our investment: \$5B

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience

Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.



Appendix C: New accounting standards

Standard	Summary and implications
Revenue	<ul style="list-style-type: none"> The new standard PS 3400 <i>Revenue</i> is effective for fiscal years beginning on or after April 1, 2023 (<i>The City's December 31, 2024 year-end</i>). The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Purchased Intangibles	<ul style="list-style-type: none"> The new Public Sector Guideline 8 <i>Purchased intangibles</i> is effective for fiscal years beginning on or after April 1, 2023 with earlier adoption permitted (<i>The City's December 31, 2024 year-end</i>). The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles. Narrow scope amendments were made to PS 1000 <i>Financial statement concepts</i> to remove the prohibition to recognize purchased intangibles and to PS 1201 <i>Financial statement presentation</i> to remove the requirement to disclose purchased intangibles not recognized. The guideline can be applied retroactively or prospectively.

Appendix C: New accounting standards (continued)

Standard	Summary and implications
Public Private Partnerships	<ul style="list-style-type: none">• The new standard PS 3160 <i>Public private partnerships</i> is effective for fiscal years beginning on or after April 1, 2023 (<i>The City's December 31, 2024 year-end</i>).• The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership.• The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends.• The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.• The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.• The standard can be applied retroactively or prospectively.

Appendix D: Upcoming changes in accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted. The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.
Financial Statement Presentation	<ul style="list-style-type: none"> The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted. The proposed section includes the following: <ul style="list-style-type: none"> Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present total assets followed by total liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position. The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.

Appendix D: Upcoming changes in accounting standards (continued)

Standard	Summary and implications
Employee benefits	<ul style="list-style-type: none">• The Public Sector Accounting Board has initiated a review of sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>.• The intention is to use principles from International Public Sector Accounting Standard 39 <i>Employee benefits</i> as a starting point to develop the Canadian standard.• Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.• The proposed section PS 3251 <i>Employee benefits</i> will replace the current sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively.• This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations.• The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.

Appendix E: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards - see Current Developments 

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

.....
Revised special considerations – Audits of group financial statements

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

.....
Communications with those charged with governance

ISA 700/CAS 700

.....
Forming an opinion and reporting on the financial statements

Appendix F: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Audit Committee Guide – Canadian Edition

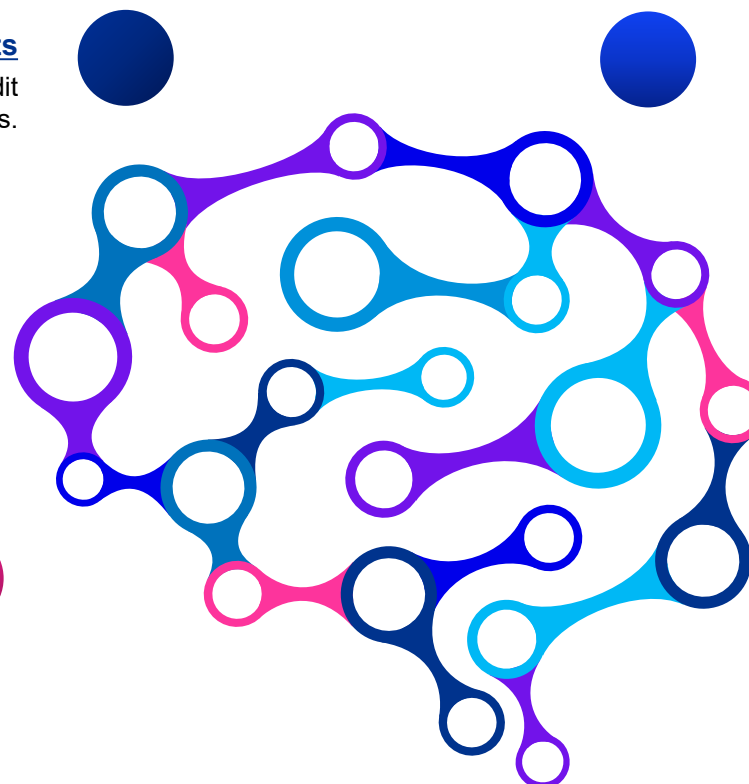
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.



Appendix G: Bill C-59: Key Facts & Considerations

Key Facts



Competition Act

Bill C-59 came into force on June 20, 2024.



Penalties

Penalties can range up to three times the value of the benefit derived from the claim, or 3% of the company's global annual gross revenue, whichever is greater.

Scope

Bill C-59 includes prohibitions relating to:

1. **Environmental claims re: products or services** *E.g. Low carbon fuels*
2. **Social claims re: products or services** *E.g. Indigenous Reconciliation; diversity, equity and inclusion (DEI); responsible supply chain / modern slavery*
3. **Environmental claims relating to a company** *E.g. Net-zero or Carbon-Neutral*
4. **Burden of proof on companies:**
 - Environmental / Social product or service claims: “adequate and proper test”
 - Company / Brand claims: in accordance with an “internationally recognized methodology”

Key Considerations

Assess your ability to substantiate environmental or social claims about your products, services and business by considering:

- What claims do we make that are specific to the company, brand or its products and services?
- What *methodologies* do we use to calculate emissions or other environmental and social effects?
- Is our net-zero plan realistic, operationally feasible, and can it be validated or proven?
- Have we allocated appropriate resources and personnel to our ESG initiatives?

Appendix G: Bill C-59: Key Facts & Considerations

Assess

- Identify and review ESG communications (ESG report, website, social media, press releases etc.)
- Assess ESG communications (product, service and company claims) against legal requirements
- Develop recommendations and action plans to mitigate ESG legal risk

Substantiate

- Analyze the feasibility of ESG targets and initiatives from technical, financial, commercial and regulatory perspectives
- Develop comprehensive plans to ensure effective implementation of ESG initiatives
- Establish metrics and manage ESG data to track performance and potential risks

Implement

- Prepare for new and emerging risks and requirements
- Enhance ESG reporting governance, processes and controls
- Incorporate ESG legal risk considerations into enterprise risk management program

In case you missed our recent webinar on this topic:

- Webinar [recording](#) and [slides](#)

Appendix G: Frequently Asked Questions

When is Bill C-59 in force?

The section specific to greenwashing (s. 236 of Bill C-59 and Subsection 74.01(1) of the Competition Act) came into force upon receiving Royal Assent on June 20, 2024. There is a one-year grace period against private rights of action with respect to s. 74.01(1). Although the Bureau has the authority to take enforcement action sooner, according to witness testimony, it is unlikely to do so prior to issuing guidelines following consultation. Some suggest this may occur in January 2026.

Can the Bureau investigate complaints retroactively (claims made before the Amendment comes into force)?

Not easily. There is a safeguard in the proposed bill, called the public interest ‘leave test’ (103.1 of the Act). The Tribunal will have to decide whether the case has merit (is in the public’s interest) and requires investigation retroactively.

What does “adequate and proper test” and “internationally recognized methodologies” mean?

This is yet to be determined, and it is not defined in the Bill or the Act. This is something the Bureau has committed to define following consultation and further research. Importantly, the Senate Committee believes that the analysis should also include federal and other Canadian best practices, such as those set by Environment and Climate Change Canada.

What corporate documents and communications does this affect?

The Act applies to performance claims about a service, product or business interest including “any form of statement, warranty or guarantee of a product’s performance, efficacy or length of life.” which make take the form of “messages, pictures, or verbal communications, including online and in-store advertisements, social media messages, promotional emails”. The Act does not apply in the case of collective bargaining, amateur sports, securities underwriting, or activities subject to other federal or provincial legislation. The Canadian Securities Administrators may provide guidance and national instruments related to greenwashing in securities disclosures.



APPENDIX G: Are you on top of your municipal ESG reporting requirements?

Understand how ESG impacts municipalities, what the current requirements are, and how to communicate the value you deliver through ESG reporting.

A coordinated ESG strategy is essential for municipalities

Stakeholders are increasingly putting pressure on municipalities to deliver services in a way that manages Environmental, Social and Governance (ESG) risks and opportunities, and discloses their ESG performance in alignment with global standards. A coordinated strategy is critical to enable ESG reporting, and to enhance service delivery to respond to this pressure. This will enable better informed budgeting and reporting decisions that proactively consider and account for emerging regulatory requirements, unlocking greater value for the municipal corporate entity and for stakeholders alike. Benefits of developing and implementing an ESG strategy in coordination with program and service delivery include:

- **Decreased operational costs:** Lowered costs through sustainable suppliers and other financial arrangements
- **Increased citizen engagement:** Improved reputation and engagement from citizens on ESG priorities and how you deliver on them.
- **Enhanced ability to communicate value creation through sustainability indicators** to key stakeholders

Reporting is just one step in the ESG journey. Ultimately, it begins with Discovery, and aligning your sustainability priorities with stakeholder needs.



How to start: ESG Discovery sessions



OVERVIEW

- **Length:** 3 hours
- **Format:** Virtual, hybrid or in-person



WHO CAN BE INVOLVED

- Leadership & management
- C-Suite (e.g., CAO; Treasurer)
- Program and service leaders
- Capital and asset managers



DISCOVER

- Insights into market dynamics, future trends and why ESG is gaining in importance
- Industry and peer ESG performance
- How to effectively integrate ESG into your strategy and service delivery model



SESSION OUTCOMES

- An **ESG trend diagnostic** highlighting the priority policies for the municipal sector
- Your **ESG maturity** across seven dimensions
- An **ESG roadmap** of your priorities

Considerations for your leadership team

- Are you able to express the value you deliver in terms the business community your stakeholders expressed their expectations regarding ESG issues?
- What are your priority ESG issues? Which will have the most impact? In one year? In five years?
- Where do you have blind spots?
- Where can you proactively mitigate future concerns?
- Do you have a central ESG strategy and vision that connects your various initiatives?
- Are decarbonation efforts effectively tied to financial budgeting and reporting?



Appendix H: Municipal Government Service Offerings

Governance, Risk and Compliance Services



Overview

KPMG’s Governance, Risk and Compliance services team has vast experience working with clients across the municipal government sector, assessing organizations risk management, internal control and governance processes and providing value adding insight across our municipal government clients. KPMG has a successful track record and are the leading service provider of municipal government services across a variety of audit areas including operations, finance, service delivery reviews, cyber security and HR. KPMG also provides full outsourced and co-sourced audit services to a number of municipalities, helping clients to identify more efficient and effective ways of delivering their services and streamlining costs. Below we have provided further details of our service offerings to municipalities.

Experience

KPMG brings a wealth of practical experience delivering services to municipal government clients. We have listed some example audited areas below.

• Absence Management	• Cyber Security	• Insurance	• Real Estate
• Accounts Payable	• Enforcement	• IT Governance	• Reserves
• Accounts Receivable and Cash Handling	• Facility Management	• Overtime	• Recruitment and Retention
• Asset Management	• Fleet Inventory	• Parks and Recreation	• Remuneration
• By-Law Compliance	• Fleet Management	• Physical Security	• Snow Clearing
• Councillor Budgets	• Health and Safety	• Procurement	• Support Functions

Client list

We are the leading municipal government advisor in Ontario in relation to internal audit, compliance, service delivery and process reviews. We have shown below a summary of the municipalities we have provided services to.

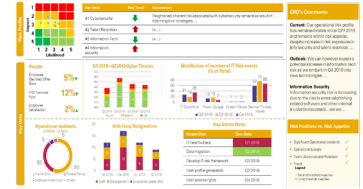


Review areas

Below we have shown an examples of the types of reviews we have conducted through our work with Ontario Municipalities

Internal Audit reviews

- Review of the design and operation of key business controls
- Identifying recommendations to improve and optimize the control environment
- Using data analytics and visualization to test large data sets
- Examples include AP, cash handling and Fleet Inventory



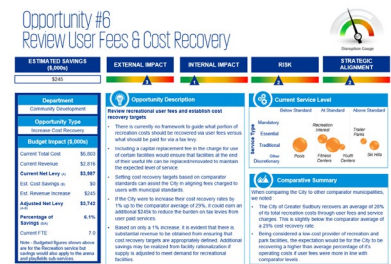
Control Testing Analysis



Process Flow Charts

Service delivery/process reviews

- Review of the operational efficiency and effectiveness of a service area
- Using lean methodologies to identify more efficient and effective ways of delivering services.
- Creation of process maps and identification of opportunities to streamline processes and create cost savings
- Examples include Snow Clearing, Parks & Recreation and Security



Opportunity Scorecard

Specialist reviews

- Using specialist KPMG resources to provide assurance and recommendations across specialist service areas
- Using best practice methodologies and frameworks to provide value adding insights and recommendations
- Examples include, Cyber Security, IT Risk Assessments, Facilities and Real Estate

Additional Services

Service Profiles

Data Analytics

Benchmarking

E.g. We use service profiles as part of our organizational service delivery reviews across areas such as roads, parks, IT and finance. These show the key staffing and budget requirements, service levels, activity, metrics and improvement opportunities.

E.g. We used data analytics to plot complaints received relating to snow clearing, showing the types of complaints received and their geographic locations. This enabled the organization to track complaints more proactively and follow up on any hotspot areas.

E.g. We used benchmarking to provide comparable analysis on how security services are provided, including costs to deliver services, types of services, staffing levels and security delivery models.

Appendix I: Municipalities in the news

Town of Huntsville closes municipal office for 2nd day amid cybersecurity incident

Huntsville is the 2nd Ontario municipality to report hack in 3 weeks

Fakiha Baig · The Canadian Press · Posted: Mar 12, 2024 11:05 AM EDT

Town of Greater Napanee targeted by hackers, impact as yet unknown



By **Shane Gibson** · Global News
Posted January 12, 2024 6:49 pm · 1 min read

Second Ontario municipality reports cybersecurity incident within three weeks

By Fakiha Baig · The Canadian Press
Posted March 12, 2024 10:42 am · Updated March 12, 2024 11:43 am · 2 min read

Hamilton cyberattack shows municipalities need to shore up digital defences: expert

TORONTO – A recent ransomware attack that knocked out several online services in one of Ontario's largest cities has brought into sharp focus the need for municipalities to have a plan to respond to what's become an unavoidable – and increasingly sophisticated – threat, a top cybersecurity expert said.

By Paola Loriggio The Canadian Press
Monday, March 11, 2024 | 3 min to read
Article was updated Mar 11, 2024

'It's really a coin flip': Experts weigh in on if Sudbury will recover \$1.5M lost to fraud

NORTHERN ONTARIO | News

Cyberattack cost local town \$1.3M, including \$290k in Bitcoin ransom

A cyberattack on the Town of St. Marys that encrypted municipal systems and stole sensitive data cost the local government roughly \$1.3 million, including a \$290,000 Bitcoin ransom payment made to the hackers, officials have revealed.

Galen Simmons · Stratford Beacon Herald
Published Apr 13, 2023 · Last updated Apr

Hamilton cybersecurity breach continues to paralyze city services

Public, councillors left in the dark as to nature of incident that has hampered communications, transit and payment processing

Email hack may have revealed personal information, B.C. city warns residents

WARD SOLOMON

JULY 11, 2023

Nova Scotia

Personal information 'likely stolen' in Kings County cyberattack

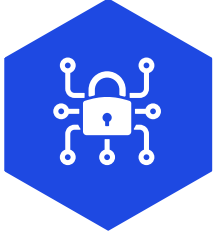
Councillors, staff and others impacted by July incident

Haley Ryan · CBC News · Posted: Aug 14, 2023 4:38 PM EDT | Last Updated: August 14, 2023

Canadian city says timeline for recovery from ransomware attack 'unknown'

The city of Hamilton, Canada, is still recovering from a ransomware attack that has affected nearly every facet of government functions.

Appendix I: How can a cyber attack impact you?



Organizational Disruption

Technology is a main enablement tool used in our cities, many core services rely on technology to deliver services.

When access to technology is disrupted it can have severe impacts to public services, emergency services, infrastructure and sensitive information.



Associated Costs

Cyber incidents have a variety of costs associated with recovery, which include:

- Ransom Payments
- System Restoration
- Security Upgrades
- Legal & Professional Services
- Follow-on Monitoring
- Loss of Revenue
- Financial Fraud/Theft

These costs start to balloon quickly and can have long lasting effects.



Reputational Damage & Residents Impact

A cyber incident can cause significant reputational damage to a city, leading to a loss of trust among residents and potential investors, which can indirectly impact the city's financial health. For residents, the breach of their personal information can lead to a loss of confidence in the city's ability to protect their data, potentially resulting in decreased use of city services that require personal information.

Appendix I: What is a cyber resilient organization?

Preparation

This involves understanding your organization's risk profile, identifying business critical assets, and developing a comprehensive cybersecurity strategy. It includes training employees on cybersecurity best practices and implementing robust security measures where possible.

Protection

This entails implementing measures to prevent cyber attacks. It includes maintaining up-to-date security software, regularly patching vulnerabilities, and controlling access to sensitive information. Protecting your organization requires cybersecurity to be a part of all business conversations.

Detection

This includes continuously monitoring systems and networks for signs of a cyber attack. It calls for the use of security tools, conducting regular security audits and making consistent updates to improve detection capabilities.

Response & Recovery

This consists of having a plan in place to respond to a cyber attack and recover from it. It is made up of incident response plans, disaster recovery plans, and business continuity plans. These plans should be regularly tested and improved upon.

What is a cyber resilient municipality?

01

Risk Prioritization

To be a cyber resilient municipality, you must be able to prioritize your resources to address the risks that threaten you. To prioritize risks, you must understand all the risks currently facing your organization.

02

Implement the Basics

Implementing basic cyber security practices like training, maintaining security software, regularly patching and multifactor authentication can be cost effective ways to dramatically improve cybersecurity resilience.

03

Defence in Depth

This is a crucial strategy for municipalities as it reduces the risk of a single point of failure, enhances efficiency in threat detection and response, increase resilience to attacks, and provide protection against advanced cyber threats.

Appendix I: Steps to building cyber resilience

The following principles serve as the bedrock for establishing a continuous lifecycle that fosters cyber resilience. These principles provide a consistent framework of actions to progressively build and enhance cyber resilience.

1 – Understand Current State

To build a robust cyber resilience framework, it is imperative to start with a comprehensive understanding of your current cybersecurity status. This includes an evaluation of the protective measures already implemented, identification of critical assets, understanding the policies and procedures that regulate your operations, and an assessment of system vulnerabilities. By gaining these insights, you can make risk informed decisions that protect your organization and efficiently allocate the resources available.

4 – Increase Resilience

Increasing resilience and developing business continuity is an important part of building cyber resilience. It ensures uninterrupted business operations even in the face of cyber threats and allows organizations to quickly recover from cyber incidents, minimizing downtime and associated costs. Furthermore, a robust business continuity plan demonstrates an organization's commitment to security, which can enhance its reputation among stakeholders.



2 – Test your Technology

Testing technology is crucial for building cyber resilience as it helps identify potential vulnerabilities and weaknesses in the system that could be exploited by cyber threats. It also allows organizations to evaluate the effectiveness of their current security measures and protocols. By testing your technology, you can deepen the understanding of risks your organization faces and perform ongoing risk management. These tests allow for an unbiased look at your infrastructure and contribute to a proactive prevention of unauthorized users.

3 – Validate Response

Validating response efforts is a crucial part of building cyber resilience as it ensures that the organization's incident response plan is effective and efficient. It allows for the identification of any gaps or weaknesses in the response strategy, enabling improvements to be made. Furthermore, it provides an opportunity for staff to practice and refine their skills in a controlled environment, enhancing their readiness for real cyber incidents.



Appendix J: Unleashing tomorrow, today with AI



Business strategy with AI disruption

Turn AI into a cornerstone of sustainable, competitive growth.

A comprehensive business strategy can seamlessly intertwine technology with your business's **goals, transform AI from a concept into a key driver of your objectives, strategy and ROI.**

It's not just about tech; it's about people, striving to ensure smooth transitions and unlocking human potential alongside AI innovations.

This holistic approach can extend to governance, supply chain, data analytics, implementation and more, solidifying your operations against future challenges.



Assessing opportunities
Seek to understand how AI can impact or disrupt your business and what the existing opportunities are.



Scaling AI initiatives
Scaling up existing AI projects, aligned to the overall business strategy to help ensure success.



Competitive edge
Staying competitive in a rapidly evolving market where AI is disrupting business operations is key.

Brighter business intelligence, powered by AI

Your company's strategy and business intelligence are at the heart of your business decisions. It should be intimately linked to your artificial intelligence (AI) strategy, efforts, and goals.

Executive training

Explore and test

Evolving the operating model (Technology)

Implementing solutions

Business strategy - AI disruption

Optimizing data structure

Maximizing Microsoft Copilot integration

Governing and managing risk



Appendix J: 4 key phases of a successful AI strategy



Understand

01

Hyper Diagnostic

Demonstrate the "art of the possible" and the current AI landscape, explore diverse use cases, and assess peer adoption.

AI readiness assessment

Deploy AI readiness assessment to ensure the company is prepared from a tech, data, governance and people perspective.

Perspective on AI strategy

Assess AI's disruptive potential across core and support functions, demonstrate its impact on operations and costs, and establish an initial AI strategy aligned with company priorities.



Design

02

Risk Assessment

Discuss the potential risks and opportunities associated with the key scenarios.

Opportunity assessment

Pinpoint quick wins, evaluating their potential benefits, and conduct a high-level feasibility assessment.

Present available subsidy and grant options for relevant AI projects.



Initiate

03

Stakeholder involvement

Provide recommendations for engaging internal stakeholders and collect insights on AI adoption throughout the company's value chain.

Financial implications and opportunity validation

Quantify the impact of various AI scenarios, calculating ROI. Identify and engage necessary people, processes, and technologies for execution.

Strategic roadmap

Create a concise strategic plan, encompassing vision, values, competitive advantage, key initiatives, and a roadmap with resource allocation and KPIs.



Operationalize

04

Transform technology services with generative AI

Assessment of current IT capabilities and the foundations necessary for the implementation of the selected generative AI solutions

Define the IT delivery model for solutions.

Enterprise architecture adapted to AI

Support for the integration of Gen AI into the enterprise architecture and into the organization's roadmap.

Define a Target Operating Model

Orchestrate business capabilities

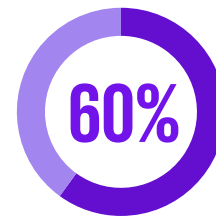
Orchestration of all business practices and underlying IT capabilities necessary for operationalization.

Appendix J: AI Education and Training for executives and boards

Start your AI journey with confidence.



Embrace the future with AI, the driving force of the new economy, set to help transform your business model. This transformative power can drive your organization’s position in the market. Consider the impending changes and strategize for the years ahead, helping to ensure a seamless and secure integration of this groundbreaking technology.



of organizations plan to adopt generative AI within 6 to 12 months*.

Change starts with you

<p>01</p> <p>Understand the impact and trends of generative AI adoption in your organization and industry</p>	<p>02</p> <p>Foster a continuous learning culture and manage change for successful AI implementation</p>	<p>03</p> <p>Discover the commercial and competitive potential of working with AI</p>	<p>04</p> <p>Learn how to manage AI risk and governance as a business leader</p>	<p>05</p> <p>Identify your productivity and automation challenges and take corrective action</p>	<p>06</p> <p>Redefine your business model holistically</p>
--	---	--	---	---	---

A first step in the adoption of AI in your business

Implementing generative AI starts with your business priorities, supported by executive and board engagement to drive a transformation aligned with your corporate ambitions.



*KPMG survey of 300 executives on generative AI, March 2023

Appendix J: A three-part training program

Discover real-life uses of generative AI, tailored to your business sector



Updated overview of this fast-paced technology

- Learn what is new in the world of AI
- Explore industry-specific use cases that could benefit your organization
- Manage AI risk and governance adequately



Technology demonstrations

- See the impact of generative AI on the future of your organization through concrete, contextualized demonstrations
- Assess the potential benefits for your organization



Brainstorming workshops

- Identify organizational priorities for AI adoption and how to prepare your teams for change upstream
- Educate and empower key stakeholders to drive AI strategy and the governance framework at the executive level

KPMG, a leader in generative AI

200+

Professionals dedicated to generative AI recognized for their technical skills and innovative strategic vision.

800+

Tailor-made use cases for all business sectors.



50+

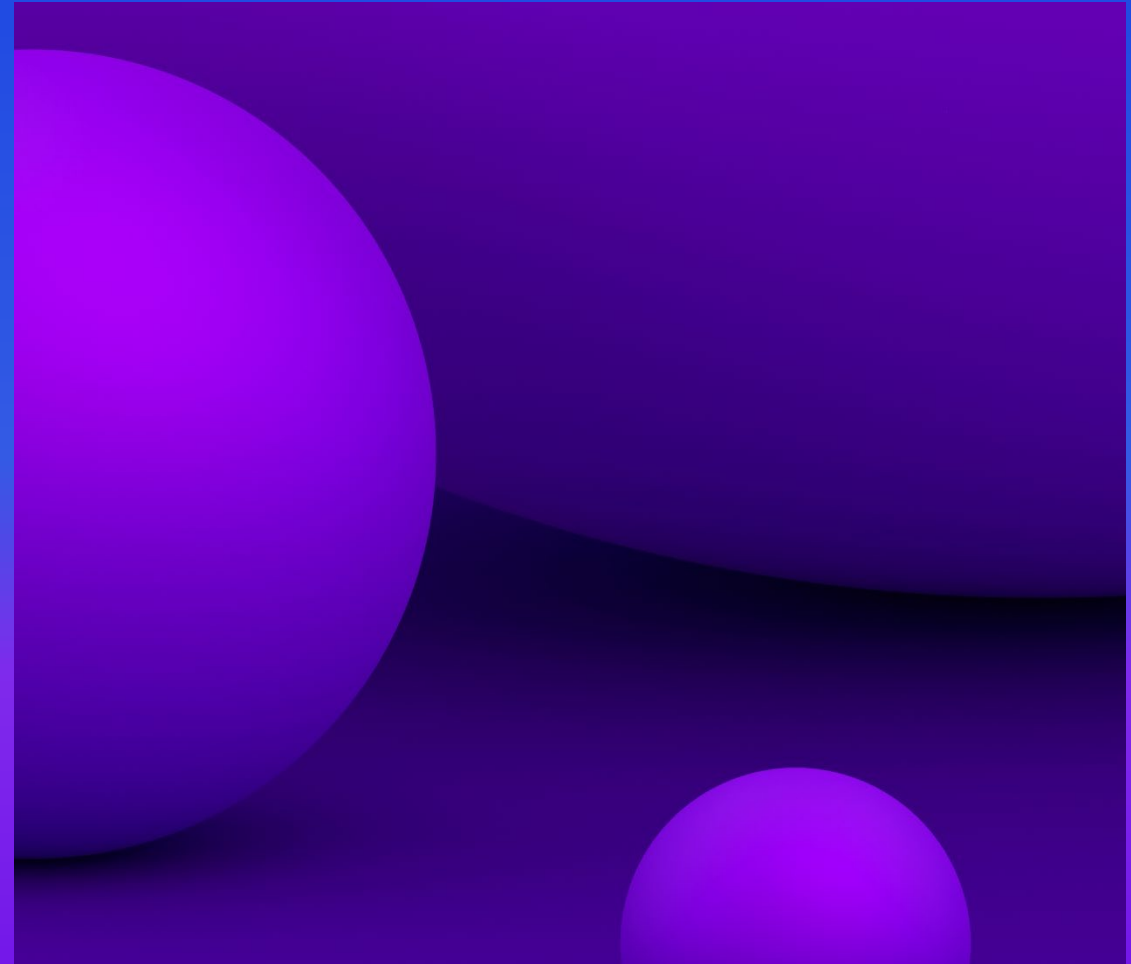
Board and executive education and training sessions delivered in the last year. Our team understands the challenges you face as an executive or board member and can help you build confidence and accelerate the value AI can bring to your business.





[kpmg.ca](https://www.kpmg.ca)

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.





KPMG LLP
 Vaughan Metropolitan Centre 100
 New Park Place, Suite 1400
 Vaughan ON L4K 0J3
 Canada
 Tel 905-265-5900
 Fax 905-265-6390

Mr. Geoff Wright
 City Manager, and CAO
 The Corporation of the City of Mississauga
 300 City Centre Drive
 Mississauga, ON L5B 3C1

Ms. Marisa Chiu
 Chief Financial Officer and Treasurer
 The Corporation of the City of Mississauga
 300 City Centre Drive
 Mississauga, ON L5B 3C1

November 11, 2024

The purpose of this letter is to outline the terms of our engagement to audit the annual financial statements (“financial statements”) of the entities as per Appendix- List of Entities (“the Entities”) commencing for the period ending December 31, 2024.

This letter supersedes our previous letter to the Entity dated October 19, 2023.

The terms of the engagement outlined in this letter will continue in effect from period to period, unless amended or terminated in writing. The attached Assurance Terms and Conditions and any exhibits, attachments and appendices hereto and subsequent amendments form an integral part of the terms of this engagement and are incorporated herein by reference (collectively the “Engagement Letter”).

Financial Reporting Framework for the Financial Statements

The financial statements will be prepared and presented in accordance Canadian public sector accounting standards (hereinafter referred to as the “financial reporting framework”).

The financial statements will include an adequate description of the financial reporting framework.

Management's Responsibilities

Management’s responsibilities are described in *Appendix – Management’s Responsibilities*.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Auditor’s Responsibilities

Our responsibilities are described in *Appendix – Auditor’s Responsibilities*.

If management does not fulfill the responsibilities above, we cannot complete our audit.



Additional Responsibilities regarding “Other Information”

“Other information” is defined in professional standards to be the financial or non-financial information (other than the financial statements and the auditor’s report thereon) included in the “annual report”. An “annual report” is defined in professional standards to comprise a document or combination of documents. Professional standards also indicate that:

- an annual report is prepared typically on an annual basis in accordance with law, regulation or custom (i.e., is reoccurring)
- an annual report contains or accompanies the financial statements and the auditor’s report thereon
- an annual report’s purpose is to provide owners (or similar stakeholders) with information on:
 - operations; and/or
 - financial results and financial position as set out in the financial statements.

Based on discussions with management, the following are expected to meet the definition of an “annual report” under professional standards:

- The document likely to be entitled “2024 Financial Report”
- The document likely to be entitled “2024 Financial and Sustainability Report”

Management agrees, when possible, to provide us with the final versions of the document(s) comprising the “annual report” prior to the date of our auditor’s report on the financial statements. If that timing is not possible, management agrees to provide us with the final versions of the document(s) comprising the “annual report” prior to the Entity’s issuance so that we can complete our responsibilities required under professional standards.

Management is responsible for the “other information”. Our responsibility is to read the “other information” and, in doing so, consider whether such information is materially inconsistent with:

- the financial statements; or
- our knowledge obtained in the audit.

Our responsibility is also to remain alert for indications that the “other information” appears to be materially misstated.

Our auditor’s report on the financial statements, when applicable under professional standards, will contain a separate section where we will report on this “other information”.

Auditor’s Deliverables

Unless otherwise specified, our report(s) will be in writing and the expected content of our report(s) are provided in *Appendix – Expected Form of Report*. However, there may be circumstances in which a report may differ from its expected form and content.



In addition, if we become aware of information that relates to the information we reported on after we have issued our report, but which was not known to us at the date of our report, and which is of such a nature and from such a source that we would have investigated that information had it come to our attention during the course of our engagement, we will, as soon as practicable: (1) communicate such an occurrence to those charged with governance; and (2) undertake an investigation to determine whether the information is reliable and whether the facts existed at the date of our report. Further, management agrees that in conducting that investigation, we will have the full cooperation of the Entity's personnel. If the subsequently discovered information is found to be of such a nature that: (a) our report would have been affected if the information had been known as of the date of our report; and (b) we believe that the report may have been distributed to someone who would attach importance to the information, appropriate steps will be taken by KPMG, and appropriate steps will also be taken by the Entity to advise of the newly discovered facts and the impact to the information we reported on.

Non-Audit Service – Certain Assistance Relating to Word Processing and/or Preparation of Financial Statements]

Word Processing

We will assist management by providing word processing for the Entity's financial statements and related notes.

Assistance in Preparing Financial Statements

We will assist management in preparing the financial statements and related notes in accordance with the financial reporting framework.

We will use information from the trial balance and/or other source documents provided by management to assist management in preparing the financial statements and related notes. We may also provide advice and recommendations to assist management of the Entity in performing its responsibilities.

We will not assume management responsibilities on behalf of the Entity.

The Entity agrees to:

- Assume all management responsibilities, including determining the accuracy and completeness of the financial statements and notes.
- Assign a suitable employee with appropriate skills, knowledge and/or experience to oversee the financial statement preparation assistance and evaluate the adequacy and results of the services.
- Accept responsibility for the results of the financial statement preparation assistance.

Our deliverables regarding income tax compliance and advisory services are described in *Appendix – Income Tax Compliance and Advisory Services*.



Use of KPMG Clara

The terms and conditions for use of KPMG Clara apply to the use of the collaboration tool and can be found [here](#).

Fees

Appendix – Fees for Professional Services to this letter lists our fees for professional services to be performed under this Engagement Letter.

We are available to provide a wide range of services beyond those outlined above. Additional services are subject to separate terms and arrangements.

We are proud to provide you with the services outlined above and we appreciate your confidence in our work. We shall be pleased to discuss this letter with you at any time. If the arrangements and terms are acceptable, please sign the duplicate of this letter in the space provided and return it to us.

Yours very truly,

Maria Khoushnood, CPA, CA

Partner responsible for the engagement and its performance, and for the report that is issued on behalf of KPMG LLP, and who, where required, has the appropriate authority from a professional, legal or regulatory body.

416-228-7082

Enclosure

cc: [Audit Committee]



The terms of the engagement set out are as agreed:

The Corporation of the City of Mississauga

Mr. Geoff Wright _____
City Manager and CAO (having the appropriate authority to engage the Entities
listed in Appendix: List of Entities])

Date (dd/mm/yy) _____ November 11, 2024

Ms. Marisa Chiu _____
Chief Financial Officer (having the appropriate authority to engage the Entities
and Treasurer listed in Appendix: List of Entities])

Date (dd/mm/yy) _____ November 11, 2024



Appendix – Management’s Responsibilities

Management acknowledges and understands that they are responsible for:

- (a) the preparation and fair presentation of the financial statements in accordance with the financial reporting framework referred to above
- (b) providing us with all information of which management is aware that is relevant to the preparation of the financial statements (“relevant information”) such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of council members, board of directors, and committees of the board of directors that may affect the financial statements. All significant actions are to be included in such summaries.
- (c) providing us with unrestricted access to such relevant information.
- (d) providing us with complete responses to all enquiries made by us during the engagement.
- (e) providing us with additional information that we may request from management for the purpose of the engagement
- (f) providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain evidence
- (g) such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- (h) ensuring that all transactions have been recorded and are reflected in the financial statements.
- (i) ensuring that internal auditors providing direct assistance to us, if any, will be instructed to follow our instructions and that management, and others within the Entity, will not intervene in the work the internal auditors perform for us.
- (j) providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion when management does not provide certain written representations required.



Appendix – Auditor’s Responsibilities

Auditor’s responsibilities regarding the audit of the financial statements

Our function as auditors of the Entity is:

- to express an opinion on whether the Entity's financial statements, prepared by management with the oversight of those charged with governance, are, in all material respects, in accordance with the financial reporting framework referred to above
- to report on the financial statements

We will conduct the audit of the Entity's financial statements in accordance with Canadian generally accepted auditing standards and relevant ethical requirements, including those pertaining to independence (hereinafter referred to as applicable “professional standards”).

We will plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Accordingly, we will, among other things:

- identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the Entity and its environment, including the Entity's internal control. In making those risk assessments, we consider internal control relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control
- obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks
- form an opinion on the Entity' s financial statements based on conclusions drawn from the audit evidence obtained
- communicate matters required by professional standards, to the extent that such matters come to our attention, to the appropriate level of management, those charged with governance and/or the board of directors. The form (oral or in writing) and the timing will depend on the importance of the matter and the requirements under professional standards.



Appendix – Expected Form of Report

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of The Corporation of the City of Mississauga

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Mississauga (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements



Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design



audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

Date



Appendix – Income Tax Compliance and Advisory Services

This letter details the general tax advisory services to be provided Corporation of the City of Mississauga (“the Entity”) and its related entities for the year ending December 31, 2024 and in the future. If there are tax services to be delivered outside the scope of those described in this letter, we will require a separate engagement letter for those services.

General tax advisory services

Our advice generally falls under one of the following situations:

- 1) On an ongoing basis, we will provide advisory services of a general nature relating to various income, capital, payroll and indirect tax matters as they arise. This type of service generally arises on a periodic basis as a result of preliminary inquiries made by you. In rendering these services, it is important to recognize that the advice provided is dependent on the detail of the information provided and the environment in which it is rendered. When professional judgment suggests written confirmation of the facts and advice is necessary, we will draft the appropriate correspondence to ensure the appropriate standard of care is met by all parties.
- 2) Periodically, you will seek detailed advice from us in connection with a specific transaction or undertaking you are contemplating. In such a situation, our advice will be based on the information provided to us. It is the responsibility of the Entity (Entities) to ensure we are provided with all the information necessary in order for us to render the advice sought. Our tax advice will most likely be communicated to you, or your designate, in writing.

Our tax advisory services, both written and oral, will be based on the facts and assumptions submitted to us. We will not independently verify this information. Inaccuracy or incompleteness of the information could have a material effect on our conclusions.

Our advice will be limited to the conclusions specifically set forth in our reporting letter and KPMG will not express an opinion with respect to any other federal, provincial or foreign tax or legal aspect of the transactions described therein. It should be noted that the Canada Revenue Agency and/or the relevant provincial tax authority and/or any other governmental tax authority (collectively a Tax or Revenue Authority) could take a different position with respect to these transactions, in which case it may be necessary for you to defend this position on appeal from an assessment or litigate the dispute before the courts, including one or more appellate courts, in order for our conclusions to prevail. If a settlement were reached with a Tax or Revenue Authority or if such appeal and litigation were not, or were not entirely, successful, the result would likely be different from the views we express in our reporting letter. Unless expressly provided for, KPMG’s services do not include representing Client in the event of a challenge by a Tax or Revenue Authority or litigation before any court.

Advice delivered outside the scope described in this letter will require a separate engagement letter. In addition, after providing the advice referred to herein, we will not be



responsible for updating such advice to take into account any subsequent changes in law or administrative practice unless specifically provided for under the terms of this engagement.

Client's Responsibilities

With respect to KPMG's services, Client agrees it will:

- Designate a Project Sponsor, a senior member of management, who has the requisite skills, knowledge and/or experience to oversee the services;
- Evaluate the adequacy and results of services performed;
- Make management decisions and perform all management functions (including project management);
- Accept responsibility for the results of the services;
- Establish and maintain internal controls, including monitoring ongoing activities.

Client also acknowledges and agrees that:

- KPMG's services may include high level advice and recommendations, but all decisions in connection with such advice and recommendations shall be the responsibility of, and made by Client management;
- KPMG will not perform management functions or make management decisions for Client. Specifically, KPMG will not be acting, temporarily or permanently, as a director, officer, or employee of Client, or be performing any decision-making, supervisory, or on-going monitoring functions or project management functions for or on behalf of Client;
- Work product prepared by KPMG will be delivered to Client in KPMG's name and/or KPMG letterhead (KPMG will not prepare documentation that is the responsibility of management);
- KPMG will not manage or assist in an employee or support role in any Client Project Management Office ("PMO") or project management activities; and
- KPMG will not perform any activities that would result in KPMG acting as an advocate in fact or appearance during the course of this engagement.

Corporations incorporated, continued, or amalgamated in Ontario and subject to the Ontario Business Corporations Act or the Ontario Corporation Act, under the federal Income Tax Act, must update their information annually. As of May 15, 2021, the Canada Revenue Agency no longer accepts the filing of the Ontario Annual Information Return. Corporations must now use the Ontario Business Registry to file their annual returns by the due date, for returns due on or after October 19, 2021. As a result, the Annual Information Return can no longer be completed by KPMG as part of your corporate income tax return filing with the Canada Revenue Agency.



Upon a written request from Client, KPMG would be pleased to assist Client under the terms of this engagement letter with the completion of the new Ontario Annual Information Return and filing with the Ontario Business Registry, subject to a separately negotiated fee.

If you do not request KPMG's assistance in writing, we will not complete your Annual Information Request filing and you will need to ensure that you file your Annual Information Return on a timely basis.

Our advice will be limited to the conclusions specifically set forth in our reporting letter and KPMG will not express an opinion with respect to any other federal, provincial or foreign tax or legal aspect of the transactions described therein. It should be noted that the Canada Revenue Agency and/or the relevant provincial tax authority and/or any other governmental tax authority (collectively a Tax or Revenue Authority) could take a different position with respect to these transactions, in which case it may be necessary for you to defend this position on appeal from an assessment or litigate the dispute before the courts, including one or more appellate courts, in order for our conclusions to prevail. If a settlement were reached with a Tax or Revenue Authority or if such appeal and litigation were not, or were not entirely, successful, the result would likely be different from the views we express in our reporting letter. Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by a Tax or Revenue Authority or litigation before any court.]

To be of greatest assistance to the Entity (**Entities**), we should be advised in advance of any proposed transactions. If such matters exceed the scope of this engagement letter, we will issue additional engagement letters to confirm the particular scope and terms.

The attached Terms and Conditions for Advisory and Tax Services form an integral part of this engagement letter. However, the prohibition regarding the distribution or disclosure of KPMG's reports and written advice or any information provided by KPMG to Client, set out in Sections 5 and 6 of such Terms and Conditions for Advisory and Tax Services, or any similar prohibition set out in this appendix, and the first sentence of Section 30(b) of such Terms and Conditions for Advisory and Tax Services, shall not apply. For certainty, no provision of this appendix is or is intended to be construed as confidential protection within the meaning of subsection 237.3(1) of the Income Tax Act (Canada) or any applicable regulations or under any similar or analogous provisions of the laws of a province or other jurisdiction, and Client may disclose to any and all persons, without limitation of any kind, the tax treatment of a transaction or series of transactions within the scope of the engagement. Client agrees that, if any such disclosure is made, Client will, at the time of disclosure, inform the person(s) to whom/which disclosure is made that KPMG accepts no responsibility or liability to such person(s) in connection with the details or structure disclosed.



Appendix – Fees for Professional Services

The Entity and KPMG agree to a fee based on actual hours incurred at mutually agreed-upon rates. The estimated fees are as follows:

See Proposal / Request for Quote document for fee details.



Appendix – List of Entities

1. Corporation of the City of Mississauga (“the Entity”) – consolidated
2. Mississauga Public Library Board
3. Trust Funds of the City of Mississauga
4. Tourism Mississauga
5. Clarkson Business Improvement Association
6. Port Credit Business Improvement Area
7. Streetsville Business Improvement District Association
8. Malton Business Improvement Area
9. Cooksville Business Improvement Area



**TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS
(PRIVATE COMPANY CLIENTS)**

These Terms and Conditions are an integral part of the accompanying engagement letter or proposal from KPMG that identifies the engagement to which they relate (and collectively form the "Engagement Letter"). The Engagement Letter supersedes all written or oral representations on this matter. The term "Entity" used herein has the meaning set out in the accompanying engagement letter or proposal. The term "Management" used herein means the management of Entity.

1. DOCUMENTS AND LICENSES.

a. All working papers, files and other internal materials created or produced by KPMG in relation to this engagement and all copyright and intellectual property rights therein are the property of KPMG.

b. Only in connection with the services herein, Entity hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of Entity solely for presentations or reports to Entity or for internal KPMG presentations and intranet sites. Further, Entity agrees that KPMG may list Entity as a customer in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "Client is an Audit, Advisory, and/or Tax client of KPMG LLP").

2. ENTITY'S RESPONSIBILITIES.

a. Entity agrees that all management responsibilities will be performed and all management decisions will be made by Entity, and not by KPMG.

b. Entity's provision of documents and information to KPMG on a timely basis is an important factor in our ability to issue any reports under this Engagement Letter. KPMG is not responsible for any consequences arising from Entity's failure to deliver documents and information as required.

c. To the extent that KPMG personnel are on Entity's premises, Entity will take all reasonable precautions for their safety.

d. Entity understands and acknowledges that KPMG's independence may be impaired if any KPMG partner, employee or contractor accepts any offer of employment from Entity.

e. Except as required by applicable law or regulation, Entity shall keep confidential the terms of this Engagement Letter, and such confidential information shall not be distributed, published or made available to any other person without KPMG's express written permission.

f. Management agrees to promptly provide us with a copy of any comment letter or request for information issued by any securities or other regulatory authority in respect of information on which KPMG reported, including without limitation any continuous disclosure filings.

3. FEE AND OTHER ARRANGEMENTS.

a. KPMG's estimated fee is based in part on the quality of Entity's records, the agreed-upon level of preparation and assistance from Entity's personnel, and adherence by Entity to the agreed-upon timetable. KPMG's estimated fee also assumes that Entity's financial statements and/or other financial information, as applicable, are prepared in accordance with the relevant financial reporting framework or the relevant criteria, as applicable, and that there are no significant changes to the relevant financial reporting framework or the relevant criteria, as applicable; no significant new or changed accounting policies; no significant changes to internal control; and no other significant issues.

b. Additional time may be incurred for such matters as significant issues, significant unusual and/or complex transactions, informing management about new professional standards, and any related accounting advice. Where these matters arise and require research, consultation and work beyond that included in the estimated fee, Entity and KPMG agree to revise the estimated fee. Our professional fees are also subject to an additional charge to cover information technology infrastructure costs and administrative support of our client service personnel. Disbursements for items such as travel, accommodation and meals will be charged based on KPMG's actual disbursements.

c. KPMG's invoices are due and payable upon receipt. In order to avoid the possible implication that unpaid fees might be viewed as creating a threat to KPMG's independence, it is important that KPMG's bills be paid promptly when rendered. If a situation arises in which it may appear that KPMG's independence is threatened because of significant

unpaid bills, KPMG may be prohibited from signing any applicable report and/or consent.

d. Fees for any other services will be billed separately from the services described in this Engagement Letter and may be subject to written terms and conditions supplemental to those in the Engagement Letter.

e. Canadian Public Accountability Board ("CPAB") participation fees, when applicable, are charged to Entity based on the annual fees levied by CPAB.

4. USE OF MEMBER FIRMS AND THIRD PARTY SERVICE PROVIDERS; STORAGE AND USE OF INFORMATION.

a. KPMG is a member firm of the KPMG International Cooperative ("KPMG International"). Entity acknowledges that in connection with the provision of services hereunder, KPMG may use the services of KPMG International member firms, as well as other third party service providers or subcontractors, and KPMG shall be entitled to share with them all documentation and information related to the engagement, including Entity's confidential information and personal information ("information"). KPMG may also: (i) directly, or using such aforementioned KPMG International member firms, third party service providers or subcontractors, perform data analytics in respect of the information; and (ii) retain and disclose to KPMG International member firms the information to share best practices or for knowledge sharing purposes. In all such cases, such information may be used, retained, processed, or stored outside of Canada by such KPMG International member firms, other third party service providers or subcontractors, and may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG represents that such KPMG International member firms, other third party service providers or subcontractors have agreed or shall agree to conditions of confidentiality with respect to Entity's confidential information, and that KPMG is responsible to ensure their compliance with those conditions. Any services performed by KPMG International member firms or other third party service providers or subcontractors shall be performed in accordance with the terms of this Engagement Letter, but KPMG remains solely responsible to Entity for the delivery of the services hereunder. Entity agrees that any claims that may arise out of the engagement will be brought solely against KPMG, the contracting party, and not against any other KPMG International member firms or other third party service providers or subcontractors referred to above.

b. Certain information (including information relating to time, billing and conflicts) collected by KPMG during the course of the engagement may be used, retained, processed and stored outside of Canada by KPMG, KPMG International member firms or third party service providers or subcontractors providing support services to KPMG for administrative, technological and clerical/organizational purposes, including in respect of client engagement acceptance procedures and maintaining engagement profiles; and to comply with applicable law, regulation or professional standards (including for quality performance reviews). Such information may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG may also share information with its legal advisers and insurers for the purposes of obtaining advice.

c. Entity acknowledges that KPMG aggregates anonymous information from sources including the Entity for various purposes, including to monitor quality of service, and Entity consents to such use. KPMG may also use Entity's information to offer services that may be of interest to Entity.

5. PERSONAL INFORMATION CONSENTS AND NOTICES.

KPMG may be required to collect, use and disclose personal information about individuals during the course of the engagement. Any collection, use or disclosure of personal information is subject to KPMG's Privacy Policy available at www.kpmg.ca. Entity represents and warrants that (i) it will obtain any consents required to allow KPMG to collect, use and disclose personal information in the course of the engagement, and (ii) it has provided notice to those individuals whose personal information



**TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS
(PRIVATE COMPANY CLIENTS)**

may be collected, used and disclosed by KPMG hereunder of the potential processing of such personal information outside of Canada (as described in Section 4 above). KPMG's Privacy Officer noted in KPMG's privacy policy is able to answer any individual's questions about the collection of personal information required for KPMG to deliver services hereunder.

6. THIRD PARTY DEMANDS FOR DOCUMENTATION AND INFORMATION / LEGAL AND REGULATORY PROCESSES.

a. Entity on its own behalf hereby acknowledges and agrees to cause its subsidiaries and affiliates to acknowledge that KPMG or a foreign component auditor which has been engaged in connection with an assurance engagement ("component auditor") may from time to time receive demands from a third party (each, a "third party demand"), including without limitation (i) from CPAB or from professional, securities or other regulatory, taxation, judicial or governmental authorities (both in Canada and abroad), to provide them with information and copies of documents in KPMG's or the component auditor's files including (without limitation) working papers and other work-product relating to the affairs of Entity, its subsidiaries and affiliates, and (ii) summons for production of documents or information related to the services provided hereunder; which information and documents may contain confidential information of Entity, its subsidiaries or affiliates. Except where prohibited by law, KPMG or its component auditor, as applicable, will advise Entity or its affiliate or subsidiary of the third party demand. Entity acknowledges, and agrees to cause its subsidiaries and affiliates to acknowledge, that KPMG or its component auditor, as applicable, will produce documents and provide information in response to the third party demand, without further authority from Entity, its subsidiaries or affiliates.

b. KPMG will use reasonable efforts to withhold from production any documentation or information over which Entity asserts privilege. Entity must identify any such documentation or information at the time of its provision to KPMG by marking it as "privileged". Notwithstanding the foregoing, where disclosure of such privileged documents is required by law, KPMG will disclose such privileged documents. If and only if the authority requires such access to such privileged documents pursuant to the laws of a jurisdiction in which express consent of Entity is required for such disclosure, then Entity hereby provides its consent.

c. Entity agrees to reimburse KPMG for its professional time and any disbursements, including reasonable legal fees and taxes, in responding to third party demands.

d. Entity waives and releases KPMG from any and all claims that it may have against KPMG as a result of any disclosure or production by KPMG of documents or information as contemplated herein.

e. Entity agrees to notify KPMG promptly of any request received by Entity from any third party with respect to the services hereunder, KPMG's confidential information, KPMG's advice or report or any related document.

7. CONNECTING TO THE ENTITY'S IT NETWORK; EMAIL AND ONLINE FILE SHARING AND STORAGE TOOLS.

a. Entity authorizes KPMG personnel to connect their computers to Entity's IT Network and the Internet via the Network while at the Entity's premises for the purpose of conducting normal business activities.

b. Entity recognizes and accepts the risks associated with communicating electronically, and using online file sharing, storage, collaboration and other similar online tools to transmit information to or sharing information with KPMG, including (but without limitation) the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Entity assumes all responsibility or liability in respect of the risk associated with the use of the foregoing, and agrees that KPMG is not responsible for any issues that might arise (including loss of data) as a result of Entity using the foregoing to transmit information to or otherwise share information with KPMG and, in the case of online tools other than email, KPMG's access to and use of the same in connection with obtaining Entity information and documents.

8. LIMITATION ON WARRANTIES.

THIS IS A SERVICES ENGAGEMENT. KPMG WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH WITH

QUALIFIED PERSONNEL IN A COMPETENT AND WORKMANLIKE MANNER IN ACCORDANCE WITH APPLICABLE INDUSTRY STANDARDS. SUBJECT TO SECTION 14, KPMG DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS OR CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES, REPRESENTATIONS OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

9. LIMITATION ON LIABILITY AND INDEMNIFICATION.

a. Subject to Section 14: (i) Entity agrees that KPMG shall not be liable to Entity for any actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses (collectively, "Claims") in any way arising out of or relating to the services performed hereunder for an aggregate amount in excess of the lesser of one million dollars (\$1,000,000) or two times the fees paid by Entity to KPMG under the engagement; and (ii) on a multi-phase engagement, KPMG's liability shall be based on the amount actually paid to KPMG for the particular phase that gives rise to the liability.

b. Subject to Section 14, in the event of a Claim by any third party against KPMG that arises out of or relates to the services performed hereunder, Entity will indemnify and hold harmless KPMG from all such Claims, including, without limitation, reasonable legal fees, except to the extent finally determined to have resulted from the intentional, deliberate or fraudulent misconduct of KPMG.

c. Subject to Section 14: (i) in no event shall KPMG be liable for consequential, special, indirect, incidental, punitive or exemplary damages, liabilities, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs); (ii) in any Claim arising out of the engagement, Entity agrees that KPMG's liability will be several and not joint and several; and (iii) Entity may only claim payment from KPMG of KPMG's proportionate share of the total liability based on degree of fault.

d. For purposes of this Section 9, the term KPMG shall include its subsidiaries, its associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives. The provisions of this Section 9 shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

10. CONSENT TO THE USE OF THE KPMG NAME OR KPMG REPORT.

Except as otherwise specifically agreed in this Engagement Letter, KPMG does not consent to:

i. the use of our name or our report in connection with information, other than what we have reported on as part of this Engagement Letter or our report thereon, that contains, incorporates by reference, or otherwise accompanies our report or our name;

ii. the use of our report in another language, or the use of our report in connection with information that we reported on that has been translated into another language, or the use of our name in connection with information that we reported on that has been translated into another language;

iii. the use of our report in connection with an offering document or other securities filing, including continuous disclosure filings; or

iv. the use of our name or our report in connection with the interim financial statements (or other interim financial information) or any statement by the Entity regarding the services that we provided on the interim financial statements or other interim financial information.

Any communication, report, statement or conclusion on the interim financial statements may not be included in, or otherwise referred to in any public document or public oral statements except when the interim review conclusion contains a modified conclusion, in which case our interim review report will accompany the interim financial statements.

If the Entity wishes to obtain KPMG's consent regarding the matters above or other matters not otherwise specifically covered by this Engagement Letter, we will be required to perform procedures as required by applicable professional standards, and such procedures would be a separate engagement and subject to separate engagement terms.



**TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS
(PRIVATE COMPANY CLIENTS)**

11. ALTERNATIVE DISPUTE RESOLUTION.

Any dispute or claim between the parties arising under or relating to this Engagement Letter or the services provided hereunder (the "Dispute") shall be submitted to non-binding mediation. If mediation is not successful within 90 days after the issuance by a party of a request for mediation, then the Dispute shall be referred to and finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada in force at that time. The Seat of Arbitration shall be the province where KPMG's principal office performing this engagement is located. The language of the arbitration shall be English. The Arbitral Tribunal shall be made up of a single Arbitrator. The arbitration award shall be final, conclusive and binding upon the parties, and not subject to appeal.

12. POTENTIAL CONFLICTS OF INTEREST.

a. KPMG is or may be engaged by entities and individuals who have potentially conflicting legal and business interests to Entity. Entity agrees that, without further notice or disclosure to Entity, KPMG may: (i) accept or continue such engagements on matters unrelated to KPMG's engagement for Entity; and (ii) provide advice or services to any other person or entity making a competing bid or proposal to that of Entity whether or not KPMG is providing advice or services to Entity in respect of Entity's competing bid or proposal.

b. In accordance with professional standards, KPMG will not use any confidential information regarding Entity in connection with its engagements

with other clients, and will establish confidentiality and other safeguards to manage conflicts, which may include, in KPMG's sole discretion, the use of separate engagement teams and data access controls.

c. In no event shall KPMG be liable to Entity, or shall Entity be entitled to a return of fees or disbursements, or any other compensation whatsoever as a result of KPMG accepting or continuing a conflicting engagement in accordance with the terms of this Engagement Letter.

d. Entity agrees that KPMG may, in its sole discretion, disclose the fact and nature of its engagement for Entity to (i) KPMG International member firms to inform conflict searches, and (ii) to the extent reasonably required in order to obtain the consent of another entity or individual in order to permit KPMG to act for such entity or individual, or for Entity, in connection with the engagement or any future engagement.

e. In the event that circumstances arise that place KPMG into a conflict of interest as between Entity and a pre-existing client, which in KPMG's sole opinion cannot be adequately addressed through the use of confidentiality and other safeguards, KPMG shall be entitled to immediately terminate the engagement with Entity, without liability.

f. Other KPMG International member firms are or may be engaged by entities and individuals who have potentially conflicting legal and business interests to Entity. Entity agrees that (i) it will not assert that other KPMG International member firms are precluded from being engaged by those other entities or individuals, and (ii) those engagements of other KPMG International member firms do not conflict with KPMG's engagement for Entity.

13. LOBBYING.

Unless expressly stated in this Engagement Letter, KPMG will not undertake any lobbying activity, as that term is defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations, in connection with the engagement. In the event that KPMG and Entity agree that KPMG will undertake lobbying activity in connection with the engagement, such agreement shall be set out in an amendment to this Engagement Letter.

14. SEVERABILITY.

The provisions of these Terms and Conditions and the accompanying proposal or engagement letter shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of the provisions of these Terms and Conditions or the accompanying proposal or engagement letter are determined to be invalid, void or unenforceable, the remaining provisions of these Terms and Conditions or the accompanying proposal or engagement letter, as the case may be, shall not be affected, impaired or invalidated, and each such provision shall remain valid and

in effect and be enforceable and binding on the parties to the fullest extent permitted by law.

15. GOVERNING LAW.

This Engagement Letter shall be subject to and governed by the laws of the province where KPMG's principal office performing this engagement is located (without regard to such province's rules on conflicts of law).

16. LLP STATUS.

KPMG is a registered limited liability partnership ("LLP") established under the laws of the Province of Ontario and, where applicable, has been registered extra-provincially under provincial LLP legislation.

17. INDEPENDENT LEGAL ADVICE.

Entity agrees that it been advised to retain independent legal advice at its own expense prior to signing this Engagement Letter (including without limitation with respect to Entity's rights in connection with potential future conflicts) and agrees that any failure on its part to retain such independent legal counsel shall not affect (and it shall not assert that the same affects) the validity of the provisions of this Engagement Letter.

18. SURVIVAL.

All sections hereof other than Section 7(a) shall survive the expiration or termination of the engagement.



TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES

These Terms and Conditions are an integral part of the Engagement Letter. In the event of conflict between the Engagement Letter and these Terms and Conditions, these Terms and Conditions shall prevail unless specific reference to a provision of the Terms and Conditions being varied is made in the Engagement Letter.

1. Definitions.

"Affiliate" means any legal entity that, directly or indirectly, controls, is controlled by, or is under common control with, the applicable entity, where "control" means ownership of more than fifty percent of the outstanding voting equity interests.

"Agreement" means the contract formed by the Engagement Letter and any attachments thereto, including these Terms and Conditions.

"Claims" means actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses.

"Client" means the client(s) under the Engagement Letter.

"Client Materials" means any materials, equipment, systems, software/software as a service, data and information supplied or made available by or on behalf of Client to KPMG in connection with the Services.

"Confidential Information" means any information made available, directly or indirectly, by one party to the other in connection with the Services or otherwise pursuant to this Agreement that is marked or communicated as confidential or that due to its nature a reasonable person under like circumstances would consider it confidential. Confidential Information includes, without limitation, Personal Information, business plans, proprietary software code and specifications, information about a party's products, processes, services, finances and customers, and the terms of this Agreement, except (but not as regards Personal Information) to the extent such information: (i) is or hereafter enters the public domain through no fault of the receiving party; (ii) is already or hereafter becomes known to the receiving party free of any obligation of confidence; or (iii) is developed by the receiving party independently of the disclosing party's Confidential Information.

"Deliverables" means the written advice, reports, presentations and other tangible items created by KPMG for delivery to Client that are specified as deliverables in the Engagement Letter.

"Engagement Letter" means the engagement letter or other document referencing these Terms and Conditions.

"KPMG" means the KPMG entity that issued the Engagement Letter.

"KPMG Parties" means KPMG, other Member Firms, the legal entities comprising KPMG International (which do not provide services to clients) and their respective partners, directors, officers, employees, agents, subsidiaries, Affiliates and related entities. KPMG Parties may be in or outside of Canada.

"KPMG Property" means all rights and interest (including all intellectual property rights) in and to: (i) all inventions, trade-secrets, methodologies, know-how, concepts, ideas, techniques, works of authorship (including templates, art work and graphics), technology (including software applications, code, scripts, connectors and tools) and other proprietary materials and information that is licensed, owned or developed by KPMG prior to, independently of, or in the course of providing the Services, and any enhancements, improvements and modifications made to, or derivative works of, any of the foregoing; and (ii) KPMG's working papers, working drafts and internal correspondence. For certainty, KPMG Property does not include Client Confidential Information or Client Materials.

"KPMG Resources" means KPMG, other Member Firms and third-party contractors and suppliers engaged by KPMG or a Member Firm. KPMG Resources may be in or outside of Canada.

"Legal Demand" means a demand, request, subpoena or other legal process issued by a legal, regulatory, professional or government authority having jurisdiction.

"Member Firms" means the members of the KPMG international network of independent firms and entities controlled by, or under common control with, one or more of such members.

"Personal Information" means any information supplied by or on behalf of Client that meets the definition given to that term or analogous terms under Privacy Laws.

"Privacy Laws" means, in respect of a party, all privacy legislation and regulation applicable to such party, in each case as may be updated, amended or replaced from time to time.

"Services" means the services to be provided by KPMG as set out in the Engagement Letter.

"Terms and Conditions" means these Terms and Conditions for Advisory and Tax Services.

Other capitalized words in these Terms and Conditions shall have the meanings given to them in the Engagement Letter.

2. Services.

- a. Any work performed by KPMG on the Services prior to or following the execution of this Agreement shall be governed by this Agreement.
- b. KPMG may engage other KPMG Resources to assist KPMG in the performance of the Services, provided that KPMG remains responsible to Client for the performance of any Services by KPMG Resources. Client agrees that any Claim relating to the Services, the Deliverables or this Agreement may only be made against KPMG and not against any other KPMG Resource.
- c. KPMG will, in performing the Services, rely on the facts, assumptions, data, material and other information furnished by or on behalf of Client without any independent investigation or verification. Inaccuracy or incompleteness of such facts, assumptions, data, material and other information could have a material effect on KPMG's conclusions or the results or performance of the Services or Deliverables.
- d. After the completion of the engagement, unless Client separately engages KPMG to do so, KPMG will not update the Services or Deliverables for changes in law or regulations, or to the judicial and administrative interpretations thereof, or for subsequent events or transactions.
- e. Unless expressly stated in the Engagement Letter, the Services do not include: (a) any lobbying activity, as defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations; or (b) the provision of legal advice.
- f. Except as otherwise set forth in the Engagement Letter, Client acknowledges that completion of the engagement or acceptance of the Deliverables will not constitute a basis or be relied upon for Client's assessment or evaluation of internal control over financial reporting, disclosure controls and procedures, officer certification requirements, or Client's compliance with any requirements for an internal control report from management.



TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES

3. Client Responsibilities.

- a. Client agrees to cooperate with KPMG in the performance of the Services and shall provide KPMG with timely access to and use of the Client Materials, personnel and facilities necessary for KPMG to perform the Services. Client shall promptly respond to KPMG inquiries, review reports and advise KPMG of any additional work Client would like KPMG to perform. The Engagement Letter may set forth additional responsibilities of Client in connection with the engagement. Client acknowledges that Client's failure to perform its obligations under this Agreement could adversely impact KPMG's ability to perform the Services, and/or to perform them in accordance with the fees and timelines set out in the Engagement Letter.
- b. Where the Services contemplate access to Client Materials, Client represents and warrants that Client has secured all rights, licenses, consents and permissions necessary for KPMG Resources to receive, use, copy, modify and incorporate such Client Materials to the extent required for KPMG to provide the Services and Deliverables.
- c. Client agrees that, while the Services may include advice and recommendations, all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. Client, and not KPMG, shall perform the following functions: (i) make all management decisions and perform all management functions; (ii) designate an individual who possesses suitable skill, knowledge and experience, preferably within senior management, to oversee the performance of the Services, and to evaluate the adequacy and results of such Services; (iii) accept responsibility for the results of such Services; and (iv) establish and maintain internal controls over the processes with which such Services are concerned, including, without limitation, monitoring ongoing activities.

4. Ownership, Use and Disclosure of our Advice.

- a. Subject to Client's payment in full of all fees owing under the Engagement Letter: (i) Client shall be the owner of any final Deliverables, excluding any KPMG Property embodied therein; and (ii) with respect to KPMG Property embodied therein, KPMG grants to Client a perpetual, royalty-free, non-exclusive, non-transferable and non-sublicensable license to use such KPMG Property solely in connection with Client's internal use of the Deliverables as intended under the Engagement Letter. Subject to KPMG's confidentiality obligations hereunder, KPMG Resources are entitled to use or develop the knowledge, experience and skills of general application gained through the provision of the Services.
- b. The Services and Deliverables are provided for Client's sole benefit and internal use as intended under the Engagement Letter, and are not for the benefit or use of, or to be relied upon by, any other party. KPMG does not assume any responsibility to any party other than Client in respect of the Services or Deliverables. Accordingly, in the event of a Claim by any third party (including any Client Affiliate) against KPMG that arises out of or relates to the Services or Deliverables, Client will indemnify and hold harmless KPMG from all such Claims, including, without limitation, reasonable legal fees. For purposes of this Section 4(b), the term KPMG shall include KPMG Parties.
- c. Client may not rely on any oral, draft or interim advice or Deliverables. Where Client wishes to rely on oral, draft or interim advice or Deliverables, Client shall request that KPMG provide confirmation in writing.
- d. Client may disclose a copy of any final Deliverable: (i) in response to a Legal Demand or otherwise to the extent required by law; (ii) on a non-reliance basis to Client's legal and other professional advisors if seeking advice in relation to the Services; and (iii) on a non-reliance basis to Client's Affiliates who need to know in order to facilitate Client's use of the Deliverables; provided that in each case Client notifies the recipient that the Deliverables are confidential and that, to the fullest extent permitted by law, KPMG accepts no responsibility to them in connection with the Services or the Deliverables. Client may not otherwise disclose, publish or otherwise make available any Deliverable (in whole or in part) to any third party without the prior written consent of KPMG. This Section 4(d) is subject to Section 16(f) (Additional Terms for Tax Services).
- e. Where Client is permitted to disclose Deliverables to third parties under this Agreement, they may only be disclosed in whole, unless otherwise agreed to or required by KPMG. Deliverables may not be modified by Client. Notwithstanding Client's ownership of any Deliverable, KPMG may retain copies of the Deliverables.

5. Confidentiality.

- a. Except with the disclosing party's prior written consent, or as otherwise expressly provided in this Agreement, each party will hold the other party's Confidential Information in confidence and use it only to perform or receive the Services, as applicable, or to exercise its rights and perform its obligations under this Agreement. The receiving party shall protect the disclosing party's Confidential Information as it protects its own Confidential Information, but in no event shall exercise less than reasonable care.
- b. KPMG may share Confidential Information of Client with other KPMG Resources who are assisting KPMG in the performance of the Services.
- c. The receiving party may disclose Confidential Information of the disclosing party: (i) to the extent required by law or professional standards; (ii) to its professional advisors and insurers in relation to any dispute concerning this Agreement; and (iii) in the case of a Legal Demand, provided that the receiving party will exercise commercially reasonable efforts to afford the Confidential Information all available confidentiality protections.
- d. Each party may share Confidential Information of the other party (in the case of KPMG, with other KPMG Resources and KPMG Parties, and in the case of Client, with third parties engaged by Client), as reasonably required to facilitate the operation of its business or support its infrastructure, including for the performance of administrative, clerical and technological operations and functions, to manage its relationship with the other party and, in the case of KPMG, to comply with its professional obligations and standards (including for quality assurance and risk management purposes). Any such disclosure shall be under obligations of confidentiality to the same or similar extent as the parties have agreed to hereunder, and each party shall be responsible to the other for any failure to comply with such conditions of confidentiality.
- e. KPMG Parties and KPMG Resources may use information obtained while performing engagements for business-related purposes including developing new or improving existing services, technologies, data sets and benchmarks, conducting analytics and training cognitive systems. Where this involves Confidential Information of Client, it will not be disclosed to other third parties unless de-identified, anonymized and/or aggregated so as not to be attributable to Client.
- f. KPMG may disclose the general nature of its engagement for Client as reasonably required in order to assess and address conflicts of interest.
- g. Professional standards require KPMG personnel performing any assurance services for clients to have available to them all information that may affect the assurance engagement. If Client is or becomes an assurance client, KPMG personnel performing Services under this Agreement are authorized to make information from the engagement



TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES

available to the KPMG assurance engagement team, who may use all such information in KPMG's assurance engagement.

6. Privacy.

- a. Each party will comply with Privacy Laws in connection with the engagement. Additionally, KPMG shall process Personal Information in accordance with this Agreement and KPMG's Privacy Policy available at www.kpmg.ca. Client will provide all notifications and obtain all consents required by Privacy Laws to permit KPMG Resources and KPMG Parties to process such Personal Information in connection with the engagement. Upon request, each party shall provide the other with information and co-operation relating to its processing of Personal Information as reasonably required in order for the other to satisfy its obligations under Privacy Laws.
- b. KPMG will use reasonable technical and organizational measures to protect against unauthorized or unlawful processing of Personal Information and accidental loss or destruction of, or damage to, Personal Information. Subject to each party's standard internal archival and information back-up processes and except as required to comply with applicable laws or professional standards, each party will destroy Personal Information when no longer needed for the uses set out in this Agreement.

7. Fees.

- a. Invoices will be rendered on a regular basis or otherwise specified in the Engagement Letter. KPMG's professional fees are subject to an additional technology and support charge which covers costs such as client service personnel computer hardware and customized KPMG software, telecommunications equipment, client service professional administrative support, IT programming, professional services and other client support services. Other direct out-of-pocket costs and expenses, such as travel, will be charged separately based on actual costs. KPMG's professional fees and other charges do not include any applicable federal, provincial or other sales taxes, tariffs or duties, which shall be added to the invoice and paid by Client. Accounts are due when rendered.
- b. KPMG may be requested by Client or be subject to a Legal Demand to produce documents or personnel as witnesses or for interviews in a proceeding or investigation to which KPMG is not a named party. In such circumstances, KPMG may charge Client at its standard billing rates for professional time and expenses, including reasonable legal fees, incurred in responding to such request or Legal Demand.

8. Limitation on Liability.

- a. KPMG shall not be liable to Client for any Claims in any way arising out of, or in any way relating to, the performance of the Services, including without limitation the termination thereof, for an aggregate amount that is more than the fees paid to KPMG under this Agreement, except to the extent finally determined to have resulted from KPMG's fraud or wilful misconduct.
- b. KPMG shall not be liable to Client for consequential, special, indirect, incidental, punitive or exemplary damages, or any loss of revenue or profit or other commercial or economic loss, even if advised of the possibility thereof.
- c. Where Client has suffered a Claim in relation to the Services and parties other than KPMG Resources are partially responsible for such Claim, then KPMG is only liable for, and Client may only claim from KPMG, KPMG's share of the total liability based on degree of fault or negligence, subject to the limitations set out in Sections 8(a) and (b) above.

- d. For purposes of this Section 8, the term KPMG shall include KPMG Parties. The provisions of this Section 8 shall apply regardless of the form of claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

9. Termination and Survival.

- a. Unless terminated sooner in accordance with its terms, this Agreement terminates when KPMG issues its final invoice to Client.
- b. This Agreement may be terminated by either party: (i) at any time by giving written notice to the other party not less than 30 days before the effective date of termination; or (ii) on 10 days' written notice to the other party should the other party fail to fulfil its obligations under this Agreement and not rectify such failure prior to the expiration of such 10-day period. KPMG may also terminate this Agreement upon written notice to Client if there is a change of laws or professional standards or a change in circumstances or information that would, in KPMG's opinion, cause the continued provision of Services to violate such laws or professional standards.
- c. Without limiting its rights or remedies, KPMG shall have the right to suspend or terminate the Services for non-payment of fees.
- d. Upon early termination of the engagement, Client shall be responsible for the payment of KPMG's time and expenses incurred up to the effective date of termination, as well as reasonable time and expenses to bring the engagement to a close in a prompt and orderly manner. Otherwise, neither party will be responsible for any loss, cost or expense resulting from termination of this Agreement in accordance with its terms.
- e. Except for Sections 2(c), 2(e), 3(a) and 10, these Terms and Conditions shall survive the expiration or termination of the engagement and this Agreement.

10. Force Majeure.

Neither party shall be liable for any delays in the performance of its obligations hereunder, other than payment obligations, arising out of or caused by, directly or indirectly, circumstances or causes beyond its control, including, without limitation, fire or other casualty, strike or labour dispute, war or other violence, any law, order or requirement of any governmental agency or authority, or any epidemic, pandemic or quarantine.

11. Conflicts of Interest.

In accordance with applicable professional standards, based upon the information provided by Client, KPMG performs a search for any conflicts of interest in connection with the Services. Where such a conflict of interest is identified, KPMG will, subject to confidentiality, disclose the nature of the conflict to Client, the ethical dividers and other safeguards to be implemented, and seek Client's consent. Notwithstanding the foregoing, KPMG may advise any other client making a competing bid or proposal to Client, whether or not KPMG is advising Client in respect of Client's bid or proposal. For certainty, a conflict of interest does not arise solely because KPMG or another Member Firm is, was or will be engaged by another client who is a business competitor, customer or supplier of Client.

12. Publicity and Use of Logo.

Neither party shall acquire any right to use the name or logo (or any part thereof) of the other party in any manner or medium, except that Client gives KPMG a limited, revocable, non-exclusive, paid-up, royalty free right to use Client's name and logo as follows: (a) in presentations and reports to Client; (b) for internal KPMG presentations and intranet sites;



TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES

and (c) upon the closing of a transaction (if applicable), KPMG may, at its expense, publicize its association with the transaction by way of public announcement in “tombstone” or similar format, subject to prior review of such public announcement with Client. KPMG may also reference Client’s name as a customer in KPMG proposals and marketing materials, including KPMG websites and social media, indicating the general services rendered.

13. Miscellaneous.

- a. The parties hereto are independent contractors, and nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment, or fiduciary relationship between them. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.
- b. Client acknowledges that it has had the opportunity to obtain legal advice with respect to Client’s rights and obligations under this Agreement.
- c. The parties consent and agree to the use of electronic signatures with respect to this Agreement and any other agreements, notices or communications contemplated hereby, where permissible by law.
- d. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors, executors, administrators, heirs and permitted assigns, as applicable. Except as expressly provided herein, neither party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party. KPMG may assign its rights and obligations hereunder to any Affiliate or successor in interest to all or substantially all of the assets or business of the relevant KPMG practice, without the consent of Client.
- e. The provisions of this Agreement shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of these provisions shall be held to be invalid, void or unenforceable, the remaining provisions shall not be affected, impaired or invalidated, and each such provision shall be valid and enforceable to the fullest extent permitted by law.
- f. KPMG is a registered limited liability partnership (LLP) established under Ontario laws. A partner in an LLP is not personally liable for any debts, obligations or liabilities of the LLP, including those that arise from any negligent act or omission by another partner or by any person under that other partner’s direct supervision or control. Partners of an LLP are personally liable only for their own actions and omissions, and for the actions and omissions of those they directly supervise or control.

14. Entire Agreement.

This Agreement constitutes the entire agreement between KPMG and Client with respect to the engagement and supersedes all other oral and written representations, understandings or agreements relating to the Services. Except as expressly stated in this Agreement, KPMG expressly disclaims and makes no representations, conditions or warranties of any kind or nature with respect to the Services or Deliverables, express or implied, including warranties of merchantability, fitness for a particular purpose or use, or non-infringement. Any changes to this Agreement must reference this Agreement, be in writing and be signed by an authorized signatory of each party.

15. Governing Law and Disputes.

- a. This Agreement shall be subject to and governed by the laws of the Province in which KPMG’s principal Canadian office performing the

engagement is located (without regard to such Province’s rules on conflicts of law).

- b. All disputes arising out of or in connection with this Agreement or the Services, or in respect of any legal relationship associated with or derived from this Agreement, shall be finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada, Inc. The seat of arbitration will be the city in Canada in which KPMG’s principal office performing the Services is located. The arbitration shall be conducted in English.

16. Additional Terms for Tax Services.

The following provisions also apply where KPMG is engaged to perform Canadian and/or United States tax services:

- a. KPMG will consider the applicable provisions of the relevant taxing statutes, the regulations thereunder, applicable tax treaties and judicial and administrative interpretations thereof. In the case of Canadian tax services only, KPMG will also take into account all specific proposals to amend such statutes, regulations and treaties publicly announced prior to the date of KPMG’s reports, based on the assumption that these amendments will be enacted substantially as proposed. For certainty, in the case of US tax services, KPMG shall not take into account any specific proposals to amend such statutes, regulations and treaties. These authorities are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of KPMG’s advice and may result in incremental taxes, interest or penalties. KPMG’s advice will not otherwise take into account or anticipate any changes in law or practice, by way of judicial, governmental or legislative action or interpretation. Unless Client specifically requests otherwise, KPMG will not update tax work to take any such changes into account.
- b. All tax returns and filings are subject to examination by tax authorities, and KPMG’s advice may be audited and challenged by a tax authority. Client understands that KPMG’s conclusions are not binding on tax authorities or the courts and should not be construed as a representation, warranty or guarantee that the tax authorities or courts will agree with KPMG’s conclusion.
- c. KPMG is not responsible for any taxes, penalties or interest assessed against Client, or for any form of loss suffered by Client, as a result of a failure by Client to (i) provide KPMG with accurate and complete information or (ii) implement KPMG’s advice in accordance with KPMG’s recommendations.
- d. Unless expressly provided for in the Engagement Letter, KPMG’s services do not include representing Client in the event of a challenge by the Canada Revenue Agency, the United States Internal Revenue Service (“IRS”) or other tax or revenue authorities.
- e. A number of domestic and foreign jurisdictions, including, among others, Canada, the Province of Quebec, the United States and the European Union, are enacting or have enacted mandatory disclosure regimes (“MDRs”), which require taxpayers and/or their advisors to provide notice of or disclose certain transactions, agreements or arrangements (“Reportable Arrangements”) to the relevant local taxing authorities. Non-compliance with MDRs may result in adverse tax consequences, including significant penalties. Accordingly, the parties hereby agree that KPMG, other Member Firms located outside of Canada who are involved in the Services, and/or Client may, as required, disclose details of the advice and/or work product provided under this Agreement to relevant taxing authorities with respect to a Reportable Arrangement (an “MDR Disclosure”). Unless prevented by law, KPMG will use commercially reasonable efforts to inform Client if KPMG is required to make, or KPMG becomes aware that another Member Firm is required to make, an MDR Disclosure. Unless prevented by law, Client will use



TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES

commercially reasonable efforts to inform KPMG if Client or any of Client's other advisors is required to make an MDR Disclosure or if an MDR Disclosure was required prior to the engagement for any part of a series of transactions within the scope of the engagement. Client is advised to consult with a tax or legal professional service provider proficient in such MDRs for assistance in this regard; for greater certainty, unless expressly provided for in the Engagement Letter, the Services do not include advice in relation to the application of, and compliance with, MDRs. To the fullest extent permitted by law, KPMG is not liable to Client for any consequences that may result or arise from or otherwise be connected with any MDR Disclosure made by KPMG or another Member Firm in good faith.

such Services may not be licensed as certified public accountants under the laws of any of the various states.

17. Additional Terms for Due Diligence Services (Tax and Transaction Services).

As used herein, "Target" refers to the entity(ies) or division(s) (which may include Client or divisions of Client) representing the subject of the due diligence assistance procedures, as set out in the Engagement Letter.

- f. The prohibitions on Client set out in Sections 4 and 5 of these Terms and Conditions regarding the disclosure, publication or other distribution of KPMG's reports and written advice or information provided by KPMG, or any similar prohibition set out in the Engagement Letter, shall not apply, and no provision of this Agreement is or is intended to be construed as: (i) confidential protection within the meaning of subsection 237.3(1) of the Income Tax Act (Canada) (the "ITA") or any applicable regulations thereunder; (ii) a condition of confidentiality within the scope of the Internal Revenue Code of 1986 ("IRC") section 6011 as implemented through Treasury Regulation 1.6011-4(b)(3)(i) (without regard to references to payment or receipt of a minimum fee); or (iii) any similar confidentiality protection or condition under any similar or analogous provisions of the laws of any province, state or other jurisdiction. In particular, Client may disclose to any and all persons, without limitation of any kind, tax information, advice and other materials KPMG provides to Client relating to the tax treatment, details or structure of a transaction or series of transactions within the scope of the engagement. Client will use commercially reasonable efforts to inform KPMG of any confidential protection or conditions of confidentiality imposed by any third-party advisor or promoter with respect to any transaction or series on which KPMG's services are requested. Such notification must occur prior to KPMG providing any advice with respect to the transaction or series.

Notwithstanding the foregoing, Client acknowledges and agrees that all tax Services and Deliverables are designed to meet Client's agreed requirements only, as determined by Client's needs at the time, and are not suitable to be used by any party other than Client. KPMG assumes no responsibility and accepts no liability to any person or entity other than Client in respect of the tax Services and Deliverables. Accordingly, Client agrees, in connection with any disclosure by or on behalf of Client of any such information to a third party: (i) Client accepts the risk of such disclosure and will not hold KPMG responsible if such disclosure results in adversity to Client; (ii) Client will, at the time of disclosure, inform the third party that KPMG accepts no responsibility or liability to such person in connection with the information disclosed; (iii) as the information is not to be relied upon by the third party, the third party shall have no grounds for holding KPMG responsible or liable to them or other person(s) in connection with the information disclosed; and (iv) if, notwithstanding such expectations, a Claim is incurred by KPMG as a result of, arising from or in connection with any such disclosure, Client will indemnify and hold harmless KPMG against such Claim (including, without limitation, reasonable legal fees). In this subsection 16(f), "KPMG" shall include KPMG Parties. The foregoing indemnification obligation shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

- g. Where the Services or any part thereof will be provided by the United States Member Firm, Client acknowledges that the personnel providing

- a. KPMG will only perform the procedures as specified in the Engagement Letter. These procedures are limited in nature and extent to those determined by Client to meet its needs and, as such, will not necessarily disclose all significant matters about Target or reveal errors in the underlying information, instances of fraud, or illegal acts, if any. KPMG does not guarantee the sufficiency of these procedures for the purpose for which KPMG has been engaged or for any other purpose. KPMG's findings will not constitute recommendations to Client to proceed or not proceed with any proposed transaction. KPMG will rely exclusively upon information provided to KPMG by Target and Client, and any publicly available information obtained by KPMG, without independently verifying such information.
- b. KPMG's procedures with respect to Target's financial information will be substantially less in scope than any audit or other attestation standards, including without limitation those established by the Auditing and Assurance Standards Board in Canada. Future-oriented financial information is based on assumptions regarding future events; actual results will vary from the information presented and the variations may be material. Accordingly, KPMG expresses no opinion and provides no assurance regarding Target's future-oriented financial information, financial statements or internal controls over financial reporting.
- c. Client may request that KPMG's report be distributed to a third party (other than Target) for informational purposes, or to Target for purposes of confirming the factual accuracy of the information contained therein. Unless specifically requested by Client, KPMG will not seek Target's confirmation of the factual accuracy of the information presented in KPMG's report. As a condition of any such disclosure, Client shall execute, and require the third party (or Target, as applicable) to execute a hold harmless letter in a form provided by KPMG regarding the release of information.
- d. If KPMG provides services to Target, Client agrees and acknowledges that KPMG may be in possession of confidential information concerning Target that may be relevant to the Services. KPMG will not disclose any such confidential information to Client unless Target provides prior written consent to such disclosure or provides such information directly to Client or to the KPMG engagement team under this Agreement for purposes of the Services. In addition, if KPMG serves as independent auditors of Target, KPMG's professional standards may require the KPMG team serving Client to disclose to the KPMG audit team serving Target information affecting the audit of Target.
- e. Where a completion fee is contemplated in the Engagement Letter, in the event that the engagement is terminated and Client proceeds to complete the transaction or financing within 18 months from the termination date, then the full amount of the completion fee shall be payable on closing of the transaction or the completion of financing, regardless of whether KPMG provided further service.



TERMS AND CONDITIONS FOR NON ASSURANCE ENGAGEMENTS

These Terms and Conditions are an integral part of the accompanying engagement letter or proposal from KPMG that identifies the engagement to which they relate (and collectively form the "Engagement Letter"). The Engagement Letter supersedes all written or oral representations on this matter. The term "Entity" used herein has the meaning set out in the accompanying engagement letter or proposal. The term "Management" used herein means the management of Entity.

19. DOCUMENTS AND LICENSES.

c. All working papers, files and other internal materials created or produced by KPMG in relation to this engagement and all copyright and intellectual property rights therein are the property of KPMG.

d. Only in connection with the services herein, Entity hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of Entity solely for presentations or reports to Entity or for internal KPMG presentations and intranet sites. Further, Entity agrees that KPMG may list Entity as a customer in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "Client is an Audit, Advisory, and/or Tax client of KPMG LLP").

20. ENTITY'S RESPONSIBILITIES.

g. Entity agrees that all management responsibilities will be performed and all management decisions will be made by Entity, and not by KPMG.

h. Entity's provision of documents and information to KPMG on a timely basis is an important factor in our ability to issue any reports under this Engagement Letter. KPMG is not responsible for any consequences arising from Entity's failure to deliver documents and information as required.

i. To the extent that KPMG personnel are on Entity's premises, Entity will take all reasonable precautions for their safety.

j. Entity understands and acknowledges that KPMG's independence may be impaired if any KPMG partner, employee or contractor accepts any offer of employment from Entity.

k. Except as required by applicable law or regulation, Entity shall keep confidential the terms of this Engagement Letter, and such confidential information shall not be distributed, published or made available to any other person without KPMG's express written permission.

l. Management agrees to promptly provide us with a copy of any comment letter or request for information issued by any securities or other regulatory authority in respect of information on which KPMG reported, including without limitation any continuous disclosure filings.

21. FEE AND OTHER ARRANGEMENTS.

a. All fees and other charges do not include any applicable federal, provincial, or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. Any such taxes or duties shall be assumed and paid by Client without deduction from the fees and charges hereunder. Our professional fees are also subject to an additional charge to cover information technology infrastructure costs and administrative support of our client service personnel. Disbursements for items such as travel, accommodation and meals will be charged based on KPMG's actual disbursements. Bills will be rendered on a regular basis as the engagement progresses.

b. KPMG's estimated fee is based in part on the quality of Entity's records and adherence by Entity to the agreed-upon timetable. Additional time may be incurred for significant unusual and/or complex transactions. Where these matters arise and require research, consultation and work beyond that included in the estimated fee, Entity and KPMG agree to revise the estimated fee.

c. KPMG's invoices are due and payable upon receipt. In order to avoid the possible implication that unpaid fees might be viewed as creating a threat to KPMG's independence, it is important that KPMG's bills be paid promptly when rendered. If a situation arises in which it may appear that

KPMG's independence is threatened because of significant unpaid bills, KPMG may be prohibited from signing any applicable report and/or consent.

d. Fees for any other services will be billed separately from the services described in this Engagement Letter and may be subject to written terms and conditions supplemental to those in the Engagement Letter.

22. USE OF MEMBER FIRMS AND THIRD PARTY SERVICE PROVIDERS; STORAGE AND USE OF INFORMATION.

a. KPMG is a member firm of the KPMG International Cooperative ("KPMG International"). Entity acknowledges that in connection with the provision of services hereunder, KPMG may use the services of KPMG International member firms, as well as other third party service providers or subcontractors, and KPMG shall be entitled to share with them all documentation and information related to the engagement, including Entity's confidential information and personal information ("information"). KPMG may also: (i) directly, or using such aforementioned KPMG International member firms, third party service providers or subcontractors, perform data analytics in respect of the information; and (ii) retain and disclose to KPMG International member firms the information to share best practices or for knowledge sharing purposes. In all such cases, such information may be used, retained, processed, or stored outside of Canada by such KPMG International member firms, other third party service providers or subcontractors, and may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG represents that such KPMG International member firms, other third party service providers or subcontractors have agreed or shall agree to conditions of confidentiality with respect to Entity's confidential information, and that KPMG is responsible to ensure their compliance with those conditions. Any services performed by KPMG International member firms or other third party service providers or subcontractors shall be performed in accordance with the terms of this Engagement Letter, but KPMG remains solely responsible to Entity for the delivery of the services hereunder. Entity agrees that any claims that may arise out of the engagement will be brought solely against KPMG, the contracting party, and not against any other KPMG International member firms or other third party service providers or subcontractors referred to above.

b. Certain information (including information relating to time, billing and conflicts) collected by KPMG during the course of the engagement may be used, retained, processed and stored outside of Canada by KPMG, KPMG International member firms or third party service providers or subcontractors providing support services to KPMG for administrative, technological and clerical/organizational purposes, including in respect of client engagement acceptance procedures and maintaining engagement profiles; and to comply with applicable law, regulation or professional standards (including for quality performance reviews). Such information may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG may also share information with its legal advisers and insurers for the purposes of obtaining advice.

c. Entity acknowledges that KPMG aggregates anonymous information from sources including the Entity for various purposes, including to monitor quality of service, and Entity consents to such use. KPMG may also use Entity's information to offer services that may be of interest to Entity.

23. PERSONAL INFORMATION CONSENTS AND NOTICES.

KPMG may be required to collect, use and disclose personal information about individuals during the course of the engagement. Any collection, use or disclosure of personal information is subject to KPMG's Privacy Policy available at www.kpmg.ca. Entity represents and warrants that (i) it will obtain any consents required to allow KPMG to collect, use and disclose



TERMS AND CONDITIONS FOR NON ASSURANCE ENGAGEMENTS

personal information in the course of the engagement, and (ii) it has provided notice to those individuals whose personal information may be collected, used and disclosed by KPMG hereunder of the potential processing of such personal information outside of Canada (as described in Section 4 above). KPMG's Privacy Officer noted in KPMG's privacy policy is able to answer any individual's questions about the collection of personal information required for KPMG to deliver services hereunder.

24. THIRD PARTY DEMANDS FOR DOCUMENTATION AND INFORMATION / LEGAL AND REGULATORY PROCESSES.

f. Entity acknowledges and agrees to cause its subsidiaries and affiliates to acknowledge that KPMG may from time to time receive (i) requests or demands from professional, securities or other regulatory, taxation, judicial or governmental authorities (both in Canada and abroad), to provide them with information and copies of documents in KPMG's files including (without limitation) working papers and other work-product relating to the affairs of Entity, its subsidiaries and affiliates, and (ii) summons for production of documents or information related to the services provided hereunder; which information and documents may contain confidential information of Entity, its subsidiaries or affiliates. Except where prohibited by law, KPMG will advise Entity or its affiliate or subsidiary of the request or demand. Entity acknowledges, and agrees to cause its subsidiaries and affiliates to acknowledge, that KPMG will provide these documents and information without further authority from Entity, its subsidiaries or affiliates.

g. KPMG will use reasonable efforts to withhold from production any documentation or information over which Entity asserts privilege. Entity must identify any such documentation or information at the time of its provision to KPMG by marking it as "privileged". Notwithstanding the foregoing, where disclosure of such privileged documents is required by law, KPMG will disclose such privileged documents. If and only if the authority requires such access to such privileged documents pursuant to the laws of a jurisdiction in which express consent of Entity is required for such disclosure, then Entity hereby provides its consent.

h. Entity agrees to reimburse KPMG for its professional time and any disbursements, including reasonable legal fees and taxes, where (i) KPMG is required by law, professional standards, pursuant to government regulation, subpoena or other legal process, or (ii) KPMG is requested by Entity (in which case KPMG may agree on such terms and conditions as KPMG may, in its sole discretion, determine), in each case to produce documents or personnel as witnesses arising out of the engagement and KPMG is not a party to such proceedings.

i. Entity waives and releases KPMG from any and all claims that it may have against KPMG as a result of any disclosure or production by KPMG of documents or information as contemplated herein.

j. Entity agrees to notify KPMG promptly of any request received by Entity from any third party with respect to the services hereunder, KPMG's confidential information, KPMG's report or any related document.

25. CONNECTING TO THE ENTITY'S IT NETWORK; EMAIL AND ONLINE FILE SHARING AND STORAGE TOOLS.

a. Entity authorizes KPMG personnel to connect their computers to Entity's IT Network and the Internet via the Network while at the Entity's premises for the purpose of conducting normal business activities.

b. Entity recognizes and accepts the risks associated with communicating electronically, and using online file sharing, storage, collaboration and other similar online tools to transmit information to or sharing information with KPMG, including (but without limitation) the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Entity assumes all responsibility or liability in respect of the risk associated with the use of the foregoing, and agrees that KPMG is not responsible for any issues that might arise (including loss of data) as a result of Entity using the foregoing to transmit information to or otherwise share information with KPMG and, in the case of online tools other than email, KPMG's access to and use of the same in connection with obtaining Entity information and documents.

26. LIMITATION ON WARRANTIES.

THIS IS A SERVICES ENGAGEMENT. KPMG WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH WITH QUALIFIED PERSONNEL IN A COMPETENT AND WORKMANLIKE MANNER IN ACCORDANCE WITH APPLICABLE INDUSTRY STANDARDS. SUBJECT TO SECTION 14, KPMG DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS OR CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES, REPRESENTATIONS OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

27. LIMITATION ON LIABILITY AND INDEMNIFICATION.

a. Subject to Section 14: (i) Entity agrees that KPMG shall not be liable to Entity for any actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses (collectively, "Claims") in any way arising out of or relating to the services performed hereunder for an aggregate amount in excess of the lesser of one million dollars (\$1,000,000) or two times the fees paid by Entity to KPMG under the engagement; and (ii) on a multi-phase engagement, KPMG's liability shall be based on the amount actually paid to KPMG for the particular phase that gives rise to the liability.

b. Subject to Section 14, in the event of a Claim by any third party against KPMG that arises out of or relates to the services performed hereunder, Entity will indemnify and hold harmless KPMG from all such Claims, including, without limitation, reasonable legal fees, except to the extent finally determined to have resulted from the intentional, deliberate or fraudulent misconduct of KPMG.

c. Subject to Section 14: (i) in no event shall KPMG be liable for consequential, special, indirect, incidental, punitive or exemplary damages, liabilities, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs); (ii) in any Claim arising out of the engagement, Entity agrees that KPMG's liability will be several and not joint and several; and (iii) Entity may only claim payment from KPMG of KPMG's proportionate share of the total liability based on degree of fault.

d. For purposes of this Section 9, the term KPMG shall include its subsidiaries, its associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives. The provisions of this Section 9 shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

28. CONSENT TO THE USE OF THE KPMG NAME OR KPMG REPORT.

Except as otherwise specifically agreed in this Engagement Letter, KPMG does not consent to:

- the use of our name or our report in connection with information, other than what we have reported on as part of this Engagement Letter or our report thereon, that contains, incorporates by reference, or otherwise accompanies our report or our name;
- the use of our report in another language, or the use of our report in connection with information that we reported on that has been translated into another language, or the use of our name in connection with information that we reported on that has been translated into another language;
- the use of our report in connection with an offering document or other securities filing, including continuous disclosure filings; or
- the use of our name or our report in connection with the interim financial statements (or other interim financial information) or any statement by the Entity regarding the services that we provided on the interim financial statements or other interim financial information.

Any communication, report, statement or conclusion on the interim financial statements may not be included in, or otherwise referred to in any public document or public oral statements except when the interim review conclusion contains a modified conclusion, in which case our interim review report will accompany the interim financial statements.

If the Entity wishes to obtain KPMG's consent regarding the matters above or other matters not otherwise specifically covered by this Engagement



TERMS AND CONDITIONS FOR NON ASSURANCE ENGAGEMENTS

Letter, we will be required to perform procedures as required by applicable professional standards, and such procedures would be a separate engagement and subject to separate engagement terms.

29. ALTERNATIVE DISPUTE RESOLUTION.

Any dispute or claim between the parties arising under or relating to this Engagement Letter or the services provided hereunder (the "Dispute") shall be submitted to non-binding mediation. If mediation is not successful within 90 days after the issuance by a party of a request for mediation, then the Dispute shall be referred to and finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada in force at that time. The Seat of Arbitration shall be the province where KPMG's principal office performing this engagement is located. The language of the arbitration shall be English. The Arbitral Tribunal shall be made up of a single Arbitrator. The arbitration award shall be final, conclusive and binding upon the parties, and not subject to appeal.

30. POTENTIAL CONFLICTS OF INTEREST.

g. KPMG is or may be engaged by entities and individuals who have potentially conflicting legal and business interests to Entity. Entity agrees that, without further notice or disclosure to Entity, KPMG may: (i) accept or continue such engagements on matters unrelated to KPMG's engagement for Entity; and (ii) provide advice or services to any other person or entity making a competing bid or proposal to that of Entity whether or not KPMG is providing advice or services to Entity in respect of Entity's competing bid or proposal.

h. In accordance with professional standards, KPMG will not use any confidential information regarding Entity in connection with its engagements with other clients, and will establish confidentiality and other safeguards to manage conflicts, which may include, in KPMG's sole discretion, the use of separate engagement teams and data access controls.

i. In no event shall KPMG be liable to Entity, or shall Entity be entitled to a return of fees or disbursements, or any other compensation whatsoever as a result of KPMG accepting or continuing a conflicting engagement in accordance with the terms of this Engagement Letter.

j. Entity agrees that KPMG may, in its sole discretion, disclose the fact and nature of its engagement for Entity to (i) KPMG International member firms to inform conflict searches, and (ii) to the extent reasonably required in order to obtain the consent of another entity or individual in order to permit KPMG to act for such entity or individual, or for Entity, in connection with the engagement or any future engagement.

k. In the event that circumstances arise that place KPMG into a conflict of interest as between Entity and a pre-existing client, which in KPMG's sole opinion cannot be adequately addressed through the use of confidentiality and other safeguards, KPMG shall be entitled to immediately terminate the engagement with Entity, without liability.

l. Other KPMG International member firms are or may be engaged by entities and individuals who have potentially conflicting legal and business

interests to Entity. Entity agrees that (i) it will not assert that other KPMG International member firms are precluded from being engaged by those other entities or individuals, and (ii) those engagements of other KPMG International member firms do not conflict with KPMG's engagement for Entity.

31. LOBBYING.

Unless expressly stated in this Engagement Letter, KPMG will not undertake any lobbying activity, as that term is defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations, in connection with the engagement. In the event that KPMG and Entity agree that KPMG will undertake lobbying activity in connection with the engagement, such agreement shall be set out in an amendment to this Engagement Letter.

32. SEVERABILITY.

The provisions of these Terms and Conditions and the accompanying proposal or engagement letter shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of the provisions of these Terms and Conditions or the accompanying proposal or engagement letter are determined to be invalid, void or unenforceable, the remaining provisions of these Terms and Conditions or the accompanying proposal or engagement letter, as the case may be, shall not be affected, impaired or invalidated, and each such provision shall remain valid and in effect and be enforceable and binding on the parties to the fullest extent permitted by law.

33. GOVERNING LAW.

This Engagement Letter shall be subject to and governed by the laws of the province where KPMG's principal office performing this engagement is located (without regard to such province's rules on conflicts of law).

34. LLP STATUS.

KPMG is a registered limited liability partnership ("LLP") established under the laws of the Province of Ontario and, where applicable, has been registered extra-provincially under provincial LLP legislation.

35. INDEPENDENT LEGAL ADVICE.

Entity agrees that it has been advised to retain independent legal advice at its own expense prior to signing this Engagement Letter (including without limitation with respect to Entity's rights in connection with potential future conflicts) and agrees that any failure on its part to retain such independent legal counsel shall not affect (and it shall not assert that the same affects) the validity of the provisions of this Engagement Letter.

36. SURVIVAL.

All sections hereof other than Section 7(a) shall survive the expiration or termination of the engagement.

City of Mississauga
Corporate Report



<p>Date: November 11, 2024</p> <p>To: Chair and Members of Audit Committee</p>	<p>Originator's files:</p>
<p>From: Amy Truong, CPA, CMA, CIA Director, Internal Audit</p>	<p>Meeting date: December 2, 2024</p>

Subject

Final Audit Reports:

1. **City Manager's Department, Human Resources Division, Talent Management Section, Learning & Development Unit – Performance Development Program (Non-Union, Full-Time) Audit**
2. **Community Services Department, Recreation & Culture Division, Golf & Arenas Section – Arena Plant Operations Audit**

Recommendation

That the report dated November 11, 2024 from the Director, Internal Audit with respect to final audit reports:

1. City Manager's Department, Human Resources Division, Talent Management Section, Learning & Development Unit – Performance Development Program (Non-Union, Full-Time) Audit; and,
2. Community Services Department, Recreation & Culture Division, Golf & Arenas Section – Arena Plant Operations Audit

be received for information.

Background

In accordance with the Terms of Reference for the Audit Committee (By-law 0049–2024), the Committee is responsible for, “reviewing reports from the Director of Internal Audit identifying audit issues and the steps taken to resolve them [and] reviewing the adequacy of the management responses to audit concerns, having regard to the risks and the costs involved.”

Comments

Internal Audit has completed finalization of the following two audits:

1. City Manager's Department, Human Resources Division, Talent Management Section, Learning & Development Unit – Performance Development Program (Non-Union, Full-Time) Audit; and,

2. Community Services Department, Recreation & Culture Division, Golf & Arenas Section – Arena Plant Operations Audit.

The respective audit reports are hereby submitted to the Audit Committee for consideration.

Financial Impact

There are no financial impacts resulting from the Recommendation in this report.

Conclusion

The final reports for City Manager's Department, Human Resources Division, Talent Management Section, Learning & Development Unit – Performance Management Program (Non-Union, Full-Time) Audit; and Community Services Department, Recreation & Culture Division, Golf & Arenas Section – Arena Plant Operations Audit are now complete and are submitted for consideration by the Audit Committee.

Attachments

Appendix 1: City Manager's Department, Human Resources Division, Talent Management Section, Learning & Development Unit – Performance Management Program (Non-Union, Full-Time) Audit

Appendix 2: Community Services Department, Recreation & Culture Division, Golf & Arenas Section – Arena Plant Operations Audit



Amy Truong, CPA, CMA, CIA
Director, Internal Audit

Prepared by: Karen Hobbs, Administrative Coordinator

City of Mississauga

Internal Audit Report

CITY MANAGER'S DEPARTMENT
HUMAN RESOURCES DIVISION
TALENT MANAGEMENT SECTION
LEARNING & DEVELOPMENT UNIT
PERFORMANCE DEVELOPMENT PROGRAM (NON-UNION, FULL-TIME) AUDIT

October 21, 2024

City Manager's Department
Internal Audit Division

TABLE OF CONTENTS

Distribution List

Report on City Manager's Department, Human Resources Division, Talent Management Section, Learning & Development Unit – Performance Development Program (Non-Union, Full-Time) Audit

Appendix A – Summary of Recommendations

**CITY MANAGER'S DEPARTMENT
HUMAN RESOURCES DIVISION
TALENT MANAGEMENT SECTION
LEARNING & DEVELOPMENT UNIT
PERFORMANCE DEVELOPMENT PROGRAM
(NON-UNION, FULL-TIME) AUDIT**

Distribution Lists

Standard Recipients:

Members of Audit Committee

Members of Council

City Manager

Members of LT

City Solicitor

Director, Finance & Treasurer

KPMG LLP, Chartered Accountants (External Auditor)

Additional Recipients:

City Manager's Department

- Director, Human Resources
- Senior Manager, Talent Management
- Manager, Learning & Development

**City Manager's Department
Human Resources Division
Talent Management Section, Learning & Development Unit
Performance Development Program (Non-Union, Full-Time) Audit**

BACKGROUND

The performance review process at the City is an integral component of employee development and performance management for non-union, full-time employees. It involves ongoing performance discussions for each employee with their manager/supervisor, with the aim of assisting in accomplishing both the City's objectives and the employee's own development goals.

All eligible employees are required to have a Performance Development Program (PDP) agreement every year. This agreement includes a performance goal plan, the City's core/leadership competencies, and an individual development plan (IDP). The IDP is a personalized tool created collaboratively by the employee and their direct manager/supervisor to address professional growth, skill development, and career progression. The PDP agreement is for one calendar year, from January to December.

The performance review process at the City consists of two main components:

1. Performance Review (formal performance appraisal and ongoing performance feedback discussions through quarterly check-ins). For the year 2024, the Q4 check-in was discontinued and reduced to three annual check-ins.
2. Merit Increases - The PDP overall rating contributes to the annual merit increase process (outside the scope of this audit).

The Human Resources Division oversees performance management, including performance reviews, and compensation to support the City's commitment to its employees. The Learning & Development team within the Talent Management Section of the Human Resources (HR) Division is responsible for the development, delivery, and implementation of the PDP process at the City. The HR Systems and Support Services Section assists in ensuring that the PDP agreement is delivered through the SAP SuccessFactors application, which is the platform used by the Talent Management Section to provide and monitor the completeness of the PDP process.

SCOPE

The scope of this audit included an assessment of the key processes, risks, and controls supporting the PDP process for non-union full-time employees (including full-time equivalents), which includes:

- Governance of the PDP (i.e. policies; strategic guidelines and legislation; roles and responsibilities; management oversight, training, record-keeping, and retention);
- Internal control surrounding the PDP process:
 - Delivery of PDP process;
 - Monitoring and reporting; and,
 - Data security and access controls.

The audit focused on PDP agreements launched for the calendar year from January 1 to December 31, 2023.

Out of Scope

The audit did not review the following:

- Performance zone confirmation/merit increase stage (compensation activities) of the PDP process;
- The performance management process for unionized, full time temporary, and part-time employees on the part-time rate schedule;
- The quality of PDP agreements to ensure that goals and objectives meet the SMART criteria (Specific, Measurable, Attainable, Relevant, Timely).

AUDIT OBJECTIVES

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. The purpose of the audit was to ensure that:

- A) Policies and procedures addressing activities of the performance development program were developed, adequate, formally documented, and properly communicated to all applicable staff;
- B) Roles, responsibilities, and accountabilities of the various stakeholders in the overall performance development program were clearly documented and were consistently followed;
- C) Criteria used to evaluate performance achievements were clearly established and communicated to all applicable staff;
- D) All eligible employees were provided with a completed performance development plan; and,
- E) Access to employee files and performance development plan databases was limited to authorized individuals and provided on a “need-to-know” basis.

SUMMARY OF OBSERVATIONS

Based on the audit work performed, the City's Performance Development Program (PDP) process is well-established and effectively designed to ensure that all eligible employees receive and complete their Performance Development Agreements. The SuccessFactors system streamlines this process by managing PDP agreements through the process, facilitating quarterly check-ins, and supporting year-end evaluations. The steps required to complete each milestone are consistent and well-structured, reflecting management oversight through established performance evaluation criteria and restricted access to employee files and databases on a “need-to-know” basis.

The PDP Guidelines serve as the primary documentation outlining the various procedures and phases in this process. However, our review identified a few areas where controls could be strengthened. These include establishing acceptable standards for quarterly check-ins, assessing compliance with the process (especially the first quarterly review), enhancing the PDP guidelines and clearly defining the roles and responsibilities of stakeholders.

A detailed list of observations and recommendations was provided to management. Appendix A outlines the detailed recommendations, and the action plans proposed by management. The main observations and recommendations are summarized below.

Establish Quarterly Check-In Standards and Compliance Assessment

The quarterly review process is a crucial component of the Performance Development Program (PDP), ensuring effective and continuous employee development while supporting alignment with the City's objectives. It is designed to monitor and evaluate employees' progress toward their performance goals, competencies, and individual development plans throughout the year. Regular check-ins allow employees and their managers/supervisors to discuss goals, fostering an environment conducive to success through timely, honest, and constructive feedback, and enabling necessary adjustments to goals and development plans.

In 2023, there were four check-ins throughout the PDP process; all quarterly check-ins are a requirement. However, despite the City's emphasis on the importance of these check-ins, there is no established acceptable rate for compliance, leading to a lack of clear criteria to evaluate whether the objectives of the PDP are being effectively met.

During the audit, we noted significant variability in the quarterly check-in completion rates, ranging from 74% to a high of 92%, highlighting the need for greater consistency. Quarter 1 showed the lowest completion rate, although it is the most critical of the check-ins, as it defines the performance goals and competencies for the year. Employees are also unable to view their PDP agreements until a quarterly check-in has been completed. Furthermore, we noted that the completion percentages decrease as we move up the leadership hierarchy. The discrepancies in the completion percentage underscore the importance of the quarterly check-ins and indicate a critical need for a strong *'tone at the top'* to ensure uniform compliance across the leadership team.

Enhance PDP Materials for Employees and Leaders

The Learning & Development team has developed extensive documentation to guide leaders and employees throughout the PDP process. This PDP-related information is accessible within Job Aids and other documentation on the HR portal, as well as through email correspondence. The Performance Development Program (PDP) Guideline is the main documentation for the PDP process; however, we noted some areas in the document that could be improved, which include:

- Provide more details related to the program's purpose and objectives.
- Provide clarity on the scope of the employee groups who are excluded from the PDP process and provide alternative options for their assessment.
- Provide more information on the requirements related to competencies and individual development goals. Currently, the PDP Guideline primarily focuses on performance goals, but the PDP agreement is a combination of performance goals, competencies, and individual development goals.

Additionally, the launch of the PDP agreements and the changes to the PDP Route Map and Workflow, specifically the removal of 2024 Q4 check-ins, were carried out without the formal documentation of system approvals. We also noted that the review of privileged users was

completed but not documented. This lack of formal documentation and approval could lead to potential issues with compliance and accountability in the process.

Define the Roles and Responsibilities of Stakeholders

An effective Performance Development Program requires clearly defined roles and responsibilities for all stakeholders, which must be communicated effectively to foster accountability and compliance throughout the process. Key stakeholders of the PDP process include employees, managers/supervisors, HR and the Extended Leadership Team (ExLT).

Currently, the documentation of roles and responsibilities is limited and primarily focused on the leader's role. While the Learning & Development and HR Management Systems teams are aware of and understand their responsibilities, these were not formally documented. The Leadership Team approved the PDP implementation and ensured its alignment with the City's goals at its inception; however, their support and commitment needs to be more explicitly outlined to establish a clear *'tone at the top.'* The absence of centralized and comprehensive documentation regarding the roles and responsibilities of all stakeholders may lead to unclear expectations and misunderstandings. This lack of clarity can result in inefficiencies, duplication of efforts, diminished accountability, and non-compliance within the PDP process.

CONCLUSION

The audit found that the design of the PDP process, along with its procedures and protocols, is well-established, and that the initiation and management of the PDP agreements are conducted in a robust and effective manner. However, the PDP process could greatly benefit from establishing a clear standard for quarterly check-ins and ensuring compliance with the various phases of the process, reinforced by strong leadership support. Furthermore, there is an opportunity to further enhance PDP-related documentation and clearly define roles and responsibilities to reduce confusion and enhance accountability.

This audit has resulted in ten (10) recommendations. Management has agreed and committed to completing three (3) recommendations by March 2025, three (3) by June 2025, one (1) by September 2025, and the remaining three (3) by December 2025.



Amy Truong, CPA, CMA, CIA
Director, Internal Audit

Auditor: Arlene Foster, CPA, CGA, CIA, CFE
Senior Internal Auditor

**City Manager's Department
Human Resources Division
Talent Management Section, Learning & Development Unit
Performance Development Program (Non-Union, Full-Time) Audit
Summary of Audit Recommendations**

Rec	Recommendation	Priority (H/M/L)	Comments/Status	Category
1	<p>That the Learning & Development team update the PDP documentation, which should:</p> <ul style="list-style-type: none"> • includes all relevant details such as defined purpose, scope and roles and responsibilities. • be regularly reviewed and updated to ensure all links are accurate and lead to relevant and current resources. • include details on the established process for goal setting and performance management for employees on Leaves of Absence (LOAs). • include guidelines for performance goals, competencies, and development plans, in addition to the monitoring and reporting processes. <p>Access to these documents and any changes should be communicated to all employees and managers/supervisors.</p>	M	<p>The Learning & Development team will ensure that the PDP Guideline document is updated to provide current and relevant links to all the required documents for PDP process.</p> <p>In particular, we will update the IDP section of the guidelines to mandate that all employees create at least one IDP, specify completion responsibilities and deadlines, and differentiate between IDPs and performance goals.</p> <p>To be completed by June 30, 2025.</p>	Effectiveness and efficiency of operations and programs
2	<p>That the Human Resources (HR) Management Systems team create and enforce a formal procedure for documenting periodic review of privileged users and approving any changes to the existing PDP workflow and for initiating PDP agreements. This will ensure that all privileged users are appropriate, and all modifications are reviewed and authorized by the relevant authorities before they are put into effect.</p>	H	<p>The HR Management Systems team will document a formal process for launching PDP changes in production. Formal approvals and process flow documents to be created on the approval process. Documentation on auditing privileged users (Administrators) will be created to ensure only relevant authorities can perform configuration requests.</p> <p>To be completed by June 30, 2025.</p>	Safeguarding of assets
3	<p>That the Learning & Development team enhance the existing documentation with detailed documentation that provides more comprehensive specifics on the roles and responsibilities of employees, managers/supervisors and ExLT within the PDP process. This documentation should be consolidated into a single, easily accessible resource.</p>	H	<p>The Learning & Development team will develop a RACI model to clearly identify roles and responsibilities for employees, managers/supervisors, HR, and ExLT within the PDP process.</p>	Effectiveness and efficiency of operations and programs

**City Manager’s Department
Human Resources Division
Talent Management Section, Learning & Development Unit
Performance Development Program (Non-Union, Full-Time) Audit
Summary of Audit Recommendations**

	These roles and responsibilities should be communicated and incorporated into training materials and sessions for both managers/supervisors and employees, ensuring everyone understands their contributions to the PDP process.		To be completed by June 30, 2025.	
4	That the Learning & Development team, with support from the Leadership Team, establish an acceptable check-in rate to ensure compliance with quarterly check-ins and to effectively assess whether performance objectives are being met. This acceptable rate will provide a clear benchmark for evaluating adherence and identifying areas for improvement.	H	The Learning & Development team, in collaboration with the Leadership Team, will establish a realistic acceptable check-in rate. To be completed by March 31, 2025.	Achieving the organization's strategic objectives
5	That the Learning & Development team establish a review and communication mechanism to regularly assess check-in rates, and ensure the necessary training, support, and resources (e.g. dashboard) are available for proper check-in procedures for managers/supervisors.	M	The Learning & Development team will: - Require managers/supervisors to include a mandatory performance goal (or as part of the “defining success” section) on their PDP Agreement related to ensuring check-ins and all other PDP program components adhere to program timelines. - Add language to the Leadership Competency Guidelines document for “Developing Talent” that strengthens leadership accountability for the PDP program for front-line, middle and senior management. - Regularly promote available tools for ExLT to track completion of PDP program elements (i.e. PDP dashboard) for their divisions as part of our regular PDP emails to leaders. To be completed by September 30, 2025.	Effectiveness and efficiency of operations and programs

**City Manager's Department
Human Resources Division
Talent Management Section, Learning & Development Unit
Performance Development Program (Non-Union, Full-Time) Audit
Summary of Audit Recommendations**

Page 3 of 4

6	That the Learning & Development team implement periodic checks on the Performance Goals to verify that each employee sets a minimum of 3 to 5 performance goals with appropriate weight distribution. Additionally, establish clear consequences for managers/supervisors when there is non-compliance to reinforce accountability and promote timely and effective adherence to the PDP process.	M	The Learning & Development team will establish more robust auditing of performance goals after Q1 check-ins, similar to what is done for the Q3 audit where the Human Resources Business Partners are involved and follow up with the impacted managers/supervisors. To be completed by December 31, 2025.	Effectiveness and efficiency of operations and programs
7	That Learning & Development, in collaboration with HR Management System Services, assesses the system functionality for adding and removing Core and Leadership Competency goals. This review should evaluate the potential risks and benefits of implementing restrictions on system access and controls, as well as the implications for employees' development objectives.	L	The Learning & Development team, in collaboration with HR Management System Services, will conduct an assessment of the SuccessFactors system to evaluate its associated risks and benefits. HR will look to implement any controls possible to restrict changes. To be completed by December 31, 2025.	Effectiveness and efficiency of operations and programs
8	That the Learning & Development team ensure all employees provide at least one IDP and establish regular monitoring to track IDP completion and fulfillment. This should include regular checks to ensure that IDPs are being created and followed through on.	M	The Learning & Development team will establish a mechanism to track IDP completion and fulfillment. This should include regular checks to ensure that IDPs are being created and followed through on. To be completed by December 31, 2025.	Effectiveness and efficiency of operations and programs
9	That the Learning & Development team conduct a thorough review of current training materials and programs related to the PDP to ensure training covers all essential topics, including goal setting, competency understanding, and PDP tool usage. The team should also consider implementing periodic reminders about training opportunities and ensure that new hires and recently promoted	M	The PDP eLearning module is currently being updated to ensure it is current and reflective of all changes made to the PDP program. This update is scheduled for completion by the end of Q1, 2025.	Effectiveness and efficiency of operations and programs

**City Manager’s Department
Human Resources Division
Talent Management Section, Learning & Development Unit
Performance Development Program (Non-Union, Full-Time) Audit
Summary of Audit Recommendations**

	employees receive comprehensive training information during the onboarding process.		To be completed by March 31, 2025.	
10	That the Employee and Labour Relations team ensure that the new centralized case management system has the capacity to track, manage PDP complaints and analyze appeal data, such as the total number of cases and their resolution methods.	M	The Employee and Labour Relations team is currently in the process of scoping the requirements to implement ServiceNow which will have the capacity to track and manage all complaints, investigations and grievances. This would enable the ability to capture and analyze appeal data which includes total number of cases and resolution/outcomes. To be completed by March 31, 2025.	Reliability and integrity of financial and operational information

City of Mississauga
Internal Audit Report

COMMUNITY SERVICES DEPARTMENT
RECREATION & CULTURE DIVISION
GOLF & ARENAS SECTION
ARENA PLANT OPERATIONS AUDIT

November 8, 2024

City Manager's Department
Internal Audit Division

TABLE OF CONTENTS

Distribution List

Report on Community Services Department, Recreation & Culture Division, Golf & Arenas Section – Arena Plant Operations Audit

Appendix A – Summary of Recommendations

**COMMUNITY SERVICES DEPARTMENT
RECREATION & CULTURE DIVISION
GOLF & ARENAS SECTION
ARENA PLANT OPERATIONS AUDIT**

Distribution Lists

Standard Recipients:

Members of Audit Committee

Members of Council

City Manager

Members of LT

City Solicitor

Director, Finance & Treasurer

KPMG LLP, Chartered Accountants (External Auditor)

Additional Recipients:

Community Services Department

- Director, Recreation & Culture
- Manager, Recreation – Golf & Arenas
- Manager, Recreation – North District
- Manager, Recreation – South District

**Community Services Department
Recreation & Culture Division
Golf & Arenas Section
Arena Plant Operations Audit**

BACKGROUND

The Recreation & Culture Division operates 24 indoor refrigerated ice pads at 13 arenas across the City. This is a collection of multi-pad, standalone arenas, and ice pads that are within community centres.

The arenas are rented out to various user groups and are used for community programming, such as Learn to Skate or drop-in Fun Skates and Shiny. The arenas are well utilized throughout the fall/winter seasons. Certain locations offer ice 12 months a year, while others are converted for other community uses in the summer. These facilities are located in three districts within the Recreation & Culture Division – North District, South District, and Arenas/Golf Districts. Each facility is run by a Facility Manager, Supervisor of Operations and full-time and part-time Operators.

There are several factors that help to ensure safe and well-maintained arena facilities for the public and staff. These include safe and effective replacement, maintenance, and operation of equipment (such as refrigeration plants, ice surfacing machines, personnel lifts, etc.) and safe operations and management of arena rinks (such as boards, gates, access, signage, etc.).

Arenas receive a large number of visitors each year. For example, in 2023, Iceland Arena received approximately 817,000 visitors, and Meadowvale 4 Rinks welcomed about 377,000 visitors. The arenas' line of business is the largest revenue generator within the Division, at nearly \$8 million annually.

This audit was selected as part of the Internal Audit Work Plan 2024-2026, which was approved by the Audit Committee on March 18, 2024.

SCOPE

The audit examined arena plant functions to assess compliance with health and safety regulations, and included operational and maintenance activities performed in refrigeration plants, technical rooms, and arena rinks. The audit focused on indoor arenas that have refrigeration systems. The period of review included 2022-2023.

Out of Scope

The audit excluded the following:

- Customer service operations (rentals, program registrations, etc.),
- Community Centre operations, and
- Outdoor arenas and arenas operated outside the Recreation & Culture Division.

AUDIT OBJECTIVES

The audit was performed in accordance with the International Standards for the Professional Practice of Internal Auditing. The purpose of the audit was to ensure that:

- A) Arena plant operations were compliant with applicable health and safety legislation, standards, by-laws and policies;
- B) An asset management plan for rinks and refrigeration plants was in place;
- C) Maintenance and operations conducted on arenas were adequately managed; and,
- D) An effective information management and communication system was in place.

SUMMARY OF OBSERVATIONS

Arena teams are responsible for the operational and maintenance activities required to ensure that arenas provide services to customers and remain safe for staff and patrons. Arena plant activities are governed by the Technical Standards and Safety Authority (TSSA) and by more than 20 City-developed Standard Operating Procedures for Operations (known as OPS's). The TSSA inspects City arenas at least once every two years to assess compliance with the TSSA Standards.

During this audit, City OPS's were reviewed, arena teams were interviewed, and three arena site visits were conducted in which approximately 60 tests were applied on processes, activities, documents, and equipment at each arena.

Results of this audit showed that operational and maintenance activities at the arenas were well-developed. This was evident from established and thorough OPS's that were developed by the Standard Operating Procedures Committee of the Division, which were based on the TSSA Standards and enhanced by integrating Ontario Recreation Facilities Association Inc. (ORFA) best practices. The Committee regularly monitors and updates OPS's to align with new regulatory and industry requirements. Furthermore, it was observed that staff were provided adequate training to perform their activities, and that the Infor Work Order System was utilized to manage operational and maintenance work.

From a governance perspective, work order inspections were performed by arena supervisors and managers, and reports were regularly provided to district and division managers for their review and action as needed. Additionally, a specialized third-party contractor performs maintenance work on arena refrigeration rooms, and arenas are equipped with different types of alarms (e.g. ammonia, carbon monoxide, fire, and security alarms) that are connected to the Building Automated Systems (BAS's), and to Corporate Security, as applicable.

The primary observations from this audit relate to introducing changes to operational activities to better align with OPS's, enhancing the management of Personal Protective Equipment (PPE), and improving the reliability of Infor work orders.

The audit observations and recommendations were provided to management. Appendix A provides the detailed recommendations and corresponding management comments that include the proposed action plans to address these recommendations.

The main audit observations and recommendations are outlined below.

Introduce changes to operational activities to better align with OPS's

We observed operational activities at three arena site visits, and it was noted that they were generally performed effectively. However, there were some operational gaps identified, including:

- Work that should be performed by two staff members was not always done in pairs.
- At one arena, the team was not aware of an OPS that applies to their work.
- At one arena, spare glass was securely located near the rink but was not protected.
- In the refrigeration room of one arena, liquids, containers and chemicals were not appropriately closed and stored safely.
- The security and access to keys by staff and third-party vendors can be improved, with consideration of practices at other arenas.

These operational gaps introduce safety risks to City staff and patrons, and some of them may result in inefficiencies. Therefore, it is important that action be taken to manage these gaps and improve arena processes.

Management indicated that actions to resolve many of these findings were underway, and some were already completed.

Enhance the management of Personal Protective Equipment (PPE)

Arena staff are required to use PPE when performing certain operational and maintenance activities. It was observed that, in most cases, PPE is utilized in accordance with operating procedures. PPE can be either for individual use (e.g. face mask) or shared (i.e. rubber gloves and aprons). Infor work orders were generated monthly for staff to inspect PPE quantities, condition, and where applicable, calibration of devices and expiry dates on filters.

The site visits identified some instances where PPE utilization did not align with OPS requirements. Examples include inability to locate expiry date of filter, personal ammonia detectors requiring calibration, insufficient number of refrigeration room entry PPE, anti-cut safety gloves not always used when changing Zamboni blades, and availability of spare PPE.

The PPE observations identified above, although isolated in some instances, are important to address with other arenas to promote the health and safety of staff and patrons of these arenas.

Enhance the reliability of Infor work orders

The Infor Public Sector System is currently used by arena staff to schedule and manage activities such as inspections, measurements, and maintenance. We analysed the data of

7,925 Infor work orders from January 2022 to December 2023 for the three arenas, and noted concerns related to data integrity and system access.

Data integrity concerns identified included 335 work orders closed before their scheduled start times, 42 work orders delayed in completion/closure beyond 100 days, 33 work orders terminated without justification, and 111 work orders which were not assigned to staff and did not have start and close dates. Management indicated that the transition from the MyWork system to the Infor system that occurred during this period might have caused some of these discrepancies, and will investigate these discrepancies further.


Additionally, one arena that was under construction and not operational during the implementation of the Infor work order system has not included their assets in the system since reopening in the summer of 2023. This would make it difficult to manage the operational and maintenance needs of the arena assets.

Arena staff had inconsistent authority levels in the Infor system. It was noted that all arena staff had access to the Front-Line user interface of Infor; however, in many instances, staff had authority levels that exceeded their roles and that did not pertain to arenas or community centres that they were responsible for.

CONCLUSION

In general, arena plant operations are managed effectively, and are conducted in line with regulatory requirements. A formal structure is established to develop and maintain OPS's, Infor work orders are utilized to guide staff, and training is provided to ensure that they have adequate skills to perform maintenance activities. However, this audit highlighted some areas for improvement such as introducing changes to operational activities to better align with OPS's, enhancing the management of PPE, and improving the reliability of Infor work orders.

This audit resulted in nine (9) recommendations. Management has agreed to all of them, and has committed to completing one (1) recommendation by the end of this year, three (3) by March 2025, three (3) by June 2025, one (1) by September 2025, and the last recommendation by the end of 2025.



Amy Truong, CPA, CMA, CIA
Director, Internal Audit

Auditor: Samer El Barakeh, BE, MPM, PMP
Senior Internal Auditor

Khadija S. Ali, CPA, CGA, CIA
Internal Auditor

**Community Services Department
Recreation & Culture Division
Golf & Arenas Section
Arena Plant Operations Audit
Summary of Audit Recommendations**

Rec	Recommendation	Priority (H/M/L)	Comments/Status	Category
1	That activities be performed in pairs when it is a requirement of the OPS. Consider including information about working in pairs in the respective work orders, to ensure that work is scheduled based on resource availability.	M	Work orders across all locations that require two staff members to perform the task safely and effectively will be identified and updated in Infor to ensure this requirement is met before being assigned by the Supervisor. To be completed by March 31, 2025.	Compliance with laws, regulations, policies, procedures, and contracts
2	That (A) site specific supporting documents be formalized by introducing document control features (like version control, linking to SOP's, referencing in training, etc.) and that (B) management communicate and train staff on all OPS's specific to the arena they work at. Particularly, gaps identified in this audit include knowledge and availability of procedures-related installation of carpets (OPS 035), storage and safety requirements for glass (OPS 50), and appropriate labelling and storage of liquids, canisters, and chemicals (OPS 58).	M	(A) Will work with our Operations Standards Committee team to ensure site-specific documentation is linked properly with version controls in place to ensure the most up-to-date information is being used at each facility. (B) District Managers to review and discuss this recommendation at the respective Facility Manager, and Supervisor, Operations team tables to ensure that OPS's specific to their own facilities are addressed and adhered to. Additional site-specific training for Operators will be completed and documented on an annual basis by all Supervisors who are responsible for an arena, to go over these requirements and ensure each site has a system in place. This will also be added as an additional annual Compliance Check for Supervisors, Operations. To be completed by June 30, 2025.	Compliance with laws, regulations, policies, procedures, and contracts
3	That a consistent and effective process be established for arenas to manage keys and third-party access.	L	District Managers have explored other systems to inventory and track keys (Traka Box) but they were not economically feasible and practical for most of our facilities. Recommendation is that Supervisors ensure that a key log is in place at each facility, and that the	Safeguarding of assets

**Community Services Department
Recreation & Culture Division
Golf & Arenas Section
Arena Plant Operations Audit
Summary of Audit Recommendations**

			<p>key box is kept locked in a secure place, such as the Supervisor's office. This will also be added as an additional annual Compliance Check for Supervisors, Operations.</p> <p>To be completed by December 31, 2024.</p>	
4	<p>That (A) the oversight of the implementation of PPE inspections and maintenance work orders be enhanced to ensure adequate execution, including the availability of spare PPE for emergency use (e.g. that supervisors' inspections include checking if staff are tracking filter replacements, calibration dates, appropriate quantities of PPE, etc.). That (B) clarification be provided to staff if, "Anti-cut safety gloves must be worn during blade changes," (as per OPS 45), while staff are using Conti Blade Changing Assist. OPS 45 should be updated, as required.</p>	H	<p>(A) To be added to Supervisor, Operations Compliance Checks at appropriate recurrence level based on Standard and manufacturer's recommendations. Furthermore, introduce an additional quarterly Compliance Check to Supervisors, Operations to ensure adequate PPE supplies for everyday use and emergency situations are always maintained. Appropriate levels of PPE that need to be maintained will also be established and included as part of the Compliance Check.</p> <p>(B) This is currently a gap in our SOP, since most, if not all arena locations have moved towards the Conti system. This will be reviewed further with the Operations Standards Committee and considered with manufacturer's safety recommendations. Regardless if gloves are deemed necessary or not, the wording in OPS 45 will be updated. In the meantime, staff will be advised to wear the gloves until the Standard is updated or clarified.</p> <p>To be completed by June 30, 2025.</p>	<p>Compliance with laws, regulations, policies, procedures, and contracts</p>
5	<p>That supervisors include random spot-checks to ensure logbooks are completed accurately and completely. The business can determine the effective method and frequency of these spot-checks. Supervisors' and Facility</p>	M	<p>This recommendation will be reviewed with Supervisors, Operations and Facility Managers, with the suggestion that they do additional frequency spot-checks to start 2025 and discuss with their Operations teams who is doing the</p>	<p>Compliance with laws, regulations, policies, procedures, and contracts</p>

**Community Services Department
Recreation & Culture Division
Golf & Arenas Section
Arena Plant Operations Audit
Summary of Audit Recommendations**

	<p>Managers' spot-checks should also ensure that:</p> <ul style="list-style-type: none"> - Logbooks include all measurements and inspections, and any data corrections include justification and initials. - Zamboni operators document their daily/pre-use inspections in the logbooks. - Refrigeration maintenance logbooks are being used in all arenas and the logbooks have complete and clear records. 		<p>readings and various recordings. This will then be discussed and re-affirmed in upcoming facility Operations team meetings.</p> <p>Verification Reports through Infor via the Supervisor will continue to be the primary way these spot-checks will occur and be documented with existing work orders (i.e. ice thickness). Supervisors should be aware and looking for this through spot-checks when touring their facilities, and making sure they address any missing information or details immediately, and follow up with specific staff accordingly, as required. Suggested that completed and accurate logbook information and detail is added to the Supervisor, Operations' Compliance Check, and confirmed by the Facility Manager.</p> <p>Ensure and confirm with Supervisor, Operations that all arenas are using the proper Refrigeration Maintenance Logbooks. These will be ordered if not currently in place.</p> <p>To be completed by March 31, 2025.</p>	
6	<p>That data integrity concerns within the Infor System be corrected, including:</p> <ul style="list-style-type: none"> - Work orders that were closed (as completed) before their scheduled start dates. - Work orders that were delayed in completion/closure beyond 100 days. - Work orders that were cancelled without any documented reasons/justification. 	H	<p>Recommendations noted will be addressed and updated in Infor appropriately to ensure reporting is accurate and effective, and provides the right level of detail. Further training will also be performed with Facility Managers and Supervisors, Operations.</p> <p>Full review of assets will be performed in Q1 2025, and updated accordingly in Infor.</p> <p>To be completed by September 30, 2025.</p>	Reliability and integrity of financial and operational information

**Community Services Department
Recreation & Culture Division
Golf & Arenas Section
Arena Plant Operations Audit
Summary of Audit Recommendations**

	<ul style="list-style-type: none"> - Work orders that were not assigned to any staff member and did not have any start or close dates. - Assets/machines that were not recorded. <p>Additionally, develop a mechanism to identify these anomalies in order for them to be corrected in a timely manner.</p>			
7	<p>That Facility Managers work with the Asset Management Team to ensure that all pertinent information (i.e. third-party maintenance work) is uploaded in the Infor system to monitor timely maintenance of the equipment and assist with the assets' lifecycle replacement needs.</p>	M	<p>We will confirm with the Infor Field Inspectors (IFI) Team if this is possible by Q4 2024. If it is, we will look to building this into the new third-party refrigeration agreement with the vendor (starting Sept.1, 2025).</p> <p>If it is not possible to automatically upload all refrigeration work orders into Infor by the vendor, Recreation will develop an improved system and process to ensure that all work orders are inputted so that Asset Management has this information annually to keep records up to date.</p> <p>To be completed by December 31, 2025.</p>	Effectiveness and efficiency of operations and programs
8	<p>That role-based access for the Infor system be defined and documented by the Facility Managers and Infor team. Regular review of the access list should be conducted by the Facility Managers to ensure that the staff has access to the Infor system based on their job profiles.</p>	M	<p>Clearly define what level of access will be granted to: Op1, Op2, Supervisors, and Operators who are on contracts.</p> <p>Develop a review of access levels across all locations on a periodic basis to ensure consistency. Consider adding this to an existing Facility Manager Compliance Check, much like is done with SharePoint access.</p> <p>To be completed by June 30, 2025.</p>	Safeguarding of assets

**Community Services Department
Recreation & Culture Division
Golf & Arenas Section
Arena Plant Operations Audit
Summary of Audit Recommendations**

9	That OPS 43 (Maintenance & Inspection) be updated to reflect the utilization of the Infor Work Order System, including updating the approval process for exceptions and additions to the arena maintenance work orders (where the authority levels are).	M	<p>Ensure that the Operations Standards Committee communicates any updates where work orders in Infor would be impacted or changed.</p> <p>Suggest this be added as a procedural step before finalizing and approving changes to any Standards.</p> <p>To be completed by March 31, 2025.</p>	Compliance with laws, regulations, policies, procedures, and contracts
---	--	---	---	--

City of Mississauga Corporate Report



<p>Date: October 24, 2024</p> <p>To: Chair and Members of Audit Committee</p>	<p>Originator's files:</p>
<p>From: Amy Truong, CPA, CMA, CIA Director, Internal Audit</p>	<p>Meeting date: December 2, 2024</p>

Subject

Gap Analysis - Global Internal Audit Standards 2024

Recommendation

That the Corporate Report dated October 24, 2024 from the Director, Internal Audit with respect to results of the gap analysis performed against the new Global Internal Audit Standards™ be received for information.

Executive Summary

- The new Global Internal Audit Standards™ was published on January 9, 2024, and will be effective January 9, 2025.
- The publication of the new Standards is an opportunity to strengthen the internal audit function, add value to the entire organization and enhance the communication between Audit Committee, senior management, and Internal Audit.
- Internal Audit performed a gap analysis to assess its conformance with the new Standards and found 11 areas for improvement, with 17 action items to address the gaps.
- Internal Audit acted promptly to address the gaps identified, and has completed 11 of the 17 action items. The remaining six are pending approval of the updates to the Audit Charter and Audit Committee Terms of Reference By-laws. These will all be completed before January 9, 2025.

Background

The new Global Internal Audit Standards™ (GIAS) was published on January 9, 2024, and will be effective January 9, 2025. It incorporates content from the 2017's Standards for the Professional Practice of Internal Auditing and the mandatory guidance of the International Professional Practice Framework® (IPPF®).

The new GIAS is structured into five domains (that also provide considerations for implementation and examples of evidence of conformance) comprised of 15 principles and 52 Standards. It also includes mandatory Topical Requirements, non-mandatory Global Guidance and a section on applying the Standards in the Public Sector. The structure of the new GIAS is shown in Figure 1 below.



Figure 1: Structure of New GIAS

Demonstrating conformance with the IIA's Global Internal Audit Standards 2024 has many benefits, including:

- Better stakeholder alignment through clearer communication between the Audit Committee, senior management and the Director, Internal Audit,
- Increased efficiency and risk coverage through coordination with risk management and compliance functions, and clear understanding of assurance activities,
- More effective auditing of key risk areas with guidance from IIA Topical Requirements, and
- Additional insights and value to the business as a result of Internal Audit training and upskilling, including knowledge of strategic/business risks, audit methodology, and technology and data.

To ensure conformance with these new Standards, Internal Audit performed a gap analysis on its existing practices and has enacted several changes that will elevate the Internal Audit function.

Comments

The new GIAS added and expanded on some existing principles, many of which Internal Audit had in place. Our gap analysis identified 11 areas for improvement and 17 action items. The results of the assessment are detailed in Appendix 1. The action items include updates to the

Audit Charter and Audit Committee Terms of Reference By-laws, development of an Internal Audit Strategy and Key Performance Measures, and updates to some internal processes.

Audit Charter and Audit Committee Terms of Reference By-laws

The main updates to the Audit Charter relate to the change in the purpose of internal auditing, with focus on the value that Internal Audit brings, which includes not only historical evaluation, but also insight and foresight of emerging risks and trends. It clarifies the reporting relationship between the Director, Internal Audit, Audit Committee and senior management, and ensures independence is maintained.

The changes to the Audit Committee Terms of Reference focus on the “essential conditions” defined in Domain III. The “essential conditions” brings new focus on the importance of the relationship between the Director, Internal Audit, the Audit Committee, and senior management, and sets forth new expectations for direct communication and collaboration between the parties. The Director, Internal Audit is required to discuss with the Audit Committee and senior management the roles and responsibilities of each party, which is currently being done as part of the Audit Committee onboarding process. A summary of the “essential conditions” requirements are provided in Appendix 2.

Internal Audit Strategy and Key Performance Measures

Through a shared visioning exercise with the Internal Audit team, the Internal Audit (IA) Strategy was developed, along with Key Performance Measures that will be reported annually at Audit Committee. The IA Strategy focuses on our people, process, technology and being a trusted advisor to the City. This strategy will evolve over time, but it is intended to be our plan of action designed to achieve an overall objective and help guide the Internal Audit function towards fulfilment of the Internal Audit mandate. The plan conforms to the GIAS 9.2, which requires the development and implementation of an Internal Audit Strategy, that aligns with and supports the strategic objectives of the organization. Additionally, Key Performance Measures were developed that align with the organization’s value proposition of Trust, Quality and Excellence. An overview of the IA Strategy and Key Performance Measures are provided in Appendix 3.

Internal Processes

Changes to internal processes are primarily related to more thorough documentation of existing practices, such as the auditors’ acknowledgment and understanding of the new Standards, our values and operating principles, and ensuring existing processes such as the qualification, evaluation, hiring and removal of the Director, Internal Audit is clarified.

The Internal Audit Division has acted promptly to comply with the new Global Internal Audit Standards and has successfully completed 11 of the 17 action items. The remaining six relate to the pending approval of the changes to the Audit Charter and Audit Committee Terms of Reference By-laws.

Financial Impact

There are no financial impacts resulting from the Recommendation in this report.

Conclusion

The new Global Internal Audit Standards™ introduces new Standards and heightens the expectations in areas of governance, risk management, ethics and audit executions. In total there were 17 action items that resulted from the gap analysis. Six require updates to the Audit Charter and Audit Committee Terms of Reference By-laws, two relate to the development of the IA Strategy and Key Performance Measures, and the remaining nine are improvements to internal processes. Internal Audit has completed 11 of the 17 action items, with the remaining six pending approval of changes to the Audit Charter and Audit Committee Terms of Reference By-laws.

Attachments

Appendix 1: Gap Analysis – IIA Global Internal Audit Standards 2024

Appendix 2: Summary of the Essential Conditions in Domain III

Appendix 3: Overview of Internal Audit Strategic Plan



Amy Truong, CPA, CMA, CIA
Director, Internal Audit

Prepared by: Khadija S. Ali, CPA, CGA, CIA, FCCA
Internal Auditor

Appendix 1

Gap Analysis – IIA Global Internal Audit Standards 2024

Gap Identified		Action Required	Status
Domain I: Purpose of Internal Auditing			
1.	Internal Audit purpose does not articulate the value of Internal Audit.	1. Update Audit Charter with new purpose.	Pending Approval
2.	Audit Charter and Terms of Reference references the old Standards.	2. Update Audit Charter and Terms of Reference to align with GIAS.	Pending Approval
Domain II: Ethics & Professionalism			
3.	Evidence that Auditors acknowledge and operate under the GIAS, our values and operating principles.	3. Annually, Auditors are to sign off on an attestation that confirms awareness and duty to conduct themselves in accordance with GIAS, our values and operating principles.	Completed
4.	Internal Auditors' competencies must be maintained through continuing education.	4. Record and monitor professional development completed by IA staff.	Completed
Domain III: Governing the Internal Audit Function			
5.	Evidence of discussions with Audit Committee and senior management.	5. Document meetings with senior management and Audit Committee members outside of regular AC meetings.	Completed
6.	Communication of Domain III's "essential conditions" to Audit Committee and senior management.	6. Update Terms of Reference to include requirement to discuss "essential conditions."	Pending Approval
		7. Audit Committee onboarding presentation updated to include "essential conditions."	Completed
		8. Provide a summary of the "essential conditions" to Audit Committee and senior management.	Completed
7.	Provide clarity on the competencies, skills,	9. Provide HR with updated Job Description of Director, IA.	Completed

Gap Identified	Action Required	Status
<p>appointment, removal, and evaluation of IA Director.</p>	<p>10. Establish process with City Manager to ensure Audit Committee provides input on the Director, IA's performance.</p>	<p>Completed</p>
	<p>11. Update Audit Committee Terms of Reference to include input from Audit Committee on Director, IA's performance.</p>	<p>Pending Approval</p>
	<p>12. Work with HR to ensure internal hiring and termination processes align with Audit Committee Terms of Reference By-law.</p>	<p>Completed</p>
<p>Domain IV: Managing the Internal Audit Function</p>		
<p>8. Development of objectives to evaluate the performance of IA and results of these assessments to be conducted and reported to Audit Committee and senior management.</p>	<p>13. Develop Key Performance Measures.</p>	<p>Completed</p>
	<p>14. Update Audit Charter and Terms of Reference to include annual reporting of quality assessments.</p>	<p>Pending Approval</p>
<p>9. Ensure external assessment done by qualified independent reviewer every five years.</p>	<p>15. Update Audit Charter to include "at least one person holds an active CIA designation" when performing the External Quality Assurance review.</p>	<p>Pending Approval</p>
<p>10. IA Strategy that supports strategic objectives and aligns with expectations of board, senior management, and stakeholders.</p>	<p>16. Develop and communicate Internal Audit Strategy with Audit Committee and senior management.</p>	<p>Completed</p>
<p>Domain V: Performing Internal Audit Services</p>		
<p>11. Improve working paper documentation re: sampling.</p>	<p>17. Update templates and provide Auditors refresh on documentation requirements.</p>	<p>Completed</p>

Summary of the Essential Conditions in Domain III

6. Authorized by the Board

The Board establishes, approves, and supports the mandate of the internal audit function.

6.1 Internal Audit Mandate

6.2 Internal Audit Charter

6.3 Board and Senior Management Support

- Audit Committee, senior management and Director, Internal Audit agree on the authority, roles, and responsibilities of the Internal Audit function.
- The Director, IA commits to providing the Board and senior management with the information they need to support, promote, and oversee the function.

7. Positioned Independently

The Board establishes and protects the Internal Audit function's independence and qualifications.

7.1 Organizational Independence

7.2 Chief Audit Executive Qualifications

- Calls for Internal Audit's independence from the responsibilities of management, which is critical to Internal Audit's objectivity, authority and credibility.
- Requires the Director, IA to report at a level in the organization that enables Internal Audit's services and responsibilities to be performed without interference from management.
- The function's independence is enhanced when the CAE is appointed by the Audit Committee.
- The Standards recognizes that there may be some limitations with public sector entities with regard to remuneration, hiring and dismissal of the Director, Internal Audit, however, other compensating measures should be put into place (i.e. Audit Committee's input to performance evaluations and decisions to appoint and remove the Director, IA).

8. Overseen by the Board

The Board oversees the internal audit function to ensure the function's effectiveness.

8.1 Board Interactions

8.2 Resources

8.3 Quality

8.4 External Quality Assessment

- Board oversight is essential as this requires communication between Audit Committee and the Director, IA, and the Audit Committee's support to ensure Internal Audit obtains sufficient resources to fulfill its mandate.
- Additionally, Audit Committee receives assurance about the quality of the performance of the Director, IA and Internal Audit function through its oversight of the quality assurance and improvement program, and direct review of the external quality assessments' results.



Vision Statement

To be recognized as a proactive and trusted advisor, contributing to organizational resilience and integrity through assurance and advisory services.



Statement of Strategy

We will invest in our people to achieve our mandate, vision and purpose. We will continuously improve our processes, leverage technology to provide top-quality assurance and advisory services, and cultivate a reputation for being trusted advisors.

Organizational Strategy

Current State (2024)

- 1. Talent:** The audit team is comprised of professionals with relevant auditing credentials who demonstrate proficiency and professionalism.
- 2. Process:** Utilizes an independent and objective audit methodology that supports continuous improvement and Quality Assurance and Improvement Program.
- 3. Technology:** Utilizes technology to streamline process, and staff with data acumen.
- 4. Trusted Advisor:** Approximately 20% of time spent on consulting assignments per year and providing minimal awareness initiatives.

IA Strategy

Objectives:

- 1. Talent:** Develop expertise in industries we audit.
- 2. Process:** Embed continuous improvement methodologies within our practice to enhance the client experience.
- 3. Technology:** Add value through efficiency and advance use of technology.
- 4. Trusted Advisor:** Be a strategic partner, risk advisor, and catalyst for change

Future State (2028)

- 1. Talent:** Recruit and/or train auditors with areas of expertise such as Fraud, IT, HR, construction, etc., enhancing our team's overall capability.
- 2. Process:** Improve the quality of insights in audit reports to provide more valuable and actionable recommendations.
- 3. Technology:** Utilize technology to streamline processes and integrate data analytics into every audit by using advanced Excel functions, Power BI, and specialized audit software.
- 4. Trusted Advisor:** Maintain 20% of time spent on advisory assignments, while increasing time spent on raising awareness of governance, risk management and control processes at the City.

Key Performance Measures



Quality of Audits and Insights

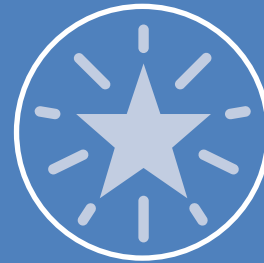
Audit recommendations that support:

1. Achieving the organization's strategic objectives,
2. Reliability and integrity of financial and operational information,
3. Effectiveness and efficiency of operations and programs,
4. Safeguarding of assets, and
5. Compliance with laws, regulations, policies, procedures and contracts.



Trusted Advisors

Percentage of time spent on advisory and/or awareness initiatives ensures we support and strengthen organizational understanding of governance, control, risk management and fraud.



Excellence in Service

Results of client satisfaction survey which measures value of delivery, customer service, and competence and professionalism.



City of Mississauga
Corporate Report



<p>Date: November 5, 2024</p> <p>To: Chair and Members of Audit Committee</p>	<p>Originator's files:</p>
<p>From: Geoff Wright, P.Eng., MBA City Manager & Chief Administrative Officer</p>	<p>Meeting date: December 2, 2024</p>

Subject

Status of Outstanding Audit Recommendations as of September 30, 2024

Recommendation

That the Corporate Report dated November 5, 2024 entitled "Status of Outstanding Audit Recommendations as of September 30, 2024" from the City Manager & Chief Administrative Officer be received for information.

Executive Summary

- This quarterly report provides the Audit Committee with an overview of the progress of management action plans created to address issues raised in previous Internal Audit reports, and the reasons when significant delays occur.
- This report shows the progress achieved as of September 30, 2024, and includes relevant insights.
- Of the 39 recommendations scheduled for implementation by September 30, 2024, 11 were completed and 28 remain outstanding.
- Since the previous report, the total number of recommendations that have been extended for more than a year from their original target dates remains at eight.

Background

The terms of reference for the Audit Committee (By-law 0049-2024) requires the submission of report(s) from the City Manager and Chief Administrative Officer summarizing progress made in resolving issues previously raised by Internal Audit and by the City's External Auditor. At the December 2022 Audit Committee meeting, members requested that progress updates be submitted quarterly. These status reports will be provided for the periods ending March 31, June 30, September 30 and December 31 each year.

This report provides an overview of the progress made in addressing Internal Audit recommendations and the reasons when significant delays occur.

Comments

The current status of the recommendations is provided by action owners. Internal Audit provides support and advice as required and validates that “completed” solutions mitigate the risks identified. During the third quarter of 2024, 39 recommendations were due for completion; of these, 11 recommendations were implemented, and 28 recommendations are in progress. Furthermore, the Small Business Grants Management audit completed the last of its outstanding recommendations. All implemented actions have been validated by Internal Audit.

Details of the outstanding recommendation changes that occurred during this reporting period are provided in Appendix 1.

Revised Target Dates (greater than a year)

For recommendations that have been extended for more than a year from their original target dates, management has provided their status updates and rationale for these delays, and where applicable, Internal Audit requested effective compensating controls. In Q3, the number of these recommendations has remained at eight since the previous quarter. Further details are provided in Appendix 2.

Financial Impact

There are no financial impacts resulting from the Recommendation in this report.

Conclusion

In summary, 39 recommendations were scheduled for implementation prior to September 30, 2024 (effective date of this report) and 11 of those were completed. Work continues on the implementation of the remaining 28 recommendations, and they will be closely monitored to ensure timely implementation. The number of recommendations with target dates that have been moved out a year or more remains at eight, and these are being prioritized by management.

Attachments

Appendix 1: Status of Audit Recommendations Outstanding as of September 30, 2024

Appendix 2: Status of Audit Recommendations Outstanding and Extended for More Than a Year as of September 30, 2024



Geoff Wright, P.Eng., MBA
City Manager & Chief Administrative Officer

Prepared by: Airene Cunanan, CIA, CISA
Senior Internal Auditor

Status of Audit Recommendations Outstanding as of September 30, 2024

Appendix 1

Name of Audit	Date Issued (MM/YY)	No. of Recs Due (as of Sept. 30, 2024)	Implemented	Outstanding (as of Sept. 30, 2024)
Non-Union Payroll	04/19	1		1
Presto Card Revenue	09/20	1		1
Paid Parking	11/20	1		1
High Value Acquisitions	04/22	1		1
Fleet Management	11/22	11		11
Small Business Grants Management	04/23	2	2	
Property Taxes Billing	11/23	1		1
Realty Services	11/23	14	5	9
Celebration Square	02/24	4	1	3
Parks Operations Turf Inventory	02/24	1	1	
Insurance Claims	04/24	2	2	
Total		39	11	28

**Status of Audit Recommendations
Outstanding and Extended for More Than a Year as of September 30, 2024**

Appendix 2

Report Title	Rec #	Priority	Target Date	Revised Target Date	Compensating Controls	Comment/Status for Quarterly Reporting	Dependency
Non-Union Payroll	4	High	December 31, 2019	January 31, 2025	Yes	The HR team has completed the Payroll Policy, now under final review by the Corporate Policy team before submission to the HR Director for approval. Resolution of the unapproved hours issue is postponed to January 2025 due to other workload priorities.	IT (need IT solution or infrastructure) Internal (need internal support or approval - not IT) Capacity (work progressing as capacity permits)
Presto Card Revenue	3	Medium	December 31, 2021	June 30, 2025	None	<u>ATP agreement with Region of Peel:</u> First draft from Peel circulated and reviewed by City's Legal and Risk Management. Peel would like to expand the scope of the MOU to incorporate the possibility of a 50% discount on single fares and period pass. Region of Peel to provide feedback on the feasibility to add single fare discount by October 2024. <u>TTC Route 52 agreement with TTC:</u> New One Fare Program and agreement that provides free transfers between MiWay and TTC went live February 2024. MiWay is reviewing the current state of the TTC Route 52 service, and the outcome is pending discussions between MiWay and TTC.	External (partners, other levels of government, vendors)
Paid Parking	11	Medium	June 30, 2021	December 2, 2024	Yes	Two policy updates that relate to this recommendation are still pending. A bigger change to the policy is being introduced, causing further delays.	Internal (need internal support or approval - not IT)

**Status of Audit Recommendations
Outstanding and Extended for More Than a Year as of September 30, 2024**

Appendix 2

						The extent of policy revisions requires a full review circulation which includes stakeholders, ExLT, LT, and Council.	
High Value Acquisitions	14	Medium	March 31, 2023	December 31, 2024	None	The Sustainable Procurement Policy is scheduled for LT's approval on November 7, 2024.	Internal (need internal support or approval - not IT)
Fleet Management	6	Medium	April 1, 2023	October 21, 2024	None	Fleet Services has initiated the communication rollout phase of Telematics and Global Positioning systems.	Staff Changes (Lead change, new staff will resume)
Fleet Management	7	Medium	July 1, 2023			The full rollout is scheduled for October 21, 2024.	Capacity (work progressing as capacity permits)
Fleet Management	14	High	July 1, 2023	July 1, 2025	None	Budget Request (for FTE) was submitted in 2020 and has been pushed to 2025. Use of Telematics and Global Positioning Systems Policy was approved by Council on January 25, 2024.	Internal (need internal support or approval - not IT)
Fleet Management	15	High	January 1, 2024				A rollout has been initiated. Refer to recommendation #6 for details.
Total	8						

City of Mississauga
Corporate Report



<p>Date: October 22, 2024</p> <p>To: Chair and Members of Audit Committee</p>	<p>Originator's files:</p>
<p>From: Amy Truong, CPA, CMA, CIA Director, Internal Audit</p>	<p>Meeting date: December 2, 2024</p>

Subject

Proposed Amendments to the Internal Audit Charter By-law and the Audit Committee Terms of Reference By-law

Recommendation

1. That the Internal Audit Charter By-law 0065-2013, as amended, be further amended in order to update Schedule "A" as outlined in Appendix 1 to the report from the Director, Internal Audit dated October 22, 2024 entitled, "Proposed Amendments to the Internal Audit Charter By-law and the Audit Committee Terms of Reference By-law"
2. That the Audit Committee Terms of Reference By-law 0049-2024 be amended in order to update Schedule "A" as outlined in Appendix 2 to the report from the Director, Internal Audit dated October 22, 2024 entitled, "Proposed Amendments to the Internal Audit Charter By-law and the Audit Committee Terms of Reference By-law"

Background

The Terms of Reference for the Audit Committee (By-law 0049–2024) and the Internal Audit Charter (By-law 0065-2013, as amended) both require revisions in order to comply with the Institute of Internal Auditors' (IIA's) updated *Global Internal Audit Standards* which take effect on January 9, 2025.

Comments

Internal Audit is requesting a number of minor revisions in order to bring the Audit Committee Terms of Reference By-law and Internal Audit Charter By-law up to date and aligned with the new *Global Internal Audit Standards* (previously the International Standards for the Professional Practice of Internal Auditing) set out by the Institute of Internal Auditors (IIA).

These *Standards* are an essential part of the framework under which the City's Internal Audit Division operates. Additionally, the Division must comply with these *Standards* in order to

Audit Committee	2024/10/22	2
-----------------	------------	---

receive certification during our External Quality Assessment review, which takes place every five years.

These changes have been reviewed and approved by the City’s Legal Division.

Financial Impact

There are no financial impacts resulting from the Recommendation in this report.

Conclusion

The proposed amendments to the Internal Audit Charter By-law 0065-2013, as amended, and the Audit Committee Terms of Reference By-law 0049-2024 are attached as Appendix 1 and Appendix 2 to this report respectively.

Attachments

- Appendix 1: Proposed Internal Audit Charter By-law Amendment
- Appendix 2: Proposed Audit Committee Terms of Reference By-law Amendment



Amy Truong, CPA, CMA, CIA
Director, Internal Audit

Prepared by: Karen Hobbs, Administrative Coordinator

A by-law to amend By-law 0065-2013, as amended, being a by-law to establish a revised Internal Audit Charter

WHEREAS The Corporation of the City of Mississauga (the "City") has undertaken a review of its Internal Audit Charter;

AND WHEREAS the City deems it necessary and desirable to amend the Internal Audit Charter so that it is current and aligned to the new *Global International Audit Standards* which take effect on January 9, 2025;

AND WHEREAS on _____, the Council for the City passed Resolution _____ approving Audit Committee Recommendation _____ to amend the Internal Audit Charter By-law 0065-2013 as necessary;

NOW THEREFORE the Council of The Corporation of the City of Mississauga, ENACTS as follows:

1. That the Internal Audit Charter By-law 0065-2013 is amended by deleting Schedule 'A' (Internal Audit Charter) and replacing it with the attached Schedule A to this By-law.

ENACTED and PASSED this _____ day of _____, 2024.

Approved by Legal Services City Solicitor City of Mississauga
Tushar Sharma
Date:
File: LA.25-24.310

MAYOR

CLERK

SCHEDULE A TO BY-LAW NUMBER _____

INTERNAL AUDIT CHARTER

Purpose and Mission

The purpose of the Internal Audit function is to strengthen the City's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal Audit's mission is to assist the City in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes, decision-making and oversight, reputation and credibility with its stakeholders, and assurance to residents that services and resources are being administered in an effective, efficient and economical manner.

City of Mississauga's Internal Audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards™, which are set in the public interest.
- The Internal Audit function is independently positioned with direct accountability to the Audit Committee.
- Internal Auditors are free from undue influence and committed to making objective assessments.

The Internal Audit Charter shall be reviewed by the Audit Committee periodically or as required, and any revisions recommended by the Audit Committee shall be presented to Council for approval. At the start of every term of Council the Internal Audit Charter will be presented for review, and the Internal Audit Charter will be shared when new members are appointed to the Audit Committee.

Commitment to Adhering to the Global Internal Audit Standards

Internal Audit will adhere to the mandatory elements of the Institute of Internal Auditors' (the IIA) International Professional Practices Framework (IPPF), which are the Global Internal Audit Standards and Topical Requirements, and guidelines and procedures of ISACA for information systems. Internal Audit will also ensure adherence to the City's relevant policies and procedures and the Internal Audit Procedures Manual.

Values and Operating Principles

Our values and operating principles include:

- Act with integrity, maintain objectivity, demonstrate competence, exercise due professional care, maintain confidentiality and ensure Internal Audit activities are free from undue influence.
- Perform independent assessments of risk and control as guided by the IIA's IPPF.
- Promote risk awareness and risk management throughout the City.
- Provide balanced, objective reporting on risk and control to management and the Audit Committee.
- Foster collaboration and teamwork to support management's efforts to achieve the City's strategies and objectives.

SCHEDULE A TO BY-LAW NUMBER _____

- Develop and maintain an audit team with diverse and versatile skills to respond to the needs of and to provide value to management and the Audit Committee.

Scope of Internal Audit Services

The scope of Internal Audit services includes all of the City's operations, including its activities, assets and personnel. It also encompasses, but is not limited to, objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management and control processes of the City.

The nature and scope of advisory services may be agreed to with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal Audit engagements may include evaluating whether:

- Risks relating to the achievement of the City's strategic objectives are appropriately identified and managed.
- The actions of the City's officers, directors, employees, and contractors are in compliance with the City's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with City goals, objectives, policies, plans, procedures, standards, regulations, by-laws and other directives of Council.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information are reliable.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

Mandate

Authority

The Internal Audit function's authority is created by its direct reporting relationship to the Audit Committee.

The Audit Committee authorizes the Director and staff of Internal Audit to:

- Have full and unrestricted access to any and all functions, data, records, information, physical property and personnel pertinent to carrying out internal audit responsibilities, subject to accountability for confidentiality under the Municipal

SCHEDULE A TO BY-LAW NUMBER _____

Freedom of Information and Protection of Privacy Act (MFIPPA). Internal Auditors are accountable for confidentiality and safeguarding of records and information.

- Have full and unrestricted access to the Audit Committee, including private meetings without management present.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish audit objectives.
- Obtain assistance from the necessary personnel of the City, and other specialized services outside the City, in order to complete the engagement.
- Conduct audits and reviews of all City departments, third parties (subject to a right to audit clause, where applicable), and City-related boards.

Independence, Organizational Position, and Reporting Relationships

The Director, Internal Audit will be positioned at a level of the organization that enables Internal Audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the Internal Audit function (see “Mandate” section). The Director, Internal Audit will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the City Manager and Chief Administrative Officer. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference, and supports the Internal Auditors’ ability to maintain objectivity.

The administrative reporting responsibilities of the City Manager and Chief Administrative Officer include:

- Approving the Internal Audit function’s human resources administration, together with input from the Audit Committee.
- Facilitating the approval of Internal Audit’s budgets by Audit Committee.
- Approving the Director, Internal Audit’s expenses, with input from the Audit Committee.
- Approving the Director, Internal Audit’s vacation plans.
- Providing input to the Chair of the Audit Committee, regarding the performance of the Director, Internal Audit.

The Director, Internal Audit will confirm to the Audit Committee, at least annually, the organizational independence of the Internal Audit function. If the governance structure does not support organizational independence, the Director, Internal Audit will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Director, Internal Audit will disclose to the Audit Committee any interference Internal Auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the Internal Audit function’s effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Director, Internal Audit, Audit Committee, and senior management on the internal audit mandate or other aspects of the Internal Audit Charter. Such circumstances may include, but are not limited to:

SCHEDULE A TO BY-LAW NUMBER _____

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the organization.
- Significant changes in the Audit Committee senior management, or Director, Internal Audit.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Director, Internal Audit Roles and Responsibilities

Ethics and Professionalism

The Director, Internal Audit will ensure that Internal Auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behaviour that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Director, Internal Audit will ensure that Internal Audit remains free from all conditions that threaten the ability of the Internal Auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and communicating results. If the Director, Internal Audit determines that independence or objectivity may be impaired, in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

The Director, Internal Audit and Internal Auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively, such that they believe their work product does not compromise quality, and does not subordinate their judgement on audit matters to others, either in fact or appearance.

The Director, Internal Audit and Internal Auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, the Director, Internal Audit and staff of Internal Audit will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgement, including:

- Assessing specific operations for which they had responsibility within a one-year period.
- Performing operational duties for the City or its affiliates.
- Initiating or approving transactions external to the Internal Audit function.
- Directing the activities of any City employee not employed by Internal Audit,

SCHEDULE A TO BY-LAW NUMBER _____

except to the extent such employees have been appropriately assigned to Internal Audit or otherwise to assist the Internal Auditors.

Internal Auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The Director, Internal Audit has the responsibility to:

- At least annually, develop a flexible audit work plan using an appropriate risk-based methodology, including any risks, control or governance concerns identified by management, and submit that plan to the Audit Committee for review and approval.
- Review and adjust the Internal Audit Work Plan, as necessary, in response to changes in the City's business, risks, operations, programs, systems, and controls.
- Communicate any significant interim changes to the Internal Audit Work Plan to the Audit Committee and senior management.
- Communicate the impact of resource limitations on the Internal Audit Work Plan to the Audit Committee and senior management.
- Ensure Internal Audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Ensure that the Internal Audit function collectively possesses or obtains the knowledge, skills, competencies, experience, and qualifications to meet the requirements of the Global Internal Audit Standards and fulfill the Internal Audit mandate.
- Maintain a quality assurance and improvement program (QAIP) including ongoing monitoring and periodic internal assessment of the audit activity and an external assessment conducted at least once every five years by a qualified, independent reviewer outside the City. Qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.
- Assess significant new or changing services, operations, and control processes coincident with their development, implementation and/or expansion, as requested by management.
- Follow up on the status of outstanding audit recommendations and prepare a report on behalf of the City Manager and Chief Administrative Officer up to four times a year to be provided to the Audit Committee.
- Review new or revised Corporate and departmental policies, procedures and controls as required.
- Identify and consider trends and emerging issues that could impact the City and communicate to the Audit Committee and senior management as appropriate.

SCHEDULE A TO BY-LAW NUMBER _____

- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the Internal Audit function.
- Act as an ongoing resource to management by providing impartial and objective advice related to control and risk management issues.
- Assist in the investigation of significant suspected fraudulent activities at the City and notify the appropriate parties of the results.
- Ensure adherence to the City's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit Charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services for the purpose of providing adequate audit coverage to the City and minimizing redundancy. If the Director, Internal Audit cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary to the Audit Committee.

Communication with the Audit Committee and Senior Management

The Director, Internal Audit will report periodically to the Audit Committee and the City Manager and Chief Administrative Officer regarding:

- The Internal Audit function's mandate.
- The Internal Audit work plan and progress relative to its plan.
- Internal Audit budget.
- Significant revisions to the Internal Audit work plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the Internal Audit function's conformance with the IIA's Global Internal Audit Standards and action plans to address the deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of the City's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond the City's risk appetite.

Quality Assurance and Improvement Program

The Director, Internal Audit will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the Internal Audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program will also assess, if applicable, compliance with laws and/or

SCHEDULE A TO BY-LAW NUMBER _____

regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement. Annually, the Director, Internal Audit will communicate with the Audit Committee and senior management about the Internal Audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the City of Mississauga; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

A by-law to amend By-law 0049-2024, being
a by-law to adopt terms of reference for the
Audit Committee

WHEREAS The Corporation of the City of Mississauga (the "City") has undertaken a review of the terms of reference for its Audit Committee;

AND WHEREAS the City deems it necessary and desirable to amend the Audit Committee terms of reference so that it is current and aligned to the new *Global International Audit Standards* which take effect on January 9, 2025;

AND WHEREAS on _____, the Council for the City passed Resolution _____ approving Audit Committee Recommendation _____ to amend the Audit Committee Terms of Reference By-law 0049-2024 as necessary;

NOW THEREFORE the Council of The Corporation of the City of Mississauga, ENACTS as follows:

- 1. That the Audit Committee Terms of Reference By-law 0049-2024 is amended by deleting Schedule "A" (Terms of Reference for the Audit Committee) and replacing it with the attached Schedule "A" to this By-law.

ENACTED and PASSED this _____ day of _____, 2024.

Approved by Legal Services City Solicitor City of Mississauga
Tushar Sharma
Date:
File: LA.25-24.310

MAYOR

CLERK

Schedule "A" to By-law _____

Terms of Reference for the Audit Committee

1. Mandate

The Audit Committee assists Council in the provision of effective municipal government by overseeing the administrative systems regarding financial accounting, reporting, internal controls, safeguarding of corporate assets, compliance with legal, ethical and regulatory requirements and the efficient and effective use of resources. The Audit Committee provides a focal point for communication between Council, the External Auditor, the Internal Auditor and management, and facilitates an impartial, objective and independent review of management practices through the internal and external audit functions.

2. Composition

The Audit Committee is comprised of the Mayor, who is an ex-officio member, and four members of Council who are appointed by Council. The term of office for the Audit Committee shall be concurrent with the term of Council, or until successor(s) are appointed. Three members constitutes a quorum.

Council shall conduct a review of the appointments to the Audit Committee at the end of the second year of the term of Council to enable Council to determine if any changes to the appointments are desired. If Council makes any changes to the appointments, the term of office of any new appointee shall be concurrent with the balance of the term of Council, or until a successor is appointed.

3. Meetings

At its first meeting of each term of office, the Audit Committee shall elect a Chair of Audit Committee from among its members. The Chair shall then appoint one of the other four Members of Audit Committee as Vice-Chair.

If the office of Chair of Audit Committee becomes vacant for any reason during a term of office of the Audit Committee, the Audit Committee shall elect a new Chair of Audit Committee from among its members.

The Audit Committee shall meet up to 4 times per year, and during a Municipal election year, the Committee shall meet up to 3 times per year, in order to properly discharge its responsibilities as set out in this by-law. When necessary, additional meetings may be held and/or cancelled at the call of the Chair of Audit Committee or City Clerk.

An Agenda shall be prepared and distributed to all Members of Council for each regular Audit Committee meeting and the business of the Committee shall be taken up in the order in which it appears on the Agenda, under the following headings:

- Call to Order;
- Declarations of (Direct or Indirect) Pecuniary Interest;
- Minutes of Previous Meeting;
- Approval of Agenda;
- Presentations/Deputations;
- Matters to be Considered;
- Committee Member Inquiries;
- Adjournment.

Minutes shall be prepared and distributed to all Members of Council for each Audit Committee meeting and shall be presented to the next succeeding meeting of Audit Committee for confirmation.

4. Responsibilities

The Audit Committee is responsible for making recommendations to Council regarding the following:

The External Audit Function

- the selection and dismissal of the External Auditor in accordance with the requirements of Section 296 of the *Municipal Act, 2001*,
- the terms of engagement, fees and scope of the audit and any non-audit services provided,
- review with management and the External Auditor the result of the audit performed including any significant accounting estimates and adjustments to the statements required as a result of the audit, and any difficulties encountered in the course of the audit,
- review any reports and correspondence from the External Auditor relating to The Corporation of the City of Mississauga, the Mississauga Public Library Board, the Business Improvement Area Boards, Enersource Corporation, Mississauga Tourism and any other local boards or agencies which may be created, including communication from the External Auditor on relationships between the External Auditor and the City and its local boards and agencies, and on any matters that may have a bearing on the independence of the External Auditor,
- evaluate the performance, qualifications, independence, effectiveness and tenure of the External Auditor.

The Internal Audit Function

Internal Audit Charter and Function

- discuss with the Director, Internal Audit and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Internal Audit function,
- discuss with the Director, Internal Audit and senior management other topics that should be included in the Internal Audit Charter,
- participate in discussions with the Director, Internal Audit and senior management about the “essential conditions” described in the Global Internal Audit Standards, which establish the foundation that enables an effective Internal Audit function,
- review and approve the Internal Audit Charter, including the mandate of Internal Audit and scope and types of Internal Audit services,
- review and approve the Internal Audit Charter periodically with the Director, Internal Audit to consider changes affecting the organization, such as changes to the type, severity, and interdependencies of risks to the organization,
- ensure a quality assurance and improvement program has been established and review results annually.

Audit Planning and Execution

- review and approve the risk-based audit work plan,
- review Internal Audit reports issued during the year,
- receive communications from the Director, Internal Audit about the Internal Audit function, including its performance relative to its plan,
- ensure the Internal Audit recommendations are implemented by reviewing the status of outstanding recommendations report from the City Manager and Chief Administrative Officer,

- review the adequacy of the management responses to audit concerns, having regard to the risks and the costs involved,
- make appropriate inquiries of senior management and the Director, Internal Audit to determine whether scope or resource limitations are inappropriate.

Internal Audit Function Independence

- review staffing and budget of Internal Audit,
- review the appointment or removal of the Director of Internal Audit to assist in safeguarding the independence of the Internal Audit function, ensuring adequate competencies and qualifications, and conformance with the Global Internal Audit Standards,
- provide input to senior management on the Director, Internal Audit's performance,
- ensure the Director, Internal Audit has unrestricted access to and communicates and interacts directly with the Audit Committee, including private meetings without senior management present,
- review requests for special studies and investigations made by members of Council,
- ensure all internal audit activities are free from interference and related implications.

Financial and Other Reporting

- review the annual audited financial statements of the City and its local boards, and the Management Letter prepared by the External Auditor, prior to presentation to Council,
- review financial and fiscal policies, practices and procedures (e.g. accrual policy, deferred revenue policy, policies for establishing reserves, reserve funds, etc.),
- review information used for decision making (including management reports, affirmations, etc.), as to integrity, timeliness and comprehensiveness,
- review new accounting standards or initiatives that may impact future financial statements,
- review significant current or pending litigation and outcome, where applicable.

Internal Control

- review the adequacy of the internal control systems for safeguarding assets, including the review of policies and procedures,
- review management and program performance regarding the efficiency, effectiveness and economy in the use of resources,
- review the effectiveness of corporate reporting systems regarding administrative and program performance (for example, budget monitoring systems),
- review results of programs related to monitoring and mitigation of fraud, including summaries of investigations, whistleblower and fraud reports.

Compliance

- review with the City's legal counsel, any matter that could have a significant impact on the City's financial statements or operations,
- review the level of compliance with legislation, regulations, corporate objectives, policies and ethics,

- review the adequacy of the systems established to ensure compliance,
- review by-laws and policies specifically regulating the conduct of members of Council, staff, and suppliers (for example, human resources, fraud and theft policies, conflict of interest policy, procurement by-law, budget control by-law, expense claims policy, etc.),
- review significant cases of employee conflicts of interest, misconduct, or fraud and their resolution.

General

- review and approve the scope, terms of reference and fees of professional services retained for purposes related to the Audit Committee's responsibilities,
- receive report(s) from the City Manager summarizing progress made in resolving issues raised by internal or external audit,
- provide opportunities for private discussion of sensitive matters raised by the External Auditor, the City Manager, or the Director of Internal Audit relating to human resources, legal or other matters which could be prejudicial to the corporate interest if discussed in open committee,
- review the Audit Committee Terms of Reference periodically and recommend modifications to Council, as necessary,
- any other matter which could come within the purview of internal or external audit.